

Investing for *Life*



Report (Un-audited)
Nine Months Ended
30 September 2010

EFU LIFE ASSURANCE LTD

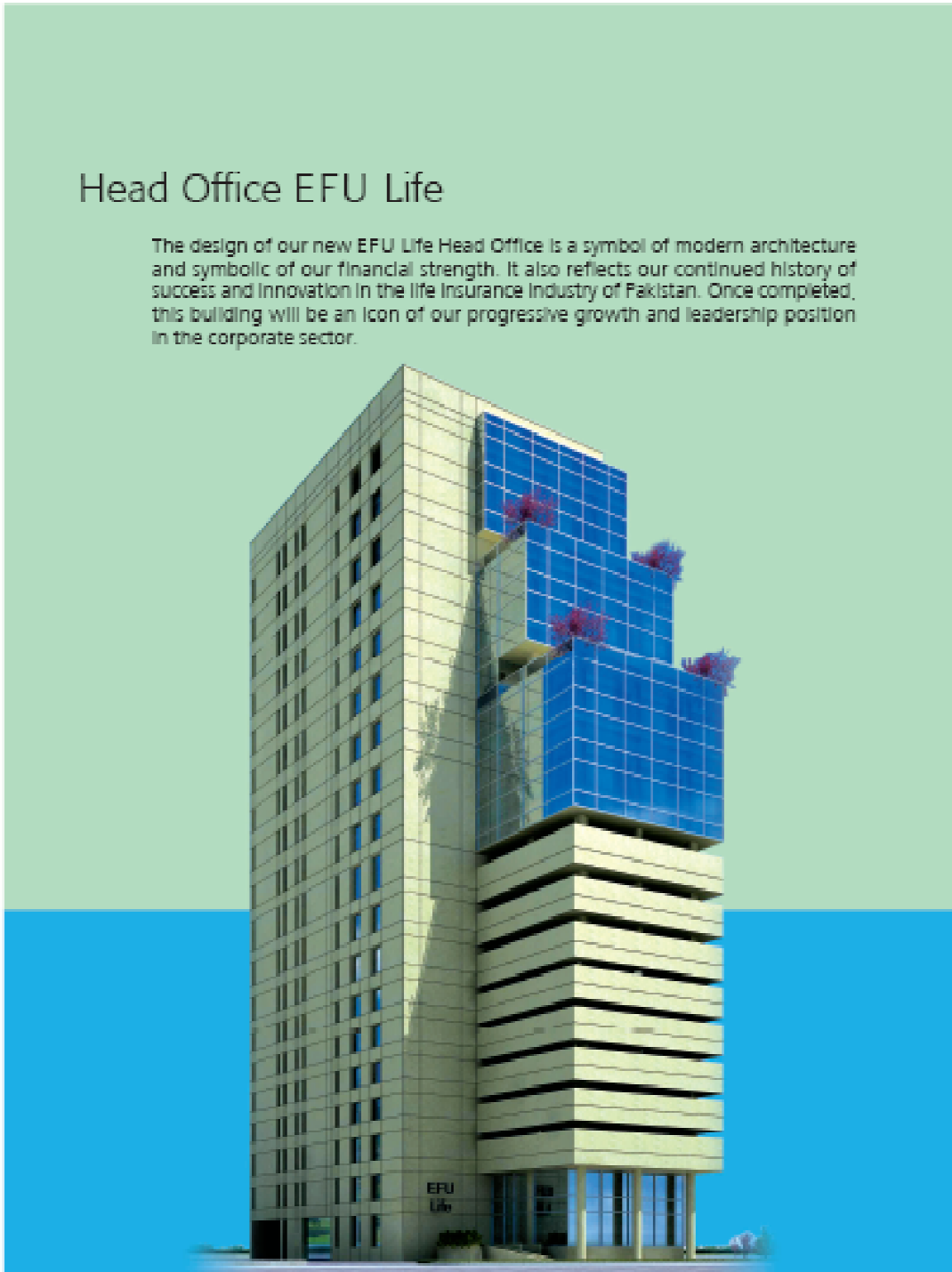


LIFE

Zaroori Hai

Head Office EFU Life

The design of our 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 the life insurance industry of Pakistan. Once completed, this building will be an icon of our progressive growth and leadership position in the corporate sector.



