

Life Is Full Of Opportunities

Report (Un-audited)
Six Months Ended
30 June 2009



Zaroori Hai

EFU LIFE ASSURANCE LTD



Company Information

Chairman

Saifuddin N. Zoomkawala

**Managing Director
& Chief Executive**

Taher G. Sachak

Directors

Hasanali Abdullah
Jahangir Siddiqui
Muneer R. Bhimjee
Rafique R. Bhimjee
Sultan Ahmad

Corporate Secretary

Syed Mehdi Imam

Appointed Actuary

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

Consulting Actuary & Advisor

Michael J de H. Bell, F.I.A.

Legal Advisor

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

Auditors

Ford Rhodes Sidat Hyder & Co.
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) 4391316-17
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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

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The Directors' of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the half year ended 30 June 2009.

Pakistan's economy continued to be vulnerable in the second quarter of the year and the emergency financing from IMF over the last few months has helped the Government avert an economic crisis. In recent weeks several macroeconomic data releases have shown that the economy has stabilized, however the seeds of uncertainty are very much present, both due to the international economic environment, but more so due to domestic factors such as the security situation. Inflation has eased down to around 12% and is further expected to reduce in the coming months mainly driven by the monetary policy of the State Bank. In spite of the challenging times for business, your Company is of the view that need for life insurance will always be present and a consistent strategy focusing on creating awareness about the importance of financial planning and life insurance in these times would help achieve reasonable business growth. Nevertheless, the general atmosphere of uncertainty has had an impact on the top line performance of the Company. Despite the impact on the top line, due to prudent and far sighted management policies, and strict controls in all areas of business, the performance from statutory funds has further improved as compared to the corresponding period last year. The bottom line, however, after including the performance of the shareholders' fund is less than the comparative figures for 2008.

The Company is continuing to focus on its core business activities and during the six months has taken steps to improve the key performance indicators of the sales and distribution channels, such as recruitment, retention and productivity of its sales force, and persistency for bancassurance channel. New alliances with major banks which were formalized in the beginning of the year have started business now and are contributing to the overall premium from the bancassurance channel. The Company is working closely with all bank partners to further increase the business volumes in the next six months.

Renewal premium income, as always, continued to show a consistent steady growth and increased by 34%, mainly due to the continued focus of the Company on superior level of client services. Inclusive of renewal premium, the total individual life regular premium increased by a modest 14.7% to Rs. 2.6 billion (2008: 2.27 billion).

Group Benefits business continued its significant contribution to the overall business which is close to a quarter of the gross premium of the Company. The performance of the Group Benefits business was impacted by the sluggish consumer finance business of banks which contributed close to half of the Group Benefits premium, as well as the slowdown and air of uncertainty in the overall industrial and corporate sector of the country.

Your Company's gross premium income during the first six months of 2009 was Rs. 3.49 billion (2008: 3.81 billion).

As mentioned earlier, the performance of the statutory funds was highly encouraging with a surplus of Rs. 289 million (2008: Rs. 212 million) despite the general reduction in business volumes. This has mainly been possible due to prudent management policies and controls in all areas of business, thus ensuring that the Company is on a strong footing. After including the performance of the Shareholders' fund, your Company made a before tax profit of Rs. 199.6 million (2008: Rs 240.4 million). The main reason for this comparative reduction in the bottom line is the impairment in value of certain available for sale investments in the Shareholders' fund. The Company expects gradual improvement in the value of some of these investments by year end.

On the investment front, the Company's unit linked funds continued to provide good returns to our clients over a long term. The main unit linked fund, EFU Managed Growth Fund, as on 30 June 2009 gave an annualized return of over 14% (net of all charges) over a period of last 10 years to our clients, thus once again reaffirming the fact that returns on policies held for longer term are more stable and significant as compared to shorter term investments.

Your Directors would like to place on record their profound grief and sorrow on the sad demise of Ashraf W Tabani, on 16 July 2009. May his soul rest in peace and give courage to the grieved family to bear this irreparable loss (Amen). Late Ashraf Tabani had the privilege of serving the Board of your Company for over 16 years. He became a Director in 1992 when our Late Chairman Roshan Ali Bhimjee requested him to join the Board of Directors with the start of EFU Life. During his professional career he served on various key roles in the Government sector and was the Governor of Sindh in 1987 to 1988. The Directors will always remember and cherish his contribution to the progress and growth of the Company.

