

Spreading the Benefits



Annual Report 2005



EFU LIFE ASSURANCE LTD

Roadmap to the future

Our mission always has been and always shall be, to spread the benefits of Life Assurance as far afield as possible.

With this goal in mind, we are constantly at work consolidating upon our past successes, further strengthening our leadership position so that we maintain and enhance our position as Life Assurance providers of choice.

Each new year brings us new challenges, as the world and our society move forward on the path to progress and prosperity. Our endeavour is to create and provide beneficial products that meet the fast changing needs of our society and provide the best value for money.

Our way forward is facilitated by our wealth of expertise and experience and with our unswerving commitment to the ideals of Life Assurance we are in a position where we can continuously offer improved products and services to a clientele that is increasingly quality conscious and demanding.

Contents

Spreading the benefits	2	Profit and Loss Account	24
The ambassadors of hope	3	Statement of Changes in Equity	25
Client satisfaction, our ultimate aim	4	Statement of Cash Flows	26
Quality policy	5	Revenue Account	27
Company Information	6	Statement of Premiums	28
Management	7	Statement of Claims	29
Committees	8	Statement of Expenses	30
Notice of Meeting	9	Statement of Investment Income	31
Report of the Directors to the Members	13	Notes to the Financial Statements	32
Key Financial Data for the Last Six Years	17	Statements under Section 52(2) of Insurance Ordinance 2000	47
Statement of Compliance with the Code of Corporate Governance	18	Pattern of Shareholding	48
Review Report to the Members on Corporate Governance	20	Group Benefits-Offices	49
Auditors' Report to the Members	21	Individual Life-Offices	50
Balance Sheet	22	Form of Proxy	

SPREADING THE BENEFITS

CERTAINTY ABOUT THE FUTURE IS THE GREATEST BENEFIT THAT LIFE ASSURANCE BESTOWS UPON THOSE WHO MAKE IT A PART OF THEIR LIVES.

Our mission is to assist our clients plan and provide for the uncertainties of the future – before such contingencies arise. We help our clients make their present a solid base upon which to build their future well-being. Our products and plans take into account the present and emerging needs of various segments in society, address issues of concern to our clients and offer them Life Assurance protection at its best.

Our endeavours revolve around man’s innate desire to be free of want, in the present and in the future. Our efforts put into practice the time honoured concepts of cooperation, caring and sharing. The greatest benefit that our clients and their families derive is peace of mind, an assurance that the tomorrows will be as secure as the present.



We make our clients future confident – empowering them to look tomorrow in the eyes, fearlessly.



THE AMBASSADORS OF HOPE

WE SEEK THE FINEST QUALITY OF HUMAN RESOURCE FOR OUR FIELD AND STAFF POSITIONS AND CONSTANTLY NURTURE THEM WITH SPECIALIZED TRAINING THAT HELPS THEM CONTINUOUSLY UPGRADE THEIR SKILLS.



Our interface with our clients is our people; knowledgeable, caring and committed.

Our operational staff consists of highly qualified and competent professionals from disciplines as diverse as actuarial science, chartered accountancy, medicine, business administration, computer science and marketing.

The achievement of ISO 9001:2000 certification in quality management systems and the superior standards of our innovative and pioneering products is a testimony to the exceptional calibre of our people.

Another indication of the superior quality of our human resource is the yearly increasing number of Million Dollar Round Table qualifiers we produce from amongst our sales force. In 2005 this number stood at 125. Their success is our pride.

CLIENT SATISFACTION, OUR ULTIMATE AIM

BEING ESSENTIALLY A SERVICE PROVIDER, WE AIM AT FOSTERING THE STRONGEST POSSIBLE TIES WITH OUR CLIENTS. ALL THAT WE DO IS AIMED AT SHARPENING AND DEEPENING OUR INSIGHTS INTO THEIR NEEDS AND FULFILL THESE NEEDS IN THE BEST WAY.

In the final analysis our product is peace of mind, a sense of security built upon solid facts. The security we provide frees our clients from apprehensions and worries concerning their future so that they can fully enjoy their present, live life to their full potential, give to their families and society all that they can – to be all that they can be.

Unique experience and expertise gathered over the years empowers us to make available products and plans that are timely, affordable and fit the needs of the many segments of society we serve.

Our aim is total client satisfaction. The referral business we write testifies to our success.



QUALITY POLICY

Our Vision

To make EFU Life the best Life Insurance Company, our Clients will be the focus of everything that we do. We will win their loyalty by caring, satisfying, and serving them beyond expectations.

Our Values

For us Life Insurance is service to humanity, not just a business. We abide by the highest principles of good conduct, moral integrity and impeccable ethics.

Our Mission

We shall together build EFU Life into a dynamic and financially sound institution by:

- Working together as a team
- Continually improving our client service
- Creating an empowered and self-fulfilling culture
- Developing innovative products
- Adopting leading technology



Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Taher G. Sachak

Directors

Ashraf W. Tabani
Jahangir Siddiqui
Rafique R. Bhimjee
Muneer R. Bhimjee
Hasanali Abdullah

Corporate Secretary

Syed Mehdi Imam

Appointed Actuary

Omer Morshed, F.C.A., F.P.S.A., F.I.A.

Consulting Actuary & Advisor

Michael J de H. Bell, F.I.A.

Legal Advisor

Mohammad Ali Sayeed, M.A.B.L.

Auditors

KPMG-Taseer Hadi & Co.
Chartered Accountants, Karachi
Gardezi & Co.
Chartered Accountants, Karachi

Website:

www.efulife.com

Registered Office

Al-Malik Centre
70W, F-7/G-7 Jinnah Avenue
(Blue Area), Islamabad

Main Office

37-K, Block 6, P.E.C.H.S., Karachi

Management

Managing Director & Chief Executive

Taher G. Sachak

National Sales Director

Naseem A. Chaudhari

Executive Director

S. Ali Raza Zaidi

Medical Director

Dr. Tajuddin A. Manji, F.R.C.P., M.R.C.P.

General Manager

Jamshaid Islam

Assistant General Managers

Khurram Amin

Lindsay D'Mello

Mohammed Ali Ahmed

S. Shahid Abbas

Senior Managers

Evelyn D. Abrogena

Muhammad Kashif Naqvi

Nadym Chandna

Zain Ibrahim

Managers

Arshad Iqbal

Asim Maqbool

Dr. Naila Salman

Fayyaz Mehmood Tahir

Mohammad Asim Khan

Mohammad Faisal

Mohammad Zubair

Advisors

Arshad Abdullah

S. A. Naqvi

S.M. Baqar Naqvi

Committees

Audit Committee

Saifuddin N. Zoomkawala
Rafique R. Bhimjee
Hasanali Abdullah

Investment Committee

Saifuddin N. Zoomkawala
Taher G. Sachak
Rafique R. Bhimjee
Hasanali Abdullah
Omer Morshed

Underwriting Committee

Taher G. Sachak
S. M. Baqar Naqvi
Dr. Tajuddin A. Manji
Jamshaid Islam
Zain Ibrahim
Dr. Naila Salman

Claim Settlement Committee

Taher G. Sachak
S. M. Baqar Naqvi
Jamshaid Islam
Zain Ibrahim
Arshad Iqbal

Reinsurance Committee

Taher G. Sachak
Omer Morshed
Jamshaid Islam
Mohammed Ali Ahmed
Khurram Amin
Muhammad Kashif Naqvi

Notice of Meeting

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of E F U Life Assurance Ltd. will be held at the Registered Office of the Company at Al-Malik Centre, 70 W, F-7/G-7 Jinnah Avenue (Blue Area), Islamabad on Friday April 28, 2006 at 10:00 a.m. to:

A. ORDINARY BUSINESS:

1. confirm the minutes of the 13th Annual General Meeting held on April 30, 2005.
2. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2005 together with the Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Dividend at the rate of Rs. 2 per share for the year ended December 31, 2005 as recommended by the Board of Directors.
4. appoint Auditors for the year 2006 and fix their remuneration.

B. SPECIAL BUSINESS:

5. consider and if thought fit to pass the following Ordinary Resolution with or without modification(s):

RESOLVED that a sum of Rs. 90,000,000 out of the free reserves of the Company be capitalised and applied to the issue of 9,000,000 Ordinary Shares of Rs. 10/- each and allotted as fully paid up Bonus Shares to the Members, who are registered in the Books of the Company at the close of business on April 17, 2006 in the proportion of three new shares for every seven existing Ordinary Shares held and that such new shares shall rank pari passu with the existing Ordinary Shares of the Company.

Further resolved that the members' fractional entitlement to Bonus Shares may be consolidated and sold in the stock market and the net sale proceeds of such fractional entitlements when realized be paid to a charitable institution.

That for the purpose of giving effect to the foregoing, the Managing Director / Chief Executive or the Corporate Secretary be and are hereby singly authorised to give such directions as may be necessary and settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions.

6. consider and if thought fit to pass the following Special Resolutions with or without modification(s):

RESOLVED that consent of the Company be and is hereby accorded to:

- a) invest up to maximum of Rs. 120,000,000 (Rupees one hundred twenty million only) in Ordinary shares of proposed Subsidiary company, EFU Family Takaful Ltd. (or any other name approved by Securities & Exchange Commission of Pakistan);
- b) invest up to maximum of Rs. 20,000,000 (Rupees twenty million only) in Ordinary shares of proposed Associated company, EFU General Takaful Ltd. (or any other name approved by Securities & Exchange Commission of Pakistan);
- c) further invest maximum of Rs. 100,000,000 (Rupees one hundred million only) in the shares of EFU General Insurance Ltd., an associated public limited company.

These investments be made from time to time as the Managing Director (Chief Executive) and or other Attorney(s) of the Company may deem fit.

FURTHER RESOLVED that Chief Executive or Corporate Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investments.

FURTHER RESOLVED that these Special Resolutions be and are hereby passed for the purpose of compliance of Section 208 of the Companies Ordinance, 1984.

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

By Order of the Board

SYED MEHDI IMAM
Corporate Secretary

March 22, 2006

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 National Identity Card (NIC) 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 NIC numbers shall be mentioned on the form.
 - (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original NIC 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) alongwith proxy form to the Company.
3. The Share Transfer Books of the Company will be closed from April 18, 2006 to April 28, 2006 (both days inclusive).
 4. Members are requested to communicate to the Company of any change in their addresses.
 5. Statement under section 160 of the Companies Ordinance, 1984 is being sent to all the members.

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

1. This statement sets out the material facts pertaining to the Special business to be transacted at the Annual General Meeting of the Company to be held on April 28, 2006.

2. Item 5 regarding Bonus issue:

Your Directors have recommended the issue of Bonus Shares in the proportion of three new shares for every seven existing Ordinary Shares held at the close of business on April 17, 2006. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

3. Item 6 regarding investments in associated companies:

a & b) The concept of Takaful, sharia compliant alternative to conventional insurance is in the phase of rapid expansion worldwide, prominently in the Middle East and Far East Markets.

There is substantive market for life insurance products under Sharia. Further recently banks have established Islamic Banking Divisions and some new Islamic Banks have emerged in Pakistan, who would be the first customers to obtain insurance from the Takaful Companies and this would provide automatic market both for Family and General Takaful business.

The Board of Directors of your Company has therefore decided to make investment in EFU Family Takaful Ltd. and EFU General Takaful Ltd. Both the intended companies are being proposed to be established jointly by EFU Life

Assurance Ltd. and EFU General Insurance Ltd. which is a step towards introducing Islamic Insurance products in Pakistan. Keeping in view the right strategy, the proposed Takaful Companies would provide ample scope for offering the General and Family Takaful products according to the Sharia.

The proposed EFU Family Takaful Ltd and EFU General Takaful Ltd. will manage and operate according to guidelines strictly in compliance with Sharia and monitored by their respective Religious Boards and insurance laws relating to it.

Therefore, the approval of the Shareholders is sought for making investment up to Rs. 120 million (out of Rs. 150 million proposed Paid-up Capital) in EFU Family Takaful Ltd. (proposed) and Rs. 20 million (out of Rs. 80 million proposed Paid-up Capital) in EFU General Takaful Ltd. (proposed).

