

Report (Un-audited)
Nine Months Ended
30 September 2012



Enhancing Prosperity Enriching Lives



EFU LIFE ASSURANCE LTD *Zaroori Hai*



EFU Life Head Office

The design of the new EFU Life Head Office is a symbol of modern architecture and symbolic of our financial strength. It also reflects our continued history of success and innovation in life insurance industry in Pakistan.

Located on main National Highway Industrial/ Commercial Area, Phase-1, DHA, Karachi, the state of the art building will have 18 floors, plus the ground and basement providing a total area of office occupancy of 90,000 square feet. 8 levels of the building have been dedicated for car parking to provide ease and convenience to occupants and visitors.

Construction work has already started and the building is expected to be completed by end 2014.



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Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Taher G. Sachak

Directors

Saifuddin N. Zoomkawala
Jahangir Siddiqui
Muneer R. Bhimjee
Hasanali Abdullah
Heinz Walter Dollberg

Corporate Secretary

S. Shahid Abbas

Appointed Actuary

Omer Morshed, F.C.A., F.P.S.A., F.I.A.

Legal Advisor

Mohammad Ali Sayeed, M.A.B.L.

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants, Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shahrah-e-Quaideen
Karachi
Ph: (92-21) 34391316-17
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Rating

Rating Agency: JCR-VIC
Insurer Financial Strength Rating AA-
Outlook: Stable

Website

www.efulife.com

Registered Office

Al-Malik Centre
70 W, F-7/G-7 Jinnah Avenue
(Blue Area), Islamabad

Main Office

37-K, Block 6, P.E.C.H.S., Karachi

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first nine months ending 30 September 2012.

Your Company's total premium income increased by 13.6% during the first nine months of 2012 and was Rs. 8.2 billion (2011: Rs. 7.2 billion).

Total individual life regular premium business increased by 15.7% to Rs. 7.14 billion (2011: Rs. 6.17 billion).

Group Benefits business closed at Rs.978 million (2011: Rs.998 million), recording a slight reduction of 2%.

Your Company had a surplus emanating from its Statutory Funds of Rs. 961 million out of which Rs. 812.7 million was transferred to the Profit and Loss Account. The before tax profit in the Profit and Loss Account is Rs. 1,033.2 million (2011: Rs. 683.4 million). The Earnings per Share of the Company as on 30 September 2012 is Rs. 7.99 (2011: Rs. 5.26).

Your Directors would like to place on record their appreciation for the excellent contribution made by the senior management, the Head Office team and all distribution channels towards the development and growth of the Company.

We would also like to thank the Securities and Exchange Commission of Pakistan for its guidance, cooperation and understanding and our reinsurers Munich Re and Swiss Re for their continuous support. Finally we would like to thank all our clients for their continued confidence in the Company.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Balance Sheet
As at 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds					Rupees '000	
Note	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Sep 2012	Aggregate 31 Dec 2011	
Share capital and reserves								
Authorised share capital [100,000,000 ordinary shares (2011: 100,000,000) of Rs.10 each]	1 000 000					1 000 000	1 000 000	
Issued, subscribed and paid up share capital								
15,000,000 Ordinary Shares (2011: 15,000,000 shares) of Rs. 10/ each each fully paid in cash	150 000					150 000	150 000	
70,000,000 Ordinary Shares (2011: 70,000,000 shares) of Rs. 10/ each issued as fully paid bonus shares	700 000					700 000	700 000	
	850 000					850 000	850 000	
Accumulated surplus	776 460					776 460	650 140	
General reserves	232 500					232 500	232 500	
Total Shareholders' Equity	1 858 960					1 858 960	1 732 640	
Balance of statutory fund [including policyholders' liabilities Rs. 30,427 million (2011: Rs. 23,921 million)]								
5		30 659 798	387 699	17 244	4 055	31 068 796	24 414 209	
Deferred taxation	13 200					13 200	11 750	
Creditors and accruals								
Outstanding claims		280 145	489 806	-	838	770 789	622 237	
Premiums received in advance		422 197	61 810	620	1 295	485 922	464 513	
Amounts due to reinsurers		50 449	44 485	280	1 060	96 274	54 149	
Accrued expenses	675	70 701	4 654	-	23	76 053	127 668	
Amounts due to agents	-	143 801	12 639	5	86	156 531	295 516	
Unclaimed dividend	6 902	-	-	-	-	6 902	8 728	
Other creditors and accruals	31 948	48 334	3 295	-	29	83 606	67 843	
Inter-fund payable	-	155 349	2 884	5 528	1 485	165 246	230 811	
	39 525	1 170 976	619 573	6 433	4 816	1 841 323	1 871 465	
Contingency	7							
Total equity and liabilities	1 911 685	31 830 774	1 007 272	23 677	8 871	34 782 279	28 030 064	

