

Sustained Success

EFU GENERAL INSURANCE LTD.

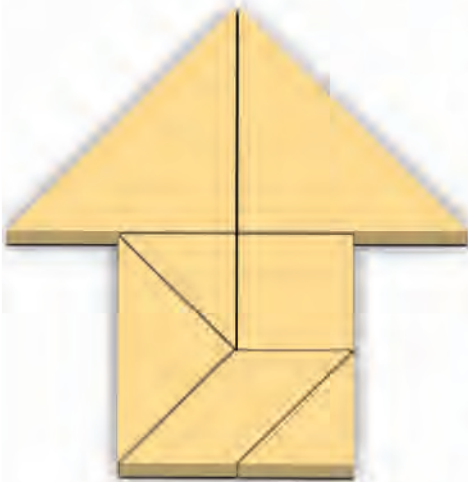
ANNUAL REPORT | 2014



EFU GENERAL INSURANCE LTD.
INSURER FINANCIAL STRENGTH AA+

 efuinsurance.com

Sustained Success



The Tangram

The Tangram is an ancient and intriguing Chinese puzzle said to have been invented 4,000 years ago during the Song Dynasty.

The puzzle consists of seven flat shapes, called tans, which are put together to form a desired specific shape. The objective is to form a specific shape using all seven pieces, which may not overlap.

The Tangram puzzle helps develop creative thinking skills as one uses imagination to make different patterns from the given seven geometrical pieces.

This is much like how we at EFU work to piece together a winning strategy for sustained success. We promote creativity organization-wide by corporate policy, so that we may always come up with new and better ways to serve our clients.

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The powerhouse of insurance protection



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Consistently adding to our strengths

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Key Information

Breakup
Value



81.94

(Rupees)

Net Premium
Revenue



6 532

(Rupees in million)

Rating:
Insurer Financial
Strength



AA+

Underwriting
Result



1 316

(Rupees in million)



Claims Paid 
6 804
(Rupees in million)

Written Premium 
14 514
(Rupees in million)

Profit After Tax 
1 829
(Rupees in million)

Shareholders' Equity 
13 111
(Rupees in million)

Vision & Mission

VISION

To continue our journey to be better than the best.

OUR VALUES

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

INTEGRITY & ETHICS

Conduct business with ethics, dignity, fairness and transparency.

EXCELLENCE

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

MISSION

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

PROFESSIONALISM

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

OUR PEOPLE

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

CORPORATE SOCIAL RESPONSIBILITY

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





Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

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

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Advisors

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

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Rafique R. Bhimjee
Taher G. Sachak
Ali Raza Siddiqui
Mohammed Iqbal Mankani

Investment Committee

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

Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala
Rafique R. Bhimjee
Hasanali Abdullah

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
601, 6th Floor
Progressive Plaza
Beaumont Road
Karachi

Registrar

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

Website

www.efuinsurance.com

Registered Office

Kamran Centre, 1st Floor
85, East, Jinnah Avenue
Blue Area
Islamabad

Main Offices

EFU House
M. A. Jinnah Road
Karachi

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



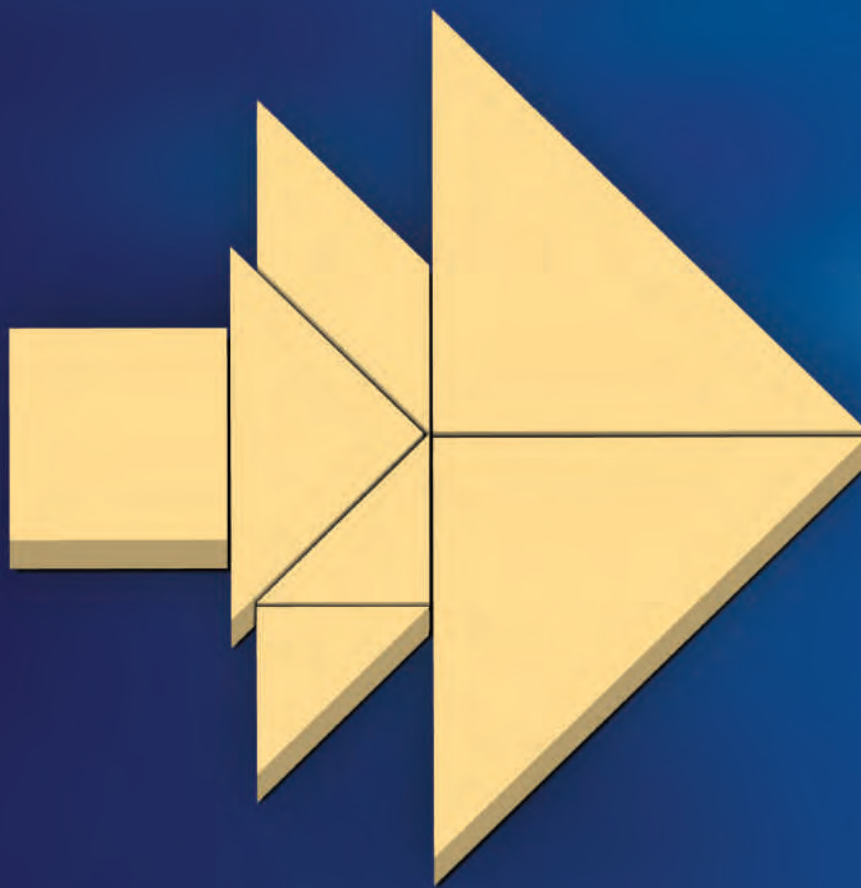
The powerhouse of insurance protection



The powerhouse of insurance protection

More than eight decades of providing the finest insurance to a diverse clientele makes EFU the powerhouse of protection against all uncertainties of the future.

Today, we underwrite all types of non-life insurance, covering the broadest spectrum of risks. As the risk climate changes, we innovate new products that ensure our customers will have fool proof protection no matter what the hazard.



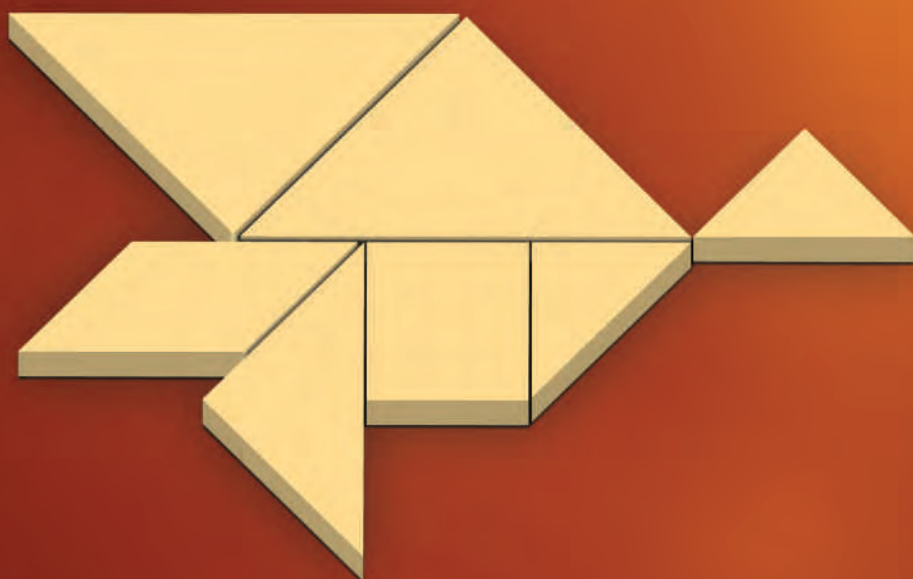
A productive past underwrites a flourishing future



A productive past underwrites a flourishing future

Sages say that to move ahead one should keep looking back. They say this because without learning and re-learning from experience no enterprise can progress.

We look back at our past of over eight decades to carry forward all that we have done right, everything that has helped us take leaps forward and to always be mindful of pitfalls that lurk in every opportunity for advancement. With such a unique bank of experience as ours, success is always that much closer.



Stretching ourselves to rise above and beyond known limits



Stretching ourselves to rise above and beyond known limits

Rising above the ordinary, soaring high to scale newer heights is a way of life at EFU. Our credo is “Always give our clients the best.” To do so, we ourselves have to be the best in class. There happens to be no other way.

We take on life and the world one day at a time; aiming to do better tomorrow than we are doing today. The result is continuous self-improvement, consistently better performances and enhanced value for our stakeholders year after year.



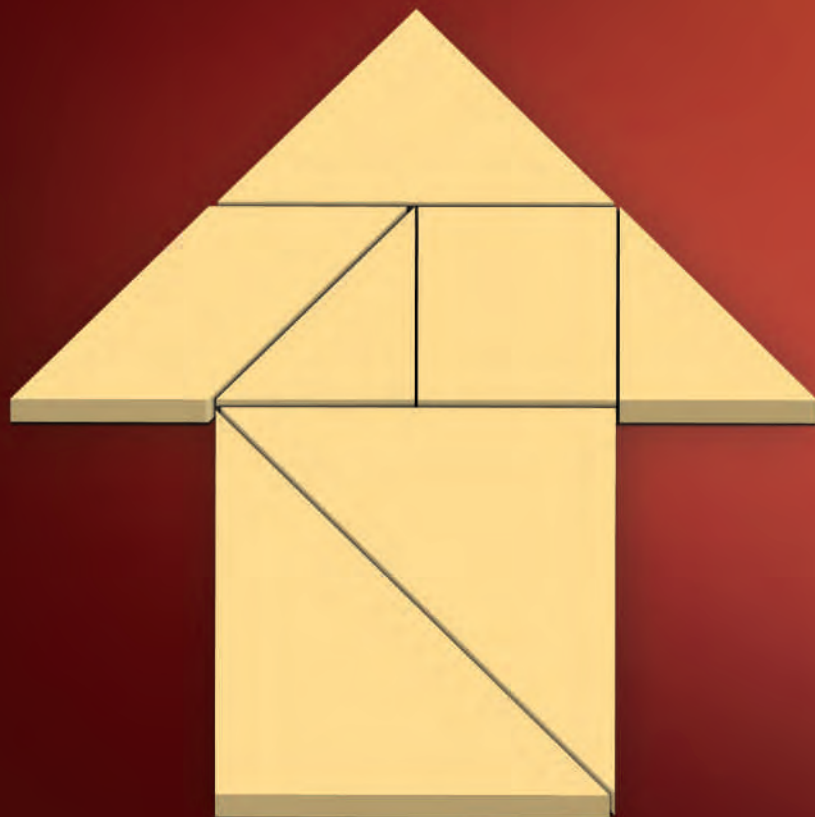
Dynamism powered by knowledge propels us forward



Dynamism powered by knowledge propels us forward

We are always exploring ways to serve customers better. This requires constantly enhancing the expertise, knowledge and skills of our people, hiring the best and transforming them into thorough professionals.

Dynamism also dictates that we deploy the most advanced technology to facilitate customer interaction with us, to be up-to-date regarding risk climates and insurance trends worldwide.



An unbeatable track record of performance



An unbeatable track record of performance

If business is a race, EFU most often finds itself on the winner's stand in the insurance sector. This is not difficult to understand.

Since day one we have made dedication to customer interest and delivering on our promises the benchmark of our performance. We daily strive to exceed stakeholder expectations and we always deliver on our promise. Our track record testifies to both.



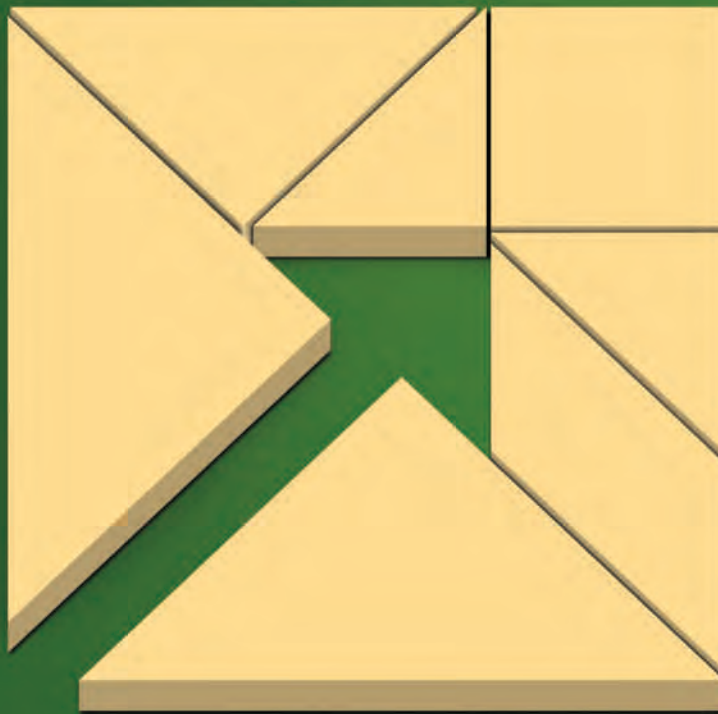
Sailing ahead with confidence



Sailing ahead with confidence

Navigating the seas of competition is always challenging. The weather, the wind and the waves all have to be taken into account when setting a course and unfurling the sails.

One of the most basic requirements is knowledgeable steersmen and an enthusiastic untiring crew. The insurance market has its own calms and squalls. Often you have to move against the tide and sometimes you hit the shallows. Consistently steering safe to harbour requires an ability to handle the rough seas with the smooth.



Consistently adding to our strengths



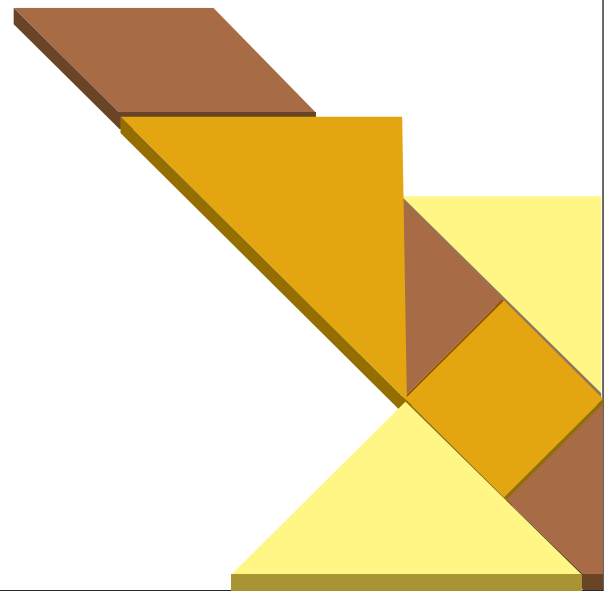
Consistently adding to our strengths

At EFU we maintain high liquidity and continuously improve our asset quality.

Periodic reviews of our portfolio of liabilities at fixed intervals are one of our standard operating procedures. As our business grows, we re-engineer our strategic alliances with world renowned re-insurers. All this has led to achieving AA+ rating for insurer financial strength from JCR-VIS.

Strategic Objectives

- Retain leadership position in the market
- Explore opportunities by introducing new products and diversifying current product portfolio
- Pursue continuous improvement and technological advancement
- Enhance corporate capabilities and motivation through skill enhancement, management development and reward programs





Risk Identification, Evaluation, Management and Opportunities

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

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

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

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

Our market-driven team of inspired and technically qualified insurance personnel, comprises specialists in civil and mechanical engineering, metallurgy, electronics, and other disciplines. They are on call for necessary professional advice at all times. Our linkages with overseas specialists are of major value to our clients. In addition to insurance protection, it is our practice to provide risk reduction advice to clients and assist them in developing preventive capabilities to avert mishaps and disasters.

BUSINESS RISKS

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

Economic and Political Risk

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

Insurance Risk

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

Credit Risk

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

Liquidity Risk

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

Market Risk

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

Interest Rate Risk

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

Investment Risk

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

Reinsurance Risk

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover from companies with sound financial health. Reinsurance arrangements in place include treaty and facultative arrangements, including catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

IT Risk

To meet the challenges of changing business environment, EFU has successfully migrated its Enterprise Information on to its in house developed IT system in oracle environment. The Company also implemented Business Intelligence Tool for better decision making, meeting business challenges, enhance controls and providing better services to customers.

OPPORTUNITIES

As a leading insurance Company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of significant opportunities present to the Company:

- Offer takaful solutions through window operations;
- Increasing reach to all parts of the country through expanding distribution network;
- Develop microinsurance solutions for the socio economic group at the bottom of the pyramid;
- Focus on insurance awareness through continuous investments in communication channels and market education; and
- With increasing mobile penetration amongst the masses, utilize such platforms for customer interaction, awareness, marketing and sales.

MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.



Product Portfolio

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

PROPERTY (FIRE & ENGINEERING)

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

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

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

MARINE AVIATION & TRANSPORT

Marine Cargo

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

Marine Hull & Aviation

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

MOTOR

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

MISCELLANEOUS

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

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

VALUE ADDED SERVICES

Our Company is continuously improving its systems and getting a competitive edge by introducing various online service to facilitate our customers, like e-Verify for verification of policies and certificates and online e-Cover for marine cargo cover notes. In addition, travel insurance policies are now being sold on line through the Company website.

We provide SMS "HELP" service to our customer in respect of Motor Insurance which helps our customers receive important emergency contact numbers via SMS, in case of any accident. We also provide SMS confirmation of Claim, SMS claim guidance and electronic survey reporting services to our customers in respect of Motor Insurance.

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

Policy and Procedure for Stakeholder Engagement

Institutional Investors

The Company convenes Annual General Meeting in accordance with the Companies Ordinance, 1984. The Company's financial reports are published every quarter and are also placed on the Company's website for the shareholders and potential investors.

In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the Stock Exchanges from time to time. This helps the shareholders remain connected with the Company. The dates of Board of Directors meetings and financial results are notified to Stock Exchanges.

Customers

We believe in customer trust and satisfaction being our strength over the years. To help improve customer service and meet their needs and expectation, feedback from customers is sought. In this regard, the Company's website has dedicated customer feedback section for an ongoing relationship with them.

Banks

We understand the importance of these stakeholders and ensure continuous interaction with them and manage our relationships.

Media

We continuously engage with media through issuing press releases, briefings and advertisement campaigns. We have also dedicated section on our Company's website for public relations. The website may be accessed at www.efuinsurance.com.

Regulators

To maintain compliance with applicable laws and regulations, the applicable statutory returns and forms are filed with various regulatory bodies and federal and provisional taxation authorities.

Share Price Sensitivity Analysis

Company news and performance: Company-specific factors that can affect the share price are:

- **Earnings** - News releases on earnings and profits and future estimated earnings develop investor interest in the stock of a company.
- **Announcement of dividends** - Expected distribution from earning could increase the share prices in expectation of realisation of profit on investment.
- **Introduction of a new insurance product** - This could lead to positive earnings growth which in return affects share prices.
- **Industry performance** - Government policies specific to industry like Takaful business could result in movement of stock price.
- **Investor sentiments / confidence** - Positive economic reforms can attract investors.
- **Economic and other shocks** - An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices. An act of terrorism can also lead to a downturn in economic activity and a fall in stock prices.
- **Change in government policies** - Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect stock prices.



Investors Grievance Policy

EFU General Insurance Ltd. believes that relations with investors are vital for the financial life line and substantial growth of the organization. Relations with investors also reflect on the goodwill of the organization. It is therefore, imperative to place an efficient and effective mechanism in the organization for providing services to the investors and to re-dress their grievances in accordance with law.

The Company has accordingly provided on its website, the necessary information about the Company, the directors, auditors, share registrars, the financial data for the current period and for the last six years and daily stock update showing daily rates of the Company's shares quoted at the Karachi Stock Exchange.

The Chief Financial Officer and Corporate Secretary of the Company is the primary contact on behalf of the Company to whom the investors can contact to re-dress their grievances and resolve their issues.

The management endeavors to investigate and resolve all the complaints and queries of the investors to their utmost satisfaction. An investor who is not satisfied can also approach the Securities & Exchange Commission of Pakistan (SECP) complaint cell through interactive link provided on our website.

Our investor grievance policy is broadly based on the following principles:

- Investors calling us in person, telephone, fax or email are received and their complaints are dealt in timely manner.
- Each and every investor is treated fairly at all the times.
- Prompt, efficient and fair treatment is given to all the complaints and queries of the investors.

Whistle Blowing Policy

In compliance with the Code of Corporate Governance the Company has adopted a Whistle Blowing Policy. The Company has an established Code of Ethics which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code, they may communicate their concerns to the Managing Director.

SWOT Analysis

Strengths

- With over 82 years of experience EFU is a brand name of Insurance in Pakistan.
- We are a Company with broad customer base.
- We work as a family, with employee loyalty and commitment to the Company and generations of families are associated with us.
- We own two prominent buildings in Karachi and Lahore.
- We have team of Technical Officers and our quality of Technical as well as Marketing Team is considered as the best in the country.

Opportunities

- With Takaful Business Window operations for which we await SECP approval, we will commence Takaful business.

Threats

- Continued poor law and order situation increases cost of operations and / reduced growth in certain geographical areas.
- Withdrawal of reinsurers and lack of new players to look at Pakistan market.
- Loss of technical hands to Middle Eastern markets.

Procedures Adopted for Quality Assurance of Products / Services

EFU General believes that meeting customer expectations comes from consistently meeting standards and delivering consistent results is at the core of quality assurance procedures. It is our responsibility to ensure that every employee understands the quality definitions and how he / she is to make certain those standards are met. Measuring the quality that is delivered is critical for consistent results. Department / Branch Heads monitor work processes and maintain quality standards.

As per ISO 9001:2008 standards, EFU General has established procedures for quality assurance of services by continually improving the effectiveness of the quality management system through the use of:

- the quality policy,
- quality objectives,
- audit results,
- analysis of data,
- corrective and preventive actions,
- regular management reviews,
- trainings,
- customer feedback system and
- monitoring / measurement activities.

The old expression, "There is always room for improvement," rings true when it comes to quality assurance. To keep our business on the cutting edge, we always ask the question, "How can we make this better?" By tweaking the process where required or by raising standards each year, we will see our overall business quality improve to levels higher than ever before.



Decisions taken at the last Annual General Meeting held on April 5, 2014

No significant issues were raised by the shareholders during the meeting. The following matters taken up in the meeting as per Agenda were approved unanimously and the decisions taken were implemented in due course:

1. Approval of minutes of the last Annual General Meeting.
2. Approval of Audited Accounts and Report for the year ended December 31, 2013.
3. Approval of Final dividend @ Rs. 4 per share in addition of Re. 1 paid as interim dividend.
 - The interim dividend was paid on August 22, 2013.
 - Final dividend was paid to the Shareholders on April 10, 2014.
4. Approval of Transfer to General Reserve of Rs. 500 million.
5. Appointment of Ernst & Young Ford Rhodes Sidat Hyder as Auditors for the year 2014.
6. Approval of Increase in Authorised Share Capital of the Company from Rs. 1.5 billion to Rs. 2 billion.
 - The necessary approval was obtained from the Registrar of Companies for the amendment in Memorandum and Articles of Association for the increase in Authorised Share Capital.
 - The amendment was incorporated in the Memorandum and Articles of Association.
7. Approval for the Issue of 35,000,000 fully paid Bonus shares of Rs. 10 each to the existing shareholders.
 - For shareholders having their shares deposited in CDS the Central Depository Company of Pakistan Ltd. (CDC) were advised on April 8, 2014 to credit their respective accounts in CDS as per their entitlement of Bonus and Bonus Shares for Physical Shareholders were dispatched on April 13, 2014.
8. Approval to invest further in the shares of Associated Company, EFU Life Assurance Ltd. of Rs. 100,000,000 within a period of next two years.
 - Shares of EFU Life Assurance are being purchased from time to time.
9. Chairman informed the members that the Company has been granted ISO 9001: 2008 Certification and the Company's Financial Strength rating has been raised from AA to AA+.