The information required under SRO No. 865 (1) 2000 is as under:

- i) **Name of Investee Company:**
EFU Family Takaful Ltd. (Proposed to be incorporated)
 - ii) **Nature, amount and extent of investment:**
Long-term strategic investment up to Rs. 120 million by subscription towards Ordinary Shares
 - iii) **Average market price of the shares intended to be purchased during preceding six months:**
N/A
 - iv) **Break-up value of shares intended to be purchased on the basis of last published financial statements:**
N/A
 - v) **Price at which shares will be purchased:**
At par value of Rs. 10/- each
 - vi) **Earning per share of investee company in last three years:**
N/A
 - vii) **Sources of funds from where shares will be purchased:**
Internal generation
 - viii) **Period for which investment will be made:**
Long-term
 - ix) **Purpose of investment:**
Strategic investment
 - x) **Benefits likely to accrue to the Company and the shareholders from the proposed investment:**
Investments of available funds in the investee company.
 - xi) **Interest of Directors and their relatives in the investee company:**
No Director or Chief Executive has any interest in the proposed investments, except in their capacities as "Directors / Chief Executive" and / or shareholders of the Company. Some Directors of EFU Life Assurance Ltd. are proposed to be appointed as nominee Directors on the Board of EFU Family Takaful Ltd.
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- i) **Name of Investee Company:**
EFU General Takaful Ltd. (Proposed to be incorporated)
 - ii) **Nature, amount and extent of investment:**
Long-term strategic investment up to Rs. 20 million by subscription towards Ordinary Shares
 - iii) **Average market price of the shares intended to be purchased during preceding six months:**
N/A
 - iv) **Break-up value of shares intended to be purchased on the basis of last published financial statements:**
N/A
 - v) **Price at which shares will be purchased:**
At par value of Rs. 10/- each

- vi) **Earning per share of investee company in last three years:**
N/A
 - vii) **Sources of funds from where shares will be purchased:**
Internal generation
 - viii) **Period for which investment will be made:**
Long-term
 - ix) **Purpose of investment:**
Strategic investment
 - x) **Benefits likely to accrue to the Company and the shareholders from the proposed investment:**
Investments of available funds in the investee company.
 - xi) **Interest of Directors and their relatives in the investee company:**
No Director or Chief Executive has any interest in the proposed investments, except in their capacities as "Directors / Chief Executive" and / or shareholders of the Company. Some Directors of EFU Life Assurance Ltd. are proposed to be appointed as nominee Directors on the Board of EFU General Takaful Ltd.
- c) EFU General Insurance Ltd (EFU General) is a leading general insurance company in the country. As on December 31, 2005 it had asset base of Rs. 6.3 billion. Its After tax profit for the year 2003, 2004 & 2005 were Rs. 106 million, Rs. 322 million and Rs. 506 million respectively. EFU General as on December 31, 2005 has Paid-up Capital of Rs. 300 million, General Reserve of Rs. 500 million and Retained earning of Rs. 306 million.

The information required under SRO No. 865 (1) 2000 is as under:

- i) **Name of Investee Company:**
EFU General Insurance Ltd.
- ii) **Nature, amount and extent of investment:**
Long-term strategic investment up to Rs. 100 million in Ordinary shares of Rs. 10 by way of purchase from the Stock Exchange at a price ruling on the date of purchase.
- iii) **Average market price of the shares intended to be purchased during preceding six months:**
Rs. 147.49 (September 16, 2006 to March 15, 2006)
- iv) **Break-up value of shares intended to be purchased on the basis of last published financial statements:**
Rs. 31.92 (September 30, 2005)
- v) **Price at which shares will be purchased:**
Not more than the price quoted on Stock Exchange.
- vi) **Earning per share of investee company in last three years:**
2003 Rs. 5.60
2004 Rs. 15.35
2005 Rs. 16.88
- vii) **Sources of funds from where shares will be purchased:**
Internal generation
- viii) **Period for which investment will be made:**
Long-term
- ix) **Purpose of investment:**
Strategic investment
- x) **Benefits likely to accrue to the Company and the shareholders from the proposed investment:**
Investments of available funds in the investee company.
- xi) **Interest of Directors and their relatives in the investee company:**
No Director or Chief Executive has any interest in the proposed investments, except in their capacities as "Directors / Chief Executive" and / or as shareholders of the Company.

Report of the Directors to the Members



EFU Life Assurance Ltd. Board of Directors (Sitting Left to Right) Saifuddin N. Zoomkawala, Chairman; Rafique R. Bhimjee (Standing Left to Right) Jahangir Siddiqui; Ashraf W. Tabani; Taher G. Sachak, Managing Director & Chief Executive; Muneer R. Bhimjee; Hasanali Abdullah

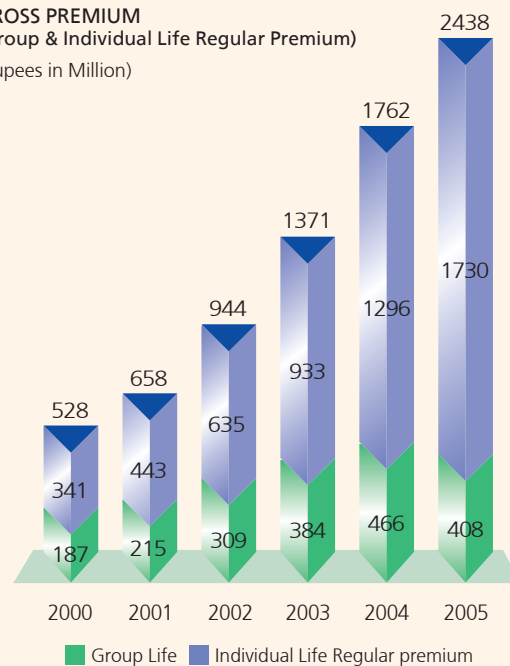
The Directors of your Company are pleased to present to you the Fourteenth Annual Report of the Company for the year ended December 31, 2005.

Your Company continued to strengthen its competitive position in the life insurance industry by showing strong growth in business as well as profitability. Your Company's pre-tax profit increased by 38 % to Rs 296 million (2004: Rs 215 million) and total premium income increased by 33% to Rs 2.5 billion (2004: Rs 1.9 billion).

Regular premium individual life insurance which is your Company's major line of business increased by 33% to Rs 1.7 billion (2004: Rs 1.3 billion). This consisted of Rs 565 million (2004: Rs 437 million) of new business premium and Rs 1.2 billion (2004: Rs 859 million) of renewal premium. In addition to the contribution made by your Company's tied sales force, the new business growth of 29% was helped by your Company's foray into the bancassurance distribution channel. While we will continue our emphasis on building a quality sales force, we expect the bancassurance channel to make substantial contribution to our new business growth. This would over the longer term enable us to garner greater market share. The renewal premium growth of 36% was made possible by your Company's sound business persistency – an indication of client loyalty.

Group benefits business of your Company showed an excellent growth of 52% with gross premium income of Rs 708 million in 2005 (2004: Rs 466 million). Both group credit life business (sold to bank customers' groups) and traditional employer-employee groups contributed to this growth. Your Company's group

GROSS PREMIUM
(Group & Individual Life Regular Premium)
(Rupees in Million)



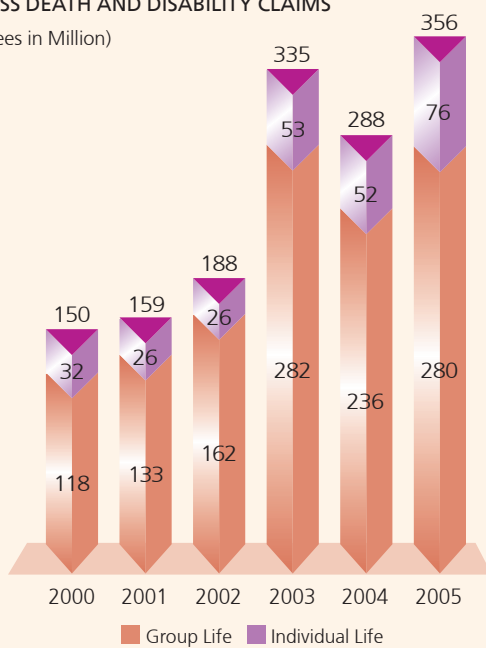
business portfolio continues to exhibit consistent profitability – an indication of your Company’s sound group underwriting methodology.

The policyholders' fund (statutory funds) of the Company stood at Rs. 4.9 billion at the end of 2005 compared to Rs. 3.5 billion at the end of 2004.

During the year 2005 the Company incurred death and disability claims of Rs. 356 million with individual and group life claims amounting to Rs. 76 million and Rs. 280 million, respectively.

GROSS DEATH AND DISABILITY CLAIMS

(Rupees in Million)



Operational excellence is of paramount important to any successful life insurance organisation. Your Company continues to improve operational efficiency by taking advantage of technology. During the period under review, your Company implemented a new individual life operations system which was needed due to the growing size and requirements of our business. This implementation should result in service and cost efficiencies. By capturing more data relating to our policyholders, this system over the long term will enhance our client relationship management capabilities.

To drive excellence forward, a critical factor is the dedication and professionalism of our people. Your Company’s recruitment and training philosophy reflects the Company’s aspiration to create the best talent in

the life insurance industry. At the head office level your Company’s employees continued to attend in-house and external training programs relevant to their area of expertise. The Company encourages and provides financial support to employees who wish to take professional exams. For the sales force, the Company has specialized training programs which enable them to provide the best solution and service to their clients. The success of these sales training programs can be measured by the professionalism of your Company’s sales force and the large number of Million Dollar Round Table qualifiers.

Your Company continued to design and introduce innovative products and services to address evolving client needs, diverse market segments and different distribution channels. The Company has managed to achieve competitive advantage by listening to its clients and responding to their needs.

Life insurance business in Pakistan is expected to show good growth in the years to come. The primary drivers of life insurance demand such as per capita income, population demographics, development of mortgage market and bancassurance, all point towards to an increasing demand for life insurance. Your Company will continue to exploit the emerging opportunities by focusing to achieve competitive advantage in all areas of operations. In the distribution area, your Company intends to increase the size of its direct sales force and increase its productivity. Your Company has also ventured into the bancassurance distribution channel and as experience in Europe, East Asia and India tells us this channel should prove to be a good source of life insurance business in the next 5-10 years.

Takaful Rules have been promulgated both for Life and General insurance businesses. The existing Life and General Insurance Companies can not within the existing Companies conduct Takaful business. Your Directors have therefore decided to establish EFU Family Takaful Ltd. jointly with EFU General Insurance Ltd. and the investments shall be Rs. 120 million by EFU Life Assurance Ltd. and Rs. 30 million by EFU General Insurance Ltd. Similarly EFU General Insurance Ltd. has decided to establish EFU General Takaful Ltd. jointly with EFU Life Assurance Ltd. and the investments shall be Rs. 20 million by EFU Life Assurance Ltd. and Rs. 60 million by EFU General Insurance Ltd. Your Directors have proposed Resolutions for adoption at the Annual General Meeting to be held on April 28, 2006.

Your Company has set itself ambitious targets for 2006 which it should be able to achieve on the basis of its strong competitive position.

Auditor in their report have mentioned that investment in an associated company have been accounted for using market value in case of unit linked business and lower of cost or market value in case of other businesses. The reason for doing so for linked business is to bring the basis of valuation for financial reporting in line with the basis for valuation of units and for other business, it is because of specialize nature of taxability of profit of insurance companies.

Your Company's Profit after tax during the year amounted to Rs 196 Million as compared to Rs 141 million in 2004 showing an increase of 39 %.

	Rupees	(000) Rupees
Profit after tax		195 867
Add: Un-appropriated Profit brought forward		<u>150 162</u>
		346 029
Less: Dividend paid for last year	24 750	
Bonus shares issued for last year	45 000	
Transfer to General Reserve for last year	<u>80 000</u>	<u>149 750</u>
Un-appropriated Profit carried forward		<u>196 279</u>

Your Directors have pleasure in recommending dividend of Rs 2 (20 %) per share and issuance of 3 bonus shares for every 7 shares held by the Shareholders of the Company whose names appear in the Share Register of the Company at the close of business on April 17, 2006. The Directors have also recommended transfer of Rs. 60 million to General Reserve.

Compliance with Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its Listing Rules have been duly complied with. A statement to this effect is annexed with the report.

The Directors of your Company were elected for a period of three years' term expiring on June 21, 2008.