The annexed notes from 1 to 11 form an integral part of these financial statements.

Rupees '000

Note	Statutory Funds					Aggregate 30 Sep 2012	Aggregate 31 Dec 2011
	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Cash and bank deposits							
Policy stamps in hand	-	13 114	419	-	-	13 533	10 403
Current and other accounts	52 592	410 010	165 382	9 546	2 392	639 922	808 054
Deposits maturing within 12 months	-	150 000	-	-	-	150 000	323 000
	52 592	573 124	165 801	9 546	2 392	803 455	1 141 457
Loans							
To employees - secured	43 798					43 798	47 937
To employees and agents- unsecured	14 912					14 912	8 553
	58 710					58 710	56 490
Investments	6						
Government securities	590 863	22 286 215	568 431	7 046	2 953	23 455 508	16 681 569
Other fixed income securities	32 877	3 145 183	164 210	2 317	2 038	3 346 625	3 803 068
Listed equities and mutual funds	384 376	5 197 336	37 164	4 593	-	5 623 469	4 648 390
Unlisted equities	508	-	-	-	-	508	508
	1 008 624	30 628 734	769 805	13 956	4 991	32 426 110	25 133 535
Current assets - others							
Premiums due but unpaid		-	42 216	-	-	42 216	40 529
Amounts due from reinsurers		-	3 892	-	-	3 892	16 274
Prepayments	-	30 300	2 188	-	20	32 508	16 397
Sundry receivables	-	25 534	956	-	2	26 492	12 227
Investment income accrued	7 421	538 504	18 442	175	1 443	565 985	684 208
Taxation - provision less payments	57 912	-	-	-	-	57 912	190 873
Advances and deposits	-	34 578	3 972	-	23	38 573	56 853
Inter-fund balances	165 246	-	-	-	-	165 246	230 811
	230 579	628 916	71 666	175	1 488	932 824	1 248 172
Fixed assets	8						
Tangible assets							
Leased hold land	126 505					126 505	126 505
Furniture, fixtures, office equipment and vehicles	298 814					298 814	257 683
Capital work in progress	126 311					126 311	56 824
Intangible (Computer software)	9 550					9 550	9 398
	561 180					561 180	450 410
Total assets							
	1 911 685	31 830 774	1 007 272	23 677	8 871	34 782 279	28 030 064

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit and Loss Account
For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000	
	Nine months ended 30 September	Three months ended 30 September
	2012	2011
Investment income not attributable to statutory funds		
Return on government securities	41 731	22 865
Return on other fixed income securities and deposits	8 905	9 262
Dividend income	20 224	10 683
	70 860	42 810
Gain on sale of investment	8 132	-
Reversal of provision / (provision) for impairment in the value of available for sale investments	153 680	(41 526)
Net investment income	232 672	1 284
Other revenue	13 592	11 556
	246 264	12 840
Less: Expenses not attributable to statutory funds	(25 646)	(18 654)
	220 618	(5 814)
Surplus transferred from statutory funds	812 654	689 210
Profit before tax	1 033 272	683 396
Taxation	(354 450)	(236 000)
Profit after tax	678 822	447 396
Earnings per share - basic and diluted	7.99	5.26

The annexed notes 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Changes in Equity
For the nine months period ended 30 September 2012 (Unaudited) EFU LIFE ASSURANCE LTD.

