

Securing Futures
Safeguarding Dreams

Annual Report 2007



EFU LIFE ASSURANCE LTD

Head Office EFU Life

The design of the new EFU Life Head Office is a symbol of modern architecture and symbolic of our financial strength. It also reflects our continued history of success and innovation in life insurance industry in Pakistan.

Located on main National Highway Industrial/Commercial Area, Phase-1, DHA, Karachi, the state of the art building will have 14 floors, plus the ground and basement providing a total area of office occupancy in excess of 90,000 square feet. 5 levels of the building have been dedicated for car parking to provide ease and convenience to occupants and visitors.

The building is expected to be completed by end 2010.

(Ground breaking ceremony performed on September 8, 2007)



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Dedication to customer interest

Everything we do revolves around the best interests of our customers. The goal being to exceed customers' expectations – to be a company that's easy to do business with, giving each customer 'the right answers' in the shortest possible time.

Our portfolio of innovative quality products distributed by knowledgeable and caring professionals provide customers with flexibility and security. By always listening to customer needs and working closely with them our professionals determine specific needs, design personalized plans that establish long term and valued relationships.

We believe the quest for excellence is a never ending journey, a constant striving and that the customer is the final judge of our performance.

A photograph of a man in a dark suit and glasses, standing and pointing at a whiteboard. The whiteboard has the word 'DISTRIBUTION' written at the top and a bar chart below it. Several people are seated in the foreground, looking towards the man and the whiteboard. The scene is set in a professional meeting or presentation environment.

The vibrancy of our people

The mark of any successful company is the quality of its people. We are proud of the bright, able and talented team, that we have built over the years, for every sphere of our operations and at each level of the company.

Our sales force daily carries the message of security and peace of mind to more and more people across the country. They have a passion for what they do and take pride in how they do it. They exhibit an enterprising spirit and put the customer first. Their success is evident from the ever-growing number of customers that we are honoured to serve.

Our investment in the nurturing of talent and acknowledgement of performance makes us the employer of choice in the industry. The returns are reflected in client satisfaction and our results, year after year.



Positioned for the future

We look to the future with the confidence that stems from having successfully met past challenges. We intend to consolidate our gains and further strengthen our position of leadership in the life insurance industry of Pakistan.

We are always in an upgrade mode. Honing our skills, keeping abreast with the latest developments in life insurance worldwide, accelerating the pace of innovation and transforming ourselves for the demands of the future.

We shall continue to lead in the years ahead by further building upon our incomparable strengths and experience in product innovation, distribution excellence, customer focus, risk and investment management and technology.

With our deep-rooted commitment to the ideals of life assurance we envisage a bright future by providing the very best in financial protection and wealth accumulation products to an ever increasing number of customers.



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
Hyder Bhimji & Co.
Chartered Accountants, Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shakra-e-Quaideen, Karachi
PH: (92-21) 4391316-17
Fax: (92-21) 4391318

Rating

Rating Agency: JCR-VIS
Insurer Financial Strength Rating A+
Outlook: Stable

Website:

www.efulife.com

Registered Office

Al-Malik Centre
70 W, 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.

Deputy General Managers

Khurram Amin
Mohammed Ali Ahmed
S. Shahid Abbas
Zain Ibrahim

Assistant General Managers

Adeel Ishaque
Husein Sachak

Senior Managers

Arshad Iqbal
Evelyn D. Abrogena
Mohammad Asim Khan
Mohammad Faisal
Dr Naila Salman
Naveed Shahid

Managers

Asim Maqbool
Burhan Zahid Chughtai
Fahd Saifuddin Syed
Ghayas Hassan
M. Azeem Mirza
Mohammad Zubair
S. Mohammad Amer

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
Zain Ibrahim
Dr Naila Salman

Claim Settlement Committee

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

Reinsurance Committee

Taher G. Sachak
Omer Morshed
Mohammed Ali Ahmed
Khurram Amin

Notice of Meeting

Notice is hereby given that the 16th 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 Monday March 31, 2008 at 10:30 a.m. to:

A. ORDINARY BUSINESS:

1. confirm the minutes of the 15th Annual General Meeting held on April 28, 2007.
2. confirm the minutes of the Extraordinary General Meeting held on December 17, 2007.
3. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2007 together with the Directors' and Auditors' reports thereon.
4. consider and if thought fit to approve the payment of Dividend at the rate of Rs. 3 per share for the year ended December 31, 2007 as recommended by the Board of Directors.
5. appoint Auditors for the year 2008 and fix their remuneration.

B. SPECIAL BUSINESS:

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

RESOLVED that a sum of Rs. 250,000,000 out of the free reserves of the Company be capitalised and applied to the issue of 25,000,000 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 March 24, 2008 in the proportion of one new share for every two 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.

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

RESOLVED that consent of the Company be and is hereby accorded to further invest maximum of Rs. 500,000,000 (Rupees five hundred million only) in the shares of EFU General Insurance Ltd., an associated public limited company.

The investment 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 investment.

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

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

By Order of the Board

February 27, 2008

SYED MEHDI IMAM
Corporate Secretary

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

3. The Share Transfer Books of the Company will be closed from March 25, 2008 to April 03, 2008 (both days inclusive). Transfer received in order by our Shares Registrar, Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Shahrah-e-Quaideen, Karachi at the close of business on March 24, 2008 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend and Bonus Shares.
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 March 31, 2008.

2. Item 6 regarding Bonus issue

Your Directors have recommended the issue of Bonus Shares in the proportion of one new share for every two existing Ordinary Shares held at the close of business on March 24, 2008. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

3. Item 7 regarding investment in associated company:

EFU General Insurance Ltd. (EFU General) is a leading general insurance company in the country. As on September 30, 2007 it had asset base of Rs. 12.88 billion. Its After tax profit for the year 2005, 2006 & September 30, 2007 were Rs. 506 million, Rs. 762 million and Rs. 1.01 billion respectively. EFU General as on September 30, 2007 has Paid-up Capital of Rs. 1 billion, General Reserve of Rs. 600 million and Retained earning of Rs. 1.04 billion.

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. 500 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. 329.46 (August 26, 2007 to February 25, 2008)
- iv) **Break-up value of shares intended to be purchased on the basis of last published financial statements:**
Rs. 26.51 (September 30, 2007)
- 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:**

2005	Rs.	16.88
2006	Rs.	15.24
2007	Rs.	10.10 (upto September 30, 2007)

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:**

Better return and capital appreciation.

xi) **Interest of Directors and their relatives in the investee company:**

No Director or Chief Executive has any interest in the proposed investment, except in their capacities as "Directors / Chief Executive" and / or as shareholders of the Company.

xii) **Status of approvals for investments in associated Companies:**

As required under the SRO No. 865(1)2000 dated December 6, 2000, the position of various investments in associated and subsidiary companies against approval is as under:

Against the approval accorded by shareholders of the Company at last Annual General Meeting held on April 28, 2007 for investment in EFU General Insurance Ltd., an associated public limited company of Rs. 300 million and against the earlier approval accorded by the shareholders of the Company at the Annual General Meeting held on April 28, 2006 of Rs. 100 million, the Company has so far invested Rs. 361.18 million in shares of EFU General Insurance Ltd and the remaining amount will be invested on availability of shares at a reasonable price.

Report of the Directors to the Members



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

The Directors of your Company are pleased to present to you the Sixteenth Annual Report of the Company for the year ended 31 December 2007.

The year 2007 was an important milestone in the history of EFU, marking 75 years of the EFU brand in Pakistan. As we look back on 2007, we are pleased to note that it proved to be yet another successful year for your Company. EFU Life continued to be the Company of first choice for its clients, staff and investors. In spite of uncertainties on the political front during the year, the economy showed resilience and GDP continued to grow at over 6% during the year. The positive indicators of the economy proved to be beneficial in creating a supporting environment for the growth of the life insurance business in the country.

With a well defined strategy for the future, your Company continued to grow in business volume as well as profitability and outperformed its peers in all aspects of business. One of the main indicators of EFU Life's success and sound business strategy is its profitability which has continued to grow over the years. Your Company made a pre-tax profit of Rs. 1.434 billion during 2007. This includes a significant amount through realized capital gains in the shareholders fund. An amount of Rs. 599 million has been transferred as a capital transfer from the Shareholders' Fund to one of the Company's statutory fund in order to cover the inadmissibility of two equity investments, resulting largely from the phenomenal

increase in value of these investments, such increase accruing substantially to policyholders. Your Company retained these investments as it expects them to continue to perform in 2008.

In terms of business volume, your Company's total premium income increased by 44%, from Rs. 3.338 billion in 2006 to Rs. 4.818 billion in 2007. This excellent growth was possible due to contributions from both Individual Life as well as Group Benefits line of business.

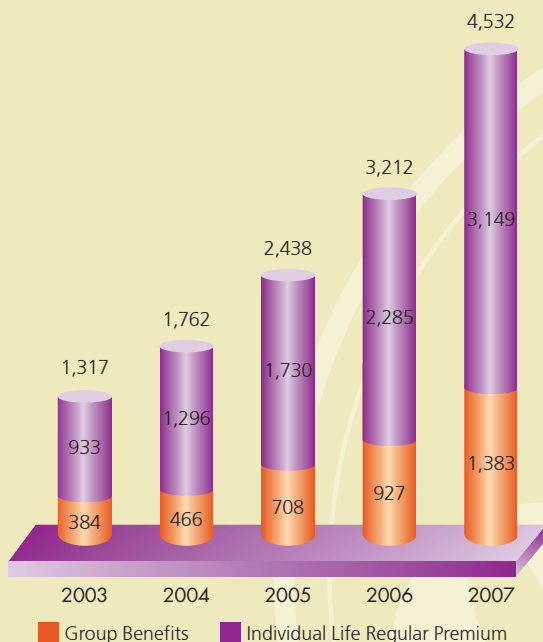
Individual Life regular premium business achieved an impressive growth of 38% to Rs. 3.149 billion in 2007 (2006: Rs. 2.285 billion). This comprised of Rs. 1.138 billion of new business premium (2006: Rs. 735 million) and Rs. 2.011 billion of renewal premium (2006: Rs. 1.550 billion). The business from the tied agency sales force continued to grow at a reasonable pace while the bancassurance distribution channel was a major contributor to the new business growth of 55%. While the Company continues to focus on developing its tied agency sales force in terms of the size as well as productivity, the bancassurance channel has also evolved at a very fast pace over the last three years and the Company expects to have a higher share of its total business volume in future from this channel. This two pronged distribution strategy on the individual life business will help the Company continue to achieve a much higher market share and outperform its peers in the industry over the next few years.

Due to continuous efforts on the individual sales force, there was an increase in its size and productivity during the year and an increasing marketing reach through the opening of new sales branches. The Company intends to aggressively continue this expansion of its sales force during 2008.

Renewal premium income has continued to grow at a good rate thus indicating sound business persistency which is essential for a life company in terms of long term profitability.

Group Benefits business achieved excellent growth of 49% with gross premium income of Rs 1.383 billion in 2007 (2006: Rs 926 million). The Company's strategy of focusing on the traditional "employer-employee" groups and diversification into the "bank customer" groups has worked out well and resulted in sustainable growth as well as profitability for this line of business. Group Benefits business by its very nature is competitive; however the improved profitability of the business every year reinforces the sound underwriting and pricing methodology of the Company.