The Roles of Chairman and Managing Director

The Chairman and Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Managing Director.

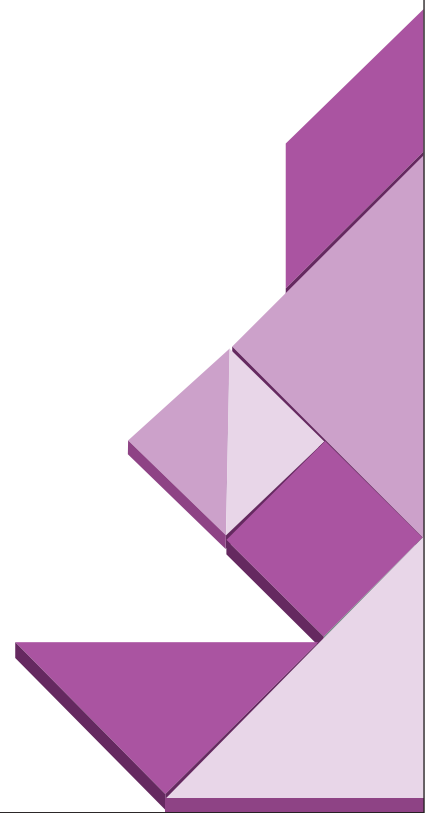
The Managing Director performs his duties under the powers vested by the law, the Articles of Association of the Company and the Board, and recommends and implements the business plans, and is responsible for overall control and operation of the Company.

Annual Evaluation of Board's Performance

During the year, the Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness. The placement and functioning of evaluation mechanism is out sourced to Pakistan Institute of Corporate Governance, 2012.

MD's Performance Review

Managing Director's performance is monitored and evaluated by the Board against the objectives and performance targets set by the Board.





TORs of Audit Committee

The terms of reference of the Audit Committee as framed by the Board of Directors are as follows:

1. Determine appropriate measures to safeguard the Company's assets.
2. Review quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on major judgmental areas, significant adjustments resulting from the audit, the going concern assumptions, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements and significant related party transactions.
3. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
4. Review of management letter issued by external auditors and management's response thereto.
5. Ensure coordination between the internal and external auditors of the Company.
6. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
7. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
8. Ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.
9. Review of the Company's statement on internal control systems and internal audit reports prior to endorsement by the Board of Directors.
10. Determine compliance with relevant statutory requirements.
11. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
12. Consideration of any other issue or matter as may be assigned by the Board of Directors.

The committee comprises of four members, including the Chairman of the committee, three of them are non-executive directors and one is an independent director.

Report of the Audit Committee

The Audit Committee comprises of three non-executive directors and one independent director. The Chief Financial Officer (CFO), the Chief Internal Auditor (CIA) and the external auditor attend Committee meetings by invitation. Four meetings of the Committee were held during the year 2014. Based on reviews and discussions in these meetings, the Committee reports that:

1. The Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
2. The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
3. The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Directors' Report. They acknowledge their responsibility for true and fair presentation of the financial statements and compliance with regulations and applicable accounting standards.
4. The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as applicable in Pakistan.
5. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
6. Proper books of accounts have been maintained by the Company.
7. The Committee reviewed and approved all related party transactions and recommended them for approval of the Board of Directors.
8. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.
9. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.
10. The Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
11. The external auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants had direct access to the Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits were also discussed.
12. The Committee reviewed the Management Letter issued by the external auditors and the management response thereto.
13. Appointment of external auditors and fixing of their audit fee was reviewed and the Committee following this review recommended to the Board of Directors for re-appointment of Ernst & Young Ford Rhodes Sidat Hyder as external auditors for the year ending December 31, 2015.



Access to Reports and Enquiries

Annual Report

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

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

Quarterly Reports

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

Shareholders' Enquiries

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

Technology Trade (Pvt.) Ltd.
Dagia House 241 - C
Block-2, P.E.C.H.S.
Off Shahra-e-Quaideen
Karachi
Tel: 34391316 - 7
Fax: 34391318

Stock Exchange Listing

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

Annual Report & Accounts and Notice of Meeting by E-mail

If any member intends to receive the above through e-mail, he may provide us or to our Share Registrar, his consent on the consent form as available on Company's website, duly filled and signed.

Notice of Meeting

Notice is hereby given that the 82nd Annual General Meeting of the Shareholders of E F U General Insurance Ltd. will be held at the Registered Office of the Company at Kamran Centre, 1st Floor, 85 East , Jinnah Avenue, Blue Area, Islamabad on Friday April 10, 2015 at 10.30 a.m. to:-

1. confirm the minutes of the 81st Annual General Meeting held on April 5, 2014
2. confirm the minutes of the Extra-Ordinary General Meeting held on July 9, 2014
3. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2014 together with the Directors' and Auditors' reports thereon
4. consider and if thought fit to approve the payment of Final Dividend at the rate of Rs. 5 per share as recommended by the Board of Directors and also approve the 10 % Interim Dividend already paid to the Shareholders for the year ended December 31, 2014
5. appoint Auditors for the year 2015 and fix their remuneration
6. transact any other matter with the permission of the Chair.

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

Status of previous approval of investment in associated company.

By Order of the Board

ALTAF QAMRUDDIN GOKAL
Chief Financial Officer
& Corporate Secretary

Karachi 14 February 2015

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



3. The Share Transfer Books of the Company will be closed from April 3, 2015 to April 10, 2015 (both days inclusive). Transfers received in order by our Share 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 2, 2015 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.
4. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:-
 - a. Change in their addresses;
 - b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities; and
 - c. Consent Form to receive Annual Financial Statements through e-mail. The Securities & Exchange Commission of Pakistan (SECP) through its Notification SRO 787(1)2014 of September 8, 2014 has allowed companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail.

If any member intends to receive the above through e-mail, he may provide us or to our Share Registrar, his consent on the consent form as available on Company's website, duly filled and signed.

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

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on April 10, 2015.

Status of previous approval for investment in associated company.

As required under clause 4(2) of SRO No. 27(1) / 2012 dated January 16, 2012 the status of investment in our associated Company EFU Life Assurance Ltd., against approval obtained by the Company in Annual General Meeting held on April 5, 2014 is as under:

- a) **total investment approved;**
Rs. 100 million approved by the shareholders at Annual General Meeting of April 5, 2014 to be invested within a period of two years.
- b) **amount of investment made to date;**
Rs. 8.456 million
- c) **reasons for not having made complete investment so far where resolution required it to be implemented in specified time;**
The period in which the investment is to be made as approved by the share holders is two years i.e. till 4th April 2016.
- d) **and material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.**

Since the date of passing the resolution by the shareholders of the Company on April 5, 2014 the shareholders equity of the investee company has increased to Rs. 2 834 million from Rs. 2 533 million due to increase in Reserves of Rs. 301 million.

EFU Life Assurance Ltd. has obtained license from the Securities and Exchange Commission of Pakistan for carrying out the Window Takaful Operations in respect of Family Takaful products.

Directors' Profile



Saifuddin N. Zoomkawala
Chairman

Mr. Saifuddin N. Zoomkawala has been associated with EFU Group since 1964. He also worked as General Manager for Credit & Commerce Insurance Company at UAE, an insurance company of EFU group. He served as Managing Director of EFU General Insurance Limited from July 10, 1990 till July 2011 when he was elected Chairman of the Company.

He is also the Chairman of Allianz EFU Health Insurance Limited and Director of EFU Life Assurance Limited, and EFU Services (Pvt.) Limited, all being EFU Group Companies. He was also the Chairman of EFU Life Assurance Limited from February 1999 to July 2011.

He is also associated with the following social institutions:

Shaukat Khanum Memorial Trust and Research Centre - Member Board of Governor, Burhani Hospital, Karachi - Member Trustee, Cupola Cares Foundation - Member, Sindh Institute of Urology and Transplantation, Karachi - Member Board and Fakhr-e-Imdad Foundation - Member Board of Directors.



Rafique R. Bhimjee
Director

Mr. Rafique R. Bhimjee has a B.Sc. (Hons) in Management Science from the University of Warwick & MBA in Finance from Cass Business School at City University in London. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rafique Bhimjee has worked overseas in New York at Merrill Lynch Asset Management and with Abu Dhabi Investment Authority in Abu Dhabi.

He is associated with EFU group since August 22, 1991 when he was co-opted as Director on the Board of Directors of EFU General Insurance Limited. He was the Chairman of EFU General Insurance Limited from February 1999 to July 2011 and was elected Chairman of EFU Life Assurance Limited in July 2011. Mr. Rafique Bhimjee is also Director of Allianz EFU Health Insurance Limited, EFU Services (Pvt.) Limited and International Foundation & Garments (Pakistan) (Pvt.) Limited.



Hasanali Abdullah
Managing Director
& Chief Executive

Mr. Hasanali Abdullah qualified as Chartered Accountant from Institute of Chartered Accountants of Pakistan in 1973. He is also a "Certified Director" from Pakistan Institute of Corporate Governance.

He was associated with Hyder Bhimji & Company, Chartered Accountants and Karachi Rolling Mills Ltd. from 1964 to 1979. He is associated with EFU General Insurance Ltd. since 1979. Having served in various capacities, Mr. Hasanali was appointed as Managing Director & Chief Executive of EFU General Insurance Ltd. in July 2011.

He is also the Director of three companies of EFU Group i.e. EFU Life Assurance Ltd., Allianz EFU Health Insurance Ltd. and EFU Services (Private) Ltd.

He is Director of Tourism Promotion Services (Pakistan) Ltd. (owners of Serena Hotels in Pakistan), Honorary Treasurer of Aga Khan Hospital & Medical College Foundation, Member of Aga Khan University Foundation (Pakistan Branch) and Chairman of Pakistan Insurance Institute.

He has served on the Boards, Council and Committees of various Aga Khan Development Network institutions from 1976 to 2002. He has been Director of Pakistan Institute of Corporate Governance in 2011, Chairman of Insurance Association of Pakistan for the year 2008 and 2010 - 11, Executive Committee Member of Federation of Pakistan Chambers of Commerce & Industry for 2011 and Vice-Chairman of Pakistan Insurance Institute.



Abdul Rehman Haji Habib
Director

Mr. Abdul Rehman Haji Habib belongs to Business community. He was Chairman of Arag Group. In 1971 - 72 he was President of Karachi Chamber of Commerce & Industry and in 1976 - 77 he was President of the Federation of Pakistan Chamber of Commerce & Industry.

He is associated with EFU for the last 31 years.



Muneer R. Bhimjee
Director

Mr. Muneer R. Bhimjee, Director is a Graduate (Hons) in Economics, London. He is also a Director of International Foundation Garments (Pakistan) (Pvt.) Limited and EFU Life Assurance Limited.

He is associated with EFU since July 1993.



Jahangir Siddiqui
Director

Mr. Jahangir Siddiqui is one of Pakistan's leading entrepreneurs. He established JS Group in 1970 and has been responsible for developing Pakistan's financial sector as well as opening up its capital markets to foreign investors. Under his leadership, JS Group has grown to be one of Pakistan's largest conglomerates.

He retired as CEO of JS Group in 1999 and has since advised and chaired the boards of some key JS Group companies. While he was operationally involved in JS Group, he was responsible for establishing joint ventures with leading global firms for JS Group companies including those in securities broking with Bear Stearns & Co. Inc. and IFC, asset management with Invesco plc and IFC, health insurance with Allianz AG and Islamic banking with Dubai Bank PJSC.

He has been appointed by the Government of Pakistan as a member of the boards of a number of Government bodies including the Privatisation Commission, Economic Advisory Board and the Exchange Reforms Committee. As a member of the Exchange Reforms Committee he was crucial in developing the plan through which Pakistan's capital markets were opened up to foreign investors.

He has been associated with the Karachi Stock Exchange in various capacities including as President for two terms. During his terms he was able to introduce key initiatives including the establishment of the Central Depository Company of Pakistan (which made all settlements at all stock exchanges in Pakistan paperless).

He dedicates a significant amount of time and his wealth to philanthropic activities. In addition to his own charitable work through his family foundations, he works with a number of other organizations whose causes he supports. As Chairman of the Board of Trustees Endowment Fund Trust for Preservation of the Heritage of Sindh he is responsible for the preservation of heritage and culture in Sindh province. He also serves on the boards of Institute of Business Management (IoBM) and Sukkur Institute of Business Administration.

He holds a Bachelors Degree in Commerce from the University of Sindh.



Taher G. Sachak
Director

Mr. Taher G. Sachak has studied in UK and is a graduate in Business Studies from Bournemouth University, and also has a post-graduate Diploma in Management Studies from Liverpool University. Following his studies he joined the British Civil Service and after 5 years decided to pursue a career in life assurance. He held executive positions in major UK Life Assurance Companies, Allied Dunbar, Trident Life and finally Century Life before coming to Pakistan in 1994 to join EFU Life.

He is also a Director of EFU General Insurance and Vice Chairman of Allianz EFU Health and Director of Institute of Capital Markets and a "Certified Director" from Pakistan Institute of Corporate Governance.



Mohammed Iqbal Mankani
Director

Mr. Mohammed Iqbal Mankani started his career with Eastern Federal Union Insurance Co. in 1968 as Junior Officer. In 1970 he helped set up the first Branch of EFU in SITE Karachi.

Mr. Mankani was sent on deputation to Credit & Commerce Insurance Co., Dubai, a joint venture of EFU where he worked in various Senior Positions.

In 2001, Mr. Mankani was requested by the Executive Office of His Highness, Ruler of Dubai and Dubai Islamic Bank to help set up the first local Takaful company Dubai Islamic Insurance & Reinsurance Co. On behalf of this company, Mr. Mankani helped set up a Takaful company in Kuwait in 2009. He was also a Board Member of Amity Health, a joint venture between Dubai Islamic Insurance and AGILITY Health of South Africa. He remained with Dubai Islamic Insurance as the General Manager and Chief Operating Officer until 2012. He then set up his own Consulting Company M.I.M. Business Consultants.

Mr. Mankani has been part of the UAE Insurance industry for the last 40 years and has been twice elected member of the UAE Insurance Business Group under the Dubai Chamber of Commerce representing the Takaful industry until 2012.

He has been a frequent speaker at many insurance seminars in Malaysia, UAE etc. Mr. Mankani is an active member of the Canadian Business Council in Dubai.



Ali Raza Siddiqui
Director

Mr. Ali Raza Siddiqui is a Partner at JS Private Equity. From 2005 - 2010, he was an Executive Director at JS Investments Limited. Prior to joining JS Group he was Assistant Vice President at AIM Investments in Houston, a wholly owned subsidiary of INVESCO plc. (formerly known as AMVESCAP plc). At AIM, Mr. Siddiqui was part of a team responsible for the management of USD 60 billion in fixed income assets.

Mr. Siddiqui also serves on the Boards of Bank Islami Pakistan Limited, Pakistan International Bulk Terminals Limited, the Mahvash & Jahangir Siddiqui Foundation and Fakh-e-Imdad Foundation. He holds a Bachelors Degree from Cornell University with double majors in Economics and Government.



Financial Calendar

Results

First quarter ended 31 March 2014	Announcement Date	April 29, 2014
Half year ended 30 June 2014	Announcement Date	August 21, 2014
Third quarter ended 30 September 2014	Announcement Date	October 28, 2014
Year ended 31 December 2014	Announcement Date	February 16, 2015

Dividends

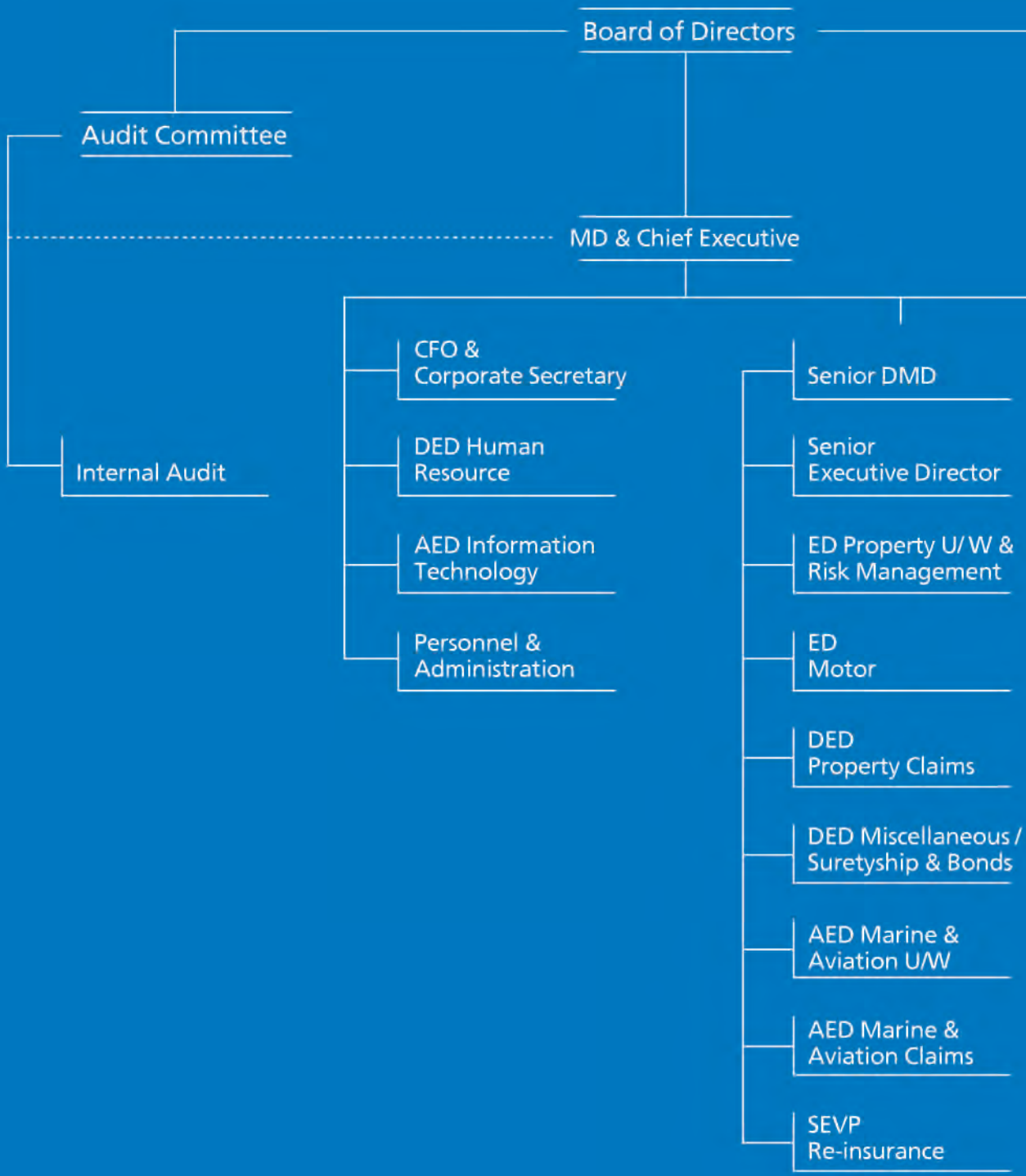
Final Cash 2014	Announcement Date	February 16, 2015
	Entitlement Date	April 02, 2015
	Statutory limit upto which payable	May 09, 2015

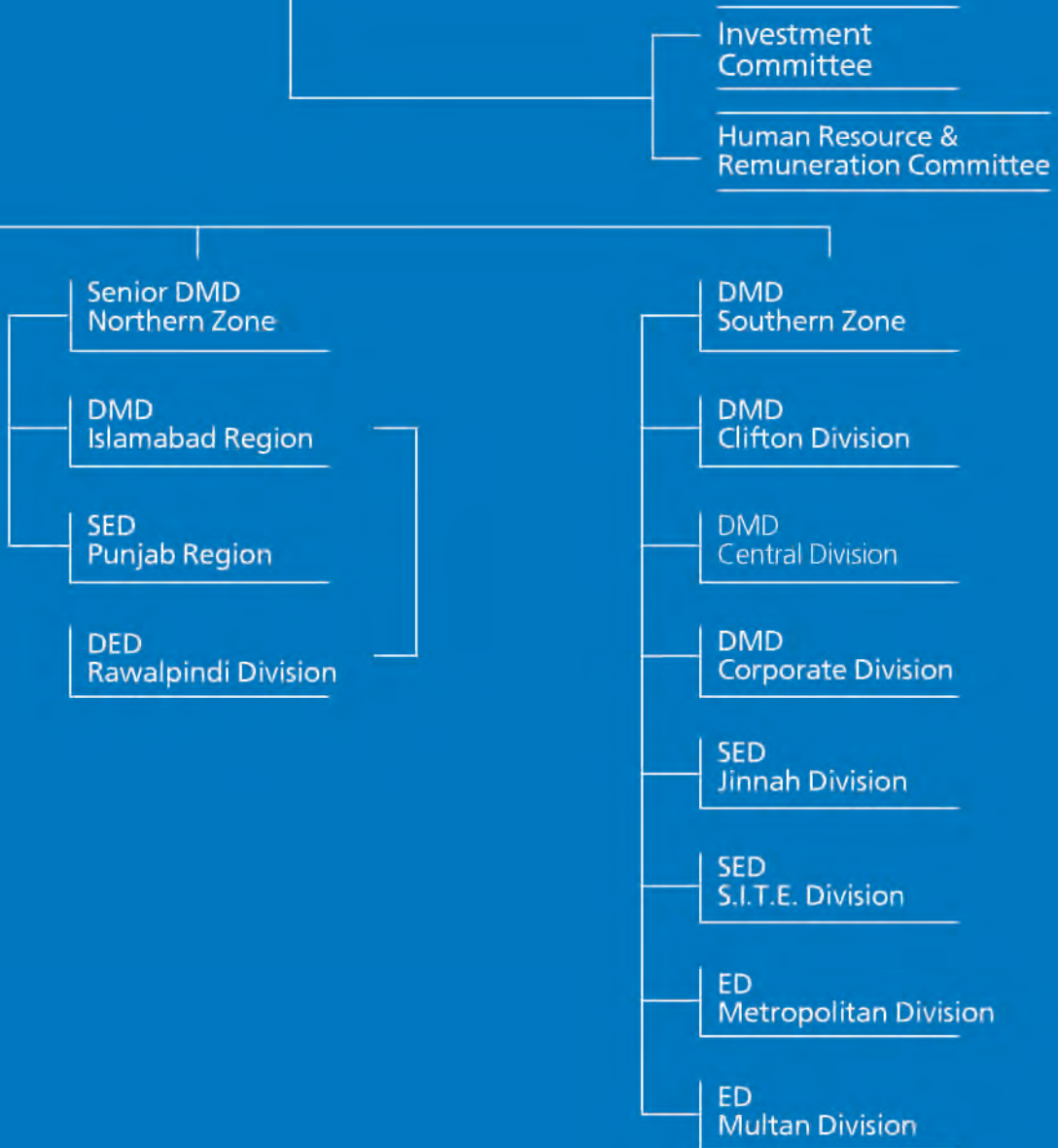
Interim Cash 2014	Announcement Date	August 21, 2014
	Entitlement Date	September 03, 2014
	Paid on	September 13, 2014
	Statutory limit upto which payable	October 03, 2014

Date of Issuance of Annual Report 2014	March 12, 2015
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Date of Annual General Meeting	April 10, 2015
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Organisation Chart





Management

Managing Director

Hasanali Abdullah, F.C.A.

