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We are pleased to present the Un-audited Accounts for the half-year ended 30 June 2006.

During the period under review your Company's pre-tax profit increased by 40.35 % to Rs.160 million (2005 H1: Rs.114 million) and total premium income increased by 42% to Rs.1,474 million (2005 H1: Rs.1,040 million).

Regular premium individual life insurance increased by 33% to Rs.1,024 million (2005 H1: Rs.769 million). This consisted of Rs.317 million (2005 H1: Rs.245 million) of new business premium and Rs.707 million (2005 H1: Rs.524 million) of renewal premium. The new business growth of 29% was fueled by improvement in productivity of your company's direct sales force as well as contribution by the bancassurance distribution channel. The renewal premium growth of 35% was made possible by your Company's sound business persistency.

Group benefits business of your company showed an excellent growth of 67% with gross premium income of Rs 388 million in the first half of 2006 (2005 H1: Rs 232 million). Increase in group credit life business (sold to bank customers' groups) contributed significantly to this growth.

Your company continued to make extensive use of information technology to improve its client relationship management capabilities. During the first half of 2006, your company finalized an agreement to implement a toll-free client service call center to provide timely and convenient information and service access to its clients.

Product and service innovation continued as usual. A number of new products were developed to meet the varying needs of EFU Life's clients and bancassurance business partners.

Auditors in their report have mentioned that investment in an associated company have been accounted for using market value in case of unit linked business and lower of cost or market value in case of other business. The reason for doing so for linked business is to bring basis of valuation for financial reporting in line with the basis of valuation of units and for other business because of specialized nature of taxability of profits of insurance companies.

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, our re-insurer Munich-Re for their co-operation and guidance.

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi: 28 August 2006

We have reviewed the annexed condensed interim financial statements comprising:

- Condensed interim balance sheet;
- Condensed interim profit and loss account;
- Condensed interim cash flow statement;
- Condensed interim statement of changes in equity;
- Condensed interim revenue account;
- Condensed interim statement of premiums;
- Condensed interim statement of claims;
- Condensed interim statement of expenses; and
- Condensed interim statement of investment income

of EFU Life Assurance Limited ("the Company") as at 30 June 2006 together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the six months period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As more fully explained in note 6 to the financial statements, the Company's investments in an associated company have been accounted for using market value in case of unit linked business and lower of cost or market value in case of other businesses. International Accounting Standards require that such investments be valued using equity method. Had the equity method been used for valuation, the value of investments at 30 June 2006 and 31 December 2005 would have been lower by Rs.13.215 million and Rs.6.893 million respectively and profits for the period ended 30 June 2006 would have been higher by Rs.5.717 million with corresponding effect of Rs.12.039 million on policy holder liabilities.

Based on our review, except for the effect of the matter relating to accounting for investment in associates referred to above, nothing has come to our attention that causes us to believe that the annexed condensed interim financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 30 June 2006 in the condensed interim profit and loss account, condensed interim statement of revenue, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expense, condensed interim statement of investment income have not been reviewed and we do not express an opinion on them.

