

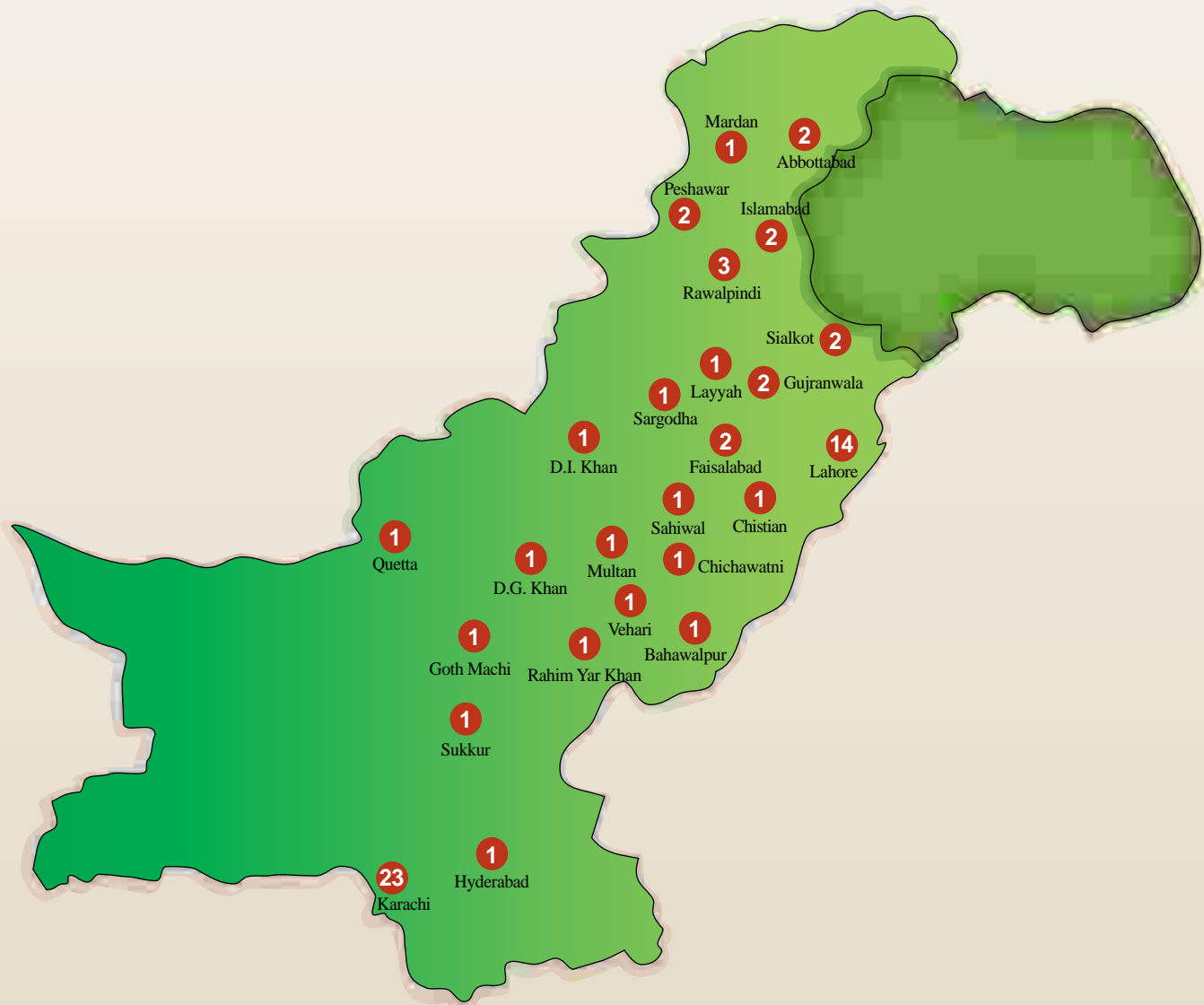
Annual Report 2007



GENERAL

E F U GENERAL INSURANCE LTD.

EFU Offices



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Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Saifuddin N. Zoomkawala

Directors

Sultan Ahmad
Abdul Rehman Haji Habib
Jahangir Siddiqui
Wolfram W. Karnowski
Muneer R. Bhimjee
Hasanali Abdullah
Taher G. Sachak

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

Legal Advisor

Mohammad Ali Sayeed

Senior Advisor

S.C. (Hamid) Subjally, A.C.I.I.

Advisors

Akhtar K. Alavi, A.C.I.I.
Naqi Zamin Ali

Audit Committee

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

Rating Agency: JCR-VIS

Insurer Financial Strength Rating: AA
Outlook Stable

Auditors

Hyder Bhimji & Co.
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.,
Chartered Accountants
Karachi

Registrar

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

Website

www.efuinsurance.com

Registered Office

11/4, Shakrah-e-Pehlavi, Peshawar.

Main Offices

EFU House
M.A. Jinnah Road, Karachi.

Co-operative Insurance Building
23-Shakrah-e-Quaid-e-Azam, Lahore.

Management

Managing Director

Saifuddin N. Zoomkawala

Joint Managing Director

Hasanali Abdullah, F.C.A.

Senior Deputy Managing Director

Mahmood Lotia, A.C.I.I.

Deputy Managing Director

Qamber Hamid, LL.B., LL.M.

Senior Executive Directors

Abdul Rehman Khandia, A.C.I.I.

Jaffer Dossa

Javid Niaz Khan, M.A., A.C.I.I.

Malik Akbar Awan

Muhammad Iqbal Lodhia

Nudrat Ali

Nurallah A. Merchant, A.I.A.

S. M. Haider, M.Sc.

S. Salman Rashid

Salim Rafik Sidiki, M.A.

Shaukat Saeed Ahmed

Syed Ahmad A. Haq, M.Sc.

Executive Directors

Khurram Ali Khan, B.E.

Syed Mehdi Imam, M.A.

Deputy Executive Directors

Altaf Qamruddin Gokal, F.C.A.

Austen B. Freitas

Darius H. Sidhwa, F.C.I.I.

K. M. Anwar Pasha

M. Shezad Habib

Muhammad Iqbal Dada, M.A., A.C.I.I.

Thomas Leo Fernandez

Assistant Executive Directors

Bashir Seja

Mahmood Ali Khan, M.A.

M. Shoaib Razzak Bramchari

S. Aftab Hussain Zaidi, M.A., M.B.A.

Senior Executive Vice Presidents

Abdul Hameed Qureshi, M.Sc.

Abdul Sattar Baloch

Aftab Fakhruddin, B.E.

Imran Ahmed, M.B.A., A.C.I.I.

Javed Iqbal Barry, M.B.A., LL.B., F.C.I.I.

Jawahar Ali Kassim

Jehanzeb Karamat

Kamran Arshad Inam, B.E.

Kausar Ali Zuberi

Khalid Mahmood Mirza

Khalid Usman

Khözema T. Haider Mota

Khurram Nasim

M. Mubashirullah Khan

Mir Babar Ali

Muhammad Naeem Hanif

Musakhar-uz-Zaman, B.E.

Shaharyar Jalees, M. A.

Executive Vice Presidents

Abdul Razzak A. Sattar

Ali Kausar

Aslam A. Ghole, F.C.I.S.

Babar A. Sheikh

Javed Akhtar Shaikh, B.B.A.

Khalid Ashfaq Ahmed

Mazhar H. Qureshi

Mohammad Arif Bhatti

Mohammad Haji Hashim

Mohammad Hussain

Mohammad Rizwanul Haq

Mohammad Younus

Muhammad Asif Arif, M.B.A., A.C.I.I.

Muhammad Rashid Akmal, M.B.A.

Qasim Ali Mohammad

Ross Masood M.B.E.

Salemmullah Tahir

Syed Shahid Hussain

Yawar Aminuddin

Zakaria Suleman

Zarar Ibn Zahoor Bandey

Senior Vice Presidents

Abdul Wahid
Adam Dur Mohd. Baloch
Amin Nizar Ali, F.S.A., F.P.S.A.
Atta-ur-Rehman Riaz
Badar Amin Sissodia
Baqar Aneel Jafari
Haji Mohammad Ayub
Liaquat Ali Khan, F.C.I.I., AMPIM
Mahmood Jafri
Mansoor Abbas Abbasi, B.E.
Masroor Hussain
Mohammad Nasir
Muhammad Arif, M.A.
Muhammad Arif Khan
Muhammad Azhar Ali
Muhammad Ilyas Khan, A.C.I.I.
Muhammad Mustafa Saleem, M.Com, A.C.I.I.
Muhammad Kamil Khan, M.A.
Muhammad Razzaq Chaudhry
Muhammad Sohail Nazir, M.Sc., A.C.I.I.
Muhammad Sohail
Muhammad Suleman Qasim
Naseeruddin Ahmed
Pervez Ahmad
Rehanul Haque Qazi
Rizwan-ul-Haq
S. M. Shamim
Shamim Pervez, M.B.A.
Syed Abdul Quddus
Syed Ahmad Hassan, M.B.A.
Syed Sadiq Ali Jafri
Tayyab Hussain Gardezi, M.Sc.
Zafar Ali Khokhar, M.A.

Vice Presidents

Abdul Hameed
Abdul Majeed
A. Ghaffar A. Kareem
Abdul Qadir Memon, M.Sc.
Abdul Shakoor Piracha
Ali Raza
Arshad Ali Khan, A.C.M.A.
Farman Ali Afridi
Faisal Gulzar
Iftikharuddin
Imran-ul-Haq
Inayatullah Chaoudhry
Inayatullah Khalil
Irshad Zamir Hashmi

Kaiser Ali
Liaquat Imran
M. A. Qayum, M.Com
Malik Firdaus Alam
M. Hussain Khatri
Mohammad Afzal Khan, EMBA
Mohammad Amin Sattar, M.Com
Muhammad Naseem
Mohammad Pervaiz
Muhammad Salahuddin
Muhammad Shakil Khan, M.B.A.
Nadeem Ahmad Khan
Nadir Hussain
Riaz Ahmad
Rizwan Ahmed, M.B.A.
Saghirul Hasan
Shah Asghar Abbas
S. M. Aamir Kazmi
Shahzad Zakaria
Shazim Altaf Kothawala
Suleman Poonjani, A.C.A.
Tauqir Hussain Abdullah
Tayab Nisar, A.C.I.I.
Wasim Tasawwar
Zahid Hussain, A.C.I.I.
Zia Mahmood, M.B.A.

