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Directors' Review	1
Balance Sheet	2
Profit & Loss Account	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Revenue Account	7
Statement of Premiums	8
Statement of Claims	9
Statement of Expenses	10
Statement of Investment Income	11
Notes to the Accounts	12

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We are pleased to present the Un-audited Accounts for the 1st quarter ended 31 March 2005.

Individual life regular premium business continues to show consistent growth this year. New individual life regular premium income stood at Rs. 121 million for the first quarter this year compared to Rs. 91 million for the same period last year, an increase of 33%. The total regular premium business increased by 45%, from Rs. 266 million in first quarter 2004 to Rs. 387 million in first quarter 2005.

Group Benefits business was Rs. 100 million for the first quarter of 2005 compared to Rs. 111 million for the first quarter last year. This decline, in comparison with the business of first quarter 2004, has been due to your Company's strategic decision to continue to shed loss making cases—the effects of which were reflected in the later quarters of 2004 also.

Your Company's pre-tax profit for the first quarter this year stood at Rs. 59 million compared to Rs. 46 million in the first quarter of 2004, an increase of 26%.

Your Directors would like to place on record their appreciation for the tremendous contribution made by the officers, staff and field force towards the development of the Company.

We would also like to thank the Securities and Exchange Commission of Pakistan and our reinsurer Munich-Re for their co-operation and guidance.

Finally we would like to thank our clients for the confidence in the Company.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Balance Sheet as at 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

Note	Shareholders Fund	Statutory Funds				Aggregate March 2005	Aggregate December 2004
		Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Share Capital and Reserves</b>							
	200 000					200 000	200 000
Authorised Share Capital							
Issued, subscribed and paid up Share Capital							
15 000 000 Ordinary Shares (2004: 15 000 000 shares) of Rs. 10/ each fully paid in cash	150 000					150 000	150 000
1 500 000 Ordinary Shares (2004: 1 500 000 shares) of Rs. 10/ each issued as fully paid bonus shares	15 000					15 000	15 000
	165 000					165 000	165 000
Accumulated Surplus	187 245					187 245	150 162
General Reserves	50 000					50 000	50 000
Net Shareholders' Equity	402 245					402 245	365 162
<b>Balance of statutory fund (including policyholder liabilities Rs. 3 738 Million December 2004: Rs. 3 482 Million)</b>							
		3 639 680	94 541	7 291	5 311	3 746 823	3 491 343
Deferred Tax	1 000					1 000	1 000
<b>Creditors and Accruals</b>							
Outstanding Claims		35 888	86 150	-	4 154	126 192	133 220
Premiums Received in Advance		81 337	30 711	194	476	112 718	97 040
Amounts due to other insurers/reinsurers		43 470	4 644	289	(626)	47 777	42 264
Amount due to Agents		27 611	3 799	194	225	31 829	49 159
Accrued Expenses	375	2 609	254	27	28	3 293	14 201
Taxation - Provision less payments	60 155	-	-	-	-	60 155	45 337
Unclaimed Dividend	162	-	-	-	-	162	162
Other Creditors and Accruals	8 833	8 206	27	9	6	17 081	20 173
<b>Total Liabilities</b>	69 525	199 121	125 585	713	4 263	399 207	401 556
<b>Total Equity and Liabilities</b>	<u>472 770</u>	<u>3 838 801</u>	<u>220 126</u>	<u>8 004</u>	<u>9 574</u>	<u>4 549 275</u>	<u>4 259 061</u>

