



## 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  
Hyder Bhimji & Co.  
Chartered Accountants, Karachi

### **Registrar**

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C  
Block-2, P.E.C.H.S.  
Off Shakra-e-Quaideen, Karachi  
Ph: (92-21) 34391316-17  
Fax: (92-21) 34391318

### **Rating**

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

### **Website:**

[www.efulife.com](http://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



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The Directors' of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first half year ended 30 June 2011.

Your Company's total premium income witnessed an encouraging growth of 25% during the first half year of 2011 and was Rs. 4.99 billion (2010: Rs. 3.99 billion). New individual life regular premium has shown good growth and increased by 36% to Rs. 1.54 billion (2010:Rs. 1.14 billion). The growth in new business was mainly fueled by the bancassurance distribution channel, followed by the significant contribution of the sales force.

Renewal premium income, as always, showed a steady growth and increased by 27% closing at Rs. 2.76 billion (2010: Rs. 2.17billion). The consistent focus and efforts of the Company on persistency has resulted in the sizable renewal premium base.

Inclusive of renewal premium, the total individual life regular premium business increased by an encouraging 30% to Rs. 4.3 billion (2010: Rs. 3.3 billion).

Group Benefits business continued its significant contribution to the overall business and showed an increase of 8% with a premium income of Rs. 649 million (2010:Rs. 603 million).

Your Company had a surplus emanating from its Statutory Funds of Rs. 476 million out of which Rs. 474 million was transferred to the Profit and Loss Account. The profit before tax in the Profit and Loss Account was Rs. 456 million (2010: Rs. 75 million). The healthy increase in the bottom line can be attributed to a lower amount of impairment in the value of certain strategic investments in the Shareholder's fund which had an adverse impact on the bottom line of the Company in the first six months of 2010, and improved underwriting experience. The Earnings per Share of the Company for the period ending 30 June 2011 is Rs. 3.53.

The Company's unit linked funds continued their good performance in the first six months of 2011. The main unit linked fund, EFU Managed Growth Fund, as on 30 June 2011 gave an annualized return of 14% (net of all charges) over a period of last 10 years to our clients. The market value of the fund now exceeds Rs. 20 billion, thus making it by far the largest unit linked fund in the life insurance industry. The other funds - Capital Growth fund, Aitemad Growth Fund and Guaranteed Growth Fund - also showed consistent performance.

The Directors of your Company were elected at the Extraordinary General Meeting held on 20 June, 2011 for a period of three years' term expiring on 20 June 2014. The new Board, at its meeting held on 05 July 2011 elected Mr. Rafique R. Bhimjee as Chairman and appointed Mr. Taher G. Sachak as Managing Director & Chief Executive of the Company for a term of three years.

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

## Introduction

We have reviewed the accompanying interim condensed balance sheet of EFU Life Assurance Limited (the Company) as at 30 June 2011 and the related interim condensed profit and loss account, interim condensed statement of changes in equity, interim condensed statement of cash flows, interim condensed revenue account and interim condensed statements of premiums, claims, expenses and investment income together with the explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

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Hyder Bhimji & Co.  
Chartered Accountants

Date: August 27, 2011

Karachi

Condensed Interim Balance Sheet (Unaudited)  
As at 30 June 2011

EFU LIFE ASSURANCE LTD.

Note	Shareholders Fund	Statutory Funds				Rupees '000	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2011	Aggregate 31 Dec 2010
<b>Share capital and reserves</b>							
Authorised share capital							
[100,000,000 ordinary shares (2010: 100,000,000) of Rs.10 each]							
	1 000 000					1 000 000	1 000 000
<b>Issued, subscribed and paid up share capital</b>							
15,000,000 Ordinary Shares (2010: 15,000,000 shares)of Rs. 10/ each fully paid in cash							
	150 000					150 000	150 000
70,000,000 Ordinary Shares (2010: 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	372 190					372 190	496 775
General reserves	232 500					232 500	232 500
Net Shareholders' Equity	1 454 690					1 454 690	1 579 275
<b>Balance of statutory fund</b> [including policyholders' liabilities Rs. 21,266 million (2010: Rs. 18,574 million)]							
		21 284 534	253 485	17 632	3 813	21 559 464	18 865 481
Deferred taxation	10 800					10 800	11 800
<b>Creditors and accruals</b>							
Outstanding claims		212 803	352 935	-	894	566 632	514 710
Premiums received in advance		422 765	30 114	756	991	454 626	418 578
Amounts due to reinsurers		28 187	12 562	203	444	41 396	37 477
Amounts due to agents		195 800	24 435	5	117	220 357	243 694
Accrued expenses	475	69 888	6 617	-	17	76 997	106 836
Unclaimed dividend	6 279	-	-	-	-	6 279	5 206
Other creditors and accruals	32 666	19 350	1 582	-	13	53 611	55 653
Inter-fund payable	-	160 935	8 133	586	152	169 806	324 025
Total liabilities	39 420	1 109 728	436 378	1 550	2 628	1 589 704	1 706 179
Contingency	6						
<b>Total equity and liabilities</b>	<b>1 504 910</b>	<b>22 394 262</b>	<b>689 863</b>	<b>19 182</b>	<b>6 441</b>	<b>24 614 658</b>	<b>22 162 735</b>