Assistant Vice Presidents

Abbas Ali
Abdul Bari
Abdul Mateen Farooqui, M.Sc.
Abdul Rashid
Abdul Rashid Yaqoob
Agha Ali Khan
Asadullah Khan
Asghar Ali
Ashfaq Ahmad
Asif Ahmad
Asif Mehmood
Atif Anwar, A.C.C.A.
Dr. Ghulam Jaffar, Ph.D.
Fakhruddin Saiffee
Farhat Iqbal
Farrukh Ahmad Qureshi
Ghulam Haider, M.Sc.
Haider R. Rizvi
Haseeb Ahmad Bajwa
Hassan Aziz
Irfan Ahmad, A.C.M.A.
Javed Iqbal Khan

Kaleem Imtiaz
Kamran Bashir, M.B.A.
Mannan Mehboob, A.C.I.I.
Moaz Nabi, A.C.I.I.
Mohammad Adil Khan
Mohammad Amin Memon
Mohammad Hanif
Mohammad Idrees Abbasi
Mohammad Siddique Khan
Mohsin Ali Baig
Ms. Menija N. Messman
Muhammad Asif Hussain, A.P.A, F.C.M.A.
Muhammad Ilyas
Muhammad Mujtaba
Muhammad Rashid Awan, A.C.I.I.
Muhammad Saleem Gaho
Muhammad Shahjahan Khan
Muhammad Siddique
Muhammad Sirajuddin
Musarrat Zaman Shah
Nadeemuddin Farooqi
Noor Asghar Khan
Quaid Johar
Rana Zafar Iqbal
Rao Abdul Hafeez Khan
Rehanuddin Qureshi
Riaz Hussain Siddiqui
Riazuddin, M.A.
S. Anwar Hasnain
S. Khaliluddin
Saifullah
Salimullah Khan
Shahab Khan
Shahid Abdullah Godil, M.B.A.
Shaikh Mohammad Yousuf
Sikandar Kasbati
Tariq Mahmood
Usman Ali, B.A.L.L.B.
Waqar Ahmad, M.Sc.
Waqar Hasan Qureshi
Zia Ur Rehman

Business Consultant

Maqbool Saeed

Chief Medical Officer

Dr. Mohbat Ali Khowaja

Marketing Executives

Senior Executive Directors

Altaf Kothawala
Jahangir Anwar Shaikh

Executive Directors

Abdul Wahab Polani
Syed Kamran Rashid
Syed Rizwan Hussain

Deputy Executive Directors

Agha S. U. Khan
Haroon Haji Sattar Dada
Mohd. Khalid Saleem, M.A.

Assistant Executive Directors

Abdullah H. Godil
Akhtar Kothawala
Ali Safder
Syed Amir Aftab
Syed Asim Iqbal
Syed Jaweed Envor

Senior Executive Vice Presidents

Abdul Wahab
Anis Mehmood
Muhammad Umer, M.A.
Muhammad Umer Memon
Mrs. Nargis Mehmood
Rizwan Siddiqui
Talib Abbas Shigri

Executive Vice Presidents

Aamir Ali Khan
Abootalib Dada, LL.B.
Alamgir Anwar Shaikh
Amin Yaqoob, M.A.
Azmat Maqbool, M.B.A.
Iftikhar A. Khan, M.A.
Imran Ali Khan
Irfan Raja Jagirani

M. Yousuf Jagirani, M.A.
Malik Akhtar Rafique
Ms. Kehkashan Sultana
Rashid Habib, M.A.
Shahid Younus
Syed Ali Zaheer
Yousuf Alvi

Senior Vice Presidents

Azharul Hassan Chishty
Ejaz Ahmed
Kh. Zulqarnain Rasheed
Mohammad Iqbal, M.A.
Muhammad Azhar Dawra
Muhammad Farooq
Muneeb Farooq Kothawala
Muhammad Javed
Muhammad Sheeraz, M.B.A.
S. Sohail Haider Abidi
S. Ashad H. Rizvi
Ms. Shazia Rahil Razzak
Syed Baqar Hasan, M.A.
Wasim Ahmed

Vice Presidents

Atique H. Patel
Azam Rafique
Bashir Ahmed Sangi
Faisal Hassan
Fakhar-e-Alam
Ms. Fatima Moiz Shaikh
Imdadullah Awan
Jameel Masood
Ms. Nighat Sartaj
M. Amir Arif Bhatti
M. Ashraf Samana
M. Mushtaq Najam Butt
M. Saleem Babar
M. Zia-ul-Haq
Mian Abdul Razak Raza, B.Ed.
Muhammad Imran Naeem
Muhammad Niamatullah
Muhammad Rehan Iqbal Booti

Rizwan Humayun
Syed Hasan Ali
Syed Imran Zaidi, M.B.A.
Syed Rizwan Haider, M.Sc.
Syed Saad Jafri
Syed Shahid Raza
Tariq Jamil, M.B.E.
Usman Ali Khan

Assistant Vice Presidents

Adeel Ahmed
Ali Hasnain Shah
Arshad Iqbal
Asif Elahi
Asrar Ahmed, M.B.A.
Badar Hasan Qureshi
Bashir Ahmed Khaskhaly, M.A.
Faisal Mahmood Jaffery
Farid Khan
H.H. Ansari
Javed Iqbal Cheema
M. Anis-ur-Rehman
M.A. Qayyum Khan
Maria N. Jagirani
Mrs. Sadia Muneer
Mrs. Tanveer Khurshid
Mubashir Saleem
Muhammad Aslam Hayat
Muhammad Hamid Ali Janjua
Muhammad Mumtaz Hasan
Muhammad Musarat Hussain
Muhammad Owais Jagirani
Muhammad Shamim Siddiqui
Muhammad Tayyab Nazir
Naeem-ullah Jan
Omar Javid, M.B.A.
Qamarul Hasan Ansari
Qasim Ayub
S. Iftikhar Hyder Zaidi, M.A.
Syed Rashid Ali
Tanveer Masood
Wasif Mubeen, LL.B.

VISION

Our vision is to be the first choice company for our customers, shareholders and employees. To achieve this we will be driven by an obsession to be better than the best in a continuous journey, not a destination.

At EFU first choice means a sustained commitment to meet and exceed stakeholder expectations. A will to go the “Extra Mile” to delight our customers with products and services that exceed their expectations.

MISSION

We will manage our affairs through modern technology, collective wisdom and institutionalised leadership. We will be a respected, cultured and an educated company with a strong market position. Together with our customers, reinsurers and employees we will achieve world class quality standards through continuous quality improvement. Achieve zero defects in everything we do.

We will do good business, with good clients and of the highest integrity. We will not compromise our principles and we will like to be known as a responsible corporate citizen aware of our obligation to the Government and the society we serve.

Notice Of Meeting

Notice is hereby given that the 75th Annual General Meeting of the Shareholders of E F U General Insurance Ltd. will be held at the Registered Office of the Company at 11/4, Shahrah-e-Pehlavi, Peshawar on Wednesday April 30, 2008 at 10:00 a.m. to:

A. ORDINARY BUSINESS:

1. confirm the minutes of the 74th Annual General Meeting held on April 27, 2007
2. confirm the minutes of Extraordinary General Meeting held on December 14, 2007.
3. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2007 together with the Directors' and Auditors' reports thereon.
4. consider and if thought fit to approve the payment of Dividend at the rate of Rs. 6 per share for the year ended December 31, 2007 as recommended by the Board of Directors.
5. appoint Auditors for the year 2008 and fix their remuneration.

B. SPECIAL BUSINESS:

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

RESOLVED that a sum of Rs. 150,000,000 out of the free reserves of the Company be capitalised and applied to the issue of 15,000,000 Ordinary Shares of Rs. 10/- each and allotted as fully paid up Bonus Shares to the Members, who are registered in the Books of the Company at the close of business on April 23, 2008 in the proportion of three new shares for every twenty existing Ordinary Shares held and that such new shares shall rank pari passu with the existing Ordinary Shares of the Company.

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

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

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

By Order of the Board

ALTAF QAMRUDDIN GOKAL
Chief Financial Officer
& Corporate Secretary

March 31, 2008

NOTES

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

A. For attending the meeting:

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

B. For appointing proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.



GENERAL

- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
3. The Share Transfer Books of the Company will be closed from April 24, 2008 to April 30, 2008 (both days inclusive). Transfers received in order by our Shares Registrar, Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Shahrah-e-Quaideen, Karachi at the close of business on April 23, 2008 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend and Bonus Shares.
 4. Members are requested to communicate to the Company of any change in their addresses.
 5. Statement under section 160 of the Companies Ordinance, 1984 is being sent to all the members.

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

1. This statement sets out the material facts pertaining to the Special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2008.
2. Item 6 regarding Bonus issue:
Your Directors have recommended the issue of Bonus Shares in the proportion of three new shares for every twenty existing Ordinary Shares held at the close of business on April 23, 2008. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.



Board of Directors (Siting Left to Right) Rafique R. Bhimjee, Chairman, Saifuddin N. Zoomkawala, Managing Director & Chief Executive, (Standing Left to Right) Taher G. Sachak, Sultan Ahmad, Abdul Rehman Haji Habib, Wolfram W. Karnowski, Jahangir Siddiqui, Muneer R. Bhimjee, Hasanali Abdullah

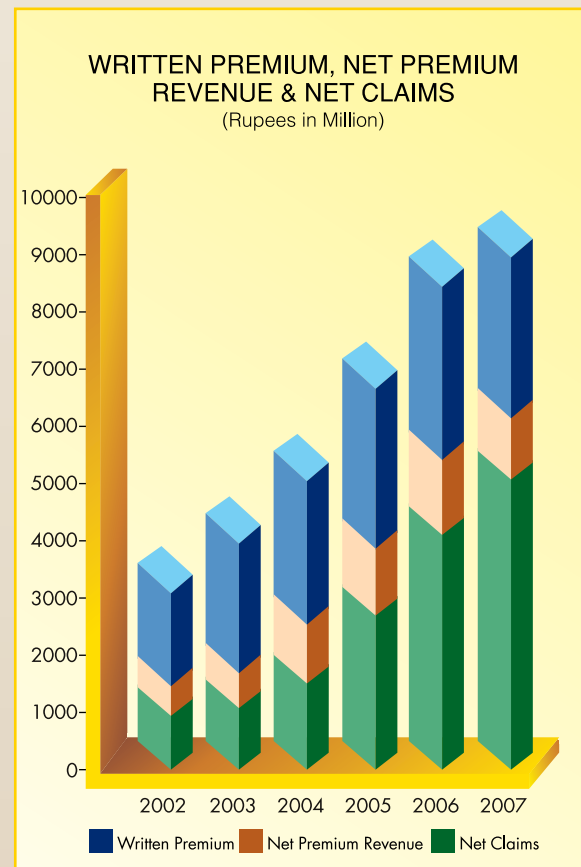
The Directors of your Company are pleased to present to you the Seventy Fifth audited financial statements for the year ended December 31, 2007.

Your Directors are pleased to report that the Company's written premium reached Rs. 8.96 billion in 2007 as compared to Rs. 8.46 billion in 2006. The net premium revenue in 2007 rose to Rs. 6.1 billion compared to Rs. 5.4 billion in 2006. The increase in premium was achieved despite fierce competition in the insurance market on account of capacity added by new entrants and aggressive marketing tactics adopted by some of the prominent players in the industry.

The overall claim ratio was 83% as against 76% in the previous year, mainly on account of some large losses in fire and property departments as well as the motor department. The incidents of rioting, arson and damages to motor vehicles in the wake of tragic assassination of Mohtarma Benazir Bhutto has resulted in one of the highest losses in the history of insurance industry in the country. Your Company too has suffered losses on this account and is a contributing factor to the higher claim ratio.

The total underwriting loss of the company in 2007 was Rs. 177 million as against profit of Rs. 365 million in the previous year. The income

from investment for the year under review was Rs. 14,812 million as compared to Rs. 696 million in the previous year, mainly on account of capital gains realised on sale of shares. The underwriting



loss was more than offset by investment income as a result of which the Company made a net profit of Rs. 14,536 million in 2007 as compared to Rs. 762 million in 2006.

Earnings per share increased to Rs. 145.36 in 2007 from Rs. 7.62 in 2006.

The department wise performance was as follows:

FIRE & PROPERTY

The written premium of this department increased by 26% to Rs. 2,896 million as compared to Rs. 2,308 million in 2006. The Company faced some major fire losses which were exacerbated by claims arising from the disturbances on December 27, 2007 which adversely affected the overall underwriting results. The underwriting loss was Rs. 413 million compared to profit of Rs. 90 million last year.

MARINE, AVIATION AND TRANSPORT

The written premium of this department increased to Rs. 1,257 million as compared to Rs. 1,186 million in 2006. Claims as a percentage of net premium revenue reduced to 32% as against 47% in 2006. The underwriting profit for the year was Rs. 429 million compared to Rs. 148 million in 2006.