Rupees '000

Note	Shareholders Fund	Statutory Funds			Accident & Health Business	Aggregate March 2005	Aggregate December 2004
		Investment Linked Business	Conventional Business	Pension Business (unitlinked)			
<b>Cash and Bank Deposits</b>							
Cash and stamps		1 153	31	3	4	1 191	753
Current and other accounts	87 152	161 053	18 496	1 531	2 688	270 920	311 665
Deposits maturing within 12 months	-	-	-	-	-	-	70 000
	87 152	162 206	18 527	1 534	2 692	272 111	382 418
<b>Loans - Secured</b>							
To employees	4 751	-	-	-	-	4 751	5 973
<b>Investments</b>							
Government securities	71 402	1 689 929	183 592	3 709	5 010	1 953 642	1 826 589
Other fixed income securities	500	163 930	-	-	-	164 430	169 733
Listed equities & mutual funds	100 560	1 485 479	-	2 272	3 389	1 591 700	1 393 873
Unlisted Equities	508	-	-	-	-	508	508
	172 970	3 339 338	183 592	5 981	8 399	3 710 280	3 390 703
<b>Current Assets - Others</b>							
Premiums due but unpaid		-	20 830	-	-	20 830	20 816
Amounts due from other insurers/ reinsurers		-	9 142	-	-	9 142	17 464
Agent Balances						-	341
Investment Income Due but Outstanding	360	15 192	-	37	175	15 764	7 896
Investment Income Accrued	1 396	363 159	5 503	128	613	370 799	335 664
Advances and Deposits	38 873	13 633	1 505	136	139	54 286	11 671
Prepayments	16	11 627	1 134	123	125	13 025	5 359
Inter-Fund Balances	92 772	(69 945)	(20 143)	(114)	(2 570)	-	-
Sundry receivables	31	3 591	36	179	1	3 838	6 187
	133 448	337 257	18 007	489	(1 517)	487 684	405 398
<b>Fixed Assets</b>							
Tangible							
Furniture, Fixtures, Office Equipment and Vehicles	74 449	-	-	-	-	74 449	74 569
<b>Total Assets</b>	<b>472 770</b>	<b>3 838 801</b>	<b>220 126</b>	<b>8 004</b>	<b>9 574</b>	<b>4 549 275</b>	<b>4 259 061</b>

The annexed notes form an integral part of these accounts.

MUNEER R. BHIMJEE  
DirectorASHRAF W. TABANI  
DirectorTAHER G. SACHAK  
Managing Director &  
Chief ExecutiveSAIFUDDIN N. ZOOMKAWALA  
Chairman

Profit and Loss Account  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

		Rupees '000	
	Note	<u>2005</u>	<u>2004</u>
<b>Investment income not attributable to Statutory Funds</b>			
Return on government securities		1 585	767
Return on other fixed income securities and deposits		32	1 402
Amortisation of premium relative to par		( 97 )	( 134 )
Dividend income		855	835
		<u>2 375</u>	<u>2 870</u>
(Loss) on sale of investments		–	( 77 )
Net investment income		<u>2 375</u>	<u>2 793</u>
Sale of fixed assets and other revenue		388	513
		<u>2 763</u>	<u>3 306</u>
Less: Expenses not attributable to Statutory Funds		<u>2 332</u>	<u>374</u>
		431	2 932
Surplus transferred from Statutory Funds	5	58 152	43 497
Profit before tax		<u>58 583</u>	<u>46 429</u>
Tax expense		( 21 500 )	( 17 000 )
Profit after tax		<u>37 083</u>	<u>29 429</u>
Earnings per share—basic and diluted	Rupees	<u>2.25</u>	<u>1.78</u>

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MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Changes in Equity  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Share Capital	General Reserve	Reserve for Bonus Issue	Unappropriated Profit	Total
Balance as at 1 January 2004 as previously reported	150 000	50 000	15 000	2 078	217 078
Transfer from retained Earnings other than participating business due to change in accounting policy	-	-	-	10 533	10 533
Effect of change in accounting policy with respect to shareholder fund	-	-	-	721	721
Tax impact of above changes in accounting policies	-	-	-	(4 000)	(4 000)
	-	-	-	7 254	7 254
Effect of change in accounting policy in respect of proposed bonus for the year 2003	-	-	(15 000)	15 000	-
Effect of change in accounting policy in respect of proposed dividend for the year 2003	-	-	-	15 000	15 000
Balance as at 1 January 2004 as restated	150 000	50 000	-	39 332	239 332
Surplus for the period	-	-	-	29 429	29 429
Balance as at 31 March 2004 as restated	150 000	50 000	-	68 761	268 761
Balance as at 1 January 2005	165 000	50 000	-	150 162	365 162
Surplus for the period	-	-	-	37 083	37 083
Balance as at 31 March 2005	165 000	50 000	-	187 245	402 245