The number of meetings attended by each director is given below:-

Sr. No.	Name of Directors	Number of Meetings attended
1.	Saifuddin N. Zoomkawala	5 out of 5
2.	Taher G. Sachak	4 out of 5
3.	Ashraf W. Tabani	3 out of 5
4.	Jahangir Siddiqui	3 out of 5
5.	Rafique R. Bhimjee	5 out of 5
6.	Muneer R. Bhimjee	3 out of 5
7.	Hasanali Abdullah	5 out of 5
8.	Sultan Ahmad	2 out of 2

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

Statement of Ethics and Business Practices:

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

Audit Committee:

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

1. Saifuddin N. Zoomkawala (Chairman)
2. Rafique R. Bhimjee
3. Hasanali Abdullah

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 judgment.

- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- e) 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 and pension funds based on their un-audited accounts as on December 31, 2005 were the following.

Provident Fund	Rs.	55	Million
Pension Fund	Rs.	12	Million

The value of investments includes accrued interest.

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

<u>Purchase of Shares</u>	<u>No. of Shares</u>
Mr. Saifuddin N. Zoomkawala Chairman	3 000
Mr. Taher G. Sachak Chief Executive	2 000
Mr. Muneer R. Bhimjee Director	35 000
Mr. Rafique R. Bhimjee Director	30 300
Ms. Naila Bhimjee w/o Rafique R. Bhimjee	10 200
Sale of Shares	NIL

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

- k) The statement of shareholding in the Company as at December 31, 2005 is included with the Report.

Messrs. KPMG Taseer Hadi & Co, Chartered Accountants and Gardezi & Co, Chartered Accountants, retire and being willing to continue are recommended for reappointment as Auditors of the Company for the year 2006.

The Company continues to receive valuable guidance from Mr. Michael J de H Bell, an actuary of international fame who acts as an advisor to the Board. We wish to record our grateful appreciation for the expert guidance provided by him to your Company. We further wish to recognize and place on record our appreciation of the contribution made by our Appointed Actuary Mr. Omer Morshed for his invaluable advice on actuarial, administrative and marketing policies of the Company.

We would also like to record our appreciation and gratitude to Munchener Ruckversicherungs Gesellschaft (Munich Re) of Germany who are your Company's main reinsurers and who continue to provide full support to your Company.

Our thanks are also due to E F U General Insurance Ltd for their continuous support and guidance, which has enabled the Company to establish a strong presence in the market.

The Directors wish to record their appreciation for the tremendous contribution made by the officers, staff and field force of the Company towards its development and growth. Their continuous commitment to high ethical standards, client service and hard work has helped your Company emerge and maintain its position as a clear market leader amongst private sector life insurers.

Finally, we would like to thank our clients for the confidence expressed in us and also to the Insurance Division of the Securities and Exchange Commission of Pakistan for the co-operation extended to us throughout the year.

Key Financial Data for The Last Six Years

Rupees '000

	2005	2004 (Restated)	2003 (Restated)	2002	2001	2000
Gross premium	<u>2 500 098</u>	<u>1 883 699</u>	<u>1 933 189</u>	<u>1 094 827</u>	<u>693 016</u>	<u>559 502</u>
REVENUE ACCOUNT						
Premium - net of reinsurance	2 257 827	1 719 822	1 751 061	918 174	570 318	450 478
Interest and other income	469 814	322 895	250 140	156 276	101 230	63 264
	<u>2 727 641</u>	<u>2 042 717</u>	<u>2 001 201</u>	<u>1 074 450</u>	<u>671 548</u>	<u>513 742</u>
Claims less reinsurances	622 169	503 893	334 044	142 341	113 021	83 263
Commission and expenses	803 158	576 579	468 069	356 243	257 372	218 028
(Write back) / provision for depreciation on investments	(418 769)	(4 022)	(173 411)	(13 264)	14 654	11 170
Change in the statutory fund	1 424 869	751 437	1 254 580	548 760	266 789	184 463
Profit before tax	<u>296 214</u>	<u>214 830</u>	<u>117 919</u>	<u>40 370</u>	<u>19 712</u>	<u>16 818</u>
Provision for tax	(100 347)	(74 000)	(39 500)	(15 600)	(3 111)	(1 700)
Profit after tax	<u>195 867</u>	<u>140 830</u>	<u>78 419</u>	<u>24 770</u>	<u>16 601</u>	<u>15 118</u>
BALANCE SHEET						
Investments	5 156 704	3 689 747	2 693 147	1 314 267	798 862	442 002
Reserve for depreciation on investment	-	-	-	(12 741)	(26 006)	(11 352)
Cash & bank balances	455 453	382 418	317 970	162 413	114 714	96 683
Preliminary & other deferred costs	-	-	-	-	35 801	33 681
Other assets	138 289	112 327	348 734	220 311	171 866	109 435
Fixed assets	217 928	74 569	54 715	54 372	50 716	52 567
	<u>5 968 374</u>	<u>4 259 061</u>	<u>3 414 566</u>	<u>1 738 622</u>	<u>1 145 953</u>	<u>723 016</u>
Issued, subscribed and paid-up capital	210 000	165 000	150 000	150 000	150 000	100 000
Accumulated surplus/ (loss)	196 279	150 162	39 332	46	(9 724)	(26 325)
General reserve	130 000	50 000	50 000	-	-	-
Balance of statutory fund	4 916 212	3 491 343	2 739 906	1 338 801	790 041	523 252
Other liabilities	515 883	402 556	435 328	249 775	215 636	126 089
	<u>5 968 374</u>	<u>4 259 061</u>	<u>3 414 566</u>	<u>1 738 622</u>	<u>1 145 953</u>	<u>723 016</u>

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 Stock Exchange 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 independent non-executive Directors on its Board. At present the Board includes six independent non-executive Directors, who were elected on June 11, 2005 for the three years' term effective June 22, 2005.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 including appointment and determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on August 13, 2005 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities..
10. During the year a new Head of Internal Audit was appointed to replace the previous one while there was no new appointment of CFO and Company Secretary.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The new head of internal audit has been appointed and the company is taking steps to strengthen the department.
18. 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.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of EFU Life Assurance Limited ("the Company") to comply with the listing regulation No. 37 of the Karachi Stock Exchange and Code of Corporate Governance applicable to listed insurance companies, issued by the Securities and Exchange Commission of Pakistan.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company'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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

GARDEZI & CO.
Chartered Accountants

Karachi March 18, 2006

KPMG TASEER HADI & CO.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed financial statements comprising:

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

of EFU Life Assurance Limited (the Company) as at 31 December 2005 together with the notes forming part thereof, for the year then ended.

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

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

As more fully explained in note 4.3 to the financial statements, the Company's investment in an associated company have been accounted for using market value in case of unit linked business and lower of cost or market value in case of other businesses. International Accounting Standards require that such investment be valued using equity method. Had the equity method been used for valuation, the value of investments at 31 December 2005 and accumulated surplus at 1 January 2005 would have been lower by Rs. 6.893 million and Rs. 10.975 million respectively and profit for the year ended 31 December 2005 would have been higher by Rs. 4.082 million;

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) except for the effect of the matter relating to accounting for investment in associates referred to above, the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) except for the effect of the matter relating to accounting for investment in associates referred to above, 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 2005 and of the profit, 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;
- d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

GARDEZI & CO.
Chartered Accountants

Karachi March 18, 2006

KPMG TASEER HADI & CO.
Chartered Accountants

Balance Sheet As At 31 December 2005

Rupees '000

	Note	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004 (Restated)	
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
Share capital and reserves								
Authorised share capital		500 000				500 000	200 000	
Issued, subscribed and paid up share capital	5	210 000				210 000	165 000	
Accumulated surplus		196 279				196 279	150 162	
General reserve		130 000				130 000	50 000	
Net shareholders' equity		536 279				536 279	365 162	
Balance of statutory fund [including policyholders' liabilities Rs. 4 908 million (2004: Rs. 3 482 million)]								
	7		4 743 050	153 994	13 945	5 223	4 916 212	3 491 343
Deferred taxation	8	1 347					1 347	1 000
Creditors and accruals								
Outstanding claims			58 521	116 958	-	4 554	180 033	133 220
Premiums received in advance			105 564	31 696	265	965	138 490	97 040
Amounts due to reinsurers			4 464	35 517	190	-	40 171	42 264
Amounts due to agents			50 276	5 340	245	429	56 290	49 159
Accrued expenses		2 660	20 641	1 940	134	84	25 459	14 201
Taxation - provision less payments		58 831					58 831	45 337
Unclaimed dividend		256					256	162
Other creditors and accruals		10 922	3 698	346	24	16	15 006	20 173
Total liabilities		72 669	243 164	191 797	858	6 048	514 536	401 556
Total equity and liabilities		610 295	4 986 214	345 791	14 803	11 271	5 968 374	4 259 061
Contingencies and commitments	8							

The annexed notes 1 to 23 form an integral part of these financial statements.

Rupees '000

	Note	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004 (Restated)
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)		
Cash and bank deposits							
Cash and stamps			632			632	753
Current and other accounts		4 827	177 401	75 600	1 535	260 821	311 665
Deposits maturing within 12 months			120 000	74 000		194 000	70 000
		4 827	298 033	149 600	1 535	455 453	382 418
Loans - secured							
To employees		11 775				11 775	5 973
Investments							
Government securities	9	70 810	2 302 486	177 662	8 512	2 565 817	2 125 633
Other fixed income securities	10	25 000	394 197	4 896	1 317	425 410	169 733
Listed equities and mutual funds	11	137 344	2 005 094	14 144	4 714	2 164 969	1 393 873
Unlisted equities		508				508	508
		233 662	4 701 777	196 702	14 543	5 156 704	3 689 747
Current assets - others							
Premiums due but unpaid				23 743		23 743	20 816
Amounts due from reinsurers					2 030	2 030	17 464
Agent balances			395	196	2	596	341
Investment income due but outstanding		780	3 089		10	3 879	7 896
Investment income accrued		2 189	45 173	5 944	123	53 572	36 620
Advances and deposits		4 646	11 926	1 122	78	17 821	11 671
Prepayments		151	4 310	405	28	4 911	5 359
Inter-fund balances		134 198	(97 175)	(32 943)	(1 586)		
Sundry receivables		139	18 686	1 022	70	19 962	6 187
		142 103	(13 596)	(511)	(1 275)	126 514	106 354
Fixed assets - tangible							
Leased hold land		126 030				126 030	
Furniture, fixtures, office equipment and vehicles		91 898				91 898	74 569
	12	217 928				217 928	74 569
Total assets		610 295	4 986 214	345 791	14 803	5 968 374	4 259 061

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Profit and Loss Account Financial Year Ended 31 December 2005

Rupees '000

	Note	<u>2005</u>	<u>2004</u>
Investment income not attributable to statutory funds			
Return on government securities		6 930	5 439
Return on other fixed income securities and deposits		1 331	4 068
Amortisation of premium relative to par		(689)	(730)
Dividend income		15 611	11 446
		23 183	20 223
Loss on sale of investments		(42)	(176)
Net investment income		<u>23 141</u>	<u>20 047</u>
Other revenue			
- Gain on disposal of fixed assets		1 910	4 067
- Others		1 640	1 581
		<u>3 550</u>	<u>5 648</u>
		26 691	25 695
Less: expenses not attributable to statutory funds		<u>6 768</u>	<u>10 548</u>
		19 923	15 147
Surplus transferred from statutory funds	7	<u>276 291</u>	<u>199 683</u>
Profit before tax		296 214	214 830
Taxation			
- For the year		(100 000)	(73 000)
- Deferred		(347)	(1 000)
	8.3	<u>(100 347)</u>	<u>(74 000)</u>
Profit after tax		<u><u>195 867</u></u>	<u><u>140 830</u></u>
			(Rupees)
Earnings per share - basic and diluted	18	<u><u>9.33</u></u>	<u><u>6.71</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Changes in Equity Financial Year Ended 31 December 2005

	Rupees '000			
	Shares Capital	General Reserve	Accumulated Surplus	Total
Balance as at 1 January 2004	150 000	50 000	39 332	239 332
Dividend for the year 2003	–	–	(15 000)	(15 000)
Issue of bonus shares	15 000	–	(15 000)	–
Profit for the year 2004	–	–	140 830	140 830
Balance as at 31 December 2004	<u>165 000</u>	<u>50 000</u>	<u>150 162</u>	<u>365 162</u>
Dividend for the year 2004	–	–	(24 750)	(24 750)
Issue of bonus shares	45 000	–	(45 000)	–
Transfer to general reserve	–	80 000	(80 000)	–
Profit for the year 2005	–	–	195 867	195 867
Balance as at 31 December 2005	<u><u>210 000</u></u>	<u><u>130 000</u></u>	<u><u>196 279</u></u>	<u><u>536 279</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Cash Flows Financial Year Ended 31 December 2005