Company Information	1
Directors' Review	2
Condensed Interim Balance Sheet	3
Condensed Interim Profit & Loss Account	5
Condensed Interim Statement of Changes in Equity	6
Condensed Interim Statement of Cash Flows	7
Condensed Interim Revenue Account	8
Condensed Interim Statement of Premium	9
Condensed Interim Statement of Claims	10
Condensed Interim Statement of Expenses	11
Condensed Interim Statement of Investment Income	12
Notes to the Condensed Interim Financial Statements	13

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

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 Shahra -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

Registered Office

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

Main Office

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

The Directors' of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the nine months ended 30 September 2010.

Your Company's total premium income during the nine month of 2010 was Rs.5.84 billion which is 14.7% higher than the premium income of Rs.5.09 billion in the corresponding period of 2009. New individual life regular premium has continued to show steady growth during this year and increased by 37% to close at Rs.1.65 billion (2009: Rs.1.21 billion). The major contributor to this growth is the bancassurance distribution channel with all bank partners producing satisfactory business volumes. The Individual life sales force also has continued to show its significant contribution to the overall new business volumes during this period.

Renewal premium income showed a consistent growth and increased by 21.5% reaching a total figure of Rs.3.19 billion (2009: Rs.2.63 billion). The Company, as part of its business strategy has continued to focus on persistency and superior level of client services, resulting in a reasonable growth in renewal premium.

Inclusive of renewal premium, the total individual life regular premium business increased by an encouraging 26.3% to Rs.4.85 billion (2009: 3.84 billion).

Group Benefits business continues to make a significant contribution to the overall business volumes. A sizable volume of business in 2009 emanated from the various insurance coverage on consumer banking products, however as this segment of business in banks has slowed down, it has impacted the Company's business and showed a reduction of 24.5% with a gross premium income of Rs.865 million (2009 Rs.1.145 billion) .

From the statutory funds, which denote the performance of the life insurance business of the Company, the surplus for the nine months of 2010 was Rs.358 million out of which Rs.337 million was transferred to the Profit & Loss account. The reduction in the surplus in revenue account is mainly due to the underwriting experience of the Group Benefits portfolio. The before tax profit in the Profit & Loss account is Rs.165 million (2009: 461 million). The main reason for the reduction in bottom line is the impairment in the value of investments in the Shareholder's fund.

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.

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Balance Sheet
As at 30 September 2010 (Unaudited)

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 Sep 2010	Aggregate 31 Dec 2009
Share capital and reserves							
Authorised share capital [100,000,000 ordinary shares (2009: 100,000,000) of Rs.10 each]	1 000 000					1 000 000	1 000 000
Issued, subscribed and paid up share capital 15,000,000 Ordinary Shares (2009: 15,000,000 shares)of Rs. 10/ each fully paid in cash	150 000					150 000	150 000
70,000,000 Ordinary Shares (2009: 60,000,000 shares)of Rs. 10/ each issued as fully paid bonus shares	700 000					700 000	600 000
	850 000					850 000	750 000
Accumulated surplus	245 781					245 781	646 040
General reserves	232 500					232 500	232 500
Total Shareholders' Equity	1 328 281					1 328 281	1 628 540
Balance of statutory fund [including policyholders' liabilities Rs. 16,545 million (2009: Rs. 15,455 million)							
		16 598 870	223 945	14 816	3 995	16 841 626	14 767 466
Deferred taxation	10 000					10 000	9 000
Creditors and accruals							
Outstanding claims		192 896	376 639	-	1 093	570 628	516 495
Premiums received in advance		330 346	36 972	780	1 042	369 140	320 527
Amounts due to reinsurers		3 267	7 000	244	-	10 511	43 634
Accrued expenses	300	56 014	7 743	-	58	64 115	72 718
Amounts due to agents		131 953	20 586	3	79	152 621	189 396
Unclaimed dividend	2 874	-	-	-	-	2 874	2 836
Other creditors and accruals	22 751	23 226	1 534	-	21	47 532	50 324
	25 925	737 702	450 474	1 027	2 293	1 217 421	1 195 930
TOTAL EQUITY AND LIABILITIES	1 364 206	17 336 572	674 419	15 843	6 288	19 397 328	17 600 936
Contingency	6						