The annexed notes form an integral part of these accounts.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Cash Flows  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Statutory Funds					Aggregate 2005	Aggregate 2004 (Restated)
	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Operating Cash Flows</b>							
<b>a) Underwriting activities</b>							
Premiums received		400 119	117 490	2 714	2 047	522 370	433 898
Reinsurance premiums paid		(536)	(2 877)	-	(1)	(3 414)	(7 421)
Claims paid		(17 021)	(67 866)	-	(1)	(84 888)	(91 506)
Surrenders paid		(145 691)	-	-	-	(145 691)	(64 166)
Commissions paid		(91 849)	(14 107)	(745)	(454)	(107 155)	(89 108)
<b>Net cash flow from underwriting activities</b>		145 022	32 640	1 969	1 591	181 222	181 697
<b>b) Other operating activities</b>							
Income tax paid	(6 682)	-	-	-	-	(6 682)	(8 229)
General management expenses paid	(2 332)	(62 598)	(13 260)	(662)	(672)	(79 524)	(66 934)
Other operating payments	-	-	(68 519)	(422)	-	(68 941)	(68 917)
Other operating receipts	7 497	14 281	-	-	402	22 180	8 493
Loans advanced	1 222	-	-	-	-	1 222	(349)
Loan repayments received	-	-	-	-	-	-	600
Other payments on operating assets	1 670	(4 765)	2	-	1	(3 092)	-
<b>Net cash flow from other operating activities</b>	1 375	(53 082)	(81 777)	(1 084)	(269)	(134 837)	(135 336)
<b>Total cash flow from all operating activities</b>	1 375	91 940	(49 137)	885	1 322	46 385	46 361
<b>Investment activities</b>							
Profit/ Return received	2 169	27 342	3 709	24	(297)	32 947	29 061
Dividends received	1 609	7 658	-	(24)	124	9 367	9 989
Payments for investments	-	(444 298)	(25 323)	(1 236)	-	(470 857)	(220 202)
Proceeds from disposal of investments	7 275	267 305	-	-	-	274 580	18 498
Fixed Capital Expenditure	(2 729)	-	-	-	-	(2 729)	(15 722)
Proceeds from disposal of fixed assets	-	-	-	-	-	-	950
<b>Total cash flow from investing activities</b>	8 324	(141 993)	(21 614)	(1 236)	(173)	(156 692)	(177 426)
<b>Financing activities</b>							
Surplus appropriated to shareholders' fund	58 152	(46 122)	(11 201)	(70)	(759)	-	-
<b>Total cash flow from financing activities</b>	58 152	(46 122)	(11 201)	(70)	(759)	-	-
<b>Net cash inflow/outflow from all activities</b>	67 851	(96 175)	(81 952)	(421)	390	(110 307)	(131 065)
Cash at the beginning of the year	19 301	258 381	100 479	1 955	2 302	382 418	317 970
<b>Cash at the end of the year</b>	87 152	162 206	18 527	1 534	2 692	272 111	186 905
<b>Reconciliation to Profit and Loss Account</b>							
Operating cash flows						46 385	46 361
Depreciation expense						(2 849)	(2 556)
Profit on disposal of fixed assets						-	329
Investment Income						84 636	67 296
Other Income						388	184
(Depreciation) / appreciation in market value of investments						106 929	116 323
(Increase) in Policy holder liability						(57 789)	(43 797)
Profit on sale of Investments						18 251	767
Increase/(decrease) in assets other than cash						94 263	156 147
(Increase)/decrease in liabilities other than running finance						(253 131)	(311 625)
<b>Profit after taxation</b>						37 083	29 429