MOTOR

The written premium of this department was Rs. 4,110 million as compared to Rs. 4,532 million in 2006. Claims ratio was 90% as against 84% in 2006 mainly due to losses caused by damages to vehicles from riots on December 27, 2007 and the increase in the incidence of thefts of vehicles during the year. The underwriting loss for the year was Rs. 253 million compared to profit of Rs. 83 million last year.

OTHERS

The written premium of this department increased by 70% to Rs. 452 million compared to Rs. 266 million in 2006. Claims ratio was 43% as against 37% in 2006. The underwriting profit was Rs. 23 million compared to Rs. 38 million in 2006.

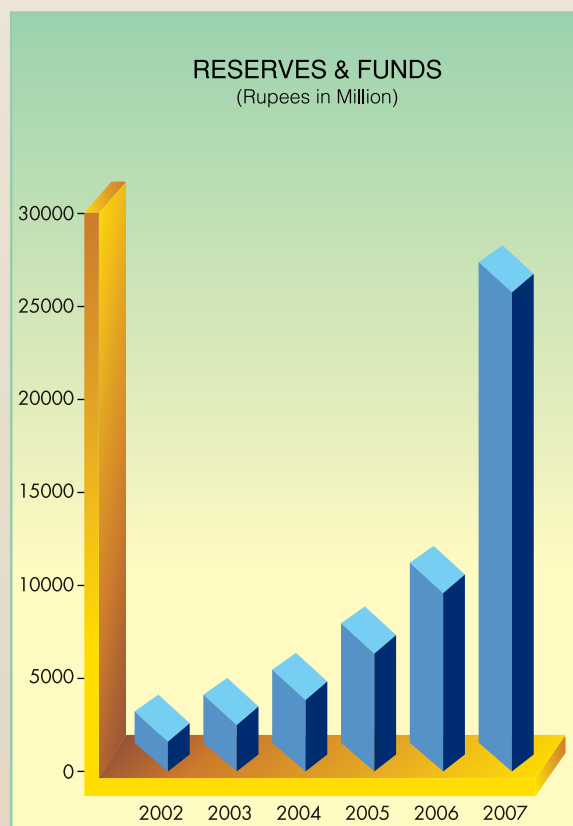
Other Comments

The Company's profit after tax for the year under review is Rs. 14,536 million and your Board proposes to make the following appropriation:

	Rupees '000
Profit after tax	14 536 309
Add: Unappropriated profit brought forward	777 958
	15 314 267
Less: Dividend paid for last year	150 000
Bonus shares issued for last year	500 000
Transfer to general reserve	100 000
	750 000
Unappropriated profit carried forward	14 564 267

Dividend

Your Directors have pleasure in recommending dividend of Rs. 6 per share (60%) and issuance of three bonus shares for every twenty shares held by the shareholders whose names appear in the



share register of the Company at the close of business on April 23, 2008.

Investment

The book value of investments of your Company has increased to Rs. 18,595 million compared to Rs. 3,675 million which is mainly due to realisation of capital gains on equity investments. The market value of investments of your Company increased by Rs. 13,507 million from Rs. 7,096 million as at December 31, 2006 to Rs. 20,603 million as at December 31, 2007.

Information Technology

During the year the Company has successfully introduced Business Continuity Plan and has developed Disaster Recovery Site that ensures that Company's operations are not disrupted at the time of any disaster.

eClaims B2B application has been further enhanced. IT systems have been developed for surveyors of motor cars to submit their survey reports and bills electronically to the Company.

The Auditors in their report have made mention for the policy of treating leases as operating leases and investments in an associated company have been accounted for at cost. The details for these items have been provided in the Notes 5.11 and 18 to the financial statements. The reason for treating the lease as operating leases and investments in associated company recorded at cost is due to specialised nature of taxability of profits of insurance companies.

As reported last year your Company continues to have JCR-VIS as its rating agency. JCR-VIS has reaffirmed the financial strength rating to **AA** and outlook to **'Stable'**.

Your Company has now been selected under KSE 30 INDEX.

Prospects for 2008

The management's short and long-term objectives as in the past will continue to strongly focus on providing the best service to its clients and intends

to keep providing the risk management service at the forefront.

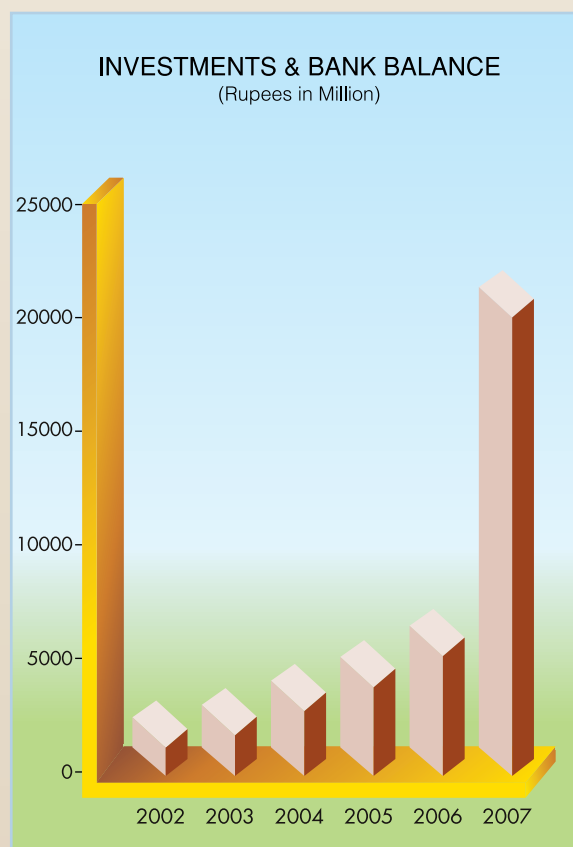
Prospects for 2008 will depend on the new economic policies of the new Government, which would have its reflection on insurance industry and your Company as well. On our part we will lay emphasis on strengthening the underwriting discipline with a view to improving the quality further thereby making all classes profitable.

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 June 28, 2005 for a term of three years expiring on July 9, 2008.

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



Sr. no.	Name of Directors	Number of meetings attended
1.	Rafique R. Bhimjee	4 out of 5
2.	Saifuddin N. Zoomkawala	5 out of 5
3.	Sultan Ahmad	3 out of 5
4.	Abdul Rehman Haji Habib	5 out of 5
5.	Jahangir Siddiqui	1 out of 5
6.	Wolfram W. Karnowski	1 out of 5
7.	Muneer R. Bhimjee	4 out of 5
8.	Hasanali Abdullah	5 out of 5
9.	Taher G. Sachak	5 out of 5

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

Statement of Ethics and Business Practices

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

Corporate and Financial Reporting Framework

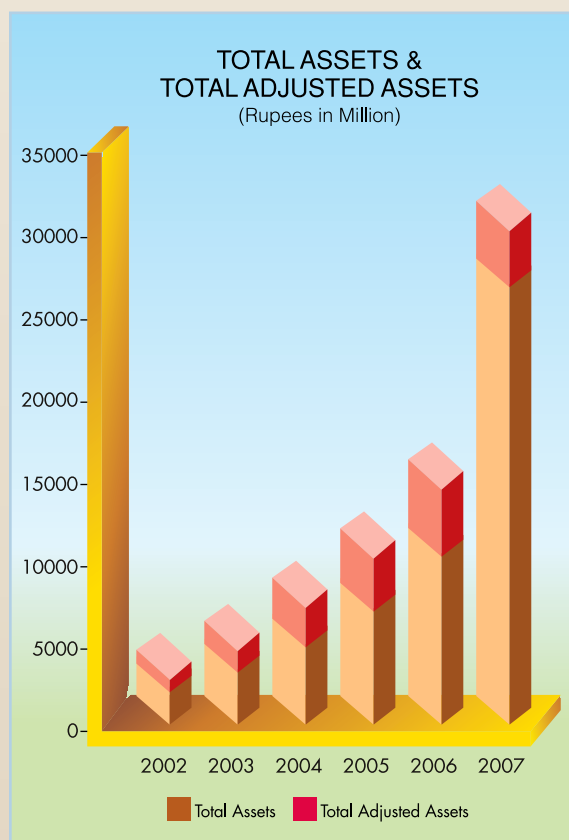
- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom 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 audited accounts, as on December 31, 2007 were the following:

Provident Fund	Rs. 537 million
Gratuity Fund	Rs. 226 million
Pension Fund	Rs. 169 million

The value of investments include accrued interest.

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



	<u>No. of shares</u>
Purchase of shares	
Mrs. Onaiza Ahmad	1 000
Taher G. Sachak	2 000
Sale of shares	
Wolfram W. Karnowski	70 000
Sultan Ahmad	2 000
Abdul Rehman Haji Habib	2 000
Hasanali Abdullah	22 000
Altaf Qamruddin Gokal	36 000

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

Messrs Hyder Bhimji & Co. and Messrs KPMG Taseer Hadi & Co. Chartered Accountants retire and being willing to continue are recommended for reappointment as Joint 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.

We are proud to inform that your Company has one of the finest reinsurance arrangements backed by the largest reinsurance company in the world as the leader of our reinsurance treaty panel, i.e. Munich Reinsurance Company, Germany (AA-), followed by Hanover Reinsurance Company, Germany (AA-), Mapfre Re Compania De Reassurance, Spain (AA), Mitsui Sumitomo, Japan (AA-) and SCOR Global P & C, France (A-) are few to quote.

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.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Key Financial Data for the Last Six Years

(Rupees in Million)

	2007	2006	2005	2004	2003	2002
Written Premium	8 961	8 459	6 644	5 043	3 944	3 079
Net Premium Revenue	6 111	5 418	3 862	2 536	1 662	1 432
Investment & Other Income	15 013	814	445	165	141	107
Profit before tax	14 457	858	646	474	157	70
Profit after tax	14 536	762	506	322	106	47
Shareholders Equity	16 177	1 791	1 119	676	391	285
Investments & Properties	18 868	3 964	2 694	1 987	1 328	936
Cash & Bank Balances	1 163	1 136	1 193	866	483	339
Total Assets Book Value	27 390	10 628	7 286	4 784	3 256	2 182
Total Assets Market Value	30 707	14 760	10 475	7 448	4 684	2 870
Dividend %	60.00	30.00	30.00	30.00	20.00	15.00
Bonus %	15.00	100.00	66.67	42.86	10.50	11.76

Statement of Compliance with the Code of Corporate Governance



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

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

1. The Company encourages representation of non-executive Directors on its Board. At present the Board includes seven non-executive Directors, who were elected on June 28, 2005 for the three years' term effective July 10, 2005.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The significant policies in greater detail are being documented. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment and determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, except once when the Chairman was abroad, the meeting was presided by the Managing Director/Chief Executive. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on August 27, 2007 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities.
10. During the year the Board appointed Mr. Altaf Qamruddin Gokal, Deputy Executive Director (Finance) as Chief Financial Officer and Corporate Secretary of the Company in place of Mr. Hasanali Abdullah who was holding these positions in addition to his position of Joint Managing Director of the Company. There was no new appointment of Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
16. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.



GENERAL

18. The Company has an effective team for internal audit. The team is fully conversant with the policies & procedures of the Company and is involved in the internal audit function on full time basis.
19. 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.
20. 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.
21. We confirm that all other material principles contained in the Code have been complied with.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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



We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of EFU General Insurance Limited ("the Company") to comply with the listing Regulations of the respective Stock Exchanges where the Company is listed and the Code of Corporate Governance applicable to listed insurance companies.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

HYDER BHIMJI & CO.
Chartered Accountants

KPMG TASEER HADI & CO.
Chartered Accountants

Karachi March 31, 2008

Auditors' Report To The Members

We have audited the annexed financial statements comprising of:

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

of **EFU General Insurance Limited** ("the Company") as at 31 December 2007 together with the notes forming part thereof, for the year then ended.