Senior Deputy Managing Director

Mahmood Lotia, A.C.I.I.
Qamber Hamid, LL.B., LL.M.

Deputy Managing Director

Abdur Rahman Khandia, A.C.I.I.
Jaffer Dossa
M. Akbar Awan
Nudrat Ali
S. Salman Rashid

Senior Executive Directors

Altaf Qamruddin Gokal, F.C.A.
Khurram Ali Khan, B.E.
Muhammad Iqbal Lodhia
Syed Muhammad Haider, M.Sc.
Shaukat Saeed Ahmed

Executive Directors

Imran Ahmed, M.B.A., B.E., A.C.I.I.
K. M. Anwer Pasha, B.B.A.
Kamran Arshad Inam, M.B.A., B.E.
M. Shehzad Habib
Mohammad Iqbal Dada, M.A., A.C.I.I.
Syed Kamran Rashid
Syed Rizwan Hussain, M.B.A.

Deputy Executive Directors

Abdul Sattar Baloch
Aftab Fakhruddin, B.E., Dip C.I.I.
Darius H. Sidhwa, F.C.I.I.
Khalid Usman
Khurram Nasim, B.S. (Ins.)
M. Shoaib Razzak Bramchari
Muhammad Bashir Seja
Musakhar-uz-Zaman, B.E.
S. Aftab Hussain Zaidi, M.A., M.B.A.
Salim Razzak Bramchari, A.C.I.I.
Satwat Mahmood Butt, M.B.A.

Assistant Executive Directors

Abdul Hameed Qureshi, M.Sc.
Abdul Wahid
Ahmad Hussain Zuberi, M.B.A.
Ali Kausar
Badar Amin Sissodia
Javed Iqbal Barry, M.B.A., L.L.B., F.C.I.I.
Jawahar Ali Kassim
Kausar Ali Zuberi
Khalid Ashfaq Ahmed
Khozema T. Haider Mota
M. Vaqaruddin, M.B.A.
Muhammad Naeem M. Hanif
Muhammad Sheeraz, M.B.A.
Muhammad Sohail Nazir, M.Sc., A.C.I.I.
Ross Masood M.B.E.
Syed Amir Aftab
Syed Asim Iqbal, M.B.A.
Syed Basit Hussain
Yawar Aminuddin

Senior Executive Vice Presidents

Abdul Majeed
Abdul Qadir Memon, M.Sc.
Aslam A. Ghole, F.C.I.S.
Babar A. Sheikh
Farrukh Aamir Beg, M.B.A.
Javed Akhtar Shaikh, B.B.A.
Liaquat Ali Khan, F.C.I.I., A.M.P.I.M.
Mansoor Abbas Abbasi, B.E.
Masroor Hussain
Mazhar H. Qureshi
Mohammad Kamil Khan, M.A.
Mohammad Nasir, M.B.A., EMS
Mohammad Rizwanul Haq
Mohammad Shoaib, M.A.
Muhammad Arif Khan
Muhammad Najeeb Anwar
Muhammad Rashid Akmal, M.B.A.
Muhammad Shakil Khan, M.B.A., B.E.
Muhammad Sohail
Munawar Salemwala, F.C.A.
Nadeem Ahmad Khan

Pervez Ahmad, M.B.A
Shaharyar Jalees, M. A.
Shahzad Zakaria
Shamim Pervez, M.B.A.
Shazim Altaf Kothawala
Syed Abid Raza Rizvi, M.Com
Syed Ahmad Hassan, M.B.A.
Syed Sadiq Ali Jafri
Syed Shahid Hussain, L.L.B.
Zafar Ali Khokhar, M.A.
Zarar Ibn Zahoor Bandey

Executive Vice Presidents

Abdul Hameed
Ali Ghulam Ali, A.C.A.
Ali Raza
Arshad Ali Khan, F.C.M.A.
Atif Anwar, F.C.C.A.
Faisal Gulzar
Fakhruddin Saifee
Fatima Bano, M.B.A., A.C.I.I.
Iftikharuddin, L.L.B.
Irfan Raja Jagirani
Kashif Gul, B.E.
M. A. Qayum, M.Com
Malik Firdaus Alam
Mohammad Afzal Khan, E.M.B.A.
Mohammad Amin Sattar, M.Com
Mohammad Haji Hashim, L.L.B.
Mohammad Naeem Shaikh, A.C.I.I.
Muhammad Arshad Khan
Muhammad Azhar Ali
Muhammad Ilyas Khan, A.C.I.I.
Muhammad Mujtaba
Muhammad Razaq Chaudhry
Muhammad Tawheed Alam, M.B.A., B.E.
Muhammad Yousuf Jagirani, M.A.
Murtaza Noorani, F.C.C.A, C.A.T.
Quaid Johar
Rashid Mohammad Iqbal
Riaz Ahmad
Rizwan Ahmed, M.B.A.
S. Anwar Hasnain



S. Tayyab Hassan Gardezi, M.Sc.
Usman Ali Khan
Syed Farhan Ali Bokhari, M.B.A.
Zia Mahmood, M.B.A.

Senior Vice Presidents

Aamer Ali Khan, M.B.A.
Abdul Bari
Abdul Mateen Farooqui, M.Sc.
Abdul Rashid
Abdul Shakoor Piracha.
Amanullah Khan
Anjum Kamal Khan, M.B.A.
Asadullah Khan
Asif Mehmood
Asghar Ali
Ashfaq Ahmad
Dr. Ghulam Jaffar, Ph.D.
Ejaz Ahmed Khan, M.B.A.
Farhat Iqbal
Farman Ali Afridi
Ghulam Haider, M.Sc.
Hasan Riaz, M.B.A.
Imran Saleem, M.B.A., M.C.S.
Inayatullah Chaudhry
Javed Iqbal Khan
Kaleem Imtiaz, M.A.
Kamran Bashir, M.B.A.
Liaquat Imran
M. Asif Ehtesam, M.B.A.
Mansoor Ahmed
Mirza Mutahir Hussain
Mohammad Idrees Abbasi
Moiz Hussain, A.C.A.
Ms. Ansa Azhar. A.C.I.I.
Muhammad Asif Ehtesham
Muhammad Hussain
Muhammad Ikram, M.B.A.
Muhammad Khalid Ahmed Khan, M.B.A.
Muhammad Naseem
Muhammad Salahuddin
Nadeemuddin Farooqi, L.L.B.
Rao Abdul Hafeez Khan

S. Asim Ijaz
S. M. Aamir Kazmi, L.L.B.
S. M. Adnan Ashraf Jelani, A.C.I.I.
S. M. Shamim
Saifullah
Salma Ghani, B.B.A.
Shah Asghar Abbas, M.B.A.
Shahab Khan
Sikandar Kasbati
Syed Nazish Ali, A.C.I.I.
Umair Ali Khan, M.A.
Usman Ali, L.L.B.
Wahaj ur Rehman, M.B.A.
Waheed Yousuf, M.B.A.
Waqar Hasan Qureshi
Waseem Ahmed
Zahid Hussain, A.C.I.I.
Zia Ur Rehman
Zohaib A. Khan, M.B.A., L.L.B.
Zohair Sharih
Zulfiqar Ali Khan, M.Sc., A.C.I.I.

Vice Presidents

Abdul Aziz
Aftab Ahmed, L.L.B.
Agha Ali Khan
Amir Arif Bhatti
Amjad Irshad, B.B.A.
Atif Haider Khan, M.B.A.
Aziz Ahmed
Bashir Maqsood, M.B.A.
Farkhanda Jabeen, A.C.I.I.
Farrukh Ahmad Qureshi
Farwah Ali Khan, M.B.A.
Fouzia Naz
Haider R. Rizvi, B.S.
Haseeb Ahmad Bajwa, L.L.B.
Ikramul Ghani, M.A.
Imran Yasin, M.B.E., A.C.I.I.
Irfan Ahmad, A.C.M.A., C.I.A.
Khawaja Samiullah
M. Saghiruddin, M.Com

Mansoor Hassan Khan
Mohammad Adil Khan
Mohammad Amin Memon
Mohammad Hanif
Mohammad Saleem
Mohammad Shoab
Mohsin Ali Baig
Muhammad Ali
Muhammad Ilyas
Muhammad Maroof Chaudhry
Muhammad Naeem Ahsan
Muhammad Owais Alam, M.B.A.
Muhammad Saleem Gaho
Muhammad Saleh
Muhammad Shahjahan Khan
Muhammad Sirajuddin
Muhammad Taufiq
Muhammad Usman
Muhammad Waqas, A.C.I.I.
Muhammad Yasir H. Choudhry
Nadeem Ahmed
Naseer Ahmad
Nausherwan Haji
Quaid Johar
Rahim Khowaja, M.A.
Rana Zafar Iqbal
Reaz Hussain Siddiqui, L.L.B.
Riazuddin, M.A.
S. Ferozuddin Haider
S. Hussain Alam Kazmi, B.Sc. (Ins.)
S. Khaliluddin
Saeed Ahmed
Salimullah Khan, M.Com.
Sarfaraz Mehmood Khan
Sarfaraz Mohammad Khan
Shadab Mohammad Khan
Shahab Saleem
Syed Ishaq Kamal Hashimi, M.B.A.
Syed Zubair Ali
Tariq Mahmood
Waqar Ahmed, M.Sc.

Assistant Vice Presidents

Abdul Rashid Yaqoob
Ali Farman, M.A.
Aliya Jaffer Dossa
Anwer Mahmood
Arshad Hameed
Asif Ahmed Butt
Chaudhary Sheraz Qamar
Faiz Muhammad
Farnazia Khatri, M.B.A.
Farooq Shaukat
Fazal Hussain
Feroz Ali
Habib Ali
Hassan Aziz, M.Sc.
Ijaz Anwar Chughtai
Imran Ahmed Siddiqui, LL.B.
Imran Qasim
Imtiaz Ahmed
Intikhab Ahmed
Israr Gul, M.A.
Kausar Hamad, M.B.A.
Mansoor Hassan Siddiqi, M.Sc.
Maqsood Ahmed
Maria N. Jagirani
Mazhar Ali
Mohammad Mustafa Ismail
Mudassar Raza
Muhammad Ahmer Siddiqui
Muhammad Ali
Muhammad Anwar Amdani
Muhammad Asif
Muhammad Asif, M.A.
Muhammad Mushtaq
Muhammad Owais Jagirani
Muhammad Rashid
Muhammad Saghir Khan
Muhammad Sarwar
Muhammad Usman
Naif Javaid, M.B.A.
Najma Riaz, M.A.
Naseem Ahmed
Nayyar Sultana, L.L.B.
Nida Altaf, B.E.

Noman Shahid, M.B.A.

Noor Asghar Khan
Noushad Alam Siddiqui, M.B.A.
Onaib-ur-Rehman, M.B.A.
Raja Azhar Rafique
Rao Nafees Murtaza
Rashid Saeed Butt
Rizwana Iftikhar
Rizwan Jalees
S. Arshad Sajjad Rizvi, M.B.A.
S. Kamran Ali, B.Sc. (Ins.)
S. M. Farhan Asfi
S. Mahmood Razi
Sabiha Zehra
Saima Morkas Motiwala
Saira Waheed, M.B.A.
Saleem Hameed Qureshi, M.A.
Shabbir Hussain
Shahbaz Khan
Shaheena Ashfaq, M.A.
Shaikh Muhammad Khurram
Syed Kamal Ahmed
Syed Mohammad Saleem
Syed Mudassar Ali
Syed Shabeeh Hyder Shah
Syed Zee Waqar
Wajahat Ahmed Siddique
Zahra Lotia
Zainul Abedin

Medical Officer

Dr. Aftab Ali, M.B.B.S.

Marketing Executives

Senior Executive Directors

Ataf Kothawala
Jahangir Anwar Shaikh

Executive Directors

Abdul Wahab Polani
Ali Safdar
Muhammad Khalid Saleem, M.A.
Saleem Tariq Ahmed

Deputy Executive Directors

Agha S. U. Khan
Haroon Haji Sattar Dada
Mahmood Ali Khan, M.A.
Mir Babar Ali, M.B.A.

Assistant Executive Directors

Aamir Ali Khan
Abdul Wahab
Akhtar Kothawala
Khalid Mehmood Mirza
Muhammad Hussain
S. Ashad H. Rizvi
Saad Anwer
Shahab Khan, B.C.S.
Syed Jaweed Envor, L.L.B.
Syed Saad Jafri
Tauqir Hussain Abdullah
Yousuf Alavi

Senior Executive Vice Presidents

Adeel Ahmed
Ali Rafiq Chinoy
Anis Mehmood
Asif Elahi
Azmat Maqbool, M.B.A.
Imran Ali Khan
Mrs. Nargis Mehmood
Muhammad Aamir Khadeli, M.B.A.
Muhammad Shakeel, M.B.A.
Muhammad Umer Memon
Muhammad Younus Khadeli
Muhammad Younus
Rashid Habib, M.A.
Rizwan Siddiqui
S. Shahid Mahmood, M.A.
Shahid Younus
Syed Iftikhar Haider Zaidi, M.A.
Syed Imran Zaidi, M.B.A.
Syed Shahid Raza

Executive Vice Presidents

A. Ghaffar A. Karim
Azharul Hassan Chishty



Ejaz Ahmed
Faisal Khalid, M.Sc.
Jameel Masood
M. Arif Bhatti
Malik Akhtar Rafique
Mian Abdul Razak Raza, B.Ed.
Ms. Shazia Rahil Razzak
Muhammad Farooq
Muhammad Imran Naeem
Muhammad Javed
Muhammad Mushtaq Najam Butt
Muneeb Farooq Kothawala
Shahid Abdullah Godil, M.B.A.
Shahzeb Lodhi, B.C.S.
Syed Baqar Hasan, M.A.
Tahir Ali Zuberi

Senior Vice Presidents

Bashir Ahmed Sangi
Faisal Hassan
Faisal Mahmood Jaffery
Farid Khan
Imdadullah Awan
Inayatullah Khalil
Kayomarz H. Sethna
Kh. Zulqarnain Rasheed
Mahnoor Atif
M. Anis-ur-Rehman
Ms. Shela Farooq Kothawala
Muhammad Asif Jawed, M.A.
Muhammad Rehan Iqbal Booti
Muhammad Saleem Babar, M.B.A.
Muhammad Shamim Siddiqui
Qasim Ayub
Ramesh Malraj Bherwani
Rana Khalid Manzoor
Rashid A. Islam
S. Sohail Haider Abidi
Saad Wahid
Shakil Wahid
Somia Ali
Wasif Mubeen, L.L.B.
Wasim Ahmed

Vice Presidents

Abul Nasar
Ahmed Saeed Khan
Ali Hasnain Shah
Ashiq Hussain Bhatti
Babar Zeeshan
Hamid-Us-Salam
Hassan Abbas Shigri
Javed Aslam Awan
M. Ashraf Samana
M. Nadeem Shaikh
Ms. Fauzia Khawja
Ms. Sadia Khanum
Ms. Shahida Aslam
Mubashir Saleem
Muhammad Arfeen
Muhammad Awais Memon
Muhammad Iftikhar Siddiqui
Muhammad Niamatullah
Muhammad Siddiq
Muhammad Tayyab Nazir
Muhammad Zia-ul-Haq
Rashid Umer Burney
Shahid Raza Kazmi
Sirajuddin
Sohail Raza
Syed Abdul Ghaffar, M.A.
Syed Abid Raza
Syed Mobin A. Niazi
Syed Muhammad Iftikhar
Syed Rashid Ali
Syed Rizwan Haider, M.Sc.
Tariq Jamil, M.B.E
Waleed Polani
Zakaullah Khan

Assistant Vice Presidents

Ahmed Nawaz, M.A.
Aman Nazar Muhammad
Arshad Iqbal, M.B.A.
Farhan Sattar
Jalaluddin Ahmed
Javed Iqbal Cheema
M.A. Qayyum Khan
Mrs. Shagufta Asrar Ahmed
Muhammad Aamir Hanif
Muhammad Azim Hanif
Muhammad Ilyas
Muhammad Iqbal
Muhammad Murtaza Ispahani
Muhammad Musarat Hussain, M.Sc.
Muhammad Naveed Asghar
Nadeem A. Siddiqui
Qamar Aziz
Raja Jamil
S. Shakeel Hassan Bakhtiar
Saad Reyaz
Shahid Iqbal
Syed Mojiz Hasan
Syed Muhammad Waseem
Syed Zulfiqar Mehdi
Tauseef Hussain Khan

Report of the Directors to Members

The Directors of your Company are pleased to present the Eighty Second Annual Report of the Company for the year ended December 31, 2014.

The year 2014 was a satisfactory year for the Company on account of improvement in underwriting results and higher investment income. The Company continued to lay emphasis on a prudent approach to doing business and written premium for the year increased by 5 % to Rs. 14.5 billion compared to Rs. 13.9 billion in 2013 while the net premium revenue was Rs. 6.5 billion compared to Rs. 6.3 billion in 2013. The profit after tax was Rs. 1 829 million as compared to Rs. 1 392 million in 2013, translating into earnings per share of Rs. 11.43 in 2014 as against Rs. 8.70 (restated) in 2013.

The total Underwriting Profit of the Company for the year under review increased to Rs. 1 316 million as against Rs. 772 million in 2013. The overall claims ratio improved to 46 % as against 54 % in 2013.

The business environment in 2014 continued to be challenging as has been our experience in the past few

years. The country's economy performed marginally better but faced difficult conditions due to incidents of terrorism, energy crisis and persistent fiscal deficit, devastating floods and political instability that hurt the level of business activities. The decline in international oil prices, although positive for the country's balance of payment position, may reduce government's revenue and may also impact business volumes of Insurance sector as falling oil prices will result in reduction in volume of written premiums on import of crude oil and other petro chemical products.

In this background your Company was able to improve its results significantly over 2013. This was achieved through a continued focus on profitability, customer needs, improving efficiencies, innovation and underwriting strategies.

The segment wise performance was as follows:

FIRE AND PROPERTY

The written premium increased by 6 % to Rs. 8 391 million as compared to Rs. 7 945 million in 2013. The written premium of this segment constitutes 58 % of the total written premium of the Company. The claims as percentage of net premium revenue were 30 % as against 47 % in 2013 and the underwriting profit for the year significantly increased to Rs. 564 million compared to Rs. 180 million in 2013.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 10 % to Rs. 2 200 million as compared to Rs. 2 008 million in 2013. The written premium of this segment constitutes 15 % of the total written premium of the Company. Despite payment of huge losses on account of act of terrorism at Karachi airport the claims as percentage of net premium revenue improved to 43 % as against 53 % in 2013 and the underwriting profit for the year increased to Rs. 292 million compared to Rs. 165 million in 2013. Your Board is glad to report that the Company's prudent re-insurance arrangement was instrumental in reducing the impact of such a huge loss.

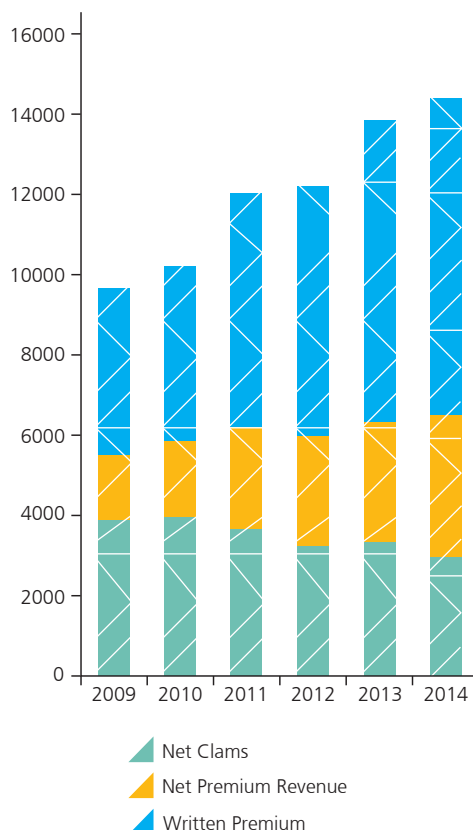
MOTOR

The written premium increased by 3 % to Rs. 2 853 million as compared to Rs. 2 763 million in 2013. The written premium of this segment constitutes 20 % of the total written premium of the Company. The Claims as percentage of net premium revenue were 55 % as against 57 % in 2013 and the underwriting profit was Rs. 302 million compared to Rs. 272 million in 2013.

OTHERS

The written premium was Rs. 1 070 million compared to Rs. 1 166 million in 2013. The written premium of this segment constitutes 7 % of the total written premium of the Company. The Claims as percentage of net premium revenue were 61 % as against 64 % in 2013. The

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





underwriting profit for the year was Rs. 155 million compared to Rs. 154 million in 2013.

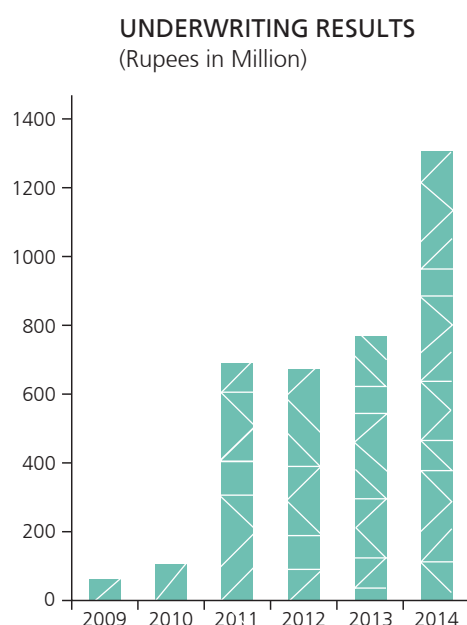
Investment Income

Your Company realized capital gains of Rs. 375 million as against Rs. 432 million in 2013. In addition, the Company earned dividend income of Rs. 228 million in comparison to Rs. 267 million last year. The Company's total investment income for 2014 was Rs. 915 million, as against Rs. 772 million in 2013. The market value of shares and mutual funds stood at Rs. 7.9 billion as on 31 December 2014, while it was Rs. 7.1 billion as on 31 December 2013. Share of profit from EFU Life Assurance Limited, an associate company, for the year ended 2014 was Rs. 404 million as compared to Rs. 399 million in 2013.

Your Company's investment in associated company, EFU Life Assurance Limited (EFU Life), is being accounted for using equity method of accounting in accordance with the requirements of IAS 28. The carrying amount of investment in EFU Life was tested for impairment based on value in use by independent actuary and as certified by him, the recoverable amount calculated by the independent actuary is higher than the carrying amount.