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

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Income</b>						
Premiums less reinsurances	378 631	75 320	2 720	1 694	458 365	366 307
Net investment income	202 490	4 695	(216)	472	207 441	181 593
Total net income	581 121	80 015	2 504	2 166	665 806	547 900
<b>Claims and expenditure</b>						
Claims, including bonuses, net of reinsurance recoveries	148 364	46 317	-	301	194 982	116 632
Management expenses less recoveries	130 397	24 618	1 098	1 079	157 192	123 122
<b>Total claims and expenditure</b>	278 761	70 935	1 098	1 380	352 174	239 754
<b>Excess of income over claims and expenditure</b>	302 360	9 080	1 406	786	313 632	308 146
Add : Policyholder liabilities at beginning of period	3 383 442	87 462	5 955	5 284	3 482 143	2 733 906
Less : Policyholder liabilities at end of period	3 639 680	85 704	7 291	5 311	3 737 986	2 998 255
<b>Surplus before tax</b>	46 122	10 838	70	759	57 789	43 797
<b>Movement in policy holder liabilities</b>	256 238	(1 758)	1 336	27	255 843	264 349
<b>Transfers to or from Shareholders' Fund</b>						
- Surplus appropriated to Shareholders' Fund	(46 122)	(11 201)	(70)	(759)	(58 152)	(43 497)
Net transfer to Shareholders' Fund	(46 122)	(11 201)	(70)	(759)	(58 152)	(43 497)
<b>Balance of Statutory Fund at beginning of period</b>	3 383 442	96 662	5 955	5 284	3 482 143	2 739 906
<b>Balance of Statutory Fund at end of period</b>	3 639 680	94 541	7 291	5 311	3 746 823	3 004 555
<b>Represented by:</b>						
Policyholder liabilities	3 639 680	85 704	7 291	5 311	3 737 986	2 998 255
Retained earnings on other than participating business		8 837			8 837	6 300
<b>Balance of Statutory Fund</b>	3 639 680	94 541	7 291	5 311	3 746 823	3 004 555

The annexed notes form an integral part of these accounts.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Premiums  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Gross Premiums</b>						
Regular Premium Individual Policies*						
First year	117 274	1 692	1 347	1 141	121 454	91 461
Second year renewal	110 581	642	1 486	20	112 729	60 458
Subsequent year renewal	150 755	744		1 140	152 639	114 631
Single Premium Individual Policies	19 746	-	-	-	19 746	44 170
Group Policies without Cash Values	-	100 138	-	-	100 138	111 482
<b>Total Gross Premiums</b>	<b>398 356</b>	<b>103 216</b>	<b>2 833</b>	<b>2 301</b>	<b>506 706</b>	<b>422 202</b>
<b>Less: Reinsurance Premiums Ceded</b>						
On individual life First year business	4 923	425	62	415	5 825	3 415
On individual life Second year business	3 888	68	51	3	4 010	3 477
On individual life renewal business	10 914	352	-	189	11 455	8 293
On group policies	-	27 051	-	-	27 051	40 710
Total Reinsurance Premium Ceded	19 725	27 896	113	607	48 341	55 895
<b>Net Premiums</b>	<b>378 631</b>	<b>75 320</b>	<b>2 720</b>	<b>1 694</b>	<b>458 365</b>	<b>366 307</b>

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

The annexed notes form an integral part of these accounts.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Claims  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Gross Claims</b>						
Claims under individual policies						
by death	14 004	-	-	300	14 304	9 883
by insured event other than death	1 768	11	-	1	1 780	4 133
by maturity	5 034	-	-	-	5 034	-
by surrender	133 884	-	-	-	133 884	58 322
<b>Total gross individual policy claims</b>	<b>154 690</b>	<b>11</b>	<b>-</b>	<b>301</b>	<b>155 002</b>	<b>72 338</b>
Claims under group policies						
by death		63 952			63 952	62 044
by insured event other than death		2 978			2 978	2 856
experience refund		2 035			2 035	13 075
<b>Total gross group claims</b>	<b>-</b>	<b>68 965</b>	<b>-</b>	<b>-</b>	<b>68 965</b>	<b>77 975</b>
<b>Total Gross Claims</b>	<b>154 690</b>	<b>68 976</b>	<b>-</b>	<b>301</b>	<b>223 967</b>	<b>150 313</b>
<b>Less: Reinsurance Recoveries</b>						
On individual life first year business claims	392	-	-	-	392	1 234
On individual life second year business claims	73	-	-	-	73	4 568
On individual life subsequent renewal business claims	5 861	-	-	-	5 861	57
On group claims	-	22 659	-	-	22 659	27 822
<b>Total Reinsurance</b>	<b>6 326</b>	<b>22 659</b>	<b>-</b>	<b>-</b>	<b>28 985</b>	<b>33 681</b>
<b>Net Claims</b>	<b>148 364</b>	<b>46 317</b>	<b>-</b>	<b>301</b>	<b>194 982</b>	<b>116 632</b>

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MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Expenses  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Acquisition Costs</b>						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year premiums	46 106	506	323	459	47 394	34 742
- commission on second year premiums	8 943	48	97	2	9 090	6 019
- commission on subsequent renewal premiums	4 843	9	7	28	4 887	3 109
- commission on single premiums	395	-	-	-	395	883
- override commission	15 214	120	111	21	15 466	11 735
- other benefits to insurance intermediaries	18 112	1 767	190	195	20 264	16 148
<b>Sub total</b>	<b>93 613</b>	<b>2 450</b>	<b>728</b>	<b>705</b>	<b>97 496</b>	<b>72 636</b>
Remuneration to insurance intermediaries on group policies:						
- commission		12 934			12 934	8 457
- other benefits to insurance intermediaries		2 291			2 291	2 014
<b>Sub total</b>	<b>-</b>	<b>15 225</b>	<b>-</b>	<b>-</b>	<b>15 225</b>	<b>10 471</b>
Branch overheads	7 253	978	76	78	8 385	8 967
Other acquisition costs						
- policy stamp fee	2 707	184	20	1	2 912	3 420
<b>Total acquisition cost</b>	<b>103 573</b>	<b>18 837</b>	<b>824</b>	<b>784</b>	<b>124 018</b>	<b>95 494</b>
<b>Administration expenses</b>						
Salaries and other benefits	10 670	2 526	112	114	13 422	11 039
Traveling expenses	3 628	423	39	39	4 129	3 031
Actuary's fees	375	37	4	4	420	975
Medical fees	1 008	249	12	-	1 269	1 640
Legal & Professional Fee	857	84	9	9	959	319
Advertisements & Publicity	2 898	283	31	31	3 243	3 223
Computer expenses	112	11	1	1	125	363
Printing and stationery	1 582	169	16	17	1 784	939
Depreciation	1 136	296	12	12	1 456	1 268
Rental	801	374	9	9	1 193	1 866
Difference in Exchange	186				186	23
Other management expenses	5 439	1 540	57	59	7 095	4 300
Gross management expenses	132 265	24 829	1 126	1 079	159 299	124 480
Commission from reinsurers	(1 868)	(211)	(28)		(2 107)	(1 358)
Net management expenses	130 397	24 618	1 098	1 079	157 192	123 122

The annexed notes form an integral part of these accounts.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Statement of Investment Income  
for the three months period ended 31 March 2005 (Unaudited)