GROSS PREMIUM – 5 YEAR SUMMARY
(Group Benefits & Individual Life Regular Premium)
(Rupees in Million)

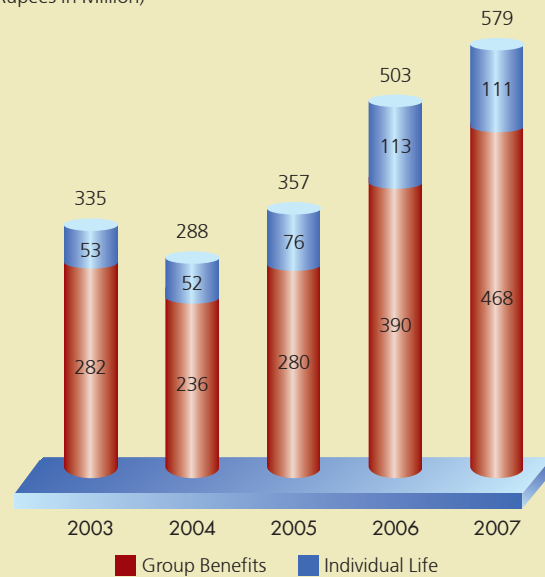


The policyholders' fund (statutory funds) of the Company stood at Rs. 10.26 billion at the end of 2007 compared to Rs. 6.07 billion at the end of 2006.

During the year 2007 the Company incurred death and disability claims of Rs. 579 million with individual

and group life claims amounting to Rs. 111 million and Rs. 468 million, respectively.

GROSS DEATH & DISABILITY CLAIMS – 5 YEAR SUMMARY
(Rupees in Million)



Keeping in line with its tradition of making extensive use of technology for its business, EFU Life made a significant investment in an internationally acclaimed risk management software. Your Company is the only insurance company in the country to have such advanced software which has given it enhanced capabilities of managing its various risks in a much better and timely manner. EFU Life also acquired a client relationship management system for its sales force to be provided on their laptop computers. This CRM system has equipped the sales force with tools to better manage their portfolio of customers. As part of improvements in the policy administration process, EFU Life provided online proposal input facility to all its branches. This facility allows the individual life branches to input necessary information on life insurance proposals at their locations for processing at the Company's Head Office, thus reducing the processing time for policy underwriting and issuance.

Focusing on the needs of its clients and bancassurance partners, EFU Life continued to design and launch new products during the year. Four new products were launched focusing on protection, children's education and marriage, savings and retirement.

The Company further explored overseas business opportunities during 2007. To cater to the financial planning needs of expatriate Pakistanis, the Company has partnered with a significant insurance player in the UAE market. This first of its kind arrangement will not only help EFU Life to reach out to the non-resident

Pakistani population, but will also result in an influx of valuable foreign exchange into the country.

The Company during the year continued to focus on development of its key staff. With their experience, expertise, creativity and commitment, our staff is the basis for our past, current and future success. The Company provides them perspectives and offers systematic opportunities for development, with continuous motivation and support.

Your Company's Auditors in their report have commented that International Accounting Standards require valuation of investments in an associated company using the equity method. These investments have been accounted for in our financial statements using market value in case of investment-linked business, and lower of cost or market value in case of other businesses. Your Company has followed this practice for the following reasons: for unit-linked business these investments have been accounted for at market values to bring the basis of valuation for financial reporting in line with basis of valuation of units; for other businesses the valuation basis adopted reflects the specialized nature of taxability of profit of insurance companies.

Your Company's Profit after tax during the year amounted to Rs. 1.207 billion.

	Rupees	(000) Rupees
Profit after tax		1 207 292
Add: Un-appropriated profit brought forward		240 248
Transfer from general reserve for last year		20 000
		<u>1 467 540</u>
Less: Dividend paid for last year	60 000	
Bonus shares issued for last year	200 000	
Capital contribution to statutory fund	599 615	
		<u>859 615</u>
Un-appropriated profit carried forward		<u>607 925</u>

Your Directors have pleasure in recommending dividend of Rs. 3 (30%) per share and issuance of 1 bonus share for every 2 shares held by the Shareholders of the Company whose names appear in the Share Register of the Company at the close of business on

March 24, 2008. The Directors have also recommended transfer of Rs. 800 million to General Reserve.

Compliance with Code of Corporate Governance:

The Company has complied with the requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its Listing Rules. 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	5 out of 5
3.	Ashraf W. Tabani	2 out of 5
4.	Jahangir Siddiqui	1 out of 5
5.	Rafique R. Bhimjee	4 out of 5
6.	Muneer R. Bhimjee	5 out of 5
7.	Hasanali Abdullah	5 out of 5

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 Frame Work:

- 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, 2007 were the following.

Provident Fund	Rs.	87	Million
Pension Fund	Rs.	28	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>
Saifuddin N. Zoomkawala Chairman	40 000
Taher G. Sachak Chief Executive	5 000
Hasanali Abdullah Director	40 000
Muneer R. Bhimjee Director	10 000
Syed Mehdi Imam Corporate Secretary	2 500
<u>Sale of Shares</u>	NIL

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi February 27, 2008

- k) The statement of shareholding in the Company as at 31 December 2007 is included with the Report.

Messrs. KPMG Taseer Hadi & Co, Chartered Accountants and Hyder Bhimji & Co, Chartered Accountants, retire and being willing to continue are recommended for reappointment as Auditors of the Company for the year 2008.

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 primary 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 able and eminent 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 their guidance, co-operation and understanding extended to us throughout the year.

Key Financial Data for The Last Six Years

(Rupees '000)

	2007	2006	2005	2004 (Restated)	2003	2002
Gross premium	<u>4 817 874</u>	<u>3 338 078</u>	<u>2 500 098</u>	<u>1 883 699</u>	<u>1 933 189</u>	<u>1 094 827</u>
REVENUE ACCOUNT						
Premium - net of reinsurance	4 431 546	3 042 316	2 257 827	1 719 822	1 751 061	918 174
Interest and other income	<u>1 882 987</u>	<u>717 288</u>	<u>469 814</u>	<u>322 895</u>	<u>250 140</u>	<u>156 276</u>
	6 314 533	3 759 604	2 727 641	2 042 717	2 001 201	1 074 450
Claims less reinsurance	887 393	758 980	622 169	503 893	334 044	142 341
Commission and expenses	1 798 526	1 085 416	803 158	576 579	468 069	356 243
(Write back) / provision for depreciation on investments	(2 022 095)	178 962	(418 769)	(4 022)	(173 411)	(13 264)
Capital contribution from shareholders' fund	(599 615)	-	-	-	-	-
Change in the statutory fund	<u>4 815 579</u>	<u>1 398 477</u>	<u>1 424 869</u>	<u>751 437</u>	<u>1 254 580</u>	<u>548 760</u>
Profit before tax	1 434 745	337 769	296 214	214 830	117 919	40 370
Provision for tax	<u>(227 453)</u>	<u>(101 800)</u>	<u>(100 347)</u>	<u>(74 000)</u>	<u>(39 500)</u>	<u>(15 600)</u>
Profit after tax	<u>1 207 292</u>	<u>235 969</u>	<u>195 867</u>	<u>140 830</u>	<u>78 419</u>	<u>24 770</u>
BALANCE SHEET						
Investments	11 757 140	6 573 206	5 156 704	3 689 747	2 693 147	1 314 267
Reserve for depreciation on investment	-	-	-	-	-	(12 741)
Cash & bank balances	949 466	683 275	455 453	382 418	317 970	162 413
Other assets	339 055	204 855	138 289	112 327	348 734	220 311
Fixed assets	<u>269 589</u>	<u>238 892</u>	<u>217 928</u>	<u>74 569</u>	<u>54 715</u>	<u>54 372</u>
	<u>13 315 250</u>	<u>7 700 228</u>	<u>5 968 374</u>	<u>4 259 061</u>	<u>3 414 566</u>	<u>1 738 622</u>
Issued, subscribed and paid-up capital	500 000	300 000	210 000	165 000	150 000	150 000
Accumulated surplus/ (loss)	607 925	240 248	196 279	150 162	39 332	46
General reserve	170 000	190 000	130 000	50 000	50 000	-
Balance of statutory fund	11 130 268	6 314 689	4 916 212	3 491 343	2 739 906	1 338 801
Other liabilities	<u>907 057</u>	<u>655 291</u>	<u>515 883</u>	<u>402 556</u>	<u>435 328</u>	<u>249 775</u>
	<u>13 315 250</u>	<u>7 700 228</u>	<u>5 968 374</u>	<u>4 259 061</u>	<u>3 414 566</u>	<u>1 738 622</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 non-executive Directors on its Board. At present the Board includes six non-executive Directors, who were elected on 11 June 2005 for the three years' term effective 22 June 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 NBFI 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 have been taken by the Board including appointment and determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on August 27, 2007 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities.
10. During the year there was a new appointment of Internal Auditor.
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 and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Company has established an internal audit department and taking steps to further strengthening it.
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.

ASHRAF W. TABANI
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 as applicable to the Company for the year ended 31 December 2007.

HYDER BHIMJI & CO.
Chartered Accountants

Karachi February 27, 2008

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 2007 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 investments 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 investments be valued using equity method. Had the equity method been used for valuation, the value of investments and policyholders' liabilities as at 31 December 2007 would have been lower by Rs 465.389 million (2006: lower by Rs 16.2 million) and Rs 518.510 million (2006: lower by Rs. 40.4 million) respectively and profit for the year would have been higher by Rs. 28.921 million.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) 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 2007 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.

HYDER BHIMJI & CO.
Chartered Accountants

Karachi February 27, 2008

KPMG TASEER HADI & CO.
Chartered Accountants

Balance Sheet As At 31 December 2007

(Rupees '000)

	Note	Shareholders' Fund	Statutory Funds				Aggregate 2007	Aggregate 2006
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Share capital and reserves								
Authorised share capital [100 000 000 ordinary shares (2006: 50 000 000) of Rs. 10 each]		1 000 000					1 000 000	500 000
Issued, subscribed and paid up share capital	5	500 000					500 000	300 000
Accumulated surplus		607 925					607 925	240 248
General reserve		170 000					170 000	190 000
Net shareholders' equity		1 277 925					1 277 925	730 248
Balance of statutory fund [including policyholders' liabilities Rs. 10 260 million (2006: Rs. 6 080 million)								
	7		10 929 248	180 332	16 005	4 683	11 130 268	6 314 689
Deferred taxation	8.2	4 600	-	-	-	-	4 600	2 147
Creditors and accruals								
Outstanding claims		-	115 364	216 308	-	2 062	333 734	247 496
Premiums received in advance		-	183 848	34 855	820	974	220 497	168 232
Amounts due to reinsurers		-	673	17 008	353	-	18 034	22 382
Amounts due to agents		-	112 189	5 381	23	80	117 673	76 548
Accrued expenses		425	32 251	5 178	3	79	37 936	52 732
Taxation - provision less payments		140 035	-	-	-	-	140 035	5 537
Unclaimed dividend		561	-	-	-	-	561	392
Other creditors and accruals		6 198	26 060	1 665	3	61	33 987	79 825
Total liabilities		147 219	470 385	280 395	1 202	3 256	902 457	653 144
Total equity and liabilities		1 429 744	11 399 633	460 727	17 207	7 939	13 315 250	7 700 228
Contingencies and commitments	8.1							

The annexed notes 1 to 25 form an integral part of these financial statements.