Your Directors would also like to place on record their appreciation for the tremendous contribution made by the officers, staff and sales force 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
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

We have reviewed the accompanying interim condensed balance sheet of EFU Life Assurance Limited (the Company) as at 30 June 2009 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. The financial statements of the Company for the year ended 31 December 2008 were audited by KPMG Taseer Hadi & Co., Chartered Accountants and Hyder Bhimji & Co., Chartered Accountants, whose report dated 21 March 2009 expressed an unqualified opinion thereon.

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.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Hyder Bhimji & Co.
Chartered Accountants

Date: August 29, 2009

Karachi

Condensed Interim Balance Sheet (Unaudited)
As at 30 June 2009

EFU LIFE ASSURANCE LTD.

	Note	Statutory Funds					Rupees '000	
		Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Jun 2009	Aggregate 31 Dec 2008
Share capital and reserves								
Authorised share capital [100,000,000 ordinary shares of Rs. 10/- each (2008: 100,000,000) of Rs.10/- each]		1 000 000					1 000 000	1 000 000
Issued, subscribed and paid-up share capital		750 000					750 000	750,000
Accumulated surplus		28 555					28 555	(65,619)
General reserves		232 500					232 500	570,000
Net shareholders' equity		1 011 055					1 011 055	1 254 381
Balance of statutory fund [including policyholders' liabilities Rs. 12,171 million (2008: Rs. 9,294 million)]								
	4		12 246 432	187 052	13 960	4 111	12 451 555	9 567 235
Deferred tax liability		7 000					7 000	6 500
Creditors and accruals								
Outstanding claims			130 275	328 415	-	1 433	460 123	458 406
Premiums received in advance			246 696	37 730	653	1 051	286 130	282 018
Amounts due to reinsurers			71	9 233	239	2 414	11 957	19 703
Accrued expenses	300		34 927	9 250	4	31	44 512	95 632
Taxation - provision less payments	111 558						111 558	6 557
Amounts due to agents			128 482	14 662	2	77	143 223	157 651
Unclaimed dividend			984				984	978
Other creditors and accruals			15 663	1 293	2	12	33 385	37 270
		128 505	556 866	400 583	900	5 018	1 091 872	1 058 215
Total equity and liabilities		1 146 560	12 803 298	587 635	14 860	9 129	14 561 482	11 886 331
Contingencies	6							

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

		Statutory Funds				Rupees '000		
Note	Shareholders Fund	Investment	Conventional	Pension	Accident &	Aggregate	Aggregate	
		Linked Business	Business	Business (Unit Linked)	Health Business	30 Jun 2009	31 Dec 2008	
Cash and bank deposits								
		-	6 260	60	-	-	6 320	5 520
		14 839	449 142	108 365	3 549	967	576 862	994 904
		-	45 000	-	-	-	45 000	425 000
		14 839	500 402	108 425	3 549	967	628 182	1 425 424
Loans								
		40 987	-	-	-	-	40 987	33 261
		10 656	-	-	-	-	10 656	11 837
		51 643	-	-	-	-	51 643	45 098
Investments								
	5	190 079	5 559 312	165 225	5 341	5 004	5 924 961	3 349 302
		84 936	3 724 425	183 356	4 325	4 338	4 001 380	3 569 324
		490 392	2 358 431	51 572	2 050	2 284	2 904 729	2 765 839
		508	-	-	-	-	508	508
		765 915	11 642 168	400 153	11 716	11 626	12 831 578	9 684 973
Current assets - others								
		-	-	49 079	-	-	49 079	28 458
		-	8 024	12 715	-	-	20 739	89 153
		-	-	673	-	-	673	205
		-	19 242	1 517	2	15	20 776	11 162
		(159 602)	164 130	141	(916)	(3 753)	-	-
		-	7 162	440	1	4	7 607	13 071
		9 720	424 549	10 047	504	241	445 061	251 937
		129 797	37 621	4 445	4	29	171 896	28 505
		(20 085)	660 728	79 057	(405)	(3 464)	715 831	422 491
Fixed assets								
Tangible assets								
		126 505	-	-	-	-	126 505	126 505
		178 905	-	-	-	-	178 905	151 110
		21 937	-	-	-	-	21 937	21 884
		327 347	-	-	-	-	327 347	299 499
Intangible assets								
		6 901	-	-	-	-	6 901	8 846
		1 146 560	12 803 298	587 635	14 860	9 129	14 561 482	11 886 331

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Profit and Loss Account (Unaudited)
For the six months period ended 30 June 2009

EFU LIFE ASSURANCE LTD.