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
Note	Shareholders Fund	Investment	Conventional	Pension	Accident &	Aggregate	Aggregate
		Linked Business	Business	Business (Unit Linked)	Health Business	30 Jun 2011	31 Dec 2010
<b>Cash and bank deposits</b>							
		2 503	123	-	-	2 626	3 623
	38 608	688 838	152 390	3 255	1 873	884 964	752 702
	-	170 000	-	-	-	170 000	70 000
	38 608	861 341	152 513	3 255	1 873	1 057 590	826 325
<b>Loans</b>							
	45 332					45 332	44 776
	10 234					10 234	10 807
	55 566					55 566	55 583
<b>Investments</b>							
5		320 920	12 392 316	244 178	7 510	-	12 964 924
		82 378	3 843 446	181 282	3 856	3 530	4 114 492
		235 334	4 709 638	37 958	4 251	-	4 987 181
		508	-	-	-	-	508
	639 140	20 945 400	463 418	15 617	3 530	22 067 105	19 711 968
<b>Current assets - others</b>							
		-	37 316	-	-	37 316	28 860
		8 174	14 980	-	-	23 154	86 159
	152 117	-	-	-	-	152 117	171 683
	-	33 952	2 778	-	22	36 752	11 772
	9 093	512 721	14 851	310	995	537 970	478 105
	-	7 222	436	-	3	7 661	15 589
	-	25 452	3 571	-	18	29 041	31 791
	169 806	-	-	-	-	169 806	324 025
	331 016	587 521	73 932	310	1 038	993 817	1 147 984
<b>Fixed assets</b>							
Tangible assets							
	126 505					126 505	126 505
	60 687					60 687	60 687
	248 660					248 660	232 617
	4 728					4 728	1 066
	440 580					440 580	420 875
<b>Total assets</b>							
	1 504 910	22 394 262	689 863	19 182	6 441	24 614 658	22 162 735

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

EFU LIFE ASSURANCE LTD.

	Rupees '000			
	Six months ended 30 June		Three months ended 30 June	
	2011	2010	2011	2010
<b>Investment income not attributable to statutory funds</b>				
Return on government securities	13 494	9 962	6 467	5 005
Return on other fixed income securities and deposits	6 258	8 571	2 990	5 463
Dividend income	9 481	15 985	4 608	12 003
	29 233	34 518	14 065	22 471
Provision for impairment in the value of available for sale investments	<u>( 43 055)</u>	<u>( 179 676)</u>	<u>( 3 950)</u>	<u>( 128 253)</u>
Net investment (loss) / income	( 13 822)	( 145 158)	10 115	( 105 782)
Other revenue	<u>8 272</u>	<u>8 785</u>	<u>4 430</u>	<u>5 238</u>
	( 5 550)	( 136 373)	14 545	( 100 544)
Expenses not attributable to statutory funds	<u>( 12 196)</u>	<u>( 5 415)</u>	<u>( 6 612)</u>	<u>( 3 676)</u>
	( 17 746)	( 141 788)	7 933	( 104 220)
Surplus transferred from statutory funds	<u>474 161</u>	<u>217 163</u>	<u>216 870</u>	<u>133 496</u>
Profit before tax	456 415	75 375	224 803	29 276
Taxation				
- Current	( 157 000)	( 21 000)	( 77 000)	( 9 500)
- Deferred	<u>1 000</u>	<u>( 1 000)</u>	<u>1 000</u>	<u>( 1 000)</u>
Profit after tax	300 415	53 375	148 803	18 776
Earnings per share - basic and diluted	<u>3.53</u>	<u>0.63</u>	<u>1.75</u>	<u>0.22</u>

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

EFU LIFE ASSURANCE LTD.