(Rupees '000)

	Note	Shareholders' Fund	Statutory Funds			Aggregate 2007	Aggregate 2006
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)		
Cash and bank deposits							
Cash and stamps		–	434	–	–	434	226
Current and other accounts		8 513	679 177	56 819	2 240	749 032	503 049
Deposits maturing within 12 months		–	170 000	30 000	–	200 000	180 000
		8 513	849 611	86 819	2 240	949 466	683 275
Loans - secured							
To employees		13 151	–	–	–	13 151	15 847
Investments							
Government securities	9	191 833	2 799 265	189 526	4 387	3 190 017	2 532 169
Other fixed income securities	10	89 985	2 480 332	43 227	5 204	2 624 686	1 504 344
Listed equities and mutual funds	11	955 269	4 826 874	151 378	5 115	5 941 929	2 536 185
Unlisted equities		508	–	–	–	508	508
		1 237 595	10 106 471	384 131	14 706	11 757 140	6 573 206
Current assets - others							
Premiums due but unpaid			–	22 360	–	22 360	20 912
Amounts due from reinsurers			37 828	18 512	–	56 713	12 909
Agent balances			–	9	–	10	471
Investment income accrued		9 412	128 071	7 952	253	146 158	96 242
Advances and deposits		–	28 121	3 366	3	31 563	32 951
Prepayments		–	7 799	543	126	8 613	7 257
Inter-fund balances		(111 222)	184 874	(63 853)	(123)	–	–
Sundry receivables		2 706	56 858	888	2	60 487	18 266
		(99 104)	443 551	(10 223)	261	325 904	189 008
Fixed assets - tangible							
Leased hold land		126 505	–	–	–	126 505	126 505
Furniture, fixtures, office equipment and vehicles		135 670	–	–	–	135 670	112 387
	12	262 175	–	–	–	262 175	238 892
Intangible assets							
Software under development		7 414	–	–	–	7 414	–
Total assets		<u>1 429 744</u>	<u>11 399 633</u>	<u>460 727</u>	<u>17 207</u>	<u>13 315 250</u>	<u>7 700 228</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
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 2007

(Rupees '000)

	Note	<u>2007</u>	<u>2006</u>
Investment income not attributable to statutory funds			
Return on government securities		15 542	13 672
Return on other fixed income securities and deposits		8 652	3 359
Amortisation of premium relative to par		(740)	(856)
Dividend income		18 073	19 318
		41 527	35 493
Gain on disposal of investments	11.2	777 717	32 894
Changes in fair value of derivative financial instrument		(464)	-
Net investment income		818 780	68 387
Other revenue			
Gain on disposal of fixed assets		508	1 580
Others	14	57 884	2 794
		58 392	4 374
		877 172	72 761
Less: expenses not attributable to statutory funds		10 727	2 459
		866 445	70 302
Surplus transferred from statutory funds	7	568 300	267 467
Profit before tax		1 434 745	337 769
Taxation			
Current		(225 000)	(101 000)
Deferred		(2 453)	(800)
	8.3	(227 453)	(101 800)
Profit after tax		<u>1 207 292</u>	<u>235 969</u>
		(Rupees)	
Earnings per share - basic and diluted	20	<u>24.15</u>	<u>4.72</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
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 2007

(Rupees '000)

	Shares Capital	General Reserve	Net Accumulated Surplus			Total
			Capital Contribution	Accumulated Surplus	Net Accumulated Surplus	
Balance as at 1 January 2006	210 000	130 000	–	196 279	196 279	536 279
Changes in equity for 2006						
Dividend for the year 2005	–	–	–	(42 000)	(42 000)	(42 000)
Issue of bonus shares	90 000	–	–	(90 000)	(90 000)	–
Transfer to general reserve	–	60 000	–	(60 000)	(60 000)	–
Profit for the year 2006 - net recognised income and expense for the year	–	–	–	235 969	235 969	235 969
Balance as at 31 December 2006	300 000	190 000	–	240 248	240 248	730 248
Changes in equity for 2007						
Dividend for the year 2006	–	–	–	(60 000)	(60 000)	(60 000)
Issue of bonus shares	200 000	–	–	(200 000)	(200 000)	–
Transfer from general reserve	–	(20 000)	–	20 000	20 000	–
Capital contribution to a statutory fund	–	–	(599 615)	–	(599 615)	(599 615)
Profit for the year 2007 - net recognised income and expense for the year	–	–	–	1 207 292	1 207 292	1 207 292
Balance as at 31 December 2007	<u>500 000</u>	<u>170 000</u>	<u>(599 615)</u>	<u>1 207 540</u>	<u>607 925</u>	<u>1 277 925</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
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 2007

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006	
	Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
Operating Cash Flows							
a) Underwriting activities							
Premiums received		3 463 088	1 396 829	4 824	3 950	4 868 691	3 370 651
Reinsurance premiums paid		(87 328)	(74 869)	48	(812)	(162 961)	(119 589)
Claims paid		(94 221)	(477 079)	-	(500)	(571 800)	(499 843)
Surrenders paid		(483 222)	-	(5 606)	-	(488 828)	(384 134)
Commissions paid		(709 141)	(557 979)	(204)	(640)	(1 267 964)	(668 300)
Net cash flow from underwriting activities		2 089 176	286 902	(938)	1 998	2 377 138	1 698 785
b) Other operating activities							
Income tax paid	(90 502)	-	-	-	-	(90 502)	(154 294)
General management expenses paid	(10 602)	(421 128)	(61 005)	(47)	(1 079)	(493 861)	(364 232)
Other operating payments	(339 799)	(24 027)	-	(783)	-	(364 609)	(49 188)
Other operating receipts	-	280 204	37 296	-	1 271	318 771	114 007
Loans advanced	(1 025)	-	-	-	-	(1 025)	(10 725)
Loan repayments received	3 721	-	-	-	-	3 721	6 653
Other payments on operating assets	10 138	(50 821)	(1 334)	(122)	(50)	(42 189)	(15 780)
Net cash flow from other operating activities	(428 069)	(215 772)	(25 043)	(952)	142	(669 694)	(473 559)
Total cash flow from all operating activities	(428 069)	1 873 404	261 859	(1 890)	2 140	1 707 444	1 225 226
Investment activities							
Profit / return received	77 901	498 809	25 080	1 032	1 497	604 319	373 758
Dividends received	18 073	171 550	1 088	390	-	191 101	215 447
Payments for investments	(1 398 156)	(3 307 242)	(117 635)	(3 918)	85	(4 826 866)	(1 748 696)
Proceeds from disposal of investments	1 260 395	1 435 150	-	6 625	-	2 702 170	240 944
Fixed capital expenditure	(55 960)	-	-	-	-	(55 960)	(43 478)
Proceeds from disposal of fixed assets	3 814	-	-	-	-	3 814	6 485
Total cash flow from investing activities	(93 933)	(1 201 733)	(91 467)	4 129	1 582	(1 381 422)	(955 540)
Financing activities							
Surplus appropriated to shareholders' fund	568 300	(385 198)	(178 632)	(90)	(4 380)	-	-
Dividends paid	(59 831)	-	-	-	-	(59 831)	(41 864)
Total cash flow from financing activities	508 469	(385 198)	(178 632)	(90)	(4 380)	(59 831)	(41 864)
Net cash inflow / (outflow) from all activities	(13 533)	286 473	(8 240)	2 149	(658)	266 191	227 822
Cash at beginning of the year	22 046	563 138	95 059	91	2 941	683 275	455 453
Cash at end of the year	8 513	849 611	86 819	2 240	2 283	949 466	683 275
Reconciliation to profit and loss account							
Operating cash flows						1 707 444	1 225 226
Depreciation expense						(21 957)	(17 609)
Profit on disposal of fixed assets						508	1 580
Other income						57 884	2 794
Investment income						787 452	625 202
(Depreciation) / appreciation in market value of investments						1 993 389	(206 228)
Profit on sale of investments						1 065 849	114 978
Capital Contribution from Share holders' fund						599 615	-
Increase / (decrease) in assets other than cash						84 284	27 775
(Increase) / decrease in liabilities other than running finance						(5 067 176)	(1 537 749)
Profit or loss after taxation						1 207 292	235 969

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Revenue Account Financial Year Ended 31 December 2007

(Rupees '000)

	Note	Statutory Funds				Aggregate 2007	Aggregate 2006
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Income							
Premiums less reinsurances		3 285 485	1 138 433	4 467	3 161	4 431 546	3 042 316
Net investment income		2 998 207	24 733	3 379	1 591	3 027 910	465 565
Total net income		6 283 692	1 163 166	7 846	4 752	7 459 456	3 507 881
Claims and expenditure							
Claims net of reinsurance recoveries		529 463	353 122	5 508	(700)	887 393	758 980
Management expenses		1 163 131	622 911	212	1 545	1 787 799	1 082 957
Total claims and expenditure		<u>1 692 594</u>	<u>976 033</u>	<u>5 720</u>	<u>845</u>	<u>2 675 192</u>	<u>1 841 937</u>
Excess of income over claims and expenditure		4 591 098	187 133	2 126	3 907	4 784 264	1 665 944
Add : policyholders' liabilities at beginning of the year	7	5 892 302	168 241	13 969	5 156	6 079 668	4 804 547
Less : policyholders' liabilities at end of the year	7	10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
		(4 169 732)	(8 980)	(2 036)	473	(4 180 275)	(1 275 121)
Surplus before tax		421 366	178 153	90	4 380	603 989	390 823
Movement in policyholders' liabilities		4 169 732	8 980	2 036	(473)	4 180 275	1 275 121
Transfer of surplus to shareholders' fund		(385 198)	(178 632)	(90)	(4 380)	(568 300)	(267 467)
Capital contribution from shareholders' fund		599 615	-	-	-	599 615	-
Balance of statutory funds at beginning of the year		6 123 733	171 831	13 969	5 156	6 314 689	4 916 212
Balance of statutory funds at end of the year		<u>10 929 248</u>	<u>180 332</u>	<u>16 005</u>	<u>4 683</u>	<u>11 130 268</u>	<u>6 314 689</u>
Represented by:							
Capital contribution from shareholders' fund		599 615	-	-	-	599 615	-
Policyholders' liabilities	6	10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
Retained earnings on other than participating business	7	267 599	3 111	-	-	270 710	235 021
Balance of statutory funds		<u>10 929 248</u>	<u>180 332</u>	<u>16 005</u>	<u>4 683</u>	<u>11 130 268</u>	<u>6 314 689</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Premiums Financial Year Ended 31 December 2007

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross premiums						
Regular premium individual policies*						
First year	1 130 236	7 340	–	601	1 138 177	734 956
Second year renewal	583 570	3 514	123	138	587 345	457 893
Subsequent year renewal	1 413 296	3 090	4 441	3 280	1 424 107	1 092 369
Single premium individual policies	284 730	–	–	–	284 730	126 085
Group policies without cash values	–	1 383 515	–	–	1 383 515	926 775
Total gross premiums	3 411 832	1 397 459	4 564	4 019	4 817 874	3 338 078
Less: Reinsurance premiums ceded						
On individual life first year business	24 849	1 783	–	46	26 678	29 990
On individual life second year business	24 795	1 140	–	8	25 943	21 279
On individual life renewal business	76 703	867	97	804	78 471	60 928
On group policies	–	255 236	–	–	255 236	183 565
Total reinsurance premium ceded	126 347	259 026	97	858	386 328	295 762
Net premiums	3 285 485	1 138 433	4 467	3 161	4 431 546	3 042 316

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

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Claims Financial Year Ended 31 December 2007

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross claims						
Claims under individual policies						
by death	104 765	1 875	–	(800)	105 840	96 701
by insured event other than death	4 806	–	–	–	4 806	15 930
by maturity	3 638	–	–	–	3 638	3 086
by surrender	480 478	–	5 606	–	486 084	375 775
Total gross individual policy claims	593 687	1 875	5 606	(800)	600 368	491 492
Claims under group policies						
by death	–	437 182	–	–	437 182	370 395
by insured event other than death	–	30 484	–	–	30 484	19 832
experience refund	–	78 832	–	–	78 832	69 721
Total gross group claims	–	546 498	–	–	546 498	459 948
Total gross claims	593 687	548 373	5 606	(800)	1 146 866	951 440
Less: Reinsurance recoveries						
On individual life first year business	21 504	600	–	–	22 104	16 515
On individual life second year business	8 199	–	–	(450)	7 749	10 558
On individual life subsequent renewal business	12 403	425	–	–	12 828	21 505
On group claims	–	145 316	–	–	145 316	105 530
On experience refund of premiums	22 118	48 910	98	350	71 476	38 352
Total reinsurance	64 224	195 251	98	(100)	259 473	192 460
Net claims	529 463	353 122	5 508	(700)	887 393	758 980

