

Life Is Full Of Opportunities



**LIFE**

*Zaroori Hai*

Annual Report 2008

EFU LIFE ASSURANCE LTD



# 2008 Milestones

- 25th Corporate Excellence Award by Management Association of Pakistan.
- Among 25 Top Companies, 2007 by Karachi Stock Exchange.
- Corporate Social Responsibility Award, 2008 by Helpline Trust.
- Consumers Choice Award for Best Life Insurance Company, 2008 by Consumers Association of Pakistan.
- The only entity in the life insurance industry with an “Insurer Financial Strength” rating – upgraded to AA- (Outlook: Stable) by JCR-VIS Credit Rating Company Limited.
- Highest paid up capital in the private sector life insurance industry: Rs. 750 million.

---

## Contents

Opportunity In Our Communities	2	Statement of Changes in Equity	23
Opportunity Starts With Our People	3	Statement of Cash Flows	24
Opportunity To Make A Difference	4	Revenue Account	25
Quality Policy	5	Statement of Premiums	26
Company Information	6	Statement of Claims	27
Management	7	Statement of Expenses	28
Committees	8	Statement of Investment Income	29
Notice of Meeting	9	Notes to the Financial Statements	30
Report of the Directors to the Members	11	Statements under Section 52(2) of Insurance Ordinance 2000	48
Key Financial Data for the Last Six Years	15	Pattern of Shareholding	49
Statement of Compliance with the Code of Corporate Governance	16	Group Benefits-Offices	50
Review Report to the Members on Corporate Governance	18	Bancassurance-Offices	51
Auditors' Report to the Members	19	Individual Life-Offices	52
Balance Sheet	20	Form of Proxy	
Profit and Loss Account	22		



## Opportunity In Our Communities

Where there is opportunity, there is hope for a better tomorrow.

We are committed to nurturing and fulfilling hopes of our policyholders through innovative quality products. We conduct our business on a sound financial basis and adhere to the highest ethical and professional standards.

Our clients come from all backgrounds and all walks of life. They depend upon us for their financial security and to fulfill their dreams, because they know we deliver.

Our partnerships are rooted in knowledgeable counsel, careful money management, wise investment strategies and providing opportunities to achieve long term goals.





## Opportunity Starts With Our People

People come first at EFU Life.

Our investment in the nurturing of talent and acknowledgment of skills makes us the employer of choice in the industry.

By developing strong relationships internally we are well-equipped to develop equally strong relationships with clients across our markets.

At EFU Life there is a strong commitment from each member of our team to make a difference in every client relationship.



## Opportunity To Make A Difference

EFU Life launched an extensive Media Campaign in 2008 to create awareness about financial planning using the concept of Child Marriage and Education, and Retirement.

To reach a wide target audience, EFU Life utilized the medium of Television, Print and Radio for its advertisements. This was the first of its kind integrated media campaign by any life insurance company in the country.

The theme of the campaign is "Zaroori Hai" which signifies that like many "zaroori" things and events in life, planning for future financial security of ones family is also "zaroori".

---

## Quality Policy

### VISION

Our Vision is to make EFU Life one of the most respected and successful financial services organization in the world. Our strategy to achieve our vision is: build our core capabilities, serve our clients beyond their expectations, adhere to our core values and be a good corporate citizen.

### VALUES

#### Character

Our business principles for achieving exceptional success are a belief that our corporate conduct should be based on uncompromising integrity, ethics and honesty.

#### Pride

We believe that people want to excel and that extraordinary results can be achieved, if given the right support and work climate.

#### Service

Our clients are the reasons for being in business. We shall deliver to them the highest quality of flawless service to win and keep their loyalty.

#### Commitment

We nurture and develop our people to be good human beings, work together as a team to achieve our organizational objectives and obligations, while at the same time fulfill their aspirations.

#### Culture

Embed a high performance culture that points the organization towards the common good and creates an intense passion for achievement at all levels.

### SOCIAL RESPONSIBILITY

Our social responsibility is to contribute to the development of a civilized, prosperous and respected Pakistan in which all people live in harmony. To fulfill our obligations we shall act responsibly to make a difference by contributing to those activities that have the greatest visible impact on the betterment of society with emphasis on education and health.

---

## 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 AA-  
Outlook: Stable

### **Website:**

[www.efulife.com](http://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

Asim Maqbool

Evelyn D. Abrogena

Ghayas Hassan

Mohammad Asim Khan

Mohammad Faisal

Mohammad Zubair

Dr. Naila Salman

Naveed Shahid

### **Managers**

Dr. Ali Murtaza Khan

Burhan Zahid Chughtai

Fahd Saifuddin Syed

M. Azeem Mirza

M. Hasan Shaikh

M. Rehan Siddiqui

S. Abdul Moiz

S. Mohammad Amer

S. Mohammad Athar

S. Zia Mamnoon

### **Senior Advisors**

S.M. Baqar Naqvi

### **Advisors**

Arshad Abdullah

S. A. 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  
S. Shahid Abbas  
Mohammed Ali Ahmed  
Naveed Shahid

### **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  
Khurram Amin  
Arshad Iqbal  
Dr. Ali Murtaza

### **Reinsurance Committee**

Taher G. Sachak  
Omer Morshed  
Mohammed Ali Ahmed  
Khurram Amin  
Syed Abdul Moiz

---

## Notice of Meeting

Notice is hereby given that the 17th 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 April 27, 2009 at 03:30 p.m. to:

1. confirm the minutes of the 16th Annual General Meeting held on March 31, 2008.
2. confirm the minutes of the Extraordinary General Meeting held on June 21, 2008.
3. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2008 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. 4.50 per share for the year ended December 31, 2008 as recommended by the Board of Directors.
5. appoint Auditors for the year 2009 and fix their remuneration.
6. transact any other matter with the permission of the Chair.

By Order of the Board

SYED MEHDI IMAM  
Corporate Secretary

March 21, 2009

### 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 April 21, 2009 to April 27, 2009 (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 April 20, 2009 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.

4. Members are requested to communicate to the Company of any change in their addresses.

## Report of the Directors to the Members



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

The Directors of your Company are pleased to present to you the Seventeenth Annual Report of the Company for the year ended 31 December 2008.

The year 2008 will be remembered in history as one of immense importance from the global economic point of view. Prominent and well established firms in the global financial scenario had to face insolvency and many acquisitions and mergers were witnessed. The global economic crisis has left its mark on almost all economies of the world. Pakistan was fortunate not to have a direct impact of this global crisis, however mainly due to localized factors the uncertainties continued at the country level as well. The fall in the stock market and the closure of the Exchange for over 3 months, strain on the banking sector, high inflation rate, weakening of the Rupee and continued uncertainties on the political front, all contributed to the negative sentiments in the country.

In spite of these sentiments and economic slowdown, your Company's top line has performed well. The Company has a clear and well defined strategy for business and this is reflected in increased business volumes.

Your Company's total premium income increased by an impressive 51%, from Rs. 4.82 billion in 2007 to

Rs. 7.25 billion in 2008. This excellent growth was possible due to contributions from all distribution channels of Individual Life as well as Group Benefits line of business.

Individual Life regular premium business achieved a significant growth of 46% and recorded a premium of Rs. 4.58 billion in 2008 (2007: Rs. 3.15 billion). This comprised of Rs. 1.83 billion of new business premium (2007: Rs. 1.14 billion) and Rs. 2.76 billion of renewal premium (2007: Rs. 2.01 billion). The business from the tied agency sales force continued to grow at a reasonable rate while the bancassurance distribution channel this year made a significant contribution to the overall new business growth of 60%.

As in the past, the Company continued to focus on developing its distribution channels. For the tied agency sales force, the Company remained dedicated to its strategy of increasing the size as well as productivity of the sales force. Extensive recruitment activities were carried out all throughout the year and the focus going forward into the future is to further improve the retention of new recruits. The Company believes that this strategy will give it the strength to penetrate further into the uninsured market of the country.



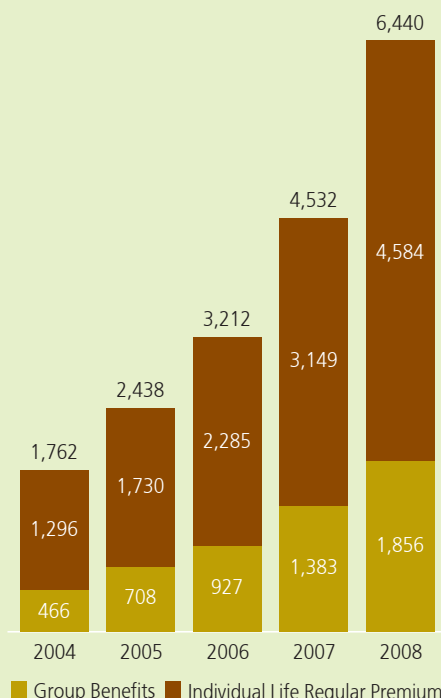
Year 2008 was significant for individual life bancassurance channel as the Company signed distribution agreements with 5 major banks including three of the top 5 banks of the Country. The Company now has an alliance with 9 major banks in the country and the management believes these relationships will help it to write an increasing level of profitable business during 2009 and beyond.

Focus on both distribution channels of 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 many years to come.

Renewal premium income, which is the lifeline of successful life insurance business, has continued to grow at a good rate. The Company is focusing on further improving the business persistency for all distribution channels and it believes that a good level of business persistency will have a significant positive impact on its long term profitability and return to shareholders.

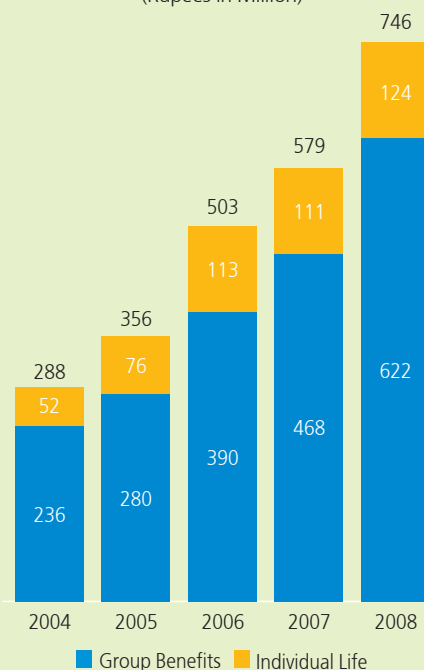
Group Benefits business achieved a growth of 34% with gross premium income of Rs. 1.86 billion in 2008 (2007: Rs. 1.38 billion). The Company continues with its strategy of focusing on the traditional "employer-employee" groups and diversification into the "bank customer" groups.