Rupees '000

	Net accumulated surplus			
	Share Capital	General Reserve	Accumulated Surplus	Total
Balance as at 1 January 2011	850 000	232 500	496 775	1 579 275
Changes in equity for 2011				
Dividend for the year 2010 (Rs. 5.00 per share)	-	-	(425 000)	(425 000)
Profit for the period	-	-	447 396	447 396
Balance as at 30 September 2012	<u>850 000</u>	<u>232 500</u>	<u>519 171</u>	<u>1 601 671</u>
Balance as at 1 January 2012	850 000	232 500	650 138	1 732 638
Changes in equity for 2012				
Dividend for the year 2011 (Rs. 5.00 per share)	-	-	(425 000)	(425 000)
Dividend 2012- interim (Rs. 1.50 per share)			(127 500)	(127 500)
Profit for the period	-	-	678 822	678 822
Balance as at 30 September 2012	<u>850 000</u>	<u>232 500</u>	<u>776 460</u>	<u>1 858 960</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA TAHER G. SACHAK RAFIQUE R. BHIMJEE
Director Director Managing Director & Chief Executive Chairman

Condensed Interim Statement of Cash Flows

For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

Note	Statutory Funds					Aggregate 30 Sep 2012	Aggregate 30 Sep 2011
	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Operating Cash Flows							
a) Underwriting activities							
Premiums received		7 211 642	1 013 559	1 045	2 357	8 228 603	7 280 224
Reinsurance premiums paid		(50 553)	(21 141)	(32)	(320)	(72 046)	3 904
Claims paid		(214 686)	(565 424)	-	(681)	(780 791)	(726 251)
Surrenders paid		(1 380 871)	-	(1 248)	-	(1 382 119)	(1 204 429)
Commissions paid		(1 386 834)	(147 052)	(41)	(279)	(1 534 206)	(1 657 765)
Net cash flow from underwriting activities		4 178 698	279 942	(276)	1 077	4 459 441	3 695 683
b) Other operating activities							
Income tax paid	(220 039)	-	-	-	-	(220 039)	(184 668)
General management expenses paid	(25 486)	(891 355)	(80 809)	(65)	(351)	(998 066)	(871 604)
Other operating payments	-	(100 227)	(6 510)	-	-	(106 737)	(186 894)
Other operating receipts	118 929	-	2 528	2 927	717	125 101	195 003
Loans advanced	(42 862)	-	-	-	-	(42 862)	(14 194)
Loan repayments received	40 642	-	-	-	-	40 642	15 145
Other payments on operating assets	(1 826)	(14 697)	-	-	-	(16 523)	-
Net cash (used in) / generated from other operating activities	(130 642)	(1 006 279)	(84 791)	2 862	366	(1 218 484)	(1 047 212)
Total cash generated from / (used in) other operating activities	(130 642)	3 172 419	195 151	2 586	1 443	3 240 957	2 648 471
Investment activities							
Profit / return received	62 760	2 134 907	49 346	1 052	82	2 248 147	1 704 509
Dividends received	20 224	278 331	926	209	-	299 690	227 810
Payments for investments	(65,695)	(14,532,544)	(288,004)	1,222	(1,193)	(14,886,214)	(5,125,008)
Proceeds from disposal of investments	16,036	9,442,448	-	-	-	9,458,484	1,264,563
Fixed capital expenditure	(153 614)	-	-	-	-	(153 614)	(60 174)
Proceeds from disposal of fixed assets	7 048	-	-	-	-	7 048	4 500
Total cash (used in) / generated from investment activities	(113 241)	(2 676 858)	(237 732)	2 483	(1 111)	(3 026 459)	(1 983 800)
Financing activities							
Surplus appropriated to shareholders' fund	812 654	(701 113)	(111 195)	(14)	(332)	-	-
Dividends paid	(552 500)	-	-	-	-	(552 500)	(425 000)
Total cash (used in) / generated from financing activities	260 154	(701 113)	(111 195)	(14)	(332)	(552 500)	(425 000)
Net cash (used in) / generated from all activities	16 271	(205 552)	(153 776)	5 055	-	(338 002)	239 671
Cash at beginning of the period	36 321	778 676	319 577	4 491	2 392	1 141 457	826 325
Cash at end of the period	52 592	573 124	165 801	9 546	2 392	803 455	1 065 996
Reconciliation to profit and loss account							
Operating cash flows						3 240 957	2 648 471
Depreciation and amortization						(38 896)	(31 396)
Amortization of premium relative to par						15 625	12 352
Profit on disposal of fixed assets						3 100	2 441
Other income						10 492	9 115
Investment revenue						2 419 122	1 935 020
Appreciation in market value of investments						1 151 191	251 549
Reversal of provision/(provision) for impairment in the value of available for sale investments						157 127	(42 191)
Profit on sale of investments						540 904	27 051
Increase in assets other than cash						(194 905)	(115 816)
Increase in liabilities other than running finance						(6 625 895)	(4 249 200)
Profit after taxation						678 822	447 396