Gardezi & Co.
Chartered Accountants

Date: 28 August 2006

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Balance Sheet
As at 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Shareholders					Statutory Funds		Rupees '000	
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2006	Aggregate 31 Dec 2005		
Share capital and reserves									
Authorised share capital	500 000					500 000		500 000	
Issued, subscribed and paid up share capital									
15,000,000 Ordinary Shares (31 Dec. 2005: 15,000,000 shares) of Rs. 10/- each fully paid in cash	150 000					150 000		150 000	
15,000,000 Ordinary Shares (31 Dec 2005: 6,000,000 shares) of Rs.10/- each issued as fully paid bonus shares	150 000					150 000		60 000	
	300 000					300 000		210 000	
Accumulated surplus	113 908					113 908		196 279	
General reserves	190 000					190 000		130 000	
Net shareholders' equity	603 908					603 908		536 279	
Balance of statutory fund [including policy holders' liabilities Rs.5,467 million (31 Dec 2005 Rs.4,908 million)]		5 322 138	128 774	16 622	5 110	5 472 644		4 916 212	
Deferred taxation	2 147					2 147		1 347	
Creditors and Accruals									
Outstanding claims	-	57 914	117 848	-	5 362	181 124		180 033	
Premiums received in advance	-	111 881	31 675	748	928	145 232		138 490	
Amounts due to reinsurers	-	29 923	34 982	230	-	65 135		40 171	
Amount due to agents	-	43 904	5 024	4	150	49 082		56 290	
Accrued expenses	150	9 380	924	4	48	10 506		25 459	
Taxation - provision less payments	66 817	-	-	-	-	66 817		58 831	
Unclaimed dividend	250	-	-	-	-	250		256	
Other creditors and accruals	20	10 968	791	4	41	11 824		15 006	
Total liabilities	67 237	263 970	191 244	990	6 529	529 970		514 536	
Total equity and liabilities	673 292	5 586 108	320 018	17 612	11 639	6 608 669		5 968 374	

Contingencies & commitments (Note 8)

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

							Rupees '000	
		Shareholders		Statutory Funds				
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2006	Aggregate 31 Dec 2005	
Note								
Cash and bank deposits								
	-	1 207	49	-	-	1 256	632	
	3 504	228 028	35 897	1 299	686	269 414	260 821	
	-	40 061	35 000	-	-	75 061	194 000	
	3 504	269 296	70 946	1 299	686	345 731	455 453	
Loans - secured								
	15 564	-	-	-	-	15 564	11 775	
Investments								
6	150 407	2 320 449	195 583	5 958	5 008	2 677 405	2 565 817	
	25 000	762 278	4 770	4 839	2 045	798 932	425 410	
	144 355	2 111 834	58 443	6 115	3 673	2 324 420	2 164 969	
	508	-	-	-	-	508	508	
	320 270	5 194 561	258 796	16 912	10 726	5 801 265	5 156 704	
Current assets - others								
	-	-	27 886	-	-	27 886	23 743	
	-	-	7 099	-	2 638	9 737	2 030	
	-	554	386	2	5	947	596	
	4 171	56 960	63	229	-	61 423	3 879	
	5 496	53 272	5 466	184	167	64 585	53 572	
	1 185	15 922	1 563	7	82	18 759	17 821	
	32	10 639	1 048	5	55	11 779	4 911	
	86 136	(28 538)	(53 818)	(1 029)	(2 751)	-	-	
	-	13 442	583	3	31	14 059	19 962	
	97 020	122 251	(9 724)	(599)	227	209 175	126 514	
Fixed assets - tangible								
	126 505	-	-	-	-	126 505	126 030	
	110 429	-	-	-	-	110 429	91 898	
	236 934	-	-	-	-	236 934	217 928	
Total assets	<u>673 292</u>	<u>5 586 108</u>	<u>320 018</u>	<u>17 612</u>	<u>11 639</u>	<u>6 608 669</u>	<u>5 968 374</u>	

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Profit and Loss Account
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Six months ended 30 June		Three months ended 30 June	
	2006	2005	2006	2005
Investment income not attributable to statutory funds				
Return on government securities	7 138	3 202	4 254	1 617
Return on other fixed income securities and deposits	1 477	403	806	371
Amortisation of discount/premium relative to par	(403)	(290)	(205)	(193)
Dividend income	13 251	7 615	8 756	6 760
	21 463	10 930	13 611	8 555
Gain on sale of investments	7 539	-	-	-
Net investment income	29 002	10 930	13 611	8 555
Other revenue				
- Gain on disposal of fixed assets	1 087	537	734	537
- Others	1 181	819	612	431
	2 268	1 356	1 346	968
	31 270	12 286	14 957	9 523
Less: expenses not attributable to statutory fund	1 686	7 188	1 471	4 856
	29 584	5 098	13 486	4 667
Surplus transferred from statutory funds	130 845	109 019	75 432	50 867
Profit before tax	160 429	114 117	88 918	55 534
Taxation				
- for the period	(50 000)	(39 500)	(25 800)	(18 000)
- deferred	(800)	-	(800)	-
Profit after tax	109 629	74 617	62 318	37 534
Earnings per share - basic and diluted (Rupees)	3.65	2.49	2.08	1.25