EFU LIFE ASSURANCE LTD

Rupees '000

	Statutory Funds				Aggregate 2005	Aggregate 2004 (Restated)
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business		
<b>Investment Income</b>						
On Government Securities	58 031	4 685	101	173	62 990	48 711
On TFC, Other Fixed Income Securities and Deposits	3 465	10	–	–	3 475	5 354
Dividend Income	16 068	–	13	299	16 380	10 846
Amortisation of discount/premium relative to par	(584)	–	–	–	(584)	(485)
	76 980	4 695	114	472	82 261	64 426
<b>Gain on Sale of Investments</b>						
Shares and Stocks	18 251	–	–	–	18 251	844
<b>(Depreciation)/Appreciation in Market Value of</b>						
Government Securities	(43 900)	–	(127)	–	(44 027)	(3 070)
Other Fixed Income Securities and Deposits	(3 097)	–	–	–	(3 097)	2 188
Shares and Stocks	154 256	–	(203)	–	154 053	117 205
	107 259	–	(330)	–	106 929	116 323
<b>Net Investment Income</b>	<u>202 490</u>	<u>4 695</u>	<u>(216)</u>	<u>472</u>	<u>207 441</u>	<u>181 593</u>

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Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

## 1. Status and Nature of Business

The Company is engaged in life insurance business and was incorporated in Pakistan on 9 August 1992. The shares of the Company are quoted on Karachi Stock Exchange.

## 2. Basis of Presentation

These accounts are un-audited and are being presented in terms of section 245 of Companies Ordinance, 1984 in a condensed form in accordance with the requirements of International Accounting Standard 34 and the format prescribed under Insurance Rules, 2002.

## 3. Accounting Policies

The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the Company.

## 4. Policyholders' Liabilities

### 4.1 Gross of reinsurance

	Statutory Fund				Aggregate	Aggregate
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business	March 2005	December 2004
Actuarial liability relating to future events	3 685 458	80 764	7 526	5 733	3 779 481	3 515 776
Provision for outstanding reported claims payable over a period exceeding twelve months	7 652	3	–	–	7 655	13 260
Provision for incurred but not reported claims	–	10 797	–	–	10 797	10 872
	<u>3 693 110</u>	<u>91 564</u>	<u>7 526</u>	<u>5 733</u>	<u>3 797 933</u>	<u>3 539 908</u>

### 4.2 Net of reinsurance

Actuarial liability relating to future events	3 636 233	79 112	7 291	5 311	3 727 947	3 469 722
Provision for outstanding reported claims payable over a period exceeding twelve months	3 447	3	–	–	3 450	5 786
Provision for incurred but not reported claims	–	6 589	–	–	6 589	6 635
	<u>3 639 680</u>	<u>85 704</u>	<u>7 291</u>	<u>5 311</u>	<u>3 737 986</u>	<u>3 482 143</u>

## 5. Movements in Equity

(Rupees in '000)

	Statutory Fund				Aggregate	Aggregate
	Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business	31 March 2005	31 March 2004 (Restated)
<b>Policyholder's Liabilities</b>						
Balance at beginning of the period as previously stated	3 383 442	87 462	5 955	5 284	3 482 143	2 398 661
Effect of change in accounting policy with respect to:						
Accrual of interest on Defence Saving Certificates	-	-	-	-	-	25 520
Valuation of investments						352 899
Transfer of profit commission from reinsurer to outstanding claims	-	-	-	-	-	(43 174)
						335 245
Balance at the beginning as restated	3 383 442	87 462	5 955	5 284	3 482 143	2 733 906
Increase/(decrease) during the period	256 238	(1 758)	1 336	27	255 843	264 349
Balance at end of the period	<u>3 639 680</u>	<u>85 704</u>	<u>7 291</u>	<u>5 311</u>	<u>3 737 986</u>	<u>2 998 255</u>
<b>Retained earnings on other than participating business</b>						
Balance at beginning of the period as previously stated	-	9 200	-	-	9 200	6 000
Effect of change in accounting policy with respect to:						
Accrual of interest on Defence Saving Certificates	-	-	-	-	-	4 934
Valuation of investments	-	-	-	-	-	5 599
						10 533
Balance at beginning as restated		9 200			9 200	16 533
Surplus for the period	46 122	10 838	70	759	57 789	43 797
Transfer to statement of changes in equity due to change in accounting policy with respect to:						
Accrual of interest on Defence Saving Certificates	-	-	-	-	-	(4 934)
Valuation of investments	-	-	-	-	-	(5 599)
						(10 533)
(Surplus) appropriated to shareholders' fund	(46 122)	(11 201)	(70)	(759)	(58 152)	(43 497)
Balance at end of the period	<u>-</u>	<u>8 837</u>	<u>-</u>	<u>-</u>	<u>8 837</u>	<u>6 300</u>