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Revenue Account
For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

Note	Statutory Funds				Nine months ended		Three months ended	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Income								
Premiums less reinsurances	7 081 422	705 923	1 147	1 172	7 789 664	6 851 460	2 413 725	2 130 860
Net investment income	3 996 556	51 998	2 470	273	4 051 297	2 182 497	1 629 237	801 646
Total net income	11 077 978	757 921	3 617	1 445	11 840 961	9 033 957	4 042 962	2 932 506
Claims and expenditure								
Claims net of reinsurance recoveries	1 569 586	454 770	1 248	554	2 026 158	1 770 739	609 939	574 078
Management expenses	2 134 899	211 998	106	559	2 347 562	2 427 469	718 113	690 823
Total claims and expenditure	3 704 485	666 768	1 354	1 113	4 373 720	4 198 208	1 328 052	1 264 901
Excess of income over claims and expenditure	7 373 493	91 153	2 263	332	7 467 241	4 835 749	2 714 910	1 667 605
Add : policyholders' liabilities at beginning of the period	23 650 350	252 050	14 846	3 527	23 920 773	18 573 830	28 127 298	21 266 446
Less : policyholders' liabilities at end of the period	30 165 064	241 509	16 958	3 432	30 426 963	22 723 809	30 426 963	22 723 809
	(6 514 714)	10 541	(2 112)	95	(6 506 190)	(4 149 979)	(2 299 665)	(1 457 363)
Surplus before tax	858,779	101,694	151	427	961,051	685,770	415,245	210,242
Movement in policyholders' liabilities	6 514 714	(10 541)	2 112	(95)	6 506 190	4 149 979	2 299 665	1 457 363
Transfer of surplus to shareholders' fund	(701 113)	(111 195)	(14)	(332)	(812 654)	(689 210)	(309 007)	(215 049)
Balance of statutory funds at beginning of the period	23 987 418	407 741	14 995	4 055	24 414 209	18 865 481	28 662 893	21 559 464
Balance of statutory funds at end of the period	<u>30 659 798</u>	<u>387 699</u>	<u>17 244</u>	<u>4 055</u>	<u>31 068 796</u>	<u>23 012 020</u>	<u>31 068 796</u>	<u>23 012 020</u>
Represented by:								
Policyholders' liabilities	30 165 064	241 509	16 958	3 432	30 426 963	22 723 809	30 426 963	22 723 809
Retained earnings on other than participating business	494 734	146 190	286	623	641 833	288 211	641 833	288 211
Balance of statutory funds	<u>30 659 798</u>	<u>387 699</u>	<u>17 244</u>	<u>4 055</u>	<u>31 068 796</u>	<u>23 012 020</u>	<u>31 068 796</u>	<u>23 012 020</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premium