	Rupees '000			
	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
Investment income not attributable to statutory funds				
Return on government securities	10 897	8 396	6 293	5 165
Return on other fixed income securities and deposits	10 135	7 813	5 294	3 252
Amortisation of premium relative to par	(276)	(241)	(140)	(114)
Dividend income	12 962	19 453	11 068	13 802
	33 718	35 421	22 515	22 105
Gain on disposal of investments	78	3 251	78	-
Provision for impairment in the value of available for sale investments	5 (110 818)	(1 411)	(110 818)	(1 411)
Changes in fair value of derivative financial instrument	-	(1 915)	-	(1 573)
Net investment (loss) / income	(77 022)	35 346	(88 225)	19 121
Other revenue				
- Gain on disposal of fixed assets	1 792	2 824	1 232	2 370
- Others	5 330	2 925	3 548	1 807
	7 122	5 749	4 780	4 177
	(69 900)	41 095	(83 445)	23 298
Less: Expenses not attributable to statutory funds	12 503	8 085	8 455	6 773
	(82 403)	33 010	(91 900)	16 525
Surplus transferred from statutory funds	282 077	207 428	132 213	65 996
Profit before tax	199 674	240 438	40 313	82 521
Taxation				
- Current	(105 000)	(79 000)	(50 000)	(24 000)
- Deferred	(500)	(3 000)	(500)	(3 000)
	(105 500)	(82 000)	(50 500)	(27 000)
Profit after tax	94 174	158 438	(10 187)	55 521
Earnings / (loss) per share - basic and diluted	1.26	2.11	(0.14)	0.74

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Changes in Equity (Unaudited)
For the six months period ended 30 June 2009

EFU LIFE ASSURANCE LTD.

Rupees '000

	Share Capital	General Reserve	Net accumulated surplus			Total
			Capital contribution	Accumulated Surplus	Net Accumulated Surplus	
Balance as at 1 January 2008	500 000	170 000	(599 615)	1 207 540	607 925	1 277 925
Changes in equity for 2008						
Dividend for the year 2007	-	-	-	(150 000)	(150 000)	(150 000)
Issue of bonus shares	250 000	-	-	(250 000)	(250 000)	-
Transfer to general reserves	-	800 000	-	(800 000)	(800 000)	-
Transfer from general reserves	-	(400 000)	-	400 000	400 000	-
Capital returned from statutory fund	-	-	239 615	-	239 615	239 615
Profit for the period	-	-	-	158 438	158 438	158 438
Balance as at 30 June 2008	<u>750 000</u>	<u>570 000</u>	<u>(360 000)</u>	<u>565 978</u>	<u>205 978</u>	<u>1 525 978</u>
Balance as at 1 January 2009	750 000	570 000	-	(65 619)	(65 619)	1 254 381
Changes in equity for 2009						
Transfer from General Reserves	-	(337 500)	-	337 500	337 500	-
Dividend for the year 2008	-	-	-	(337 500)	(337 500)	(337 500)
Profit for the period	-	-	-	94 174	94 174	94 174
Balance as at 30 June 2009	<u>750 000</u>	<u>232 500</u>	<u>-</u>	<u>28 555</u>	<u>28 555</u>	<u>1 011 055</u>

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Revenue Account (Unaudited)
For the six months period ended 30 June 2009