Rupees '000

	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004 (Restated)	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
Operating Cash Flows							
a) Underwriting activities							
Premiums received		1 783 326	733 702	12 419	9 174	2 538 621	1 897 818
Reinsurance premiums paid		(60 769)	(29 804)	(320)	(1 606)	(92 499)	(35 571)
Claims paid		(63 069)	(286 822)	-	(546)	(350 437)	(334 188)
Surrenders paid		(351 573)	-	-	-	(351 573)	(297 759)
Commissions paid		(350 454)	(121 488)	(2 314)	(1 921)	(476 177)	(323 273)
Net cash flow from underwriting activities		957 461	295 588	9 785	5 101	1 267 935	907 027
b) Other operating activities							
Income tax paid	(86 506)					(86 506)	(61 730)
General management expenses paid	(4 483)	(249 505)	(45 025)	(1 700)	(1 027)	(301 740)	(241 522)
Other operating payments	-	-	(60 486)	-	-	(60 486)	(49 773)
Other operating receipts	16 737	26 349	321	1 273	434	45 114	52 249
Loans advanced	(11 832)	-	-	-	-	(11 832)	(6 212)
Loan repayments received	6 030	-	-	-	-	6 030	3 490
Other payments on operating assets	-	(9 273)	-	-	-	(9 273)	(40 884)
Net cash flow from other operating activities	(80 054)	(232 429)	(105 190)	(427)	(593)	(418 693)	(344 382)
Total cash flow from all operating activities	(80 054)	725 032	190 398	9 358	4 508	849 242	562 645
Investment activities							
Profit / return received	9 660	258 518	18 797	537	739	288 251	168 022
Dividends received	15 945	113 518	-	249	299	130 011	78 595
Payments for investments	(53 471)	(1 232 115)	(40 287)	(10 925)	(1 622)	(1 338 420)	(990 613)
Proceeds from disposal of investments	144	325 343	-	1 453	-	326 940	289 988
Fixed capital expenditure	(163 366)	-	-	-	-	(163 366)	(36 499)
Proceeds from disposal of fixed assets	5 033	-	-	-	-	5 033	7 302
Total cash flow from investing activities	(186 055)	(534 736)	(21 490)	(8 686)	(584)	(751 551)	(483 205)
Financing activities							
Surplus appropriated to shareholders' fund	276 291	(150 644)	(119 787)	(1 092)	(4 768)	-	-
Dividends paid	(24 656)	-	-	-	-	(24 656)	(14 992)
Total cash flow from financing activities	251 635	(150 644)	(119 787)	(1 092)	(4 768)	(24 656)	(14 992)
Net cash inflow/(outflow) from all activities	(14 474)	39 652	49 121	(420)	(844)	73 035	64 448
Cash at beginning of the year	19 301	258 381	100 479	1 955	2 302	382 418	317 970
Cash at end of the year	4 827	298 033	149 600	1 535	1 458	455 453	382 418
Reconciliation to profit and loss account							
Operating cash flows						849 242	562 645
Depreciation expense						(16 884)	(13 410)
Profit on disposal of fixed assets						1 910	4 067
Other income						1 640	1 581
Investment income						429 557	324 339
(Depreciation) / appreciation in market value of investments						400 019	(9 992)
Profit on sale of investments						55 457	6 922
Increase / (decrease) in assets other than cash						13 028	(16 657)
(Increase) / decrease in liabilities other than running finance						(1 538 102)	(718 665)
Profit or loss after taxation						195 867	140 830

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
DirectorMUNEER R. BHIMJEE
DirectorTAHER G. SACHAK
Managing Director &
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA
Chairman

Revenue Account Financial Year Ended 31 December 2005

Rupees '000

	Note	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Income							
Premiums less reinsurances		1 678 658	559 879	12 001	7 289	2 257 827	1 719 822
Net investment income		842 164	17 827	864	1 037	861 892	301 222
Total net income		2 520 822	577 706	12 865	8 326	3 119 719	2 021 044
Claims and expenditure							
Claims net of reinsurance recoveries		391 489	230 378	(102)	404	622 169	503 893
Management expenses		619 081	170 209	3 885	3 215	796 390	566 031
Total claims and expenditure		1 010 570	400 587	3 783	3 619	1 418 559	1 069 924
Excess of income over claims and expenditure		1 510 252	177 119	9 082	4 707	1 701 160	951 120
Add : policyholders' liabilities at beginning of the year	7	3 383 442	87 462	5 955	5 284	3 482 143	2 733 906
Less : policyholders' liabilities at end of the year	6	4 743 050	145 454	13 945	5 223	4 907 672	3 482 143
		(1 359 608)	(57 992)	(7 990)	61	(1 425 529)	(748 237)
Surplus before tax		150 644	119 127	1 092	4 768	275 631	202 883
Movement in policyholders' liabilities		1 359 608	57 992	7 990	(61)	1 425 529	748 237
Transfer of surplus to shareholders' fund		(150 644)	(119 787)	(1 092)	(4 768)	(276 291)	(199 683)
Balance of statutory funds at beginning of the year		3 383 442	96 662	5 955	5 284	3 491 343	2 739 906
Balance of statutory funds at end of the year		4 743 050	153 994	13 945	5 223	4 916 212	3 491 343
Represented by:							
Policyholders' liabilities	6	4 743 050	145 454	13 945	5 223	4 907 672	3 482 143
Retained earnings on other than participating business	7	-	8 540	-	-	8 540	9 200
Balance of statutory funds		4 743 050	153 994	13 945	5 223	4 916 212	3 491 343

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
DirectorMUNEER R. BHIMJEE
DirectorTAHER G. SACHAK
Managing Director &
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Premiums Financial Year Ended 31 December 2005

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross premiums						
Regular premium individual policies*						
First year	550 138	6 953	3 549	4 669	565 309	437 314
Second year renewal	358 296	2 249	5 354	244	366 143	317 083
Subsequent year renewal	787 395	3 710	3 564	4 026	798 695	542 057
Single premium individual policies	61 507	–	–	–	61 507	121 594
Group policies without cash values	–	708 444	–	–	708 444	465 651
Total gross premiums	1 757 336	721 356	12 467	8 939	2 500 098	1 883 699
Less: Reinsurance premiums ceded						
On individual life first year business	22 493	2 360	130	530	25 513	16 463
On individual life second year business	10 524	371	336	268	11 499	14 835
On individual life subsequent renewal business	45 661	1 048	–	852	47 561	25 649
On group policies	–	157 698	–	–	157 698	106 930
Total reinsurance premium ceded	78 678	161 477	466	1 650	242 271	163 877
Net premiums	1 678 658	559 879	12 001	7 289	2 257 827	1 719 822

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Claims Financial Year Ended 31 December 2005

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross claims						
Claims under individual policies						
by death	60 691	4 600	–	300	65 591	41 832
by insured event other than death	9 861	31	–	946	10 838	10 220
by maturity	9 999	–	–	–	9 999	5 272
by surrender	348 286	–	–	–	348 286	300 166
Total gross individual policy claims	428 837	4 631	–	1 246	434 714	357 490
Claims under group policies						
by death		261 085			261 085	222 233
by insured event other than death		19 398			19 398	13 554
experience refund		33 626			33 626	38 541
Total gross group claims		314 109			314 109	274 328
Total gross claims	428 837	318 740	–	1 246	748 823	631 818
Less: Reinsurance recoveries						
On individual life first year business	8 509	100	–	20	8 629	5 424
On individual life second year business	2 683	–	–	–	2 683	4 690
On individual life subsequent renewal business	13 675	3 800	–	578	18 053	8 690
On group claims	–	72 151	–	–	72 151	96 173
On experience refund of premiums	12 481	12 311	102	244	25 138	12 948
Total reinsurance	37 348	88 362	102	842	126 654	127 925
Net claims	391 489	230 378	(102)	404	622 169	503 893

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Expenses Financial Year Ended 31 December 2005

Rupees '000

Note	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business			
Acquisition costs							
Remuneration to insurance intermediaries on individual policies:							
- commission on first year premiums	224 720	2 541	1 108	1 932	230 301	168 110	
- commission on second year premiums	41 663	212	472	37	42 384	37 583	
- commission on subsequent renewal premiums	20 927	74	118	106	21 225	15 272	
- commission on single premiums	1 230	-	-	-	1 230	2 385	
- override commission	67 836	559	458	103	68 956	51 875	
- other benefits to insurance intermediaries	85 246	7 798	557	340	93 941	72 707	
	441 622	11 184	2 713	2 518	458 037	347 932	
Remuneration to insurance intermediaries on group policies:							
- commission		118 957			118 957	49 992	
- other benefits to insurance intermediaries		10 096			10 096	8 180	
		129 053			129 053	58 172	
Branch overheads	14	64 861	8 496	422	265	74 044	47 475
Other acquisition costs							
- Policy stamps		11 276	765	51	4	12 096	12 669
Total acquisition cost		517 759	149 498	3 186	2 787	673 230	466 248
Administration expenses							
Salaries and other benefits		49 692	10 754	324	203	60 973	45 565
Traveling expenses		6 518	840	42	27	7 427	8 253
Actuary's fees		1 521	143	10	6	1 680	2 100
Medical fees		5 546	789	77	-	6 412	6 813
Legal and professional fee		1 420	137	9	6	1 572	1 304
Advertisements and publicity		3 275	311	21	13	3 620	4 124
Computer expenses		3 225	349	21	13	3 608	1 172
Printing and stationery		6 330	694	41	26	7 091	5 277
Depreciation		4 559	949	30	19	5 557	4 212
Rental		3 275	1 981	21	14	5 291	6 328
Difference in exchange		(135)	-	-	-	(135)	(1 412)
Other management expenses	15	24 668	4 911	161	101	29 841	21 746
Gross management expenses		627 653	171 356	3 943	3 215	806 167	571 730
Commission from reinsurers		(8 572)	(1 147)	(58)	-	(9 777)	(5 699)
Net management expenses		619 081	170 209	3 885	3 215	796 390	566 031

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
DirectorMUNEER R. BHIMJEE
DirectorTAHER G. SACHAK
Managing Director &
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Investment Income Financial Year Ended 31 December 2005

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Investment income						
On government securities	243 526	19 030	545	738	263 839	211 750
On other fixed income securities and deposits	30 204	1 194	64	1	31 463	22 590
Dividend income	109 825	–	259	299	110 383	69 046
Amortisation of premium relative to par	(15 605)	(2 397)	(58)	(1)	(18 061)	(13 284)
	367 950	17 827	810	1 037	387 624	290 102
Gain / (loss) on sale of investments						
Shares and stocks	55 608	–	(109)	–	55 499	7 098
(Depreciation) / appreciation in market value of						
Government securities	(102 963)	–	603	–	(102 360)	(120 395)
Other fixed income securities	(9 177)	–	–	–	(9 177)	(12 650)
Shares and stocks	530 746	–	(440)	–	530 306	137 067
	418 606	–	163	–	418 769	4 022
Net investment income	<u>842 164</u>	<u>17 827</u>	<u>864</u>	<u>1 037</u>	<u>861 892</u>	<u>301 222</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Notes to the Financial Statements For The Year Ended 31 December 2005

1. Status and nature of business

EFU Life Assurance Limited (the Company) was incorporated in Pakistan on August 9, 1992 as a public limited company under the Companies Ordinance, 1984 and started its operation from November 8, 1992. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at 37-K, Block 6, PECHS, Karachi.

The Company is engaged in life insurance business carrying on ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:

- Investment Linked business (includes individual life business)
- Pension business (Investment linked)
- Conventional business (includes group life and individual life businesses)
- Accident and health business

2. Basis of presentation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Insurance Ordinance, 2000. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Where the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 or directives / rules issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 or of the said directives / rules take precedence.

3. Basis of measurement

These financial statements have been prepared on the basis of the historical cost convention except for certain investments (note 4.3) which are stated at fair values and policyholders' liabilities which are stated on the basis of actuarial valuation.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments 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 assumption are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision effects only that period, or in the period and future periods if the revision effects both current and future periods.

Judgments made by management in application of approved accounting standards that have significant effect on the financial statements and estimates with a material adjustment in the next year are:

- a) Policyholders' liabilities (see note 4.2)

Policyholders' liabilities are calculated by the appointed actuary using appropriate discount rate and mortality assumptions. Actual investment returns and mortality charge is, by its nature, expected be different from estimates.