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

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

As more fully explained in note – 5.11 to the financial statements, the Company's investments in an associated company have been accounted for at lower of cost or market value. International Accounting Standards 28 (IAS 28: Accounting for Investments in Associates) requires that such investments be valued using equity method. Had equity method been used for valuation, the value of investments at 31 December 2007 would have been higher by Rs 5.4 million (2006: Rs 184 million) with the corresponding effect on profit for the year (2006: Rs. 71 million).

Further, the Company follows the policy of treating finance leases as operating leases the effect of which has not been determined. Total commitments under leases are disclosed in Note – 18.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) except for the effect of the matters relating to accounting for investment in an associated undertaking and accounting for leases referred to above, the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) except for the effect of the matter relating to accounting for investment in an associated undertaking and accounting for leases referred to above, the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2007 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended 31 December 2006 were audited by another firm of chartered accountants whose report dated 24 March 2007 expressed qualified opinions on those statements on account of treatment of leases and investment in an associated undertaking.

HYDER BHIMJI & CO.
Chartered Accountants

Karachi March 31, 2008

KPMG TASEER HADI & CO.
Chartered Accountants

Balance Sheet As At 31 December 2007



	Note	2007	2006
Share capital and reserves			
Authorised capital			
150 000 000 (2006: 150 000 000) ordinary shares of Rs. 10 each		1 500 000	1 500 000
Issued, subscribed and paid-up share capital	6	1 000 000	500 000
Retained earnings		14 564 267	777 958
Reserves		600 000	500 000
Reserve for exceptional losses		12 902	12 902
		15 177 169	1 290 860
		16 177 169	1 790 860
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5 335 723	3 662 663
Provision for unearned premium		3 984 881	4 091 401
Additional reserve for unexpired risks		32 308	–
Commission income unearned		276 831	216 042
Total underwriting provisions		9 629 743	7 970 106
Deferred liabilities			
Deferred taxation	8.3	–	14 831
Creditors and accruals			
Premiums received in advance		43 226	8 426
Amounts due to other insurers/reinsurers		818 289	255 469
Accrued expenses		112 646	75 390
Agent balances		298 101	242 555
Unearned rentals		46 693	59 043
Other creditors	9	110 818	61 031
		1 429 773	701 914
Other liabilities			
Other deposits		134 819	134 654
Unclaimed dividend		18 471	15 631
		153 290	150 285
Total liabilities		11 212 806	8 837 136
Total equity and liabilities		27 389 975	10 627 996
Contingencies and commitments	8 & 18		

**GENERAL**

		Rupees '000	
	Note	2007	2006
Cash and bank deposits			
Cash and other equivalent		1 862	5 865
Current and other accounts	10	939 204	610 035
Deposits maturing within 12 months		221 810	520 016
		1 162 876	1 135 916
Loans-secured considered good			
To employees		3 770	4 972
Investments	11	18 595 362	3 675 085
Investment properties	12	272 494	288 899
Deferred taxation	8.3	84 183	-
Other assets			
Premiums due but unpaid - net	13	1 546 814	1 293 089
Amounts due from other insurers/reinsurers		63 753	225 680
Salvage recoveries accrued		34 319	46 217
Premium and claim reserves retained by cedants		-	1 610
Accrued investment income	14	29 205	29 723
Reinsurance recoveries against outstanding claims		2 980 797	1 938 300
Taxation-payments less provision		140 334	59 226
Deferred commission expense		420 389	358 439
Prepayments	15	1 532 766	1 170 113
Security deposits		13 899	19 125
Other receivables	16	83 975	37 044
		6 846 251	5 178 566
Fixed assets - tangible and intangible	17		
Land and buildings		113 767	114 967
Furniture, fixtures and office equipment		148 388	108 429
Motor vehicles		156 716	118 847
Computer software		6 168	2 315
		425 039	344 558
Total assets		<u>27 389 975</u>	<u>10 627 996</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Profit And Loss Account
For The Year Ended 31 December 2007



Rupees '000

Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2007	Aggregate 2006	
Revenue account								
Net premium revenue	19	440 846	1 030 708	4 364 463	55 861	218 626	6 110 504	5 417 952
Less: Net claims		672 585	331 978	3 943 482	24 169	120 027	5 092 241	4 131 705
Less: Premium deficiency expenses		-	-	32 308	-	-	32 308	-
Less: Management expenses	20	264 380	141 451	376 746	57 154	-	839 731	660 423
Less: Net commission		(82 907)	128 710	264 849	(47 982)	60 486	323 156	260 887
Underwriting result		(413 212)	428 569	(252 922)	22 520	38 113	(176 932)	364 937
Investment income	11(b)					14 812 295	696 466	
Rental income						75 562	70 650	
Other income	21					124 713	46 445	
Difference in exchange						(99)	307	
General and administration expenses	22					(378 244)	(321 232)	
						<u>14 634 227</u>	<u>492 636</u>	
Profit before tax						<u>14 457 295</u>	<u>857 573</u>	
Provision for taxation - current						(20 000)	(93 000)	
- prior years						-	6 789	
- deferred						99 014	(9 384)	
						<u>79 014</u>	<u>(95 595)</u>	
Profit after tax						<u>14 536 309</u>	<u>761 978</u>	
Profit and loss appropriation account								
Balance at commencement of year						777 958	305 980	
Profit after tax for the year						14 536 309	761 978	
						<u>15 314 267</u>	<u>1 067 958</u>	
Dividend 2006 @ 30 % (2005: @ 30 %)						150 000	90 000	
Issue of bonus shares						500 000	200 000	
Transfer to general reserve						100 000	-	
						<u>750 000</u>	<u>290 000</u>	
Balance unappropriated profit at end of year						<u>14 564 267</u>	<u>777 958</u>	
						Rupees	Rupees	
Earnings per share - basic and diluted	27					<u>145.36</u>	<u>7.62</u>	

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Statement of Changes in Equity
For The Year Ended 31 December 2007



Rupees '000

	Share capital	General reserve	Unappropriated profit	Reserve for exceptional losses	Total
Balance as at 1 January 2006	300 000	500 000	305 980	12 902	1 118 882
Issue of bonus shares	200 000		(200 000)		-
Dividend declared for the year 2005			(90 000)		(90 000)
Profit for the year 2006 - net recognised income and expense for the year			761 978		761 978
Balance as at 31 December 2006	500 000	500 000	777 958	12 902	1 790 860
Issue of bonus shares	500 000		(500 000)		-
Dividend declared for the year 2006			(150 000)		(150 000)
Transfer to general reserve		100 000	(100 000)		-
Profit for the year 2007 - net recognised income and expense for the year			14 536 309		14 536 309
Balance as at 31 December 2007	1 000 000	600 000	14 564 267	12 902	16 177 169

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Cash Flows
For The Year Ended 31 December 2007



	Rupees '000	
	2007	2006
Operating cash flows		
a) Underwriting activities		
Premiums received	8 462 652	7 994 247
Reinsurance premiums paid	(2 747 333)	(2 501 518)
Claims paid	(5 596 681)	(4 462 928)
Reinsurance and other recoveries received	1 555 455	845 483
Commissions paid	(830 479)	(686 237)
Commissions received	561 708	463 289
Management expenses paid	(764 993)	(627 188)
Net cash flow from underwriting activities	640 329	1 025 148
b) Other operating activities		
Income tax paid	(101 108)	(204 050)
Other operating payments	(385 451)	(224 303)
Other operating receipts	97 110	11 615
Loans advanced	(425)	(1 348)
Loan repayments received	1 627	2 215
Net cash flow from other operating activities	(388 247)	(415 871)
Total cash flow from all operating activities	252 082	609 277
Investment activities		
Profit /return received	185 894	121 991
Dividends received	209 728	198 989
Rentals received	63 212	106 472
Payments for investments	(25 205 459)	(4 031 621)
Proceeds from disposal of investments	24 816 673	3 156 052
Fixed capital expenditure	(166 752)	(147 204)
Proceeds from disposal of fixed assets	18 742	16 925
Total cash flow from investing activities	(77 962)	(578 396)
Financing activities		
Dividends paid	(147 160)	(87 871)
Net cash inflow/(outflow) from all activities	26 960	(56 990)
Cash at the beginning of the year	1 135 916	1 192 906
Cash at the end of the year	1 162 876	1 135 916
Reconciliation to profit and loss account		
Operating cash flows	252 082	609 277
Depreciation expense	(94 347)	(67 496)
Investment and rental income	14 887 857	767 116
Other income	124 713	46 445
Increase in assets other than cash	1 751 187	2 093 887
(Increase) in liabilities other than running finance	(2 385 183)	(2 687 251)
Profit after taxation	14 536 309	761 978
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	1 862	5 865
Current and other accounts	939 204	610 035
Deposits maturing within 12 months	221 810	520 016
	1 162 876	1 135 916

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Statement of Premiums
For The Year Ended 31 December 2007



Rupees '000

Class	Premiums			Reinsurance				Net premium revenue		
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2007	2006
		Opening	Closing			Opening	Closing			
<u>Direct and facultative</u>										
Fire and property damage	2 896 330	1 056 837	1 407 375	2 545 792	2 487 588	828 692	1 211 334	2 104 946	440 846	493 191
Marine, aviation and transport	1 257 715	579 234	266 406	1 570 543	427 865	210 466	98 496	539 835	1 030 708	681 446
Motor	4 110 367	2 252 950	1 986 555	4 376 762	8 872	3 427	–	12 299	4 364 463	4 042 129
Miscellaneous	451 966	126 599	222 373	356 192	385 828	104 819	190 316	300 331	55 861	49 933
Total	8 716 378	4 015 620	3 882 709	8 849 289	3 310 153	1 147 404	1 500 146	2 957 411	5 891 878	5 266 699
Treaty - proportional	245 017	75 781	102 172	218 626	–	–	–	–	218 626	151 253
Grand total	<u>8 961 395</u>	<u>4 091 401</u>	<u>3 984 881</u>	<u>9 067 915</u>	<u>3 310 153</u>	<u>1 147 404</u>	<u>1 500 146</u>	<u>2 957 411</u>	<u>6 110 504</u>	<u>5 417 952</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Statement of Claims
For The Year Ended 31 December 2007



Rupees '000

Class	Claims			Reinsurance					Net claims expense	
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2007	2006
<u>Direct and facultative</u>										
Fire and property damage	1 733 470	1 687 763	2 695 377	2 741 084	1 167 190	1 476 927	2 378 236	2 068 499	672 585	279 501
Marine, aviation and transport	301 194	567 215	641 777	375 756	2 783	331 525	372 520	43 778	331 978	317 103
Motor	3 435 281	1 210 414	1 794 223	4 019 090	189	7 303	82 722	75 608	3 943 482	3 414 267
Miscellaneous	138 634	139 187	164 270	163 717	114 774	122 545	147 319	139 548	24 169	18 257
Total	5 608 579	3 604 579	5 295 647	7 299 647	1 284 936	1 938 300	2 980 797	2 327 433	4 972 214	4 029 128
Treaty - proportional	138 035	58 084	40 076	120 027	-	-	-	-	120 027	102 577
Grand total	5 746 614	3 662 663	5 335 723	7 419 674	1 284 936	1 938 300	2 980 797	2 327 433	5 092 241	4 131 705

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Statement of Expenses
For The Year Ended 31 December 2007