Information Technology

Your Company is continuously improving its systems and getting a competitive edge by introducing various online services to customers, like e-Verify through which customer can verify policies / certificates online and Travel Insurance policies are now being sold on line.



Earnings per share

Your Company has reported earnings per share of Rs. 11.43 in 2014 as compared to Rs. 8.70 (restated) in 2013.

Appropriation and Dividend

The profit after tax was Rs. 1 829 million as compared to Rs. 1 392 million in 2013. Your Directors have recommended a final cash dividend of Rs. 5 per share i.e 50 % to the shareholders whose names appear in the share register of the Company at the close of business on April 2, 2015. This cash dividend is in addition to interim cash dividend of Re. 1 per share i.e 10 % declared during the year.

Rupees '000

The amount available for appropriation is:

Amount brought forward from previous year	295 027
Other comprehensive income	34 119
Profit after tax for the year	1 829 051
Amount available for appropriation	2 158 197

The Directors recommend that this amount be appropriated in the following manner:

Less: Appropriation

Interim dividend 2014 @ 10 % (2013: 10 %)	160 000
Proposed final dividend 2014 @ 50 % (2013: 40 %)	800 000
Transfer to general reserve	1 000 000
	1 960 000
Carry forward to next year	198 197

Market Share

Based on the available published financial information as of 30 September 2014, your Company has market share of 27 % of the private non-life insurance sector business in Pakistan. The statistics are compiled and published by the Insurance Association of Pakistan.

Credit Rating

Your Company continues to have JCR-VIS as its rating agency. JCR-VIS has reaffirmed the financial strength rating of AA+ with 'Stable' outlook.

Human Resource

Our aim is formulating and executing human resource policies and practices that produce employee competency and behavior the Company needs to achieve its strategic aims.

Know-how and competence are the basis for our success and they do not come by chance. As a leading insurer, we invest extensively in cultivating and motivating our employees and train them to face market challenges which require special care, with defined responsibility, formulated goals and constructive cooperation where each person is able to contribute his or her individual strengths.

We provide necessary training to ensure that our employees have the knowledge and skills needed to accomplish their tasks, concepts and techniques for developing more capable employees, managers and organization. Continuous training and development is part of our Company policy. In 2014, we conducted various External and Internal Training Programs, which included Refresher Courses, Workshops and Seminars.

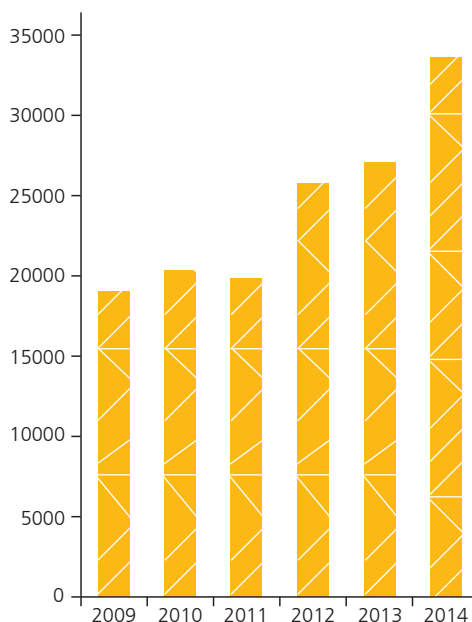
We facilitate and encourage our employees to pursue and progress toward ACII, the world wide acceptable professional insurance qualification from Chartered Insurance Institute - UK. We have 24 Chartered Insurer from CII - UK. Other than CII qualified, we have Professional 17 Engineers and 10 Professional Accountants.

Other Accreditations

Your Company received Certificate of Registration ISO 9001:2008 in recognition of the organization's Quality Management System which complies with the requirement of ISO 9001:2008. Detail of various awards received in the year 2014 is as follows:

<u>Awards</u>	<u>Period</u>	<u>Organizer</u>
SAFA Best Presented Accounts & Corporate Governance Disclosures Award	2013	South Asian Federation of Accountants (An apex body of SAARC)
Brands of the Year Award	2013	Brands Foundation
Consumers Choice Award	2013	Consumers Association of Pakistan – CAP
Consumers Demand Award	2013	Consumers Association of Pakistan – CAP
2nd FPCCI Achievement Award / Gold Medal	2013	Federation of Pakistan Chamber of Commerce and Industry – FPCCI
Best Corporate & Sustainability Report Award	2013	Institute of Chartered Accountants of Pakistan – ICAP
		Institute of Cost and Management Accountants of Pakistan – ICMAP

TOTAL ADJUSTED ASSETS
(Rupees in Million)



Significant Entity's Objectives

Your Company will continue to lay emphasis on being the preferred insurer as well as maintaining its leadership in the industry.

Critical Performance Indicators

The critical performance indicators against stated objectives of the Company are stated as under:

- Improving underwriting results
- Improved overheads
- Continue to be market leader
- Customer satisfaction
- Increasing shareholders wealth

Analysis of How the Entity's Performance Met / Exceeded Short of Forward-Looking Disclosures made in Prior Periods

Your Company had set financial targets for 2014 of being the largest and the best Company in the insurance sector and pleased to report that your Company continues to maintain the lead position. Your Company registered



business growth of 5 % for the year 2014, the Company's un-appropriated reserves increased to Rs. 11.5 billion from Rs. 10.7 billion in 2013.

Analysis of the Prospects of the Company including Targets for Financial and Non-Financial Measures

Over the years, quality of service, customer satisfaction and employees motivation are the key areas where management has always taken necessary measures for improvement. The Company believes its strength is in the satisfaction of its customers. During the year, management conducted various training courses for the development of employees at various levels.

The key performance indicators devised for achieving the management objective are to maximize customer satisfaction, improve underwriting results, controlling overhead costs, increasing shareholders wealth and continue to be market leader.

Prospects for 2015

Our strategy for 2015 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in the industry. It builds on our strengths. It places customers and their needs at the center of our business.

To take EFU General to the greater height, we are focusing more closely on the markets and customers segments where we have a competitive edge, those where we can offer a superior value proposition to our customers. We have applied to SECP for Window Takaful Operations Licence. Your Company would then be able to market shariah compliant products in addition to conventional product.

We continue to invest in our people and making EFU General a great place to build career. We also continue to invest in the systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

The way to success will be the flawless and relentless execution of our strategic plan to build a more competitive, more successful business that will be recognised as the best in the industry.

Reinsurance

Your Company continues to enjoy very sound reinsurance arrangements which are placed with leading international securities, like SCOR Global P&C, Swiss Reinsurance Company, Asia Capital Reinsurance, Hannover Reinsurance, Aspen Reinsurance Company and Lloyds of London all of them being A rated.

Related Party Transactions

At each board meeting the Board of Directors approves

Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

Capital Management and Liquidity

The Company has a policy to maintain a strong capital position. Your Company carefully administers its liquidity to ensure its ability to meet its insurance obligations efficiently. The Company has been able to operate and honor its obligations through the cash flow generated from its core business as well as investment and other income.

Board Committees

Your Company maintains following three board committees.

Audit Committee

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

1. Mr. Rafique R. Bhimjee
2. Mr. Taher G. Sachak
3. Mr. Ali Raza Siddiqui
4. Mr. Mohammed Iqbal Mankani

Investment Committee

The Company has a Board level investment committee that meets on quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company. The Board's Investment Committee comprises of the following members:

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

Human Resource and Remuneration Committee

The committee is responsible for recommending to the Board human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company. The Board's

Human Resource and Remuneration Committee comprises of the following members:

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

Management Committee

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

Underwriting Committee

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

Claims Settlement Committee

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

Reinsurance and Coinsurance Committee

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

Risks to Business

Business risks and mitigation factors are described in detail on page 23 of this Annual Report.

Corporate Social Responsibility

Business Ethics and Consumer Protection

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

Sports Activities

To encourage healthy activities, the Company maintains an in-house sports club which includes Table Tennis, Snooker, Chess and other board games for male and female employees. In addition, gym facilities have also been provided for male and female employees. The Company's Cricket team is one of the best in the insurance community and has won a number of tournaments. All these sporting facilities are used by employees of all cadres and well appreciated.

Environment

Your Company is committed for the energy conservation and healthy environment. The Company has installed energy savers to conserve energy. At the same time we minimize the use of lights during lunch break.

Occupational Safety and Health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has a dedicated medical facility which includes clinic and a full time Chief Medical Officer at Karachi to take care of employees and their families' health matters and also advise on preventive health care.

Social and Environmental Responsibility Policy

To encourage academic endeavors within the employees' families, scholarship of Rs. 20 000 per child is awarded to those children of staff who pass matriculation or intermediate examinations with 70 % plus marks. In line with the Company's policy, during 2014, scholarships were awarded to promising students. EFU General has been awarded the Corporate Social Responsibility Award 2015 by National Forum for Environment & Health (NFEH).

Relationship with other Stakeholders

Your Company tries to maintain good relationship with:

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

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

Your Company, being a responsible corporate citizen, donates generously every year. In 2014, the Company donated Rs. 8.4 million to various organizations including,



Institute of Business Administration, The Aga Khan Hospital and Medical College Foundation, Memon Medical Institute, Radiology Aid Foundation (JPMC), Fakhr-e-Imdad Foundation, Sindh Institute of Urology and Transplantation, The Kidney Centre, Shaukat Khanum Memorial Trust, Burhani Medical Welfare Association, Chiniot Anjuman Islamia amongst others.

Contribution to National Exchequer

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company contributed Rs. 3.2 billion to the National Exchequer in the form of Federal Excise Duty, Sales Tax, Income Tax, Federal Insurance Fee, Custom Duties, Policy Stamps, etc.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions that management and the Board believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premiums

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

Premium deficiency reserve (liability adequacy test)

The expected future liability is estimated by reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments.

Employees' retirement benefits

Your Company operates defined benefit pension fund and defined benefit gratuity fund for its eligible employees. The accounting treatment is carried out in accordance with International Accounting Standard (IAS) 19 - Employee Benefits. The amounts recognized in respect of the above schemes represent the present value of defined obligations adjusted for rereasured gains and losses as reduced by the fair value of plan assets.

Deferred taxation

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

Impairment in value of investments

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

Investment properties

The investment properties are accounted for under the cost model in accordance with IAS 40 - Investment Property.

Valuation of investment properties are also carried out by an independent valuer having relevant professional qualifications. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

Useful lives of fixed assets

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

Premium due but unpaid

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

Compliance with Code of Corporate Governance

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

The Directors of your Company were elected at the Extraordinary General Meeting held on July 9, 2014 for a term of three years expiring on July 9, 2017.

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

Sr. no.	Name of Directors	Number of meetings attended
1	Saifuddin N. Zoomkawala <i>(Non-Executive Director)</i>	6 out of 6
2	Hasanali Abdullah <i>(Executive Director)</i>	6 out of 6
3	Rafique R. Bhimjee <i>(Non-Executive Director)</i>	6 out of 6
4	Abdul Rehman Haji Habib <i>(Non-Executive Director)</i>	6 out of 6
5	Jahangir Siddiqui <i>(Non-Executive Director)</i>	4 out of 6
6	Muneer R. Bhimjee <i>(Non-Executive Director)</i>	4 out of 6
7	Taher G. Sachak <i>(Non-Executive Director)</i>	5 out of 6
8	Ali Raza Siddiqui <i>(Non-Executive Director)</i>	4 out of 6
9	Mohammad Iqbal Mankani <i>(Independent Director)</i>	3 out of 4

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

Statement of Ethics and Business Practices

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

Corporate and Financial Reporting Framework

- 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.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in

preparation of financial statements and any departure from there has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years is annexed.
- The value of investments of provident, gratuity and pension funds based on their un-audited accounts, as on December 31, 2014 were:

Provident Fund	Rs. 659 million
Gratuity Fund	Rs. 307 million
Pension Fund	Rs. 243 million

The value of investments includes accrued interest.

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

Purchase of shares	No. of shares
Mr. Hasanali Abdullah	10 000

- The statement of pattern of shareholding in the Company as at 31 December 2014 is included with the Report.

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

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

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015



Key Financial Data

(Rupees in Million)

	2014	2013	2012	2011	2010	2009	
Written Premium	14 514	13 882	12 360	12 043	10 232	9 614	
Earned Premium	14 269	13 270	12 001	11 433	9 699	9 695	
Net Premium Revenue	6 532	6 342	6 009	6 224	5 847	5 570	
Underwriting Result	1 316	772	679	693	112	67	
Investment & Other Income	1 584	1 408	1 481	654	7	1 163	
Profit / (Loss) before tax	2 262	1 623	1 614	842	(360)	801	
Profit / (Loss) after tax	1 829	1 392	1 564	561	(413)	732	
Paid-up Capital	1 600	1 250	1 250	1 250	1 250	1 150	
Shareholders' Equity	13 111	11 908	11 131	9 996	9 591	10 464	
Breakup Value per Share (Rs.)	81.94	95.26	89.05	79.97	76.73	91.00	
Investments & Properties	15 860	15 002	13 611	12 552	11 899	12 886	
Cash & Bank Balances	1 521	2 083	1 670	1 758	1 707	1 350	
Total Assets Book Value	29 227	28 939	29 057	24 378	24 542	21 939	
Dividend	%	60.00	50.00	50.00	27.50	12.50	40.00
Bonus	%	–	28.00	–	–	–	8.696

Vertical Analysis of Balance Sheet & Income Statement

	2014		2013	
	Rupees	%	Rupees	%
Balance Sheet				
Cash and Bank Deposits	1 521	5.20	2 084	7.20
Loans to Employees	3	0.01	2	0.01
Investments	15 647	53.54	14 771	51.04
Investment Properties	213	0.73	231	0.80
Deferred Taxation	–	–	–	–
Current Assets	10 923	37.37	10 991	37.98
Fixed Assets	920	3.15	860	2.97
Total Assets	29 227	100.00	28 939	100.00
Total Equity	13 111	44.86	11 908	41.15
Underwriting Provisions	12 313	42.13	13 028	45.02
Deferred Liabilities	117	0.40	86	0.30
Creditors and Accruals	3 078	10.53	3 349	11.57
Other Liabilities	608	2.08	568	1.96
Total Equity and Liabilities	29 227	100.00	28 939	100.00
Profit and Loss Account				
Written Premium	14 514		13 882	
Net Premium Revenue	6 532	100.00	6 342	100.00
Net Claims	2 973	45.51	3 406	53.71
Change in Premium Deficiency Reserve	–	–	–	–
Management Expenses	1 482	22.69	1 375	21.68
Net Commission	761	11.65	789	12.44
Investment Income / (Loss)	915	14.01	772	12.17
Rental Income	119	1.82	101	1.59
Profit on Deposits	115	1.76	113	1.78
Other Income	31	0.47	23	0.36
Share of Profit / (Loss) of Associate	404	6.18	399	6.29
General and Administration Expenses	592	9.06	525	8.28
Workers' Welfare Fund	46	0.70	32	0.50
Profit / (Loss) Before Tax	2 262	34.63	1 623	25.58
Taxation - net	433	6.63	231	3.64
Profit / (Loss) After Tax	1 829	28.00	1 392	21.94



Rupees in Million

2012		2011		2010		2009	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
1 670	5.75	1 758	7.21	1 707	6.95	1 350	6.15
3	0.01	2	0.01	3	0.01	3	0.01
13 405	46.13	12 333	50.59	11 664	47.53	12 644	57.63
206	0.71	219	0.90	236	0.96	242	1.10
-	-	-	-	115	0.47	34	0.15
12 902	44.40	9 306	38.17	10 108	41.19	7 121	32.47
871	3.00	760	3.12	709	2.89	545	2.49
29 057	100.00	24 378	100.00	24 542	100.00	21 939	100.00
11 131	38.31	9 996	41.00	9 591	39.07	10 465	47.70
14 598	50.24	11 684	47.93	12 708	51.78	9 710	44.26
88	0.30	59	0.24	41	0.17	24	0.11
2 709	9.32	2 205	9.05	1 830	7.46	1 439	6.56
531	1.83	434	1.78	372	1.52	301	1.37
29 057	100.00	24 378	100.00	24 542	100.00	21 939	100.00
12 360		12 043		10 232		9 614	
6 009	100.00	6 224	100.00	5 847	100.00	5 570	100.00
3 297	54.87	3 708	59.58	3 942	67.42	3 911	70.22
-	-	(57)	(0.92)	2	0.03	55	0.99
1 285	21.38	1 193	19.17	1 135	19.41	1 076	19.32
748	12.45	687	11.04	656	11.22	461	8.28
851	14.16	186	2.99	(358)	(6.12)	673	12.08
98	1.63	87	1.40	84	1.44	86	1.54
116	1.93	111	1.78	87	1.49	93	1.67
26	0.43	27	0.43	43	0.74	15	0.27
390	6.49	244	3.92	151	2.59	295	5.30
513	8.54	489	7.86	479	8.19	412	7.40
33	0.55	17	0.27	-	-	16	0.29
1 614	26.85	842	13.52	(360)	(6.13)	801	14.36
50	0.83	281	4.51	53	0.91	69	1.24
1 564	26.02	561	9.01	(413)	(7.04)	732	13.12

Horizontal Analysis of Balance Sheet & Income Statement

	2014	2013	2012	2011
Balance Sheet				
Cash and Bank Deposits	1 521	2 084	1 670	1 758
Loans to Employees	3	2	3	2
Investments	15 647	14 771	13 405	12 333
Investment Properties	213	231	206	219
Deferred Taxation	–	–	–	–
Other Assets	10 923	10 991	12 902	9 306
Fixed Assets	920	860	871	760
Total Assets	29 227	28 939	29 057	24 378
Profit and Loss Account				
Total Equity	13 111	11 908	11 131	9 996
Underwriting Provisions	12 313	13 028	14 598	11 684
Deferred Liabilities	117	86	88	59
Creditors and Accruals	3 078	3 349	2 709	2 205
Other Liabilities	608	568	531	434
Total Equity and Liabilities	29 227	28 939	29 057	24 378
Profit and Loss Account				
Written Premium	14 514	13 882	12 360	12 043
Net Premium Revenue	6 532	6 342	6 009	6 224
Net Claims	2 973	3 406	3 297	3 708
Change in premium deficiency reserve	–	–	–	(57)
Management Expenses	1 482	1 375	1 285	1 193
Net Commission	761	789	748	687
Investment Income / (Loss)	915	772	851	186
Rental Income	119	101	98	87
Profit on Deposits	115	113	116	111
Other Income	31	23	26	27
Share of Profit / (Loss) of Associate	404	399	390	244
General and Administration expenses	592	525	513	489
Worker's Welfare fund	46	32	33	17
Profit / (Loss) before tax	2 262	1 623	1 614	842
Taxation - net	433	231	50	281
Profit / (Loss) after tax	1 829	1 392	1 564	561



Rupees in Million

% Increase / (decrease) over preceding year

2010	2009	2014	2013	2012	2011	2010	2009
1 707	1 350	(27.02)	24.79	(5.01)	2.99	26.44	3.53
3	3	50.00	(33.33)	50.00	(33.33)	-	-
11 664	12 644	5.93	10.19	8.69	5.74	(7.75)	6.86
236	242	(7.79)	12.14	(5.94)	(7.20)	(2.48)	(6.56)
115	34	-	-	-	(100.00)	238.24	(54.67)
10 108	7 121	(0.62)	(14.81)	38.64	(7.93)	41.95	(1.41)
709	545	6.98	(1.26)	14.61	7.19	30.09	2.06
24 542	21 939	1.00	(0.41)	19.19	(0.67)	11.86	3.34
9 591	10 465	10.10	6.98	11.35	4.22	(8.35)	3.55
12 708	9 710	(5.49)	(10.75)	24.94	(8.06)	30.88	1.77
41	24	36.05	(2.27)	49.15	43.90	70.83	(42.86)
1 830	1 439	(8.09)	23.62	22.86	20.49	27.17	10.52
372	301	7.04	6.97	22.35	16.67	23.59	25.94
24 542	21 939	1.00	(0.41)	19.19	(0.67)	11.86	3.34
10 232	9 614	4.55	12.31	2.63	17.70	6.43	(0.88)
5 847	5 570	3.00	5.54	(3.45)	6.45	4.97	(9.24)
3 942	3 911	(12.71)	3.31	(11.08)	(5.94)	0.79	(10.50)
2	55	-	-	100.00	(2 950.00)	(96.36)	271.88
1 135	1 076	7.78	7.00	7.71	5.11	5.48	7.49
656	461	(3.55)	5.48	8.88	4.73	42.30	7.96
(358)	673	18.52	(9.28)	357.53	151.96	(153.19)	112.70
84	86	17.82	3.06	12.64	3.57	(2.33)	3.61
87	93	1.77	(2.59)	4.50	27.59	(6.45)	52.46
43	15	34.78	(11.54)	(3.70)	(37.21)	186.67	(54.55)
151	295	1.25	2.31	59.84	61.59	(48.81)	256.08
479	412	12.76	2.34	4.91	2.09	16.26	(17.93)
-	16	43.75	(3.03)	94.12	100.00	(100.00)	1 500.00
(360)	801	39.37	0.56	91.69	333.89	(144.94)	114.71
53	69	87.45	362.00	(82.21)	430.19	(23.19)	146.43
(413)	732	31.39	(11.00)	178.79	235.84	(156.42)	113.38

Cash Flow Summary

Rupees in Million

	2014	2013	2012	2011	2010	2009
Cash Flow Summary						
Operating Activities	(214)	1 219	292	434	140	205
Investing Activities	295	(194)	77	(231)	665	212
Financing Activities	(643)	(612)	(457)	(152)	(448)	(371)
Cash and Cash Equivalents at year end	1 521	2 083	1 670	1 758	1 707	1 350

Financial Ratios

		2014	2013	2012	2011	2010	2009
Profitability							
Profit / (Loss) after Tax / Net Premium	%	28.00	21.95	26.04	9.01	(7.07)	13.15
Profit / (Loss) before Tax / Net Premium	%	34.63	25.59	26.86	13.52	(6.15)	14.39
Underwriting Result / Net Premium	%	20.15	12.17	11.30	11.14	1.91	1.19
Underwriting Result / Written Premium	%	9.07	5.56	5.49	5.76	1.09	0.69
Profit / (Loss) before Tax / Total Income	%	27.87	20.94	21.55	12.24	(6.15)	11.90
Profit / (Loss) after Tax / Total Income	%	22.54	17.96	20.88	8.16	(7.06)	10.88
Profit / (Loss) before Tax / Written Premium	%	15.58	11.69	13.06	6.99	(3.52)	8.34
Profit / (Loss) after Tax / Written Premium	%	12.60	10.03	12.66	4.66	(4.04)	7.62
Combined ratio	%	87.65	95.09	96.16	96.89	105.33	104.28
Management Expenses / Net Premium	%	22.69	21.68	21.38	19.18	19.41	19.32
Net Claims / Net Premium	%	45.51	53.72	54.88	59.56	67.42	70.22
Net Commission / Net Premium	%	11.64	12.43	12.45	11.03	11.23	8.28
General & Administration Expenses / Net Premium	%	7.81	7.26	7.45	7.12	7.27	6.46
Return to Shareholders							
Return on Assets	%	6.26	4.81	5.38	2.30	(1.68)	3.34
Return on Equity	%	13.95	11.69	14.05	5.61	(4.31)	7.00
Earnings per Share	%	11.43	11.14	12.52	4.49	(3.31)	5.86
Earnings per Share (Restated)	%	11.43	8.70	9.78	3.51	(2.58)	4.58
Earnings Growth	%	31.39	(11.00)	178.79	235.84	(156.42)	113.38
Price to Earnings Ratio	Times	13.38	8.25	6.83	8.50	(13.32)	16.66
Dividend Yield	%	3.92	5.44	5.85	7.21	2.84	4.10
Breakup Value per Share	Rs.	81.94	95.26	89.05	79.97	76.73	91.00



		2014	2013	2012	2011	2010	2009
Market Data							
Face Value (per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	152.89	91.92	85.50	38.15	44.04	97.60
Market Price per share - Highest during the year	Rs.	159.48	99.20	100.56	45.00	102.85	144.75
Market Price per share - Lowest during the year	Rs.	92.22	77.32	36.51	29.01	34.76	60.83
Karachi Stock Exchange Index	Points	32 131	25 261	16 905	11 348	12 022	9 387
Market Capitalization	(Rs. M)	24 462	11 490	10 688	4 769	5 505	11 224
Price to Book Value	Times	1.87	0.96	0.96	0.48	0.57	1.07
Cash Dividend Per Share	Rs.	6.00	5.00	5.00	2.75	1.25	4.00
Cash Dividend	%	60.00	50.00	50.00	27.50	12.50	40.00
Stock Dividend	%	Nil	28.00	Nil	Nil	Nil	8.70
Dividend Pay out	%	52.49	44.88	39.94	61.25	(37.76)	68.26
Dividend Cover	Times	1.91	2.23	2.50	1.63	(2.65)	1.47
Performance / Liquidity							
Current Ratio	Times	1.17	1.07	1.03	0.99	0.96	1.05
Cash / Current Liabilities	%	9.51	12.29	9.36	12.27	11.45	11.79
Total Assets Turnover	Times	0.22	0.22	0.21	0.26	0.24	0.25
Fixed Assets Turnover	Times	7.10	7.37	6.90	8.19	8.25	10.21
Total Liabilities / Equity	Times	1.23	1.43	1.61	1.44	1.56	1.10
Paid-up capital / Total Assets	%	44.86	41.15	38.31	41.00	39.08	47.70
Earning Assets / Total Assets	%	54.28	51.85	46.85	51.50	48.50	58.75
Equity / Total Assets	%	44.86	41.15	38.31	41.00	39.08	47.70
Return on Capital Employed	%	17.25	13.63	14.50	8.42	(3.75)	7.66

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

- underwriting result to net premium ratio;
- underwriting result to written premium ratio;
- net claims to net premium ratio.