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

		Statutory Funds				Rupees '000	
Note	Shareholders Fund	Investment	Conventional	Pension	Accident &	Aggregate 30 Sep 2010	Aggregate 31 Dec 2009
		Linked Business	Business	Business (Unit Linked)	Health Business		
Cash and bank deposits							
	-	2 620	116	-	-	2 736	5 256
	4 522	760 971	60 295	3 601	1 073	830 462	1 020 547
	-	130 000	10 000	-	-	140 000	340 000
	4 522	893 591	70 411	3 601	1 073	973 198	1 365 803
Loans							
	47 119	-	-	-	-	47 119	43 210
	10 685	-	-	-	-	10 685	15 805
	57 804	-	-	-	-	57 804	59 015
Investments							
5	189 352	8 247 786	278 434	4 116	5 001	8 724 689	6 556 015
	83 652	3 961 705	183 130	4 103	4 025	4 236 615	4 176 517
	263 232	3 897 912	38 124	3 824	-	4 203 092	4 320 349
	508	-	-	-	-	508	508
	536 744	16 107 403	499 688	12 043	9 026	17 164 904	15 053 389
Current assets - others							
	-	-	36 502	-	-	36 502	36 267
	-	79	48 053	-	325	48 457	78 437
	-	-	-	-	-	-	202
	-	21 178	1 510	-	20	22 708	14 030
	-	12 280	761	-	10	13 051	11 042
	10 367	375 465	15 677	221	832	402 562	374 354
	255 089	-	-	-	-	255 089	227 388
	-	28 735	3 523	-	29	32 287	30 801
	108 914	(102 159)	(1 706)	(22)	(5 027)	-	-
	374 370	335 578	104 320	199	(3 811)	810 656	772 521
Fixed assets							
Tangible and Intangible assets							
	126 505					126 505	126 505
	227 832					227 832	189 828
	28 919					28 919	28 919
	7 510					7 510	4 956
	390 766					390 766	350 208
TOTAL ASSETS	1 364 206	17 336 572	674 419	15 843	6 288	19 397 328	17 600 936

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Profit and Loss Account
For the nine months period ended 30 September 2010 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000			
	Nine months ended 30 September		Three months ended 30 September	
	2010	2009	2010	2009
Investment income / (loss) not attributable to statutory funds				
Income from held-to-maturity and available-for-sale investments				
Return on government securities	15 007	16 007	5 045	5 110
Return on other fixed income securities and deposits	11 590	15 892	3 019	6 033
Dividend income	16 446	13 839	461	877
	43 043	45 738	8 525	12 020
Gain on disposal of available-for-sale investments	-	77	-	(1)
Provision for impairment in the value of available for sale investments	(221 893)	(45 233)	(42 217)	65 585
Net investment (loss)/ income	(178 850)	582	(33 692)	77 604
Other revenue	13 681	9 598	4 896	2 476
	(165 169)	10 180	(28 796)	80 080
Expenses not attributable to statutory funds	6 904	17 955	1 489	5 452
	(172 073)	(7 775)	(30 285)	74 628
Surplus transferred from statutory funds	337 314	469 258	120 150	187 181
Profit before tax	165 241	461 483	89 865	261 809
Taxation				
- Current	(52 000)	(171 000)	(31 000)	(66 000)
- Deferred	(1 000)	(500)	-	-
Profit after tax	112 241	289 983	58 865	195 809
Earnings per share - basic and diluted	1.32	(Restated) 3.41	0.69	(Restated) 2.30

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

Sultan Ahmad
Director

Muneer R Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Changes in Equity
 For the nine months period ended 30 September 2010 (Unaudited) EFU LIFE ASSURANCE LTD.