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Expenses Financial Year Ended 31 December 2007

(Rupees '000)

	Note	Statutory Funds				Aggregate 2007	Aggregate 2006
		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		531 134	2 353	–	245	533 732	301 781
- commission on second year premiums		61 766	339	13	60	62 178	49 570
- commission on subsequent renewal premiums		38 846	72	111	151	39 180	30 911
- commission on single premiums		5 742	–	–	–	5 742	2 512
- override commission		112 723	636	46	114	113 519	83 067
- other benefits to insurance intermediaries		125 559	8 326	13	305	134 203	109 340
		875 770	11 726	183	875	888 554	577 181
Remuneration to insurance intermediaries on group policies:							
- commission			555 199			555 199	220 842
- other benefits to insurance intermediaries			13 499			13 499	11 464
			568 698			568 698	232 306
Branch overheads	15	83 396	9 578	9	205	93 188	94 528
Other acquisition costs							
-Policy stamps		18 766	1 019	–	5	19 790	16 384
Total acquisition cost		977 932	591 021	192	1 085	1 570 230	920 399
Administration expenses							
Salaries and other benefits		98 592	20 710	10	243	119 555	81 698
Traveling expenses		11 573	1 110	1	28	12 712	10 701
Actuary's fees		1 794	121	1	4	1 920	1 920
Medical fees		9 642	890	–	–	10 532	8 995
Legal and professional fee		2 996	202	–	7	3 205	2 099
Advertisements and publicity		11 826	819	1	29	12 675	12 181
Computer expenses		1 517	127	–	4	1 648	3 896
Printing and stationery		7 680	992	1	19	8 692	6 490
Depreciation		5 482	974	1	14	6 471	5 917
Rental		4 796	1 874	1	12	6 683	6 225
Difference in exchange		(346)	–	–	–	(346)	(893)
Other management expenses	16	40 841	4 923	4	100	45 868	35 710
Gross management expenses		1 174 325	623 763	212	1 545	1 799 845	1 095 338
Commission from reinsurers		(11 194)	(852)	–	–	(12 046)	(12 381)
Net management expenses		1 163 131	622 911	212	1 545	1 787 799	1 082 957

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

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Director

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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Statement of Investment Income Financial Year Ended 31 December 2007

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Investment income						
On government securities	286 184	19 500	391	700	306 775	275 001
On other fixed income securities and deposits	261 802	6 483	657	906	269 848	113 729
Dividend income	171 550	1 088	390	–	173 028	201 144
Amortisation of premium relative to par	(25 532)	(2 338)	(81)	(15)	(27 966)	(26 410)
	694 004	24 733	1 357	1 591	721 685	563 464
Gain on sale of investments						
Shares and stocks	286 578	–	1 554	–	288 132	82 084
Changes in the fair value of derivative financial instrument	(1 392)	–	–	–	(1 392)	–
(Depreciation) / appreciation in market value of						
Government securities	2 335	–	48	–	2 383	(37 773)
Other fixed income securities	69 556	–	92	–	69 648	(12 330)
Shares and stocks	1 949 736	–	328	–	1 950 064	(128 859)
	2 021 627	–	468	–	2 022 095	(178 962)
Less: Investment related expense	(2 610)	–	–	–	(2 610)	(1 021)
Net investment income	<u>2 998 207</u>	<u>24 733</u>	<u>3 379</u>	<u>1 591</u>	<u>3 027 910</u>	<u>465 565</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

ASHRAF W. TABANI
Director

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Director

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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Notes to the Financial Statements For The Year Ended 31 December 2007

1. Status and nature of business

EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 9 August 1992 as a public limited company under the Companies Ordinance, 1984 and started its operation from 8 November 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 (unit linked)*
- Conventional business (includes group life and individual life businesses)
- Accident and health business

* The Company has discontinued pension business and accordingly no new business has been written under this fund.

During the year, the Company has incorporated EFU Family Takaful Limited (the subsidiary). The Company has agreed to subscribe 11,992,000 shares (79.95%) of Rs.10 each. The Subsidiary does not have any paid up capital and has not commenced business as at 31 December 2007.

2. Basis of presentation

2.1 Statement of compliance

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

3. Basis of measurement

These financial statements have been prepared on the basis of the historical cost convention as modified by revaluation of certain investments and derivative financial instrument at fair values and valuation of policyholders' liabilities on the basis of actuarial valuation.

Use of judgments and estimates

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

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 are revised if the revision effects only that period, or in the period and future periods if the revision effects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements 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 to be different from estimates.

- b) Claims (see note 4.5)

Calculation for claims incurred but not reported (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.

Functional currency and presentation currency

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

4. Summary of significant accounting policies

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

4.1 Statutory funds

The Company maintains statutory funds for all classes of life insurance business. 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 each balance sheet date. In determining the value both acquired policy values (which forms the bulk of policyholders' 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; and
- b) A reserve for catastrophic losses in excess of those provided for on a policy by policy basis.

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 rates are classified as available for sale. Investments acquired principally for the purpose of generating a profit from short-term fluctuation in price are classified 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 recognized at fair value, including the transaction costs except held for trading investments which are recognized at fair value.

Investments classified as held-to-maturity are subsequently measured at amortized cost, taking into account any discount or premium on acquisition, using the effective interest rate method. 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 respective revenue accounts. 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 from 1 January 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 investments in an associated company, EFU General Insurance Limited carried at a value of Rs.1.245 billion (2006: Rs. 192 million). These are being valued either at lower of cost, 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 1 January 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 and policyholder’s liability as at 31 December 2007 would have been lower by Rs. 465.389 million (2006: lower by Rs.16.2 million) and Rs. 518.510 million (2006: lower by Rs.40.4 million) respectively and profit for the year ended 31 December 2007 would have been higher by Rs. 28.921 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. Single premiums are recognized once the related policies are issued against the receipts of premium.

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 related 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 recognized when right to receive such dividend is established.

4.5 Claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date, except for Accident and Health claims which are recognized as soon as reliable estimates of the claim amount can be made. 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 calculated by appointed actuary is included in outstanding claims. Experience refund of premium receivable from reinsurers is included in the reinsurance recoveries of claim.

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

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

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 recognized as an expense.

4.8 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account.

Current

Provision for current taxation is based on taxable income determined under the Fourth Schedule to the Income Tax Ordinance, 2001. The charge is calculated using tax rates enacted or substantively enacted at the balance sheet date. The charge for current tax also includes adjustments related to prior years, if any.

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 realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

4.9 Dividends and other appropriations

Cash dividend to shareholders is recognized as liability in the period in which it is approved. Similarly all other appropriations other than those required by law including reserve for issue of bonus shares are recognized in the period in which they are approved.

4.10 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub classes of business (Statutory Funds) as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company operates in Pakistan only.

4.11 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. Major renewals and improvements are capitalized and assets retired, if any, are derecognized.

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

Depreciation rates and method are reviewed at each balance sheet date and adjusted, if required..

4.12 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees at the rates prevailing 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.

4.13 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

4.14 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, if any, are recognized in the revenue / profit and loss accounts.

4.15 Provisions

Provisions are recognized 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.

4.16 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative

financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.17 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 recognized amount and the Company intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

4.18 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 amortized cost as the case may be.

5. Share Capital

(Rupees '000)

<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>
(Number of Shares)				
		Issued, subscribed and paid up		
15 000 000	15 000 000	Ordinary shares of Rs. 10 each issued for cash	150 000	150 000
35 000 000	15 000 000	Ordinary shares of Rs. 10 each issued as fully paid bonus share	350 000	150 000
<u>50 000 000</u>	<u>30 000 000</u>		<u>500 000</u>	<u>300 000</u>

5.1 Dividend and bonus shares

Subsequent to the year end the Board of Directors has proposed the following appropriations;

- Cash dividends @ Rs. 3 per share amounting to Rs. 150 million
- Issue of 1 bonus share for every 2 shares held amounting to Rs. 250 million

These financial statements do not reflect the above appropriation which will be accounted for in the year of declaration.

6. Policyholders' liabilities

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
6.1 Gross of reinsurance						
Actuarial liability relating to future events	10 131 654	212 584	16 072	5 205	10 365 515	6 147 151
Provision for outstanding reported claims payable over a period exceeding twelve months	36 048	-	-	-	36 048	22 945
Provision for incurred but not reported claims	6 085	37 090	-	-	43 175	59 554
	<u>10 173 787</u>	<u>249 674</u>	<u>16 072</u>	<u>5 205</u>	<u>10 444 738</u>	<u>6 229 650</u>
6.2 Net of reinsurance						
Actuarial liability relating to future events	10 037 975	140 131	16 005	4 683	10 198 794	6 027 601
Provision for outstanding reported claims payable over a period exceeding twelve months	19 136	-	-	-	19 136	7 995
Provision for incurred but not reported claims	4 923	37 090	-	-	42 013	44 072
	<u>10 062 034</u>	<u>177 221</u>	<u>16 005</u>	<u>4 683</u>	<u>10 259 943</u>	<u>6 079 668</u>

7. Movements of statutory funds

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Policyholders' liabilities						
Balance at beginning of the year	5 892 302	168 241	13 969	5 156	6 079 668	4 804 547
Increase during the year	4 169 732	8 980	2 036	(473)	4 180 275	1 275 121
Balance at end of the year	10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
Retained earnings on other than participating business						
Balance at beginning of the year	231 431	3 590	–	–	235 021	111 665
Surplus for the year	421 366	178 153	90	4 380	603 989	390 823
Surplus appropriated to shareholders' fund	(385 198)	(178 632)	(90)	(4 380)	(568 300)	(267 467)
Balance of Statutory Funds year (refer note no. 7.1)	267 599	3 111	–	–	270 710	235 021
Capital contributed by shareholders' fund						
Balance at beginning of the year	–	–	–	–	–	–
Capital contributed during the year (refer note no. 7.2)	599 615	–	–	–	599 615	–
Balance at end of the year	599 615	–	–	–	599 615	–
Balance of statutory funds	10 929 248	180 332	16 005	4 683	11 130 268	6 314 689

7.1 The SECP issued a circular during 2006 which clarified the interpretation of section 32 (2) (g) of the Insurance Ordinance 2000, as a result of which certain related party investments held in the investment linked statutory fund of the Company may be treated as inadmissible. Since the applicability of the same for unit linked business was not clear, the Company in accordance with the Appointed Actuary's advice retained an amount of Rs.267 million up to 31 March 2007. Subsequent to 31 March 2007, the Company has obtained permission from Securities and Exchange Commission of Pakistan to freeze the above amount and no further retention is to be made from the surplus for the period till further clarification is received in this matter.

No deferred tax liability has been recognized on the undistributed surplus in view of the fact that surplus has been retained to meet solvency requirement and is not expected to be available for distribution to shareholders in the foreseeable future.

7.2 Certain investments in the Investment Linked funds are in excess of the required limit as prescribed by the Insurance Ordinance 2000, as such the Company, based on the Appointed Actuary's advice has contributed Rs. 599.615 million from the shareholder equity to the statutory fund.

8. Taxation

8.1 The income tax returns for the Tax year 2004, 2005, 2006 and 2007 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 of 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 favorable outcome in appeal.