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

Statement of Value Added

Rupees in Million

	2014	2013
Wealth generated		
Net premium revenue	6 532	6 342
Investment income	1 319	1 171
Rental income	119	101
Profit on deposit	115	113
Other income	31	23
	8 116	7 750
Less: Claims, Commission & Expenses (excluding employees remuneration, depreciation and donations)	(4 342)	(4 723)
Net wealth generated	3 774	3 027
Wealth distribution		
Employees remuneration	1 281	1 192
Income tax and WWF	479	263
Contribution to society / donations	8	7
	1 768	1 462
Distribution		
Cash Dividend	960	625
Stock Dividend	-	350
	960	975
Retained in equity		
Depreciation	177	173
Reserves & retained earnings	869	417
	1 046	590
	3 774	3 027

Value Added - 2014



Value Added - 2013







▲ Employees Remuneration
 ▲ Contribution to Society / Donations
 ▲ Depreciation
▲ Income Tax and WWF
 ▲ Distribution to Shareholders
 ▲ Reserves & Retained Earnings

Analysis of Financial Statements





Gross Premium - 2014



	Fire & Property Damage	58 %
	Marine, Aviation & Transport	15 %
	Motor	20 %
	Miscellaneous	7 %





Gross Premium - 2013



	Fire & Property Damage	57 %
	Marine, Aviation & Transport	15 %
	Motor	20 %
	Miscellaneous	8 %





Net Premium Revenue - 2014



	Fire & Property Damage	29 %
	Marine, Aviation & Transport	22 %
	Motor	43 %
	Miscellaneous	6 %





Net Premium Revenue - 2013



	Fire & Property Damage	28 %
	Marine, Aviation & Transport	24 %
	Motor	42 %
	Miscellaneous	6 %





Net Claims - 2014



	Fire & Property Damage	19 %
	Marine, Aviation & Transport	21 %
	Motor	52 %
	Miscellaneous	8 %

Net Claims - 2013



	Fire & Property Damage	25 %
	Marine, Aviation & Transport	24 %
	Motor	44 %
	Miscellaneous	7 %


Combined Expenses - 2014



	Net Claims	57 %
	Net Commission	15 %
	Expenses	28 %

Combined Expenses - 2013



	Net Claims	61 %
	Net Commission	14 %
	Expenses	25 %

Analysis of Income - 2014



Analysis of Income - 2013



Total Assets - 2014



Total Assets - 2013



Total Equity and Liabilities - 2014



Total Equity and Liabilities - 2013



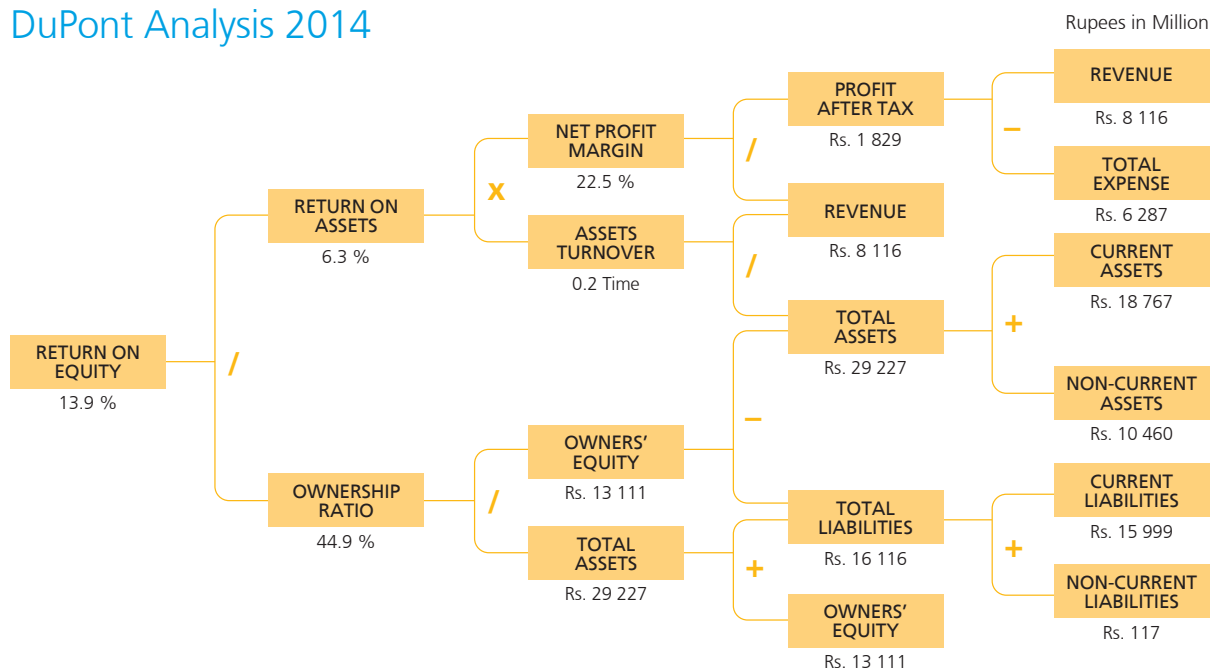
Cash Flow Analysis - 2014



Cash Flow Analysis - 2013

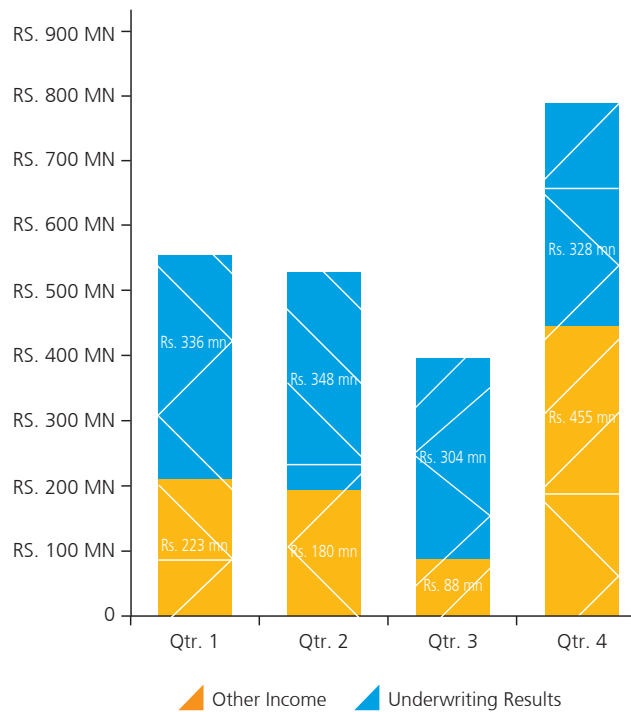


DuPont Analysis 2014



Analysis of Variation in Results Reported in Quarterly Accounts

PROFIT BEFORE TAX



- Qtr 1:** The Company reported Profit before tax of Rs. 559 million in the first quarter mainly due to overall improvement in underwriting results and investment income.
- Qtr 2:** The quarter witnessed marginal decrease in profit and reported Profit before tax of Rs. 528 million.
- Qtr 3:** The third quarter remained subdued due to slight decrease in investment income and reported a Profit before tax of Rs. 393 million.
- Qtr 4:** The last quarter witnessed significant increase in investment income and share of profit of associate. On the other hand the underwriting results also improved with increase in premium coupled with decreased claim losses. Profit before tax stood at 783 million for the fourth quarter.

Statement of Compliance with the Best Practices of the Code of Corporate Governance For the year ended December 31, 2014

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

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors. At present the Board includes:

<u>Category</u>	<u>Names</u>
Independent Director	Mr. Mohammed Iqbal Mankani
Executive Director	Mr. Hasanali Abdullah
Non Executive Directors	Mr. Saifuddin N. Zoomkawala Mr. Rafique R. Bhimjee Mr. Abdul Rehman Haji Habib Mr. Jahangir Siddiqui Mr. Muneer R. Bhimjee Mr. Taher G. Sachak Mr. Ali Raza Siddiqui

The Independent director meets the criteria of independence under the Code.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer (CEO), other executive and non executive directors have been taken by the Board.
7. 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.
8. The management of the Company has submitted a Booklet to the Board of Directors on 28 October 2014 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance. As per the Code Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. Seven out of Nine Board members of the Company qualify for exemption under the provision of the Code. The Company will however, arrange training program for all directors as provided under the Code, within the prescribed time period.
9. There was no new appointment of Chief Financial Officer (CFO) & Corporate Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO & Corporate Secretary and the Head of Internal Audit Department on the recommendation of Audit Committee.



10. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors and one is independent director.
15. The meeting of underwriting, claims settlement, reinsurance and coinsurance and investment committees were held at least once every quarter.
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 Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
19. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles contained in the Code have been complied with.

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2014 prepared by the Board of Directors of EFU General Insurance Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

Karachi 14 February 2015



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of EFU General Insurance Limited (the Company) as at 31 December 2014 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3, with which we concur;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

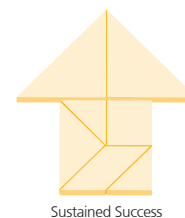
ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Karachi 14 February 2015

Balance Sheet

As At 31 December 2014



	Note	2014	2013
Share capital and reserves			
Authorised share capital			
200 000 000 (2013: 150 000 000)			
ordinary shares of Rs. 10 each	4.1	2 000 000	1 500 000
Issued, subscribed and paid-up share capital	4.2	1 600 000	1 250 000
Reserves and retained earnings	5	11 511 099	10 657 929
		13 111 099	11 907 929
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5 652 404	6 622 140
Provision for unearned premium		6 363 732	6 118 483
Commission income unearned	22	296 383	287 357
Total underwriting provisions		12 312 519	13 027 980
Deferred liabilities			
Deferred taxation	6	117 081	85 815
Creditors and accruals			
Premiums received in advance		5 154	9 012
Amounts due to other insurers / reinsurers		2 069 905	2 351 337
Accrued expenses		183 975	182 773
Agent balances		551 661	561 261
Unearned rentals		54 684	52 766
Taxation - provision less payments		48 366	-
Other creditors and accruals	7	164 599	191 853
		3 078 344	3 349 002
Other liabilities			
Other deposits		509 979	487 022
Unclaimed dividends		98 223	80 789
		608 202	567 811
Total liabilities		16 116 146	17 030 608
Total equity and liabilities		29 227 245	28 938 537
Contingencies	8		



Rupees '000

	Note	2014	2013
Cash and bank deposits			
Cash and other equivalents	9	5 741	2 898
Current and other accounts	10	916 069	1 279 637
Deposits maturing within 12 months	11	598 985	800 607
		1 520 795	2 083 142
Loans - secured considered good			
To employees	12	2 578	2 309
Investments	13	15 647 043	14 771 234
Investment properties	14	213 313	230 408
Current assets - others			
Premiums due but unpaid - net	15	3 159 203	2 843 331
Amounts due from other insurers / reinsurers		27 137	45 949
Salvage recoveries accrued		26 189	13 843
Accrued investment income	16	137 444	18 147
Reinsurance recoveries against outstanding claims		3 389 989	4 137 638
Taxation - payments less provision		—	9 838
Deferred commission expense		561 850	567 544
Prepayments	17	3 506 731	3 292 038
Security deposits		6 505	5 857
Sundry receivables	18	108 902	56 848
		10 923 950	10 991 033
Fixed assets - tangible and intangibles	19		
Land and buildings		327 942	315 264
Furniture, fixtures and office equipments		374 487	378 593
Vehicles		217 016	157 633
Computer softwares		121	405
Capital work-in-progress		—	8 516
		919 566	860 411
Total assets		29 227 245	28 938 537

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

MUNEER R. BHIMJEE
Director

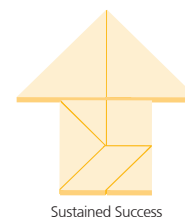
RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015

Profit and Loss Account For the year ended 31 December 2014



Rupees '000

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2014	Aggregate 2013
Revenue account								
Net premium revenue	20	1 869 012	1 447 100	2 812 952	403 288	–	6 532 352	6 341 517
Net claims		(555 884)	(615 644)	(1 560 770)	(244 151)	3 424	(2 973 025)	(3 406 415)
Management expenses	21	(392 499)	(303 896)	(701 328)	(84 692)	–	(1 482 415)	(1 374 718)
Net commission		(356 854)	(235 510)	(248 684)	80 538	–	(760 510)	(788 536)
Underwriting result		<u>563 775</u>	<u>292 050</u>	<u>302 170</u>	<u>154 983</u>	<u>3 424</u>	<u>1 316 402</u>	<u>771 848</u>
Investment income							914 981	771 958
Rental income							118 699	101 037
Profit on deposits							114 692	113 299
Other income	23						30 981	22 876
Share of profit of an associate	13.1.1						404 436	398 562
General and administration expenses	24						(591 783)	(524 246)
Workers' welfare fund							(46 168)	(32 458)
							<u>945 838</u>	<u>851 028</u>
Profit before tax							<u>2 262 240</u>	<u>1 622 876</u>
Provision for taxation	25						(433 189)	(230 644)
Profit after tax							<u>1 829 051</u>	<u>1 392 232</u>
Profit and loss appropriation account								
Balance at commencement of the year							1 645 027	1 518 262
Profit after tax for the year							1 829 051	1 392 232
Other comprehensive income							34 119	9 533
Final dividend for the year 2013 Rs. 4.00 per share (2012: Rs. 4.00 per share)							(500 000)	(500 000)
Issuance of bonus shares for the year 2013 Rs. 2.8 (28 %) per share (2012: Nil)							(350 000)	–
Interim dividend for the year 2014 Re. 1.00 per share (2013: Re. 1.00 per share)							(160 000)	(125 000)
Transfer to general reserve							(500 000)	(650 000)
Balance unappropriated profit at end of the year							<u>1 998 197</u>	<u>1 645 027</u>
Earnings per share - basic and diluted	26					(Rupees)	<u>11.43</u>	<u>8.70</u>
								Restated

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

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Karachi 14 February 2015



Statement of Comprehensive Income For the year ended 31 December 2014

Rupees '000

	2014	2013
Profit for the year	1 829 051	1 392 232
Other comprehensive income		
<i>Item not to be re-classified to profit and loss account in subsequent period:</i>		
Actuarial gains on defined benefit plans - net of deferred tax	34 119	9 533
Total comprehensive income for the year	1 863 170	1 401 765

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

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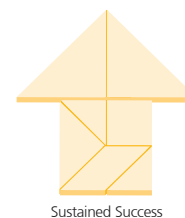
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Karachi 14 February 2015

Statement of Changes in Equity For the year ended 31 December 2014



Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2013	1 250 000	8 350 000	12 902	1 518 262	11 131 164
Total comprehensive income for the year ended 31 December 2013					
Profit for the year	-	-	-	1 392 232	1 392 232
Other comprehensive income	-	-	-	9 533	9 533
	-	-	-	1 401 765	1 401 765
Transactions with owners, recorded directly in equity					
Final dividend paid for the year 2012 at the rate of Rs. 4.00 per share	-	-	-	(500 000)	(500 000)
Interim dividend paid for the year 2013 at the rate of Re. 1.00 per share	-	-	-	(125 000)	(125 000)
Other transfer within equity					
Transfer to general reserve	-	650 000	-	(650 000)	-
Balance as at 31 December 2013	1 250 000	9 000 000	12 902	1 645 027	11 907 929
Balance as at 1 January 2014	1 250 000	9 000 000	12 902	1 645 027	11 907 929
Total comprehensive income for the year ended 31 December 2014					
Profit for the year	-	-	-	1 829 051	1 829 051
Other comprehensive income	-	-	-	34 119	34 119
	-	-	-	1 863 170	1 863 170
Transactions with owners, recorded directly in equity					
Final dividend paid for the year 2013 at the rate of Rs. 4.00 per share	-	-	-	(500 000)	(500 000)
Issuance of bonus shares 2013 Rs. 2.8 (28 %) per share	350 000	-	-	(350 000)	-
Interim dividend paid for the year 2014 at the rate of Re. 1.00 per share	-	-	-	(160 000)	(160 000)
Other transfer within equity					
Transfer to general reserve	-	500 000	-	(500 000)	-
Balance as at 31 December 2014	1 600 000	9 500 000	12 902	1 998 197	13 111 099

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

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Karachi 14 February 2015

Statement of Cash Flows

For the year ended 31 December 2014

Rupees '000

	2014	2013
Operating activities		
a) Underwriting activities		
Premiums received	14 194 374	13 790 674
Reinsurance premiums paid	(8 237 036)	(6 909 512)
Claims paid	(6 816 759)	(5 803 538)
Reinsurance and other recoveries received	3 628 115	2 598 850
Commissions paid	(1 409 452)	(1 345 481)
Commissions received	654 059	651 223
Management expenses paid	(1 403 973)	(1 283 425)
Net cash inflow from underwriting activities	609 328	1 698 791
b) Other operating activities		
Income tax paid	(343 575)	(137 911)
General and administration expenses	(464 291)	(411 101)
Other operating payments	(14 320)	38 272
Other operating receipts	(1 086)	30 920
Loans advanced	(1 286)	(366)
Loans repayments received	1 017	666
Net cash outflow from other operating activities	(823 541)	(479 520)
Total cash (outflow) / inflow from all operating activities	(214 213)	1 219 271
Investment activities		
Profit / return received	127 138	168 870
Dividends received	504 161	475 068
Rentals received	47 175	48 887
Payments for investments	(12 598 253)	(9 037 621)
Proceeds from disposal of investments	12 405 275	8 325 601
Fixed capital expenditures	(230 224)	(192 153)
Proceeds from disposal of fixed assets	39 160	17 305
Total cash inflow / (outflow) from investing activities	294 432	(194 043)
Financing activities		
Dividends paid	(642 566)	(611 972)
Net cash (outflow) / inflow from all activities	(562 347)	413 256
Cash at the beginning of the year	2 083 142	1 669 886
Cash at the end of the year	1 520 795	2 083 142
Reconciliation to profit and loss account		
Operating cash flows	(214 213)	1 219 271
Depreciation / amortisation expense	(177 457)	(172 744)
Rentals and investment income	960 236	816 396
Profit on deposits	114 692	113 299
Other income	27 769	11 556
Share of profit of an associate	404 436	398 562
Decrease in assets other than cash	(268 592)	(1 907 241)
Decrease in liabilities other than running finance	982 180	913 133
Profit after taxation	1 829 051	1 392 232
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	5 741	2 898
Current and other accounts	916 069	1 279 637
Deposits maturing within 12 months	598 985	800 607
	1 520 795	2 083 142

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

MUNEER R. BHIMJEE
Director

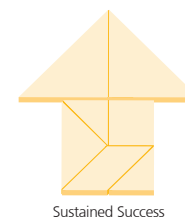
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Chairman

Karachi 14 February 2015

Statement of Premiums For the year ended 31 December 2014



Rupees '000

Class	Premiums				Reinsurance				Net premium revenue 2014	Net premium revenue 2013
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
	Opening	Closing				Opening	Closing			
Direct and facultative										
Fire and property damage	8 390 586	3 896 805	4 056 159	8 231 232	6 502 363	2 850 225	2 990 368	6 362 220	1 869 012	1 781 257
Marine, aviation and transport	2 199 870	437 619	555 303	2 082 186	778 584	95 530	239 028	635 086	1 447 100	1 540 270
Motor	2 853 378	1 304 949	1 329 780	2 828 547	15 577	760	742	15 595	2 812 952	2 658 759
Miscellaneous	1 070 271	479 110	422 490	1 126 891	659 080	323 554	259 031	723 603	403 288	361 246
Total	14 514 105	6 118 483	6 363 732	14 268 856	7 955 604	3 270 069	3 489 169	7 736 504	6 532 352	6 341 532
Treaty - proportional	-	-	-	-	-	-	-	-	-	(15)
Grand total	14 514 105	6 118 483	6 363 732	14 268 856	7 955 604	3 270 069	3 489 169	7 736 504	6 532 352	6 341 517

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

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Karachi 14 February 2015



Statement of Claims

For the year ended 31 December 2014

Rupees '000

Class	Claims				Reinsurance				Net claims expense 2014	Net claims expense 2013
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue		
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	2 881 811	4 090 104	3 143 108	1 934 815	2 146 894	3 162 894	2 394 931	1 378 931	555 884	838 931
Marine, aviation and transport	1 842 144	955 872	1 098 528	1 984 800	1 229 224	510 805	650 737	1 369 156	615 644	820 300
Motor	1 582 380	964 739	943 727	1 561 368	338	3 999	4 259	598	1 560 770	1 515 421
Miscellaneous	498 080	607 931	467 041	357 190	232 917	459 940	340 062	113 039	244 151	231 836
Total	6 804 415	6 618 646	5 652 404	5 838 173	3 609 373	4 137 638	3 389 989	2 861 724	2 976 449	3 406 488
Treaty - proportional	70	3 494	-	(3 424)	-	-	-	-	(3 424)	(73)
Grand total	6 804 485	6 622 140	5 652 404	5 834 749	3 609 373	4 137 638	3 389 989	2 861 724	2 973 025	3 406 415

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

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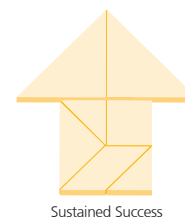
HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015

Statement of Expenses

For the year ended 31 December 2014



Rupees '000

Class	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expense	Commission from reinsurers (Note 22)	Net	Net
		Opening	Closing					underwriting expenses	underwriting expenses
								2014	2013
Direct and facultative									
Fire and property damage	796 117	357 561	359 610	794 068	392 499	1 186 567	437 214	749 353	761 984
Marine, aviation and transport	266 255	56 537	52 539	270 253	303 896	574 149	34 743	539 406	554 503
Motor	250 020	115 895	117 001	248 914	701 328	950 242	230	950 012	870 935
Miscellaneous	87 459	37 551	32 700	92 310	84 692	177 002	172 848	4 154	(24 162)
Total	1 399 851	567 544	561 850	1 405 545	1 482 415	2 887 960	645 035	2 242 925	2 163 260
Treaty - proportional	-	-	-	-	-	-	-	-	(6)
Grand total	1 399 851	567 544	561 850	1 405 545	1 482 415	2 887 960	645 035	2 242 925	2 163 254

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

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

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Chairman

Karachi 14 February 2015



Statement of Investment Income For the year ended 31 December 2014

Rupees '000

	2014	2013
Income from non - trading investments		
Return on government securities	117 119	25 184
Return on other fixed income securities and deposits	6 415	14 922
Amortisation of discount relative to par	6 989	663
Dividend income	227 743	266 562
Gain on sale of non-trading investments	375 256	431 912
	733 522	739 243
Reversal for provision for impairment - available for sale investments - net	182 473	33 339
Investment related expenses	(1 014)	(624)
Net investment income	914 981	771 958

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Director

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Director

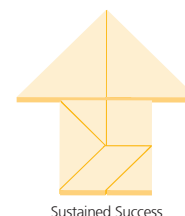
HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015

Notes to the Financial Statements

For the year ended 31 December 2014



1. Status and nature of business

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

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company operates through 53 (2013: 55) branches in Pakistan including a branch in Export Processing Zone (EPZ).