Rupees '000

	Share Capital	Net accumulated surplus		Total
		General Reserve	Accumulated Surplus	
Balance as at 1 January 2009	750 000	570 000	(65 619)	1 254 381
Changes in equity for 2009				
Transfer from general reserves	-	(337 500)	337 500	-
Dividend for the year 2008	-	-	(337 500)	(337 500)
Profit for the period	-	-	289 983	289 983
Balance as at 30 September 2009	<u>750 000</u>	<u>232 500</u>	<u>224 364</u>	<u>1 206 864</u>
Balance as at 1 January 2010	750 000	232 500	646 040	1 628 540
Changes in equity for 2010				
Dividend for the year 2009	-	-	(412 500)	(412 500)
Issue of Bonus Shares	100 000		(100 000)	-
Profit for the period	-	-	112 241	112 241
Balance as at 30 September 2010	<u>850 000</u>	<u>232 500</u>	<u>245 781</u>	<u>1 328 281</u>

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Cash Flows

For the nine months period ended 30 September 2010 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
Note	Shareholders	Investment	Conventional	Pension	Accident &	Aggregate	Aggregate
	Fund	Linked Business	Business	Business (Unit Linked)	Health Business	30 Sep 2010	30 Sep 2009
Operating Cash Flows							
a) Underwriting activities							
		4 995 196	887 503	1 318	2 668	5 886 685	5 118 004
		(110 945)	-	(50)	(721)	(111 716)	(39 690)
		(117 982)	(493 722)	-	(1 926)	(613 630)	(587 914)
		(1 001 388)	-	-	-	(1 001 388)	(532 198)
		(1 204 617)	(253 575)	(48)	(354)	(1 458 594)	(1 363 963)
		-	8 480	-	-	8 480	75
		2 560 264	148 686	1 220	(333)	2 709 837	2 594 314
Net cash flow from underwriting activities							
b) Other operating activities							
	(79 701)	-	-	-	-	(79 701)	(148 650)
	(7 254)	(626 818)	(71 693)	(7)	(414)	(706 186)	(615 056)
	-	(111 662)	(69 405)	(546)	(10)	(181 623)	(41 427)
	168 248	-	-	-	2 155	170 403	67 062
	(16 917)	-	-	-	-	(16 917)	(2 180)
	18 128	-	-	-	-	18 128	(7 985)
	-	(2 862)	(838)	(3)	(4)	(3 707)	(7 013)
	-	-	-	-	-	-	-
	82 504	(741 342)	(141 936)	(556)	1 727	(799 603)	(755 249)
	82 504	1 818 922	6 750	664	1 394	1 910 234	1 839 065
Investment activities							
	33 750	1 094 456	41 587	966	473	1 171 232	932 871
	16 446	175 214	751	137	-	192 548	119 944
	(7 439)	(3 653 225)	(66 356)	-	-	(3 727 020)	(3 439 594)
	1 269	533 335	1 323	1 871	308	538 106	321 545
	(75 926)	-	-	-	-	(75 926)	(71 677)
	10 721	-	-	-	-	10 721	6 448
	(21 179)	(1 850 220)	(22 695)	2 974	781	(1 890 339)	(2 130 463)
Financing activities							
	337 314	(280 296)	(54 378)	(564)	(2 076)	-	-
	(412 500)	-	-	-	-	(412 500)	(337 500)
	(75 186)	(280 296)	(54 378)	(564)	(2 076)	(412 500)	(337 500)
	(13 861)	(311 594)	(70 323)	3 074	99	(392 605)	(628 898)
	18 383	1 205 185	140 734	527	974	1 365 803	1 425 424
	4 522	893 591	70 411	3 601	1 073	973 198	796 526
Reconciliation to profit and loss account							
						1 910 234	1 839 065
						(29 664)	(25 036)
						11 329	(510)
						5 017	2 024
						8 664	7 574
						1 383 324	1 092 874
						(707 207)	1 901 766
						(235 402)	(43 437)
						13 932	-
						(160 051)	(118 171)
						8 716	102 436
						(2 096 651)	(4 468 602)
						112 241	289 983

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Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Revenue Account
For the nine months period ended 30 September 2010 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