- b) Claims (see note 4.5)

Calculation for IBNR is made on the assumption that the claim lag pattern will follow the historical trend experience.

- c) Taxation (see note 4.8)

Provision for taxation is based on the assumption that tax assessments will be finalized in accordance with the historical experience of the Company.

- d) Held to maturity investments (see note 4.3, 9 and 10)

Investments are classified as held to maturity based on the assumption that the Company will be able to hold these investments till their maturity.

4. Summary of significant accounting policies

4.1 Statutory funds and business segments

The Company has four primary business segments for reporting purposes as follows:

The Investment Linked business segment provides life insurance coverage to individuals under investment linked policies.

The Conventional business segment provides life insurance coverage to corporate enterprises under group life conventional term assurance policies and to individuals under individual life conventional term assurance policies;

The Pension Business segment provides pension and annuity benefits to individuals under investment linked pension policies; and

Accident and health business segment provides personal accident coverage to individuals under accident policies.

The above segments also include additional benefit riders such as term assurance, accidental death and disability and critical illness.

The Company maintains statutory funds for all business segments described above. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the Appointed Actuary of the Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000.

4.2 Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the Appointed Actuary through an actuarial valuation carried out as at the balance sheet date. In determining the value both acquired policy values (which forms the bulk of policyholder liabilities) as well as estimated values which will be payable against risks which the Company underwrites. The bases used are applied consistently from year to year except as stated hereunder.

The basic liability consists of the estimated actuarial liability against each contract which is in force. To this are added:

- a) The cash value of policies which have lapsed over the last two years and where the liability would be reinstated in case of the policy being revived;
- b) A provision for expenses which will be incurred in future for which margins have been built in premiums recognized as revenues;
- c) A reserve for catastrophic losses in excess of those provided for on a policy by policy basis; and
- d) A reserve for a potential solvency margin, which is explained in greater detail below:

The actuarial method and bases are similar to those applied in 2004 with the exception that from current year a solvency margin for unit linked business with investment guarantees has been increased to 3 %. At December 31, 2005 an amount of Rs. 103.125 million (2004: Rs. 29.647 million) has been included in policyholders' liabilities in this respect.

4.3 Investments

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 rate are considered as available for sale. Investments acquired principally for the

purpose of generating a profit from short-term fluctuation in price are considered as held for trading. Investments, with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity are classified as held-to-maturity.

All investments are initially recognised at fair value, including the transaction costs except held for trading investments which are recognised at fair value. Available for sale investments relating to the units assigned to policies of investment linked business and pension business and held for trading investments are subsequently measured at their fair values and the difference taken to revenue account. Other available for sale investments are subsequently measured at lower of cost (determined on moving weighted average basis) or market value on an aggregate portfolio basis.

International Accounting Standard IAS-39 "Financial Instruments – Recognition and Measurement" has been revised effective January 1, 2005. In the revised IAS – 39 the option of taking the revaluation gain / loss on available for sale securities to income / revenue account has been deleted and all such gain / loss is to be taken to equity. Furthermore, a new category has been added "financial assets at fair value through profit and loss". The Company considers that credit / debit to revenue account for unit linked and pension business is required to reflect policyholders' liabilities at their fair value.

Available for sale investments include investment in an associated company, EFU General Insurance Limited carried at a value of Rs. 41.9 million. These are being valued either at lower of cost or market value or fair value (for Unit Linked Business). International Accounting Standard IAS – 28 (revised) "Investments in Associates" effective for financial periods beginning on or after January 1, 2005 requires that an investment in associate shall be accounted for using the equity method. The Company considers that accounting for these investments at a value above cost for business other than unit linked business would result in complications similar to those related to adoption of International Accounting Standard IAS – 39 "Financial Instruments – Recognition and Measurement". Had the equity method been used for valuation, the value of investments at December 31, 2005 and accumulated surplus at January 1, 2005 would have been lower by Rs 6.893 million and Rs 10.975 million respectively and profit for the year ended December 31, 2005 would have been higher by Rs 4.082 million;

4.4 Revenue recognition

First year individual life premiums are recognized once the related policies have been issued and the premiums received. Renewal premiums are recognized upon receipt, provided the policy is still in force.

Group life premiums are recognized when due. A provision for unearned premiums is included in the policyholders' liabilities.

Reinsurance expense is recognized as a liability in accordance with the pattern of recognition of relating premium.

Interest income on bank deposits and fixed income securities is recorded on a time proportion basis using effective interest rate method.

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

4.5 Claims

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date. Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the statutory fund are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the Appointed Actuary and are included in the policyholders' liabilities. Experience refund of premium is included in outstanding claims.

Claim recoveries receivable from the reinsurers are recognized at the same time as the claim which give rise to the right of recovery and are measured at the amount expected to be recovered.

4.6 Acquisition costs

Directly referable commission and other expenses are recognised as cost when the related policies are issued. Branch overheads and other acquisition costs are recognised when these are incurred.

4.7 Employees' retirement benefits

The Company operates two defined contribution retirement benefit plans, i.e. an approved funded provident fund scheme for all permanent employees and an approved funded pension scheme for eligible officers. Monthly contributions to these funds are made in accordance with their rules. Contributions made to these funds are recognised as an expense.

4.8 Taxation

Current

Provision for current taxation is based on taxable income determined under the Fourth Schedule to the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

4.9 Cash dividend and bonus shares

Cash dividend to shareholders is recognised as liability in the period in which it is approved. Similarly the reserve for issue of bonus share is recognized in the year in which such issue is approved.

4.10 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on the reducing balance method at the following rates:

Office equipment	10%
Furniture and fixture	10%
Vehicle	20%
Computers	30%

Normal repairs and maintenance are charged to income currently.

Gains or losses on disposal of fixed assets are included in the profit and loss account currently.

4.11 Foreign currency translation

Transactions in foreign currencies are translated into Rupees at the rates ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupee at the rate of exchange prevailing on the balance sheet date. All exchange differences are taken to revenue / profit and loss account.

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving accounts
- Cash and stamps in hand
- Term deposits with original maturity within three months

4.13 Impairment

The carrying amount of the Company's assets is reviewed on an ongoing basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the assets is determined and impairment losses are recognised in the revenue / profit and loss accounts.

4.14 Provisions

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.

4.15 Off-setting

Assets and liabilities are 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.

4.16 Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value plus directly attributable costs. These financial assets and liabilities are subsequently measured at fair value or amortised cost as the case may be.

5. Share Capital

(Rupees '000)

2005 (Number of Shares)	2004 (Number of Shares)		<u>2005</u>	<u>2004</u>
15 000 000	15 000 000	Issued, subscribed and paid up Ordinary shares of Rs. 10 each issued for cash	150 000	150 000
6 000 000	1 500 000	Ordinary shares of Rs. 10 each issued as fully paid bonus share	60 000	15 000
<u>21 000 000</u>	<u>16 500 000</u>		<u>210 000</u>	<u>165 000</u>

5.1 Dividend and bonus shares

The Board of Directors in their meeting held on March 18, 2006 have proposed a cash dividend @ 20 % (Rs. 2 per share) and issue of 3 bonus shares for every 7 shares held.

These financial statements do not reflect the proposed final dividend as payable which will be accounted for in the statements of changes in equity for the year ending December 31, 2006 as an appropriation from unappropriated profit.

6. Policyholders' liabilities

(Rupees '000)

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
6.1 Gross of reinsurance						
Actuarial liability relating to future events	4 782 320	150 736	14 189	6 400	4 953 645	3 515 776
Provision for outstanding reported claims payable over a period exceeding twelve months	14 756	169	–	54	14 979	13 260
Provision for incurred but not reported claims	4 515	35 391	–	–	39 906	10 872
Total	<u>4 801 591</u>	<u>186 296</u>	<u>14 189</u>	<u>6 454</u>	<u>5 008 530</u>	<u>3 539 908</u>
6.2 Net of reinsurance						
Actuarial liability relating to future events	4 733 204	115 899	13 945	5 169	4 868 217	3 469 722
Provision for outstanding reported claims payable over a period exceeding twelve months	6 490	169	–	54	6 713	5 786
Provision for incurred but not reported claims	3 356	29 386	–	–	32 742	6 635
Total	<u>4 743 050</u>	<u>145 454</u>	<u>13 945</u>	<u>5 223</u>	<u>4 907 672</u>	<u>3 482 143</u>

7. Movements of statutory funds

(Rupees '000)

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Policyholders' liabilities						
Balance at beginning of the year	3 383 442	87 462	5 955	5 284	3 482 143	2 733 906
Increase during the year	1 359 608	57 992	7 990	(61)	1 425 529	748 237
Balance at end of the year	4 743 350	145 454	13 945	5 223	4 907 672	3 482 143
Retained earnings on other than participating business						
Balance at beginning of the year	–	9 200	–	–	9 200	6 000
Surplus for the year	150 644	119 127	1 092	4 768	275 631	202 883
Surplus appropriated to shareholders' fund	(150 644)	(119 787)	(1 092)	(4 768)	(276 291)	(199 683)
Balance at end of the year	–	8 540	–	–	8 540	9 200
Balance of Statutory Funds	4 743 050	153 994	13 945	5 223	4 916 212	3 491 343

8. Taxation

8.1 The income tax assessments of the Company have been finalised up to tax year 2003 and returns for the Tax year 2004 and 2005 have been filed on self assessment basis. Appeals relating to the assessment years 1994-1995 to 1998-1999 are pending before the High Court of Sindh regarding levy of Turnover Tax. Appeals in respect of assessment years 1999-2000 and 2000-2001 are pending with the Commissioner Income Tax (Appeals) and there could arise a potential tax liability of Rs. 1.3 million if the matter is decided against the Company. No provision has been made for the liability as the Company is confident of a favourable outcome in appeal.

8.2 Deferred taxation

(Rupees '000)

	2005	2004
Deferred tax liability arising on taxable temporary difference:		
On accelerated tax depreciation	1 347	1 000

8.3 Reconciliation of tax rate

	2005	2004
	%	%
Applicable Tax Rate	35.00	35.00
Tax effect of amount that are not deductible for tax purpose	0.46	1.05
Less: Tax effect of amount taxed at reduced rates	(1.58)	(1.60)
Average effective tax rate charged on income	33.88	34.45

9. Investment in government securities

(Rupees '000)

	Maturity Year	Profit Rate %	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004 (Restated)	
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business			
Held to maturity at amortised cost									
Treasury Bills	2006	8.3 – 8.7	–	17 314	–	1 922	1 338	20 574	–
5 Years Regular Income Certificate	2005	14	–	–	–	–	–	–	19 000
5 Years Pakistan Investment Bonds	2007-08	7 – 10	3 732	25 089	45 969	–	–	74 790	25 587
10 Years Federal Investment Bonds	2005	15	–	–	–	–	–	–	4 000
10 Years Defence Saving Certificates	2007-09	18.03	–	527 993	–	–	–	527 993	445 994
10 Years Pakistan Investment Bonds	2011-14	8 – 14	55 713	23 018	131 693	–	5 009	215 433	217 381
15 Years Pakistan Investment Bonds	2019	9	11 365	–	–	–	–	11 365	11 425
20 Years Pakistan Investment Bonds	2024	10	–	54 843	–	–	–	54 843	54 856
			<u>70 810</u>	<u>648 257</u>	<u>177 662</u>	<u>1 922</u>	<u>6 347</u>	<u>904 998</u>	<u>778 243</u>
Available for sale at market value									
Treasury Bills	2006	8.3 – 8.7	–	164 153	–	3 084	–	167 237	–
5 Years Pakistan Investment Bonds	2006-09	7 – 13	–	105 765	–	585	–	106 350	569
5 Years WAPDA Bonds	2008	8.2	–	51 480	–	–	–	51 480	30 300
10 Years Federal Investment Bonds	2005	15	–	–	–	–	–	–	1 035
10 Years Pakistan Investment Bonds	2010-14	8 – 14	–	888 075	–	1 078	–	889 153	849 142
15 Years Pakistan Investment Bonds	2019	9	–	131 392	–	–	–	131 392	147 385
20 Years Pakistan Investment Bonds	2024	10	–	313 364	–	1 843	–	315 207	318 959
			<u>–</u>	<u>1 654 229</u>	<u>–</u>	<u>6 590</u>	<u>–</u>	<u>1 660 819</u>	<u>1 347 390</u>
			<u>70 810</u>	<u>2 302 486</u>	<u>177 662</u>	<u>8 512</u>	<u>6 347</u>	<u>2 565 817</u>	<u>2 125 633</u>

9.1 Market value of the government securities carried at amortised costs amounted to Rs. 899.345 million (2004: Rs. 803.242 million).