8.2 Deferred taxation

(Rupees '000)

	2007	2006
Deferred tax liability arising on taxable temporary difference:		
On accelerated tax depreciation	4 600	2 147

8.3 Reconciliation of tax rate

	2007	2006
	%	%
Applicable Tax Rate	35.00	35.00
Tax effect of amount taxed at reduced rates	(0.35)	(1.72)
Effect of income exempt from tax	(18.97)	(3.52)
Average effective tax rate charged on income	15.68	29.76

9. Investment in government securities

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds			Aggregate 2007	Aggregate 2006
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business		
Held to maturity at amortised cost								
3 Years Pakistan Investment Bonds	2010	9.10	–	5 029	10 058	–	15 087	–
5 Years Pakistan Investment Bonds	2008-12	5.61-8.97	68 644	54 890	51 000	–	174 534	73 519
8 Years WAPDA SUKUK Certificates	2012	10.37	57 500	–	–	–	57 500	80 000
10 Years Defence Savings Certificates	2008-09	18.03	–	541 923	–	–	541 923	602 851
10 Years Pakistan Investment Bonds	2011-17	5.79-13.54	54 460	112 072	128 468	–	300 006	213 220
15 Years Pakistan Investment Bonds	2019	7.35	11 229	–	–	–	11 229	11 300
20 Years Pakistan Investment Bonds	2024	9.79-9.80	–	54 793	–	–	54 793	54 818
			<u>191 833</u>	<u>768 707</u>	<u>189 526</u>	<u>–</u>	<u>1 155 072</u>	<u>1 035 708</u>
Available for sale at market value								
3 Years Pakistan Investment Bonds	2010	9.10	–	83 717	–	–	83 717	–
5 Years WAPDA Bonds	2008	7.07-9.84	–	49 920	–	–	49 920	49 920
5 Years Pakistan Investment Bonds	2008-12	6.1-7.5	–	248 126	–	1 574	249 700	106 024
10 Years Pakistan Investment Bonds	2011-17	5.16-14	–	1 221 461	–	1 040	1 222 501	911 016
15 Years Pakistan Investment Bonds	2019	7.1-9.25	–	125 791	–	–	125 791	125 776
20 Years Pakistan Investment Bonds	2024	7.9-10.2	–	301 543	–	1 773	303 316	303 725
			<u>–</u>	<u>2 030 558</u>	<u>–</u>	<u>4 387</u>	<u>2 034 945</u>	<u>1 496 461</u>
			<u>191 833</u>	<u>2 799 265</u>	<u>189 526</u>	<u>4 387</u>	<u>3 190 017</u>	<u>2 532 169</u>

9.1 Market value of the government securities carried at amortized cost amounted to Rs. 1.072 billion (2006: Rs. 1.024 billion).

10. Other fixed income securities

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds			Aggregate 2007	Aggregate 2006
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business		
Held to maturity at amortised cost								
Term Finance Certificates								
Bank Alfalah Ltd 1st Issue	2008	11.16	–	–	–	1 505	1 505	1 515
Pakistan Mobile Communication (Pvt) Ltd.	2008	10.42	15 000	–	15 000	–	30 000	–
Optimus Ltd.	2012	12.10	50 000	–	–	–	50 000	–
ABN AMRO Bank Ltd (formerly Prime Commercial Bank Ltd.)	2013	12.01	–	10 062	–	–	10 565	10 584
Pak-American Fertilizers (formerly Dominion Fertilizers)	2013	13.21	–	–	13 417	–	15 333	16 000
Soneri Bank Ltd.	2013	11.56	–	–	–	2 014	2 014	2 018
Standard Chartered Bank Pakistan Ltd 3rd issue	2013	11.20	24 985	–	–	–	24 985	24 995
United Bank Ltd 2nd issue	2013	9.49	–	33 208	4 813	–	38 021	37 791
Allied Bank Ltd.	2014	11.86	–	–	9 997	–	9 997	10 000
			<u>89 985</u>	<u>43 270</u>	<u>43 227</u>	<u>–</u>	<u>182 420</u>	<u>102 903</u>

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds			Aggregate 2007	Aggregate 2006
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business		
Available for sale at market value								
Term Finance Certificates								
First Dawood Investment Bank Ltd.	2007	13.50	-	-	-	-	-	5 050
Hertz Optimus Ltd	2007	14.00	-	-	-	-	-	20 000
Worldcall Communications Ltd	2007	12.25	-	-	-	-	-	304
Bank Alfalah Ltd - 1st issue	2008	11.16	-	32 688	-	3 380	36 068	23 479
Jahangir Siddiqui & Company Ltd - 1st issue	2008	11.30	-	3 327	-	-	3 327	9 582
MCB Bank Ltd	2008	11.75	-	8 880	-	241	9 121	30 705
Pakistan Mobile Communications (Pvt) Ltd	2008	11.30	-	6 600	-	-	6 600	13 200
Pakistan Mobile Communication (Pvt) Ltd	2008	10.42	-	95 000	-	-	95 000	-
Pakistan Services Ltd	2008	11.75	-	15 853	-	-	15 853	7 424
Standard Chartered Bank Pakistan Ltd - 1st Issue	2008	12.07	-	17 253	-	-	17 253	41 992
Trust Investment Bank Ltd (formerly Trust Leasing Corporation Ltd) - 1st Issue	2008	11.50	-	9 121	-	-	9 121	13 436
Trust Investment Bank Ltd (formerly Trust Leasing Corporation Ltd) - 2nd Issue	2009	10.00	-	7 704	-	-	7 704	11 794
Jahangir Siddiqui & Company Ltd - 3rd issue	2010	11.72	-	10 242	-	-	10 242	10 096
Nijamat Basal oil and gas Securitization Company Ltd	2010	12.50	-	10 038	-	-	10 038	13 777
First International Investment Bank Ltd.	2011	12.23	-	10 023	-	-	10 023	-
Standard Chartered Bank Pakistan Ltd. - 2nd Issue	2011	10.28	-	28 175	-	196	28 371	22 528
Azgard Nine Ltd	2012	12.41	-	51 409	-	-	51 409	49 225
Bank Alfalah Ltd - 2nd issue	2012	11.47	-	46 184	-	-	46 184	34 273
Chanda Oil & Gas Securitization Company Ltd	2012	13.00	-	7 079	-	-	7 079	8 165
Engro Chemical Ltd	2012	11.53	-	97 527	-	-	97 527	-
Escort Investment Bank Ltd	2012	12.51	-	20 896	-	-	20 896	-
First Dawood Investment Bank Ltd.	2012	11.61	-	66 435	-	-	66 435	-
KASB Securities Ltd	2012	11.88	-	35 693	-	-	35 693	-
Optimus Ltd	2012	12.10	-	50 000	-	-	50 000	-
Orix Leasing Pakistan Ltd	2012	13.36	-	101 000	-	-	101 000	-
Orix Leasing Pakistan Ltd 2nd Issue	2012	11.48	-	77 235	-	-	77 235	-
ABN AMRO Bank Ltd (formerly Prime Commercial Bank Ltd)	2013	12.01	-	119 087	-	262	119 349	60 799
Al-Abbas Sugar Mills Ltd.	2013	11.74	-	30 000	-	-	30 000	-
Askari Commercial Bank Ltd 1st issue	2013	11.68	-	36 016	-	522	36 538	34 280
Askari Commercial Bank Ltd 2nd issue	2013	11.48	-	54 255	-	-	54 255	50 900
Bank Alfalah Ltd 3rd Issue	2013	11.48	-	114 992	-	-	114 992	65 635
Jahangir Siddiqui & Company Ltd - 4th Issue	2013	12.49	-	39 634	-	-	39 634	38 880
Pak-American Fertilizers Ltd. (Formerly Dominion Fertilizers)	2013	13.21	-	152 375	-	-	152 375	159 000
Pakistan Mobile Communications (Pvt) Ltd (2nd Issue)	2013	12.80	-	130 422	-	-	130 422	111 628
Sitara Chemical (SUKUK) (Pre-IPO)	2013	10.92	-	50 000	-	-	50 000	-
Soneri Bank Ltd	2013	11.56	-	123 067	-	-	123 067	100 767
Standard Chartered Bank Pakistan Ltd. - 3rd Issue	2013	12.26	-	86 415	-	603	87 018	36 858
United Bank Ltd 2nd issue	2013	9.49	-	104 015	-	-	104 015	100 734
Allied Bank Ltd	2014	11.86	-	245 843	-	-	245 843	148 500
Financial Receivable Securitization Company Ltd	2014	11.95	-	50 617	-	-	50 617	-
United Bank Ltd - 3rd Issue	2014	11.72	-	110 177	-	-	110 177	103 430
Bank Al Habib Ltd	2015	12.14	-	113 410	-	-	113 410	50 000
Faysal Bank Ltd	2015	11.46	-	25 375	-	-	25 375	25 000
New Allied Electronics (Pvt.) Ltd	2015	12.56	-	10 000	-	-	10 000	-
NIB Bank Ltd (Pre IPO)	2016	11.15	-	33 000	-	-	33 000	-
				<u>2 437 062</u>	<u>-</u>	<u>5 204</u>	<u>2 442 266</u>	<u>1 401 441</u>
			<u>89 985</u>	<u>2 480 332</u>	<u>43 227</u>	<u>5 204</u>	<u>2 624 686</u>	<u>1 504 344</u>

10.1 Market Value of other fixed income securities carried at amortized cost amounted to Rs.184.293 million (2006: Rs.101.335 million).

11. Listed equities and mutual funds

(Rupees '000)

	Shareholders' Fund	Statutory Funds			Aggregate 2007	Aggregate 2006	
		Investment Linked Business	Conventional Business	Pension Business			Accident & Health Business
Available for sale -at market value							
Listed equities	–	3 939 857	–	5 115	–	3 944 972	1 783 883
Open end mutual funds	–	266 572	–	–	–	266 572	124 877
Held for trading -at market value							
Listed equities	–	459 737	–	–	–	459 737	319 230
Available for sale -at lower of cost or market value							
Listed equities	934 612	129 365	91 378	–	1 009	1 156 364	221 089
Open end mutual fund	20 657	31 343	60 000	–	2 284	114 284	87 106
	<u>955 269</u>	<u>4 826 874</u>	<u>151 378</u>	<u>5 115</u>	<u>3 293</u>	<u>5 941 929</u>	<u>2 536 185</u>

11.1 Market Value of listed equities and mutual funds carried at lower of cost or market value amounted to Rs. 2.187 billion (2006: Rs. 731.907 million).

11.2 Listed equities include investment in EFU General Insurance Limited at carrying value of Rs. 1.245 billion (2006: Rs.192.358 million) representing 5.24% (2006: 4.77 %) of the issued capital of the company. During the year, the Company in accordance with the approval taken in the extraordinary general meeting held on 17 December 2007 sold 1,756,510 shares held in EFU General Insurance Company Limited and repurchased these shares resulting in a capital gain of Rs. 514 million.