Rupees '000

	Share Capital	Net accumulated surplus		Total
		General Reserve	Accumulated Surplus	
Balance as at 1 January 2010	750 000	232 500	646 040	1 628 540
<b>Changes in equity for 2010</b>				
Issue of bonus shares (2 ordinary shares per 15 ordinary shares)	100 000	-	( 100 000)	-
Dividend for the year 2009 (Rs.5.5 per share)	-	-	( 412 500)	( 412 500)
Profit for the period	-	-	53 375	53 375
<b>Balance as at 30 June 2010</b>	<u>850 000</u>	<u>232 500</u>	<u>186 915</u>	<u>1 269 415</u>
Balance as at 1 January 2011	850 000	232 500	496 775	1 579 275
<b>Changes in equity for 2011</b>				
Dividend for the year 2010 (Rs.5.0 per share)	-	-	( 425 000)	( 425 000)
Profit for the period	-	-	300 415	300 415
<b>Balance as at 30 June 2011</b>	<u>850 000</u>	<u>232 500</u>	<u>372 190</u>	<u>1 454 690</u>

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
Note	Shareholders	Investment	Conventional	Pension	Accident &	Aggregate	Aggregate
	Fund	Linked	Business	Business	Health	30 Jun	30 Jun
		Business	Business	(Unit Linked)	Business	2011	2010
<b>Operating Cash Flows</b>							
<b>a) Underwriting activities</b>							
		4 367 352	654 019	450	1 198	5 023 019	4 019 872
		( 44 799)	1 305	( 39)	1 086	( 42 447)	( 91 245)
		( 93 823)	( 393 751)	-	( 507)	( 488 081)	( 443 916)
		( 816 768)	-	( 332)	-	( 817 100)	( 687 825)
		(1 060 525)	( 119 535)	( 17)	( 215)	(1 180 292)	(1 016 134)
		2 351 437	142 038	62	1 562	2 495 099	1 780 752
<b>Net cash generated from underwriting activities</b>							
<b>b) Other operating activities</b>							
	( 137 434)	-	-	-	-	( 137 434)	( 60 357)
	( 12 811)	( 545 076)	( 48 700)	( 86)	( 263)	( 606 936)	( 462 489)
	-	( 96 441)	( 86 862)	-	( 5 180)	( 188 483)	( 273 783)
	174 023	-	-	158	-	174 181	272 359
	(16 565)	-	-	-	-	(16 565)	( 12 108)
	16 582	-	-	-	-	16 582	13 876
	10 421	( 10 522)	( 862)	-	( 6)	( 969)	( 9 358)
	34 216	( 652 039)	( 136 424)	72	( 5 449)	( 759 624)	( 531 860)
	34 216	1 699 398	5 614	134	( 3 887)	1 735 475	1 248 892
<b>Investment activities</b>							
	26 224	975 817	38 448	768	342	1 041 599	699 060
	9 481	164 266	421	137	-	174 305	144 265
	( 54 927)	( 3 075 191)	102 915	343	5 307	( 3 021 553)	( 2 491 710)
	-	763 878	-	-	-	763 878	487 233
	( 41 284)	-	-	-	-	( 41 284)	( 55 849)
	3 845	-	-	-	-	3 845	6 986
	( 56 661)	( 1 171 230)	141 784	1 248	5 649	( 1 079 210)	( 1 210 015)
<b>Financing activities</b>							
	474 161	( 407 174)	( 65 933)	( 192)	( 862)	-	-
	( 425 000)	-	-	-	-	( 425 000)	( 412 500)
	49 161	( 407 174)	( 65 933)	( 192)	( 862)	( 425 000)	( 412 500)
	26 716	120 994	81 465	1 190	900	231 265	( 373 623)
	11 892	740 347	71 048	2 065	973	826 325	1 365 803
	38 608	861 341	152 513	3 255	1 873	1 057 590	992 180
<b>Reconciliation to profit and loss account</b>							
						1 735 475	1 248 892
						( 19 804)	( 19 450)
						10 494	( 582)
						2 070	2 993
						6 202	5 792
						1 269 567	918 669
						150 948	( 519 477)
						( 44 512)	( 187 989)
						-	3 608
						( 19 468)	( 113 716)
						( 59 830)	21 697
						( 2 730 727)	( 1 307 062)
						300 415	53 375

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

HASANALI ABDULLAH  
Director

SAIFUDDIN N. ZOOMKAWALA  
Director

TAHER G. SACHAK  
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE  
Chairman

Condensed Interim Revenue Account (Unaudited)  
For the six months period ended 30 June 2011