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Changes in Equity
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	<u>Share Capital</u>	<u>General Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
Balance as at 1 January 2005	165 000	50 000	150 162	365 162
Dividend declared for 2004 (Rs.1.5 per share)	-	-	(24 750)	(24 750)
Issue of bonus shares	45 000	-	(45 000)	-
Transfer to general reserve	-	80 000	(80 000)	-
Profit for the period - net recognized income & expenses for the period	-	-	74 617	74 617
Balance as at 30 June 2005	<u>210 000</u>	<u>130 000</u>	<u>75 029</u>	<u>415 029</u>
Balance as at 1 January 2006	210 000	130 000	196 279	536 279
Dividend declared for 2005 (Rs.2.0 per share)	-	-	(42 000)	(42 000)
Issue of bonus shares	90 000	-	(90 000)	-
Transfer to general reserve	-	60 000	(60 000)	-
Profit for the period - net recognized income & expenses for the period	-	-	109 629	109 629
Balance as at 30 June 2006	<u>300 000</u>	<u>190 000</u>	<u>113 908</u>	<u>603 908</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Cash Flows
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000						
	Shareholders	Statutory Funds				Aggregate	Aggregate
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 Jun 2006	30 Jun 2005
Operating Cash Flow							
a) Underwriting activities							
Premiums received		1 079 759	388 836	5 410	2 872	1476 877	1 041 245
Reinsurance premiums paid		(13 384)	(23 829)	(145)	(254)	(37 612)	(2 177)
Claims paid		(26 479)	(212 300)	-	(801)	(239 580)	(171 289)
Surrenders paid		(205 221)	-	(761)	-	(205 982)	(203 750)
Commissions paid		(211 864)	(108 601)	(589)	(922)	(321 976)	(196 870)
Net cash flow from underwriting activities		622 811	44 106	3 915	895	671 727	467 159
b) Other operating activities							
Income tax paid	(42 014)	-	-	-	-	(42 014)	(18 756)
General management expenses paid	(4 196)	(153 169)	(33 493)	(232)	(727)	(191 817)	(168 464)
Other operating payments	(7 189)	(4 847)	(1 504)	-	(66)	(13 606)	(23 459)
Other operating receipts	8 374	-	-	140	-	8 514	-
Loans advanced	(6 508)	-	-	-	-	(6 508)	(3 146)
Loan repayments received	2 719	-	-	-	-	2 719	3 175
Net cash flow from other operating activities	(48 814)	(158 016)	(34 997)	(92)	(793)	(242 712)	(210 650)
Total cash flow from all operating activities	(48 814)	464 795	9 109	3 823	102	429 015	256 509
Investment activities							
Profit/ return received	6 489	155 283	10 843	394	413	173 422	87 902
Dividends received	9 860	74 953	1 172	242	-	86 227	65 515
Payments for investments	(95 590)	(698 962)	(63 360)	(4 005)	(707)	(862 624)	(712 333)
Proceeds from disposal of investments	16 118	115 633	-	780	-	132 531	290 061
Fixed capital expenditure	(29 229)	-	-	-	-	(29 229)	(68 289)
Proceeds from disposal of fixed assets	2 936	-	-	-	-	2 936	815
Total cash flow from investing activities	(89 416)	(353 093)	(51 345)	(2 589)	(294)	(496 737)	(336 329)
Financing activities							
Surplus appropriated to shareholders' fund	178 907	(140 439)	(36 418)	(1 470)	(580)	-	-
Dividends paid	(42 000)	-	-	-	-	(42 000)	(24 750)
Total cash flow from financing activities	136 907	(140 439)	(36 418)	(1 470)	(580)	(42 000)	(24 750)
Net cash inflow/(outflow) from all activities	(1 323)	(28 737)	(78 654)	(236)	(772)	(109 722)	(104 570)
Cash at the beginning of the period	4 827	298 033	149 600	1 535	1458	455 453	382 418
Cash at end of the period	3 504	269 296	70 946	1 299	686	345 731	277 848
Reconciliation to Profit & loss account							
Operating cash flows						429 015	256 509
Depreciation expense						(8 374)	(6 795)
Profit on disposal of fixed assets						1 087	537
Investment income						327 025	204 724
Other Income						1 181	819
(Depreciation) / appreciation in market value of investments						(143 345)	4 776
Profit on sale of Investments						57 813	6 762
Increase in assets other than cash						17 893	6 936
(Increase) in liabilities						(572 666)	(399 651)
Profit or loss after taxation						109 629	74 617