12. Fixed assets

(Rupees '000)

	Cost				Accumulated Depreciation				
	As at 01 January 2007	Addition	Disposal	As at 31 December 2007	As at 01 January 2007	Charge for the year	On Disposal	As at 31 December 2007	Written Down Value
Lease hold land	126 505	–	–	126 505	–	–	–	–	126 505
Office equipment	18 490	2 685	636	20539	6 854	1 300	294	7 860	12 679
Computers	16 899	2 897	125	19 671	11 663	2 106	102	13 667	6 004
Furniture and fixture	85 089	14 708	660	99 137	36 107	6 016	383	41 740	57 397
Vehicles	71 679	28 256	4 516	95 419	25 146	12 535	1 852	35 829	59 590
2007	<u>318 662</u>	<u>48 546</u>	<u>5 937</u>	<u>361 271</u>	<u>79 770</u>	<u>21 957</u>	<u>2 631</u>	<u>99 096</u>	<u>262 175</u>

(Rupees '000)

	Cost				Depreciation				Written Down Value
	As at 01 January 2006	Addition	Disposal	As at 31 December 2006	As at 01 January 2006	Charge for the year	On Disposal	As at 31 December 2006	
Lease hold land	126 030	475	–	126 505	–	–	–	–	126 505
Office equipment	14 910	4 068	488	18 490	5 953	1 132	231	6 854	11 636
Computers	14 556	2 520	177	16 899	9 927	1 882	146	11 663	5 236
Furniture and fixture	72 195	13 151	257	85 089	31 347	4 890	130	36 107	48 982
Vehicles	57 073	23 264	8 658	71 679	19 609	9 705	4 168	25 146	46 533
2006	284 764	43 478	9 580	318 662	66 836	17 609	4 675	79 770	238 892

Depreciation has been allocated as follows:

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business	Accident & Health Business		
Branch Overheads	13 465	1 987	1	33	15 486	11 692
Administration expenses	5 482	974	1	14	6 471	5 917
	18 947	2 961	2	47	21 957	17 609

13. Sale of fixed assets

(Rupees '000)

	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Sold to	
Vehicle	54	32	22	250	Negotiation	Arshad Iqbal	Employee
Vehicle	464	274	190	280	Negotiation	Fazal Mehmood	Employee
Vehicle	360	69	291	360	Insurance Claim	EFU Gen. Ins. Ltd.	
Vehicle	620	–	620	598	Negotiation	Allianz EFU Health	
Vehicle	604	217	387	–	Co. Policy	Lindsay D'Mello	Employee
Vehicle	399	252	147	325	Insurance Claim	EFU Gen. Ins. Ltd.	
Vehicle	297	168	129	165	Negotiation	Dileep Ninwani	Employee
Vehicle	464	262	202	250	Negotiation	Shahid Abbas	Employee
Vehicle	464	262	202	200	Negotiation	Shahid Afzal	Karachi
Vehicle	81	46	35	445	Negotiation	Junaid Ghaffar	Karachi
Vehicle	349	252	97	135	Negotiation	Zafarullah Khan	Karachi
Vehicle	360	18	342	360	Insurance Claim	EFU Gen. Ins. Ltd.	
Assets having WDV less than 50,000							
Computers	125	102	23	51	Various		
Furniture & fixture	660	383	277	224	Various		
Office equipment	636	294	342	171	Various		
2007	5 937	2 631	3 306	3 814			
2006	9 580	4 675	4 905	6 485			

14. Other revenue - others

This includes the tenderable gain of Rs.54 million earned by EFU General Insurance Limited (associated company) through sale and purchase of EFU Life Assurance Limited's shares which have been transferred to the Company in accordance with the requirements of section 224 of Companies Ordinance, 1984.

15. Branch overheads

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	1 910	394	–	5	2 309	1 817
Printing and stationery	4 080	313	–	10	4 403	3 067
Advertisement and publicity	465	1 050	–	1	1 516	2 691
Postage	2 293	202	–	6	2 501	2 096
Traveling costs	7 476	505	1	18	8 000	30 601
Telephone and electricity	18 590	2 305	2	45	20 942	17 005
Rent, Rates and taxes	13 758	982	2	34	14 776	12 735
Conveyance	3 623	297	–	9	3 929	2 351
Repair and maintenance	6 768	508	2	17	7 295	2 373
Entertainment	9 734	847	1	24	10 606	7 186
Other expenses	1 234	188	–	3	1 425	914
Depreciation	13 465	1 987	1	33	15 486	11 692
	<u>83 396</u>	<u>9 578</u>	<u>9</u>	<u>205</u>	<u>93 188</u>	<u>94 528</u>

16. Other management expenses

(Rupees '000)

	Statutory Funds				Aggregate 2007	Aggregate 2006
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	1 881	224	–	5	2 110	1 962
Postage	6 567	1 063	1	16	7 647	6 634
Telephone and electricity	4 719	1 093	1	12	5 825	5 213
Repair and maintenance	5 366	485	1	13	5 865	1 973
Entertainment	5 365	643	–	12	6 020	3 648
Fees and subscription	3 729	405	–	9	4 143	4 694
Bank charges	2 648	179	–	7	2 834	2 479
Other expenses	8 821	713	1	22	9 557	7 808
Claim investigation fees	1 745	118	–	4	1 867	1 299
	<u>40 841</u>	<u>4 923</u>	<u>4</u>	<u>100</u>	<u>45 868</u>	<u>35 710</u>

17. 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)

	2007		2006	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration including bonus	9 424	30 655	7 654	17 952
Utilities	228	159	155	89
Medical expenses	179	527	211	288
Leave passage	319	214	–	–
	<u>10 150</u>	<u>31 555</u>	<u>8 020</u>	<u>18 329</u>
Number of persons	<u>1</u>	<u>10</u>	<u>1</u>	<u>9</u>

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.

18. Un-realized loss on derivative financial instruments

(Rupees '000)

	Shareholders' Fund		Investment Linked Business		Aggregate 2007		Aggregate 2006	
	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value	Fair Value
Unrealized loss on : Interest rate swap	<u>24 985</u>	<u>(463)</u>	<u>75 015</u>	<u>(1 392)</u>	<u>100 000</u>	<u>(1 855)</u>	<u>–</u>	<u>–</u>

During the year, the Company had entered into an interest rate swap agreement with Standard Chartered Bank Limited to manage its interest rate exposure on floating rate Term Finance certificate for a notional amount of Rs. 100,000,000 having a maturity upto 1 February 2013. Under the swap arrangement, the Company would receive fixed interest rate of 12.00% on notional amount and pay six months ask KIBOR plus 2.00% which will be settled semi-annually.

19. Auditors' remuneration

(Rupees '000)

	2007	2006
Audit Fee – Annual (KPMG Taseer Hadi & Co.)	175	150
Audit Fee – Annual (Hyder Bhimji & Co / Gardezi & Co.)	175	150
Limited Scope Review (KPMG Taseer Hadi & Co.)	75	85
Limited Scope Review (Hyder Bhimji & Co / Gardezi & Co.)	75	85
Out of Pocket Expenses (KPMG Taseer Hadi & Co.)	150	93
Tax Advisory Services and other certifications (KPMG Taseer Hadi & Co.)	400	257
	<u>1 050</u>	<u>820</u>

20. Basic and diluted earnings per share

(Rupees '000)

Profit for the year	<u>1 207 292</u>	<u>235 969</u>
	(Numbers in '000)	
Weighted average number of ordinary shares	<u>50 000</u>	<u>50 000</u>
	(Rupees)	
Earning per share - basic & diluted	<u>24.15</u>	<u>4.72</u>

21. Number of employees

Number of employees as at 31 December 2007 is 540 (2006: 478).

22. Financial instruments and related disclosures

22.1 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.

22.2 Mark-up rate risk exposure

The Company's exposure to the mark-up rate risk, based on the earlier of contractual repricing or maturity date as at 31 December 2007 is as follows:

	2007										(Rupees '000)
	Exposed to yield / interest rate risk										Non-interest bearing financial instruments
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 month to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On balance sheet financial instruments											
Assets											
Cash and stamps	434	-	-	-	-	-	-	-	-	-	434
Current and other accounts	749 032	301 860	-	-	-	-	-	-	-	-	447 172
Deposits maturing with in 12 months	200 000	50 000	150 000	-	-	-	-	-	-	-	-
Loans- secured to employees	13 151	120	-	-	419	463	2 216	4 424	5 509	-	-
Investments	11 757 140	336 147	101 461	157 329	262 710	328 561	733 881	2 856 761	546 466	491 387	5 942 437
Premiums due but unpaid	22 360	-	-	-	-	-	-	-	-	-	22 360
Amounts due from reinsurer	56 713	-	-	-	-	-	-	-	-	-	56 713
Agent balances	10	-	-	-	-	-	-	-	-	-	10
Investment income accrued	146 158	-	-	-	-	-	-	-	-	-	146 158
Other receivables	92 050	208	249	1 603	4 228	11 179	4 289	3 604	-	-	66 690
	13 037 048	688 335	251 710	158 932	267 357	340 203	740 386	2 864 789	551 975	491 387	6 681 974
Liability											
Outstanding claims	333 734	-	-	-	-	-	-	-	-	-	333 734
Premiums received in advance	220 497	-	-	-	-	-	-	-	-	-	220 497
Amounts due to reinsurer	18 034	-	-	-	-	-	-	-	-	-	18 034
Amounts due to agent	117 673	-	-	-	-	-	-	-	-	-	117 673
other creditors	72 484	-	-	-	-	-	-	-	-	-	72 484
	762 422	-	-	-	-	-	-	-	-	-	762 422
On Balance sheet gap	12 274 626	688 335	251 710	158 932	267 357	340 203	740 386	2 864 789	551 975	491 387	5 919 552
2006											(Rupees '000)
Exposed to yield / interest rate risk											Non-interest bearing financial instruments
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 month to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
On balance sheet financial instruments											
Assets											
Cash and stamps	226	-	-	-	-	-	-	-	-	-	226
Current and other accounts	503 049	382 983	-	-	-	-	-	-	-	-	120 066
Deposits maturing with in 12 months	180 000	70 000	110 000	-	-	-	-	-	-	-	-
Loans- secured to employees	15 847	465	854	1 145	1 754	2 977	2 543	1 465	1 963	2 681	-
Investments	6 573 206	48 253	54 705	67 114	164 434	429 804	354 918	1 371 358	1 050 314	495 613	2 536 693
Premiums due but unpaid	20 912	-	-	-	-	-	-	-	-	-	20 912
Amounts due from reinsurer	12 909	-	-	-	-	-	-	-	-	-	12 909
Agent balances	471	-	-	-	-	-	-	-	-	-	471
Investment income accrued	96 242	-	-	-	-	-	-	-	-	-	96 242
Other receivables	51 217	2 087	1 781	2 386	2 784	2 880	166	-	-	-	39 133
	7 454 079	503 788	167 340	70 645	168 972	435 661	357 627	1 372 823	1 052 277	498 294	2 826 652
Liability											
Outstanding claims	247 496	-	-	-	-	-	-	-	-	-	247 496
Premiums received in advance	168 232	-	-	-	-	-	-	-	-	-	168 232
Amounts due to reinsurer	22 382	-	-	-	-	-	-	-	-	-	22 382
Amounts due to agent	76 548	-	-	-	-	-	-	-	-	-	76 548
other creditors	132 949	-	-	-	-	-	-	-	-	-	132 949
	647 607	-	-	-	-	-	-	-	-	-	647 607
On Balance sheet gap	6 806 472	503 788	167 340	70 645	168 972	435 661	357 627	1 372 823	1 052 277	498 294	2 179 045

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

	<u>2007</u>	<u>2006</u>
Current and other accounts	4% to 8.5%	4% to 9%
Deposits	8% to 9%	10% to 11.5%
Loans	6% to 11%	9% to 11%
Investments	5.2% to 18%	5.2% to 18%
Advances and other receivables	6% to 11%	6% to 11%

22.4 Capital risk managements

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

22.5 Foreign exchange risk

Foreign currency risk arises mainly where receivables / payables exist due to transactions with foreign undertakings. The Company is not exposed to any significant foreign exchange risk.

22.6 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.

22.7 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 affect 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.

22.8 Reinsurance risk

Reinsurance ceded does 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.