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000			
Note		Investment	Pension	Accident &	Six months ended	Three months ended	2011	2010	
		Linked Business	Conventional Business	Business (Unit Linked)					Health Business
					30 June	30 June			
					2011	2010	2011	2010	
<b>Income</b>									
	Premiums less reinsurances	4 247 986	471 140	527	947	4 720 600	3 756 018	2 461 089	1 939 793
	Net investment income / (loss)	1 346 926	32 171	1 270	484	1 380 851	245 671	574 317	( 200 881)
	Total net income	5 594 912	503 311	1 797	1 431	6 101 451	4 001 689	3 035 406	1 738 912
<b>Claims and expenditure</b>									
	Claims net of reinsurance recoveries	911 300	284 847	332	182	1 196 661	986 664	610 017	482 644
	Management expenses	1 566 751	169 361	110	424	1 736 646	1 462 727	947 368	752 635
	Total claims and expenditure	2 478 051	454 208	442	606	2 933 307	2 449 391	1 557 385	1 235 279
<b>Excess of income over claims and expenditure</b>									
		3 116 861	49 103	1 355	825	3 168 144	1 552 298	1 478 021	503 633
	Add : policyholders' liabilities at beginning of the period	18 307 248	246 427	16 469	3 686	18 573 830	14 491 707	20 002 445	15 454 544
	Less : policyholders' liabilities at end of the period	21 008 295	236 875	17 603	3 673	21 266 446	15 808 610	21 266 446	15 808 610
		(2 701 047)	9 552	( 1 134)	13	(2 692 616)	(1 316 903)	(1 264 001)	( 354 066)
	<b>Surplus before tax</b>	415 814	58 655	221	838	475 528	235 395	214 020	149 567
	Movement in policyholders' liabilities	2 701 047	( 9 552)	1 134	( 13)	2 692 616	1 316 903	1 264 001	354 066
	Transfer of surplus to shareholders' fund	( 407 174)	( 65 933)	( 192)	( 862)	( 474 161)	( 217 163)	( 216 870)	( 133 496)
	Balance of statutory funds at beginning of the period	18 574 847	270 315	16 469	3 850	18 865 481	14 767 466	20 298 313	15 732 464
	Balance of statutory funds at end of the period	21 284 534	253 485	17 632	3 813	21 559 464	16 102 601	21 559 464	16 102 601
<b>Represented by:</b>									
	Policyholders' liabilities	21 008 295	236 875	17 603	3 673	21 266 446	15 808 610	21 266 446	15 808 610
	Retained earnings on other than participating business	276 239	16 610	29	140	293 018	293 991	293 018	293 991
	<b>Balance of statutory funds</b>	21 284 534	253 485	17 632	3 813	21 559 464	16 102 601	21 559 464	16 102 601

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

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	
					2011	2010	2011	2010
<b>Gross premiums</b>								
Regular premium individual policies*								
First year	1 541 783	2 184	-	231	1 544 198	1 138 840	871 824	615 969
Second year renewal	828 545	1 469	-	61	830 075	639 080	439 142	316 206
Subsequent year renewal	1 924 419	1 944	547	956	1 927 866	1 526 428	958 471	760 199
Single premium individual policies	44 155	-	-	-	44 155	82 757	22 112	36 382
Group policies without cash values	-	649 133	-	-	649 133	602 865	282 577	339 119
<b>Total gross premiums</b>	<b>4 338 902</b>	<b>654 730</b>	<b>547</b>	<b>1 248</b>	<b>4 995 427</b>	<b>3 989 970</b>	<b>2 574 126</b>	<b>2 067 875</b>
<b>Less: Reinsurance premiums ceded</b>								
On individual life first year business	13 516	325	-	5	13 846	14 654	7 281	7 534
On individual life second year business	11 201	845	-	22	12 068	9 827	5 542	4 720
On individual life renewal business	66 199	1 027	20	274	67 520	62 313	31 383	30 176
On group policies	-	181 393	-	-	181 393	147 158	68 831	85 652
<b>Total reinsurance premium ceded</b>	<b>90 916</b>	<b>183 590</b>	<b>20</b>	<b>301</b>	<b>274 827</b>	<b>233 952</b>	<b>113 037</b>	<b>128 082</b>
<b>Net premiums</b>	<b>4 247 986</b>	<b>471 140</b>	<b>527</b>	<b>947</b>	<b>4 720 600</b>	<b>3 756 018</b>	<b>2 461 089</b>	<b>1 939 793</b>