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000				
Note		Investment	Pension	Accident &	Six months ended	Three months ended	2009	2008	2009	2008
		Linked Business	Conventional Business	Business (Unit Linked)						
Income										
	Premiums less reinsurances	2 591 618	644 656	590	1 457	3 238 321	3 568 450	1 632 150	1 857 358	
	Net investment income / (loss)	1 801 954	26 667	2 414	839	1 831 874	(51 471)	580 600	(1 559 468)	
	Total income	4 393 572	671 323	3 004	2 296	5 070 195	3 516 979	2 212 750	297 890	
Claims and expenditure										
	Claims net of reinsurance recoveries	386 409	220 886	205	(463)	607 037	732 607	327 388	387 994	
	Management expenses	923 692	372 443	50	576	1 296 761	1 354 152	679 091	724 931	
	Total claims and expenditure	1 310 101	593 329	255	113	1 903 798	2 086 759	1 006 479	1 112 925	
	Excess of income over claims and expenditure	3 083 471	77 994	2 749	2 183	3 166 397	1 430 220	1 206 271	(815 035)	
	Add : policyholders' liabilities at beginning of the period	9 102 010	175 958	11 499	4 468	9 293 935	10 259 943	11 101 564	12 362 637	
	Less : policyholders' liabilities at end of the period	11 978 833	174 185	13 960	4 111	12 171 089	11 478 275	12 171 089	11 478 275	
		(2 876 823)	1 773	(2 461)	357	(2 877 154)	(1 218 332)	(1 069 525)	884 362	
	Surplus before tax	206 648	79 767	288	2 540	289 243	211 888	136 746	69 327	
	Movement in policyholders' liabilities	2 876 823	(1 773)	2 461	(357)	2 877 154	1 218 332	1 069 525	(884 362)	
	Transfer of surplus to shareholders' fund	(206 648)	(72 601)	(288)	(2 540)	(282 077)	(207 428)	(132 213)	(65 996)	
	Capital returned to shareholders' fund	-	-	-	-	-	(239 615)	-	(123 615)	
	Balance of statutory funds at beginning of the period	9 369 609	181 659	11 499	4 468	9 567 235	11 130 268	11 377 497	13 118 091	
	Balance of statutory funds at end of the period	<u>12 246 432</u>	<u>187 052</u>	<u>13 960</u>	<u>4 111</u>	<u>12 451 555</u>	<u>12 113 445</u>	<u>12 451 555</u>	<u>12 113 445</u>	
Represented by:										
	Capital contribution from shareholders' fund	-	-	-	-	-	360 000	-	360 000	
	Policyholders' liabilities	11 978 833	174 185	13 960	4 111	12 171 089	11 478 275	12 171 089	11 478 275	
	Retained earnings on other than participating business	267 599	12 867	-	-	280 466	275 170	280 466	275 170	
	Balance of statutory funds	<u>12 246 432</u>	<u>187 052</u>	<u>13 960</u>	<u>4 111</u>	<u>12 451 555</u>	<u>12 113 445</u>	<u>12 451 555</u>	<u>12 113 445</u>	

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Premium (Unaudited)
For the six months period ended 30 June 2009

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	
					2009	2008	2009	2008
Gross premiums								
Regular premium individual policies *								
First year	839 326	3 895	-	531	843 752	957 033	441 696	484 013
Second year renewal	642 382	1 771	-	54	644 207	391 191	352 297	202 279
Subsequent year renewal	1 112 919	2 097	621	1 192	1 116 829	923 159	532 299	433 885
Single premium individual policies	72 058	-	-	-	72 058	630 117	32 421	393 520
Group policies without cash values	-	817 776	-	-	817 776	915 101	405 916	473 185
Total gross premiums	2 666 685	825 539	621	1 777	3 494 622	3 816 601	1 764 629	1 986 882
Less: Reinsurance premiums ceded								
On individual life first year business	10 750	861	-	46	11 657	8 562	6 465	2 592
On individual life second year business	9 665	213	-	1	9 879	13 057	4 694	6 724
On individual life renewal business	54 652	831	31	273	55 787	42 450	26 372	22 143
On group policies	-	178 978	-	-	178 978	184 082	94 948	98 065
Total reinsurance premium ceded	75 067	180 883	31	320	256 301	248 151	132 479	129 524
Net premiums	2 591 618	644 656	590	1 457	3 238 321	3 568 450	1 632 150	1 857 358

* 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 interim condensed financial statements.