For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2012	2011	2012	2011
Gross premiums								
Regular premium individual policies*								
First year	1 802 817	3 555	-	161	1 806 533	2 051 199	516 958	507 001
Second year renewal	1 588 498	1 248	-	38	1 589 784	1 242 640	465 666	412 565
Subsequent year renewal	3 733 277	4 223	1 181	1 397	3 740 078	2 875 392	1 205 224	947 526
Single premium individual policies	94 216	-	-	-	94 216	61 365	24 565	17 210
Group policies with cash values	1 028				1 028	-	909	-
Group policies without cash values	-	977 242	-	-	977 242	997 955	357 634	348 822
Total gross premiums	7 219 836	986 268	1 181	1 596	8 208 881	7 228 551	2 570 956	2 233 124
Less: Reinsurance premiums ceded								
On individual life first year business	18 888	389	-	7	19 284	18 168	5 973	4 322
On individual life second year business	13 777	404	-	9	14 190	16 869	3 281	4 801
On individual life renewal business	105 749	1 721	34	408	107 912	98 620	33 802	31 100
On group policies	-	277 831	-	-	277 831	243 434	114 175	62 041
Total reinsurance premium ceded	138 414	280 345	34	424	419 217	377 091	157 231	102 264
Net premiums	7 081 422	705 923	1 147	1 172	7 789 664	6 851 460	2 413 725	2 130 860

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

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Claims

For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Statutory Funds				Nine months ended		Three months ended	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September		30 September	
					2012	2011	2012	2011
Gross claims								
Claims under individual policies								
by death	202 664	5 088	-	340	208 092	180 895	67 291	59 796
by insured event other than death	8 826	-	-	285	9 111	6 914	10	618
by maturity	21 494	-	-	-	21 494	17 506	10 058	8 030
by surrender	1 380 871	-	1 248	-	1 382 119	1 186 923	398 350	379 299
Total gross individual policy claims	1 613 855	5 088	1 248	625	1 620 816	1 392 238	475 709	447 743
Claims under group policies								
by death	-	547 905	-	-	547 905	463 907	182 658	136 832
by insured event other than death	-	37 702	-	-	37 702	65 780	6 682	44 899
experience refund	-	105 039	-	-	105 039	86 624	45 891	21 972
Total gross group claims	-	690 646	-	-	690 646	616 311	235 231	203 703
Total gross claims	1 613 855	695 734	1 248	625	2 311 462	2 008 549	710 940	651 446
Less: Reinsurance recoveries								
On individual life first year business	19 538	3 404	-	-	22 942	18 418	4 318	4 397
On individual life second year business	4 911	-	-	-	4 911	8 288	716	(710)
On individual life subsequent renewal business	19 820	-	-	71	19 891	19 515	4 057	11 957
On group claims	-	232 155	-	-	232 155	171 408	95 971	60 195
On experience refund of premiums	-	5 405	-	-	5 405	20 181	(4 061)	1 529
Total reinsurance	44 269	240 964	-	71	285 304	237 810	101 001	77 368
Net claims	1 569 586	454 770	1 248	554	2 026 158	1 770 739	609 939	574 078