2. Basis of preparation

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

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for obligation under certain employee retirement benefits which are measured at present value.

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

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

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

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

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

	<u>Note</u>
- Provision for unearned premiums	3.3
- Premium deficiency reserve	3.4
- Provision for outstanding claims (including IBNR)	3.6
- Employees' retirement benefits	3.10 & 18.1
- Taxation	3.11 & 25
- Premium due but unpaid	3.15 & 15
- Useful lives of fixed assets	3.16 & 19
- Impairment in value of investments	3.21 & 13.1.3



2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - (Amendment) - Disclosure Initiative	01 January 2016
IAS 16 & 38 - Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 - Property, Plant and Equipment & Agriculture - (Amendment) - Agriculture: Bearer Plants	01 January 2016
IAS 91 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions	01 July 2014

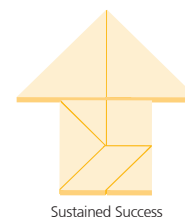
The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application other than IFRS 12. IFRS 12 prescribes disclosures related to consolidated financial statements and an entity's interests in subsidiaries, joint arrangements, associates and structured entities. It is expected that adoption of IFRS 12 will result in enhanced disclosures in the financial statements of the Company for future periods.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014 and 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

2.5.3 In November 2012, the SECP vide its notifications SRO No. 1383 / 2012 and SRO No. 1384 / 2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rules, 2002 respectively. These regulations and amendments are not yet effective.



3. Summary of significant accounting policies

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

i) New, revised and amended standards and interpretations

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 32 – Financial Instruments: Presentation - (Amendment)
- Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets - (Amendment)
- Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and Measurement - (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

The adoption of the above did not have any effect on the financial statements for the current year other than certain additional disclosure.

3.1 Insurance contracts

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

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

The Company underwrites non-life insurance contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, Miscellaneous and Treaty contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

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

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

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

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

3.2 Premium

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognised as written at the time of issuance of policy. Where premiums for a policy are payable in instalments, full



premium for the duration of the policy is recognised as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

3.3 Provision for unearned premiums

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

3.4 Premium deficiency reserve (liability adequacy test)

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

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

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

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

	<u>2014</u>	<u>2013</u>
- Fire and property damage	41 %	48 %
- Marine, aviation and transport	48 %	56 %
- Motor	58 %	62 %
- Miscellaneous	57 %	50 %

3.5 Claims

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

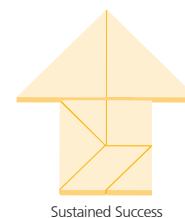
3.6 Provision for outstanding claims (including IBNR)

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

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

3.6.1 Claims reported but not settled

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



3.6.2 Claims incurred but not reported

The provision for claims incurred but not reported at balance sheet date (IBNR) is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before 31 December 2013 but reported up to 31 December 2014 were aggregated and the ratio of such claims to outstanding claims at 31 December 2013 has been applied to outstanding claims except exceptional losses at 31 December 2014 to arrive at liability for IBNR. The analysis has been carried out separately for each class of business.

3.7 Reinsurance contracts

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

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

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

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

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

3.8 Commission

3.8.1 Commission expense

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

3.8.2 Commission income

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

3.9 Revenue recognition

3.9.1 Premium

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

3.9.2 Investment income

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

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

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

3.9.3 Rental income

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

3.9.4 Commission from reinsurers

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



3.10 Employees' retirement benefits

3.10.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

- Funded gratuity scheme

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

- Funded pension scheme

Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

3.10.2 Defined contribution plan

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

3.11 Taxation

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

3.11.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.11.2 Deferred

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

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

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

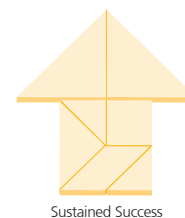
3.12 Creditors, accruals and provisions

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

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

3.13 Investments

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



3.13.1 Fair value through profit or loss - held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

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

3.13.2 Available for sale

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

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

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

3.13.3 Investment in associates

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

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

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

3.13.4 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.

3.14 Investment properties

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

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



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

3.15 Receivables and payables related to insurance contracts

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

Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.16 Fixed assets

3.16.1 Tangibles

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

- Buildings	5 %
- Furniture, fixtures and office equipments	10 %
- Vehicles	20 %
- Computers	30 %
- Computers Softwares	33 %

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

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

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

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

3.16.2 Intangibles

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

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

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

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

3.16.3 Capital work in progress

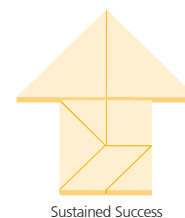
Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

3.17 Expenses of management

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

3.18 Compensated absences

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



3.19 Cash and cash equivalents

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

3.20 Foreign currencies

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

3.21 Impairment

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

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

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

3.22 Financial instruments

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

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

3.23 Offsetting of financial assets and financial liabilities

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

3.24 Earnings per share

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

3.25 Operating segments

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

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



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

3.26 Dividend and bonus shares

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

4. Share capital

4.1 Authorised share capital

During the year, the Company has increased its authorised capital from 150 000 000 ordinary shares of Rs. 10/- each amounting to Rs. 1 500 million to 200 000 000 ordinary shares of Rs. 10/- each amounting to Rs. 2 000 million.

4.2 Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2014	2013		2014	2013
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
159 750	124 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 597 500	1 247 500
<u>160 000</u>	<u>125 000</u>		<u>1 600 000</u>	<u>1 250 000</u>

4.2.1 As at 31 December 2014, EFU Life Assurance Limited, an associated undertaking, held 10 900 884 (2013: 8 516 316) ordinary shares of Rs. 10 each.

5. Reserves and retained earnings

	Note	2014	2013
General reserve		9 500 000	9 000 000
Reserve for exceptional losses	5.1	12 902	12 902
Retained earnings		1 998 197	1 645 027
		<u>11 511 099</u>	<u>10 657 929</u>

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



Rupees '000

	2014	2013
6. Deferred taxation		
Deferred tax liability / (asset) arising in respect of:		
– accelerated tax depreciation	65 149	59 016
– provision for doubtful debts	(9 702)	(8 840)
– impairment on TFCs	(11 536)	(8 432)
– share of profit from associate	51 670	39 160
– defined benefit plans	21 500	4 911
	<u>117 081</u>	<u>85 815</u>
7. Other creditors and accruals		
Federal insurance fee payable	7 941	9 618
Federal excise duty payable	108 268	146 691
Workers' welfare fund payable	45 519	32 458
Sundry creditors	2 871	3 086
	<u>164 599</u>	<u>191 853</u>

8. Contingencies

The income tax assessments of the Company have been finalised upto Tax Year 2014 (Financial year ending 31 December 2013).

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

The Company has filed appeal for the Tax year 2008 with Income Tax Appellate Tribunal (ITAT) in respect of additions made by Commissioner Inland Revenue (Appeals) on Reinsurance Premium. If the appeal is decided against the Company, a tax liability of Rs. 5.3 million would be payable.

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

The department has filed appeal for the assessment year 2002-2003 before Honourable High Court against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company, a tax liability of Rs. 71 million would be payable.

The department has filed appeal for the Tax year 2008 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of Capital gain. If the appeal is decided against the Company, a tax liability of Rs. 5 094 million would be payable. The departmental action has been over ruled by the Appellate Tribunal (ITAT) in the identical case of capital gain tax liability.

The department has filed appeals for the Tax years 2009, 2010 & 2013 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner Inland Revenue (Appeals) in respect of provision for IBNR and proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 148 million would be payable.



The Company has filed appeal for the Tax year 2014 before Commissioner Inland Revenue (Appeals) against the order of Additional Commissioner of Income Tax (Audit) in respect of proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 7 million would be payable.

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

During the year, the Searle Company Limited issued bonus shares (430 932 shares) after withholding 5 percent of bonus shares (22 680 shares). In this regard, a constitutional petition has been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The Company has not paid / provided an amount of Rs. 4.3 million being withholding tax on bonus shares based on the stay order granted by the Sindh High Court.

Rupees '000

	Note	2014	2013
9. Cash and other equivalents			
Policy stamps in hand & bond papers		5 741	2 898
		<u>5 741</u>	<u>2 898</u>
10. Current and other accounts			
Current accounts		121 595	278 689
Saving accounts	10.1	794 474	1 000 948
		<u>916 069</u>	<u>1 279 637</u>

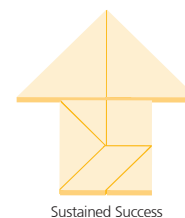
10.1 The rate of return on saving accounts from various banks ranges from 6.5 % to 9.75 % per annum (2013: 6 % to 10.5 % per annum) depending on the size of average deposits.

Rupees '000

	Note	2014	2013
11. Deposits maturing within 12 months			
Term deposits certificates - local currency	11.1	498 223	710 724
Term deposits certificates - foreign currency	11.2	100 762	89 883
		<u>598 985</u>	<u>800 607</u>

11.1 The rate of return on term deposit certificates issued by various banks ranges from 7.5 % to 9.8 % per annum (2013: 7 % to 9.30 % per annum) depending on tenor. These term deposit certificates have maturities upto January 2015.

11.2 The rate of return on foreign currency term deposit certificates issued by various banks is 1.2 % per annum (2013: 1 % per annum) depending on tenor. These term deposit certificates have maturities upto February 2015.



Rupees '000

	Note	2014	2013
12. Loans - secured considered good			
Secured, considered good	12.1	3 358	3 148
Current portion	18	(780)	(839)
		<u>2 578</u>	<u>2 309</u>

12.1 This represents housing and vehicle loan to employees. These loans are recoverable over a period of one to ten years and are secured against documents of property / vehicles.

Rupees '000

	Note	2014	2013
13. Investments			
Investment in associate	13.1	9 324 920	9 191 362
Available for sale	13.2	6 322 123	5 579 872
		<u>15 647 043</u>	<u>14 771 234</u>

13.1 Investment in associate

Rupees '000

Number of shares		Face value per share (Rupees)	Name of associate	Note	2014	2013
2014	2013				2014	2013
43 027 940	42 974 440	Rs. 10	EFU Life Assurance Limited incorporated in Pakistan (Chief Executive: Taher G. Sachak)	13.1.1	11 311 920	11 178 362
			Provision for impairment	13.1.3	(1 987 000)	(1 987 000)
					<u>9 324 920</u>	<u>9 191 362</u>

Market value of investment and percentage of holding in associate are Rs. 7 308 million and 43.03 % respectively (2013: Rs. 3 511 million and 42.97 %)

Rupees '000

	2014	2013
13.1.1 Movement of investment in associate		
Opening balance	11 178 362	10 968 526
Purchases during the year	8 456	20 590
Share in profit of associate	404 436	398 562
Dividend received during the year	(279 334)	(209 316)
Closing balance	<u>11 311 920</u>	<u>11 178 362</u>



13.1.2 Summarised financial information in respect of associate based on its financial statements as at 31 December 2014 (2013: 31 December 2013) is set out below:

	Rupees '000	
	2014	2013
Total assets	2 901 674	2 597 040
Total liabilities	(67 401)	(63 668)
Net assets	2 834 273	2 533 372
Company's share of net assets of its associate	1 219 588	1 088 590
Total revenue	18 219 910	14 058 930
Profit after tax	950 901	929 114

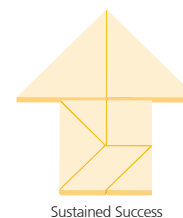
13.1.3 The carrying amount of the investment in EFU Life Assurance Limited has been tested for impairment as at 31 December 2014 based on "value in use", in accordance with IAS 36 - Impairment of Assets. The "value in use" calculations were carried out by an independent actuary using cash flow projections which are based on the budget and forecasts approved by the management of the investee company up to five years. The recoverable amount of the investment on such basis works out to be Rs. 9 808 million (market value of Rs. 7 308 million). The following significant assumptions were used for the purpose of "value in use" computations:

- Discount rate : 19 %
- Terminal growth rate : 14 %

		Rupees '000	
	Note	2014	2013
13.2 Available for sale	13.2.2		
In related parties	13.3.1		
Mutual funds		171 052	253 316
Ordinary shares		2 121 922	2 121 922
		2 292 974	2 375 238
Provision for impairment – net of reversals		(1 798 181)	(1 912 418)
		494 793	462 820
Others	13.3.2		
Mutual funds		988 380	2 436 050
Ordinary shares		2 304 637	2 470 083
Preference shares		20 000	20 000
Fixed income securities			
Government securities	13.3.3	2 521 889	232 396
Term finance certificates	13.3.3	77 651	111 986
		5 912 557	5 270 515
Provision for impairment – net of reversals		(85 227)	(153 463)
		5 827 330	5 117 052
		6 322 123	5 579 872

13.2.1 The fair value of available for sale - equity securities as at 31 December 2014 is Rs. 7 857 million (2013: Rs. 7 100 million) and fixed income securities as at 31 December 2014 is Rs. 2 702 million (2013: Rs. 320 million).

13.2.2 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2014 would have been higher by Rs. 4 237 million (2013: higher by Rs. 1 841 million).



13.3.1 In related parties - quoted

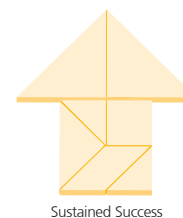
Number of shares / certificates / units		Face value per share / unit	Name of entity	Rupees '000	
2014	2013			2014	2013
Mutual funds					
Open end mutual funds					
–	2 204 625	100	JS Cash Fund	–	225 000
1 596 635	–	100	JS Income Fund	142 736	–
915 108	725 580	100	JS Large Capital Fund	28 316	28 316
<u>2 511 743</u>	<u>2 930 205</u>			<u>171 052</u>	<u>253 316</u>
Ordinary shares					
6 603 975	6 603 975	10	Commercial banks Bank Islami Pakistan Limited	76 797	76 797
17 809 897	17 809 897	10	Financial services Jahangir Siddiqui & Company Limited	2 045 125	2 045 125
<u>24 413 872</u>	<u>24 413 872</u>			<u>2 121 922</u>	<u>2 121 922</u>

13.3.2 Others - quoted

Number of shares / certificates / units		Face value per certificate / unit	Name of entity	Rupees '000	
2014	2013			2014	2013
Mutual funds					
Open end mutual funds					
–	27 032 782	10	ABL Cash Fund	–	270 000
13 813 998	–	10	ABL Government Securities Fund	143 648	–
1 285 895	–	100	Alfalah GHP Sovereign Fund	132 719	–
–	2 421 513	100	Askari Sovereign Cash Fund	–	244 000
438 272	–	100	Askari Sovereign Yield Enhancer Fund	46 093	–
19 956	–	500	Atlas Income Fund	10 619	–
–	39 890	500	Atlas Money Market Fund	–	20 000
–	2 245 857	100	Faysal Money Market Fund	–	228 000
314 444	–	100	Faysal Savings Growth Fund	33 444	–
–	2 031 123	100	First Habib Cash Fund	–	203 000
75 884	–	100	First Habib Income Fund	7 919	–
173 580	–	100	HBL Income Fund	18 492	–
–	2 517 389	100	HBL Money Market Fund	–	254 000
–	960 768	100	Lakson Money Market Fund	–	96 000
–	150 269	100	MCB Cash Management Optimizer Fund	–	15 000
–	277 725	100	MCB Dynamic Cash Fund	–	28 046
–	1 040 412	50	Meezan Cash Fund	–	52 000
1 365 509	3 378 911	50	Meezan Sovereign Fund	69 495	170 000
2 584 112	–	50	MetroBank Pakistan Sovereign Fund	133 332	–
–	28 930 603	10	NAFA Government Securities Liquid Fund	–	290 000
15 064 770	–	10	NAFA Government Securities Saving Fund	150 648	–
–	864 704	100	PICIC Cash Fund	–	87 000
258 734	–	100	PICIC Income Fund	26 889	–
385 738	–	100	PIML Income Fund	40 000	–
–	3 985 700	50	Pakistan Cash Management Fund	–	199 000
101 692	–	100	Primus Daily Reserve Fund	9 849	–
1 616 050	1 206 352	100	UBL Government Securities Fund	165 233	121 000
–	1 584 245	100	UBL Liquidity Plus Fund	–	159 004
<u>37 498 634</u>	<u>78 668 243</u>			<u>988 380</u>	<u>2 436 050</u>



Number of shares		Face value per share	Name of entity	Rupees '000	
2014	2013			2014	2013
Ordinary shares					
Oil and gas					
550 000	550 000	10	Attock Petroleum Limited	189 556	189 556
350 000	350 000	10	National Refinery Limited	92 570	92 570
125 000	250 000	10	Oil & Gas Development Company Limited	20 808	41 196
300 000	300 000	10	Pakistan Oilfields Limited	108 513	108 513
1 072 500	1 072 500	10	Pakistan Petroleum Limited	115 285	115 285
335 140	268 112	10	Shell (Pakistan) Limited	70 276	70 276
Chemicals					
89 000	94 600	10	Archroma Pakistan Limited	8 916	9 891
–	1 452 092	10	Dawood Hercules Limited	–	90 538
250 000	250 000	10	Fatima Fertilizer Company Limited	6 009	6 009
2 000 700	2 000 700	10	Fauji Fertilizer Limited	210 038	210 038
50 000	50 000	10	ICI Pakistan Limited	8 077	8 077
300 000	300 000	10	Linde Pakistan Limited	38 702	38 702
Industrial Metals and Mining					
1 242 240	1 242 240	10	International Industries Limited	63 110	63 110
Construction and Materials (Cement)					
46 100	46 100	10	Akzo Nobel Pakistan Limited	3 385	3 939
150 000	300 000	10	D.G. Khan Cement Limited	8 014	15 377
General Industrials					
975 000	975 000	10	Cherat Packaging Limited	86 526	86 526
375 000	375 000	10	Packages Limited	52 890	52 890
350 000	350 000	5	Thal Limited	20 644	20 644
Electronic and Electrical Goods					
122 540	122 540	10	Pakistan Cables Limited	11 084	11 084
Automobile and Parts					
215 100	215 100	10	General Tyre & Rubber Company Limited	5 326	5 326
70 400	141 800	10	Indus Motor Company Limited	14 407	29 019
Beverages					
531 659	531 659	10	Murree Brewery Pakistan Limited	40 487	40 487
Food Producers					
10 000	–	100	Rafhan Maize Products Limited	100 110	–
78 800	78 800	10	Shahtaj Sugar Limited	9 112	9 112

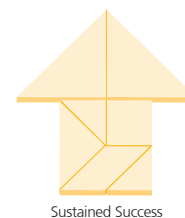


Number of shares		Face value per share	Name of entity	Rupees '000	
2014	2013			2014	2013
Personal Goods					
2 380 260	2 380 260	10	Azgard Nine Limited	48 366	48 366
309 776	309 776	10	Bata (Pakistan) Limited	279 875	279 875
–	500 000	10	Nishat Chunian Limited	–	7 287
550 000	1 000 000	10	Nishat Mills Limited	28 961	47 201
854 000	854 000	10	Samin Textiles Limited	9 881	9 881
Pharma and Bio tech					
964 441	964 441	10	Ferozsons Laboratories Limited	99 227	99 227
330 000	300 000	10	Glaxosmithkline Pakistan Limited	21 090	21 090
19 200	19 200	10	Sanofi Aventis Pakistan Limited	5 096	5 096
1 587 644	1 134 032	10	Searle Pakistan Limited	32 171	32 171
16 000	16 000	100	Wyeth Pakistan Limited	32 404	32 404
Media					
28 165 400	2 086 326	1	Hum Network Limited	72 713	72 713
Electricity					
–	500 000	10	Hub Power Company Limited	–	21 398
500 000	500 000	10	Kot Addu Power Company Limited	28 018	28 018
500 000	500 000	10	Nishat Chunian Power Limited	9 467	9 467
206 000	206 000	10	Pakgen Power Limited	4 560	4 560
Commercial Banks					
220 000	200 000	10	Allied Bank Limited	12 517	12 517
350 000	650 000	10	Bank AL Habib Limited	8 166	17 430
275 000	500 000	10	Habib Bank Limited	1 298	33 388
–	750 000	10	Habib Metropolitan Bank Limited	–	16 190
195 000	380 000	10	United Bank Limited	15 191	29 313
Non Life Insurance					
1 314 661	1 414 661	10	Adamjee Insurance Company Limited	36 405	48 940
793 546	634 837	5	Habib Insurance Limited	29 987	29 987
172 500	150 000	10	Jubilee General Insurance Limited	11 310	11 310
6 500 000	6 500 000	10	Pakistan Reinsurance Company Limited	168 248	168 248
Life Insurance					
1 063 709	924 965	10	Jubilee Life Insurance Limited	65 841	65 841
56 856 316	34 690 741			2 304 637	2 470 083
Preference shares					
2 000 000	2 000 000	10	Household Goods Pakistan Electron Limited	20 000	20 000



13.3.3 Fixed income securities

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000	
					2014	2013
Government securities						
3 Years Pakistan Investment Bonds	2016	11.81-11.98	Half yearly	417 500	413 388	49 943
3 Years Pakistan Investment Bonds	2017	12.32	Half yearly	2 150 000	2 098 729	–
5 Years Pakistan Investment Bonds	2016	12.62	Half yearly	9 000	8 851	8 773
10 Years Pakistan Investment Bonds	2017	13.25	Half yearly	1 000	921	897
12 Months Treasury Bills	–	–	–	–	–	41 690
3 Months Treasury Bills	–	–	–	–	–	131 093
					2 521 889	232 396
The amount of Pakistan Investment Bonds includes Rs. 162 million (2013: Rs. 128 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.						
Term Finance Certificates (TFCs) – quoted						
New Allied Electronics Limited	2012	12.92	Quarterly	4 481	4 481	4 481
Financial Receivable Securitization Company Limited	–	–	–	–	–	833
United Bank Limited - 3rd Issue	–	–	–	–	–	13 087
Allied Bank Limited	–	–	–	–	–	14 993
Engro Fertilizers Limited	2016	12.06	Half yearly	32 533	32 533	37 955
Agritech Limited - 3rd Issue (B)	2017	11.00	Half yearly	5 665	5 665	5 665
Agritech Limited - 3rd Issue (A)	2019	13.35	Quarterly	34 972	34 972	34 972
					77 651	111 986
					2 599 540	344 382



14. Investment properties

Rupees '000

		2014									
		Cost				Depreciation				Written down value	
		As at 01 January	Additions	Disposals / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
Leasehold land		47 468	–	–	47 468		–	–	–	–	47 468
Buildings		356 600	2 472	–	359 072	5	225 478	17 902	–	243 380	115 692
Lifts and other installations		59 599	4 327	–	63 926	10	7 781	5 992	–	13 773	50 153
		<u>463 667</u>	<u>6 799</u>	<u>–</u>	<u>470 466</u>		<u>233 259</u>	<u>23 894</u>	<u>–</u>	<u>257 153</u>	<u>213 313</u>
		2013									
		Cost				Depreciation				Written down value	
		As at 01 January	Additions	Disposals / Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
Leasehold land		47 468	–	–	47 468		–	–	–	–	47 468
Buildings		356 600	–	–	356 600	5	207 648	17 830	–	225 478	131 122
Lifts and other installations		15 864	46 388	2 653	59 599	10	5 627	4 807	2 653	7 781	51 818
		<u>419 932</u>	<u>46 388</u>	<u>2 653</u>	<u>463 667</u>		<u>213 275</u>	<u>22 637</u>	<u>2 653</u>	<u>233 259</u>	<u>230 408</u>

14.1 The market value of land and buildings is estimated at Rs. 1 514 million (2013: Rs. 1 492 million). The valuations have been carried out by independent valuers. Rental income from these properties amounts to Rs. 119 million (2013: Rs. 101 million).