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Claims (Unaudited)
For the six months period ended 30 June 2009

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	
					2009	2008	2009	2008
Gross claims								
Claims under individual policies								
by death	71 066	(225)	-	505	71 346	69 121	30 962	42 001
by insured event other than death	10 457	(606)	-	(1 484)	8 367	10 245	301	6 564
by maturity	1 077	-	-	-	1 077	4 005	940	3 363
by surrender	321 847	-	205	-	322 052	422 203	183 119	231 566
Total gross individual policy claims	404 447	(831)	205	(979)	402 842	505 574	215 322	283 494
Claims under group policies								
by death	-	277 816	-	-	277 816	306 741	154 252	149 981
by insured event other than death	-	11 562	-	-	11 562	12 994	4 051	7 915
experience refund	-	58 576	-	-	58 576	79 625	32 419	33 257
Total gross group claims	-	347 954	-	-	347 954	399 360	190 722	191 153
Total gross claims	404 447	347 123	205	(979)	750 796	904 934	406 044	474 647
Less: Reinsurance recoveries								
On individual life first year business	2 255	(475)	-	(282)	1 498	5 395	1 356	6 124
On individual life second year business	(5 480)	-	-	(79)	(5 559)	(338)	(6 115)	578
On individual life subsequent renewal business	21 263	17	-	(155)	21 125	22 069	10 919	13 141
On group claims	-	98 322	-	-	98 322	104 125	60 516	39 393
On experience refund of premiums	-	28 373	-	-	28 373	41 076	11 980	27 417
Total reinsurance	18 038	126 237	-	(516)	143 759	172 327	78 656	86 653
Net claims	386 409	220 886	205	(463)	607 037	732 607	327 388	387 994

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Expenses (Unaudited)
For the six months period ended 30 June 2009

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000				
	Investment	Pension	Accident &	Six months ended	Three months ended	2009	2008	2009	2008
	Linked	Business	Health						
	Business	Business	(Unit Linked)	Business	2009	2008	2009	2008	
Acquisition costs									
Remuneration to insurance intermediaries on individual policies:									
- commission on first year premiums	437 625	1 180	-	250	439 055	502 371	227 590	253 005	
- commission on second year premiums	66 505	163	-	22	66 690	37 177	37 856	19 465	
- commission on subsequent renewal premiums	30 141	51	16	56	30 264	25 043	14 383	11 934	
- commission on single premiums	1 475	-	-	-	1 475	10 900	682	6 168	
- override commission	66 687	327	6	41	67 061	67 365	35 316	34 365	
- other benefits to insurance intermediaries	102 410	6 303	9	62	108 784	80 115	54 876	45 579	
	704 843	8 024	31	431	713 329	722 971	370 703	370 516	
Remuneration to insurance intermediaries on group policies:									
- commission	-	326 101	-	-	326 101	415 286	173 652	236 112	
- other benefits to insurance intermediaries	-	9 459	-	-	9 459	7 393	4 646	3 470	
	-	335 560	-	-	335 560	422 679	178 298	239 582	
Branch overheads	60 089	5 738	5	37	65 869	55 572	40 340	38 644	
Other acquisition costs									
-Policy stamps	15 374	425	-	4	15 803	14 076	8 307	6 786	
Total acquisition cost	780 306	349 747	36	472	1 130 561	1 215 298	597 648	655 528	
Administration expenses									
Salaries and other benefits	67 651	13 616	7	49	81 323	60 872	42 104	32 608	
Traveling expenses	6 213	667	-	3	6 883	19 954	4 813	8 024	
Actuary's fees	2 501	197	-	2	2 700	2 400	1 350	1 200	
Medical fees	6 590	239	-	-	6 829	6 277	3 275	4 175	
Legal and professional fee	2 051	162	-	2	2 215	674	1 545	308	
Advertisements and publicity	13 263	1 045	2	10	14 320	9 329	2 584	1 464	
Computer expenses	2 317	230	-	2	2 549	975	1 333	765	
Printing and stationery	7 160	822	1	5	7 988	5 453	2 624	2 097	
Depreciation	4 582	938	-	4	5 524	3 925	2 564	979	
Amortisation	1 802	142	-	1	1 945	1 236	972	1 236	
Rental	2 657	1 111	-	2	3 770	3 481	2 043	1 609	
Exchange gain	(2 196)	-	-	-	(2 196)	(5 228)	(827)	(4 173)	
Other management expenses	32 908	3 948	4	24	36 884	32 896	19 596	20 116	
Gross management expenses	927 805	372 864	50	576	1 301 295	1 357 542	681 624	725 936	
Commission from reinsurers	(4 113)	(421)	-	-	(4 534)	(3 390)	(2 533)	(1 005)	
Net management expenses	923 692	372 443	50	576	1 296 761	1 354 152	679 091	724 931	