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Revenue Account
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

					Rupees '000			
					Statutory Funds			
Note	Investment	Conventional	Pension	Accident &	Six months ended		Three months ended	
	Linked	Business	Business	Health &	30 June		30 June	
	Business		(Unit Linked)	Business	2006	2005	2006	2005
Income								
	1 022 372	310 452	4 742	2 463	1 340 029	936 626	694 168	478 261
	201 661	10 334	60	436	212 491	205 332	(205 935)	(2 109)
	1 224 033	320 786	4 802	2 899	1 552 520	1 141 958	488 233	476 152
Claims & expenditure								
	223 489	147 597	761	809	372 656	317 005	174 235	122 023
	349 653	141 116	451	1 367	492 587	331 754	265 083	174 562
	573 142	288 713	1 212	2 176	865 243	648 759	439 318	296 585
	650 891	32 073	3 590	723	687 277	493 199	48 915	179 567
	4 743 049	145 454	13 945	5 224	4 907 672	3 482 143	5 491 748	3 737 986
5	5 322 138	123 805	16 622	5 110	5 467 675	3 866 400	5 467 675	3 866 400
	(579 089)	21 649	(2 677)	114	(560 003)	(384 257)	24 073	(128 414)
	71 802	53 722	913	837	127 274	108 942	72 988	51 153
	579 089	(21 649)	2 677	(114)	560 003	384 257	(24 073)	128 414
	(71 802)	(57 293)	(913)	(837)	(130 845)	(109 019)	(75 432)	(50 867)
	4 743 049	153 994	13 945	5 224	4 916 212	3 491 343	5 499 161	3 746 823
	5 322 138	128 774	16 622	5 110	5 472 644	3 875 523	5 472 644	3 875 523
Represented by:								
5	5 322 138	123 805	16 622	5 110	5 467 675	3 866 400	5 467 675	3 866 400
	-	4 969	-	-	4 969	9 123	4 969	9 123
	5 322 138	128 774	16 622	5 110	5 472 644	3 875 523	5 472 644	3 875 523

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Premium
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Six months ended 30 June		Three months ended 30 June	
					2006	2005	2006	2005
Gross premiums								
Regular premium individual policies*								
First year	312 434	3 188	43	1 196	316 861	245 098	169 777	123 644
Second year renewal	210 314	1 099	1 930	(57)	213 286	172 774	104 104	60 045
Subsequent year renewal	487 911	1 047	2 954	1 770	493 682	351 167	241 013	198 528
Single premium individual policies	62 783	-	-	-	62 783	38 945	44 309	19 199
Group policies without cash values	-	387 666	-	-	387 666	232 208	191 455	132 070
Total gross premiums	1 073 442	393 000	4 927	2 909	1 474 278	1 040 192	750 658	533 486
Less: Reinsurance premiums ceded								
On individual life first year business	12 107	1 568	-	48	13 723	11 300	7 936	5 475
On individual life second year business	10 683	612	68	(2)	11 361	7 192	5 649	3 182
On individual life renewal business	28 280	678	117	400	29 475	21 773	13 654	10 318
On group policies	-	79 690	-	-	79 690	63 301	29 251	36 250
Total reinsurance premium ceded	51 070	82 548	185	446	134 249	103 566	56 490	55 225
Net premiums	1 022 372	310 452	4 742	2 463	1 340 029	936 626	694 168	478 261