Note	Statutory Funds				Nine months ended		Three months ended	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Income								
Premiums less reinsurances	4 837 040	664 394	1 329	1 652	5 504 415	4 737 826	1 748 397	1 499 505
Net investment income	446 400	36 360	952	1 063	484 775	2 831 940	239 104	1 000 066
Total income	5 283 440	700 754	2 281	2 715	5 989 190	7 569 766	1 987 501	2 499 571
Claims and expenditure								
Claims net of reinsurance recoveries	1 119 781	324 466	-	(5)	1 444 242	930 587	457 578	323 550
Management expenses	1 807 419	325 243	48	765	2 133 475	1 867 028	670 748	570 267
Total claims and expenditure	2 927 200	649 709	48	760	3 577 717	2 797 615	1 128 326	893 817
Excess of income over claims and expenditure	2 356 240	51 045	2 233	1 955	2 411 473	4 772 151	859 175	1 605 754
Add : policyholders' liabilities at beginning of the period	14 255 327	219 117	13 147	4 116	14 491 707	9 293 935	15 808 610	12 171 089
Less: policyholders' liabilities at end of the period	4 16 331 271	195 315	14 583	3 897	16 545 066	13 595 045	16 545 066	13 595 045
	(2 075 944)	23 802	(1 436)	219	(2 053 359)	(4 301 110)	(736 456)	(1 423 956)
Surplus before tax	280 296	74 847	797	2 174	358 114	471 041	122 719	181 798
Movement in policyholders' liabilities	2 075 944	(23 802)	1 436	(219)	2 053 359	4 301 110	736 456	1 423 956
Transfer of surplus to shareholders' fund	(280 296)	(54 378)	(564)	(2 076)	(337 314)	(469 258)	(120 150)	(187 181)
Balance of statutory funds at beginning of the period	14 522 926	227 278	13 147	4 116	14 767 467	9 567 235	16 102 601	12 451 555
Balance of statutory funds at end of the period	16 598 870	223 945	14 816	3 995	16 841 626	13 870 128	16 841 626	13 870 128
Represented by:								
Policyholders' liabilities	4 16 331 271	195 315	14 583	3 897	16 545 066	13 595 045	16 545 066	13 595 045
Retained earnings on other than participating business	267 599	28 630	233	98	296 560	275 083	296 560	275 083
Balance of statutory funds	16 598 870	223 945	14 816	3 995	16 841 626	13 870 128	16 841 626	13 870 128

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Premium
For the nine months period ended 30 September 2010 (Unaudited) EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000				
	Investment	Pension	Accident &	Nine months ended	Three months ended	2010	2009	2010	2009
	Linked	Business	Health						
	Business	Business	(Unit Linked)	30 September	30 September				
Gross premiums				2010	2009	2010	2009		
Regular premium individual policies*									
First year	1 648 647	3 520	-	416	1 652 583	1 207 097	513 743	363 345	
Second year renewal	926 947	1 347	-	36	928 330	946 688	289 250	302 482	
Subsequent year renewal	2 259 414	3 932	1 370	1 688	2 266 404	1 682 948	739 976	566 118	
Single premium individual policies	125 958	-	-	-	125 958	108 597	43 201	36 539	
Group policies without cash values	-	865 032	-	-	865 032	1 145 384	262 167	327 608	
Total gross premiums	4 960 966	873 831	1 370	2 140	5 838 307	5 090 714	1 848 337	1 596 092	
Less: Reinsurance premiums ceded									
On individual life first year business	19 785	560	-	26	20 371	16 574	5 717	4 917	
On individual life second year business	13 815	205	-	6	14 026	14 472	4 199	4 593	
On individual life renewal business	90 326	1 367	41	456	92 190	84 007	29 877	28 220	
On group policies	-	207 305	-	-	207 305	237 835	60 147	58 857	
Total reinsurance premium ceded	123 926	209 437	41	488	333 892	352 888	99 940	96 587	
Net premiums	4 837 040	664 394	1 329	1 652	5 504 415	4 737 826	1 748 397	1 499 505	