Rupees '000

Class	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing					2007	2006
<u>Direct and facultative</u>									
Fire and property damage	352 666	127 665	172 606	307 725	264 380	572 105	390 632	181 473	123 672
Marine, aviation and transport	165 910	77 390	83 360	159 940	141 451	301 391	31 230	270 161	216 910
Motor	252 247	126 488	114 009	264 726	376 746	641 472	(123)	641 595	544 526
Miscellaneous	40 105	10 184	19 091	31 198	57 154	88 352	79 180	9 172	(6 056)
Total	810 928	341 727	389 066	763 589	839 731	1 603 320	500 919	1 102 401	879 052
Treaty-proportional	75 098	16 711	31 323	60 486	-	60 486	-	60 486	42 258
Grand total	886 026	358 438	420 389	824 075	839 731	1 663 806	500 919	1 162 887	921 310

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

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Statement of Investment Income
For The Year Ended 31 December 2007



	Rupees '000	
	2007	2006
Income from trading investments		
Gain on trading of shares	347 074	172 008
Dividend income	35 281	46 494
	382 355	218 502
Income from non-trading investments		
Held to maturity		
Return on government securities	31 061	54 072
Return on other fixed income securities and deposits	65 999	54 660
Amortisation of premium relative to par	(9 736)	(18 157)
	87 324	90 575
Available for sale		
Dividend income	175 791	153 217
Gain on sale of non-trading investments	14 187 517	225 148
	14 450 632	468 940
(Loss)/gain on revaluation of trading investments	(3 102)	15 207
Less: investment related expenses	17 590	6 183
Net investment income	<u>14 812 295</u>	<u>696 466</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi March 31, 2008

Notes To The Financial Statements For The Year Ended 31 December 2007



1. Status and Nature of Business

EFU General Insurance Limited (the Company) was incorporated as a Public Limited Company on 2 September 1932. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges and is engaged in general insurance business comprising of fire & property, marine, motor, etc. The Registered office of the Company is situated in Peshawar and operates through 59 (2006: 57) (including KEPZ Branch) branches in Pakistan and one branch in Jeddah, Saudi Arabia.

The Principal place of business is located at EFU House, M.A. Jinnah Road, Karachi.

2. Basis of Presentation

These financial statements have been prepared in accordance with the format prescribed under SEC (Insurance) Rules, 2002.

3. 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.

3.1 Standards or interpretations not yet effective

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

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

4. Basis of Measurement

These financial statements have been prepared on the basis of historical cost convention, except held for trading investments, which are stated at fair value and obligation under certain employee retirement benefits which are measured at present value.

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.

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:

(a) Provision for un-earned premiums	(see note 5 (5.3))
(b) Outstanding claims (including IBNR)	(see note 5 (5.5))
(c) Employees' retirement benefits	(see notes 5 (5.8) & 7)
(d) Taxation	(see notes 5 (5.9) & 8)
(e) Held to maturity investments	(see notes 5 (5.11) & 11)

Functional and presentation currency

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

5. Significant Accounting Policies

5.1 Underwriting result

Underwriting result is calculated by deducting from gross premium of each class of business, reinsurance cost incurred, net claims, commission, allocable expenses of management and provision for un-earned premium.

5.2 Reserve for exceptional losses

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.

5.3 Provision for un-earned premiums

The liability for unearned premiums has been calculated by applying 1/24th method.

During the year, the Company has changed the calculation of unearned premiums relating to voyage (marine) policies. The new calculation results in more appropriate application of 1/24th method in relation to policies having a coverage of less than a year. This change has been considered as a change in accounting estimate and in accordance IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", has been applied prospectively. Had this calculation not been changed, the net unearned premium at year end would have been higher by Rs. 298 million.

5.4 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency reserve to meet expected future liability after reinsurance from claims and other expenses including reinsurance expense, commission and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in that class of business in force at balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

5.5 Outstanding claims

The liability represents the estimates of the claims intimated or assessed before the end of the accounting year and estimates of claims incurred but not reported (IBNR) by the year-end. During the year management has carried out an exercise whereby all claims incurred before 31 December 2006 but reported upto 31 December 2007 were aggregated and the ratio of such claims to outstanding claims has been applied to outstanding claims at 31 December 2007 to arrive at liability for IBNR.

5.6 Revenue recognition

Premium

Premiums received / receivable under a policy are recognised at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the reinsurance is ceded.

Return on investments

Return on investments and profit and loss sharing accounts are recognised on a time proportion basis.

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

Dividend

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

Rental income

Rental income on investment properties is recognised on time proportion basis.

5.7 Acquisition cost

Commission due on Direct, Facultative and Treaty business and on Re-insurance cessions are recognised in accordance with the policy of recognising premium revenue.

5.8 *Employees' retirement benefits*

Defined benefit plans

The Company operates the following employee defined benefit plans:

Funded Gratuity Scheme

The Company operates an approved gratuity fund for all eligible 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. The latest actuarial valuation, at December 31 2007 uses a discount rate of 11% for defined benefit obligation and plan assets, basic salary and pension increases to average 8.89% and 5.71% respectively per annum in the long term.

Actuarial gains and losses are recognised in profit and loss account in the year they arise.

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 percent of basic salary.

5.9 *Taxation*

Current taxation

Provision for current taxation is based on taxable income determined under Fourth Schedule of Income Tax Ordinance, 2001 and is calculated at current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current tax also includes adjustments relating to prior periods, if any.

Deferred taxation

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.

5.10 *Creditors, Accruals and Provisions*

Liabilities for creditors and other amount payable are carried at the fair value plus directly attributable cost, if any, and subsequently measured at amortised cost. 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.

5.11 *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.

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 remeasured at fair values with any resulting gains or losses recognised directly in the profit and loss account.

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 determined on an aggregate portfolio basis at the balance sheet date.

Held to maturity

Investments with fixed or determinable payments and fixed maturity, where management has both the positive intent and the ability to hold to maturity are classified as held to maturity. These are valued at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisitions by using effective interest rate method.

Investment in associates

Available for sale investments include investment in EFU Life Assurance Limited an associated company where EFU General Insurance Ltd., has significant influence. The Investment in EFU Life Assurance Limited is carried at a value of Rs. 10 600 million (as at December 31 2006: Rs. 87 million) at cost. International Accounting Standard IAS-28 "Investment in Associate" requires that an investment in associate in which the investor has significant influence shall be accounted for under the equity method. The Company considers that accounting for these investments at a value above cost would result in complications similar to those related to the adoption of International Accounting Standard IAS-39 "Financial Instrument – Recognition and Measurement". Had this investment been valued using equity method, the carrying amount of investment would have been higher by Rs. 5.4 million (2006: Rs. 184 million) and profit for the year would have been higher by Rs. 5.4 million (2006: Rs. 71 million).

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

5.13 *Fixed assets - tangibles*

Fixed assets are stated at cost less accumulated depreciation calculated on the straight line basis using the following rates:

Buildings	5%
Furniture, Fixtures and Office Equipments	10%
Vehicles	20%
Computers	30%

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

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

Normal repairs and maintenance are charged to income currently.

Gains or losses on disposal of fixed assets are included in income currently.

5.14 *Fixed assets - 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.

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

5.15 Expenses of management

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

5.16 Compensated absences

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

5.17 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 average of the rates of exchange applicable at the end of each quarter. 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.

5.18 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents include Cash at Bank in Current and Saving Accounts, Cash and Stamps in Hand and Bank Deposits.

5.19 Impairment

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

5.20 Off setting 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.

5.21 Financial assets and liabilities

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 derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income directly.

5.22 Segment reporting

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments.

The Company has four primary business segments for reporting purposes namely, fire & property, marine, motor and miscellaneous.

The fire insurance business provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and engineering losses.

Marine insurance segment provides coverage against cargo risk, war risk and inland transit damages.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party losses.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money and other coverages.

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.

5.23 Dividend and bonus shares

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

6. Share Capital

Number of Shares			Rupees '000	
2007	2006		2007	2006
250 000	250 000	Ordinary shares of Rs. 10 each, fully paid in cash.	2 500	2 500
		Ordinary shares of Rs. 10 each, issued as fully paid bonus shares.		
49 750 000	29 750 000	- Opening balance	497 500	297 500
50 000 000	20 000 000	- Issued during the year	500 000	200 000
99 750 000	49 750 000		997 500	497 500
<u>100 000 000</u>	<u>50 000 000</u>		<u>1 000 000</u>	<u>500 000</u>

As at December 31, 2007, EFU Life Assurance Limited, an associated undertaking, held 5 238 804 (2006: 2 382 437) ordinary shares of Rs. 10 each.

7. Staff Retirement Benefits (Pension and Gratuity Scheme)

	2007	2006
Obligation		
Obligation at beginning of year	271 225	232 420
Service cost	10 689	9 557
Interest cost	29 287	24 613
Benefits paid	(10 210)	(8 420)
Past service cost	21 371	-
Actuarial loss	23 343	13 055
Obligation at end of year	<u>345 705</u>	<u>271 225</u>
Plan Assets		
Fair value at beginning of year	258 194	231 617
Expected return	28 659	24 677
Company contributions	13 430	1 467
Employee contributions	1 605	1 411
Benefits paid	(10 210)	(8 420)
Actuarial gain	108 000	7 442
Fair value at end of year	<u>399 678</u>	<u>258 194</u>
Actual return on plan assets	<u>136 659</u>	<u>32 119</u>
Reconciliation		
Plan assets	399 678	258 194
Obligation	(345 705)	(271 225)
Closing receivable / (payable)	<u>53 973</u>	<u>(13 031)</u>
Expenses		
Service cost	10 689	9 557
Interest cost	29 287	24 613
Expected return on plan assets	(28 659)	(24 677)
Past service cost	21 371	-
Net (gain) / loss	(84 657)	5 613
Employee contributions	(1 605)	(1 411)
(Income) / expense	<u>(53 574)</u>	<u>13 695</u>
Asset / (Liability)		
Provision at beginning of year	(13 031)	(803)
Income / (expense)	53 574	(13 695)
Company contributions	13 430	1 467
Receivable / (payable) at end of year	<u>53 973</u>	<u>(13 031)</u>

Fund Investments

	2007		2006	
Debt	8 %	30 460	89 %	229 900
Equity	42 %	168 947	1 %	3 447
Mixed funds	49 %	195 811	6 %	14 704
Cash	1 %	4 460	4 %	10 143
	<u>100 %</u>	<u>399 678</u>	<u>100 %</u>	<u>258 194</u>

The expected contribution to the pension and gratuity funds for the year 2008 amount to Rs. 15 million. The Company recognises its gains and losses in the year in which they arise. The following table shows obligation at the end of each year and the proportion thereof resulting from experience loss during the year. Similarly, it shows plan assets at the end of the year and proportion resulting from experience gain during the year.

Year	Rs. in '000			Loss on Obligation	Gain on Plan assets
	Obligation	Plan assets	Surplus		
2007	345 705	399 678	53 973	7%	27%
2006	271 225	258 194	(13 031)	5%	3%
2005	232 420	231 617	(803)	1%	8%
2004	193 126	189 384	(3 742)	4%	9%
2003	161 685	145 227	(16 458)	17%	7%

8. Taxation

8.1 The income tax assessments of the Company have been finalised upto and including Tax Year 2007 (Financial year ending 31 December 2006). The appeals relating to assessment years 1962-63 to 1975-76 have been decided in Company's favour. However, the department has filed references with the Supreme Court of Pakistan and with the High Court of Sindh for assessment years 1962-63 to 1971-72. Consequently there is a contingent tax liability of Rs. 5.33 million which may arise if the reference petitions are decided against the Company.