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

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

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	
					2011	2010	2011	2010
<b>Gross claims</b>								
Claims under individual policies								
by death	106 240	14 859	-	-	121 099	72 006	61 462	18 364
by insured event other than death	5 639	-	-	657	6 296	5 600	4 244	4 223
by maturity	9 476	-	-	-	9 476	14 628	3 218	7 837
by surrender	807 292	-	332	-	807 624	673 197	444 810	308 318
<b>Total gross individual policy claims</b>	<b>928 647</b>	<b>14 859</b>	<b>332</b>	<b>657</b>	<b>944 495</b>	<b>765 431</b>	<b>513 734</b>	<b>338 742</b>
Claims under group policies								
by death	-	327 075	-	-	327 075	279 832	148 188	132 551
by insured event other than death	-	20 881	-	-	20 881	16 444	7 369	4 780
experience refund	-	64 652	-	-	64 652	49 322	21 974	44 058
<b>Total gross group claims</b>	<b>-</b>	<b>412 608</b>	<b>-</b>	<b>-</b>	<b>412 608</b>	<b>345 598</b>	<b>177 531</b>	<b>181 389</b>
<b>Total gross claims</b>	<b>928 647</b>	<b>427 467</b>	<b>332</b>	<b>657</b>	<b>1 357 103</b>	<b>1 111 029</b>	<b>691 265</b>	<b>520 131</b>
<b>Less: Reinsurance recoveries</b>								
On individual life first year business	1 266	12 755	-	-	14 021	5 029	( 1 293)	( 2 237)
On individual life second year business	8 998	-	-	-	8 998	1 238	4 768	( 520)
On individual life subsequent renewal business	7 083	-	-	475	7 558	4 936	6 000	( 4 266)
On group claims	-	111 213	-	-	111 213	95 188	59 122	37 063
On experience refund of premiums	-	18 652	-	-	18 652	17 974	12 651	7 447
<b>Total reinsurance</b>	<b>17 347</b>	<b>142 620</b>	<b>-</b>	<b>475</b>	<b>160 442</b>	<b>124 365</b>	<b>81 248</b>	<b>37 487</b>
<b>Net claims</b>	<b>911 300</b>	<b>284 847</b>	<b>332</b>	<b>182</b>	<b>1 196 661</b>	<b>986 664</b>	<b>610 017</b>	<b>482 644</b>

The annexed notes from 1 to 9 form an integral part of these interim condensed 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 (Unaudited)  
For the six months period ended 30 June 2011

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000				
	Investment	Pension	Accident &	Six months ended	Three months ended	2011	2010	2011	2010
	Linked	Business	Health						
	Business	Business	(Unit Linked)	Business	2011	2010	2011	2010	
<b>Acquisition costs</b>									
Remuneration to insurance intermediaries on individual policies:									
- commission on first year premiums	785 451	709		96	786 256	628 095	445 547	341 215	
- commission on second year premiums	85 558	143		24	85 725	66 843	44 944	32 833	
- commission on subsequent renewal premiums	51 565	48	14	41	51 668	41 170	25 622	20 557	
- commission on single premiums	883				883	1 816	671	888	
- override commission	113 501	211	4	40	113 756	80 917	62 178	44 162	
- other benefits to insurance intermediaries	145 617	302	56	64	146 039	131 915	68 179	56 680	
	1 182 575	1 413	74	265	1 184 327	950 756	647 141	496 335	
Remuneration to insurance intermediaries on group policies:									
- commission	-	118 667	-	-	118 667	188 294	57 728	96 484	
- other benefits to insurance intermediaries	-	12 106	-	-	12 106	10 533	5 746	5 277	
	-	130 773	-	-	130 773	198 827	63 474	101 761	
Branch overheads	145 151	4 142	36	44	149 373	97 484	84 493	52 769	
Other acquisition costs									
- policy stamps	36 626	508	-	4	37 138	21 611	23 273	10 338	
<b>Total acquisition cost</b>	<b>1 364 352</b>	<b>136 836</b>	<b>110</b>	<b>313</b>	<b>1 501 611</b>	<b>1 268 678</b>	<b>818 381</b>	<b>661 203</b>	
<b>Administration expenses</b>									
Salaries and other benefits	95 682	19 389	-	60	115 131	84 902	61 337	44 284	
Travelling expenses	23 992	1 798	-	2	25 792	26 923	20 217	12 768	
Actuary's fees	2 771	227	-	2	3 000	2 850	1 500	1 425	
Medical fees	6 753	476	-	-	7 229	7 206	3 110	3 085	
Legal and professional fee	3 406	267	-	2	3 675	2 331	2 225	1 598	
Advertisements and publicity	8 326	695	-	5	9 026	12 466	617	1 226	
Computer expenses	1 501	164	-	1	1 666	2 400	811	1 943	
Printing and stationery	10 655	1 264	-	6	11 925	7 174	7 269	1 575	
Depreciation	5 116	963	-	3	6 082	5 762	2 958	2 756	
Amortisation	1 023	84	-	-	1 107	2 946	752	1 473	
Rent	5 322	1 740	-	3	7 065	5 353	3 783	3 605	
Exchange gain	( 154)	-	-	-	( 154)	( 1 270)	( 723)	( 1 382)	
Other management expenses	42 863	5 615	-	27	48 505	41 627	27 590	20 731	
Gross management expenses	1 571 608	169 518	110	424	1 741 660	1 469 348	949 827	756 290	
Commission from reinsurers	( 4 857)	( 157)	-	-	( 5 014)	( 6 621)	( 2 459)	( 3 655)	
<b>Net management expenses</b>	<b>1 566 751</b>	<b>169 361</b>	<b>110</b>	<b>424</b>	<b>1 736 646</b>	<b>1 462 727</b>	<b>947 368</b>	<b>752 635</b>	