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

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Sultan Ahmed
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Claims
For the nine months period ended 30 September 2010 (Unaudited) EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2010	2009	2010	2009
Gross claims								
Claims under individual policies								
by death	146 806	(420)	-	-	146 386	105 588	74 380	34 242
by insured event other than death	9 107	(34)	-	486	9 559	12 530	3 959	4 163
by maturity	24 558	-	-	-	24 558	3 382	9 930	2 305
by surrender	976 830	-	-	-	976 830	530 726	303 633	208 674
Total gross individual policy claims	1 157 301	(454)	-	486	1 157 333	652 226	391 902	249 384
Claims under group policies								
by death	-	399 054	-	-	399 054	406 161	119 222	128 345
by insured event other than death	-	37 237	-	-	37 237	17 026	20 793	5 464
experience refund	-	75 527	-	-	75 527	79 155	26 205	20 579
Total gross group claims	-	511 818	-	-	511 818	502 342	166 220	154 388
Total gross claims	1 157 301	511 364	-	486	1 669 151	1 154 568	558 122	403 772
Less: Reinsurance recoveries								
On individual life first year business	7 612	-	-	(3)	7 609	5 297	2 580	3 799
On individual life second year business	5 203	-	-	(6)	5 197	2 251	3 959	7 810
On individual life subsequent renewal business	24 705	(423)	-	500	24 782	13 997	19 846	(7 128)
On group claims	-	156 562	-	-	156 562	160 096	61 374	61 774
On experience refund of premiums	-	30 759	-	-	30 759	42 340	12 785	13 967
Total reinsurance	37 520	186 898	-	491	224 909	223 981	100 544	80 222
Net claims	1 119 781	324 466	-	(5)	1 444 242	930 587	457 578	323 550

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Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Expenses
For the nine months period ended 30 September 2010 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000				
	Investment	Pension	Accident &	Nine months ended	Three months ended	2010	2009	2010	2009
	Linked	Business	Health						
	Business	Business	(Unit Linked)	Business	2010	2009	2010	2009	
Acquisition costs									
Remuneration to insurance intermediaries on individual policies:									
- commission on first year premiums	894 367	1 140		181	895 688	627 371	267 593	188 316	
- commission on second year premiums	96 933	118		14	97 065	98 114	30 222	31 424	
- commission on subsequent renewal premiums	61 124	98	34	84	61 340	45 348	20 170	15 084	
- commission on single premiums	2 520				2 520	2 172	704	697	
- override commission	118 748	313	14	56	119 131	99 549	38 214	32 488	
- other benefits to insurance intermediaries	185 962	9 447	-	130	195 539	165 759	63 624	56 975	
	1 359 654	11 116	48	465	1 371 283	1 038 313	420 527	324 984	
Remuneration to insurance intermediaries on group policies:									
- commission	-	246 277	-	-	246 277	457 654	57 983	131 553	
- other benefits to insurance intermediaries	-	15 773	-	-	15 773	14 216	5 240	4 757	
	-	262 050	-	-	262 050	471 870	63 223	136 310	
Branch overheads	162 467	11 817	-	85	174 369	92 908	76 885	27 039	
Other acquisition costs									
- policy stamps	34 332	920	-	11	35 263	24 021	13 652	8 218	
Total acquisition cost	1 556 453	285 903	48	561	1 842 965	1 627 112	574 287	496 551	
Administration expenses									
Salaries and other benefits	103 805	23 198	-	93	127 096	121 939	42 194	40 616	
Travelling expenses	34 887	2 217	-	4	37 108	9 270	10 185	2 387	
Actuary's fees	3 987	284	-	4	4 275	4 050	1 425	1 350	
Medical fees	9 682	819	-	-	10 501	9 065	3 295	2 236	
Legal and professional fee	3 790	271	-	4	4 065	3 452	1 734	1 237	
Advertisements and publicity	13 411	961	-	13	14 385	14 515	1 919	195	
Computer expenses	4 012	307	-	4	4 323	2 875	1 923	326	
Printing and stationery	12 681	1 233	-	11	13 925	11 931	6 751	3 943	
Depreciation	9 197	1 753	-	8	10 958	10 079	5 196	4 555	
Amortisation	3 213	229	-	3	3 445	2 918	499	973	
Rent	6 466	1 955	-	6	8 427	6 030	3 074	2 260	
Exchange gain	(1 863)	-	-	-	(1 863)	(4 175)	(593)	(1 979)	
Other management expenses	56 318	6 383	-	54	62 755	54 367	21 128	17 483	
Gross management expenses	1 816 039	325 513	48	765	2 142 365	1 873 428	673 017	572 133	
Commission from reinsurers	(8 620)	(270)	-	-	(8 890)	(6 400)	(2 269)	(1 866)	
Net management expenses	1 807 419	325 243	48	765	2 133 475	1 867 028	670 748	570 267	