10. Other fixed income securities

(Rupees '000)

	Maturity Year	Profit Rate %	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004 (Restated)
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business		
Held to maturity at amortised cost								
Term Finance Certificates								
Packages limited Union Bank	2005	13.50	-	-	-	-	-	7 275
Limited 3rd issue United Bank	2013	11.25	25 000	-	-	-	25 000	-
Limited 2nd issue	2013	9.49	-	33 784	4 896	-	38 680	-
Certificates of investment	2005	-	-	-	-	-	-	500
			25 000	33 784	4 896	-	63 680	7 775
Available for sale at market value								
Term Finance Certificates								
Al-Noor Sugar Mills Limited	2005	16.50	-	-	-	-	-	262
Atlas Investment Bank Limited	2005	15.00	-	-	-	-	-	1 753
Network Leasing Corporation Limited	2005	16.25	-	-	-	-	-	4 094
Nishat Mills Limited	2005	13.00	-	-	-	-	-	4 884
Orix Leasing Pakistan Limited	2005	14.00	-	-	-	-	-	6 313
Spell Communications Limited	2005	7.50	-	-	-	-	-	15 000
Packages Limited First Oil & Gas	2005	13.50	-	-	-	-	-	10 000
Securitisation Co. Limited	2006	11.50	-	947	-	-	947	2 224
Orix Leasing Pakistan Limited - 2nd issue	2006	11.00	-	7 437	-	-	7 437	7 770
Shakarganj Mills Limited	2006	15.00	-	-	-	-	-	431
Gulistan Textile Limited	2006	11.25	-	9 180	-	-	9 180	-
First Dawood Investment Bank Limited	2007	13.50	-	15 325	-	-	15 325	16 650
Reliance Weaving Mills Limited	2007	15.25	-	569	-	-	569	995
Union Bank Limited	2007	11.00	-	31 620	-	-	31 620	34 630
Worldcall Communications Limited	2007	12.25	-	612	-	-	612	972
Bank Alfalah Limited	2008	10.00	-	5 993	-	-	5 993	6 568
MCB Bank Limited	2008	11.75	-	30 054	-	815	30 869	13 864
Pakistan Mobile Communications (Private) Limited	2008	10.39	-	16 500	-	-	16 500	16 500
Trust Leasing Corporation Limited	2008	11.00	-	6 227	-	-	6 227	6 730
Jahangir Siddiqui & Co. Limited 1st issue	2008	7.50	-	11 821	-	-	11 821	12 318
Jahangir Siddiqui & Co. Limited 2nd issue	2010	10.66	-	10 200	-	-	10 200	-
Bank Alfalah Limited 2nd issue	2012	10.64	-	15 069	-	-	15 069	-
Azgard Nine Limited	2012	11.32	-	35 175	-	-	35 175	-
Bank Alfalah Limited 3rd issue	2013	10.66	-	18 045	-	-	18 045	-
United Bank Limited 2nd issue	2013	9.49	-	104 019	-	-	104 019	-
Askari Commercial Bank Limited 1st issue	2013	10.50	-	24 618	-	502	25 120	-
Askari Commercial Bank Limited 2nd issue	2013	10.60	-	10 000	-	-	10 000	-
Prime Commercial Bank Limited	2013	10.88	-	7 002	-	-	7 002	-
			-	360 413	-	1 317	361 730	161 958
			25 000	394 197	4 896	1 317	425 410	169 733

10.1 Market Value of other fixed income securities carried at amortised cost amounted to Rs. 62.524 million (2004: Rs. 7.800 million)

11. Listed equities and mutual funds

(Rupees '000)

	Shareholders' Fund	Statutory Funds			Aggregate 2005	Aggregate 2004
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)		
Available for sale -at market value						
Listed equities	-	1 517 781	-	4 714	1 522 495	1 013 132
Open end mutual funds	-	130 899	-	-	130 899	86 593
Held for trading -at market value						
Listed equities	-	274 409	-	-	274 409	107 472
Available for sale -at lower of cost or market value						
Listed equities	125 872	49 129	14 144	-	1 389	190 534
Open end mutual fund	11 472	32 876	-	-	2 284	46 632
	<u>137 344</u>	<u>2 005 094</u>	<u>14 144</u>	<u>4 714</u>	<u>3 673</u>	<u>2 164 969</u>
						<u>1 393 873</u>

11.1 Market Value of listed equities and mutual funds carried at lower of cost or market value amounted to Rs. 521.05 million (2004: Rs. 296.55 million)

11.2 Listed equities include investment in EFU General Insurance Limited representing 3.7 % (2004: 3.7 %) of the issued capital of that Company.

12. Fixed assets

(Rupees '000)

	Cost				Depreciation				Written Down Value
	As at 01 January 2005	Addition	Disposal	As at 31 December 2005	As at 01 January 2005	Charge for the year	On Disposal	As at 31 December 2005	
Lease hold land	-	126 030	-	126 030	-	-	-	-	126 030
Office equipment	12 419	2 859	368	14 910	5 114	995	156	5 953	8 957
Computers	12 346	2 520	310	14 556	8 195	1 984	252	9 927	4 629
Furniture & fixture	62 888	10 237	930	72 195	27 180	4 539	372	31 347	40 848
Vehicles	40 975	21 720	5 622	57 073	13 570	9 366	3 327	19 609	37 464
2005	<u>128 628</u>	<u>163 366</u>	<u>7 230</u>	<u>284 764</u>	<u>54 059</u>	<u>16 884</u>	<u>4 107</u>	<u>66 836</u>	<u>217 928</u>
2004	<u>103 404</u>	<u>36 499</u>	<u>11 275</u>	<u>128 628</u>	<u>48 689</u>	<u>13 410</u>	<u>8 040</u>	<u>54 059</u>	<u>74 569</u>

13. Sale of fixed assets

(Rupees '000)

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Sale Proceeds</u>	<u>Mode of Disposal</u>	<u>Sold to</u>
Vehicle	17	6	11	150	Negotiation	Hasan Riaz, Employee
Vehicle	45	9	36	180	Negotiation	Imran Aslam, Employee
Vehicle	40	8	32	190	Negotiation	Tanveer A Khan, Employee
Vehicle	40	8	32	240	Negotiation	Mohammad Zubair, Karachi
Vehicle	590	435	155	340	Negotiation	Jawaid Mughal, Employee
Vehicle	464	93	371	320	Negotiation	Markaz J Sindhu, Employee
Vehicle	460	399	61	270	Negotiation	Arshad Iqbal, Employee
Vehicle	41	8	33	260	Negotiation	Nuzhat, Employee
Vehicle	40	8	32	180	Negotiation	Tariq Mahmood, Employee
Vehicle	619	457	162	350	Negotiation	Asif M. Akhter, Employee
Vehicle	459	362	97	300	Negotiation	Atif Jamal, Employee
Vehicle	377	314	63	180	Negotiation	Nadeem Sajjad, Employee
Vehicle	46	17	29	170	Negotiation	Faisal Zaheer, Employee
Vehicle	464	226	238	250	Negotiation	Rafi Malik, Employee
Vehicle	30	6	24	135	Negotiation	Mazhar Hussain, Karachi
Vehicle	629	464	165	300	Negotiation	Farhan Farooq, Karachi
Vehicle	605	446	159	310	Negotiation	Irfan, Karachi
Vehicle	323	61	262	325	Insurance Claim	EFU Gen Ins. Ltd
Vehicle	333	-	333	333	Insurance Claim	EFU Gen Ins. Ltd
Assets having WDV less than Rs 50,000						
Computers	310	252	58	10	Negotiation	Various
Furniture & fixture	930	372	558	192	Negotiation	Various
Office equipment	368	156	212	48	Negotiation	Various
2005	<u>7,230</u>	<u>4,107</u>	<u>3,123</u>	<u>5,033</u>		
2004	<u>11,275</u>	<u>8,040</u>	<u>3,235</u>	<u>7,302</u>		

14. Branch overheads

(Rupees '000)

	Statutory Funds				Aggregate 2005	Aggregate 2004
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	1 303	324	9	5	1 641	1 160
Printing and stationery	2 024	215	13	8	2 260	2 539
Advertisement and publicity	68	83	1	–	152	698
Postage	1 458	148	10	5	1 621	868
Travelling costs	19 388	1 854	126	79	21 447	–
Telephone and electricity	13 580	2 205	88	56	15 929	15 053
Rent, Rates and taxes	9 026	847	59	36	9 968	8 442
Conveyance	1 574	162	11	6	1 753	2 339
Repair and maintenance	1 340	192	8	7	1 547	1 585
Entertainment	5 060	572	33	21	5 686	4 495
Other expenses	613	94	3	3	713	535
Depreciation	9 427	1 800	61	39	11 327	9 198
Operating lease rental	–	–	–	–	–	563
	<u>64 861</u>	<u>8 496</u>	<u>422</u>	<u>265</u>	<u>74 044</u>	<u>47 475</u>

15. Other management expenses

(Rupees '000)

	Statutory Funds				Aggregate 2005	Aggregate 2004
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	1 382	276	9	6	1 673	1 104
Postage	4 061	734	26	17	4 838	3 607
Telephone and electricity	3 813	1 215	25	16	5 069	4 856
Repair and maintenance	2 250	329	15	9	2 603	1 563
Entertainment	3 036	576	19	14	3 645	2 577
Fees and subscription	2 498	946	16	10	3 470	1 748
Bank charges	2 170	204	14	9	2 397	2 120
Other expenses	4 750	547	32	18	5 347	3 596
Claim investigation fees	708	84	5	2	799	575
	<u>24 668</u>	<u>4 911</u>	<u>161</u>	<u>101</u>	<u>29 841</u>	<u>21 746</u>

16. Remuneration of Chief Executive and Executives

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

(Rupees '000)

	2005		2004	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration (including bonus)	6 339	9 152	5 184	5 992
Utilities	172	25	196	–
Medical expenses	102	142	103	62
Leave passage	331	19	–	140
Total	6 944	9 338	5 483	6 194
Number of persons	1	5	1	3

In addition, the Chief Executive and executives are provided with free use of Company cars and certain items of household furniture in accordance with their entitlement. The Chief Executive is provided with maintained and furnished accommodation.

17. Auditors' remuneration

(Rupees '000)

	2005	2004
Audit fee – annual (KPMG Taseer Hadi & Co.)	150	150
Audit fee – annual (Gardezi & Co.)	150	150
Limited scope review (KPMG Taseer Hadi & Co.)	75	75
Limited scope review (Gardezi & Co.)	75	75
Out of pocket expenses (KPMG Taseer Hadi & Co.)	47	8
Tax advisory services & other certifications (KPMG Taseer Hadi & Co.)	275	–
	772	458

18. Basic and diluted earnings per share

(Rupees '000)

Profit for the year	195 867	140 830
	(Numbers in '000)	
Weighted average number of ordinary shares	21 000	21 000
	(Rupees)	
Earnings per share-basic and diluted	9.33	6.71

19. Number of employees

Number of employees as at December 31, 2005 were 459 (2004 : 406)

20. Financial instruments and related disclosures

20.1 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against this risk, assets are managed with liquidity in mind maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

20.2 Mark-up rate risk exposure

The Company's exposure to the markup rate risk, based on the earlier of contractual repricing or maturity date as at December 31, 2005 is as follows:

	Interest Mark-Up bearing Maturity			Non-Interest Mark-Up bearing Maturity			2005	2004 (Restated)
	Upto one year	after one year	Sub Total	Upto one year	after one year	Sub Total		
Financial assets								
Cash and stamps	-	-	-	632	-	632	632	753
Current and other accounts	111 139	-	111 139	149 682	-	149 682	260 821	311 665
Deposits	194 000	-	194 000	-	-	-	194 000	70 000
Loans	3 290	8 485	11 775	-	-	-	11 775	5 973
Investments	188 315	2 802 912	2 991 227	2 165 477	-	2 165 477	5 156 704	3 689 747
Premium due but unpaid	-	-	-	23 743	-	23 743	23 743	20 816
Amount due from reinsurer	-	-	-	2 030	-	2 030	2 030	17 464
Agent balances	-	-	-	596	-	596	596	341
Investment income due but outstanding	-	-	-	3 879	-	3 879	3 879	7 896
Investment income accrued	-	-	-	53 572	-	53 572	53 572	36 620
Other receivables	6 926	3 041	9 967	27 816	-	27 816	37 783	17 857
	<u>503 670</u>	<u>2 814 438</u>	<u>3 318 108</u>	<u>2 427 427</u>	<u>-</u>	<u>2 427 427</u>	<u>5 745 535</u>	<u>4 179 132</u>
Financial Liabilities								
Outstanding claims	-	-	-	180 033	-	180 033	180 033	133 220
Premium received in advance	-	-	-	138 490	-	138 490	138 490	97 040
Amount due to reinsurer	-	-	-	40 171	-	40 171	40 171	42 264
Amount due to agents	-	-	-	56 290	-	56 290	56 290	49 159
Other creditors	-	-	-	40 721	-	40 721	40 721	34 537
	<u>-</u>	<u>-</u>	<u>-</u>	<u>455 705</u>	<u>-</u>	<u>455 705</u>	<u>455 705</u>	<u>356 220</u>
On balance sheet gap	<u>503 670</u>	<u>2 814 439</u>	<u>3 318 108</u>	<u>1 971 722</u>	<u>-</u>	<u>1 971 722</u>	<u>5 289 830</u>	<u>3 822 912</u>

20.3 The effective interest rates range for the financial assets is as follows:

	2005	2004
Investments	5% to 18%	5% to 18%
Bank balances	2% to 4.5%	2% to 3%
Loans	5% to 10%	5% to 7%
Advances and other receivables	5% to 7%	5% to 7%

20.4 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments.