Rupees '000

	2014	2013
15. Premiums due but unpaid – net – unsecured		
Considered good	3 159 203	2 843 331
Considered doubtful	29 400	26 000
	<u>3 188 603</u>	<u>2 869 331</u>
Provision for doubtful balances	(29 400)	(26 000)
	<u>3 159 203</u>	<u>2 843 331</u>
16. Accrued investment income		
Return accrued on fixed income securities	123 366	5 512
Dividend income	7 366	4 450
Return on bank deposits	6 712	8 185
	<u>137 444</u>	<u>18 147</u>

Rupees '000

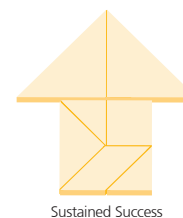
	Note	2014	2013
17. Prepayments			
Prepaid reinsurance premium ceded		3 489 169	3 270 069
Prepaid rent		11 471	14 632
Others		6 091	7 337
		<u>3 506 731</u>	<u>3 292 038</u>
18. Sundry receivables			
Advances to employees		1 676	1 335
Advances to suppliers and contractors		22 678	22 652
Current portion of loans to employees	12	780	839
Receivable from gratuity and pension fund	18.1	72 443	31 393
Receivable from sale of shares		11 299	–
Others		26	629
		<u>108 902</u>	<u>56 848</u>

18.1 Staff retirement benefits

The latest actuarial valuation, at 31 December 2014, uses a discount rate of 10.50 % (2013: 12.75 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 7 % and 2.25 % (2013: 9.25 % and 4.50 %) respectively per annum in the long term.

Rupees '000

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
Obligation				
At the beginning of the year	195 560	268 728	186 508	243 486
Current service cost	1 678	13 245	1 563	12 559
Interest cost	23 891	31 142	20 629	27 253
Remeasurement loss (gain) due to:				
Change in financial assumptions	–	–	(358)	–
Experience	4 024	4 073	1 468	(1 567)
Benefits paid	(16 367)	(48 956)	(14 250)	(13 003)
At the end of the year	<u>208 786</u>	<u>268 232</u>	<u>195 560</u>	<u>268 728</u>
Plan assets				
At the beginning of the year	199 090	296 591	178 842	277 633
Interest income	24 425	34 694	19 831	31 180
Remeasurement gain (loss) due to:				
Investment return	34 439	24 216	13 206	781
Contributions paid by company	289	–	291	–
Contributions paid by employees	1 040	–	1 170	–
Benefits paid	(16 367)	(48 956)	(14 250)	(13 003)
At end of the year	<u>242 916</u>	<u>306 545</u>	<u>199 090</u>	<u>296 591</u>



Rupees '000

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
Defined benefit cost				
Service cost				
Current service cost	1 678	13 245	1 563	12 559
Employee contributions	(1 040)	–	(1 170)	–
Net interest (cost) / income	(534)	(3 552)	798	(3 927)
Chargeable in profit and loss account	104	9 693	1 191	8 632
Remeasurement due to:				
Change in financial assumptions	–	–	(358)	–
Experience on obligation	4 024	4 073	1 468	(1 567)
Investment return	(34 439)	(24 216)	(13 206)	(781)
Chargeable in statement of comprehensive income	(30 415)	(20 143)	(12 096)	(2 348)
Total defined benefit (cost) / income	(30 311)	(10 450)	(10 905)	6 284
Net liability (asset)				
At the beginning of the year	(3 530)	(27 863)	7 666	(34 147)
Defined benefit cost	(30 311)	(10 450)	(10 905)	6 284
Contributions paid by company	(289)	–	(291)	–
At the end of the year	(34 130)	(38 313)	(3 530)	(27 863)
Reconciliation				
Obligation	208 786	268 232	195 560	268 728
Plan assets	(242 916)	(306 545)	(199 090)	(296 591)
Net liability (asset)	(34 130)	(38 313)	(3 530)	(27 863)

Rupees '000

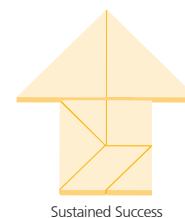
	Pension				Gratuity			
	2014		2013		2014		2013	
Fund investments								
Debt	53 %	129 006	49 %	96 869	70 %	214 934	75 %	222 517
Equity	22 %	53 510	29 %	57 440	26 %	80 733	22 %	65 133
NIT	24 %	58 772	22 %	44 273	4 %	10 704	3 %	8 063
Cash	1 %	1 628	–	508	–	174	–	878
	100 %	242 916	100 %	199 090	100 %	306 545	100 %	296 591

The expected charge to pension and gratuity fund for the year 2015 amounts to Rs. 6 882 million.

Impact on obligation of 1 % change in assumption

Assumptions	1 % increase	1 % decrease
Discount rate	(29 999)	33 984
Salary increase	18 242	(16 575)
Pension increase	16 262	(14 481)

Weighted average duration of the plan is 7.6 years.



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

Mode of disposal	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Leasehold land (Negotiation)					
Written down value below Rs. 50,000	5 580	–	5 580	6 000	Qamarun Nisa, Karachi
	<u>5 580</u>	<u>–</u>	<u>5 580</u>	<u>6 000</u>	
Furniture & fixtures (Negotiation)					
Written down value below Rs. 50,000	10 973	10 973	–	978	Various
	<u>10 973</u>	<u>10 973</u>	<u>–</u>	<u>978</u>	
Office equipment (Negotiation)					
Written down value below Rs. 50,000	2 397	2 397	–	140	Various
	<u>2 397</u>	<u>2 397</u>	<u>–</u>	<u>140</u>	
Computer (Negotiation)	96	21	75	87	Insurance claim, Karachi
Written down value below Rs. 50,000	405	363	42	79	Various
	<u>501</u>	<u>384</u>	<u>117</u>	<u>166</u>	
Vehicles (Negotiation)	974	179	795	650	Azaan Abdullah Qureshi, Karachi
	974	179	795	650	Malik Pervez, Karachi
	974	179	795	675	Malik Pervez, Karachi
	1 628	570	1 058	1 450	Malik Pervez, Karachi
	1 420	1 230	190	900	Syed Baqar Aneel Jafri (ex-employee), Karachi
	1 436	1 053	383	300	Irfan Raja Jagirani (employee), Karachi
	845	676	169	400	Mubashir Saleem (employee), Lahore
	701	456	245	300	Abida Parveen, Karachi
	1 532	715	817	825	Muhammad Naeem, Lahore
	250	146	104	250	Fauzia Khawaja (employee), Lahore
Written down value below Rs. 50,000	50 720	50 614	106	25 476	Various
	<u>61 454</u>	<u>55 997</u>	<u>5 457</u>	<u>31 876</u>	

Rupees '000

	Note	2014	2013
20. Net premium revenue			
Premium revenue (net of reinsurance)		6 213 042	6 046 538
Administrative surcharge	20.1	319 310	294 979
		<u>6 532 352</u>	<u>6 341 517</u>



20.1 Administrative surcharge

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

Rupees '000

	Note	2014	2013
Fire and property damage		41 382	36 745
Marine, aviation and transport		51 219	50 277
Motor		209 984	196 680
Miscellaneous		16 725	11 277
		<u>319 310</u>	<u>294 979</u>

21. Management expenses

	Note	2014	2013
Salaries, wages and benefits	21.1	992 539	920 411
Bonus to staff		84 564	79 137
Rent, rates and taxes		40 859	33 185
Telephone		10 309	11 430
Postage		4 632	4 922
Gas and electricity		41 204	35 942
Printing and stationery		21 692	21 907
Travelling and entertainment		51 763	52 740
Depreciation		88 601	86 665
Repairs and maintenance		8 643	9 714
Charges for vehicle tracking devices		110 599	110 803
Other expenses		27 010	7 862
		<u>1 482 415</u>	<u>1 374 718</u>

21.1 These include Rs. 16.78 million (2013: Rs. 15.04 million) being contribution for employees' provident fund.

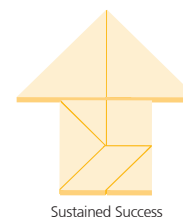
22. Commission from reinsurers

	Commission received or receivable		Unearned Commission		2014	2013
		Opening	Closing		Commission from reinsurers	Commission from reinsurers
Fire and property damage	450 022	205 806	218 614		437 214	369 424
Marine, aviation and transport	39 098	8 464	12 819		34 743	29 628
Motor	227	174	171		230	82
Miscellaneous	164 714	72 913	64 779		172 848	190 974
	<u>654 061</u>	<u>287 357</u>	<u>296 383</u>		<u>645 035</u>	<u>590 108</u>

Rupees '000

23. Other income

	2014	2013
Income from financial assets		
Interest on loans to employees	150	142
Income from non-financial assets		
Gain on sale of fixed assets	28 006	11 415
Exchange gain	2 825	11 319
	<u>30 981</u>	<u>22 876</u>



Rupees '000

	Note	2014	2013
24. General and administration expenses			
Salaries, wages and benefits	24.1	184 867	175 092
Bonus to staff		17 767	16 491
Gratuity	18.1	9 693	8 632
Rent, rates and taxes		1 671	1 174
Telephone		2 153	2 031
Postage		1 043	1 043
Gas and electricity		14 801	11 430
Printing and stationery		7 655	5 803
Travelling and entertainment		28 140	27 831
Depreciation		88 856	86 079
Repairs and maintenance		17 364	17 999
Auditors' remuneration	24.2	2 486	1 853
Legal and professional charges		13 893	3 815
Publicity		61 650	52 906
Property management expenses		73 442	56 598
Donations	24.3	8 438	7 368
Provision for doubtful debts		3 400	–
Statutory levies		26 089	25 460
Other expenses		28 375	22 641
		<u>591 783</u>	<u>524 246</u>

24.1 These include Rs. 4.28 million (2013: Rs. 3.50 million) being contribution for employees' provident fund.

Rupees '000

	2014	2013
24.2 Auditors' remuneration		
Audit fee		
Ernst & Young Ford Rhodes Sidat Hyder	1 525	1 525
Interim review		
Ernst & Young Ford Rhodes Sidat Hyder	125	125
Audit of financial statements of provident fund, gratuity fund and pension fund (Hyder Bhimji & Co.)	120	75
Professional fee for Certification	515	–
Out of pocket expenses	201	128
	<u>2 486</u>	<u>1 853</u>



24.3 Donations

Donations include the following in whom a director is interested:

Rupees '000

Name of Director	Interest in donee	Name & address of donee	2014	2013
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	200	250
	Board member	Sindh Institute of Urology and Transplantation Civil Hospital Karachi, Pakistan	250	250
	Member	Institute of Business Administration Garden, Kayani Shaheed Road, Karachi	1 667	1 667
Saifuddin N. Zoomkawala, Jahangir Siddiqui and Ali Raza Siddiqui	Board member	Fakhr-e-Imdad Foundation Mirpurkhas Digri Road, Mirwah Gorchani, Mirpurkhas	350	–
Hasanali Abdullah	Board member	The Aga Khan Hospital & Medical College Foundation, Stadium Road, Karachi	1 667	–

Rupees '000

25. Provision for taxation

For the year
Current
Deferred

2014

2013

418 512
14 677
433 189

216 740
13 904
230 644

25.1 Reconciliation of tax charge

Effective tax rate %

Rupees '000

	2014	2013	2014	2013
Profit before taxation			<u>2 262 240</u>	<u>1 622 876</u>
Tax at the applicable rate	33.00	34.00	746 539	551 778
Tax effects of deductions not allowed	0.42	0.76	9 391	12 286
Tax effects of income taxed at reduced rates	(11.47)	(19.85)	(259 421)	(322 085)
Tax effects of exempt income	(2.80)	(0.70)	(63 320)	(11 335)
Average effective tax rate charged on income	<u>19.15</u>	<u>14.21</u>	<u>433 189</u>	<u>230 644</u>

26. Earnings per share

Rupees '000

26.1 Basic earnings per share

Profit for the year

(Rupees '000)

2014

2013

1 829 051

1 392 232

Weighted average number of ordinary shares

(Numbers '000)

160 000

160 000

Earnings per share

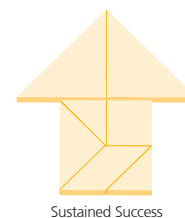
(Rupees)

11.43

8.70

26.2 Diluted earnings per share

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



27. Remuneration of Chief Executive, Directors and Executives

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

Rupees '000

	2014				2013			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Managerial remuneration	19 440	–	169 333	188 773	13 500	–	153 157	166 657
Bonus	2 438	–	30 342	32 780	4 225	–	27 077	31 302
Retirement benefits	1 034	–	12 207	13 241	1 792	–	10 613	12 405
Utilities	221	–	13 852	14 073	241	–	11 861	12 102
Medical expenses	1 726	–	6 636	8 362	1 326	–	5 475	6 801
Leave passage	–	–	2 997	2 997	718	–	2 611	3 329
Total	24 859	–	235 367	260 226	21 802	–	210 794	232 596
Number of persons	1	–	107	108	1	–	101	102

27.1 Chief Executive and certain Executives are also provided with free use of Company cars and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company cars, maintained furnished accommodation, medical insurance cover and residential utilities.

28. Segment reporting

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Treaty		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Corporate segment assets	7 258 696	7 620 077	1 621 153	1 180 598	593 300	524 891	1 180 388	1 552 808	–	–	10 653 537	10 878 374
Corporate unallocated assets											18 573 708	18 060 163
Total assets											29 227 245	28 938 537
Corporate segment liabilities	9 355 618	10 405 610	1 989 424	1 664 416	2 350 083	2 344 045	1 754 093	2 019 047	–	3 494	15 449 218	16 436 612
Corporate unallocated liabilities											666 928	593 996
Total liabilities											16 116 146	17 030 608
Capital expenditures	–	–	–	–	–	–	–	–	–	–	230 224	192 153
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											177 457	172 744
Total depreciation											177 457	172 744

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditures	
	2014	2013	2014	2013	2014	2013	2014	2013
Pakistan	6 500 342	6 319 358	29 057 969	28 781 798	16 034 695	16 939 719	230 224	192 153
EPZ *	32 010	22 159	169 276	156 151	81 451	90 889	–	–
Saudi Arabia **	–	–	–	588	–	–	–	–
Total	6 532 352	6 341 517	29 227 245	28 938 537	16 116 146	17 030 608	230 224	192 153

* This represents US Dollar equivalent in Pak Rupees

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



29. Management of insurance and financial risk

29.1 Insurance risk

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

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

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

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

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

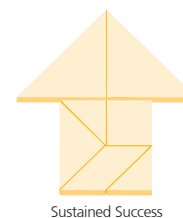
29.1.1 Frequency and severity of claims

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

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

Class	2014				2013			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	56	33	64	37	62	37	64	37
Marine, aviation & transport	19	20	9	11	14	18	7	12
Motor	17	42	21	46	15	39	21	46
Miscellaneous	8	5	6	6	9	6	8	5
	100	100	100	100	100	100	100	100

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



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

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

Class	Rupees '000	
	2014	2013
Fire and property damage	95 338 000	98 145 000
Marine, aviation and transport	21 630 000	81 270 000
Motor	50 000	37 000
Miscellaneous	12 766 000	19 340 000

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

29.1.2 Sources of uncertainty in estimation of future claim payments

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

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

29.1.3 Process used to decide on assumptions

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

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

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



29.1.4 Sensitivity analysis

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

Rupees '000

	Profit before tax		Shareholders' equity	
	2014	2013	2014	2013
Impact of change in claim liabilities by + 10				
Fire and property damage	(74 818)	(92 721)	(50 128)	(61 196)
Marine, aviation and transport	(44 779)	(44 507)	(30 002)	(29 374)
Motor	(93 947)	(96 074)	(62 944)	(63 409)
Miscellaneous	(12 698)	(14 799)	(8 508)	(9 767)
	<u>(226 242)</u>	<u>(248 101)</u>	<u>(151 582)</u>	<u>(163 746)</u>
Impact of change in claim liabilities by - 10				
Fire and property damage	74 818	92 721	50 128	61 196
Marine, aviation and transport	44 779	44 507	30 002	29 374
Motor	93 947	96 074	62 944	63 409
Miscellaneous	12 698	14 799	8 508	9 767
	<u>226 242</u>	<u>248 101</u>	<u>151 582</u>	<u>163 746</u>

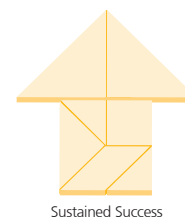
29.1.5 Claim development

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

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

Rupees '000

Accident year	2010	2011	2012	2013	2014
Estimate of ultimate claims costs:					
- At end of accident year	284 637	84 819	57 244	-	200 746
- One year later	2 737 321	48 767	22 848	7 769	-
- Two years later	3 756 125	59 293	57 513	-	-
- Three years later	3 055 747	58 682	-	-	-
- Four years later	2 997 551	-	-	-	-
Current estimate of cumulative claims	2 997 551	58 682	57 513	7 769	200 746
Cumulative payments to date	2 612 870	27 131	6 458	161	69
Liability recognised in the balance sheet	<u>384 681</u>	<u>31 551</u>	<u>51 055</u>	<u>7 608</u>	<u>200 677</u>



29.2 Financial risk

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

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

29.2.1 Credit risk

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

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

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

	Rupees '000	
	2014	2013
Financial assets		
Bank balances and deposits	1 515 054	2 080 244
Loan to employees	3 358	3 148
Investments (Term Finance Certificates)	77 651	111 986
Premiums due but unpaid - net - unsecured	3 159 203	2 843 331
Amount due from other insurers / reinsurers	27 137	45 949
Accrued investment income	137 444	18 147
Reinsurance recoveries against outstanding claims	3 389 989	4 137 638
Security deposits	6 505	5 857
Sundry receivables	108 122	56 009
	<u>8 424 463</u>	<u>9 302 309</u>

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

	Rupees '000	
Rating	2014	2013
AAA	332 839	471 488
AA+	718 215	983 625
AA	69 083	167 650
AA-	130 180	168 791
A+	230 401	240 612
A	34 336	12 949
A-	-	34 970
BBB	-	159
	<u>1 515 054</u>	<u>2 080 244</u>



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

Rupees '000

Rating	Short Term	Rating Agency	2014	2013
United Bank Limited - 3rd Issue	AA	JCR-VIS	–	13 087
Allied Bank Limited	AA	JCR-VIS	–	14 993
Financial Receivable Securitization Company Limited	A+	PACRA	–	833
Engro Fertilizers Limited	A+	PACRA	32 533	37 955
Agritech Limited - 3rd Issue (B)	D	PACRA	5 665	5 665
Agritech Limited - 3rd Issue (A)	D	PACRA	34 972	34 972
New Allied Electronics Limited	N/A	–	4 481	4 481
			<u>77 651</u>	<u>111 986</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2014, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 2 810 million (2013: 2 528 million) and Rs. 349 million (2013: 315 million) respectively.

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

Rupees '000

Rating	2014		2013	
	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims
A or above (including Pakistan Reinsurance Company Limited)	926	3 077 893	16 076	3 846 513
B or above	10 318	206 801	12 224	248 141
Others	15 893	105 295	17 649	42 984
	<u>27 137</u>	<u>3 389 989</u>	<u>45 949</u>	<u>4 137 638</u>

As at 31 December 2014, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 1 million (2013: 23 million) and Rs. 26 million (2013: 23 million) respectively.