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Investment Income
For the nine months period ended 30 September 2010 (Unaudited) EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2010	2009	2010	2009
Investment income								
On government securities	628 110	23 031	376	523	652 040	421 638	241 745	166 450
On other fixed income securities and deposits	491 011	21 447	452	544	513 454	520 205	167 128	170 271
Dividend income	175 214	751	137	-	176 102	106 105	47 822	32 478
Amortisation of (premium) / discount	12 076	(713)	(30)	(4)	11 329	1 398	11 911	3 299
	1 306 411	44 516	935	1 063	1 352 925	1 049 346	468 606	372 498
Loss on sale of investments								
Shares and mutual fund units	(160 052)	-	1	-	(160 051)	(118 248)	(46 335)	(33 004)
(Loss)/Gain on revaluation of investments								
Government securities	(179 508)	-	(81)	-	(179 589)	585 554	(177 990)	(124 616)
Other fixed income securities	16 229	-	130	-	16 359	245 175	(13 297)	(884)
Listed equities securities and mutual fund units	(543 944)	-	(33)	-	(543 977)	1 069 639	3 557	782 167
	(707 223)	-	16	-	(707 207)	1 900 368	(187 730)	656 667
Provision for impairment in value of investments								
Available-for-sale fixed income securities	13 932	-	-	-	13 932	-	10 324	-
Available-for-sale equity securities and mutual fund units	(5 353)	(8 156)	-	-	(13 509)	1 796	(5 196)	4 600
	8 579	(8 156)	-	-	423	1 796	5 128	4 600
	447 715	36 360	952	1 063	486 090	2 833 262	239 669	1 000 761
Less : Investment related expense	(1 315)	-	-	-	(1 315)	(1 322)	(565)	(695)
Net investment income	<u>446 400</u>	<u>36 360</u>	<u>952</u>	<u>1 063</u>	<u>484 775</u>	<u>2 831 940</u>	<u>239 104</u>	<u>1 000 066</u>

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
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.

- 1.2 The Company has incorporated EFU Family Takaful Limited and has agreed to subscribe 11,992,000 shares of Rs.10 each in such company representing 79.95% of the proposed paid up capital. At present EFU Family Takaful Limited does not have any paid up capital and has not commenced business as at 30 September 2010.

2. BASIS OF PREPARATION

- 2.1 These interim condensed financial statements of the Company for the nine months ended 30 September 2010 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 2009.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2009.

In addition to the above, following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

- IFRS 2 - Share Based Payment : Amendments relating to Group Cash-settled Share based Payment Transactions
- IFRS 3 - Business Combinations (Revised)
- IAS 27 - Consolidated and Separate Financial Statements (Amendment)
- IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendments)
- IFRIC 17 - Distributions of Non-cash Assets to owners

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					Aggregate 30 Sep 2010	Aggregate 31 Dec 2009
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business			
Actuarial liability relating to future events	16 355 113	228 009	14 619	4 291	16 602 032	14 557 941	
Provision for outstanding reported claims payable over a period exceeding twelve months	116 825	36 842	-	65	153 732	127 927	
Provision for incurred but not reported claims	17 362	40 097	-	-	57 459	58 901	
	<u>16 489 300</u>	<u>304 948</u>	<u>14 619</u>	<u>4 356</u>	<u>16 813 223</u>	<u>14 744 769</u>	
4.2 Net of reinsurance							
Actuarial liability relating to future events	16 252 284	150 914	14 583	3 882	16 421 663	14 382 944	
Provision for outstanding reported claims payable over a period exceeding twelve months	64 942	17 927	-	15	82 884	68 987	
Provision for incurred but not reported claims	14 045	26 474	-	-	40 519	39 776	
	<u>16 331 271</u>	<u>195 315</u>	<u>14 583</u>	<u>3 897</u>	<u>16 545 066</u>	<u>14 491 707</u>	