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



During the year 2008 the Company incurred death and disability claims of Rs. 746 million with individual and group life claims amounting to Rs. 124 million and Rs. 622 million, respectively.

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



After accounting for impairment in value of available for sale investments in the shareholders' fund, your Company made a net loss of Rs. 473 million. SECP through a recent circular had allowed insurance companies, where the market value of any available for sale investment is less than the cost, to treat such a fall in value as temporary and value the investments at cost. Under this approach the insurance companies are required to provide for the impact of the impairment every quarter in 2009.

In spite of the relaxation allowed in the SECP circular, your Company has decided to value available for sale investments at the market price quoted on KSE as on 31 December 2008 without any adjustment. This view of the Company in treating the fall in available for sale investments as other than temporary has resulted in the loss mentioned above; however the Company believes that its approach is in line with greater transparency and good accounting practice. Had the Company decided to defer the recognition of the impairment in value of available for sale investments to 2009 as allowed under the SECP circular mentioned above, the pre tax profit of the Company as at 31 December 2008 would have been Rs. 599 million.

Out of the many achievements of the Company during 2008, a major milestone was an Insurer Financial Strength (IFS) rating upgrade to AA- (Outlook: Stable) by JCR-VIS Credit Rating Company. This is a major achievement for your Company, especially since the rating upgrade was done after only one year of the initial rating of the Company. The entry of the Company into the AA band of the rating structure now places the Company amongst the top corporate entities of Pakistan.

Another achievement for the Company was the distinction of becoming the first life insurance company in the country to be awarded the prestigious 25th Corporate Excellence Award from Management Association of Pakistan. This award recognizes companies which have shown outstanding performance and have demonstrated progressive and enlightened management practices. Your Company was given the top award in the "Financial Category" which comprises all companies in the financial sector such as commercial banks, Insurance companies, Modaraba & Leasing companies, Mutual funds, Investment Banks and Securities Companies.

Your Company also received other distinctions such as selection in the top 25 companies of the Karachi Stock Exchange for the year 2007, Corporate Social Responsibility Award, 2008 by Helpline Trust, and Consumers Choice Award for Best Life Insurance Company, 2008 by Consumers Association of Pakistan.

On the product development side, the Company continued to innovate and launched two new unit linked plans with a dedicated underlying Islamic unit fund. The Company aims to penetrate into a larger segment of the life insurance market through the launch of these products. In addition, the Company launched several products focusing on savings, child education and marriage, and retirement, for its bancassurance distribution channel.

Continuing with its focus on technology the Company has initiated projects aimed at providing up to date information to clients at their fingertips. These projects focus on giving access to individual life clients regarding their policy information through SMS service on mobile phones. In addition, online information portal is being developed to provide policy information to clients through internet as well as give options for online premium payment solutions. It is expected that these projects will be completed by the middle of 2009 and will position your Company as a pioneer in online client service systems in the life insurance industry.

The Company's staff remains its key intellectual asset and during the year the Company continued to focus on its development at all levels. The Company believes that investment in developing and motivating staff plays

a pivotal role in their positive contribution to the current and future success of the Company.

The Company's loss after tax for the year under review is Rs. 473 Million. Your board has proposed transfer from General Reserve of Rs. 810 million to retained earnings and payment of Dividend.

Your Directors have pleasure in recommending dividend of Rs. 4.50 (45 %) per share to the Shareholders of the Company whose names appear in the Share Register of the Company at the close of business on 20th April, 2009.

#### **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 Exchanges in its Listing Rules. A statement to this effect is annexed with the report.

The Directors of your Company were elected at the Extraordinary General Meeting held on June 21, 2008 for a term of three years expiring on June 21, 2011.

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

Sr. No.	Name of Directors	Number of Meetings attended
1.	Saifuddin N. Zoomkawala	5 out of 5
2.	Taher G. Sachak	4 out of 5
3.	Ashraf W. Tabani	4 out of 5
4.	Jahangir Siddiqui	3 out of 5
5.	Rafique R. Bhimjee	4 out of 5
6.	Muneer R. Bhimjee	3 out of 5
7.	Hasanali Abdullah	3 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 there from 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, 2008 were the following.

Provident Fund	Rs.	91	Million
Pension Fund	Rs.	31	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)	195,000
Taher G. Sachak (Chief Executive)	11,000
Shahid Abbas (C.F.O)	2,600
Mrs. Lulua Saifuddin	44,200
<u>Sale of Shares</u>	
Taher G. Sachak	60,100

- k) The statement of shareholding in the Company as at 31 December 2008 is included with the Report.

One of the Joint Auditors, Messer's KPMG Taseer Hadi & Co. Chartered Accountants, retires as they completed five years and, in accordance with the requirement of Code of Corporate Governance, cannot continue. The Board of Directors recommends the appointment of M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants and Hyder Bhimji & Co. Chartered Accountants as Joint Auditors of the Company for the year 2009 as suggested by the Audit Committee.

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, investments, administrative and marketing policies of the Company.

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

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

The Directors wish to record their appreciation for the tremendous contribution made by the 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.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi March 21, 2009

## Key Financial Data for The Last Six Years

(Rupees '000)

	2008	2007	2006	2005	2004 (Restated)	2003
<b>Gross premium</b>	<u>7 250 509</u>	<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>
<b>REVENUE ACCOUNT</b>						
Premium - net of reinsurance	6 807 131	4 431 546	3 042 316	2 257 827	1 719 822	1 751 061
Interest and other income	2 005 337	1 882 987	717 288	469 814	322 895	250 140
	<u>8 812 468</u>	<u>6 314 533</u>	<u>3 759 604</u>	<u>2 727 641</u>	<u>2 042 717</u>	<u>2 001 201</u>
Claims less reinsurance	1 297 659	887 393	758 980	622 169	503 893	334 044
Commission and expenses	2 708 505	1 798 526	1 085 416	803 158	576 579	468 069
(Write back) / provision for depreciation on investments	( 5 096 831 )	( 2 022 095 )	178 962	( 418 769 )	( 4 022 )	( 173 411 )
Provision for impairment on available for sale investment	(987 850)					
Capital contribution to/(from) shareholders' fund	599 615	( 599 615 )				
Change in the statutory fund	( 1 563 033 )	4 815 579	1 398 477	1 424 869	751 437	1 254 580
(Loss) / Profit before tax	(314 959)	1 434 745	337 769	296 214	214 830	117 919
Provision for taxation	( 158 200 )	( 227 453 )	( 101 800 )	( 100 347 )	( 74 000 )	( 39 500 )
(Loss) / Profit after tax	<u>( 473 159 )</u>	<u>1 207 292</u>	<u>235 969</u>	<u>195 867</u>	<u>140 830</u>	<u>78 419</u>
<b>BALANCE SHEET</b>						
Investments	9 684 973	11 757 140	6 573 206	5 156 704	3 689 747	2 693 147
Reserve for depreciation on investment						
Cash & bank balances	1 425 424	949 466	683 275	455 453	382 418	317 970
Other assets	467 589	339 055	204 855	138 289	112 327	348 734
Fixed assets	308 345	269 589	238 892	217 928	74 569	54 715
	<u>11 886 331</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>
Issued, subscribed and paid-up capital	750 000	500 000	300 000	210 000	165 000	150 000
Accumulated surplus / (loss)	( 65 619 )	607 925	240 248	196 279	150 162	39 332
General reserve	570 000	170 000	190 000	130 000	50 000	50 000
Balance of statutory fund	9 567 235	11 130 268	6 314 689	4 916 212	3 491 343	2 739 906
Other liabilities	1 064 715	907 057	655 291	515 883	402 556	435 328
	<u>11 886 331</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>

## 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 21 June 2008 for the three years' term effective 22 June 2008.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. 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 29 2008 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 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 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.

HASANALI ABDULLAH  
Director

RAFIQUE 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 the Code of Corporate Governance applicable to listed insurance companies, issued by the Securities and Exchange Commission of Pakistan (collectively referred to as Code hereinafter).

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company 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 2008.

---

HYDER BHIMJI & CO.  
Chartered Accountants

Karachi March 21, 2009

---

KPMG TASEER HADI & CO.  
Chartered Accountants

## Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of 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 2008 together with the notes forming part thereof, for the year then ended.

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

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

### In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2008 and of the loss, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- 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 March 21, 2009

---

KPMG TASEER HADI & CO.  
Chartered Accountants

# Balance Sheet As At 31 December 2008

(Rupees '000)

	Note	Shareholders' Fund	Statutory Funds				Aggregate 2008	Aggregate 2007
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Share capital and reserves</b>								
Authorised share capital [100 000 000 ordinary shares (2007: 100 000 000) of Rs. 10 each]		1 000 000					1 000 000	1 000 000
Issued, subscribed and paid up share capital	5	750 000					750 000	500 000
Accumulated (deficit) / surplus		(65 619)					(65 619)	607 925
General reserve		570 000					570 000	170 000
Net shareholders' equity		1 254 381					1 254 381	1 277 925
<b>Balance of statutory fund [including policyholders' liabilities Rs. 9 294 million (2007: Rs. 10 260 million</b>								
	7		9 369 609	181 659	11 499	4 468	9 567 235	11 130 268
Deferred taxation	8.2	6 500					6 500	4 600
<b>Creditors and accruals</b>								
Outstanding claims			117 507	337 237	–	3 662	458 406	333 734
Premiums received in advance			236 608	43 634	779	997	282 018	220 497
Amounts due to reinsurers			947	17 025	228	1 503	19 703	18 034
Amounts due to agents			143 796	13 774	17	64	157 651	117 673
Accrued expenses		500	82 390	12 656	10	76	95 632	37 936
Taxation - provision less payments		6 557					6 557	140 035
Unclaimed dividend		978					978	561
Other creditors and accruals		9 353	25 950	1 942	3	22	37 270	33 987
Total liabilities		17 388	607 198	426 268	1 037	6 324	1 058 215	902 457
<b>Total equity and liabilities</b>		<b>1 278 269</b>	<b>9 976 807</b>	<b>607 927</b>	<b>12 536</b>	<b>10 792</b>	<b>11 886 331</b>	<b>13 315 250</b>

(Rupees '000)