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Director

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Director

TAHER G. SACHAK  
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE  
Chairman

Condensed Interim Statement of Investment Income (Unaudited)  
For the six months period ended 30 June 2011)

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	
					2011	2010	2011	2010
<b>Investment income</b>								
On government securities	714 851	19 652	469	206	735 178	410 295	388 170	214 261
On other fixed income securities and deposits	325 804	14 604	293	281	340 982	346 326	179 531	170 562
Dividend income	164 266	421	137	-	164 824	128 280	70 783	63 467
Amortisation of discount / (premium)	10 751	( 229)	( 25)	( 3)	10 494	( 582)	( 4 081)	( 3 257)
	1 215 672	34 448	874	484	1 251 478	884 319	634 403	445 033
Loss on sale of investments								
Shares and mutual fund units	( 19 468)	-	-	-	( 19 468)	( 113 716)	( 21 303)	( 91 175)
<b>Gain / (loss) on revaluation of investments</b>								
Government securities	106 714	-	107	-	106 821	( 1 599)	35 739	( 9 341)
Other fixed income securities	63 026	-	126	-	63 152	29 656	60 668	24 810
Listed equities and mutual funds	( 19 188)	-	163	-	( 19 025)	( 547 534)	( 134 115)	( 558 339)
	150 552	-	396	-	150 948	( 519 477)	( 37 708)	( 542 870)
<b>Reversal of provision / (provision) for impairment in value of investments</b>								
Available-for-sale fixed income securities	-	-	-	-	-	3 608	-	( 3 548)
Available-for-sale equity securities and mutual fund units	820	( 2 277)	-	-	( 1 457)	( 8 313)	( 656)	( 7 986)
	820	( 2 277)	-	-	( 1 457)	( 4 705)	( 656)	( 11 534)
	1 347 576	32 171	1 270	484	1 381 501	246 421	574 736	( 200 546)
Less : Investment related expense	( 650)	-	-	-	( 650)	( 750)	( 419)	( 335)
<b>Net investment income / (loss)</b>	<u>1 346 926</u>	<u>32 171</u>	<u>1 270</u>	<u>484</u>	<u>1 380 851</u>	<u>245 671</u>	<u>574 317</u>	<u>( 200 881)</u>

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

HASANALI ABDULLAH  
Director

SAIFUDDIN N. ZOOMKAWALA  
Director

TAHER G. SACHAK  
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE  
Chairman

## 1. STATUS AND NATURE OF BUSINESS

- 1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 9 August 1992 as a public limited company under the Companies Ordinance, 1984 and started its operations from 8 November 1992. The shares of the Company are quoted on Karachi Stock Exchange (KSE). 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 business)
- Pension business (unit linked)\*
- Accident and health business

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

## 2. BASIS OF PREPARATION

- 2.1 These interim condensed financial statements of the Company for the half year ended 30 June 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of the Companies Ordinance 1984 and the said directives 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 2010.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Company has adopted the following IFRS and IFRIC interpretation which became effective during the period:

IAS 24 – Related Party Disclosures (Revised)

IAS 32 – Financial Instruments: Presentation – Classification of Right Issues (Amendment)

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in May 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

IFRS 7 – Financial Instruments: Disclosures

IAS 1 – Presentation of Financial Statements

IFRIC 13 – Customer Loyalty Programmes

IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments and interpretations did not have any effect on the interim condensed financial statements of the Company.