29.2.2 Liquidity risk

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

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



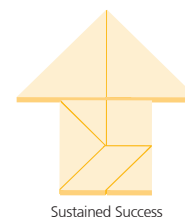
29.2.3.1 Interest rate risk

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

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

Rupees '000

	2014						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial assets							
Cash and other equivalents	5.0-9.75	1 393 459	–	–	1 393 459	127 336	1 520 795
Loans to employees	4.73	780	1 990	588	3 358	–	3 358
Investments	11.81	5 422	2 594 118	–	2 599 540	13 047 503	15 647 043
Premiums due but unpaid-net-unsecured		–	–	–	–	3 159 203	3 159 203
Premiums due from other insurers / reinsurers		–	–	–	–	27 137	27 137
Accrued investment income		–	–	–	–	137 444	137 444
Reinsurance recoveries against outstanding claims		–	–	–	–	3 389 989	3 389 989
Security deposits		–	–	–	–	6 505	6 505
Sundry receivables		–	–	–	–	108 122	108 122
		<u>1 399 661</u>	<u>2 596 108</u>	<u>588</u>	<u>3 996 357</u>	<u>20 003 239</u>	<u>23 999 596</u>
Financial liabilities							
Provision for outstanding claims (including IBNR)		–	–	–	–	5 652 404	5 652 404
Amount due to other insurers / reinsurers		–	–	–	–	2 069 905	2 069 905
Accrued expenses		–	–	–	–	183 975	183 975
Agent balances		–	–	–	–	551 661	551 661
Other creditors and accruals		–	–	–	–	2 871	2 871
Other deposits		–	–	–	–	509 979	509 979
Unclaimed dividends		–	–	–	–	98 223	98 223
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9 069 018</u>	<u>9 069 018</u>
On-balance sheet sensitivity gap		<u>1 399 661</u>	<u>2 596 108</u>	<u>588</u>	<u>3 996 357</u>		
Total yield / mark-up rate risk sensitivity gap		<u>1 399 661</u>	<u>2 596 108</u>	<u>588</u>	<u>3 996 357</u>		



Rupees '000

	2013						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial assets							
Cash and other equivalents	6.0-10.5	2 080 244	-	-	2 080 244	2 898	2 083 142
Loans to employees	4.73	839	1 678	620	3 137	11	3 148
Investments	11.06	251 638	50 458	17 486	319 582	14 451 652	14 771 234
Premiums due but unpaid-net-unsecured		-	-	-	-	2 843 331	2 843 331
Premiums due from other insurers / reinsurers		-	-	-	-	45 949	45 949
Accrued investment income		-	-	-	-	18 147	18 147
Reinsurance recoveries against outstanding claims		-	-	-	-	4 137 638	4 137 638
Security deposits		-	-	-	-	5 857	5 857
Sundry receivables		-	-	-	-	56 009	56 009
		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>	<u>21 561 492</u>	<u>23 964 455</u>
Financial liabilities							
Provision for outstanding claims (including IBNR)		-	-	-	-	6 622 140	6 622 140
Amount due to other insurers / reinsurers		-	-	-	-	2 351 337	2 351 337
Accrued expenses		-	-	-	-	182 773	182 773
Agent balances		-	-	-	-	561 261	561 261
Other creditors and accruals		-	-	-	-	3 086	3 086
Other deposits		-	-	-	-	487 022	487 022
Unclaimed dividends		-	-	-	-	80 789	80 789
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10 288 408</u>	<u>10 288 408</u>
On-balance sheet sensitivity gap		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>		
Total yield / mark-up rate risk sensitivity gap		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>		

Sensitivity analysis

As on 31 December 2014, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

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

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2014	100	8 372	5 442
	(100)	(8 372)	(5 442)
31 December 2013	100	10 881	7 073
	(100)	(10 881)	(7 073)



29.2.3.2 Foreign currency risk

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

29.2.3.3 Other price risk

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

The Company's equity investments amounting to Rs. 15 165 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The Company also has strategic equity investments in its associate amounting to Rs. 9 325 million which is held for long term. The management monitors these strategic investments based on the underlying business and economic characteristic of the investee rather than the short term price fluctuations.

The table below summarises Company's market price risk as of 31 December 2014 and 2013. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Company's profit and equity.

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

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Rupees '000 Effect on shareholders' equity
31 December 2014	7 856 813	10 % increase	8 642 494	–	785 681
		10 % decrease	7 071 132	–	(785 681)
31 December 2013	7 099 705	10 % increase	7 809 676	–	709 971
		10 % decrease	6 389 735	–	(709 971)

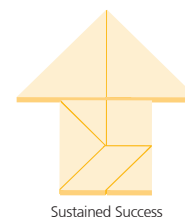
29.3 Fair value

The fair value of all major financial assets are estimated to be not significantly different from their carrying values except for quoted investments, details of which are given in note no. 13 to these financial statements.

29.4 Capital risk management

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

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



30. Non-adjusting event after the balance sheet date

The Board of Directors in its meeting held on 14 February 2015 have announced a final cash dividend in respect of the year ended 31 December 2014 of Rs. 5.00 per share i.e 50 % (2013: Rs. 4.00 per share i.e 40 %) and Bonus shares @ Nil (2013: Bonus share in proportion of 7 new shares for every 25 existing ordinary shares @ 28 %). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. 1 000 million (2013: Rs. 500 million transfers to general reserve from un-appropriated profit). These financial statements for the year ended 31 December 2014 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

31. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Rupees '000	
	2014	2013
Transactions		
Associated company		
Premiums written	17 927	14 999
Premiums paid	7 057	11 699
Claims paid	11 902	5 342
Claims received	3 377	3 369
Dividends received	279 334	209 316
Dividends paid	44 966	42 582
Expenses recovered	4 979	1 000
Bonus shares received	–	64 042
Bonus shares issued	23 846	–
Key management personnel		
Premiums written	628	750
Claims paid	400	99
Dividends paid	2 681	2 238
Bonus shares issued	1 422	–
Compensation	133 559	122 090
Others		
Premiums written	107 026	82 881
Premiums paid	9 141	8 086
Claims paid	69 122	41 126
Claims received	9 917	6 539
Investments made	846 238	917 000
Dividends received	–	13 357
Investments sold	928 500	747 000
Dividends paid	337 486	307 727
Bonus shares issued	175 976	–
Bank deposits withdrawal - net	5 000	–
Brokerage paid	414	598
Profit on TFC	–	888



	Rupees '000	
	2014	2013
Employees' funds		
Contributions to provident fund	21 060	18 560
Contributions to gratuity fund	9 693	8 632
Contributions to pension fund	289	1 191
Dividends paid	3 402	3 221
Bonus shares paid	1 804	-
Balances		
Others		
Balances receivable	663	1 353
Balances payable	(473)	(227)
Deposits maturing within 12 months	140 500	145 500
Bank balances	39 516	95 502
Employees' funds receivable / (payable)		
EFU gratuity fund	38 313	27 863
EFU pension fund	34 130	3 530

32. Number of employees

Number of employees as at 31 December 2014 was 1 165 (2013: 1 217).

33. Date of authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors in its meeting held on February 14, 2015.

MUNEER R. BHIMJEE
Director

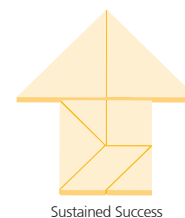
RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 14 February 2015

Pattern of Shareholding as at 31 December 2014



Number of shareholders	Shareholdings		Shares held
	From	To	
327	1	100	12 679
512	101	500	148 030
250	501	1 000	194 247
424	1 001	5 000	1 016 198
159	5 001	10 000	1 164 155
75	10 001	15 000	917 929
46	15 001	20 000	797 920
25	20 001	25 000	559 771
14	25 001	30 000	374 565
17	30 001	35 000	548 950
12	35 001	40 000	452 000
10	40 001	45 000	417 968
8	45 001	50 000	383 660
10	50 001	55 000	549 847
13	60 001	65 000	828 366
3	65 001	70 000	201 967
3	70 001	75 000	216 992
12	75 001	80 000	942 220
2	80 001	85 000	164 958
3	85 001	90 000	263 346
2	90 001	95 000	185 277
6	95 001	100 000	584 000
1	100 001	105 000	104 024
3	120 001	125 000	369 457
2	125 001	130 000	255 998
1	130 001	135 000	131 040
1	135 001	140 000	138 609
3	140 001	145 000	424 548
1	150 001	155 000	151 226
3	160 001	165 000	487 826
1	165 001	170 000	166 500
1	175 001	180 000	179 409
1	190 001	195 000	192 000
1	215 001	220 000	218 000
1	220 001	225 000	224 640
1	255 001	260 000	256 000
1	275 001	280 000	275 375
2	295 001	300 000	592 992
1	305 001	310 000	309 741
1	310 001	315 000	313 390
6	315 001	320 000	1 920 000
1	360 001	365 000	361 990
1	365 001	370 000	368 803
1	420 001	425 000	421 103
1	480 001	485 000	483 994
1	605 001	610 000	608 000
1	630 001	635 000	633 745
2	635 001	640 000	1 280 000
1	765 001	770 000	768 757
1	815 001	820 000	817 287
1	995 001	1 000 000	1 000 000
1	1 075 001	1 080 000	1 075 178
1	1 275 001	1 280 000	1 280 000
1	1 905 001	1 910 000	1 905 621
1	2 010 001	2 015 000	2 013 545
1	2 185 001	2 190 000	2 185 153
1	3 450 001	3 455 000	3 452 541
1	8 840 001	8 845 000	8 842 337
1	9 260 001	9 265 000	9 263 352
1	10 900 001	10 905 000	10 900 884
1	11 040 001	11 045 000	11 042 284
1	12 210 001	12 215 000	12 211 281
1	12 770 001	12 775 000	12 772 595
1	13 260 001	13 265 000	13 263 948
1	19 425 001	19 430 000	19 428 480
1	25 980 001	25 985 000	25 983 302
1 991			160 000 000



Categories of shareholders	Shareholders	Shares held	Percentage
Associated companies, undertakings and related parties			
EFU Life Assurance Ltd.		10 900 884	
Jahangir Siddiqui & Co. Ltd.,		25 983 302	
Jahangir Siddiqui & Sons Limited		8 842 337	
Jahangir Siddiqui Securities Services Limited		12 211 281	
Trustee EFU General Insurance Ltd., Staff Provident Fund		483 994	
Trustee EFU General Insurance Ltd., Officer's Pension Fund		161 280	
Trustee EFU General Insurance Ltd., Employees Gratuity Fund		179 409	
	7	58 762 487	36.73
Mutual Funds			
CDC - Trustee JS Aggressive Asset Allocation Fund		51 000	
CDC - Trustee AKD Index Tracker Fund		20 473	
CDC - Trustee First Habib Stock Fund		11 000	
Prudential Stock Fund Ltd.		26	
	4	82 499	0.05
Directors, CEO, & their spouses and minor children			
Rafique R. Bhimjee		13 263 948	
Saifuddin N. Zoomkawala		256 000	
Abdul Rehman Haji Habib		6 727	
Jahangir Siddiqui		14 023	
Muneer R. Bhimjee		12 772 595	
Hasanali Abdullah		295 807	
Taher G. Sachak		1 637	
Ali Raza Siddiqui		640	
Mohammed Iqbal Mankani		500	
Naila Bhimjee		1 075 178	
Lulua		640 000	
	11	28 327 055	17.70
Executives	17	379 841	0.24
Public sector companies & corporations	1	3 452 541	2.16
Joint Stock companies	44	642 564	0.40
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Pension Funds	10	2 288 030	1.43
Charitable Institutions	2	19 559 520	12.22
Individuals / Others	1 888	36 476 538	22.80
Foreign Investors (repatriable basis)	7	10 028 925	6.27
Total	1 991	160 000 000	100.00
Shareholders holding 5% or more voting interest			
Jahangir Siddiqui & Co. Ltd.		25 983 302	
Managing Committee Of Ebrahim Alibhai Foundation		19 428 480	
Rafique R. Bhimjee		13 263 948	
Muneer R. Bhimjee		12 772 595	
Jahangir Siddiqui Securities Services Limited		12 211 281	
Bano R. Bhimjee		11 042 284	
EFU Life Assurance Ltd		10 900 884	
Castle Hill Limited		9 263 352	
Jahangir Siddiqui & Sons Limited		8 842 337	
		123 708 463	

Glossary

- Authorised Share Capital - The maximum value of share that a Company can issue.
- Bonus Shares - Free shares given to current shareholders out of profit.
- Book Value - The value of an asset as entered in a company's books.
- Capital Expenditure - The cost of long-term improvements and fixed assets.
- Capital Gain - Portion of the total gain recognised on the sale of investments.
- Commission - Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- Claims - The amount payable under a contract of insurance arising from occurrence of an insured event.
- Claims Incurred - The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- Corporate Social Responsibility - Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
- Deferred Commission - Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- Deferred Tax - An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- Defined Benefit Plans - Are post-employment benefit plans.
- Depreciation - Is the systematic allocation of the cost of an asset over its useful life.
- Doubtful Debts - Is a debt where circumstances have rendered its ultimate recovery uncertain.
- Earnings per Share - Amounts of After Tax profit or loss attributable to ordinary shareholders of the entity.
- Equity Method - Method of accounting whereby the investment is initially recognized at cost and adjusted periodically for the post-acquisition change in the investor's share of net assets of the investee.
- Exchange Gain (Loss) - Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- Facultative Reinsurance - The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer accepts on a case by case basis.
- Fair Value - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- General Insurance - All kinds of non-life Insurance i.e, Fire, Marine, Motor and all Other Insurance as defined in the Insurance Ordinance 2000.
- Gross Premium - Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
- Group Health Insurance - A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
- Human Resource Development - A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- Impairment - The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.



- Incurred But Not Reported (IBNR) - Claim incurred but not reported to the insurer until the financial statements reporting date.
- Inflation - A general increase in prices and fall in the purchasing value of money.
- Insurance Contract - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event at an agreed consideration.
- Insurer Financial Strength Rating - Provides an assessment of the financial strength of an insurance company.
- Intangible - An identifiable non-monetary asset without physical substance.
- Internal Control - An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- Loss Ratio - Percentage ratio of claims expenses to premium.
- Market Share - The portion of a market controlled by a particular company or product.
- Market Value - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- National Exchequer - The account into which tax funds and other public funds are deposited.
- Net Asset Value - The value of all tangible and intangible assets of a company minus its liabilities.
- Net Premium Revenue - Gross earned premium less Reinsurance expense.
- Non-Life Insurance - Non Life Insurance and General Insurance have the identical meaning.
- Outstanding Claim - A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims
- Paid up Capital - The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- Premium - The amount that has to be paid as consideration for the insurance cover provided by an insurer.
- Present Value - Future amounts that have been discounted to the present.
- Proxy - Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- Quoted - Being listed on a Stock Exchange.
- Registered Office - The registered office is an address which is registered with the government registrar as the official address of a company.
- Reinsurance - A method of insurance arranged by insurers to share the exposure of risks accepted.
- Reinsurance Commission - Commission received or receivable in respect of premium paid or payable to a reinsurer.
- Reinsurance Premium - The premium payable to the reinsurer in respect of reinsurance contract.
- Related Party - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- Retrocession - Transfer of risk from a reinsurer to another reinsurer.
- Revenue Reserves - Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
- Risk - Condition in which there is a possibility of loss.

- Risk Management - Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- Statutory levies - Fee charged (levied) by a government on a product, income, or activity.
- Strategic Objective - A broadly defined objective that an organization must achieve to make its strategy succeed.
- Subsequent Event-Non Adjusting - Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- Takaful - An Islamic concept of insurance.
- Tangible - An asset whose value depends on particular physical properties.
- Term Finance Certificate - A debt instrument issued by an entity to raise funds.
- Underwriting Profit - This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and expenses.
- Unearned Premium - It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.



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Muhammad Shoaib
Vice President

Abdul Wahab
Asstt. Executive Director
(Development)

S.I.T.E. Division

1st Floor, EFU House, Karachi
32313471-90

Syed Muhammad Haider, M.Sc.
Senior Executive Director

Khalid Ashfaq Ahmed
Assistant Executive Director

Syed Amir Aftab
Assistant Executive Director

Syed Asim Iqbal, M.B.A.
Assistant Executive Director

Mohammad Idrees Abbasi
Senior Vice President

Muhammad Naseem
Senior Vice President

Shah Asghar Abbas, M.B.A.
Senior Vice President

S. Ferozuddin Haider
Vice President

S. Khaliluddin
Vice President

Noman Shahid, M.B.A.
Asstt. Vice President

Ali Safdar
Executive Director (Development)

Mohammad Younus
Senior Executive Vice President
(Development)

Syed Shahid Raza
Senior Executive Vice President
(Development)

M. Anis-ur-Rehman
Senior Vice President (Development)

Wasim Ahmed
Senior Vice President (Development)

M. Ashraf Samana
Vice President (Development)

Mohammad Ziaul Haq
Vice President (Development)

Syed Abid Raza
Vice President (Development)

M. Murtaza Ispahani
Asstt. Vice President (Development)

Syed Qamar Raza
Dy. Chief Manager (Development)

Zeeshan Ali
Manager (Development)

Liaquat Imran
Senior Vice President (Auto Leasing Unit)

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

Hassan Abbas Shigri
Vice President (Development)
(Auto Leasing Unit)

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

Syed Mojiz Hassan
Asstt. Vice President (Development)
(Auto Leasing Unit)

Muhammad Tariq, M.Sc.
Dy. Chief Manager (Development)
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32203555 - 32204021 32316186
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Dy. Executive Director

Muhammad Shoaib Razzak
Bramchari
Dy. Executive Director

Muhammad Rashid Akmal, M.B.A.
Senior Executive Vice President

Sikandar Kasbati
Senior Vice President

Syed Mudassar Ali
Assistant Vice President

Zain ul Abedin
Assistant Vice President

HYDERABAD

Hyderabad Branch

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2611397 - 2631088
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Muhammad Amin Sattar, M.Com
Executive Vice President

Muhammad Awais Memon
Vice President (Development)

Saleem Hameed Qureshi
Asstt. Vice President

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Mohammad Ameen Memon
Asstt. Vice President

MULTAN

Multan Division

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Tareen Road. 4780372 - 45800901
4513723 - 4580773 - 4510317
Fax: 4573343 - 4580772

M. Shehzad Habib
Executive Director

Muhammad Azhar Ali
Executive Vice President

Mansoor Ahmed
Senior Vice President

Mohammad Ikram
Senior Vice President

Muhammad Usman
Vice President

Tariq Mahmood
Vice President

Muhammad Sarwar
Assistant Vice President

Rashid Habib
Senior Executive Vice President
(Development)

Shahid Younus
Senior Executive Vice President
(Development)

M. Mushtaq Najam Butt
Executive Vice President
(Development)

Ali Hasnain Shah
Vice President (Development)

Tariq Jamil
Vice President (Development)

Hammad Akhtar Sheikh
Chief Manager (Development)

Malik Rashid Aziz
Dy. Chief Manager
(Development)

Muhammad Zubair
Manager (Development)

Adeel Ahmed
Manager (Development)

D. G. Khan (Sub-Office)

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Bashir Ahmad Sanghi
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VEHARI (Sub-Office)

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(Development)

LAYYAH (Sub-Office)

Opposite Bank of Punjab
Chowbara Road, Layyah

Amjad Ali
Manager (Development)

QUETTA (Sub-Office)

42 - Regal Plaza, Circular Road
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Martin Yaqoob

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23 Shahrah-e-Quaid-e-Azam
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37352028 - 37353566
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Qamber Hamid, LL.B., LL.M.
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Zonal Head

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

Ijaz Anwar Chughtai
Asstt. Vice President

PUNJAB REGION

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37312166 - 37312196
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Shaukat Saeed Ahmed
Senior Executive Director

Maqsood Ahmed
Assistaant Vice President

LAHORE**Al - Falah Branch**

306-7, Al-Falah Building
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36285136-7. Fax: 36285138

Anjum Kamal Khan, M.B.A.
Senior Vice President

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Asstt. Vice President

Shahid Raza Kazmi
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Chief Manager (Development)

Mrs. Ghazala Ambreen
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Ross Masood, M.B.E.
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35691081-82
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Mian Ikram Ellahi
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35861276-78
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Mian Sikander Sheraz
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37323130 - 37353566
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Rao Abdul Hafeez Khan
Senior Vice President

Usman Ali, L.L.B., M.B.A.
Senior Vice President

Nausherwan Haji
Vice President

Fazal Hussain
Asstt. Vice President

Raja Azhar Rafique
Asstt. Vice President

Rashid Saeed Butt
Asstt. Vice President

Fauzia Khawaja
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Muhammad Tayyab Nazir
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Muhammad Ajmal
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Farooq Shaukat
Asstt. Vice President

Azharul Hassan Chishty
Executive Vice President
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(Development)

Amer Saleem Khan
Manager (Development)

Asif Ikram Bhatti
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Humaira Arshad
Manager (Development)

Mujahid Ali
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(Development)

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Inayatullah Choudhry
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Abdul Shakoor Piracha
Senior Vice President

SIALKOT Sialkot Branch

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Mudassir Atif Baig
Manager (Development)

ISLAMABAD REGION

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M. Akbar Awan
Deputy Managing Director /
Regional Head

Islamabad Main Branch

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Malik Firdaus Alam
Executive Vice President

M. Maroof Chaudhry
Vice President

Ejaz Ahmed
Executive Vice President (Development)

Imdadullah Awan
Senior Vice President (Development)

Ms. Somia Ali
Senior Vice President (Development)

Zaka Ullah Khan
Vice President (Development)

Atif Muzaffar
Chief Manager (Development)

Qazi Altaf Hussain
Chief Manager (Development)

Muhammad Ali Junaid
Manager (Development)

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5794634 - 5563065 5562024
5516085 - 5514323. Fax: 5565406

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

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

Saifullah
Senior Vice President

Onaib-ur-Rehman, M.B.A.
Assistant Vice President

Akhtar Ali
Manager (Development)

City Branch Rawalpindi

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32 Saddar Road, Rawalpindi Cantt.
Rawalpindi. 5584563 - 5516882
5794684. Fax: 5794685

Agha Ali Khan
Vice President



Faraz Javed
Chief Manager (Development)

Shehzad Akhtar
Chief Manager (Development)

Syed Zeeshan Abbas Abidi
Chief Manager (Development)

Suhail Siddiq Khan
Manager (Development)

ABBOTTABAD

106 Iqbal Shopping Complex
Mall Road. 336371

Kamran Sami Khan
Manager (Development)

GOTH MACHI Goth Machi Branch

6, Commercial Area, (F.F.C.)
Distt. Rahim Yar Khan
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Altaf Hussain
Branch Manager

Peshawar Branch

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5608508 - 5608504- 5608507
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S. M. Aamir Kazmi
Senior Vice President

Salimullah Khan, M.Com
Vice President

Ali Farman, M.A.
Assistant Vice President

Najma Riaz, M.A.
Assistant Vice President

Inayatullah Khalil
Senior Vice President (Development)

Khyzar Hayat
Manager (Development)

Jamrud Road Branch

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Peshawar
5846120 - 5850190
Fax: 5846121

Farman Ali Afridi B.E.
Senior Vice President

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

Arshad Iqbal
Asstt. Vice President (Development)

ABBOTTABAD (Sub-Office)

Al-Asif Plaza, Mansehra Road
334186

Ijaz Ali
Manager (Development)



E F U GENERAL INSURANCE LIMITED

Form Of Proxy

I / We _____

of _____

being a member of E F U GENERAL INSURANCE LIMITED hereby appoint

Mr. _____

of _____

or failing him _____

of _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 82nd Annual General Meeting of the Company to be held on Friday, 10 April 2015 at 10:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2015.

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

CNIC Or
Passport No: _____



Signature of Member(s)

2. Signature: _____

Name: _____

Address: _____

CNIC Or
Passport No: _____

Shareholder's Folio No. _____

and / or CDC

Participant I.D.No. _____

and Sub Account No. _____

Important:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Kamran Centre, 1st Floor, 85 East, 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 along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.