	Note	Shareholders' Fund	Statutory Funds				Aggregate 2008	Aggregate 2007
			Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Cash and bank deposits</b>								
Cash and stamps		–	5 518	2	–	–	5 520	434
Current and other accounts		16 910	874 681	101 079	2 217	17	994 904	749 032
Deposits maturing within 12 months		–	353 000	72 000	–	–	425 000	200 000
		16 910	1 233 199	173 081	2 217	17	1 425 424	949 466
<b>Loans - secured</b>								
To employees		11 018	–	–	–	–	11 018	13 151
<b>Investments</b>								
Government securities	9	190 355	2 983 594	166 121	4 228	5 004	3 349 302	3 190 017
Other fixed income securities	10	84 963	3 290 704	185 240	4 075	4 342	3 569 324	2 624 686
Listed equities and mutual funds	11	583 621	2 121 116	56 087	1 722	3 293	2 765 839	5 941 929
Unlisted equities		508	–	–	–	–	508	508
		859 447	8 395 414	407 448	10 025	12 639	9 684 973	11 757 140
<b>Current assets - others</b>								
Premiums due but unpaid		–	–	28 458	–	–	28 458	22 360
Amounts due from reinsurers		–	41 471	47 682	–	–	89 153	56 713
Agent balances		–	–	205	–	–	205	10
Investment income accrued		9 091	232 926	9 158	510	252	251 937	146 158
Advances and deposits		–	56 908	5 622	6	49	62 585	31 563
Prepayments		–	10 375	777	1	9	11 162	8 613
Inter-fund balances		71 417	(3 751)	(65 259)	(224)	(2 183)	–	–
Sundry receivables		2 041	10 265	755	1	9	13 071	59 812
		82 549	348 194	27 398	294	(1 864)	456 571	325 229
<b>Fixed assets</b>								
<b>Tangible assets</b>								
Leased hold land	12	126 505	–	–	–	–	126 505	126 505
Furniture, fixtures, office equipment and vehicles		151 110	–	–	–	–	151 110	135 670
Capital work in progress		21 884	–	–	–	–	21 884	675
		299 499	–	–	–	–	299 499	262 850
<b>Intangible assets</b>								
Software	12.2	8 846	–	–	–	–	8 846	7 414
<b>Total assets</b>		<u>1 278 269</u>	<u>9 976 807</u>	<u>607 927</u>	<u>12 536</u>	<u>10 792</u>	<u>11 886 331</u>	<u>13 315 250</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman



# Profit and Loss Account Financial Year Ended 31 December 2008

(Rupees '000)

	Note	2008	2007
<b>Investment income not attributable to statutory funds</b>			
Return on government securities		17 914	15 542
Return on other fixed income securities and deposits		17 001	8 652
Amortisation of premium relative to par		( 598 )	( 740 )
Dividend income		22 364	18 073
		<u>56 681</u>	<u>41 527</u>
Gain on disposal of investments		4 074	777 717
Provision for impairment in the value of available for sale investments	11	( 781 445 )	-
Changes in fair value of derivative financial instrument		( 3 187 )	( 464 )
Net investment income / (loss)		<u>( 723 877 )</u>	<u>818 780</u>
Other revenue			
Gain on disposal of fixed assets		3 082	508
Others		8 721	57 884
		<u>11 803</u>	<u>58 392</u>
		( 712 074 )	877 172
Less: Expenses not attributable to statutory funds		<u>13 317</u>	<u>10 727</u>
		( 725 391 )	866 445
Surplus transferred from statutory funds	7	<u>410 432</u>	<u>568 300</u>
(Loss) / Profit before tax		<u>( 314 959 )</u>	<u>1 434 745</u>
Taxation			
Current	8.3	( 155 000 )	( 225 000 )
Prior		( 1 300 )	-
Deferred		( 1 900 )	( 2 453 )
		<u>( 158 200 )</u>	<u>( 227 453 )</u>
(Loss) / Profit after tax		<u>( 473 159 )</u>	<u>1 207 292</u>
(Loss) / Earnings per share - basic and diluted	17	<u>( 6.31 )</u>	<u>16.10</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Statement of Changes in Equity Financial Year Ended 31 December 2008

(Rupees '000)

	Shares Capital	General Reserve	Net Accumulated Surplus			Total
			Capital Contribution	Accumulated (Deficit) / Surplus	Net Accumulated (Deficit) / Surplus	
Balance as at 1 January 2007	300 000	190 000	–	240 248	240 248	730 248
<b>Changes in equity for 2007</b>						
Dividend for the year 2006	–	–	–	( 60 000 )	( 60 000 )	( 60 000 )
Issue of bonus shares	200 000	–	–	( 200 000 )	( 200 000 )	–
Transfer from general reserves	–	( 20 000 )	–	20 000	20 000	–
Capital contribution to statutory fund	–	–	( 599 615 )	–	( 599 615 )	( 599 615 )
Profit for the year	–	–	–	1 207 292	1 207 292	1 207 292
Balance as at 31 December 2007	500 000	170 000	( 599 615 )	1 207 540	607 925	1 277 925
<b>Changes in equity for 2008</b>						
Dividend for the year 2007	–	–	–	( 150 000 )	( 150 000 )	( 150 000 )
Issue of bonus shares	250 000	–	–	( 250 000 )	( 250 000 )	–
Transfer to general reserves	–	800 000	–	( 800 000 )	( 800 000 )	–
Transfer from general reserves	–	( 400 000 )	–	400 000	400 000	–
Capital withdrawn from statutory fund			599 615		599 615	599 615
Loss for the year				( 473 159 )	( 473 159 )	( 473 159 )
Balance as at 31 December 2008	<u>750 000</u>	<u>570 000</u>	<u>–</u>	<u>( 65 619 )</u>	<u>( 65 619 )</u>	<u>1 254 381</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Statement of Cash Flows Financial Year Ended 31 December 2008

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007	
	Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
<b>Operating cash flows</b>							
<b>a) Underwriting activities</b>							
Premiums received		5 425 555	1 873 245	3 373	3 759	7 305 932	4 868 691
Reinsurance premiums paid		(57 999)	(65 514)	(162)	2 628	(121 047)	(162 961)
Claims paid		(123 030)	(653 031)	(158)	(3 659)	(779 878)	(571 800)
Surrenders paid		(734 457)	–	(3 418)	–	(737 875)	(488 828)
Commissions paid		(1 141 243)	(848 463)	(123)	(564)	(1 990 393)	(1 267 964)
<b>Net cash flow from underwriting activities</b>		<b>3 368 826</b>	<b>306 237</b>	<b>(488)</b>	<b>2 164</b>	<b>3 676 739</b>	<b>2 377 138</b>
<b>b) Other operating activities</b>							
Income tax paid	(289 778)					(289 778)	(90 502)
General management expenses paid	(13 242)	(515 481)	(71 867)	(43)	(414)	(601 047)	(493 861)
Other operating payments	(1 381)	(435 430)	(1 885)	–	(7 553)	(446 249)	(364 609)
Other operating receipts	449 841	15 230	–	221	184	465 476	318 771
Loans advanced	(3 200)	–	–	–	–	(3 200)	(1 025)
Loan repayments received	5 333	–	–	–	–	5 333	3 721
Other payments on operating assets	–	–	(2 357)	–	–	(2 357)	(42 189)
<b>Net cash flow from other operating activities</b>	<b>147 573</b>	<b>(935 681)</b>	<b>(76 109)</b>	<b>178</b>	<b>(7 783)</b>	<b>(871 822)</b>	<b>(669 694)</b>
<b>Total cash flow from all operating activities</b>	<b>147 573</b>	<b>2 433 145</b>	<b>230 128</b>	<b>(310)</b>	<b>(5 619)</b>	<b>2 804 917</b>	<b>1 707 444</b>
<b>Investment activities</b>							
Profit / return received	40 770	711 260	32 433	1 105	3 026	788 594	604 319
Dividends received	22 364	157 102	1 672	246	–	181 384	191 101
Payments for investments	(427 405)	(4 106 666)	(139 535)	(639)	–	(4 674 245)	(4 826 866)
Proceeds from disposal of investments	27 585	1 506 237	52 821	–	1 587	1 588 230	2 702 170
Fixed capital expenditure	(72 543)	–	–	–	–	(72 543)	(55 960)
Proceeds from disposal of fixed assets	9 621	–	–	–	–	9 621	3 814
<b>Total cash flow from investing activities</b>	<b>(399 608)</b>	<b>(1 732 067)</b>	<b>(52 609)</b>	<b>712</b>	<b>4 613</b>	<b>(2 178 959)</b>	<b>(1 381 422)</b>
<b>Financing activities</b>							
Surplus appropriated to shareholders' fund	410 432	(317 490)	(91 257)	(425)	(1 260)	–	–
Dividends paid	(150 000)					(150 000)	(59 831)
<b>Total cash flow from financing activities</b>	<b>260 432</b>	<b>(317 490)</b>	<b>(91 257)</b>	<b>(425)</b>	<b>(1 260)</b>	<b>(150 000)</b>	<b>(59 831)</b>
<b>Net cash inflow / (outflow) from all activities</b>	<b>8 397</b>	<b>383 588</b>	<b>86 262</b>	<b>(23)</b>	<b>(2 266)</b>	<b>475 958</b>	<b>266,191</b>
Cash at beginning of the year	8,513	849 611	86 819	2 240	2 283	949 466	683 275
<b>Cash at end of the year</b>	<b>16 910</b>	<b>1 233 199</b>	<b>173 081</b>	<b>2 217</b>	<b>17</b>	<b>1 425 424</b>	<b>949 466</b>
<b>Reconciliation to profit and loss account</b>							
Operating cash flows						2 804 917	1 707 444
Depreciation expense						(25 096)	(21 957)
Amortization						(2 826)	–
Profit on disposal of fixed assets						3 082	508
Other income						8 721	57 884
Investment income						1 067 036	787 452
(Depreciation) / appreciation in market value of investments						(5 113 662)	1 993 389
Provision for impairment in the value of available for sale investments						(914 012)	–
Provision for doubtful debt investment						(73 838)	–
Profit on sale of investments						943 329	1 065 849
Capital returned to shareholders' fund						(599 615)	599 615
Increase in assets other than cash						23 430	84 284
Decrease / (increase) in liabilities other than running finance						1 405 375	(5 067 176)
<b>(Loss) / profit after taxation</b>						<b>(473 159)</b>	<b>1 207 292</b>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Revenue Account Financial Year Ended 31 December 2008

(Rupees '000)