5. INVESTMENTS

Rupees '000

Government securities	Shareholders Fund	Statutory Funds				Aggregate 30 Sep 2010	Aggregate 31 Dec 2009
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Held-to-maturity at amortized cost	189 352	402 314	278 434	-	5 001	875 101	656 236
Available-for-sale at fair value	-	7 845 472	-	4 116	-	7 849 588	5 899 779
	<u>189 352</u>	<u>8 247 786</u>	<u>278 434</u>	<u>4 116</u>	<u>5 001</u>	<u>8 724 689</u>	<u>6 556 015</u>
Other Fixed Income Securities							
Held-to-maturity at amortized cost	83 652	171 699	183 130	-	4 025	442 506	446 976
Available-for-sale at fair value	-	3 790 006	-	4 103	-	3 794 109	3 729 541
	<u>83 652</u>	<u>3 961 705</u>	<u>183 130</u>	<u>4 103</u>	<u>4 025</u>	<u>4 236 615</u>	<u>4 176 517</u>
Listed Equities and Mutual Funds Units							
Held-for-trading at fair value	-	337 934	-	-	-	337 934	546 877
Available-for-sale at fair value	-	3 464 207	-	3 824	-	3 468 031	3 148 822
Available for sale at lower of cost or fair value	<u>661 342</u>	<u>105 111</u>	<u>51 244</u>	<u>-</u>	<u>-</u>	<u>817 697</u>	<u>809 817</u>
	<u>661 342</u>	<u>3 907 252</u>	<u>51 244</u>	<u>3 824</u>	<u>-</u>	<u>4 623 662</u>	<u>4 505 516</u>
Less: Provision for impairment in the value of investments	<u>(398 110)</u>	<u>(9 340)</u>	<u>(13 120)</u>	<u>-</u>	<u>-</u>	<u>(420 570)</u>	<u>(185 167)</u>
	<u>263 232</u>	<u>3 897 912</u>	<u>38 124</u>	<u>3 824</u>	<u>-</u>	<u>4 203 092</u>	<u>4 320 349</u>
Unlisted Equity Investment	<u>508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508</u>	<u>508</u>
Total	<u>536 744</u>	<u>16 107 403</u>	<u>499 688</u>	<u>12 043</u>	<u>9 026</u>	<u>17 164 904</u>	<u>15 053 389</u>

- 5.1 The Company has deposited Pakistan Investment Bonds amounting to Rs. 87 million (31 December 2009: Rs. 77 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance 2000.
- 5.2 Market value of securities held at amortized cost amounted to Rs. 1,236 million (31 December 2009: Rs. 1,089 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 remeasurment of investments to fair value be recognized in equity. Accordingly, had these investments been measured at fair value, their carrying value as on 30 September 2010 would have been higher by Rs. 51.41 million.(31 December 2009: 42.424 million)

6. CONTINGENCY

During the tax year 2009, the Company had 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 which was decided on 8 March 2010 in favour of the Company. However, the tax department has filed an appeal against the decision of the High Court of Sindh in the Supreme Court of Pakistan which is pending adjudication. The tax impact of the above amounts to Rs. 16 million against which no provision is considered necessary in these interim condensed financial statements as the management is confident about the favourable outcome of the matter.

7. TRANSACTION WITH RELATED PARTIES

Transactions with related parties for the six months period ended 30 September 2010 and related party balance as of that date are as follows:

	30 Sep 2010	Rupees '000 30 Sep 2009
Associated companies (due to common directorship)		
Transactions		
Premium written	11 050	16 548
Premium paid	13 189	10 547
Claims paid	2 201	1 877
Claims received	855	1 494
Traveling expenses	350	416
Services hired	2 036	1 706
Commission paid	25 253	7 018
Dividend paid	254 768	208 451
Dividend received	31 336	25 441
Employees' funds		
Transactions		
Contribution to provident fund	7 710	6 791
Contribution to pension fund	6 010	5 004
Key management personnel		
Transactions		
Loan receivable	250	-
Loan recovered	480	128
Compensation	47 318	42 190

	Rupees '000	
	30 Sep 2010	31 Dec 2009
Associated companies (due to common directorship)		
Balances		
Bank balances	5 580	2 815
Premium receivable	9	885
Premium payable	778	58
Key management personnel		
Loans receivable	-	230

8. 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 October 2010.

9. GENERAL

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

Sultan Ahmad
Director

Muneer R. Bhimjee
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

EFU Life Branch Network -110