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HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Expenses
For the nine months period ended 30 September 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2012	2011	2012	2011
Acquisition costs								
Remuneration to insurance intermediaries on individual policies:								
- commission on first year premiums	843 113	1 190	-	66	844 369	1 035 554	241 622	249 298
- commission on second year premiums	131 873	150	-	16	132 039	124 178	37 493	38 453
- commission on subsequent renewal premiums	107 646	104	30	81	107 861	76 971	34 494	25 303
- commission on single premiums	1 938	-	-	-	1 938	1 227	531	344
- override commission	179 173	342	11	42	179 568	158 618	53 099	44 862
- other benefits to insurance intermediaries	255 198	427	39	76	255 740	223 114	91 213	77 075
	1 518 941	2 213	80	281	1 521 515	1 619 662	458 452	435 335
Remuneration to insurance intermediaries on group policies:								
- commission	109	129 337	-	-	129 446	178 680	33 533	60 013
- other benefits to insurance intermediaries	-	21 198	-	-	21 198	17 935	7 427	5 829
	109	150 535	-	-	150 644	196 615	40 960	65 842
Branch overheads	185 134	3 431	26	49	188 640	217 935	55 709	68 562
Other acquisition costs								
- Policy stamps	36 147	455	-	2	36 604	42 115	11 528	4 977
Total acquisition cost	1 740 331	156 634	106	332	1 897 403	2 076 327	566 649	574 716
Administration expenses								
Salaries and other benefits	184 033	33 624	-	114	217 771	175 861	77 061	60 730
Travelling expenses	37 261	1 688	-	4	38 953	36 443	12 710	10 651
Actuary's fees	5 033	364	-	3	5 400	4 500	1 800	1 500
Medical fees	10 797	1 079	-	-	11 876	10 505	3 442	3 276
Legal and professional fee	12 812	925	-	8	13 745	4 140	3 782	465
Advertisements and publicity	24 790	1 797	-	16	26 603	9 806	6 775	780
Computer expenses	2 364	290	-	2	2 656	2 413	1 064	747
Printing and stationery	19 696	1 827	-	12	21 535	16 891	6 965	4 966
Depreciation	6 506	2 003	-	3	8 512	12 192	1 876	6 110
Amortisation	2 654	192	-	2	2 848	1 860	950	753
Rental	11 015	2 255	-	7	13 277	10 709	4 586	3 644
Exchange gain	(4 933)	-	-	-	(4 933)	(987)	(476)	(833)
Other management expenses	89 715	9 505	-	56	99 276	73 376	33 136	24 871
Gross management expenses	2 142 074	212 183	106	559	2 354 922	2 434 036	720 320	692 376
Commission from reinsurers	(7 175)	(185)	-	-	(7 360)	(6 567)	(2 207)	(1 553)
Net management expenses	2 134 899	211 998	106	559	2 347 562	2 427 469	718 113	690 823

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Investment Income
For the nine months period ended 30 September 2012 (Unaudited) EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2012	2011	2012	2011
Investment income								
On government securities	1 642 128	30 200	583	136	1 673 047	1 163 199	600 239	428 021
On other fixed income securities and deposits	379 239	17 730	360	139	397 468	512 973	-	-
Dividend income	278 331	926	209	-	279 466	217 127	130 594	171 991
Amortisation of discount / (premium)	15 899	(241)	(31)	(2)	15 625	12 352	99 498	52 303
	2 315 597	48 615	1 121	273	2 365 606	1 905 651	(27 228)	1 858
							803 103	654 173
Gain on sale of investments								
Government securities listed entities shares and mutual fund units	532 772	-	-	-	532 772	27 051	229 538	46 519
Gain / (Loss) on revaluation of investments								
Government securities	245 562	-	357	-	245 919	382 093	202 895	275 272
Other fixed income securities	96 930	-	10	-	96 940	52 092	75 239	(11 060)
Listed equities securities and mutual fund units	807 350	-	982	-	808 332	(182 636)	315 701	(163 611)
	1 149 842	-	1 349	-	1 151 191	251 549	593 835	100 601
Reversal of Provision / (Provision) for impairment in value of Investments								
Available-for-sale equity securities and mutual fund units	64	3 383	-	-	3 447	(665)	3 445	792
	3 998 275	51 998	2 470	273	4 053 016	2 183 586	1 629 921	802 085
Less : Investment related expense	(1 719)	-	-	-	(1 719)	(1 089)	(684)	(439)
Net investment income	<u>3 996 556</u>	<u>51 998</u>	<u>2 470</u>	<u>273</u>	<u>4 051 297</u>	<u>2 182 497</u>	<u>1 629 237</u>	<u>801 646</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA TAHER G. SACHAK RAFIQUE R. BHIMJEE
Director Director Managing Director & Chief Executive Chairman

1. STATUS AND NATURE OF BUSINESS

EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Companies Ordinance, 1984 and started its operation from 08 November 1992. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at 37-K, Block 6, PECHS, Karachi.

The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:

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

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

2. STATEMENT OF COMPLIANCE

- 2.1 These interim condensed financial statements of the Company for the nine months period ended 30 September 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.
- 2.2 These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2011.

3. ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2011.

The Company has adopted the following new amended IAS and IFRS which became effective during the period :

IFRS 7 - Financial Instruments : Disclosures (Amendment)

IAS 12 – Income Taxes (Amendment) Recovery of Underlying Assets

The adoption of the above amendments did not have any effect on the interim condensed financial statements.

		Statutory Funds				Rupees '000	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Sep 2012	Aggregate 31 Dec 2011
4	POLICYHOLDERS' LIABILITIES						
4.1	Gross of reinsurance						
	Actuarial liability relating to future events	30 143 432	296 156	16 987	3 784	30 460 359	24 006 533
	Provision for outstanding reported claims payable over a period exceeding twelve months	184 672	47 803	-	-	232 475	184 635
	Provision for incurred but not reported claims	37 218	78 438	-	-	115 656	101 195
		<u>30 365 322</u>	<u>422 397</u>	<u>16 987</u>	<u>3 784</u>	<u>30 808 490</u>	<u>24 292 363</u>
4.2	Net of reinsurance						
	Actuarial liability relating to future events	30 024 666	180 348	16 958	3 432	30 225 404	23 751 834
	Provision for outstandingreported claims payable over a period exceeding twelve months	110 290	10 347	-	-	120 637	94 718
	Provision for incurred but not reported claims	30 108	50 814	-	-	80 922	74 221
		<u>30 165 064</u>	<u>241 509</u>	<u>16 958</u>	<u>3 432</u>	<u>30 426 963</u>	<u>23 920 773</u>

5 RECONCILIATION OF STATUTORY FUNDS

Rupees '000

	Statutory Funds					
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Sep 2012	Aggregate 31 Dec 2011
Policyholders' liabilities						
Balance at beginning of the year	23 650 350	252 050	14 846	3 527	23 920 773	18 573 830
Increase / (decrease) during the year	6 514 714	(10 541)	2 112	(95)	6 506 190	5 346 943
Balance at end of the year	<u>30 165 064</u>	<u>241 509</u>	<u>16 958</u>	<u>3 432</u>	<u>30 426 963</u>	<u>23 920 773</u>
Retained earnings on other than participating business						
Balance at beginning of the year	337 068	155 691	149	528	493 436	291 651
Surplus for the year	858 779	101 694	151	427	961 051	1 061 566
Surplus appropriated to shareholders' fund	(701 113)	(111 195)	(14)	(332)	(812 654)	(859 781)
Balance at end of the year (refer note no. 5.1)	<u>494 734</u>	<u>146 190</u>	<u>286</u>	<u>623</u>	<u>641 833</u>	<u>493 436</u>
Balance of statutory funds	<u>30 659 798</u>	<u>387 699</u>	<u>17 244</u>	<u>4 055</u>	<u>31 068 796</u>	<u>24 414 209</u>

- 5.1 During the period, SECP issued amendments to the SECP Insurance Rules (2002), which includes revision in the solvency margin requirements for life insurers. Keeping in view such future solvency requirements, the Company has retained an aggregate amount of Rs. 634 million (31 December 2011: Rs. 466 million) in the Statutory Funds, based on the advice of the appointed actuary.