**4 POLICYHOLDERS' LIABILITIES**

Rupees '000

**4.1 Gross**

	Statutory Funds					
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2011	Aggregate 31 Dec 2010
Actuarial liability relating to future events	21 031 321	273 028	17 635	4 096	21 326 080	18 625 294
Provision for outstanding reported claims payable over a period exceeding twelve months	124 543	29 630	-	-	154 173	144 689
Provision for incurred but not reported claims	23 109	73 979	-	-	97 088	79 332
	<u>21 178 973</u>	<u>376 637</u>	<u>17 635</u>	<u>4 096</u>	<u>21 577 341</u>	<u>18 849 315</u>

**4.2 Net of reinsurance**

Actuarial liability relating to future events	20 916 879	170 353	17 603	3 673	21 108 508	18 440 098
Provision for outstanding reported claims payable over a period exceeding twelve months	72 721	14 767	-	-	87 488	78 937
Provision for incurred but not reported claims	18 695	51 755	-	-	70 450	54 795
	<u>21 008 295</u>	<u>236 875</u>	<u>17 603</u>	<u>3 673</u>	<u>21 266 446</u>	<u>18 573 830</u>

**5. INVESTMENTS**

Rupees '000

	Shareholders Fund	Statutory Funds				Aggregate 30 Jun 2011	Aggregate 31 Dec 2010
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
<b>Government Securities</b>							
Held-to-maturity at amortized cost	320 920	858 462	244 178	-	-	1 423 560	1 463 509
Available-for-sale at fair value	-	11 533 854	-	7 510	-	11 541 364	9 216 386
	320 920	12 392 316	244 178	7 510	-	12 964 924	10 679 895
<b>Other Fixed Income Securities</b>							
Held-to-maturity at amortized cost	82 378	169 466	181 282	-	3 530	436 656	441 359
Available-for-sale at fair value	-	3 673 980	-	3 856	-	3 677 836	3 771 122
	82 378	3 843 446	181 282	3 856	3 530	4 114 492	4 212 481
<b>Listed Equities and Mutual Funds Units</b>							
Held-for-trading at fair value	-	401 039	-	-	-	401 039	402 893
Available-for-sale at fair value	-	4 210 325	-	4 251	-	4 214 576	3 999 278
Available for sale at lower of cost or fair value	1 440 182	175 976	112 820	-	-	1 728 978	1 729 813
	1 440 182	4 787 340	112 820	4 251	-	6 344 593	6 131 984
Less: Provision for impairment in the value of investments	(1 204 848)	(77 702)	(74 862)	-	-	(1 357 412)	(1 312 900)
	235 334	4 709 638	37 958	4 251	-	4 987 181	4 819 084
Unlisted Equity Investment	508	-	-	-	-	508	508
<b>Total</b>	<u>639 140</u>	<u>20 945 400</u>	<u>463 418</u>	<u>15 617</u>	<u>3 530</u>	<u>22 067 105</u>	<u>19 711 968</u>

- 5.1 The Company has deposited Pakistan Investment Bonds amounting to Rs. 87 million ( 31 December 2010: Rs.87 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.
- 5.2 Market value of securities held at amortized cost amounted to Rs. 1,784 million (31 December 2010: Rs. 1,819 million).
- 5.3 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 and the gain / loss on remeasurement of investments to fair value be recognized in equity. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2011 would have been higher by Rs. 137.878 million.(31 December 2010: 153.405 million)

## 6. CONTINGENCY

During the year 2011, an order under section 122(5A) of the Income Tax Ordinance, 2001, has 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. 179.825 has been raised against the Company by treating the Capital gains as appreciation in the value of investments. The Company has filed an appeal before the Additional Commissioner and Commissioner of Income Tax (Inland Revenue) against the aforementioned demand. The management based on the opinion of its tax consultant is confident that the outcome of the appeal would be favourable and hence, no provision against the above tax demand has been made in these financial statements.

## 7. RELATED PARTY TRANSACTIONS

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

	For the six months period ended 30 June	
	2011	2010
Transactions with associated companies		
Premium written	16 332	10 357
Premium paid	15 683	13 189
Claims paid	390	1 128
Claims received	1 025	503
Traveling expenses	753	270
Services hired	947	1 087
Commission paid	34 246	22 882
Dividend paid	264 057	254 768
Dividend received	10 644	31 336
Transactions with employees' funds		
Contribution to provident fund	6 144	5 149
Contribution to pension fund	4 753	4 005
Transactions with key management personnel		
Loan receivable	-	250
Loan recovered	-	480
Remuneration	30 524	31 496
	30 June 2011	31 Dec 2010
Balances with associated companies		
Bank balances	7 548	7 789
Premium receivable	1 954	27
Premium payable	39	803

8. **GENERAL**

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

8.2 Figures for the quarter ended 30 June 2011 and 30 June 2010 have not been subject to limited scope review by the statutory auditors.