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

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Claims
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Six months ended 30 June		Three months ended 30 June	
					2006	2005	2006	2005
Gross claims								
Claims under individual policies								
by death	25 501	6 498	-	500	32 499	30 286	9 563	15 982
by insured event other than death	5 911	200	-	1 109	7 220	6 918	3 264	5 138
by maturity	1 249	-	-	-	1 249	7 413	990	2 379
by surrender	198 432	-	761	-	199 193	191 527	96 586	57 643
Total gross individual policy claims	231 093	6 698	761	1 609	240 161	236 144	110 403	81 142
Claims under group policies								
by death		178 354			178 354	124 846	101 346	60 894
by insured event other than death		11 176			11 176	10 661	7 344	7 683
experience refund		16 962			16 962	8 633	(4 907)	6 598
Total gross group claims	-	206 492	-	-	206 492	144 140	103 783	75 175
Total gross claims	231 093	213 190	761	1 609	446 653	380 284	214 186	156 317
Less: Reinsurance recoveries								
On individual life first year business	590	5 331	-	-	5 921	3 713	470	3 321
On individual life second year business	502	-	-	475	977	1 799	388	1 726
On individual life subsequent renewal business	6 512	-	-	325	6 837	14 410	4 563	8 549
On group claims	-	48 925	-	-	48 925	41 155	30 857	18 496
On experience refund of premiums	-	11 337	-	-	11 337	2 202	3 673	2 202
Total reinsurance	7 604	65 593	-	800	73 997	63 279	39 951	34 294
Net claims	223 489	147 597	761	809	372 656	317 005	174 235	122 023

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Expenses
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Six months ended 30 June		Three months ended 30 June	
					2006	2005	2006	2005
Acquisition costs								
Remuneration to insurance intermediaries on individual policies:								
-commission on first year premiums	129 650	1,164	18	524	131 356	97 625	69 229	50 231
-commission on second year premiums	21 198	110	155	-	21 463	17 580	10 390	8 490
-commission on subsequent renewal premiums	13 496	25	74	44	13 639	9 611	6 765	4 724
-commission on single premiums	1 256	-	-	-	1 256	779	887	384
-override commission	39 733	254	101	73	40 161	30 633	21 187	15 167
-other benefits to insurance intermediaries	46 499	4 580	20	242	51 341	42 119	24 736	21 855
	251 832	6 133	368	883	259 216	198 347	133 194	100 851
Remuneration to insurance intermediaries on group policies:								
-commission		106 542			106 542	22 579	60 642	9 645
-other benefits to insurance intermediaries		5 616			5 616	4 551	2 654	2 260
	-	112 158	-	-	112 158	27 130	63 296	11 905
Branch overheads	22 091	5 320	10	114	27 535	20 830	15 464	12 445
Other acquisition cost								
-Policy fee	7 200	560	-	4	7 764	5 845	3 575	2 933
Total acquisition cost	281 123	124 171	378	1 001	406 673	252 152	215 529	128 134
Administration expenses								
Salaries and other benefits	29 839	7 803	13	155	37 810	26 800	19 216	13 378
Traveling expenses	6 650	808	3	34	7 495	22 167	7 019	18 038
Actuary's fees	869	86	-	4	959	840	479	420
Medical fees	3 018	643	42	-	3 703	3 002	2 401	1 733
Legal and professional fee	1 143	113	-	6	1 262	1 143	1 001	184
Advertisements and publicity	6 116	3 191	3	32	9 342	3 901	6 187	658
Computer expenses	1 662	180	1	9	1 852	878	1 471	753
Printing and stationery	3 829	407	2	20	4 258	3 623	2 988	1 839
Depreciation	2 749	469	1	14	3 233	3 192	1 218	1 736
Rental	2 074	967	1	11	3 053	2 394	1 229	1 201
Difference in exchange	(397)	-	-	-	(397)	(29)	(254)	(215)
Other management expenses	15 601	3 037	7	81	18 726	15 843	9 768	8 748
Gross management expenses	354 276	141 875	451	1 367	497 969	335 906	268 252	176 607
Commission from reinsurers	(4 623)	(759)	-	-	(5 382)	(4 152)	(3 169)	(2 045)
Net management expenses	349 653	141 116	451	1 367	492 587	331 754	265 083	174 562