22.9 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:

	(Rupees '000)	
	<u>Carrying Value</u>	<u>Fair Value</u>
Government securities	613 148	599 792
Other fixed income securities	182 421	182 789
Listed equities and mutual funds	1 271 156	2 186 729
Unlisted securities	508	4 979

23. Related party transactions

The related parties comprise of directors, key management personnel, associated undertakings, and entities with common directors and employees' funds. Related party transaction and balances, other than those disclosed elsewhere in these financial statements are given below:

	(Rupees '000)	
	<u>2007</u>	<u>2006</u>
Associated companies		
Transactions		
Premium written	7 425	6 365
Premium paid	7 148	6 207
Claims paid	6 273	2 904
Claims received	1 846	1 495
Traveling expenses	1 350	190
Commission paid	-	3
Dividend paid	23 851	16 387
Dividend received	6 791	3 293
Other revenue	54 000	-
Balances		
Balance payable	5 741	23
Balance receivable	162	17
Employees' funds		
Transactions		
Contribution to provident fund	5 482	4 586
Contribution to pension fund	3 970	3 188
Balances		
Contribution to provident fund	-	-
Contribution to pension fund	-	-
Key Management Personnel		
Transactions		
Loan to employees	750	1 392
Loan recovered	1 750	699
Compensation	41 704	26 348
Balances		
Loan receivable	586	1 583

24. Standards or interpretations not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

Revised IAS 1 – Presentations of financial statements	effective for annual periods beginning on or after 1 January 2009
Revised IAS 23 – Borrowing costs	effective from 1 January 2009
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	effective for annual periods beginning on or after 1 March 2007
IFRIC 12 – Service Concession Arrangements	effective for annual periods beginning on or after 1 March 2007
IFRIC 13 – Customer Loyalty Programmes	effective for annual periods beginning on or after 1 July 2008
IFRIC 14 IAS 19 – The Limit on Defined Benefits Assets, Minimum Funding Requirements and their interaction	effective for annual periods beginning on or after 1 January 2008

25. Date of authorisation for issue

These financial statements were authorized for issue by the Board of Directors in their meeting held on 27 February 2008.

ASHRAF W. TABANI
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 2007. 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, after accounting for the capital contribution, complies with the solvency requirements of the Ordinance.

OMER MORSHED, FCA, FPSA, FIA
Appointed Actuary

Karachi February 27, 2008

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, after accounting for the capital contribution, complies with the solvency requirements of the Insurance Ordinance, 2000.

ASHRAF W. TABANI
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Pattern of Shareholding as at 31 December 2007

Number of Shareholders	Shareholdings		Shares Held
	From	To	
151	1	100	8 702
182	101	500	56 091
86	501	1 000	71 178
265	1 001	5 000	572 113
16	5 001	10 000	124 328
10	10 001	15 000	129 442
11	15 001	20 000	191 374
6	20 001	25 000	140 866
3	25 001	30 000	82 258
6	30 001	35 000	200 830
2	35 001	40 000	80 000
2	40 001	45 000	83 499
2	45 001	50 000	98 600
1	50 001	55 000	55 000
3	55 001	60 000	174 833
2	60 001	65 000	124 100
1	65 001	70 000	66 999
1	75 001	80 000	79 046
1	80 001	85 000	83 500
1	115 001	120 000	118 333
2	120 001	125 000	249 846
1	125 001	130 000	130 000
1	155 001	160 000	156 670
1	210 001	215 000	213 311
1	345 001	350 000	348 936
1	350 001	355 000	354 833
1	370 001	375 000	370 699
1	405 001	410 000	408 129
1	415 001	420 000	417 000
1	420 001	425 000	422 900
1	475 001	480 000	476 311
2	500 001	505 000	1 005 670
1	540 001	545 000	543 270
1	545 001	550 000	548 500
1	640 001	645 000	644 285
1	740 001	745 000	741 299
1	870 001	875 000	872 090
2	950 001	1 000 000	2 000 000
1	1 280 001	1 285 000	1 283 055
1	2 340 001	2 345 000	2 342 433
1	2 755 001	2 760 000	2 759 991
1	11 005 001	11 010 000	11 007 100
1	20 160 001	20 165 000	20 162 580
778		Total	50 000 000

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies and Undertakings and Related Parties	3	31 169 916	62.34
NIT & ICP	3	993	0.00
CEO, Directors, their spouses and minor children	8	5 584 380	11.17
Executives	2	67 082	0.13
Public sector companies & corporations	-	-	-
Joint Stock companies	33	255 252	0.51
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Mutual Funds	7	1 482 582	2.97
Foreign investors	4	1 253 333	2.51
Individuals/Others	718	10 186 462	20.37
Total	778	50 000 000	100.00

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Shares Held
Associated Companies and Undertakings and Related Parties		
EFU General Insurance Ltd.	1	20 162 580
Trustee EFU General Insurance Ltd. ST	1	236
Jahangir Siddiqui & Co. Ltd.	1	11 007 100
NIT & ICP		
ICP A/c- Col. M.A. Sheikh	1	666
ICP A/c- Noman Farooq	1	236
Investment Corporation of Pakistan	1	91
CEO, Directors, their spouses and minor children		
Saifuddin N. Zoomkawala	1	156 670
Taher G. Sachak	1	370 699
Ashraf W. Tabani	1	548 500
Jahangir Siddiqui	1	14 000
Rafique R. Bhimjee	1	741 299
Muneer R. Bhimjee	1	2 759 991
Hasanali Abdullah	1	348 936
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	644 285
Shareholders holding 10% or more voting interest		
EFU General Insurance Ltd.	1	20 162 580
Jahangir Siddiqui & Co. Ltd.	1	11 007 100

Group Benefits - Offices

Karachi

37K, Block 6, PECHS, Karachi
Phone: 4535071-77

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

Lahore

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

Fazal Mehmood, Sr. Regional Manager
Zaheer Aslam, Group Manager
Faisal Masud, Manager
Mubashar Ahmed, Manager
Tasleem Arshad, Assistant Manager

Islamabad

3rd Floor, Al-Malik Centre
70W, Jinnah Avenue, Blue Area
Phone: 2825271, 2820989, 2271371
2820979, 2873382

Noor-ur-Rehman, Group 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

Bancassurance - Offices

Karachi

37K, Block 6, PECHS, Karachi

Phone: 4535071-77

M. Rashid Shaikh, Area Head

Lahore

2nd Floor, Rehman Business Centre, Gulberg III

Phone: 5710744 - 5870806

Fayyaz Mehmood Tahir, Area Head

Islamabad

3rd Floor, Al-Malik Centre

70W, Jinnah Avenue, Blue Area

Phone: 2825271, 2820989, 2271371

2820979, 2873382

Tahir Sultan, Unit Head

Individual Life - Offices

KARACHI

Ayesha Manzil Branch

Anarkali Apartment, Block-7
F.B. Area, Ayesha Manzil
Phone: 7700490, 7685816
6330181, 6330182

Zulekha, Manager

Bin Qasim Branch

1st Floor, C-15, Phase# 1
Gulshan-e-Hadeed, Bin Qasim
Phone: 4715071-72, 4721574

Rabnawaz Ghumro, Branch Manager

Cantt Branch

41-1/E, Block 6, PECHS
Phone: 4527135-36, 4386505-07, 4313637

Zahoor Ahmed Khuhro, Manager

Central Branch

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

S. Arif Raza, Branch Manager

City Branch

A-34, 1st Floor, Hafeez Centre
KCHSU, Shahrah-e-Faisal
Phone: 4386340-43, 4384020, 4540389

Tariq Mehmood, Branch Manager

Continental Branch

2nd Floor, Karim Chamber, Civil Lines
Adj. Karachi Gymkhana, Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Chand Sabir, Manager

Faisal Branch

41-1/E, Block 6, PECHS
Phone: 4527135-36, 4386505-07, 4527218

Shamsuddin Shaikh, Group Manager

Garden Branch

APWA Complex, F-2, 67/A, Garden Road
Phone: 2241981-4

Nadim Iqbal Hasni, Branch Manager

Gulshan Branch

Room No: 518, 5th Floor
EFU House, M.A. Jinnah Road
Phone: 2311964, 2311969

Abdul Ghafoor Mashori, Manager

Gulshan-e-Hadeed Branch

1st Floor, C-15, Phase 1
Gulshan-e-Hadeed, Bin Qasim
Phone: 4715071-72

Rabnawaz Ghumro, Branch Manager

Indus Branch

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

S. Shahid Hussain Zaidi, Branch Manager

Jauhar Branch

41-1/E, Block 6, PECHS
Phone: 4527135-6, 4386505-7

Muzaffar Ahmed Bughio, Manager

Karsaz Branch

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

Fareed Ahmed Shaikh, Branch Manager

Mayfair Branch

2nd Floor, Karim Chamber, Civil Lines
Adj. Karachi Gymkhana, Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Rehan Anwar, Sr. Branch Manager

Mehran Branch

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

S. Samar Raza Zaidi, Manager

Merewether Branch

2nd Floor, Karim Chamber, Civil Lines
Adj. Karachi Gymkhana, Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Rehan Anwar, Sr. Branch Manager

New City Branch

Liberty Square,
P.E.C.H.S, Block - 2, Off Tariq Road
Phone: 4300931, 4300932, 4300934
Asmatullah Tunio, Area Director (Sales)

North Branch

41-1/E, Block 6, PECHS
Phone: 4527135-6, 4386505-7

Farrukh Nasim Ansari, Branch Manager

Pioneer Branch

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

Nasir Rashid Bhatti, Sr. Branch Manager

Prime Branch

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

Manzoor Hussain, Manager

Royal Branch

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

Mohammed Raheel Memon, Manager

Sardinia Branch

APWA Complex, F-2, 67/A, Garden Road
Phone: 2241981-4

Arif Pyarali Adtani, Manager

South Branch

APWA Complex, F-2, 67/A, Garden Road
Phone: 2241981-4

Mustafa Hussain Ali, Group Manager

West Branch

2nd Floor, Karim Chamber, Civil Lines
Adj. Karachi Gymkhana, Merewether Road
Phone: 5216368, 5215803, 5215764
5215257, 5654886

Nadeem Alam Ansari, Branch Manager

Zamzama Branch

Suite # 301 & 302, 3rd Floor
6th Comm. Street, Tareen Arcade
Zamzama, Phase V
Phone: 5822740-43

Srichand Lalwani, Sr. Branch Manager

DAHARKI

Daharki Branch

Near Khushali Bank Ltd, Main Road
Phone: (0723) 642424, 643440

Abdul Rasheed, Branch Manager

GHOTKI

Ghotki Branch

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

Mahesh Kumar, Manager

HYDERABAD

Cantt Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2785217-18
2784628, 2784729

Zaheeruddin Babar, Branch Manager

City Branch

B-15/9, RECHS, Opp: Latifabad Unit 3
The Autobahn
Phone: (022) 3814239, 3814235-6

Dileep Nenwani, Sr. Branch Manager

Indus Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2785217-18
2784628, 2784729

Zeshan Hyder, Manager

Mehran Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2784628, 2785217, 2780453

Muhammad Umer Keerio, Branch Manager

New City Branch

B-15/9, RECHS, Opp Latifabad Unit 3
The Autobahn
Phone: (022) 3814239, 3814235-6

Saeeda Qureshi, Manager

Saddar Branch

3rd Floor, Abdullah Chambers
Near Hotel Faran, Saddar
Phone: (022) 2785218, 2785217

Abdul Hameed Soomro, Manager

JACOBABAD

Jacobabad Branch

1st Floor, National Autos
Main Quaid-e-Azam Road
Phone: (0722) 651876, 654391, 650156