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

20.5 Credit Risk and Concentration of 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.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations.

The Company is exposed to credit risk on premiums receivable from group clients, commission and claims recoverable from insurers and investment in term finance certificates. The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.

Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

20.6 Reinsurance Risk

Reinsurance ceded do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligations under the reinsurance agreements.

In order to minimize the financial exposure arising from large claims the Company obtains reinsurance cover only from companies with sound financial health.

20.7 Fair value

The fair values of all major financial assets are estimated to be not significantly different from their carrying values except for the following:

	(Rupee'000)	
	Carrying Value	Fair Value
Government securities	2,565,817	2,559,164
Other fixed income securities	425,410	424,254
Listed equities and mutual funds	2,164,969	2,448,850
Unlisted securities	508	1,060

21. Related party transactions

The related parties comprise of directors, key management personnel, associated understandings, entities with common directors and employees' funds.

	(Rupee'000)	
	<u>2005</u>	<u>2004</u>
Associated companies		
Premium written	9 779	4 892
Premium paid	4 391	3 268
Claims paid	1 830	543
Claims received	716	609
Travelling expenses	366	54
Commission paid	21	102
Dividend paid	9 657	5 852
Dividend received	2 305	1 390
Balance payable	1 220	53
Balance receivable	19	95
Employees' funds		
Contribution to provident fund	3 795	3 220
Contribution to pension fund	2 591	2 264

Key Management Personnel

Loans to key management personnel as on December 31, 2005 amounted to Rs. 0.9 million (December 31, 2004: Rs. 1.4 million) and are included in "Loan and advances".

Key management personnel receive compensation in the form of short term employee benefits, use of Company maintained cars and post employments benefits. Key management personnel received total compensation of Rs. 23.80 million (December 31, 2004: Rs. 20.05 million).

22. Corresponding figures

Previous year figures have been rearranged and reclassified as follows:

Reclassification from	Reclassification to	Reasons for reclassification	(Rupees in '000)
Accrued interest	Investments	Better presentation	299 044
Appreciation / Depreciation in the value of investments	Amortisation of premium relative to par	Better presentation	11 810
Premiums	Commission from reinsurer	Better presentation	5 699

23. General

- a) Figures have been rounded off to the nearest thousand rupees.
- b) These financial statements were authorized for issue by the Board of Directors in their meeting held on March 18, 2006.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statements under Section 52(2) of Insurance Ordinance 2000

Statement by Appointed Actuary

I have reviewed the Balance Sheet and Revenue Account and related notes prepared by the Company for the year ending 31 December 2005. In my opinion:

- (a) the policyholder liability included in the balance sheet has been determined in accordance with the provisions of the Insurance Ordinance, 2000 ("the Ordinance"); and
- (b) each statutory fund set up by the Company complies with the solvency requirements of the Ordinance.

OMER MORSHED, FCA, FPSA, FIA
Appointed Actuary

Karachi 18 March 2006

Statement by Directors

We refer to the attached published Financial Statements of the Company, and in particular published Balance Sheet and Revenue Account and confirm that, in our opinion, each statutory fund set up by the Company complies with the solvency requirements of the Insurance Ordinance, 2000.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Pattern of Shareholding as at 31 December 2005

Number of Shareholders	Shareholdings		Shares Held
	From	To	
124	1	100	6 189
111	101	500	30 308
229	501	1 000	159 741
116	1 001	5 000	212 896
16	5 001	10 000	123 314
10	10 001	15 000	122 660
3	15 001	20 000	52 500
4	20 001	25 000	90 522
3	25 001	30 000	83 726
3	35 001	40 000	107 249
2	45 001	50 000	97 372
2	100 001	105 000	201 450
1	125 001	130 000	129 754
1	150 001	155 000	153 594
1	155 001	160 000	157 820
1	175 001	180 000	175 140
1	180 001	185 000	182 081
1	195 001	200 000	195 852
2	245 001	250 000	493 633
1	260 001	265 000	262 500
1	265 001	270 000	269 000
1	270 001	275 000	270 600
1	285 001	290 000	287 350
1	310 001	315 000	311 347
2	320 001	325 000	645 410
1	390 001	395 000	394 100
1	415 001	420 000	420 000
1	875 001	880 000	876 018
1	940 001	945 000	943 250
1	1 150 001	1 155 000	1 154 997
1	4 150 001	4 200 000	4 196 149
1	8 150 001	8 200 000	8 193 478
645			21 000 000

Categories of Shareholders	Number	Shares Held	Percentage
Associated companies, undertakings and Related Parties	1	8 193 478	39.02
NIT & ICP	3	1 299	0.01
CEO, Directors, their spouses and minor children	8	2 318 914	11.04
Executives	1	28 140	0.13
Public sector companies & corporations	-	-	-
Joint Stock companies	18	4 257 175	20.27
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Mutual Funds	8	1 514 215	7.21
Foreign investors	2	312 200	1.49
Individuals/Others	604	4 374 579	20.83
	645	21 000 000	100.00

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Shares Held
Associated companies, undertakings and Related Parties		
EFU General Insurance Limited	1	8 193 478
NIT & ICP		
ICP A/c-Col. M.A. Sheikh	1	560
ICP A/c-Noman Farooq	1	100
Investment Corporation of Pakistan	1	639
CEO, Directors, their spouses and minor children		
Saifuddin N. Zoomkawala	1	47 672
Taher G. Sachak	1	153 594
Ashraf W. Tabani	1	245 070
Jahangir Siddiqui	1	5 880
Rafique R. Bhimjee	1	311 347
Muneer R. Bhimjee	1	1 154 997
Hasanali Abdullah	1	129 754
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	270 600
Shareholders holding 10% or more voting interest		
EFU General Insurance Limited	1	8 193 478
Jahangir Siddiqui & Co. Ltd.	1	4 196 149

Group Benefits - Offices

Karachi

37-K, Block 6, P.E.C.H.S.
Phone: 4535071-77

Adeel H. Jaffery, Regional Manager
Hasan Riaz, Group Manager
Hasan Aamir, Group Manager
S. Afsar Raza, Marketing Executive
Naveed-ul Haq Bhatti, Marketing Executive

Lahore

87-B-III, Gulberg Scheme No.3
Phone: 5870801-04

Fazal Mehmood, Regional Manager
Zaheer Aslam, Senior Manager
Faisal Masud, Manager
Mubashar Ahmed, Manager
Tasleem Iqbal, Assistant Manager
Atif Nadeem Khan, Marketing Executive

Islamabad

Al-Malik Centre
70W, Jinnah Avenue (Blue Area)
Phone: 2825271, 2820989, 2271371
2820979, 2873382

Noor-ur-Rehman, Manager

Faisalabad

2nd Floor, Ajmal Centre 289, Batala Colony
Phone: 8555981-87

Imran Yaqub, Marketing Executive

Multan

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: 4588805, 4513603, 4512702

M. Shahzad Habib, Marketing Executive

Individual Life - Offices

KARACHI

Central Branch

A-34, 1st Floor, Hafeez Centre
K.C.H.S.U., Shahrah-e-Faisal
Phone: 4386340-44, 4384020, 4540389

S. Arif Raza, Branch Manager

Corporate Branch

37 K, Block 6, P.E.C.H.S.
Phone: 111-338-111

Srichand Lalwani, Sr. Branch Manager

City Branch

A-34, 1st Floor, Hafeez Centre, KCHSU
Shahrah-e-Faisal
Phone: 4386340-44, 4384020, 4540389
4559126

Tariq Mehmood, Manager

Faisal Branch

41-1/E, Block 6, P.E.C.H.S.
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4313638, 4313637

Shamsuddin Shaikh, Group Manager

Federal Branch

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Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Hermith R. Mana, Branch Manager

Garden Branch

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Phone: 2241981-84

Nadim Iqbal Hasni, Branch Manager

Gulshan Branch

603, Park Avenue, Shahrah-e-Faisal
Phone: 4547609, 4387319
4531074, 4530328

Fateh M. Khuhawar, Manager

Gulshan-e-Hadeed

1st Floor, C-15, Gulshan-e-Hadeed
Phase 1
Phone: (0201) 4715070-72

Rubnawaz Ghumro, Branch Manager

Indus Branch

A-34, 1st Floor, Hafeez Centre, KCHSU
Shahrah-e-Faisal
Phone: 4386340-44, 4384020, 4540389
4559126

S. Shahid Husain Zaidi, Manager

Jauhar Branch

41-E, Block 6, P.E.C.H.S.
Phone: 4386505-07, 4527135 & 36
4313637-38

Muzaffar A. Bughio, Manager

Karsaz Branch

603, Park Avenue, Shahrah-e-Faisal
Phone: 4547609, 4387319, 4531074
4530328

Fareed Ahmed Shaikh, Manager

Mayfair Branch

2nd Floor, Karim Chambers, Plot No.6/2/CL5
Merewether Road
Phone: 5654885, 5216368, 5215803
5215764, 5215257, 5654886

Husein Sachak, Group Manager

Merewether Branch

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Plot No.6/2/CL5, Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Rehan Anwar, Branch Manager

New City Branch

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Phone: 4547609, 4387319, 4531074
4530328

Asmatullah Tunio, Sr. Regional Manager
Ayoob Khan, Sr. Branch Manager

North Branch

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5215764, 5215257, 5654886

Farrukh N. Ansari, Branch Manager

Pioneer Branch

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4540389, 4559126

Nasir Rashid Bhatti, Branch Manager

South Branch

APWA Complex, F2, 67A, Garden Road
Phone: 2241981-84

Mustafa Hussain Ali, Sr. Branch Manager

Tower Branch

603, Park Avenue, Shahrah-e-Faisal
Phone: 2311969, 2311964

M. Masood Sheraz Khan, Manager

West Branch

2nd Floor, Karim Chambers
Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Hasan Ali, Branch Manager

Quaidabad Branch

2nd Floor, Rafiq Plaza Main Quaidabad
Opp: Al-Sayyed Centre
Phone: 5026812, 5026813

M.B. Shahzad, Manager

Bin Qasim Branch

C-15, Phase 1, Gulshan-e-Hadeed
Phone: (0201) 4715071- 4715072

Ghulam Shabbir Mirani, Manager

DAHARKI**Daharki Branch**

1st Floor, Near TCS Office
Zafar Bazar, Daharki
Phone: (0723) 642424

Abdul Rasheed, Manager

GHOTKI**Ghotki Branch**

Shadani Shopping Centre
Near Police Station.
Phone: (0723) 684107, 682423

Adil Mahmood Samejo, Branch Manager

HYDERABAD**Cantt Branch**

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2780815, 2785217 & 18
2780453

Zaheeruddin Baber, Branch Manager

City Branch

B-15/9, RECHS, Opposite Latifabad Unit 3
The Auto Bahn, Hyderabad
Phone: (022) 3814239, 3814235-36
2780811