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Investment Income
For the six months period ended 30 June 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Six months ended 30 June		Three months ended 30 June	
					2006	2005	2006	2005
Investment income								
On government securities	134 040	9 811	345	410	144 606	127 882	63 040	64 892
On other fixed income securities and deposits	29 674	554	110	27	30 365	9 869	16 788	6 394
Dividend income	128 824	1 235	461	-	130 520	55 753	85 582	39 373
Amortisation of discount/premium relative to par	(11 499)	(1 266)	(32)	(1)	(12 798)	(5 395)	(6 195)	(4 811)
	281 039	10 334	884	436	292 693	188 109	159 215	105 848
Gain /(loss) on sale of investments								
Shares and stocks	49 995	-	279	-	50 274	6 762	762	(11 489)
(Depreciation)/appreciation in market value of								
Government securities	(10 818)	-	(83)	-	(10 901)	(89 860)	(6 603)	(45 833)
Other fixed income securities and deposits	(1 193)	-	(51)	-	(1 244)	(8 808)	(296)	(5 711)
Shares and stocks	(117 030)	-	(969)	-	(117 999)	109 129	(358 681)	(44 924)
	(129 041)	-	(1 103)	-	(130 144)	10 461	(365 580)	(96 468)
Investment related expenses	(332)	-	-	-	(332)	-	(332)	-
Net investment income	201 661	10 334	60	436	212 491	205 332	(205 935)	(2 109)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
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 as a public limited company. The shares of the Company are quoted on Karachi Stock Exchange.

2. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited and are being presented in a condensed form in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" in the format prescribed under Insurance Rules, 2002. They do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2005.

These financial statements are being circulated to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2005.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual result may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and key sources of estimation uncertainty were the same as those applied to financial statements for the year ended 31 December 2005.

5. POLICYHOLDERS' LIABILITIES

5.1 Gross

	Statutory Funds				(Rupees in '000)	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2006	Aggregate 31 Dec 2005
Actuarial liability relating to future events	5 381 934	120 714	16 867	5 938	5 525 453	4 953 645
Provision for outstanding reported claims payable over a period exceeding twelve months	17 360	-	-	-	17 360	14 979
Provision for incurred but not reported claims	4 350	38 839	-	-	43 189	39 906
	<u>5 403 644</u>	<u>159 553</u>	<u>16 867</u>	<u>5 938</u>	<u>5 586 002</u>	<u>5 008 530</u>
5.2 Net of reinsurance						
Actuarial liability relating to future events	5 311 361	94 870	16 622	5 110	5 427 963	4 868 217
Provision for outstanding reported claims payable over a period exceeding twelve months	7 470	-	-	-	7 470	6 713
Provision for incurred but not reported claims	3 307	28 935	-	-	32 242	32 742
	<u>5 322 138</u>	<u>123 805</u>	<u>16 622</u>	<u>5 110</u>	<u>5 467 675</u>	<u>4 907 672</u>

6. INVESTMENTS

(Rupees in '000)