	Note	Statutory Funds				Aggregate 2008	Aggregate 2007
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Income</b>							
Premiums less reinsurances		5 241 359	1 559 509	3 321	2 942	6 807 131	4 431 546
Net investment income		(3 338 269)	(28 086)	(3 712)	2 797	(3 367 270)	3 027 910
Total net income		1 903 090	1 531 423	(391)	5 739	3 439 861	7 459 456
<b>Claims and expenditure</b>							
Claims net of reinsurance recoveries		791 025	499 401	3 520	3 713	1 297 659	887 393
Management expenses		1 754 599	939 438	170	981	2 695 188	1 787 799
Total claims and expenditure		2 545 624	1 438 839	3 690	4 694	3 992 847	2 675 192
Excess of income over claims and expenditure		(642 534)	92 584	(4 081)	1 045	(552 986)	4 784 264
Add : policyholders' liabilities at beginning of the year	7	10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
Less : policyholders' liabilities at end of the year	7	9 102 010	175 958	11 499	4 468	9 293 935	10 259 943
		960 024	1 263	4 506	215	966 008	(4 180 275)
Surplus before tax		317 490	93 847	425	1 260	413 022	603 989
Movement in policyholders' liabilities		(960 024)	(1 263)	(4 506)	(215)	(966 008)	4 180 275
Transfer of surplus to shareholders' fund		(317 490)	(91 257)	(425)	(1 260)	(410 432)	(568 300)
Capital contribution from shareholders' fund		-	-	-	-	-	599 615
Capital return to shareholders' fund		(599 615)	-	-	-	(599 615)	-
Balance of statutory funds at beginning of the year		10 929 248	180 332	16 005	4 683	11 130 268	6 314 689
Balance of statutory funds at end of the year		9 369 609	181 659	11 499	4 468	9 567 235	11 130 268
<b>Represented by:</b>							
Capital contribution from shareholders' fund		-	-	-	-	-	599 615
Policyholders' liabilities	6	9 102 010	175 958	11 499	4 468	9 293 935	10 259 943
Retained earnings on other than participating business	7	267 599	5 701	-	-	273 300	270 710
Balance of statutory funds		9 369 609	181 659	11 499	4 468	9 567 235	11 130 268

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Statement of Premiums Financial Year Ended 31 December 2008

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Gross premiums</b>						
Regular premium individual policies*						
First year	1 820 593	4 494	–	628	1 825 715	1 138 177
Second year renewal	835 027	3 523	–	129	838 679	587 345
Subsequent year renewal	1 907 644	4 624	3 414	2 979	1 918 661	1 424 107
Single premium individual policies	809 531	–	–	–	809 531	284 730
Group policies without cash values		1 857 923			1 857 923	1 383 515
<b>Total gross premiums</b>	<b>5 372 795</b>	<b>1 870 564</b>	<b>3 414</b>	<b>3 736</b>	<b>7 250 509</b>	<b>4 817 874</b>
Less: Reinsurance premiums ceded						
On individual life first year business	20 893	819	43	547	22 302	26 678
On individual life second year business	22 892	1 160	–	2	24 054	25 943
On individual life renewal business	87 651	1 689	50	245	89 635	78 471
On group policies	–	307 387	–	–	307 387	255 236
<b>Total reinsurance premium ceded</b>	<b>131 436</b>	<b>311 055</b>	<b>93</b>	<b>794</b>	<b>443 378</b>	<b>386 328</b>
<b>Net premiums</b>	<b>5 241 359</b>	<b>1 559 509</b>	<b>3 321</b>	<b>2 942</b>	<b>6 807 131</b>	<b>4 431 546</b>

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

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Statement of Claims Financial Year Ended 31 December 2008

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Gross claims</b>						
Claims under individual policies						
by death	114 114	1 557	158	100	115 929	105 840
by insured event other than death	3 120	118	–	5 159	8 397	4 806
by maturity	6 673	–	–	–	6 673	3 638
by surrender	735 723	–	3 418	–	739 141	486 084
Total gross individual policy claims	859 630	1 675	3 576	5 259	870 140	600 368
Claims under group policies						
by death	–	603 623	–	–	603 623	437 182
by insured event other than death	–	18 558	–	–	18 558	30 484
experience refund	–	150 104	–	–	150 104	78 832
Total gross group claims	–	772 285	–	–	772 285	546 498
<b>Total gross claims</b>	859 630	773 960	3 576	5 259	1 642 425	1 146 866
<b>Less: Reinsurance recoveries</b>						
On individual life first year business	2 274	–	–	–	2 274	22 104
On individual life second year business	2 775	–	–	–	2 775	7 749
On individual life subsequent renewal business	24 553	234	–	3 202	27 989	12 828
On group claims	–	228 446	–	–	228 446	145 316
On experience refund of premiums	39 003	45 879	56	( 1 656 )	83 282	71 476
<b>Total reinsurance</b>	68 605	274 559	56	1 546	344 766	259 473
<b>Net claims</b>	791 025	499 401	3 520	3 713	1 297 659	887 393

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Statement of Expenses Financial Year Ended 31 December 2008

(Rupees '000)

	Note	Statutory Funds				Aggregate 2008	Aggregate 2007
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Acquisition costs</b>							
Remuneration to insurance intermediaries on individual policies:							
- commission on first year premiums		882 298	1 420	–	255	883 973	533 732
- commission on second year premiums		86 399	728	1	56	87 184	62 178
- commission on subsequent renewal premiums		53 628	115	85	130	53 958	39 180
- commission on single premiums		16 184	–	–	–	16 184	5 742
- override commission		134 341	455	31	108	134 935	113 519
- other benefits to insurance intermediaries		175 485	11 041	16	128	186 670	134 203
		<u>1 348 335</u>	<u>13 759</u>	<u>133</u>	<u>677</u>	<u>1 362 904</u>	<u>888 554</u>
Remuneration to insurance intermediaries on group policies:							
- commission		–	853 942	–	–	853 942	555 199
- other benefits to insurance intermediaries		–	14 995	–	–	14 995	13 499
			<u>868 937</u>			<u>868 937</u>	<u>568 698</u>
Branch overheads	13	105 477	11 457	9	71	117 014	93 188
Other acquisition costs							
-Policy stamps		26 006	602	–	5	26 613	19 790
<b>Total acquisition cost</b>		<u>1 479 818</u>	<u>894 755</u>	<u>142</u>	<u>753</u>	<u>2 375 468</u>	<u>1 570 230</u>
<b>Administration expenses</b>							
Salaries and other benefits		108 670	23 962	11	91	132 734	119 555
Traveling expenses		43 529	4 410	3	22	47 964	12 712
Actuary's fees		4 462	334	–	4	4 800	1 920
Medical fees		10 726	351	–	–	11 077	10 532
Legal and professional fee		4 567	342	1	4	4 914	3 205
Advertisements and publicity		33 907	2 551	4	29	36 491	12 675
Computer expenses		1 513	147	–	1	1 661	1 648
Printing and stationery		12 929	1 228	1	11	14 169	8 692
Depreciation		6 192	815	1	6	7 014	6 471
Amortisation		2 627	197	–	2	2 826	–
Rental		5 259	2 155	–	5	7 419	6 683
Difference in exchange		( 13 845 )	–	–	–	( 13 845 )	( 346 )
Other management expenses	14	62 446	8 326	7	53	70 832	45 868
Gross management expenses		<u>1 762 800</u>	<u>939 573</u>	<u>170</u>	<u>981</u>	<u>2 703 524</u>	<u>1 799 845</u>
Commission from reinsurers		( 8 201 )	( 135 )	–	–	( 8 336 )	( 12 046 )
Net management expenses		<u>1 754 599</u>	<u>939 438</u>	<u>170</u>	<u>981</u>	<u>2 695 188</u>	<u>1 787 799</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman



# Statement of Investment Income Financial Year Ended 31 December 2008

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Investment income</b>						
On government securities	392 671	19 409	565	702	413 347	306 775
On other fixed income securities and deposits	436 603	14 230	797	2 106	453 736	269 848
Dividend income	157 102	1 672	246	–	159 020	173 028
Amortisation of premium relative to par	(14 354)	(1 814)	(54)	(11)	(16 233)	(27 966)
	972 022	33 497	1 554	2 797	1 009 870	721 685
<b>Gain on sale of investments</b>						
Shares and stocks	939 263	(8)	–	–	939 255	288 132
Changes in the fair value of derivative financial instrument	(9 573)	–	–	–	(9 573)	(1 392)
<b>(Depreciation) / appreciation in market value of</b>						
Government securities	(705 613)	–	(1 355)	–	(706 968)	2 383
Other fixed income securities	(452 054)	–	(518)	–	(452 572)	69 648
Shares and stocks	(3 933 898)	–	(3 393)	–	(3 937 291)	1 950 064
	(5 091 565)	–	(5 266)	–	(5 096 831)	2 022 095
Impairment in the value of available for sale fixed income securities	(73 838)	–	–	–	(73 838)	–
Impairment in the value of available for sale equity securities	(70 992)	(61 575)	–	–	(132 567)	–
Investment related expense	(3 586)	–	–	–	(3 586)	(2 610)
<b>Net investment income</b>	<u>(3 338 269)</u>	<u>(28 086)</u>	<u>(3 712)</u>	<u>2 797</u>	<u>(3 367 270)</u>	<u>3 027 910</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

# Notes to the Financial Statements For The Year Ended 31 December 2008

## 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)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit linked)\*
- Accident and health business

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

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 2008.

## 2. Basis of presentation

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

### 2.1 Statement of compliance

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

#### 2.1.1 Standards or interpretations effective in current year

The following new standards and interpretations became effective during the year:

- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 IAS 19 – The limit on defined benefit asset, minimum funding requirements and their interaction

The adoption of these interpretations did not have any material effect on Company's financial statements.

#### 2.1.2 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 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009), introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The changes will be effected after discussions with regulators.
- IFRS 4 – Insurance Contracts (effective for annual periods beginning on or after 1 January 2009), requires to

assess at each reporting date adequacy of its insurance liabilities through liability adequacy test. Further, it requires additional disclosure relating to identification and explanation of the amount in the financial statements arising from insurance contracts and the amount, timing and uncertainty of future cash flows from insurance contracts. The application of the standard will only effect the disclosure requirements in Company's financial statements.

- Amendment in IFRS 2 – Share based payments (effective for annual periods beginning on or after 1 January 2009)
- IFRS 3 – Business Combinations (Revised) (effective for annual periods beginning on or after 1 July 2009)
- IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 July 2008)
- IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009)
- IAS 23 – Borrowing Costs (Revised) (effective for annual periods beginning on or after 1 January 2009)
- IAS 27 – Consolidated and Separate Financial Statements (Revised) (effective for annual periods beginning on or after 1 July 2009)
- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008)
- Amendment in IAS 32 – Financial Instruments: Presentation (effective for annual periods beginning on or after 1 January 2009)
- IFRIC 13 – Customer Loyalty Programs (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 15 – Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009)
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)
- IFRIC 17 – Distribution of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
- The International Accounting Standards Board annual improvements project published in May 2008 (effective for annual periods beginning on or after 1 January 2009).

### 3. Basis of measurement

These financial statements have been prepared on the basis of the historical cost convention except 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 is revised if the revision effects only that period, or in the period and future periods if the revision effects both current and future periods.

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.

- e) Useful life of fixed assets (see note 4.11)

- f) Impairment in the value of Investment (see note 4.14)

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 (market value being taken as lower if fall is other than temporary).

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.

#### **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 of premium 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 is recorded on a time proportion basis.

Fixed income securities are 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. Deferred

tax assets are reduced to the extent that it is no longer probable that the related tax benefit realised.

#### **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

##### Tangible assets

These are stated at cost less accumulated depreciation and impairment losses, 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%

The Assets' residual value, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant. Depreciation on addition to fixed assets is charged from the quarter in which an asset is available for use, while no depreciation is charged for the quarter in which the asset is disposed off.

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

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

Capital work in progress is stated at cost less impairment losses, if any.

##### Intangible assets

These represents assets with finite life and are stated at cost less accumulated amortization and impairment losses, if any. Amortization is calculated on the estimated useful life of the assets applying the straight line method at 33%.

#### 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>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
(Number of Shares)				
		<b>Issued, subscribed and paid up</b>		
15 000 000	15 000 000	Ordinary shares of Rs. 10 each issued for cash	150 000	150 000
60 000 000	35 000 000	Ordinary shares of Rs. 10 each issued as fully paid bonus share	600 000	350 000
<u>75 000 000</u>	<u>50 000 000</u>		<u>750 000</u>	<u>500 000</u>

#### 5.1 Dividend

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

- Cash dividends @ Rs. 4.5 per share amounting to Rs. 337.5 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 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>6.1 Gross of reinsurance</b>						
Actuarial liability relating to future events	9 138 950	230 781	11 569	4 947	9 386 247	10 365 515
Provision for outstanding reported claims payable over a period exceeding twelve months	85 204	-	-	81	85 285	36 048
Provision for incurred but not reported claims	8 910	46 394	-	-	55 304	43 175
	<u>9 233 064</u>	<u>277 175</u>	<u>11 569</u>	<u>5 028</u>	<u>9 526 836</u>	<u>10 444 738</u>
<b>6.2 Net of reinsurance</b>						
Actuarial liability relating to future events	9 051 933	146 104	11 499	4 449	9 213 985	10 198 794
Provision for outstanding reported claims payable over a period exceeding twelve months	42 869			19	42 888	19 136
Provision for incurred but not reported claims	7 208	29 854			37 062	42 013
	<u>9 102 010</u>	<u>175 958</u>	<u>11 499</u>	<u>4 468</u>	<u>9 293 935</u>	<u>10 259 943</u>



## 7. Movements of statutory funds

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Policyholders' liabilities</b>						
Balance at beginning of the year	10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
(Decrease) / Increase during the year	( 960 024 )	( 1 263 )	( 4 506 )	( 215 )	(966 008 )	4 180 275
Balance at end of the year	9 102 010	175 958	11 499	4 468	9 293 935	10 259 943
<b>Retained earnings on other than participating business</b>						
Balance at beginning of the year	267 599	3 111	–	–	270 710	235 021
Surplus for the year	317 490	93 847	425	1 260	413 022	603 989
Surplus appropriated to shareholders' fund	( 317 490 )	( 91 257 )	( 425 )	( 1 260 )	( 410 432 )	( 568 300 )
Balance at end of the year (refer note no. 7.1)	267 599	5 701	–	–	273 300	270 710
<b>Capital contributed by shareholders' fund</b>						
Balance at beginning of the year	599 615	–	–	–	599 615	–
Capital contribution during the year	–	–	–	–	–	599 615
Capital withdrawn during the year (refer note no. 7.2)	( 599 615 )	–	–	–	( 599 615 )	–
Balance at end of the year	–	–	–	–	–	599 615
Balance of statutory funds	9 369 609	181 659	11 499	4 468	9 567 235	11 130 268

- 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 were 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 in December 2007. Subsequent to 31st December 2007 the Company has off loaded certain investments which were in excess of the required limit. Further, due to domestic and global economic recession, the value of investments have reduced significantly eroded the requirement of capital contribution. The capital contribution has now returned back to the shareholders' fund.

## 8. TAXATION

- 8.1 The income tax return for the tax year 2008 has been filed on self assessment basis. The Assessments for the tax year 2005, 2006 and 2007 has been finalized and appeal has been filed with the Commissioner of Income Tax Appeals regarding the levy of additional tax. Appeals relating to assessment year 1997-98 to 1999-2000 under section 136 regarding chargeability of tax are still pending before the Honourable High Court of Sindh. No potential tax liability could arise as all the tax demanded has already been paid.

Appeals relating to the assessment year 1994-95 to 1996-97 which were filed before the High Court of Sindh has been withdrawn and tax provision of Rs. 1.3 million has been made in current year.

## 8.2 Deferred taxation

(Rupees '000)

	2008	2007
Deferred tax liability arising on taxable temporary difference:		
On accelerated tax depreciation	6 500	4 600

## 8.3 Reconciliation of tax rate

(Loss) / Profit for the year	(314 959)	1 434 745
Tax at applicable rate 35% (2007: 35%)	(110 236)	502 161
Tax effect of amount taxed at reduced rates	(5 591)	(4 518)
Effect of income exempt from tax	(1 426)	(272 201)
Tax effect of provision against impairment of investment	273 506	-
Others	(1 253)	(442)
Tax charge for the year	1 55 000	225 000

## 9. Investment in government securities

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds				Aggregate 2008	Aggregate 2007
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Held to maturity at amortised cost</b>									
3 Years Pakistan Investment Bonds	2008-10	9.10	-	4 959	9 917	-	-	14 876	15 087
5 Years Pakistan Investment Bonds	2008-12	5.61-8.97	67 979	54 515	29 566	-	-	152 060	174 534
8 Years WAPDA SUKUK Certificates	2012	10.37	57 500	-	-	-	-	57 500	57 500
10 Years Defence Savings Certificates	2009	18.03	-	231 891	-	-	-	231 891	541 923
10 Years Pakistan Investment Bonds	2010-17	5.79-13.54	53 722	109 212	126 638	-	5 004	294 576	300 006
15 Years Pakistan Investment Bonds	2019	7.35	11 154	-	-	-	-	11 154	11 229
20 Years Pakistan Investment Bonds	2024	9.79-9.80	-	54 764	-	-	-	54 764	54 793
			190 355	455 341	166 121	-	5 004	816 821	1 155 072
<b>Available for sale at market value</b>									
3 Years Pakistan Investment Bonds	2008-10	9.10	-	77 614	-	-	-	77 614	83 717
5 Years WAPDA Bonds	2008	7.07-9.84	-	-	-	-	-	-	49 920
5 Years Pakistan Investment Bonds	2008-12	6.1-7.5	-	195 774	-	814	-	196 588	249 700
10 Years Pakistan Investment Bonds	2010-17	5.16-14	-	1 959 419	-	2 207	-	1 961 626	1 222 501
15 Years Pakistan Investment Bonds	2019	7.1-9.25	-	90 238	-	-	-	90 238	125 791
20 Years Pakistan Investment Bonds	2024	7.9-10.2	-	205 208	-	1 207	-	206 415	303 316
			-	2 528 253	-	4 228	-	2 532 481	2 034 945
			190 355	2 983 594	166 121	4 228	5 004	3 349 302	3 190 017

9.1 Market value of the government securities carried at amortized cost amounted to Rs. 708.738 million (2007: Rs. 1 071.715 million).

## 10. Other fixed income securities

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds			Aggregate 2008	Aggregate 2007	
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business			
<b>Held to maturity at amortised cost</b>									
<b>Term Finance Certificates</b>									
Bank Alfalah Ltd 1st Issue	2008	11.16	-	-	-	-	-	1 505	
Pakistan Mobile Communication (Pvt) Ltd.	2008	10.42	-	-	-	-	-	30 000	
Optimus Ltd.	2012	17	49 990	-	-	-	49 990	50 000	
Askari Commercial Bank Ltd 2nd Issue	2013	16.30	9 998	-	19 996	-	29 994	-	
Bank Alfalah Ltd. 3rd Issue	2013	17.14	-	-	23 401	-	23 401	-	
Pak American Fertilizers	2013	13.21	-	-	-	-	-	15 333	
Pakistan Mobile Communication (Pvt) Ltd. 3rd Issue	2013	16.53	-	-	10 000	-	10 000	-	
RBS (formerly ABN AMRO Bank Ltd. )	2013	15.38	-	10 041	-	-	10 543	10 565	
Soneri Bank Ltd.	2013	16.84	-	-	23 812	-	25 822	2 014	
Standard Chartered Bank Pakistan Ltd 3rd Issue	2013	15.48	24 975	-	-	-	24 975	24 985	
United Bank Ltd 2nd Issue	2013	9.49	-	33 431	4 845	-	38 276	38 021	
Allied Bank Ltd.	2014	16.51	-	-	9 994	-	9 994	9 997	
Azgard Nine Ltd.	2014	17.91	-	-	12 794	-	14 624	-	
Faysal Bank Ltd.	2014	17.16	-	-	20 222	-	20 222	-	
NIB Bank Ltd.	2016	14.98	-	52 136	-	-	52 136	-	
United Bank Ltd. 4th Issue	2018	14.35	-	55 237	35 176	-	90 413	-	
Allied Bank Ltd. 2nd Issue - Pre IPO		16.51	-	25 000	25 000	-	50 000	-	
				84 963	175 845	185 240	4 342	450 390	182 420
<b>Available for sale at market value</b>									
<b>Term Finance Certificates</b>									
Bank Alfalah Ltd - 1st issue	2008	11.16	-	-	-	-	-	36 068	
Jahangir Siddiqui & Company Ltd - 1st issue	2008	11.30	-	-	-	-	-	3 327	
MCB Bank Ltd	2008	11.75	-	-	-	-	-	9 121	
Pakistan Mobile Communications (Pvt) Ltd	2008	11.30	-	-	-	-	-	6 600	
Pakistan Mobile Communication (Pvt) Ltd	2008	10.42	-	-	-	-	-	95 000	
Pakistan Services Ltd	2008	11.75	-	-	-	-	-	15 853	
Standard Chartered Bank Pakistan Ltd - 1st Issue	2008	12.07	-	-	-	-	-	17 253	
Trust Investment Bank Ltd - 1st Issue	2008	11.50	-	-	-	-	-	9 121	
Trust Investment Bank Ltd - 2nd Issue	2009	10.00	-	3 733	-	-	3 733	7 704	
Jahangir Siddiqui & Company Ltd - 3rd issue	2010	16.00	-	8 429	-	-	8 429	10 242	
Niamat Basal oil and gas securities company Ltd.	2010	12.50	-	-	-	-	-	10 038	
Sub Total Carry forward			-	12 162	-	-	-	12 162	220 327

(Rupees '000)

	Maturity Year	Effective Yield %	Shareholders' Fund	Statutory Funds			Aggregate 2008	Aggregate 2007
				Investment Linked Business	Conventional Business	Pension Business (Unit Linked) Accident & Health Business		
<b>Sub Total Brought forward</b>			-	<b>12 162</b>	-	-	<b>12 162</b>	<b>220 327</b>
First International Investment Bank Ltd.	2011	16.36	-	6 204	-	-	6 204	10 023
Standard Chartered Bank Pakistan Ltd. - 2nd Issue	2011	10.75	-	25 939	-	180	26 119	28 371
Azgard Nine Ltd	2012	16.43	-	39 259	-	-	39 259	51 409
Bank Alfalah Ltd - 2nd issue	2012	17.17	-	63 602	-	-	63 602	46 184
Chanda Oil & Gas Securitization Company Ltd	2012	13.00	-	-	-	-	-	7 079
Engro Chemical Pakistan Ltd	2012	17.22	-	246 501	-	-	246 501	97 527
Escort Investment Bank Ltd	2012	16.43	-	16 990	-	-	16 990	20 896
First Dawood Investment Bank Ltd.	2012	15.49	-	73 838	-	-	73 838	66 435
KASB Securities Ltd	2012	17.58	-	30 607	-	-	30 607	35 693
Optimus Ltd	2012	17.00	-	41 242	-	-	41 242	50 000
Orix Leasing Pakistan Ltd	2012	15.31	-	92 500	-	-	92 500	101 000
Orix Leasing Pakistan Ltd - 2nd Issue	2012	17.14	-	69 333	-	-	69 333	77 235
Al-Abbas Sugar Mills Ltd.	2013	17.42	-	25 490	-	-	25 490	30 000
Askari Commercial Bank Ltd - 1st issue	2013	14.97	-	78 202	-	437	78 639	36 538
Askari Commercial Bank Ltd - 2nd issue	2013	16.30	-	128 409	-	-	128 409	54 255
Bank Alfalah Ltd - 3rd Issue	2013	17.14	-	97 887	-	-	97 887	114 992
Jahangir Siddiqui & Company Ltd - 4th Issue	2013	16.00	-	35 579	-	-	35 579	39 634
Pak Arab Fertilizers	2013	15.20	-	294 453	-	1800	296 253	-
Pak-American Fertilizers Ltd.	2013	13.21	-	-	-	-	-	152 375
Pakistan Mobile Communications (Pvt) Ltd (2nd Issue)	2013	18.52	-	104 895	-	-	104 895	130 422
Pakistan Mobile Communications (Pvt) Ltd (3rd Issue)	2013	16.53	-	148 750	-	-	148 750	-
RBS (formerly ABN AMRO Bank Ltd)	2013	15.38	-	103 168	-	227	103 395	119 349
Sitara Chemical (SUKUK)	2013	15.49	-	55 000	-	-	55 000	50 000
Soneri Bank Ltd	2013	16.84	-	123 173	-	-	123 173	123 067
Standard Chartered Bank Pakistan Ltd.- 3rd Issue	2013	15.48	-	83 264	-	557	83 821	87 018
United Bank Ltd 2nd issue	2013	9.49	-	98 536	-	-	98 536	104 015
Allied Bank Ltd	2014	17.56	-	224 713	-	-	224 713	245 843
Azgard Nine Ltd PPTFC Financial Receivable	2014	17.91	-	127 149	-	-	127 149	-
Securitization Company Ltd	2014	16.15	-	40 759	-	-	40 759	50 617
United Bank Ltd - 3rd Issue	2014	15.54	-	93 953	-	-	93 953	110 177
Bank Al Habib Ltd 2nd Issue	2015	15.40	-	219 288	-	-	219 288	113 410
Faysal Bank Ltd	2015	17.16	-	203 610	-	874	204 484	25 375
New Allied Electronics (Pvt.) Ltd	2015	16.01	-	9 167	-	-	9 167	10 000
NIB Bank Ltd	2016	14.98	-	91 782	-	-	91 782	33 000
United Bank Ltd 4th Issue	2018	14.35	-	33 293	-	-	33 293	-
Allied Bank Ltd 2nd Issue - Pre IPO		16.51	-	50 000	-	-	50 000	-
			-	3 188 697	-	4 075	3 192 772	2 442 266
Less:								
Impairment in the value of available for sale fixed income securities			-	73 838	-	-	73 838	-
			-	3 114 859	-	-	3 118 934	2 442 266
			84 963	3 290 704	185 240	4 075	3 569 324	2 624 686

10.1 Market Value of other fixed income securities carried at amortized cost amounted to Rs. 383.165 million (2007: Rs.184.293 million).

## 11. Listed equities and mutual funds

(Rupees '000)

	Shareholders' Fund	Statutory Funds			Aggregate 2008	Aggregate 2007	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
<b>Available for sale -at market value</b>							
Listed equities	–	1 672 424	–	1 722	–	1 674 146	3 944 972
Open end mutual funds	–	200 445	–	–	–	200 445	266 572
<b>Held for trading -at market value</b>							
Listed equities	–	184 821	–	–	–	184 821	459 737
<b>Available for sale -at lower of cost or market value</b>							
Listed equities	1 344 789	121 075	87 662	–	1 009	1 554 535	1 156 364
Open end mutual fund	20 277	13 343	30 000	–	2 284	65 904	114 284
	<u>1 365 066</u>	<u>2 192 108</u>	<u>117 662</u>	<u>1 722</u>	<u>3 293</u>	<u>3 679 851</u>	<u>5 941 929</u>
Less:							
Impairment in the value of equity securities	781 445	70 992	61 575	–	–	914 012	–
	<u>583 621</u>	<u>2 121 116</u>	<u>56 087</u>	<u>1 722</u>	<u>3 293</u>	<u>2 765 839</u>	<u>5 941 929</u>

The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of 'floor mechanism' by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The equity securities have been valued at prices quoted on the KSE on 31 December 2008 without any adjustment as allowed by the Securities and Exchange Commission of Pakistan (SECP) circular No. Enf/D-III/Misc./1/2008 dated 29 January 2009 and disclosed in the financial statements as required.

Furthermore, SECP vide circular no.3/2009 dated 16 February, 2009 has allowed that for the purpose of application of clause 16(1)(a) of Part A and clause 13(1)(a) of Part B to the Annexure II: "Statements required to be filed by life and non-life insurers" of the Insurance Rules 2002, where the market value of any available for sale investment as at 31 December 2008 is less than cost, the fall in value may be treated as temporary and the investment valued at cost. The fall in value of available for sale investments as temporary, then twenty five percent of the difference after any adjustment / effect for price movements shall be taken to Profit and Loss account on quarterly basis during the calendar year ending on 31 December 2009. The decline in value of available for sale investment as at 31 December 2008 shall be treated as charge to profit and loss account for the purpose of distribution of dividend.

International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be charged to profit and loss account.

In order to comply with the requirements of IAS 39 and in view of market conditions and current economic scenario in the country, the Company decided to record full impairment of Rs. 914.012 million in the value of available for sale securities in these financial statements.

**11.1** Listed equities include investment in EFU General Insurance Limited at carrying value of Rs. 730.584 million (2007: Rs. 1,244.687 million) representing 7.63% (2007: 5.24 %) of the issued capital of the company.

## 12. Fixed assets

(Rupees '000)

### 12.1 Tangible

	Cost			Accumulated Depreciation					
	As at 01 January 2008	Addition	Disposal	As at 31 December 2008	As at 01 January 2008	Charge for the year	On Disposal	As at 31 December 2008	Written Down Value
Lease hold land	126 505	-	-	126 505	-	-	-	-	126 505
Office equipment	20 539	4 900	401	25 038	7 860	1 513	131	9 242	15 796
Computers	19 671	4 313	-	23 984	13 667	2 447	-	16 114	7 870
Furniture and fixture	99 137	14 768	83	113 822	41 740	6 555	62	48 233	65 589
Vehicles	95 419	23 094	14 351	104 162	35 829	14 581	8 103	42 307	61 855
2008	<u>361 271</u>	<u>47 075</u>	<u>14 835</u>	<u>393 511</u>	<u>99 096</u>	<u>25 096</u>	<u>8 296</u>	<u>115 896</u>	<u>277 615</u>

(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>

### 12.2 Intangible

(Rupees '000)

	Cost			Accumulated Amortization					
	As at 01 January 2008	Additions	Disposals	As at 31 December 2008	As at 01 January 2008	Charge for the year	On Disposal	As at 31 December 2008	Written Down Value
Computers Software	7 414	4 258	-	11 672	-	2 826	-	2 826	8 846
2008	<u>7 414</u>	<u>4 258</u>	<u>-</u>	<u>11 672</u>	<u>-</u>	<u>2 826</u>	<u>-</u>	<u>2 826</u>	<u>8 846</u>

	Cost			Accumulated Amortization					
	As at 01 January 2007	Additions	Disposals	As at 31 December 2007	As at 01 January 2007	Charge for the year	On Disposal	As at 31 December 2007	Written Down Value
Computers Software	-	7 414	-	7 414	-	-	-	-	7 414
2007	<u>-</u>	<u>7 414</u>	<u>-</u>	<u>7 414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 414</u>

Depreciation has been allocated as follows:

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Branch Overheads	15 511	2 556	2	13	18 082	15 486
Administration expenses	6 192	815	1	6	7 014	6 471
	<u>21 703</u>	<u>3 371</u>	<u>3</u>	<u>19</u>	<u>25 096</u>	<u>21 957</u>

(Rupees '000)