The Tax Department has filed appeals with Income Tax Appellate Tribunal in respect of accounting years 1998 to 2001 and 2003. In case appeals are decided against the Company additional tax liability of Rs. 125 million may arise.

The Company has filed appeals for the Tax Years 2005 to 2007 before Income Tax appellate authorities and there could arise a contingent tax liability of Rs. 37 million if the matters are decided against the Company.

No provision has been made in these financial statements for the above contingencies, as the management, based on tax advisor's opinion, considers that it has good arguable cases and there is remote possibility of future outflow of resources.

8.2 Reconciliation of tax charge

	2007 %	2006 %
Applicable tax rate	35.00	35.00
Tax effect of amount that are deductible for tax purpose	0.01	(0.99)
Tax effect of amounts tax at reduced rates	(0.36)	(6.99)
Tax effect of income exempt from tax	(35.19)	(15.12)
Tax effect of rebates and tax credit	(0.01)	(0.15)
Average effective tax rate charged on income	<u>(0.55)</u>	<u>11.75</u>

Rupees '000

8.3 Deferred Taxation

	2007	2006
Opening balance	(14 831)	(5 447)
Charge for the year due to accelerated depreciation	(6 517)	(9 384)
Tax loss carried forward	105 531	-
Deferred tax asset / (liability)	<u>84 183</u>	<u>(14 831)</u>

Rupees '000

9. Other Creditors

	2007	2006
Federal Insurance Fee	5 785	6 850
Federal Excise Duty	24 288	29 793
Sundry creditors	15 084	4 750
EFU pension and gratuity fund payable - note 7	-	13 029
For shares acquisition	57 710	-
Others	7 951	6 609
	<u>110 818</u>	<u>61 031</u>



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10. Cash and Bank Balances

Current and other account balances include cheques in hand amounting to Rs. 24.26 million (2006: Rs. 17.84 million).

11. Investments

	Rupees '000	
	2007	2006
Held for trading - at market value		
Mutual funds - open ended	50 101	36 268
Mutual funds - closed end	4 261	74 632
Ordinary shares of companies - listed	324 148	740 898
	378 510	851 798
Available for sale - at cost		
Mutual funds - open ended	10 000	10 000
Mutual funds - closed end	51 706	201 322
Preference shares of companies - listed	20 000	60 000
Equity investment in associated undertakings - listed	10 600 438	142 673
Ordinary shares of other companies - listed	7 073 198	1 368 177
	17 755 342	1 782 172

(a) Market value of listed securities (including investment in associated undertakings) and preference shares carried at cost amounted to Rs. 19 764 million (2006: Rs. 5 201 million).

(b) Investments in associated undertakings include investment in EFU Life Assurance Limited at carrying value of Rs. 10 600.44 million (2006: Rs. 86.80 million) representing 40.33% (2006: 39.5%) of the issued capital of the EFU Life Assurance Limited. During the year, the Company in accordance with the approval taken in the extraordinary general meeting held on 14 December 2007, sold 20 162 580 shares held in EFU Life Assurance Limited and repurchased these shares resulting in a capital gain of Rs. 10 394.27 million.

Held to Maturity				Rupees '000	
Name of Investment	Maturity Year	Effective Yield %	Profit Payment	2007	2006
Certificate of Investments	2008	10.50	On Maturity	32 500	32 500
Government Securities					
5 Years Pakistan Investment Bonds	2007	4.86-5.62	Half Yearly	-	275 361
10 Years Pakistan Investment Bonds	2011 - 2013	4.32-13.00	Half Yearly	141 883	145 312
10 Years WAPDA Sukuk Bonds	2012	10.89	Half Yearly	-	42 500
Market value of Government Securities carried at amortised cost amounted to Rs. 131.4 million (2006: Rs. 450 million).				141 883	463 173

Term Finance Certificates (TFCs):

Optimus Ltd.	2007	14.00	On Maturity	-	80 000
First Dawood Investment Bank Ltd.	2007	5.37	Half Yearly	-	9 155
Standard Chartered Bank (formerly Union Bank Limited)	2008	5.73	Half Yearly	3 390	10 568
Jahangir Siddiqui & Co. Ltd.	2008	7.50	Half Yearly	2 497	7 490
Pakistan Mobile Communications Ltd.	2008	10.85	Half Yearly	15 830	30 523
Jahangir Siddiqui & Co. Ltd. 2nd Issue	2009	10.43	Half Yearly	1 932	-
Jahangir Siddiqui & Co. Ltd. 3rd Issue	2010	11.72	Half Yearly	7 644	7 647
Azgard Nine Ltd.	2012	12.83	Half Yearly	-	19 992
New Allied Electronics Ltd.	2012	12.55	Quarterly	10 000	-
Askari Commercial Bank Ltd.	2013	11.48	Half Yearly	50 326	50 398
United Bank Ltd. 2nd Issue	2013	9.71	Half Yearly	24 258	24 229
Jahangir Siddiqui & Co. Ltd. 5th Issue	2013	11.71	Half Yearly	30 500	-
Askari Commercial Bank Ltd. 2nd Issue	2013	11.41	Half Yearly	36 078	36 105
Pakistan Mobile Comm. Ltd. 3rd Issue	2013	12.81	Half Yearly	24 985	24 995
Pak American Fertilizer Ltd.	2013	13.18	Quarterly	-	175 000
Financial Receivable Securitization Co. Ltd.	2014	11.95	Half Yearly	9 998	10 000
United Bank Ltd. 3rd Issue	2014	11.72	Half Yearly	39 324	39 340
Allied Bank Ltd.	2014	11.57	Half Yearly	30 365	20 000
Market value of Term Finance Certificates carried at amortised cost amounted to Rs. 296.4 million (2006: Rs. 543 million).				287 127	545 442
				461 510	1 041 115
				18 595 362	3 675 085



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12. Investment Properties Rupees '000

	2007							
	Cost			Rate %	Depreciation			Written Down Value
	As at 01 January	Additions	As at 31 December		As at 01 January	For the Year	As at 31 December	As at 31 December
Leasehold Land	47 468	-	47 468		-	-	-	47 468
Buildings	343 079	-	343 079	5	102 831	17 154	119 985	223 094
Lifts and other installations	2 952	1 053	4 005	10	1 769	304	2 073	1 932
	<u>393 499</u>	<u>1 053</u>	<u>394 552</u>		<u>104 600</u>	<u>17 458</u>	<u>122 058</u>	<u>272 494</u>

	2006							
	Cost			Rate %	Depreciation			Written Down Value
	As at 01 January	Additions	As at 31 December		As at 01 January	For the Year	As at 31 December	As at 31 December
Leasehold Land	47 468	-	47 468		-	-	-	47 468
Buildings	343 079	-	343 079	5	85 677	17 154	102 831	240 248
Lifts and other installations	2 952	-	2 952	10	1 474	295	1 769	1 183
	<u>393 499</u>	<u>-</u>	<u>393 499</u>		<u>87 151</u>	<u>17 449</u>	<u>104 600</u>	<u>288 899</u>

12.1 The market value of land and buildings is estimated at Rs. 1 081 million (2006: Rs. 1 017 million). The valuations have been carried out by independent valuers.

	Rupees '000	
	2007	2006
13. Premium due but unpaid - net - unsecured		
Considered good	1 546 814	1 293 089
Considered doubtful	1 093	1 093
	<u>1 547 907</u>	<u>1 294 182</u>
Less: Provision for doubtful balances	1 093	1 093
	<u>1 546 814</u>	<u>1 293 089</u>

	Rupees '000	
	2007	2006
14. Accrued Investment Income		
Return accrued on Fixed Income securities	17 036	19 920
Dividend Income	5 237	3 894
Return on bank deposits	6 923	5 827
Others	9	82
	<u>29 205</u>	<u>29 723</u>

	Rupees '000	
	2007	2006
15. Prepayments		
Prepaid reinsurance premium ceded	1 500 146	1 147 404
Prepaid rent	19 105	9 282
Others	13 515	13 427
	<u>1 532 766</u>	<u>1 170 113</u>



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	2007	2006
16. Other Receivables		
Advances to employees	1 386	1 230
Advances to suppliers and contractors	22 075	33 264
For shares disposal	-	2 538
Receivable from Pension and Gratuity funds - note 7	53 973	-
Others	6 541	12
	<u>83 975</u>	<u>37 044</u>

		2007								Rupees '000
		Cost				Depreciation / Amortisation				Written Down Value
	As at 01 January	Additions	Sales/Adjustment	As at 31 December	Rate %	As at 01 January	For the Year	Sales/Adjustment	As at 31 December	As at 31 December
Tangibles										
Leasehold land	5 580	-	-	5 580		-	-	-	-	5 580
Buildings	144 493	6 116	-	150 609	5	35 106	7 316	-	42 422	108 187
Furniture and fixtures	188 180	31 630	10 831	208 979	10	115 877	12 320	10 820	117 377	91 602
Vehicles	191 795	86 611	18 050	260 356	20	72 948	40 495	9 803	103 640	156 716
Office equipments	30 725	18 279	5 463	43 541	10	13 138	3 351	5 392	11 097	32 444
Computers	32 222	17 443	33	49 632	30	13 683	11 640	33	25 290	24 342
	<u>596 468</u>	<u>165 698</u>	<u>34 377</u>	<u>727 789</u>		<u>251 910</u>	<u>76 888</u>	<u>26 048</u>	<u>302 750</u>	<u>425 039</u>
Intangibles										
Computer softwares	3 473	5 619	-	9 092	33	1 158	1 766	-	2 924	6 168
	<u>596 468</u>	<u>165 698</u>	<u>34 377</u>	<u>727 789</u>		<u>251 910</u>	<u>76 888</u>	<u>26 048</u>	<u>302 750</u>	<u>425 039</u>
		2006								
		Cost				Depreciation / Amortisation				Written Down Value
	As at 01 January	Additions	Sales/Adjustment	As at 31 December	Rate %	As at 01 January	For the Year	Sales/Adjustment	As at 31 December	As at 31 December
Tangibles										
Leasehold land	-	5 580	-	5 580		-	-	-	-	5 580
Buildings	135 257	9 236	-	144 493	5	28 100	7 006	-	35 106	109 387
Furniture and fixtures	178 840	15 954	6 614	188 180	10	110 180	11 489	5 792	115 877	72 303
Vehicles	120 300	86 918	15 423	191 795	20	59 196	22 132	8 380	72 948	118 847
Office equipments	23 979	10 481	3 735	30 725	10	15 050	1 817	3 729	13 138	17 587
Computers	16 238	16 099	115	32 222	30	7 355	6 443	115	13 683	18 539
	<u>474 614</u>	<u>147 741</u>	<u>25 887</u>	<u>596 468</u>		<u>219 881</u>	<u>50 045</u>	<u>18 016</u>	<u>251 910</u>	<u>344 558</u>
Intangibles										
Computer softwares	-	3 473	-	3 473	33	-	1 158	-	1 158	2 315
	<u>474 614</u>	<u>147 741</u>	<u>25 887</u>	<u>596 468</u>		<u>219 881</u>	<u>50 045</u>	<u>18 016</u>	<u>251 910</u>	<u>344 558</u>

17.1 The market value of land and buildings is estimated at Rs. 608 million (2006: Rs. 563 million). The valuations have been carried out by independent valuers.