	Shareholders Fund	Statutory Funds					Aggregate 30 Jun 2006	Aggregate 31 Dec 2005
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business			
Government securities								
Held to maturity at amortized cost	150 407	681 314	195 583	1 997	5 008	1 034 309	904 998	
Available for sale at market value	-	1 639 135	-	3 961	-	1 643 096	1 660 819	
	<u>150 407</u>	<u>2 320 449</u>	<u>195 583</u>	<u>5 958</u>	<u>5 008</u>	<u>2 677 405</u>	<u>2 565 817</u>	
Other fixed income securities								
Held to maturity at amortized cost	25 000	43 315	4 770	-	2 045	75 130	63 680	
Available for sale at market value	-	718 963	-	4 839	-	723 802	361 730	
	<u>25 000</u>	<u>762 278</u>	<u>4 770</u>	<u>4 839</u>	<u>2 045</u>	<u>798 932</u>	<u>425 410</u>	
Listed equities and mutual funds								
Available for sale at market value								
Held for trading at market value	-	1 718 153	-	6 115	-	1 724 268	1 653 394	
Available for sale at lower of cost or market value	-	310 731	-	-	-	310 731	274 409	
	<u>144 355</u>	<u>82 950</u>	<u>58 443</u>	<u>-</u>	<u>3 673</u>	<u>289 421</u>	<u>237 166</u>	
	<u>144 355</u>	<u>2 111 834</u>	<u>58 443</u>	<u>6 115</u>	<u>3 673</u>	<u>2 324 420</u>	<u>2 164 969</u>	

Market value of securities held at lower of cost and market value amounted to Rs.655.483 million (31 December 2005: Rs.521.05 million) and those held at amortized cost amounted to Rs.1,100 million (31 December 2005: Rs. 961.87 million).

The Company has deposited 10 years Pakistan Investment Bond amounting to Rs.8 million (31 December 2005: Rs.8 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

Available for sale investments include investment in an associated Company, EFU General Insurance Limited carried at a value of Rs.116.5 million. These are being valued either at lower of cost or market value or at market value (for Unit Linked Business). International Accounting Standard IAS - 28 (revised) "Investments in Associates" effective for financial periods beginning on or after 1 January 2005 requires that an investment in associate shall be accounted for using the equity method. The Company considers that accounting for these investments at a value above cost for business other than unit linked business would result in complications similar to those related to adoption of International Accounting Standard IAS - 39 "Financial Instruments - Recognition and Measurement". Had the equity method been used for valuation, the value of investment at 30 June 2006 and 31 December 2005 would have been lower by Rs.13.215 million and Rs.6.893 million respectively and profits for the period ended 30 June 2006 would have been higher by Rs 5.717 million with corresponding effect of Rs.12.039 million on policy holder liabilities.

7. FIXED ASSETS - TANGIBLE

The cost of additions and deletions to fixed assets during the six months period ended 30 June 2006 are as follows:

	Shareholders' Fund	
	Additions	Deletions
Lease hold land	475	-
Furniture, fixtures and fittings	8 120	26
Office equipment	2 135	278
Computers	1 756	177
Motor vehicles	16 743	3 694
	<u>29 229</u>	<u>4 175</u>

8. TAXATION

Income Tax Assessments of the Company have been finalized up to tax year 2003 and returns for the tax year 2004 and 2005 have been filed on self assessment basis. Appeals relating to the assessment years 1994-1995 to 1998-1999 are pending before the High Court of Sindh regarding levy of Turnover Tax. Appeals in respect of assessment years 1999-2000 and 2000-2001 are pending with the Commissioner Income Tax (Appeal) 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 commercial terms and conditions. The transaction and balances with related parties, are as follows:

	Rupees in '000	
	30 June 2006	30 June 2005
Associated companies		
Premium written	5 145	718
Premium paid	5 594	3 522
Claims paid	1 587	285
Claims received	1 255	-
Brokerage and commission paid	2	-
Traveling expenses	190	345
Dividend received	3 293	2 305
Dividend paid	16 387	9 174
Balance payable	690	28
Balance receivable	15	599
Others		
Contribution to provident fund	2 316	1 888
Contribution to pension fund	1 596	1 538

9.1 TRANSACTION WITH KEY MANAGEMENT PERSONNEL

Loans to key management personnel as on 30 June 2006 amounted to Rs.1.15 million (31 December 2005: Rs.0.9 million) and are included in "Loan and advances".

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.20.09 million for the six months ended 30 June 2006 (30 June 2005: Rs.15.74 million)

10. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28 August 2006.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman