

Report (Un-audited)
Three Months Ended
31 March 2012



Enhancing Prosperity Enriching Lives



E F U 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 Shahra -e -Quaideen
Karachi
Ph: (92-21) 34391316-17
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Rating

Rating Agency: JCR-VIS
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 Director's of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first quarter ended 31 March 2012.

Your Company's total premium income increased by 8% during the first quarter of 2012 and was Rs.2.61 billion (2011: Rs 2.42 billion).

Renewal premium income showed a consistent growth and increased by 29%, due to the persistent focus of the Company on high level of client services.

Inclusive of renewal premium, the total individual life regular premium business increased by a modest 11% to Rs.2.28 billion (2011: 2.05 billion).

Group Benefits business was down by 10% at Rs.330 million (2011: Rs.367 million).

Your Company had a profit after tax of Rs. 328 million (2011: Rs. 152 million), an increase of 116%. The main reason for the increase is the improvement in the market value of certain available for sale investments, against which impairment was booked during the first quarter of 2011. The Earnings per Share has improved to Rs.3.86 (2011: Rs.1.78).

Your Directors would like to place on record their appreciation for the excellent contribution made by the EFU Life 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 main reinsurer Munich Re for its continuous support. Finally we would like to thank all our clients for their continued confidence in the Company

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Balance Sheet
As at 31 March 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 March 2012	Aggregate December 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, subscribes and paid up Share Capital							
15 000 000 Ordinary Shares (2010: 15 000 000) of Rs 10/- each issued as fully paid in cash	150 000					150 000	150 000
70 000 000 Ordinary Shares (2010: 70 000 000) of Rs 10/-each issued as fully paid as bonus shares	700 000 850 000					700 000 850 000	700 000 850 000
Accumulated surplus	978 067					978 067	650 140
General reserves	232 500					232 500	232 500
Net shareholders' equity	2 060 567					2 060 567	1 732 640
Balance of statutory fund [including policyholders' liabilities Rs. 26,526 million (2011: Rs. 23,921 million)							
	-	26 612 881	386 670	16 186	3 946	27 019 683	24 414 209
Deferred taxation	11 750					11 750	11 750
Creditors and accruals							
Outstanding claims		243 401	361 429	-	796	605 626	622 237
Premiums received in advance		438 568	32 606	1 006	541	472 721	464 513
Amounts due to reinsurers		48 217	59 354	289	1 237	109 097	54 149
Amounts due to agents		142 367	28 285	4	85	170 741	295 516
Accrued expenses	515	65 899	6 070	-	38	72 522	127 668
Unclaimed dividend	7 664	-	-	-	-	7 664	8 728
Other creditors and accruals	27 892	58 064	2 693	-	20	88 669	67 843
Inter - fund payable		165 320	5 350	5 828	800	177 298	230 811
Total liabilities	36 071	1 161 836	495 787	7 127	3 517	1 704 338	1 871 465
Contingency	6						
Total equity and liabilities	2 108 388	27 774 717	882 457	23 313	7 463	30 796 338	28 030 064

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

EFU LIFE ASSURANCE LTD.

		Statutory Funds					Rupees '000
Note	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate March 2012	Aggregate December 2011
Cash and bank deposits							
Policy stamps in hand	-	11 145	378	-	-	11 523	10 403
Current and other accounts	45 838	232 446	272 637	9 038	2 392	562 351	808 054
Deposits maturing within 12 months	250 000	-	48 000	-	-	298 000	323 000
	295 838	243 591	321 015	9 038	2 392	871 874	1 141 457
Loans							
To employees - secured	42 181					42 181	47 937
To employees and agents- unsecured	10 501					10 501	8 553
	52 682					52 682	56 490
Investments							
5							
Government securities	502 134	18 642 935	276 074	6 778	982	19 428 903	16 681 569
Other fixed income securities	55 773	3 603 548	171 510	2 941	2 720	3 836 492	3 803 068
Listed equities and mutual funds	440 281	4 684 572	39 025	4 284	-	5 168 162	4 648 390
Unlisted equities	508	-	-	-	-	508	508
	998 696	26 931 055	486 609	14 003	3 702	28 434 065	25 133 535
Current assets - others							
Premiums due but unpaid		-	33 928	-	-	33 928	40 529
Amounts due from reinsurers		-	3 041	-	-	3 041	16 274
Prepayments	-	42 670	3 778	-	28	46 476	16 397
Sundry receivables		10 151	868	-	6	11 025	12 227
Investment income accrued	24 778	476 395	25 445	272	1 288	528 178	684 208
Taxation - provision less payments	71 386					71 386	190 873
Advances and deposits	-	70 855	7 773	-	47	78 675	56 853
Inter-fund balances	177 298	-	-	-	-	177 298	230 811
	273 462	600 071	74 833	272	1 369	950 007	1 248 172
Fixed assets							
7							
Tangible assets							
Leased hold land	126 505	-	-	-	-	126 505	126 505
Furniture, fixtures, office equipment and vehicles	271 772	-	-	-	-	271 772	257 683
Capital work in progress	80 985					80 985	56 824
Intangible (Computer software)	8 448	-	-	-	-	8 448	9 398
	487 710	-	-	-	-	487 710	450 410
Total assets	2 108 388	27 774 717	882 457	23 313	7 463	30 796 338	28 030 064

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

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000	
	Aggregate 2012	Aggregate 2011
Investment income not attributable to statutory funds		
Return on government securities	13 415	7 027
Return on other fixed income securities and deposits	3 142	3 268
Dividend income	6 854	4 873
	23 411	15 168
Reversal/ (Provision) for impairment in the value of available for sale investments	206 522	(39 105)
Net investment Income/ (loss)	229 933	(23 937)
Other revenue	4 037	3 842
	233 970	(20 095)
Less: Expenses not attributable to statutory funds	(10 723)	(5 584)
	223 247	(25 679)
Surplus transferred from statutory funds	274 680	257 291
Profit before tax	497 927	231 612
Taxation	(170 000)	(80 000)
Profit after tax	327 927	151 612
Earnings per share - basic and diluted	3.86	1.78

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

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Changes in Equity
For the three months period ended 31 March 2012 (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 2011	850 000	232 500	496 775	1 579 275
Changes in equity for 2011				
Profit for the period	-	-	151 612	151 612
Balance as at 31 March 2011	<u>850 000</u>	<u>232 500</u>	<u>648 387</u>	<u>1 730 887</u>
Balance as at 1 January 2012	850 000	232 500	650 140	1 732 640
Changes in equity for 2012				
Profit for the period	-	-	327 927	327 927
Balance as at 31 March 2012	<u>850 000</u>	<u>232 500</u>	<u>978 067</u>	<u>2 060 567</u>

The annexed notes 1 to 10 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 Cash Flows
For the three months period ended 31 March 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 31 March 2012	Aggregate 31 March 2011
Operating cash flows							
a) Underwriting activities							
Premiums received	-	2 284 634	338 849	416	592	2 624 491	2 408 944
Reinsurance premiums paid	-	(18)	(2 334)	1	(1)	(2 352)	(37 669)
Claims paid	-	(77 581)	(224 876)	-	-	(302 457)	(272 724)
Surrenders paid	-	(451 998)	-	-	-	(451 998)	(362 814)
Commissions paid	-	(484 409)	(53 570)	(6)	(137)	(538 122)	(578 189)
Net cash generated from / (used in) underwriting activities	-	1 270 628	58 069	411	454	1 329 562	1 157 548
b) Other operating activities							
Income tax paid	(50 513)	-	-	-	-	(50 513)	(68 534)
General management expenses paid	(10 723)	(313 371)	(29 441)	(6)	(137)	(353 678)	(278 485)
Other operating payments	-	(56 370)	(1 600)	-	(3)	(57 973)	-
Other operating receipts	75 546	-	-	3 227	26	78 799	159 410
Loans advanced	(13 791)	-	-	-	-	(13 791)	(4 888)
Loan repayments received	17 599	-	-	-	-	17 599	5 420
Other payments on operating assets	(1 064)	(47 961)	(2 718)	-	(20)	(51 763)	(177 485)
Net cash (used in)/generated from other operating activities	17 054	(417 702)	(33 759)	3 221	(134)	(431 320)	(364 562)
Total cash (used in)/generated from all operating activities	17 054	852 926	24 310	3 632	320	898 242	792 986
Investment activities							
Profit / return received	4 128	815 550	9 645	320	47	829 690	546 633
Dividends received	6 854	127 068	385	112	-	134 419	98 914
Payments for investments	-	(9 069 729)	(2 939)	-	1	(9 072 667)	(1 573 207)
Proceeds from disposal of investments	4 981	6 983 340	-	496	96	6 988 913	89 186
Fixed capital expenditure	(49 410)	-	-	-	-	(49 410)	(14 024)
Proceeds from disposal of fixed assets	1 230	-	-	-	-	1 230	1 655
Total cash (used in)/generated from investing activities	(32 217)	(1 143 771)	7 091	928	144	(1 167 825)	(850 843)
Financing activities							
Surplus appropriated to shareholders' fund	274 680	(244 240)	(29 963)	(13)	(464)	-	-
Dividends paid	-	-	-	-	-	-	-
Total cash (used in)/generated from financing activities	274 680	(244 240)	(29 963)	(13)	(464)	-	-
Net cash (used in) / generated from all activities	259 517	(535 085)	1 438	4 547	-	(269 583)	(57 857)
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	295 838	243 591	321 015	9 038	2 392	871 874	768 468
Reconciliation to profit and loss account							
Operating cash flows						898 242	792 986
Depreciation						(10 672)	(8 817)
Amortization						(949)	(355)
Profit on disposal of fixed assets						741	856
Other income						3 296	2 986
Investment revenue						804 783	617 437
Appreciation in market value of investments						836 886	203 231
Reversal/ (Provision) for impairment in the value of available for sale investments						213 319	(39 906)
Profit on sale of investments						166 571	1 835
Increase in assets other than cash						(145 943)	(145 800)
Increase in liabilities other than running finance						(2 438 347)	(1 272 841)
Profit after taxation						327 927	151 612

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

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Revenue Account
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

Statutory Funds					Rupees '000	
Note	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2012	Aggregate 31 March 2011
Income						
Premiums less reinsurances	2 230 529	223 429	156	428	2 454 542	2 259 511
Net investment income	1 769 855	20 628	1 059	84	1 791 626	806 534
Total net income	4 000 384	244 057	1 215	512	4 246 168	3 066 045
Claims and expenditure						
Claims net of reinsurance recoveries	501 001	153 880	-	(44)	654 837	586 644
Management expenses	629 680	81 285	11	201	711 177	789 278
Total claims and expenditure	1 130 681	235 165	11	157	1 366 014	1 375 922
Excess of income over claims and expenditure	2 869 703	8 892	1 204	355	2 880 154	1 690 123
Add : policyholders' liabilities at beginning of the period	23 650 350	252 050	14 846	3 527	23 920 773	18 573 830
Less : policyholders' liabilities at end of the period	4 26 275 813	231 082	16 037	3 418	26 526 350	20 002 445
	(2 625 463)	20 968	(1 191)	109	(2 605 577)	(1 428 615)
Surplus before tax	244 240	29 860	13	464	274 577	261 508
Movement in policyholders' liabilities	2 625 463	(20 968)	1 191	(109)	2 605 577	1 428 615
Transfer of surplus to shareholders' fund	(244 240)	(29 963)	(13)	(464)	(274 680)	(257 291)
Balance of statutory funds at beginning of the period	23 987 418	407 741	14 995	4 055	24 414 209	18 865 481
Balance of statutory funds at end of the period	<u>26 612 881</u>	<u>386 670</u>	<u>16 186</u>	<u>3 946</u>	<u>27 019 683</u>	<u>20 298 313</u>
Represented by:						
Policyholders' liabilities	4 26 275 813	231 082	16 037	3 418	26 526 350	20 002 445
Retained earnings on other than participating business	4.1 337 068	155 588	149	528	493 333	295 868
Balance of statutory funds	<u>26 612 881</u>	<u>386 670</u>	<u>16 186</u>	<u>3 946</u>	<u>27 019 683</u>	<u>20 298 313</u>

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

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premiums
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Statutory Funds				Aggregate 31 March 2012	Aggregate 31 March 2011
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross premiums						
Regular premium individual policies*						
First year	499 359	925	-	54	500 338	672 374
Second year renewal	522 367	188	-	8	522 563	390 933
Subsequent year renewal	1 234 341	1 110	166	523	1 236 140	969 395
Single premium individual policies	20 390	-	-	-	20 390	22 043
Group policies without cash values	-	330 251	-	-	330 251	366 556
Total gross premiums	2 276 457	332 474	166	585	2 609 682	2 421 301
Less: Reinsurance premiums ceded						
On individual life first year business	4 452	15	-	-	4 467	6 565
On individual life second year business	6 004	50	-	3	6 057	6 526
On individual life renewal business	35 472	307	10	154	35 943	36 137
On group policies	-	108 673	-	-	108 673	112 562
Total reinsurance premium ceded	45 928	109 045	10	157	155 140	161 790
Net premiums	2 230 529	223 429	156	428	2 454 542	2 259 511

* 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 financial statements.

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Claims
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment	Pension	Accident &	Aggregate	Aggregate	
	Linked Business	Conventional Business	Business (Unit Linked)	Health Business	31 March 2012	31 March 2011
Gross claims						
Claims under individual policies						
by death	49 325	929	-	-	50 254	59 637
by insured event other than death	5 765	500	-	(98)	6 167	2 052
by maturity	4 045	-	-	-	4 045	6 258
by surrender	451 998	-	-	-	451 998	362 814
Total gross individual policy claims	511 133	1 429	-	(98)	512 464	430 761
Claims under group policies						
by death	-	187 754	-	-	187 754	178 887
by insured event other than death	-	11 684	-	-	11 684	13 512
experience refund	-	25 942	-	-	25 942	42 678
Total gross group claims	-	225 380	-	-	225 380	235 077
Total gross claims	511 133	226 809	-	(98)	737 844	665 838
Less: Reinsurance recoveries						
On individual life first year business	4 159	-	-	(54)	4 105	15 314
On individual life second year business	919	-	-	-	919	4 230
On individual life subsequent renewal business	5 054	-	-	-	5 054	1 558
On group claims	-	68 475	-	-	68 475	52 091
On experience refund of premiums	-	4 454	-	-	4 454	6 001
Total reinsurance	10 132	72 929	-	(54)	83 007	79 194
Net claims	501 001	153 880	-	(44)	654 837	586 644

The annexed notes 1 to 10 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 Expenses
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2012	Aggregate 31 March 2011
Acquisition costs						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year premiums	233 313	330	-	23	233 666	340 709
- commission on second year premiums	41 492	23	-	3	41 518	40 781
- commission on subsequent renewal premiums	35 060	26	4	23	35 113	26 046
- commission on single premiums	408	-	-	-	408	212
- override commission	49 720	83	1	13	49 817	51 578
- other benefits to insurance intermediaries	87 590	196	3	40	87 829	77 860
	447 583	658	8	102	448 351	537 186
Remuneration to insurance intermediaries on group policies:						
- commission	-	52 825	-	-	52 825	60 939
- other benefits to insurance intermediaries	-	7 202	-	-	7 202	6 360
	-	60 027	-	-	60 027	67 299
Branch overheads	46 876	1 117	3	23	48 019	64 880
Other acquisition costs						
- policy stamps	12 409	173	-	1	12 583	13 865
Total acquisition cost	506 868	61 975	11	126	568 980	683 230
Administration expenses						
Salaries and other benefits	54 202	12 078	-	34	66 314	53 794
Travelling expenses	3 694	269	-	1	3 964	5 575
Actuary's fees	1 663	136	-	1	1 800	1 500
Medical fees	4 488	223	-	-	4 711	4 119
Legal and professional fee	2 455	201	-	2	2 658	1 450
Advertisements and publicity	12 902	1 062	-	8	13 972	8 409
Computer expenses	734	129	-	-	863	855
Printing and stationery	6 998	611	-	4	7 613	4 656
Depreciation	2 973	416	-	2	3 391	3 124
Amortisation	877	72	-	-	949	355
Rental	2 957	720	-	2	3 679	3 282
Exchange gain	(843)	-	-	-	(843)	569
Other management expenses	31 305	3 400	-	21	34 726	20 915
Gross management expenses	631 273	81 292	11	201	712 777	791 833
Commission from reinsurers	(1 593)	(7)	-	-	(1 600)	(2 555)
Net management expenses	629 680	81 285	11	201	711 177	789 278

The annexed notes 1 to 10 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 Investment Income
For the three months period ended 31 March 2012 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2012	Aggregate 31 March 2011
Investment income						
On government securities	508 654	7 804	194	28	516 680	347 008
On other fixed income securities and deposits	129 937	7 428	114	57	137 536	161 451
Dividend income	127 068	385	112	-	127 565	94 041
Amortisation of discount / (premium)	23 351	(233)	(27)	(1)	23 090	14 575
	789 010	15 384	393	84	804 871	617 075
Gain on sale of investments						
Shares and mutual fund units	166 571	-	-	-	166 571	1 835
Gain / (loss) on revaluation of investments						
Government securities	64 807	-	(17)	-	64 790	71 082
Other fixed income securities	7 712	-	21	-	7 733	2 484
Listed equities securities and mutual fund units	740 611	-	662	-	741 273	115 090
	813 130	-	666	-	813 796	188 656
Reversal / (Provision) for impairment in value of investments						
Available-for-sale equity securities and mutual fund units	1 553	5 244	-	-	6 797	(801)
	1 770 264	20 628	1 059	84	1 792 035	806 765
Less : Investment related expense	(409)	-	-	-	(409)	(231)
Net investment income	<u>1 769 855</u>	<u>20 628</u>	<u>1 059</u>	<u>84</u>	<u>1 791 626</u>	<u>806 534</u>

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

HASANALI ABDULLAH SAIFUDDIN N. ZOOMKAWALA
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
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. BASIS OF PRESENTATION

These interim condensed financial statements of the Company have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting", provision of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 31 December 2011.

3. ACCOUNTING POLICIES

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

4. Policyholders' Liabilities

Rupees '000

4.1 Gross

	Statutory Funds				Aggregate March 2012	Aggregate December 2011
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Actuarial liability relating to future events	26 268 555	305 499	16 071	3 816	26 593 941	24 006 533
Provision for outstanding reported claims payable over a period exceeding twelve months	168 176	34 398	-	-	202 574	184 635
Provision for incurred but not reported claims	30 758	66 013	-	-	96 771	101 195
	<u>26 467 489</u>	<u>405 910</u>	<u>16 071</u>	<u>3 816</u>	<u>26 893 286</u>	<u>24 292 363</u>

4.2 Net of reinsurance

Actuarial liability relating to future events	26 152 492	176 718	16 037	3 418	26 348 665	23 751 834
Provision for outstanding reported claims payable over a period exceeding twelve months	98 438	6 596	-	-	105 034	94 718
Provision for incurred but not reported claims	24 883	47 768	-	-	72 651	74 221
	<u>26 275 813</u>	<u>231 082</u>	<u>16 037</u>	<u>3 418</u>	<u>26 526 350</u>	<u>23 920 773</u>

- 4.3 In January 2012 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. 466 million (31 December 2011: 466 million) in the Statutory Funds, based on the advice of the appointed actuary.

5. Investments

	Statutory Funds					Rupees '000	
Government securities	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate March 2012	Aggregate December 2011
Held to maturity - at amortized cost	502 134	1 128 974	276 074		982	1 908 164	1 889 662
Available for sale- at market value		17 513 961		6 778		17 520 739	14 791 907
	502 134	18 642 935	276 074	6 778	982	19 428 903	16 681 569
Other fixed income securities							
Held to maturity - at amortized cost	55 773	167 279	171 510		2 720	397 282	407 576
Available for sale- at market value		3 436 269		2 941		3 439 210	3 395 492
	55 773	3 603 548	171 510	2 941	2 720	3 836 492	3 803 068
Listed equities and mutual funds							
Available for sale- at market value		4 150 773		4 284		4 155 057	3 921 133
Held for trading - at market value		450 288				450 288	377 759
Available for sale- at lower of cost or market value	1 296 429	98 136	80 899	-	-	1 475 464	1 475 464
	1 296 429	4 699 197	80 899	4 284	-	6 080 809	5 774 356
Less : Provision for impairment in value of investments	856 148	14 625	41 874			912 647	1 125 966
	440 281	4 684 572	39 025	4 284	-	5 168 162	4 648 390

Market value of securities held at lower of cost or market value amounted to Rs.823 million (31 December 2011: Rs.471 million) and those held at amortized cost amounted to Rs.1.83 billion (31 December 2011: Rs.2.174 billion) .

The Company has deposited Pakistan Investment Bonds amounting to Rs. 89 million (31 December 2011: 87 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

As per the Company's accounting policy and SECP's accounting regulations for Life Insurance Companies, certain available for sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurements" dealing with the recognition and measurement of financial instruments requires that these investments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 March 2012 would have been higher by Rs. 141.858 million (31 December 2011 : lower by Rs. 11.045 million)

6 CONTINGENCY

In the year 2010, an order under section 122(5A) of the Income Tax Ordinance, 2001 had been made by the Additional Commissioner (Inland Revenue) in respect of the income tax assessment for the tax year 2008, whereby an additional tax demand of Rs.183.433 million (including penalty of Rs. 3.608 million for non-payment of the tax demand) has been raised against the Company on account of treatment of capital gain which was claimed as a tax exemption by the Company. The Company has filed an appeal before the Additional Commissioner and Commissioner of Income Tax (Inland Revenue) against the aforementioned tax demand. The management based on the opinion of its tax consultant is confident that the outcome of the appeal would be favorable and hence, no provision against the above tax demand has been made in these financial statements.

7. Fixed Assets - Tangible

The cost of additions and deletions during the three months period ended 31 March 2011 are as follows:

Rupees '000

	Shareholders' Fund	
	Additions	Deletions
Furniture, fixture and fittings	5 644	
Office equipment	855	
Computers	2 253	
Motor Vehicles	16 497	2 022
Capital work in progress	24 161	
	<u>49 410</u>	<u>2 022</u>

8. Transaction With Related Parties

The related parties comprise of directors, key management personnel, associated undertakings, and entities with common directors and retirement benefit fund. The transactions with related parties, other than remuneration of key management personnel are as follows:

	Rupees '000	
	31 March	31 March
Transactions	2012	2011
Associated companies		
Premium written	12 481	13 332
Premium paid	11 772	14 938
Claims paid	1 868	-
Claims received	8	450
Traveling expenses	119	450
Services Hired	681	435
Commission paid	24 749	16 576
Employees' Funds		
Contribution to provident fund	3 891	3 146
Contribution to pension fund	2 759	2 395
Key Management Personnel		
Compensation	25 399	12 466
Balances		
Associated companies		
Bank balances	2 346	15 843
Balance payable	4 822	4 680
Balance receivable	26	40

9 GENERAL

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

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 28 April 2012

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



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