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

Rupees '000

Mode of Disposal	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Sold to
Vehicles					
(Negotiation)	2 200	293	1 907	1 950	Moinuddin Mian, Karachi
	2 425	1 374	1 051	1 800	Insurance Claim
	849	679	170	849	Mansoor Ahmed, Karachi
	710	142	568	700	Salma Altaf, Karachi
	372	–	372	522	Shujaat Naveed Ahmed, Islamabad
	468	–	468	475	Shamim Osmani, Karachi
	371	62	309	475	Shahzad Habib, Multan
	95	10	85	450	Sobia Ross, Lahore
	198	13	185	400	Kamran Arshad Inam, Karachi
	245	49	196	400	S.M. Haider, Karachi
	111	15	96	375	Javed Iqbal Barry, Karachi
	161	30	131	370	Muhammad Jamil Ahmed, Karachi
	94	17	77	370	Muhammad Jamil Ahmed, Karachi
	365	24	341	365	Insurance Claim
	209	–	209	365	Insurance Claim
	271	–	271	350	Khurram Naseem, Karachi
	254	5	249	300	M.Yousuf Jagirani, Karachi
	192	–	192	300	Sajid Qayyum, Karachi
	113	–	113	300	Insurance Claim
	70	40	30	275	Muhammad Salim Babar, Lahore
	146	–	146	250	Imran Ahmed, Karachi
	522	339	183	225	Rubab Mai, Karachi
	78	8	70	200	Hamza, Karachi
	54	8	46	150	Shama Perveen, Karachi
	53	30	23	150	Atiqur Rehman, Islamabad
	116	–	116	150	Ayyaz Ahmad Siddiqi, Karachi
	107	–	107	100	Hissan Bin Afzal, Karachi
	66	5	61	67	Syed Salahuddin, Karachi
	98	39	59	60	Mazhar Mansoor, Karachi
Furniture, Fixture & Office Equipments (Negotiation)	100	29	71	20	Gemco, Karachi

18. Commitments

Commitments under operating leases for Equipments, Vehicles and Computers amounts to Rs. 17 million (2006: Rs. 58 million) and the period in which these payments will become due are:

Rupees '000

	2007	2006
Year to 31 December 2007	–	38 198
Year to 31 December 2008	16 431	18 506
Year to 31 December 2009	756	989
	<u>17 187</u>	<u>57 693</u>

**GENERAL**

	Rupees '000	
	2007	2006
19. Net premium revenue		
Premium revenue (net of reinsurers)	5 864 857	5 214 678
Administrative surcharge	245 647	203 274
	<u>6 110 504</u>	<u>5 417 952</u>
20. Management Expenses		
Salaries, wages and benefits	510 973	405 362
Bonus to staff	76 134	54 234
Rent, rates and taxes	25 821	21 227
Telephone	14 283	15 592
Postage	8 859	7 338
Gas and electricity	14 530	12 160
Printing and stationery	21 983	18 413
Traveling and entertainment	42 069	36 644
Depreciation	47 808	31 411
Repairs and maintenance	6 621	5 594
Other expenses	70 650	52 448
	<u>839 731</u>	<u>660 423</u>
21. Other Income		
Gain on sale of fixed assets	10 415	9 054
Interest on loan to employees	153	195
Return on term deposits with banks	17 120	26 524
Return on saving accounts	31 536	10 622
Income from Pension & Gratuity funds	53 973	–
Miscellaneous	11 516	50
	<u>124 713</u>	<u>46 445</u>
22. General and Administration Expenses		
Salaries, wages and benefits	133 601	118 097
Bonus to staff	16 531	11 948
Gratuity	–	12 457
Rent, rates and taxes	1 166	1 387
Telephone	2 095	2 446
Postage	1 359	1 066
Gas and electricity	3 458	2 253
Printing and stationery	3 558	2 717
Traveling and entertainment	20 931	22 278
Depreciation	46 540	36 083
Repairs and maintenance	3 524	3 325
Legal and professional charges	808	1 554
Publicity	52 264	35 032
Property management expenses	44 029	35 093
Donations	5 257	6 242
Zakat	167	288
Other expenses	42 956	28 966
	<u>378 244</u>	<u>321 232</u>

23. 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:

	2007				2006				Rupees '000
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total	
	Managerial remuneration (Including Bonus)	14 100	8 441	98 765	121 306	10 975	6 678	70 595	88 248
Utilities	89	382	4 165	4 636	149	337	3 004	3 490	
Medical expenses	494	904	2 943	4 341	492	568	2 865	3 925	
Leave passage	59	-	917	976	-	71	832	903	
Total	<u>14 742</u>	<u>9 727</u>	<u>106 790</u>	<u>131 259</u>	<u>11 616</u>	<u>7 654</u>	<u>77 296</u>	<u>96 566</u>	
Number of persons	<u>1</u>	<u>3</u>	<u>55</u>	<u>59</u>	<u>1</u>	<u>3</u>	<u>42</u>	<u>46</u>	

In addition, the Chief Executive, Directors and certain Executives are provided with free use of Company cars and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation.

24. Segment Reporting

Rupees '000

	Fire Insurance Business		Marine, Aviation & Transport		Motor		Miscellaneous		Treaty Business		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Corporate segment assets	4 411 692	3 114 216	765 805	788 385	596 191	187 487	741 207	903 939	31 323	16 711	6 546 218	5 010 738
Corporate unallocated assets	-	-	-	-	-	-	-	-	-	-	20 843 757	5 617 258
Total Assets	<u>4 411 692</u>	<u>3 114 216</u>	<u>765 805</u>	<u>788 385</u>	<u>596 191</u>	<u>187 487</u>	<u>741 207</u>	<u>903 939</u>	<u>31 323</u>	<u>16 711</u>	<u>27 389 975</u>	<u>10 627 996</u>
Corporate segment liabilities	4 992 020	3 216 704	1 217 326	1 264 503	3 801 083	3 464 412	604 373	397 072	142 248	133 865	10 757 050	8 476 556
Corporate unallocated liabilities	-	-	-	-	-	-	-	-	-	-	455 756	360 580
Total Liabilities	<u>4 992 020</u>	<u>3 216 704</u>	<u>1 217 326</u>	<u>1 264 503</u>	<u>3 801 083</u>	<u>3 464 412</u>	<u>604 373</u>	<u>397 072</u>	<u>142 248</u>	<u>133 865</u>	<u>11 212 806</u>	<u>8 837 136</u>
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	166 752	147 204
Segment Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-	94 346	67 494
Total Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94 346</u>	<u>67 494</u>

Location	External Premium less reinsurance by Geographical Segments		Carrying amount of Segmented Assets		Capital Expenditure	
	2007	2006	2007	2006	2007	2006
Pakistan	6 099 849	5 413 013	27 321 151	10 552 576	166 752	147 204
EPZ	10 655	4 939	24 902	17 879	-	-
Saudi Arabia	-	-	43 922	57 541	-	-
Total	<u>6 110 504</u>	<u>5 417 952</u>	<u>27 389 975</u>	<u>10 627 996</u>	<u>166 752</u>	<u>147 204</u>

25. Financial Instruments and related disclosures

(a) Liquidity Risk

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

(b) Mark-up Rate Risk Exposures

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

Rupees '000

2007

	Interest/Mark-up bearing									Non-Interest/Mark-up bearing					
	Effective yield %	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Sub Total	Upto one year	After one year	Sub Total	Total
Financial Assets															
Cash and stamps in hand	-	-	-	-	-	-	-	-	-	-	1 862	-	1 862	1 862	
Current and Saving accounts with banks	3.50	-	-	-	-	-	-	-	-	-	939 204	-	939 204	939 204	
Bank deposit	9.90	10 800	131 554	59 414	20 042	-	-	-	-	221 810	-	-	-	221 810	
Loans to employees	3.75	91	181	273	544	573	572	943	291	291	3 759	11	11	3 770	
Investments	10.20	8	40 625	6 945	12 791	11 935	19 634	152 008	217 564	-	461 510	18 133 852	-	18 133 852	18 595 362
Premiums due but unpaid-net	-	-	-	-	-	-	-	-	-	-	-	1 546 814	-	1 546 814	1 546 814
Amount due from other insurers/reinsurers	-	-	-	-	-	-	-	-	-	-	-	63 753	-	63 753	63 753
Salvage recoveries accrued	-	-	-	-	-	-	-	-	-	-	-	34 319	-	34 319	34 319
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment income	-	-	-	-	-	-	-	-	-	-	-	29 205	-	29 205	29 205
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	-	-	-	2 980 797	-	2 980 797	2 980 797
Security deposits	-	-	-	-	-	-	-	-	-	-	-	13 899	-	13 899	13 899
Other receivables	-	-	-	-	-	-	-	-	-	-	-	83 975	-	83 975	83 975
		<u>10 899</u>	<u>172 360</u>	<u>66 632</u>	<u>33 377</u>	<u>12 508</u>	<u>20 206</u>	<u>152 951</u>	<u>217 855</u>	<u>291</u>	<u>687 079</u>	<u>23 827 691</u>	<u>-</u>	<u>23 827 691</u>	<u>24 514 770</u>
Financial Liabilities															
Provision for outstanding claims (including IBNR)	-	-	-	-	-	-	-	-	-	-	-	5 335 723	-	5 335 723	5 335 723
Amount due to other insurers/reinsurers	-	-	-	-	-	-	-	-	-	-	-	818 289	-	818 289	818 289
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	112 647	-	112 647	112 647
Agent balances	-	-	-	-	-	-	-	-	-	-	-	298 101	-	298 101	298 101
Other creditors	-	-	-	-	-	-	-	-	-	-	-	110 818	-	110 818	110 818
Other deposits	-	-	-	-	-	-	-	-	-	-	-	134 819	-	134 819	134 819
Un-claimed dividends	-	-	-	-	-	-	-	-	-	-	-	18 471	-	18 471	18 471
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 828 868</u>	<u>-</u>	<u>6 828 868</u>	<u>6 828 868</u>
On-balance sheet sensitivity gap		<u>10 899</u>	<u>172 360</u>	<u>66 632</u>	<u>33 377</u>	<u>12 508</u>	<u>20 206</u>	<u>152 951</u>	<u>217 855</u>	<u>291</u>	<u>687 079</u>				
Total yield / markup rate risk sensitivity gap		<u>10 899</u>	<u>172 360</u>	<u>66 632</u>	<u>33 377</u>	<u>12 508</u>	<u>20 206</u>	<u>152 951</u>	<u>217 855</u>	<u>291</u>	<u>687 079</u>				