6. INVESTMENTS

Rupees '000

	Shareholders Fund	Statutory Funds				Aggregate 30 Sep 2012	Aggregate 31 Dec 2011
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Government securities							
Held-to-maturity at amortized cost	590 863	1 104 833	568 431	-	2 953	2 267 080	1 889 662
Available-for-sale at fair value	-	21 181 382	-	7 046	-	21 188 428	14 791 907
	<u>590 863</u>	<u>22 286 215</u>	<u>568 431</u>	<u>7 046</u>	<u>2 953</u>	<u>23 455 508</u>	<u>16 681 569</u>
Other Fixed Income Securities							
Held-to-maturity at amortized cost	32 877	167 360	164 210	-	2 038	366 485	407 576
Available-for-sale at fair value	-	2 977 823	-	2 317	-	2 980 140	3 395 492
	<u>32 877</u>	<u>3 145 183</u>	<u>164 210</u>	<u>2 317</u>	<u>2 038</u>	<u>3 346 625</u>	<u>3 803 068</u>
Listed Equities and Mutual Funds Units							
Held-for-trading at fair value	-	590 153	-	-	-	590 153	377 759
Available-for-sale at fair value	-	4 527 687	-	4 593	-	4 532 280	3 921 133
Available for sale at lower of cost or fair value	<u>1 288 869</u>	<u>95 609</u>	<u>80 899</u>	<u>-</u>	<u>-</u>	<u>1 465 377</u>	<u>1 475 464</u>
	<u>1 288 869</u>	<u>5 213 449</u>	<u>80 899</u>	<u>4 593</u>	<u>-</u>	<u>6 587 810</u>	<u>5 774 356</u>
Less: Provision for impairment in the value of investments	<u>904 493</u>	<u>16 113</u>	<u>43 735</u>	<u>-</u>	<u>-</u>	<u>964 341</u>	<u>1 125 966</u>
	<u>384 376</u>	<u>5 197 336</u>	<u>37 164</u>	<u>4 593</u>	<u>-</u>	<u>5 623 469</u>	<u>4 648 390</u>

- 6.1 Market value of the government securities carried at amortized cost amounted to Rs.2,296 million (31 December 2011: Rs.1,766.42 million).
- 6.2 Market Value of other fixed income securities carried at amortized cost amounted to Rs. 371.54 million (31 December 2011: Rs. 407.2 million).
- 6.3 Government securities includes Rs.110 million (31 December 2011: Rs. 87 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.
- 6.4 Listed equities include investment in EFU General Insurance Limited (a related party) at carrying value of Rs. 499.89 million (31 December 2011: Rs. 244.490 million) representing 6.81% (31 December 2011: 6.81 %) of the issued capital of the related party.
- 6.5 Market value of the listed equities and mutual funds held at lower of cost or market value amounted to Rs. 714.78 million (31 December 2011: Rs. 468.111 million)

7. CONTINGENCY

There is no change in the status of contingency, as reported in note 14 to the annual financial statements of the Company for the year ended 31 December, 2011.

8. FIXED ASSETS

	September 30 2012		September 30 2011	
	Additions	Disposals	Additions	Disposals
Tangible and intangible				
Furniture fixture and fittings	14 661	-	10 715	-
Office equipment	4 915	159	4 594	140
Computers	12 744	-	9 127	375
Motor Vehicles	48 806	10 784	30 385	6 255
Capital work in progress	69 488	-	33 596	-
Computer software	3 000	-	4 770	-
	<u>153 614</u>	<u>10 943</u>	<u>93 187</u>	<u>6 770</u>

9. RELATED PARTY TRANSACTIONS

The related parties comprise of directors, key management personnel, associated undertakings, and entities with common directors and retirement benefit fund. The transactions for the period and balances at the period / year end with related parties are as follows:

	Rupees '000	
	30 Sep 2012	30 Sep 2011
9.1 Transactions		
9.1.1 Associated companies		
Premium written	20 209	16 971
Premium paid	20 244	15 863
Claims paid	7 489	1 951
Claims received	47	1 350
Traveling expenses	208	809
Services hired	2 240	1 465
Commission paid	74 284	52 571
Dividend paid	344 738	264 057
Dividend received	29 594	10 644
9.1.2 Employees' funds		
Contribution to provident fund	11 121	9 260
Contribution to pension fund	8 234	7 114
9.1.3 Key Management Personnel		
Compensation paid	53 263	51 405

	Rupees '000	
	30 Sep 2012	31 Dec 2011
Balances		
Bank balances	124 521	15 843
Balance payable	180	4 680
Balance receivable	3	40

10. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 25 October 2012.

11. GENERAL

Figures in these interim condensed financial statements have been rounded off to the nearest thousand of rupees, unless otherwise stated.

HASANALI ABDULLAH Director	SAIFUDDIN N. ZOOMKAWALA Director	TAHER G. SACHAK Managing Director & Chief Executive	RAFIQUE R. BHIMJEE Chairman
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