### 12.3 Sale of fixed assets

	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Sold to	
Vehicle	77	47	30	365	Negotiation	Mehmood Ahmed	Employee
Vehicle	939	574	365	680	Negotiation	Zaheer Ghumro	Employee
Vehicle	464	274	190	400	Insurance claim	E F U Gen Ins Ltd	
Vehicle	780	586	194	390	Negotiation	M Naveed Khan	Karachi
Vehicle	835	407	428	600	Insurance claim	E F U Gen Ins Ltd	
Vehicle	998	512	486	650	Negotiation	Dr Tajuddin Manji	Employee
Vehicle	998	512	486	625	Negotiation	Fazal Mehmood	Employee
Vehicle	609	457	152	290	Negotiation	Shazia S. Abbasi	Employee
Vehicle	604	454	150	270	Negotiation	Zaheer Aslam	Employee
Vehicle	464	283	181	300	Insurance Claim	E F U Gen Ins Ltd	
Vehicle	399	300	99	215	Negotiation	Tanveer A Khan	Employee
Vehicle	865	528	337	450	Negotiation	S Naseem Ali	Karachi
Vehicle	42	28	14	125	Negotiation	Sheikh Irfan	Employee
Vehicle	437	301	136	240	Negotiation	Majid Aziz	Employee
Vehicle	464	293	171	275	Negotiation	Aneela Masroor	Karachi
Vehicle	399	300	99	200	Negotiation	Hafiz M Baber	Employee
Vehicle	459	299	160	260	Negotiation	Akber Ali	Employee
Vehicle	437	301	136	235	Negotiation	Shakeel Abbas	Employee
Vehicle	631	122	509	600	Insurance Claim	E F U Gen Ins Ltd	
Vehicle	1 003	393	610	700	Negotiation	Hasan	Karachi
Vehicle	469	287	182	265	Negotiation	Khurram	Karachi
Vehicle	464	284	180	260	Negotiation	Rizwan Bajwa	Employee
Vehicle	360	72	288	360	Insurance Claim	E F U Gen Ins Ltd	
Vehicle	349	262	87	140	Negotiation	Darius G R Flukes	Karachi
Vehicle	372	54	318	360	Insurance Claim	E F U Gen Ins Ltd	
Vehicle	360	152	208	220	Negotiation	Mohammad Faisal	Employee
Vehicle	35	8	27	27	Insurance Claim	E F U Gen Ins Ltd	
Vehicle	38	13	25	24	Negotiation	Anthony Francis	Employee
Assets having WDV less than 50 000							
Furniture & fixture	83	62	21	10	Various		
Office equipment	401	131	270	85	Various		
2008	<u>14 835</u>	<u>8 296</u>	<u>6 539</u>	<u>9 621</u>			
2007	<u>5 937</u>	<u>2 631</u>	<u>3 306</u>	<u>3 814</u>			



### 13. Branch overheads

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	2 246	393	–	2	2 641	2 309
Printing and stationery	4 166	310	–	3	4 479	4 403
Advertisement and publicity	211	1 211	–	–	1 422	1 516
Postage	3 096	258	–	2	3 356	2 501
Traveling costs	19 171	139	–	–	19 310	8 000
Telephone and electricity	23 681	2 910	3	20	26 614	20 942
Rent, Rates and taxes	17 910	1 387	2	15	19 314	14 776
Conveyance	2 755	206	–	3	2 964	3 929
Repair and maintenance	8 237	1 328	1	7	9 573	7 295
Entertainment	5 860	518	–	4	6 382	10 606
Other expenses	2 633	241	1	2	2 877	1 425
Depreciation	15 511	2 556	2	13	18 082	15 486
	<u>105 477</u>	<u>11 457</u>	<u>9</u>	<u>71</u>	<u>117 014</u>	<u>93 188</u>

### 14. Other management expenses

(Rupees '000)

	Statutory Funds				Aggregate 2008	Aggregate 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Insurance premium	2 784	317	–	2	3 103	2 110
Postage	9 059	1 537	1	8	10 605	7 647
Telephone and electricity	5 043	1 118	–	4	6 165	5 825
Repair and maintenance	5 846	1 820	1	5	7 672	5 865
Entertainment	12 909	1 318	2	11	14 240	6 020
Fees and subscription	7 334	647	1	6	7 988	4 143
Bank charges	5 252	393	1	5	5 651	2 834
Other expenses	12 660	1 058	1	11	13 730	9 557
Claim investigation fees	1 559	118	–	1	1 678	1 867
	<u>62 446</u>	<u>8 326</u>	<u>7</u>	<u>53</u>	<u>70 832</u>	<u>45 868</u>

## 15. 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:

	2008		2007	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration including bonus	12 054	43 765	9 424	30 655
Utilities	224	225	228	159
Medical expenses	276	463	179	527
Leave passage	344	84	319	214
	<u>12 898</u>	<u>44 537</u>	<u>10 150</u>	<u>31 555</u>
Number of persons	<u>1</u>	<u>15</u>	<u>1</u>	<u>10</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.

## 16. Auditors' remuneration

	2008	2007
Audit Fee – Annual (KPMG Taseer Hadi & Co.)	175	175
Audit Fee – Annual (Hyder Bhimji & Co)	175	175
Limited Scope Review (KPMG Taseer Hadi & Co.)	75	75
Limited Scope Review (Hyder Bhimji & Co)	75	75
Out of Pocket Expenses (KPMG Taseer Hadi & Co.)	88	150
Tax Advisory Services and other certifications (KPMG Taseer Hadi & Co.)	535	400
	<u>1 123</u>	<u>1 050</u>

## 17. Basic and diluted earnings per share

	(Rupees '000)	
	2008	2007
(Loss) / Profit for the year	<u>( 473 159 )</u>	<u>1 207 292</u>
	(Numbers in '000)	
Weighted average number of ordinary shares	<u>75 000</u>	<u>75 000</u>
	(Rupees)	
(Loss) / Earnings per share - basic & diluted	<u>( 6.31 )</u>	<u>16.10</u>

## 18. Number of employees

Number of employees as at 31 December 2008 is 719 (2007: 540).

## 19. Financial instruments and related disclosures

### 19.1 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.

## 19.2 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 2008 is as follows:

	2008										(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 3 to 10 years	Above 10 years	
On balance sheet financial instruments											
Assets											
Cash and stamps	5 520										5 520
Current and other accounts	994 904	711 074									283 830
Deposits maturing with in 12 months	425 000	345 000	80 000								
Loans- secured to employees	11 018	164	1 705	448	727	1 033	1 115	1 734	2 710	1 382	-
Investments	9 684 973	2 672	55 831	3 742 712	82 408	143 123	412 432	815 670	1 301 214	362 564	2 766 347
Premiums due but unpaid	28 458	-	-	-	-	-	-	-	-	-	28 458
Amounts due from reinsurer	89 153	-	-	-	-	-	-	-	-	-	89 153
Agent balances	205	-	-	-	-	-	-	-	-	-	205
Investment income accrued	251 937	-	-	-	-	-	-	-	-	-	251 937
Other receivables	62 585	3 669	7 885	5 702	8 515	10 155	3 986	2 719	589	-	19 365
	11 553 753	1 062 579	145 421	3 748 862	91 650	154 311	417 533	820 123	1 304 513	363 946	3 444 815
Liability											
Outstanding claims	458 406	-	-	-	-	-	-	-	-	-	458 406
Premiums received in advance	282 018	-	-	-	-	-	-	-	-	-	282 018
Amounts due to reinsurer	19 703	-	-	-	-	-	-	-	-	-	19 703
Amounts due to agent	157 651	-	-	-	-	-	-	-	-	-	157 651
Other creditors	38 651	-	-	-	-	-	-	-	-	-	38 651
	956 429	-	-	-	-	-	-	-	-	-	956 429
On Balance sheet gap	10 597 324	1 062 579	145 421	3 748 862	91 650	154 311	417 533	820 123	1 304 513	363 946	2 488 386

	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 3 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

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

	<u>2008</u>	<u>2007</u>
Current and other accounts	6% to 14%	4% to 8.5%
Deposits	11% to 17%	8% to 9%
Loans	7% to 12%	6% to 11%
Investments	5% to 18.5%	5.2% to 18%
Advances and other receivables	7% to 12%	6% to 11%

### 19.4 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 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.

### 19.5 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.

### 19.6 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.

### 19.7 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 counter parties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations.

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.

### 19.8 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.

### 19.9 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	584 930	476 846
Other fixed income securities	450 390	393 593
Listed equities and mutual funds	706 427	998 417

## 20. Related party transactions

The related parties comprise of directors, key management personnel, associated undertakings, and entities with common directors and employees' funds. The prices of these transactions are determined on a commercial basis, at agreed rates. Related party transaction and balances, other than those disclosed elsewhere in these financial statements are given below:

	(Rupees '000)	
	<u>2008</u>	<u>2007</u>
<b>Associated companies</b>		
<b>Transactions</b>		
Premium written	11 650	7 425
Premium paid	9 186	7 148
Claims paid	5 228	6 273
Claims received	2 835	1 846
Traveling expenses	1 390	1 350
Commission paid	2 992	-
Dividend paid	93 521	23 851
Dividend received	34 201	6 791
Other revenue	-	54 000
<b>Balances</b>		
Balance payable	1 000	5 741
Balance receivable	499	162
<b>Employees' funds</b>		
<b>Transactions</b>		
Contribution to provident fund	7 225	5 482
Contribution to pension fund	5 248	3 970
<b>Key Management Personnel</b>		
<b>Transactions</b>		
Loan to employees	384	750
Loan recovered	842	1 750
Compensation	47 700	41 704
<b>Balances</b>		
Loan receivable	128	586

## 21. Date of authorisation for issue

These financial statements were authorized for issue by the Board of Directors in their meeting held on 21 March 2009.