2006

	Interest/Mark-up bearing									Non-Interest/Mark-up bearing					
	Effective yield %	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Sub Total	Upto one year	After one year	Sub Total	Total
Financial Assets															
Cash and stamps in hand	-	-	-	-	-	-	-	-	-	-	5 865	-	5 865	5 865	
Current and Saving accounts with banks	3.50	379 080	-	-	-	-	-	-	-	-	379 080	230 955	-	230 955	610 035
Bank deposit	7.50	362 594	11 480	125 550	20 392	-	-	-	-	-	520 016	-	-	-	520 016
Loans to employees	3.75	120	240	361	720	757	757	1 247	385	385	4 972	-	-	-	4 972
Investments	9.8	50 270	89 390	158 532	136 543	49 397	46 691	138 583	371 709	-	1 041 115	2 633 970	-	2 633 970	3 675 085
Premiums due but unpaid-net	-	-	-	-	-	-	-	-	-	-	-	1 293 087	-	1 293 087	1 293 087
Amount due from other insurers/reinsurers	-	-	-	-	-	-	-	-	-	-	-	225 680	-	225 680	225 680
Salvage recoveries accrued	-	-	-	-	-	-	-	-	-	-	-	46 217	-	46 217	46 217
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	1 610	-	1 610	1 610
Accrued investment income	-	-	-	-	-	-	-	-	-	-	-	29 723	-	29 723	29 723
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	-	-	-	1 938 300	-	1 938 300	1 938 300
Security deposits	-	-	-	-	-	-	-	-	-	-	-	19 125	-	19 125	19 125
Other receivables	-	-	-	-	-	-	-	-	-	-	-	37 045	-	37 045	37 045
		<u>792 064</u>	<u>101 110</u>	<u>284 443</u>	<u>157 655</u>	<u>50 154</u>	<u>47 448</u>	<u>139 830</u>	<u>372 094</u>	<u>385</u>	<u>1 945 183</u>	<u>6 461 577</u>	<u>-</u>	<u>6 461 577</u>	<u>8 406 760</u>
Financial Liabilities															
Provision for outstanding claims (including IBNR)	-	-	-	-	-	-	-	-	-	-	-	3 662 663	-	3 662 663	3 662 663
Amount due to other insurers/reinsurers	-	-	-	-	-	-	-	-	-	-	-	255 469	-	255 469	255 469
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	75 390	-	75 390	75 390
Agent balances	-	-	-	-	-	-	-	-	-	-	-	242 555	-	242 555	242 555
Other creditors	-	-	-	-	-	-	-	-	-	-	-	48 574	-	48 574	48 574
Other deposits	-	-	-	-	-	-	-	-	-	-	-	134 654	-	134 654	134 654
Un-claimed dividends	-	-	-	-	-	-	-	-	-	-	-	15 631	-	15 631	15 631
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4 434 936</u>	<u>-</u>	<u>4 434 936</u>	<u>4 434 936</u>
On-balance sheet sensitivity gap		<u>792 064</u>	<u>101 110</u>	<u>284 443</u>	<u>157 655</u>	<u>50 154</u>	<u>47 448</u>	<u>139 830</u>	<u>372 094</u>	<u>385</u>	<u>1 945 183</u>				
Total yield / markup rate risk sensitivity gap		<u>792 064</u>	<u>101 110</u>	<u>284 443</u>	<u>157 655</u>	<u>50 154</u>	<u>47 448</u>	<u>139 830</u>	<u>372 094</u>	<u>385</u>	<u>1 945 183</u>				

- (c) **Market risk**
 Market risk is the risk that the value of financial instruments will fluctuate as a result of change in market prices, whether those changes are caused by factors specific to the individual security, or factors affecting all securities traded in the market.
 The Company is exposed to market risk with respect to its investments.
 The Company limits markets risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificate (TFCs) markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.
- (d) **Credit risk**
 Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.
 Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner.
 The Company is exposed to credit risk on premiums receivable from group clients and claim recoveries from insurer and investment in term finance certificates. The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.
 Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.
- (e) **Reinsurance risk**
 Reinsurance ceded does not relieve the Company from its obligations to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligations under the reinsurance agreements.
 In common with other insurance companies, in order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other reinsurers.
 In order to manage the risk the Company obtains reinsurance cover only from companies with sound financial health.
- (f) **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. 11 to these financial statements.
- (g) **Capital risk management**
 The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development in its businesses.
 The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

		Rupees '000	
		2007	2006
26. Auditors' Remuneration			
Audit fee (Gardezi & Co.)		-	200
Branches and other Certification (Gardezi & Co.)		-	100
Audit fee and Branches and other Certification (KPMG Taseer Hadi & Co.)		375	-
Audit fee and Branches and other Certification (Hyder Bhimji & Co.)		375	-
Audit of Accounts of Provident Fund, Gratuity and Pension Funds (Hyder Bhimji & Co.)		45	15
		795	315
27. Basic earnings per shares			
Profit for the year	(Rupees '000)	14 536 309	761 978
Weighted average number of ordinary shares	(Numbers '000)	100 000	100 000
Earnings per share	(Rupees)	145.36	7.62

**GENERAL**

27.1 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.

27.2 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current year.

28. Non-adjusting event after the balance sheet date

The Board of Directors in its meeting held on March 31, 2008 have announced a cash dividend in respect of the year ended December 31, 2007 of Rs. 6 per share 60% (2006: Rs. 3 per share 30%) and bonus share of 15% (2006: 100%). In addition, the Board of Directors have also approved the transfer to general reserve from unappropriated profit amounting to Rs. 13 800 million (2006: Rs. 100 million). These financial statements for the year ended December 31, 2007 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

29. Related party transactions

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

	Rupees in '000	
	2007	2006
Associated companies		
Transactions		
Premium written	272 353	183 360
Premium paid	11 902	8 118
Commission paid	75 458	37 137
Claims incurred	148 621	107 953
Claims lodged	8 788	4 833
Dividend paid	59 500	31 838
Dividend received	23 851	16 387
Bonus shares issued	198 334	70 750
Bonus shares received	79 502	35 115
Investment made	95 112	26 412
Sale of Investments	55 879	-
Rent received	-	58
Traveling expenses paid	54	88
Donation paid	1 050	1 350
Medical expenses paid	81	66
Publicity & Other expenses	5 735	-
Balances		
Balance receivable	6 463	1 090
Balance payable	27 462	25
Employees' funds		
Transactions		
Contribution to provident fund	15 364	13 099
Contribution to gratuity fund	-	12 457
Contribution to pension fund	405	1 238
Balances		
Balance payable		
EFU gratuity fund	-	12 457
EFU pension fund	-	572
Balance receivable		
EFU gratuity fund	34 523	-
EFU pension fund	19 450	-



GENERAL

Key Management Personnel

Key management personnel receive compensation in the form of short term employee benefits, use of Company maintained cars and post employment benefits. Key management personnel received total compensation of Rs. 83.14 million (2006: Rs. 68.63 million).

30. Donations

Donations include the donation paid to Aga Khan Hospital and Medical College Foundation amounting to Rs. 1 million (2006: Rs. 1.35 million) in which Mr. Hasanali Abdullah, a director of the Company, is a member.

31. Corresponding figures

- (a) Corresponding figures relating to certain items have been reclassified from Note 20, "Management expenses" to Note 22, "General and administration expenses" for the purpose of better classification and presentation.
- (b) The opening balance relating to an investment property amounting to Rs. 538 thousands have been reclassified from Note 12 "Investment Properties" to Note 17 "Fixed Assets" due to the change in the nature of its usage by the Company.
- (c) The corresponding figure relating to staff retirement benefits amounting to Rs. 12.46 million has been reclassified from "Deferred liabilities" to "Other creditors" for appropriate presentation.

32. Date of Authorisation for issue

These financial statements were authorised for issue by the Board of Directors in their meeting held on March 31, 2008.

33. General

Figures have been rounded off to the nearest thousands.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman



GENERAL

Pattern Of Shareholding As At 31 December 2007

Number of Shareholders	Shareholdings		Shares Held
	From	To	
302	1	100	18,393
379	101	500	124,544
183	501	1,000	151,773
315	1,001	5,000	829,238
114	5,001	10,000	858,797
52	10,001	15,000	642,370
38	15,001	20,000	689,643
23	20,001	25,000	525,940
20	25,001	30,000	554,250
11	30,001	35,000	367,592
22	35,001	40,000	858,322
3	40,001	45,000	122,236
12	45,001	50,000	581,070
5	50,001	55,000	265,852
9	55,001	60,000	531,534
2	60,001	65,000	125,636
5	65,001	70,000	340,050
1	70,001	75,000	75,000
6	75,001	80,000	468,588
1	80,001	85,000	81,988
4	85,001	90,000	346,964
4	95,001	100,000	98,000
3	100,001	105,000	303,823
1	105,001	110,000	107,000
2	110,001	115,000	226,552
4	115,001	120,000	473,862
1	120,001	125,000	122,626
1	130,001	135,000	132,806
1	140,001	145,000	140,400
1	145,001	150,000	150,000
2	150,001	155,000	309,122
1	160,001	165,000	162,002
1	165,001	170,000	166,100
1	175,001	180,000	177,014
9	195,001	200,000	1,795,870
1	200,001	205,000	203,626
1	210,001	215,000	210,800
1	215,001	220,000	215,306
1	260,001	265,000	265,000
1	270,001	275,000	274,906
1	300,001	305,000	301,468
1	320,001	325,000	323,870
1	335,001	340,000	336,070
1	340,001	345,000	344,706
1	350,001	355,000	351,350
3	385,001	400,000	1,200,000
1	400,001	405,000	401,580
1	440,001	445,000	442,033
1	445,001	450,000	448,266
2	480,001	485,000	963,162
1	490,001	495,000	490,000
1	550,001	555,000	553,166
1	625,001	630,000	629,498
1	630,001	635,000	634,106
1	635,001	640,000	637,850
1	670,001	675,000	671,988
1	800,001	805,000	802,746
1	805,001	810,000	805,070
1	1,205,001	1,210,000	1,206,724
1	1,255,001	1,260,000	1,258,412
1	1,385,001	1,390,000	1,386,200
1	2,365,001	2,370,000	2,368,626
1	3,780,001	3,785,000	3,780,632
1	5,235,001	5,240,000	5,238,804
1	5,425,001	5,430,000	5,426,870
1	6,270,001	6,275,000	6,270,466
1	6,760,001	6,765,000	6,764,152
1	8,065,001	8,070,000	8,069,830
1	8,285,001	8,290,000	8,289,970
1	12,140,001	12,145,000	12,142,800
1	13,365,001	13,370,000	13,365,010
1 575	Total		100 000 000

Categories of Shareholders	Shareholders	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	5	9 533 836	9.53
NIT & ICP	-	-	-
CEO, Directors, their spouses and minor children	12	18 890 240	18.89
Executives	13	369 800	0.37
Public sector companies & corporations	1	2 368 626	2.37
Joint Stock companies	63	15 035 946	15.04
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Mutual Funds	33	4 134 961	4.13
Foreign investors (repatriable basis)	1	6 270 466	6.27
Charitable Institutions	3	12 242 800	12.24
Administrator of Abandoned Properties	1	5 426 870	5.43
Individuals/Others	1 443	25 726 455	25.73
Total	1 575	100 000 000	100.00

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Shares Held
Associated Companies, Undertakings and Related Parties		
EFU Life Assurance Limited	1	5 238 804
Trustees EFU General Insurance Ltd. Staff Provident Fund	1	301 468
Trustees EFU General Insurance Ltd. Emp. Gratuity Fund	1	112 132
Trustees EFU General Insurance Ltd. Officers Pension Fund	1	100 800
Jahangir Siddiqui & Sons (Pvt) Ltd.	1	3 780 632
NIT & ICP	-	-
CEO, Directors, their spouses and minor children		
Rafique R. Bhimjee	1	8 289 970
Saifuddin N. Zoomkawala	1	323 870
Sultan Ahmad	1	336 070
Abdul Rehman Haji Habib	1	4 206
Jahangir Siddiqui	1	8 766
Wolfram W. Karnowski	1	25 910
Muneer R. Bhimjee	1	8 069 830
Hasanali Abdullah	1	482 688
Taher G. Sachak	1	10 156
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	671 988
Mrs. Lulua Saifuddin W/o. Saifuddin N. Zoomkawala	1	634 106
Mrs. Onaiza Ahmad W/o. Sultan Ahmad	1	32 680
Shareholders holding 10% or more voting interest		
Ebrahim Alibhai Foundation	1	12 142 800
Jahangir Siddiqui & Co. Ltd.	1	13 365 010

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IMDADULLAH AWAN
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MUHAMMAD SIDDIQUE KHAN
Asstt. Vice President

ABBOTTABAD

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Mall Road, 336371

KAMRAN SAMI KHAN
Officer Incharge

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ABDUL QAYYUM KAKAR
Officer Incharge

ABBOTTABAD (Sub-Office)
Al-Asif Plaza, Mansehra Road
334186

IJAZ ALI
Officer Incharge



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 75th Annual General Meeting of the Company to be held on Wednesday April 30, 2008 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of April 2008.

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 11/4, Shahrah-e-Pehlavi, Peshawar, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

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