Irfan Iqbal, Branch Manager

KHAIRPUR

Khairpur Branch

A-5, 3rd Floor, Civic Centre, Khairpur Mirs
Phone: (0243) 714337, 714330, 554016

Jamaluddin, Branch Manager

LARKANA

Larkana Branch

1st Floor, Bukhari Shopping Centre
Station Road
Phone: (074) 4057435-36, 4046700

Fateh Muhammad Khuhawar
Branch Manager

MIRPURKHAS

Mirpurkhas City Branch

APWA House, Opp: Gama Stadium
Main Hyderabad Road
Phone: (0233) 863158, 863159, 863157

Suresh Kumar, Branch Manager

NAUSHERO FEROZE

Naushero Feroze Branch

Mumtaz Manzil, Opp: Al-Mehran Hotel
Main Road
Phone: (0242) 448661, 448686, 520349

Haji Mohammad Dayo, Manager

NAWABSHAH

Nawabshah Branch

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

Abdullah M. Ghumro, Branch Manager

SUKKUR

Sukkur Branch

Near Qasim Park, Opp: Queen's Garden
Queen's Road
Phone: (071) 5627067, 5622304

Zaheeruddin Ghumro, Group Manager

City Branch

Near Qasim Park, Opp: Queen's Garden
Queen's Road
Phone: (071) 5627067, 5622304

Shahzado Mal, Branch Manager

Indus Branch

Near Qasim Park, Opp Queen's Garden
Queen's Road

Phone: (071) 5627067, 5622304

Adil Mahmood Samejo, Sr. Branch Manager

THATTA

Thatta Branch

1st Floor, C-15, Phase 1
Gulshan-e-Hadeed, Bin Qasim
Phone: (029) 4715071-72

Ghulam Shabbir Mirani, Manager

ISLAMABAD

Islamabad Branch

3rd Floor, Al-Malik Centre
70-W Jinnah Avenue (Blue Area)
Phone: (051) 2820989, 2271371
2873379, 2820979, 2873382

M. Younis Butt, Regional Manager

AHMED PUR EAST

Ahmed Pur East Branch

Qasim Khan Plaza
Opp: Rizwan Chargha House
Katchery Road
Phone: (06222) 73039, 73049

Imtiaz Hussain, Branch Manager

ATTOCK

Attock Branch

Sheikh Jaffar Plaza
1st Floor, Siddiqui Road, Attock City
Phone: (057) 2602067, 2701957
2703338, 2702338

M. Faisal Kiani, Manager

BAHAWALPUR

Bahawalpur Branch

University Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484

Abdul Jabbar, Branch Manager

Cantt Branch

University Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484

Junaid Masud, Sr. Branch Manager

City Branch

University Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484
Kashif Azeem, Sr. Branch Manager

Fort Branch

University Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484
Naeem Akhtar Chaudhry, Branch Manager

CHISHTIAN

Chishtian Branch

Upper Floor, Khushali Bank, Baldia Chowk
Phone: 0300-8687337
Muhammad Rashid Latif, Manager

FAISALABAD

Faisalabad Branch

2nd Floor, Ajmal Centre, 289, Batala Colony
Phone: (041) 8555981-4
Muhammad Ihsan-ul-Haq, Branch Manager

Chenab Branch

2nd Floor, Ajmal Centre, 289, Batala Colony
Phone: (041) 8555981-4
Tajamal Khan, Branch Manager

GUJRANWALA

Gujranwala Branch

2nd Floor, AWR Plaza, Main G. T. Road
Phone: (055) 3734104, 3731660
Nasir Ahmad Anjum, Manager

GUJRAT

Gujrat Branch

Dhakar Plaza, Rehman Shaheed Road
Phone: (053) 3514246, 2112484, 3607033
Ali Rizwan, Manager

HAROONABAD

Haronabad Branch

University Chowk, Bahawalpur
Phone: (062) 2282269, 2282475, 2282484
Ishfaq Hussain Mughal, Manager

HASILPUR

Hasilpur Branch

Opp: Allied Bank, Baldia Road, Raja Chowk
Phone: (0622) 441008
Mushtaq Ahmad, Manager

JHELUM

Jhelum Branch

1st & 2nd Floor, Fazal Plaza, Civil Lines
Phone: (0544) 628606, 627337, 627118
Kh. Mujibur Rehman, Sr. Branch Manager

KHANPUR

Khanpur City Branch

Model Town B, Near DSP Office
Phone: (068) 5575263, 5577809
Imtiaz Hussain, Branch Manager

LAHORE

Cannt Branch

43-L, 1st Floor, M.M. Alam Road, Gulberg II
Phone: (042) 5871235-7
Shoukat Ali, Manager

Capital Branch

18-C-1, Commercial Zone
Liberty Market, 3rd Floor, Gulberg III
Phone: (042) 5789549-50, 52, 54
Iftikhar Hassan, Manager

City Branch

18-C-1, Commercial Zone
Liberty Market, 3rd Floor, Gulberg III
Phone: (042) 5789549-50, 52, 54
Shahid Iqbal Bhatti, Sr. Branch Manager

Civic Branch

43-L, 1st Floor, M.M. Alam Road, Gulberg II
Phone: (042) 5871235-7
Mahmood Ahmed, Branch Manager

Crescent Branch

18-C-1, Commercial Zone, Liberty Market
3rd Floor, Gulberg III
Phone: (042) 5789549-50, 52, 54
Malik Azhar, Branch Manager

Defence Branch

43-L, 1st Floor, M.M. Alam Road, Gulberg II
Phone: (042) 5871235-7
Mian Kashif Naseer, Manager

East Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74, 5750911
Akbar Ali, Manager

Fort Branch

43-L, 1st Floor, M.M. Alam Road, Gulberg II
Phone: (042) 5871235-7
Waqar Asif Mullick, Manager

Gulberg Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74, 5750911
S. Mehdi Raza Zaidi, Manager

Jinnah Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74, 5750911
S.M. Raza Zaidi, Branch Manager

Liberty Branch

2nd Floor, Office # 201, 14-C
Commercial Zone, Liberty Market
Phone: (042) 5789631, 32, 63
Moazzam Bashir Kamal, Branch Manager

Metropolitan Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716072-74, 5789781
Zahid Ali Raza, Branch Manager

Ravi Branch

2nd Floor, Office # 201, 14-C
Commercial Zone, Liberty Market
Phone: (042) 5789631, 32, 63
Tanveer Ahmed Khan, Sr. Branch Manager

Shalimar Branch

18-C-1, Commercial Zone
Liberty Market, Gulberg III
Phone: (042) 5716264, 5713409
Ejaz Ahmed Arshad, Branch Manager

MANDI BAHAUDDIN

Mandi Bahauddin Branch

1st Floor, Ayub Plaza, Katchary Road
Phone: (0546) 520955, 520956

Faisal Tahir, Branch Manager

MULTAN

Multan Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4500913-15-17

M. Kashif Riffat, Sr. Branch Manager

Cantt Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4500913-15-17

M. Abid Raza Shah, Branch Manager

City Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4500913-15-17

S. Wazir Ali Zaidi, Sr. Branch Manager

Fort Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4500913-15-17

S. Hasnain Mehdi, Manager

Capital Branch

1st Floor, Rajput Commercial Centre
Tareen Road, Near Gul Tax
Phone: (061) 4500913-15-17

Muhammad Ramzan, Manager

RAHIM YAR KHAN

Rahim Yar Khan Branch

Near Garden Marriage Hall
Opp: Town Hall
Phone: (068) 5880034, 5884457

Mukhtar Ahmed Tabassum, Branch Manager

Cantt Branch

Abu Dhabi Road
Near Diwan-e-Khas Hotel
Phone: (068) 5886819

Imtiaz Hussain, Branch Manager

City Branch

Near Garden Marriage Hall
Opp: Town Hall
Phone: (068) 5880034, 5884457

Islambul-ul-Haq Shami, Branch Manager

Civic Branch

Near Garden Marriage Hall
Opp: Town Hall
Phone: (068) 5880034, 5884457

Muhammad Nasir, Manager

RAJANPUR

Rajanpur Branch

Ramzan Kareem Complex, D.G. Khan Road
Phone: (0604) 688242-03

Falak Sher Buzdar, Manager

RAWALPINDI

Rawalpindi Branch

20B, 2nd Floor, North Star Plaza
Murree Road, Rehmanabad
Phone: (051) 4581364, 4581366, 4581365

Mohammad Atif Khan, Branch Manager

SARGODHA

Sargodha Branch

1st Floor, 66- Civil Lines, Court Road
Khan Arcade
Phone: (048) 3725516-8

Akhtar Hasnain Akhtar, Manager

City Branch

1st Floor, 66- Civil Lines, Court Road
Khan Arcade
Phone: (048) 3725516-8

Faisal Tahir, Branch Manager

SIALKOT

Sialkot Branch

1st Floor, Riaz Plaza
(Adj. Saudi Pak Bank), Paris Road
Phone: (052) 4264167-8

Zahid Khan, Branch Manager

ABBOTTABAD

Abbottabad Branch

1st Floor, Al-Fateh Shopping Centre
Opp: Radio Station, Mansehra Road
Phone: (0992) 341978, 334254

Zuhrab Khan, Manager

DERA ISMAIL KHAN

Dera Ismail Khan Branch

1st Floor, Najeed Centre, East Circular Road
Phone: (0966) 734003-06

Ayub Khan, Sr. Branch Manager

PESHAWAR

Peshawar Branch

Suite # 1, 2, 3, 2nd Floor
Azam Towers, Arbab Road Stop
Jamrud Road, University Town
Phone: (091) 5852921, 5843404
5852922, 5852923

S. Jameel Abbas, Branch Manager

City Branch

Suite # 1, 2, 3, 2nd Floor
Azam Towers, Arbab Road Stop
Jamrud Road, University Town
Phone: (091) 5852921, 5843404
5852922, 5852923

Muhammad Jamil Lone, Manager

DERA ALLAHYAR

Dera Allahyar Branch

Main Quetta Road, Dera Allahyar
Phone: (0838) 510636, 510840

Irfan Iqbal, Branch Manager

HUB

Hub Chowki Branch

Main RCD Road, Hub, District Lasbella
Phone: (0853) 302115, 303402

Jagdeesh Kumar Pahooja, Manager

QUETTA

Quetta Branch

1st Floor, Shaheen View
Model Town, Hali Road
Phone: (081) 2841696, 2834825
2834831, 2827787

Shahjahan, Group Manager

Cantt Branch

1st Floor, Shaheen View
Model Town, Hali Road
Phone: (081) 2841696, 2834825
2834831, 2827787

Imran Ahmed, Manager

Chilton Branch

1st Floor, Shaheen View
Model Town, Hali Road
Phone: (081) 2841696, 2834825
2834831, 2827787

Kantesh Kumar, Branch Manager

Zarghoon Branch

1st Floor, Shaheen View
Model Town, Hali Road
Phone: (081) 2841696, 2834825
2834831, 2827787

Muhammad Javed, Branch Manager

AZAD KASHMIR**Mirpur Branch**

2nd Floor, Muhammadi Plaza
Nangi Opp: Jabeer Hotel
Phone: (058610) 46477, 46488

Maj (R) Tariq Javed, Manager

Kotli Branch

Poonch Road, Opp: Gulistan Plaza
Rathore Plaza
Phone: (058660) 45621

S. Zakaullah Khan, Branch Manager

Kotli City Branch

Poonch Road, Opp: Gulistan Plaza
Rathore Plaza
Phone: (058660) 45621

Gul Nazar, 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 16th Annual General Meeting of the Company to be held on Monday March 31, 2008 at 10:30 a.m. and at any adjournment thereof.

Signed this _____ day of March 2008.

WITNESSES:

1. Signature: _____
Name: _____
Address: _____

CNIC Or
Passport No: _____

2. Signature: _____
Name: _____
Address: _____

CNIC 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 Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

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

Branch Network EFU Life