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Investment Income (Unaudited)
For the six months period ended 30 June 2009)

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	
					2009	2008	2009	2008
Investment income								
On government securities	245 129	9 415	296	348	255 188	184 688	134 601	110 725
On other fixed income securities and deposits	329 602	19 619	345	368	349 934	176 679	166 073	98 321
Dividend income	73 380	178	69	-	73 627	84 999	50 100	31 757
Amortisation of premium relative to par	(1 365)	(511)	(21)	(4)	(1 901)	(9 131)	(1 940)	(4 402)
	646 746	28 701	689	712	676 848	437 235	348 834	236 401
(Loss) / gain on sale of investments								
Shares and mutual fund units	(85 516)	770	(625)	127	(85 244)	926 745	(65 767)	75 138
Changes in the fair value of derivative financial instrument	-	-	-	-	-	(5 749)	-	(4 722)
Appreciation / (Depreciation) in market value of								
Government securities	709 037	-	1 133	-	710 170	(370 542)	223 862	(291 276)
Other fixed income securities	245 797	-	262	-	246 059	(74 477)	(45 072)	(69 975)
Shares and mutual fund units	286 517	-	955	-	287 472	(950 632)	121 866	(1 491 535)
	1 241 351	-	2 350	-	1 243 701	(1 395 651)	300 656	(1 852 786)
Provision for impairment in the value of available for sale investments	-	(2 804)	-	-	(2 804)	(12 836)	(2 804)	(12 836)
Less : Investment related expense	(627)	-	-	-	(627)	(1 215)	(319)	(663)
Net investment income / (loss)	<u>1 801 954</u>	<u>26 667</u>	<u>2 414</u>	<u>839</u>	<u>1 831 874</u>	<u>(51 471)</u>	<u>580 600</u>	<u>(1 559 468)</u>

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

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

1. STATUS AND NATURE OF BUSINESS

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 carrying on 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

These interim condensed financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and comply with the format prescribed by the Securities and Exchange Commission of Pakistan (SECP).

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 2008.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of these interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2008.
- 3.2 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

IAS 1 - Presentation of Financial Statements (Revised)
IAS 23 - Borrowing Costs (Revised)
IAS 32 - Financial Instruments: Presentation - Amendments regarding puttable Financial Instruments
IAS 39 - Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge items
IFRS 2 - Share Based Payment - Vesting Conditions and Cancellations
IFRS 4 - Insurance Contracts
IFRS 8 - Operating Segments
IFRIC 13 - Current Loyalty Programs
IFRIC 15 - Agreements for the Construction of Real Estate

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Company for the purposes of these interim condensed financial statements.

IFRS-4 "Insurance Contracts" became effective for the current accounting year and applies to accounting for insurance contracts that the Company issues and reinsurance contracts it holds. However, the SECP has deferred various requirements of this standard through its Circular No. 22/2009 for the first three quarters of 2009. Accordingly, the Company would adopt the said standard for the purpose of preparing the annual financial statements for the year ending 31 December 2009.

4 POLICYHOLDERS' LIABILITIES

Rupees '000

4.1 Gross

	Statutory Funds				Aggregate 30 Jun 2009	Aggregate 31 Dec 2008
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Actuarial liability relating to future events	12 010 448	241 670	14 022	4 532	12 270 672	9 386 247
Provision for outstanding reported claims payable over a period exceeding twelve months	106 859	-	-	76	106 935	85 285
Provision for incurred but not reported claims	10 781	53 919	-	-	64 700	55 304
	<u>12 128 088</u>	<u>295 589</u>	<u>14 022</u>	<u>4 608</u>	<u>12 442 307</u>	<u>9 526 836</u>