Dileep Nenwani, Sr. Branch Manager

Indus Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2784629, 2785217 & 18
2780453

Zeeshan Hyder, Manager

Mehran Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2784629, 2785217 & 18
2780453

M. Umer Keerio, Branch Manager

JACOBABAD**Jacobabad Branch**

1st Floor, National Autos
Main Quaid-e-Azam Road
Phone: (0722) 516476

Irfan Iqbal, Branch Manager

KHAIRPUR**Khairpur Branch**

A-5, 3rd Floor, Civic Centre
Khairpur Mirs
Phone: (0243) 714330, 714336 & 37
554016

Zaheeruddin Ghumro, Sr. Branch Manager

LARKANA**Larkana Branch**

1st Floor, Bukhari Shopping Centre
Station Road
Phone: (0741) 457434 to 37, 446702
446700

A. Ghafoor Mashori, Manager

MIRPURKHAS**Mirpurkhas City Branch**

APWA House, Opp: Gama Stadium
Main Hyderabad Road
Phone: (0233) 63157 to 59

Suresh Kumar, Branch Manager

NAUSHERO FEROZE**Naushero Feroze Branch**

Mumtaz Manzil, Opp: Al-Mehran Hotel
Main Road, Naushero Feroze
Phone: (0242) 448661

Haji Mohammad Dayo, Manager

NAWABSHAH**Nawabshah Branch**

Flat No.6, Tayyaba Shopping Centre
1st Floor, Katchery Road
Phone: (0244) 372807, 372808, 365033

Abdullah M. Ghumro, Manager

RANIPUR**Ranipur Branch**

Opposite Five Star Service Station
N.H.W. Ranipur, District Khairpur
Phone: (0423) 500377

S. Piyar Husain Shah, Manager

SUKKUR**City Branch**

Near Qasim Park
Opp: Queens Garden, Queens Road
Phone: (071) 5627067-69, 5622304

Shahzado Mal, Manager

Indus Branch

Near Qasim Park
Opp: Queens Garden, Queens Road
Phone: (071) 5627067-69, 5622304

Nazir Ahmed Solangi, Manager

Sukkur Branch

Near Qasim Park
Opp: Queens Garden, Queens Road
Phone (071) 5627067-69, 5622304

Mumtaz Husain Rajper, Group Manager

ISLAMABAD

Islamabad Branch

3rd Floor, Al-Malik Centre, 70W
Jinnah Avenue (Blue Area)
Phone: (051) 2820989, 2271371, 2820979
2873382, 2820574

M. Younis Butt, Regional Manager

BAHAWALPUR

City Branch

DC Office Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484

Kashif Azeem, Branch Manager

Cantt Branch

DC Office Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484

Junaid Masud, Manager

FAISALABAD

Faisalabad Branch

2nd Floor, Ajmal Centre 289, Batala Colony
Phone: (041) 8555981-87

M. Ihsan-ul-Haq, Branch Manager

Chenab Branch

2nd Floor, Ajmal Centre 289, Batala Colony
Phone: (041) 8555981-87

Tajamal Khan, Branch Manager

GUJRANWALA

Gujranwala Branch

2nd Floor, AWR Plaza, Main G.T. Road
Gujranwala
Phone: (055) 734104

Zahid Khan, Branch Manager

GUJRAT

Gujrat Branch

Dhakar Plaza, Rehman Shaheed Road
Phone: (0433) 514246

Kh. Mujeebur Rehman, Sr. Branch Manager

JHELUM

Jhelum Branch

1st & 2nd Floor, Fazal Plaza, Civil Lines
Phone: (0541) 610287-88, 612234

Kh. Mujeebur Rehman, Sr. Branch Manager

KHANPUR

Khanpur Branch

Near DSP Office, Model Town B
Khanpur
Phone: (068) 5575263, 5577809

Imtiaz Husain, Branch Manager

LAHORE

Capital Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-76

Shahid Iqbal Bhatt, Sr. Branch Manager

City Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-76

Shahid Iqbal Bhatti, Sr. Branch Manager

Civic Branch

43-L, 1st Floor, Gulberg II, M. M. Alam Road
Phone: (042) 5871235-9

Mahmood Ahmed, Branch Manager

Crescent Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74

Malik Azhar, Manager

Defence Branch

43-L, 1st Floor, Gulberg II, M.M. Alam Road
Phone: (042) 5871235-9

Mian Kashif Naseer, Manager

Fort Branch

43-L, 1st Floor, Gulberg II, M. M. Alam Road
Phone: (042) 5871235-9

Waqar Asif Mullick, Manager

Gulberg Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74

S.M. Raza Zaidi, Branch Manager

Jinnah Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74

S.M. Raza Zaidi, Branch Manager

Metropolitan Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74

Zahid Ali Raza, Branch Manager

Ravi Branch

43-L, 1st Floor, Gulberg II, M. M. Alam Road
Phone: (042) 5871235-9

Tanveer Ahmed Khan, Sr. Branch Manager

Shalimar Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74

Ejaz Ahmed Arshad, Branch Manager

MANDI BHAUDDIN

Mandi Bhauddin Branch

2nd Floor, Jamil Plaza, Old GTS Station
Phone: (0546) 520955-6

Faisal Tahir, Manager

MULTAN

Multan Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4588805, 4513603, 4512702

M. Kashif Riffat, Sr. Branch Manager

Cantt Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4588805, 4513603, 4512702
M. Abid Raza Shah, Manager

City Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4588805, 4513603, 4512702
Wazir Ali Zaidi, Branch Manager

RAHIM YAR KHAN**City Branch**

Near Garden Marriage Hall, Opp: Town Hall
Phone: (068) 5884457, 5884635, 5880034
Islamul Haq Shami, Manager

Rahim Yar Khan Branch

Near Garden Marriage Hall, Opp: Town Hall
Phone: (068) 5884457, 5884635, 5880034
Mukhtar Ahmed Tabassum
Branch Manager

RAWALPINDI**Rawalpindi Branch**

2nd Floor, 20B, North Star Plaza
Murree Road, Rehmanabad
Phone: (051) 4581364-66
M. Atif Khan, Branch Manager

SARGODHA**Sargodha Branch**

1st Floor, 66- Civil Line, Court Road
Khan Arcade
Phone: (0451) 725516-18
Akhtar Husnain Akhtar, Manager

SIALKOT**Sialkot Branch**

1st Floor, Riaz Plaza
Adj. Saudi Pak Bank, Paris Road
Phone: (052) 4264167 & 68, 4262363
Zahid Khan, Branch Manager

ABBOTABAD**Abbotabad Branch**

1st Floor, Al-Fateh Shopping Centre
Opp: Radio Station, Mansehra Road
Phone: (0992) 341978
M. Younis Butt, Regional Manager

ATTOCK**Attock Branch**

Noble Plaza, Opp: People's Colony Road
Kamra Road, Attock City
Phone: (0572) 602067
M. Faisal Kiani, Manager

PESHAWAR**North Branch**

Suite No.16 & 17, 2nd Floor Azam Towers
Arbab Road Chowk, Jamrud Road
University Town
Phone: (091) 5704522, 5704489
5843404, 5845609
Nadeem Sajjad, Manager

Peshawar Branch

Suite No.1, Mezzanine Floor, NWR Plaza
Khyber Super Market, Bara Road
Peshawar Cantt
Phone: (091) 5274989, 5274985, 5274938
S. Jameel Abbas, Manager

QUETTA**Quetta Branch**

1st Floor, Shaheen View, Model Town
Hali Road, Quetta
Phone: (0812) 841618, 841696, 836537
Shahjahan, Group Manager

Chiltan Branch

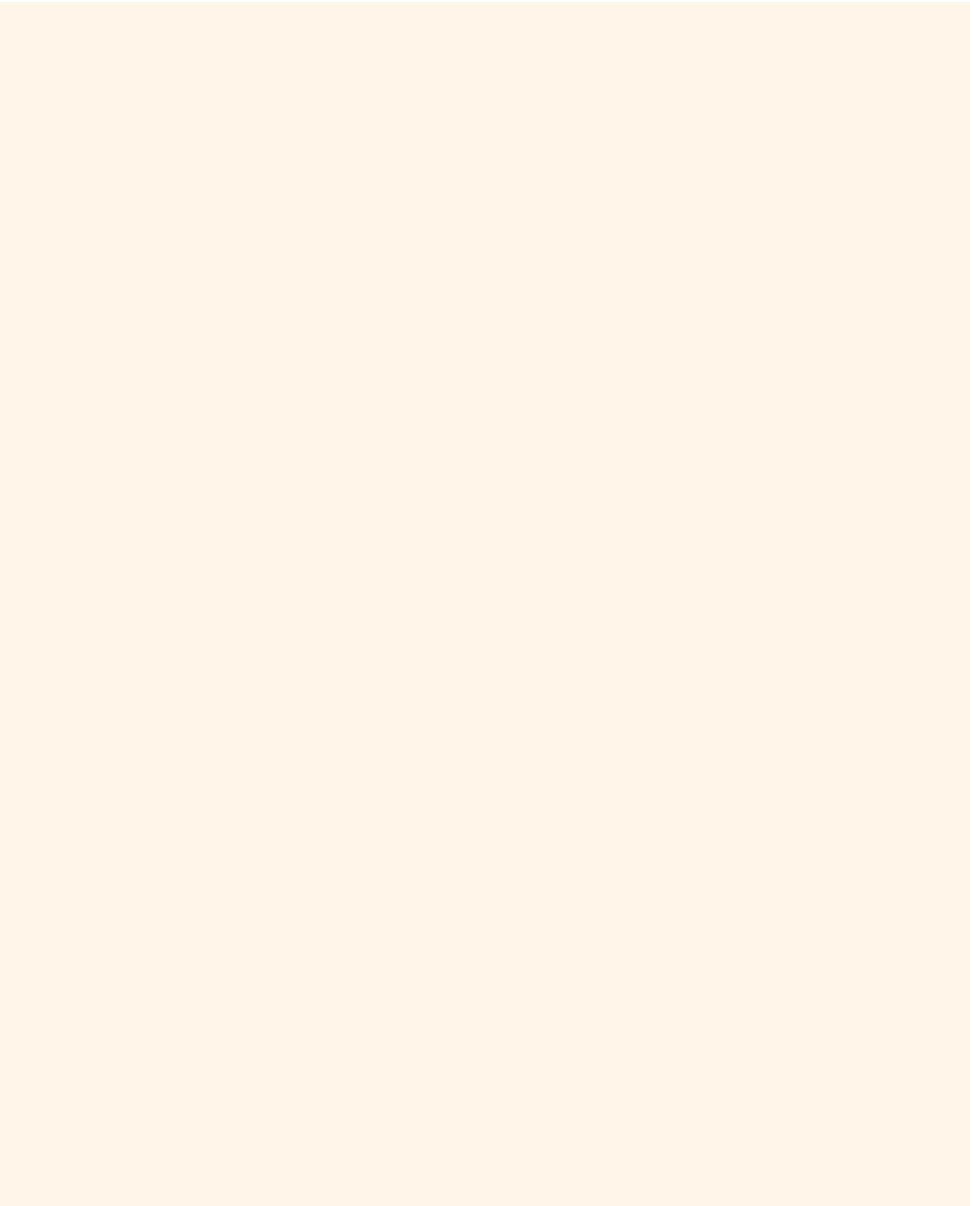
1st Floor, Shaheen View, Model Town
Hali Road, Quetta
Phone: (0812) 841618, 841696, 836537
Kantesh Kumar, Branch Manager

HUB CHOWKI**Hub Chowki Branch**

Flat 1, 1st Floor, Bismillah Market
Main RCD Road, Hub, District Lasbella
Phone: (0853) 302115
Jagdeesh Kumar, Manager

AZAD KASHMIR**Kotli Branch**

House No.B-97, Housing Scheme
Phone: (058660) 45621
S. Zakaullah Khan, Branch Manager





E F U LIFE ASSURANCE LTD

Form Of Proxy

I/We _____

of _____

being a member of EFU LIFE ASSURANCE LTD 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 14th Annual General Meeting of the Company to be held on Friday April 28, 2006 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of April 2006.

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

NIC Or _____

Passport No: _____

2. Signature: _____

Name: _____

Address: _____

NIC Or _____

Passport No: _____



Signature of Member(s)

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 Al-Malik Centre, 70 W, F-7/G-7 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 National Identity Card or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original 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.

EFU Life Branch Network