9. **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 August 27, 2011

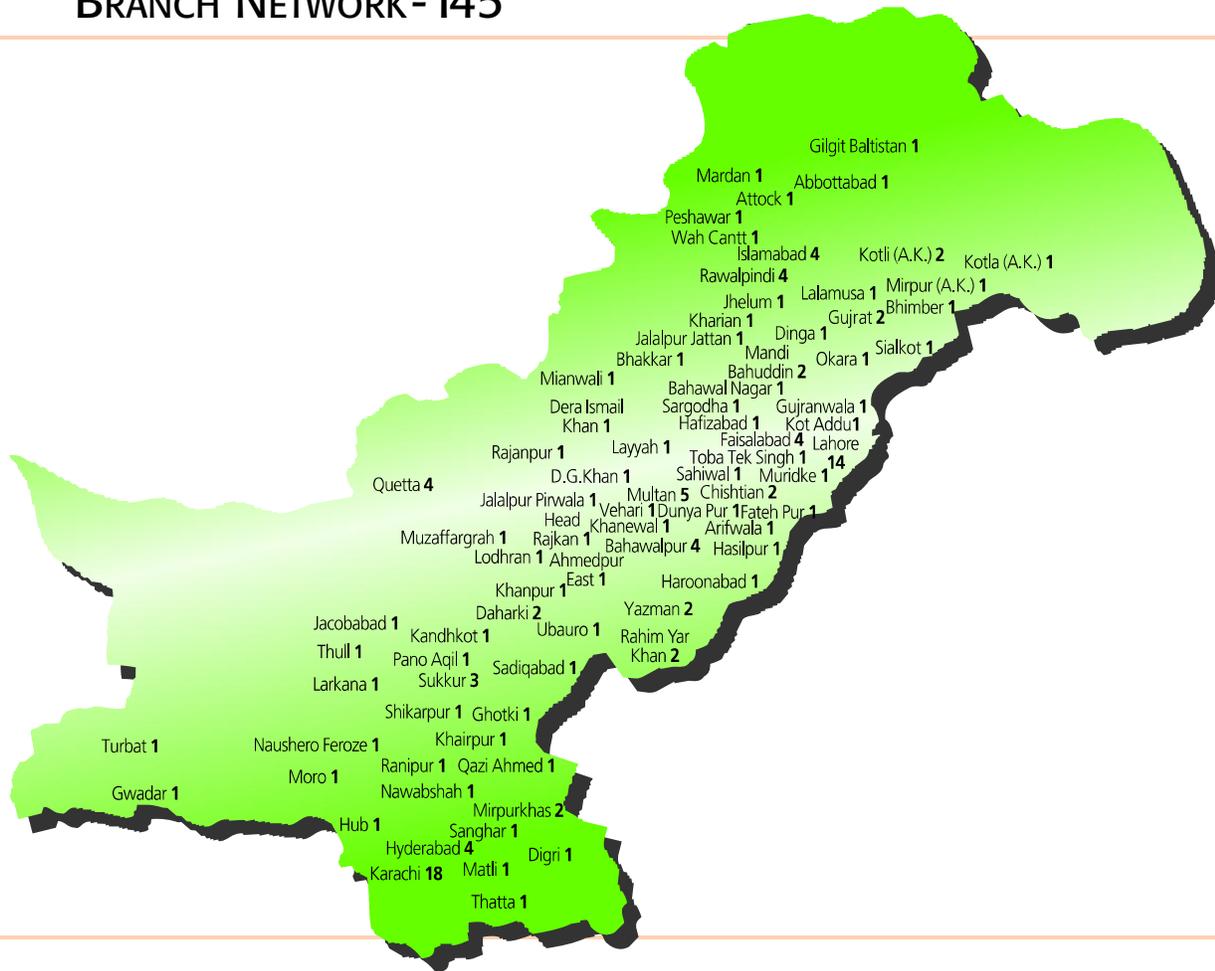
HASANALI ABDULLAH  
Director

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RAFIQUE R. BHIMJEE  
Chairman

# EFU LIFE BRANCH NETWORK - 145





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 ISO 9001:2008 Certified  
 Rated AA- by JCR-VIS  
*Registered and Supervised by the Securities  
 & Exchange Commission of Pakistan.*