HASANALI ABDULLAH  
Director

RAFIQUE 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 2008. In my opinion:

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

**OMER MORSHED, FCA, FPSA, FIA**  
Appointed Actuary

Karachi March 21, 2009

### Statement by Directors

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

HASANALI ABDULLAH  
Director

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

## Pattern of Shareholding as at 31 December 2008

Number of Shareholders	Shareholdings		Shares Held
	From	To	
248	1	100	17 319
339	101	500	96 488
142	501	1 000	110 988
348	1 001	5 000	850 003
42	5 001	10 000	302 611
14	10 001	15 000	176 366
9	15 001	20 000	160 751
8	20 001	25 000	189 479
7	25 001	30 000	202 454
1	30 001	35 000	31 297
2	35 001	40 000	75 000
4	40 001	45 000	169 199
5	45 001	50 000	243 064
3	50 001	55 000	157 849
5	60 001	65 000	305 248
2	65 001	70 000	135 400
1	70 001	75 000	75 000
4	75 001	80 000	313 946
1	80 001	85 000	84 550
1	85 001	90 000	87 499
2	90 001	95 000	184 950
1	95 001	100 000	97 999
1	125 001	130 000	125 250
1	175 001	180 000	178 199
2	185 001	190 000	374 769
1	290 001	295 000	294 891
1	390 001	395 000	393 150
1	430 001	435 000	430 005
1	500 001	505 000	501 500
1	505 001	510 000	506 948
1	515 001	520 000	518 543
1	520 001	525 000	523 404
1	530 001	535 000	534 200
1	595 001	600 000	600 000
1	615 001	620 000	619 805
1	625 001	630 000	625 500
1	710 001	715 000	714 466
1	755 001	760 000	755 355
2	840 001	845 000	1 688 685
1	965 001	970 000	966 627
1	1 110 001	1 115 000	1 111 948
2	1 495 001	1 500 000	3 000 000
1	2 535 001	2 540 001	2 536 776
1	3 470 001	3 475 000	3 473 649
1	4 135 001	4 140 000	4 139 986
1	15 835 001	15 840 000	15 838 400
1	30 480 001	30 485 000	30 480 484
1 217			75 000 000

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies and Undertakings and Related Parties	2	46 318 884	61.76
NIT & ICP	3	1 489	0.00
CEO, Directors, their spouses and minor children	9	8 588 368	11.45
Executives	2	5 373	0.00
Public sector companies & corporations	–	–	–
Joint Stock companies	46	1 461 282	1.95
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Mutual Funds	14	1 807 474	2.41
Foreign investors	6	1 886 678	2.52
Charitable Institution	1	75 000	0.10
Individuals / Others	1 134	14 855 452	19.81
Total	1 217	75 000 000	100.00

### Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Shares Held
<b>Associated Companies and Undertakings and Related Parties</b>		
EFU General Insurance Ltd.	1	30 480 484
Jahangir Siddiqui & Co. Ltd.	1	15 838 400
<b>NIT &amp; ICP</b>		
ICP A/c- Col. M.A. Sheikh	1	999
ICP A/c- Noman Farooq	1	354
IDBP (ICP Unit)	1	136
<b>CEO, Directors, their spouses and minor children</b>		
Saifuddin N. Zoomkawala	1	430 005
Taher G. Sachak	1	506 948
Ashraf W. Tabani	1	844 250
Jahangir Siddiqui	1	21 000
Rafique R. Bhimjee	1	1 111 948
Muneer R. Bhimjee	1	4 139 986
Hasanali Abdullah	1	523 404
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	966 627
Mrs. Lulua Saifuddin W/o. Saifuddin N. Zoomkawala	1	44 200
<b>Shareholders holding 10% or more voting interest</b>		
EFU General Insurance Ltd.	1	30 480 484
Jahangir Siddiqui & Co. Ltd.	1	15 838 400



---

## Group Benefits - Offices

### Karachi

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

Adeel H. Jaffery, Area Director (Group Life)  
Hasan Aamir, Regional Manager  
S. Afsar Raza, Assistant Manager  
Naveed-ul Haq Bhatti, Assistant Manager  
Mirza Yasir Farooq, Marketing Executive  
Saad Ahmed, 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  
Mubashir Ahmed, Manager  
Tasleem Arshad, Deputy Manager

### Islamabad

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

Noor-ur-Rehman, Group Manager  
Khurram Aftab, Marketing Executive

### 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

### Peshawar

Suite No, 1, 2, 3, 2nd Floor, Azam Towers  
Arbab Road Stop, Jamrud Road  
University Town  
Phone: (091) 5771609

Imran Rafique Baber, Marketing Executive

---

## Bancassurance - Offices

### Karachi

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

M. Rashid Shaikh, Senior Area Head  
Zeeshan Haider, Senior Unit Head  
Syed Saalat Hussain Naqvi, Senior Unit Head  
Shakeel Abbas, Unit Head  
Amir Iqbal, Senior Unit Head

### Lahore

2nd Floor, Rehman Business Centre, Gulberg III  
Phone: 5710744 - 5870806

Fayyaz Mehmood Tahir, Senior Area Head  
Hafiz Muhammad Babar Rafiq, Senior Unit Head  
Nadia Khursheed, Unit Head

### Islamabad

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

Tahir Sultan, Area Head  
Khurram Tasadduq, Unit Head

## Individual Life - Offices

### KARACHI

#### Ayesha Manzil Branch

Anarkali Apartment, Block-7  
F.B. Area, Ayesha Manzil  
Phone: 7700490, 7685816  
6330181, 6330182, 6317425, 6317892  
Zulekha, Manager

#### Cantt Branch

Nafees Arcade, 3rd Floor, Off No. 301  
Plot SC-14, KDA Scheme No 7  
Chandni Chowk, University Road  
Phone: 4854671-73  
Zahoor Ahmed Khuhro, Branch Manager

#### Central Branch

A-34, 1st Floor, Hafeez Centre  
KCHSU, Shahrah-e-Faisal  
Phone: 4386340-44, 4384020, 4540389  
S. Arif Raza, Senior Branch Manager

#### City Branch

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

#### Faisal Branch

41-1/E, Block 6, PECHS  
Phone: 4527135-36, 4386505-07  
4527218  
Shamsuddin Shaikh, Senior Group Manager

#### Garden Branch

APWA Complex, F-2, 67/A, Garden Road  
Phone: 2241981-4  
Nadim Iqbal Hasni, Senior 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

#### Karsaz Branch

603, Park Avenue, Shahrah-e-Faisal  
Phone: 4387319, 4531074, 4530328  
Fareed Ahmed Shaikh, 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, Senior Branch Manager

#### New City Branch

Liberty Square  
PECHS, Block - 2, Off Tariq Road  
Phone: 4300931, 4300932, 4300934  
Asmatullah Tunio, Area Director (Individual Life)

#### 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, Senior Branch 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, Regional 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, Senior Branch Manager

#### Crescent Branch

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

#### Pak Tower Branch

603, Park Avenue  
Shahrah-e-Faisal  
Phone: 4387319, 4531074, 4530328  
Ayoob Khan, Senior Branch Manager

**Jinnah Branch**

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

Nadeem Afzal Khan, Manager

**Defence Branch**

Plot # 10-C Suite No. 301 & 302, 3rd Floor  
6th Comm. Street, Tareen Arcade  
Zamzama Phase V  
Phone: 5822740-43

Zia ul Hassan, Manager

**DAHARKI****Daharki Branch**

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

Adil Mahmood Samejo, Branch Manager

**Daharki City Branch**

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

Mumtaz Ali Mahar, 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, Senior Branch Manager

**Indus Branch**

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

Zeeshan 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

**Khipro Branch**

Main Mirpurkhas Road, Near Chooto Para  
Ramesh Kumar, Manager

**NAUSHERO FEROZE****Naushero Feroze Branch**

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

Sarfraz Ahmed Qureshi, Manager

**NAWABSHAH****Nawabshah Branch**

Plot No. B-599, 1st Floor  
Opposite Al Karim Hotel, 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, 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, Senior Regional Manager

## **AHMED PUR EAST**

### **Ahmed Pur East Branch**

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

Mohammad Zahid Bashir, 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, Senior Branch Manager

### **Cantt Branch**

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

Junaid Masud, Senior Branch Manager

### **City Branch**

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

Kashif Azeem, Group Manager

### **Fort Branch**

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

Naeem Akhtar Chaudhry, Branch Manager

### **Yazman Branch**

Bahawalpur Road, Mandi Yazman  
Phone: (062) 2282269, 2282484

Khalid Maqsood, 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

### **City Branch**

2nd Floor, Ajmal Centre, 289, Batala  
Colony

Phone: (041) 8555981-4

Syed Bashrat Ali, 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, Branch Manager

## **HAROONABAD**

### **Haronabad Branch**

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

Ishfaq Hussain Mughal, Branch 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, Group Manager

## **LAHORE**

### **Cantt 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, Group 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, Group Manager

**Shalimar Branch**

18-C-1, Commercial Zone  
Liberty Market, Gulberg III  
Phone: (042) 5716264, 5713409

Muhammad Saleem, Manager

**MANDI BHAUDDIN****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, Senior 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, Senior Branch Manager

**Fort Branch**

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

S. Hasnain Mehdi, Manager

**Pioneer Branch**

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

Kashif Aslam, 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, Senior Branch Manager

**City Branch**

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

Islamul-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

**City Branch**

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

Muhammad Kashif Khan, 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

Irshad Hussain, 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, Najeeb Centre, East Circular Road  
Phone: (0966) 734003-06

Masood Sheraz Khan, 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

Faqir Muhammad Shaikh, Manager

**HUB****Hub Chowki Branch**

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

Jagdeesh Kumar Pahooja, Branch Manager

**QUETTA****Quetta Branch**

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

Shahjahan, Senior 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, Senior 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

**Muzaffarabad Branch**

Tanga Stand, Near Khyber Bank  
Phone: 058810-44312

Saeed Ahmed, 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

**THULL****Thull City Branch**

Near Jongal Morr Kandkot Road  
Phone: (0722) 721319, 611221  
611089, 611134

Sher Zaman Khan, Manager

**KHANPUR****Khanpur City Branch**

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

Sikander Arshad, Branch Manager

**KANDHKOT****Kandhkot Branch**

Near Juman Shah, Kandhkot  
Dist. Kashmore.  
Phone: (0722) 570193

Manohar Lal, Manager

**LALAMUSA****Lalamusa Branch**

Ch Plaza, 1st Floor, Railway Road  
Near T.C.S Office  
Phone: (053) 7517272-7515656

Syed Imtiaz Hussain Shah, Manager

**DINGA****Dinga City Branch**

Farhan Plaza, 1st Floor  
Dalyan Chowk, Main Dinga City  
Phone: (0537) 404970

Qaiser Abbas, Manager

**TURBAT****Turbat City Branch**

Advocate Road, Turbat City, District Kech  
Balochistan  
Phone: (0852) 411718

Lal Bakhsh Baloch, Manager

**SAHIWAL****Sahiwal Branch**

Plot 29, Commercial Area  
Behind Police Station Fareed Town, Sahiwal  
Phone: (0404) 551159

Abdul Latif Tarique, 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 \_\_\_\_\_

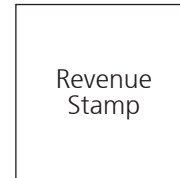
as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Monday April 27, 2009 at 03:30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of April 2009.

### 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.



# Head Office EFU Life

Expected Completion Date  
December 2011