4.2 Net of reinsurance

Actuarial liability relating to future events	11 918 305	137 366	13 960	4 093	12 073 724	9 213 985
Provision for outstanding reported claims payable over a period exceeding twelve months	51 806	-	-	18	51 824	42 888
Provision for incurred but not reported claims	8 722	36 819	-	-	45 541	37 062
	<u>11 978 833</u>	<u>174 185</u>	<u>13 960</u>	<u>4 111</u>	<u>12 171 089</u>	<u>9 293 935</u>

5. INVESTMENTS

Rupees '000

	Shareholders Fund	Statutory Funds				Aggregate 30 Jun 2009	Aggregate 31 Dec 2008
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Government securities							
Held-to-maturity at amortized cost	190 079	223 590	165 225	-	5 004	583 898	816 821
Available-for-sale at market value	-	5 335 722	-	5 341	-	5 341 063	2 532 481
	190 079	5 559 312	165 225	5 341	5 004	5 924 961	3 349 302
Other fixed income securities							
Held-to-maturity at amortized cost	84 936	173 812	183 356	-	4 338	446 442	450 390
Available-for-sale at market value	-	3 550 613	-	4 325	-	3 554 938	3 118 934
	84 936	3 724 425	183 356	4 325	4 338	4 001 380	3 569 324
Listed equity securities and mutual fund units							
Available-for-sale at market value	-	1 985 691	-	2 050	-	1 987 741	1 874 591
Held-for-trading at market value	-	297 595	-	-	-	297 595	184 821
Available for sale at lower of cost or market value	601 210	75 145	54 376	-	2 284	733 015	1 620 439
	601 210	2 358 431	54 376	2 050	2 284	3 018 351	3 679 851
Less: Provision for impairment in the value of investments	(110 818)	-	(2 804)	-	-	(113 622)	(914 012)
	490 392	2 358 431	51 572	2 050	2 284	2 904 729	2 765 839
Unlisted equity securities	508	-	-	-	-	508	508
Total	<u>765 915</u>	<u>11 642 168</u>	<u>400 153</u>	<u>11 716</u>	<u>11 626</u>	<u>12 831 578</u>	<u>9 684 973</u>

Market value of securities held at lower of cost or market value amounted to Rs. 728 million (31 December 2008: Rs. 998 million) and those held at amortized cost amounted to Rs. 1,056 million (31 December 2008: Rs. 1,092 million).

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 instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2009 would have been higher by Rs. 108 million .

6. CONTINGENCIES

6.1 The status of contingency as disclosed in note 8 to the annual financial statements for the year ended 31 December 2008 remained unchanged during the period.

6.2 The Company has filed a writ petition in the High Court of Sindh against the Tax department's order regarding withholding tax on reinsurance premium to non-resident reinsurer. If the writ petition is decided against the Company, an additional tax liability of Rs. 3.4 million may arise. No provision is considered necessary in these interim condensed financial statements, as the Company is confident of favourable outcome.

7. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties for the six months period ended 30 June 2009 and related party balance as of that date are as follows.

	Rupees '000	
	For the six months period ended 30 June	
	2009	2008
Transactions		
Associated companies		
Premium written	15 795	3 198
Premium paid	10 434	8 987
Claims paid	1 155	426
Claims received	630	2 162
Reimbursement of expenses	-	7 286
Traveling expenses	323	635
Services hired	1 706	-
Commission paid	2 494	-
Dividend paid	208 451	54 450
Dividend received	25 441	30 781
Employees' funds		
Contribution to provident fund	4 508	3 500
Contribution to pension fund	3 331	2 604
Key management personnel		
Loan recovered	128	586
Compensation	31 154	34 976
Balance	30 June 2009	31 Dec 2008
Associated companies		
Balance payable	-	1 000
Balance receivable	432	499
Key management personnel		
Loans receivable	-	128

8. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified wherever necessary for the purpose of comparison. During the period, loans to employees (secured) and loans to employees (un-secured) amounting to Rs. 22.243 million and Rs. 11.837 million respectively has been reclassified from 'current assets - others' (under the account head 'advances and deposits') to 'Loans'. This change was made for better presentation of transactions in the interim condensed financial statements of the Company.

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 29 August 2009.

10. GENERAL

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

10.2 Figures for the quarter ended 30 June 2009 and 30 June 2008 have not been subject to limited scope review by the statutory auditors.

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Head Office EFU Life



Expected Completion Date
December 2011