## 6. Investments

### Government securities

(Rupees in '000)

	Shareholders' Fund	Statutory Fund			Aggregate		
		Investment Linked Business	Conventional Business	Pension Business (Unitlinked)	Accident & Health Business	31 March 2005	31 December 2004
Held to maturity at amortized cost	71 402	127 030	183 592	–	5 010	387 034	479 199
Available for sale at market value	–	1 562 899	–	3 709	–	1 566 608	1 347 390
	<u>71 402</u>	<u>1 689 929</u>	<u>183 592</u>	<u>3 709</u>	<u>5 010</u>	<u>1 953 642</u>	<u>1 826 589</u>

### Other fixed income securities

Held to maturity at amortized cost	500	–	–	–	–	500	7 775
Available for sale at market value	–	163 930	–	–	–	163 930	161 958
	<u>500</u>	<u>163 930</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>164 430</u>	<u>169 733</u>

### Ordinary share certificates and units of companies

Available for sale at market value	–	1 171 217	–	2 272	–	1 173 489	1 099 725
Held for trading at market value	–	140 962	–	–	–	140 962	107 472
Available for sale at lower of cost or market value	101 068	173 300	–	–	3 389	277 757	187 184
	<u>101 068</u>	<u>1 485 479</u>	<u>–</u>	<u>2 272</u>	<u>3 389</u>	<u>1 592 208</u>	<u>1 394 381</u>

## 7. Fixed Assets - Tangible

The details of additions and deletions during the three months period ended 31 March 2005 are as follows:

	Shareholders' Fund	
	Additions	Deletions
Furniture, fixtures and fittings	2 127	–
Office equipment	66	–
Computers	428	–
Motor vehicles	108	–
	<u>2 729</u>	<u>–</u>

## 8. Taxation

The Income Tax assessment of the Company for the assessment year 2002 – 2003 has been finalised and return for the Tax year 2002 and 2003 were filed on self assessment basis. Appeals relating to the assessment years 1994-1995 to 1998-1999 are pending before the High Court of Sindh regarding levy of Turnover Tax. Appeals in respect of assessment years 1999-2000 and 2000-2001 are pending with the appellate authority and there could arise a contingent tax liability of Rs. 1.3 million if the matter is decided against the Company.

## 9. Transaction with Related Parties

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and employees retirement benefit funds. The transactions with related parties are carried out at arm's length prices determined under "comparable uncontrolled price method". The transaction and balances with related parties, other than remuneration under terms of employment, are as follows:

	(Rupees in '000)	
	31 March 2005	31 March 2004
Premium written	718	3 372
Premium paid	3 187	2 744
Claims Paid	300	–
Claims Received	–	675
Brokerage and commission paid	–	100
Contribution to provident fund	963	844
Contribution to pension fund	874	570
Balance payable	435	576
Balance receivable	100	317

## 10. Date of Authorisation

These financial statements were authorised for issue by the Board of Directors in their meeting held on 25 April 2005.

## 11. General

11.1 The comparative figures have been rearranged to incorporate the effect of change in accounting regulations.

11.2 Figures have been rounded off to the nearest thousand of Pak rupee.

MUNEER R. BHIMJEE  
Director

ASHRAF W. TABANI  
Director

TAHER G. SACHAK  
Managing Director &  
Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman