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Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Taher G. Sachak

Directors

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

Corporate Secretary

S. Shahid Abbas

Appointed Actuary

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

Legal Advisor

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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants, Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shahra -e -Quaideen
Karachi
Ph: (92-21) 34391316-17
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 Director's of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first quarter ended 31 March 2013.

Your Company's total premium income increased by 17% during the first quarter of 2013 and was Rs.3.05 billion (2012: Rs 2.61 billion). New individual life regular premium income increased by 10% at Rs.548 million (2012: Rs. 500 million). Both individual life channels, sales force and bancassurance, are contributing positively to the top-line growth. The Company expects to further build upon this growth in the remaining part of the year.

Renewal premium income increased by 19%. Inclusive of renewal premium, the total individual life regular premium business increased by 17% to Rs. 2.63 billion (2012: 2.26 billion).

Group Benefits business increased by 18% at Rs. 389 million (2012: Rs. 330 million).

Your Company had a profit after tax of Rs. 184 million (2012: Rs. 328 million). The Earnings per Share is Rs. 2.16 (2012: Rs. 3.86).

During the quarter, the Insurer Financial Strength rating of the Company was upgraded to AA, Outlook: Stable, by JCR-VIS Credit rating company. This upgrade signifies a high capacity to meet policyholder obligations. It reflects the Company's strong balance sheet size that has further increased on account of continuous growth in regular premium. It also takes into account the Company's significant capitalization level vis-à-vis the risks underwritten.

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Balance Sheet
As at 31 March 2013 (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 March 2013	Aggregate December 2012	
Share capital and reserves								
Authorised share capital								
	[100,000,000 ordinary shares (2012: 100,000,000) of Rs.10 each]	1 000 000				1 000 000	1 000 000	
Issued, subscribes and paid-up Share Capital								
	15 000 000 Ordinary Shares (2012: 15 000 000) of Rs 10/- each issued as fully paid in cash	150 000				150 000	150 000	
	70 000 000 Ordinary Shares (2012: 70 000 000) of Rs 10/- each issued as fully paid as Bonus Shares	700 000				700 000	700 000	
		850 000				850 000	850 000	
	Accumulated surplus	1 195 409				1 195 409	1 011 758	
	General reserves	232 500				232 500	232 500	
	Net shareholders' equity	2 277 909				2 277 909	2 094 258	
Balance of statutory fund [including policyholders' liabilities Rs. 34,989 million (2012: Rs. 33,009 million)								
		35 270 286	438 680	17 453	3 849	35 730 268	33 743 933	
Deferred tax liability								
		14 600				14 600	14 600	
Creditors and accruals								
	Outstanding claims		323 372	426 136	-	838	750 346	705 125
	Premiums received in advance		450 002	75 052	620	954	526 628	475 797
	Amounts due to reinsurers		83 117	76 174	278	839	160 408	113 252
	Amounts due to agents		178 265	10 205	5	106	188 581	348 010
	Accrued expenses	434	71 167	8 245	-	29	79 875	123 103
	Unclaimed dividend	6 157	-	-	-	-	6 157	8 640
	Other creditors and accruals	45 790	37 968	2 711	-	19	86 488	95 349
	Inter - fund payable	-	83 787	7 201	519	356	91 863	172 240
	Total liabilities	52 381	1 227 678	605 724	1 422	3 141	1 890 346	2 041 516
Contingencies and Commitments								
		7						
Total equity and liabilities								
		2 344 890	36 497 964	1 044 404	18 875	6 990	39 913 123	37 894 307

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

		Statutory Funds				Rupees '000	
Note	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate March 2013	Aggregate December 2012
Cash and bank deposits							
	-	12 149	435	-	-	12 584	12 716
	194 643	491 767	161 027	5 691	1 392	854 520	1 230 856
	-	1 367 000	-	-	-	1 367 000	480 000
	194 643	1 870 916	161 462	5 691	1 392	2 234 104	1 723 572
Loans							
	29 952	-	-	-	-	29 952	45 901
	30 213	-	-	-	-	30 213	14 684
	60 165	-	-	-	-	60 165	60 585
Investments							
6	751 850	24 749 884	614 465	7 048	2 996	26 126 243	25 178 107
	9 982	2 532 839	151 723	1 012	1 912	2 697 468	3 305 500
	405 970	6 821 773	39 982	4 920	544	7 273 189	6 244 234
	508	-	-	-	-	508	508
	1 168 310	34 104 496	806 170	12 980	5 452	36 097 408	34 728 349
Current assets - others							
	-	-	53 716	-	-	53 716	40 314
	-	729	1 661	-	-	2 390	3 909
	-	57 881	4 499	-	31	62 411	17 227
	-	48 977	819	-	1	49 797	34 611
	22 052	308 384	6 308	204	56	337 004	273 149
	144 988	-	-	-	-	144 988	157 618
	-	106 581	9 769	-	58	116 408	75 628
	91 863	-	-	-	-	91 863	172 240
	258 903	522 552	76 772	204	146	858 577	774 696
Fixed assets							
Tangible assets							
8	126 505	-	-	-	-	126 505	126 505
	323 879	-	-	-	-	323 879	298 725
	197 663	-	-	-	-	197 663	165 012
	14 822	-	-	-	-	14 822	16 863
	662 869	-	-	-	-	662 869	607 105
	2 344 890	36 497 964	1 044 404	18 875	6 990	39 913 123	37 894 307

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000	
	Aggregate 2013	Aggregate 2012
Investment income not attributable to statutory funds		
Return on government securities	16 915	13 415
Return on other fixed income securities and deposits	245	3 142
Dividend income	19 311	6 854
	<u>36 471</u>	<u>23 411</u>
(Provision for)/ Reversal of impairment in the value of available for sale investments	<u>(7 055)</u>	<u>206 522</u>
Net investment income	29 416	229 933
Other revenue	<u>4 433</u>	<u>4 037</u>
	33 849	233 970
Expenses not attributable to statutory funds	<u>(5 920)</u>	<u>(10 723)</u>
	27 929	223 247
Surplus transferred from statutory funds	<u>247 722</u>	<u>274 680</u>
Profit before tax	275 651	497 927
Taxation	<u>(92 000)</u>	<u>(170 000)</u>
Profit after tax	<u>183 651</u>	<u>327 927</u>
Earnings per share - basic and diluted	<u>2.16</u>	<u>3.86</u>

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Changes in Equity
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	<u>Share Capital</u>	<u>General Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
Balance as at 01 January 2012	850 000	232 500	650 140	1 732 640
Changes in equity for 2012				
Profit for the period	-	-	327 927	327 927
Balance as at 31 March 2012	<u>850 000</u>	<u>232 500</u>	<u>978 067</u>	<u>2 060 567</u>
Balance as at 01 January 2013	850 000	232 500	1 011 758	2 094 258
Changes in equity for 2013				
Profit for the period	-	-	183 651	183 651
Balance as at 31 March 2013	<u>850 000</u>	<u>232 500</u>	<u>1 195 409</u>	<u>2 277 909</u>

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Cash Flows
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
Note	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2013	Aggregate 31 March 2012
Operating cash flows							
a) Underwriting activities							
		2 666 881	421 504	152	524	3 089 061	2 624 491
		(8 456)	(51 951)	-	(176)	(60 583)	(2 352)
		(72 801)	(216 165)	-	-	(288 966)	(302 457)
		(610 593)	-	(136)	-	(610 729)	(451 998)
		(585 832)	(63 018)	(8)	(149)	(649 007)	(538 122)
		1 389 199	90 370	8	199	1 479 776	1 329 562
Net cash generated from / (used in) underwriting activities							
b) Other operating activities							
	(79 370)	-	-	-	-	(79 370)	(50 513)
	(7 086)	(372 535)	(24 068)	(22)	(110)	(403 821)	(353 678)
	-	(14 582)	(157 205)	(514)	(779)	(173 080)	(57 973)
	102 626	61 593	-	-	-	164 219	78 799
	(17 073)	-	-	-	-	(17 073)	(13 791)
	17 493	-	-	-	-	17 493	17 599
	(2 483)	(95 568)	(5 540)	-	(42)	(103 633)	(51 763)
	14 107	(421 092)	(186 813)	(536)	(931)	(595 265)	(431 320)
	14 107	968 107	(96 443)	(528)	(732)	884 511	898 242
Investment activities							
	2 992	643 118	21 994	248	43	668 395	829 690
	19 311	206 256	802	82	-	226 451	134 419
	(68 121)	(2 216 563)	114 455	1 294	(263)	(2 169 198)	(9 072 667)
	-	970 975	-	-	-	970 975	6 988 913
	(71 267)	-	-	-	-	(71 267)	(49 410)
	665	-	-	-	-	665	1 230
	(116 420)	(396 214)	137 251	1 624	(220)	(373 979)	(1 167 825)
Financing activities							
	247 722	(218 268)	(29 402)	(4)	(48)	-	-
	-	-	-	-	-	-	-
	247 722	(218 268)	(29 402)	(4)	(48)	-	-
	145 409	353 625	11 406	1 092	(1 000)	510 532	(269 583)
	49 234	1 517 291	150 056	4 599	2 392	1 723 572	1 141 457
	194 643	1 870 916	161 462	5 691	1 392	2 234 104	871 874
Reconciliation to profit and loss account							
						884 511	898 242
						(13 120)	(10 672)
						(2 041)	(949)
						323	741
						4 110	3 296
						954 591	804 783
						151 744	836 886
						(8 349)	213 319
						27 441	166 571
						19 606	(145 943)
						(1 835 165)	(2 438 347)
						183 651	327 927

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Revenue Account
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

					Rupees '000	
Statutory Funds					Aggregate 31 March 2013	Aggregate 31 March 2012
Note	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Income						
	2 605 634	244 502	141	359	2 850 636	2 454 542
	1 076 004	19 835	436	(264)	1 096 011	1 791 626
	3 681 638	264 337	577	95	3 946 647	4 246 168
Claims net of reinsurance recoveries						
	699 590	155 682	136	-	855 408	654 837
	764 889	92 089	29	175	857 182	711 177
	1 464 479	247 771	165	175	1 712 590	1 366 014
Excess of income over claims and expenditure						
	2 217 159	16 566	412	(80)	2 234 057	2 880 154
Add : policyholders' liabilities at beginning of the period						
	32 712 494	276 674	16 802	3 404	33 009 374	23 920 773
Less : policyholders' liabilities at end of the period						
4.2	34 711 385	257 076	17 210	3 276	34 988 947	26 526 350
	(1 998 891)	19 598	(408)	128	(1 979 573)	(2 605 577)
Surplus before tax						
	218 268	36 164	4	48	254 484	274 577
	1 998 891	(19 598)	408	(128)	1 979 573	2 605 577
	(218 268)	(29 402)	(4)	(48)	(247 722)	(274 680)
	33 271 395	451 516	17 045	3 977	33 743 933	24 414 209
	35 270 286	438 680	17 453	3 849	35 730 268	27 019 683
Represented by:						
	34 711 385	257 076	17 210	3 276	34 988 947	26 526 350
	558 901	181 604	243	573	741 321	493 333
	35 270 286	438 680	17 453	3 849	35 730 268	27 019 683

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premiums
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Statutory Funds				Aggregate 31 March 2013	Aggregate 31 March 2012
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross premiums						
Regular premium individual policies*						
First year	547 665	454	-	47	548 166	500 338
Second year renewal	505 221	147	-	10	505 378	522 563
Subsequent year renewal	1 577 947	1 129	152	467	1 579 695	1 236 140
Single premium individual policies	27 906	-	-	-	27 906	20 390
Group policies with cash values	1 825				1 825	-
Group policies without cash values	-	388 662	-	-	388 662	330 251
Total gross premiums	2 660 564	390 392	152	524	3 051 632	2 609 682
Less: Reinsurance premiums ceded						
On individual life first year business	6 016	34	-	2	6 052	4 467
On individual life second year business	6 005	19	-	3	6 027	6 057
On individual life renewal business	42 909	360	11	160	43 440	35 943
On group policies	-	145 477	-	-	145 477	108 673
Total reinsurance premium ceded	54 930	145 890	11	165	200 996	155 140
Net premiums	2 605 634	244 502	141	359	2 850 636	2 454 542

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

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Claims
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2013	Aggregate 31 March 2012
Gross claims						
Claims under individual policies						
by death	84 638	35	-	-	84 673	50 254
by insured event other than death	6 091	-	-	-	6 091	6 167
by maturity	11 401	-	-	-	11 401	4 045
by surrender	610 593	-	136	-	610 729	451 998
Total gross individual policy claims	712 723	35	136	-	712 894	512 464
Claims under group policies						
by death	1 170	185 604	-	-	186 774	187 754
by insured event other than death	-	9 809	-	-	9 809	11 684
experience refund	-	35 439	-	-	35 439	25 942
Total gross group claims	1 170	230 852	-	-	232 022	225 380
Total gross claims	713 893	230 887	136	-	944 916	737 844
Less: Reinsurance recoveries						
On individual life first year business	7 606	35	-	-	7 641	4 105
On individual life second year business	2 925	-	-	-	2 925	919
On individual life subsequent renewal business	3 772	-	-	-	3 772	5 054
On group claims	-	74 747	-	-	74 747	68 475
On experience refund of premiums	-	423	-	-	423	4 454
Total reinsurance	14 303	75 205	-	-	89 508	83 007
Net claims	699 590	155 682	136	-	855 408	654 837

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Expenses
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000		
	Investment	Pension	Accident &	Aggregate	Aggregate		
	Linked	Business	Health	31 March	31 March		
Business	Business	(Unit Linked)	Business	2013	2012		
Acquisition costs							
Remuneration to insurance intermediaries on individual policies:							
- commission on first year premiums	253 568	151	-	19	253 738	233 666	
- commission on second year premiums	64 271	36	-	5	64 312	41 518	
- commission on subsequent renewal premiums	46 039	28	4	18	46 089	35 113	
- commission on single premiums	542	-	-	-	542	408	
- override commission	61 859	49	1	11	61 920	49 817	
- other benefits to insurance intermediaries	108 867	185	16	32	109 100	87 829	
	535 146	449	21	85	535 701	448 351	
Remuneration to insurance intermediaries on group policies:							
- commission	163	62 814	-	-	62 977	52 825	
- other benefits to insurance intermediaries	-	8 643	-	-	8 643	7 202	
	163	71 457	-	-	71 620	60 027	
Branch overheads	20	72 001	894	8	14	72 917	48 019
Other acquisition costs- policy stamps		13 881	175	-	-	14 056	12 583
Total acquisition cost		621 191	72 975	29	99	694 294	568 980
Administration expenses							
Salaries and other benefits		68 046	11 812	-	37	79 895	66 314
Travelling expenses		14 912	571	-	-	15 483	3 964
Actuary's fees		1 678	121	-	1	1 800	1 800
Medical fees		4 778	316	-	-	5 094	4 711
Legal and professional fee		3 646	263	-	2	3 911	2 658
Advertisements and publicity		5 965	430	-	4	6 399	13 972
Computer expenses		586	44	-	-	630	863
Printing and stationery		7 039	729	-	5	7 773	7 613
Depreciation	19.3	3 180	889	-	2	4 071	3 391
Amortisation		1 903	137	-	1	2 041	949
Rental		4 380	840	-	3	5 223	3 679
Exchange gain		(1 173)	-	-	-	(1 173)	(843)
Postage		8 673	799	-	5	9 477	6 996
Fees and subscription		7 311	572	-	6	7 889	12 142
Other management expenses	21	14 987	1 608	-	10	16 605	15 588
Gross management expenses		767 102	92 106	29	175	859 412	712 777
Commission from reinsurers		(2 213)	(17)	-	-	(2 230)	(1 600)
Net management expenses		764 889	92 089	29	175	857 182	711 177

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Investment Income
For the three months period ended 31 March 2013 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment	Pension	Accident &	Aggregate	Aggregate	
	Linked	Business	Health	31 March	31 March	
Business	Business	(Unit Linked)	Business	2013	2012	
Investment income						
On government securities	584 694	15 668	179	69	600 610	516 680
On other fixed income securities and deposits	107 004	4 636	107	15	111 762	137 536
Dividend income	206 256	802	82	-	207 140	127 565
Amortisation of discount	40 694	155	3	2	40 854	23 090
	938 648	21 261	371	86	960 366	804 871
Gain on sale of investments						
Shares and mutual fund units	27 441	-	-	-	27 441	166 571
Gain / (Loss) on revaluation of investments						
Government securities	(51 712)	-	(73)	-	(51 785)	64 790
Other fixed income securities	(129 793)	-	(1)	-	(129 794)	7 733
Listed equities securities and mutual fund units	292 330	-	139	-	292 469	741 273
	110 825	-	65	-	110 890	813 796
(Provision for) / Reversal of impairment in value of investments						
Available-for-sale equity securities and mutual fund units	482	(1 426)	-	(350)	(1 294)	6 797
	1 077 396	19 835	436	(264)	1 097 403	1 792 035
Less : Investment related expense	(1 392)	-	-	-	(1 392)	(409)
Net investment income	<u>1 076 004</u>	<u>19 835</u>	<u>436</u>	<u>(264)</u>	<u>1 096 011</u>	<u>1 791 626</u>

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SAIFUDDIN N. ZOOMKAWALA
Director

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Director

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Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

1. STATUS AND NATURE OF BUSINESS

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

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

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

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

2. STATEMENT OF COMPLIANCE

2.1 These interim condensed financial statements of the Company for the three months period ended 31 March 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

2.2 These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2012.

3. ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2012.

4. POLICYHOLDERS' LIABILITIES

	Statutory Funds				Aggregate March 2013	Aggregate December 2012
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
4.1 Gross						
Actuarial liability relating to future events	34 673 707	352 284	17 243	3 671	35 046 905	33 010 023
Provision for outstanding reported claims payable over a period exceeding twelve months	227 003	69 628	-	-	296 631	269 201
Provision for incurred but not reported claims	45 034	78 156	-	-	123 190	144 764
	<u>34 945 744</u>	<u>500 068</u>	<u>17 243</u>	<u>3 671</u>	<u>35 466 726</u>	<u>33 423 988</u>
4.2 Net of reinsurance						
Actuarial liability relating to future events	34 542 214	186 634	17 210	3 276	34 749 334	32 766 823
Provision for outstanding reported claims payable over a period exceeding twelve months	132 740	18 665	-	-	151 405	143 746
Provision for incurred but not reported claims	36 431	51 777	-	-	88 208	98 805
	<u>34 711 385</u>	<u>257 076</u>	<u>17 210</u>	<u>3 276</u>	<u>34 988 947</u>	<u>33 009 374</u>

5. RECONCILIATION OF STATUTORY FUNDS

Rupees '000

	Statutory Funds				Aggregate March 2013	Aggregate December 2012
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Policyholders' liabilities						
Balance at beginning of the year	32 712 494	276 674	16 802	3 404	33 009 374	23 920 773
Increase / (decrease) during the year	1 998 891	(19 598)	408	(128)	1 979 573	9 088 601
Balance at end of the year	<u>34 711 385</u>	<u>257 076</u>	<u>17 210</u>	<u>3 276</u>	<u>34 988 947</u>	<u>33 009 374</u>
Retained earnings on other than participating business						
Balance at beginning of the year	558 901	174 842	243	573	734 559	493 436
Surplus for the year	218 268	36 164	4	48	254 484	1 369 451
Surplus appropriated to shareholders' fund	(218 268)	(29 402)	(4)	(48)	(247 722)	(1 128 328)
Balance at end of the year (refer note no. 5.1)	<u>558 901</u>	<u>181 604</u>	<u>243</u>	<u>573</u>	<u>741 321</u>	<u>734 559</u>
Balance of statutory funds	<u>35 270 286</u>	<u>438 680</u>	<u>17 453</u>	<u>3 849</u>	<u>35 730 268</u>	<u>33 743 933</u>

- 5.1 During the period, SECP issued amendments to the SECP Insurance Rules (2002), which includes revision in the solvency margin requirements for life insurers. Keeping in view such future solvency requirements, the Company has retained an aggregate amount of Rs. 726 million (31 December 2012: Rs. 726 million) in the Statutory Funds, based on the advice of the appointed actuary.

6. INVESTMENTS

Rupees '000

	Shareholders Fund	Statutory Funds				Aggregate March 2013	Aggregate December 2012
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Government securities							
Held to maturity (at amortized cost)	751 850	1 201 515	614 465	-	2 996	2 570 826	2 453 991
Available for sale (at fair value)	-	23 548 369	-	7 048	-	23 555 417	22 724 116
	<u>751 850</u>	<u>24 749 884</u>	<u>614 465</u>	<u>7 048</u>	<u>2 996</u>	<u>26 126 243</u>	<u>25 178 107</u>
Other fixed income securities							
Held to maturity (note 6.3) (at amortized cost)	9 982	150 733	151 723	-	1 912	314 350	362 498
Available for sale (at fair value)	-	2 382 106	-	1 012	-	2 383 118	2 943 002
	<u>9 982</u>	<u>2 532 839</u>	<u>151 723</u>	<u>1 012</u>	<u>1 912</u>	<u>2 697 468</u>	<u>3 305 500</u>
Listed equities and mutual funds							
Available for sale (at fair value)	-	5 496 571	-	4 920	-	5 501 491	4 867 093
Held for trading (at fair value)	-	1 244 631	-	-	-	1 244 631	843 023
Available for sale (at lower of cost or market value)	1 291 982	95 610	88 137	-	1 035	1 476 764	1 475 466
	<u>1 291 982</u>	<u>6 836 812</u>	<u>88 137</u>	<u>4 920</u>	<u>1 035</u>	<u>8 222 886</u>	<u>7 185 582</u>
Less : Provision for impairment in value of investments	886 012	15 039	48 155	-	491	949 697	941 348
	<u>405 970</u>	<u>6 821 773</u>	<u>39 982</u>	<u>4 920</u>	<u>544</u>	<u>7 273 189</u>	<u>6 244 234</u>

- 6.1 Market value of the government securities carried at amortized cost amounted to Rs.2,430 million (31 December 2012: Rs.2,475.493 million).
- 6.2 Market Value of other fixed income securities carried at amortized cost amounted to Rs. 297.27 million (31 December 2012: Rs. 340.359 million).
- 6.3 Government securities includes Rs.110 million (31 December 2012: Rs. 110 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.
- 6.4 Listed equities include investment in EFU General Insurance Limited (a related party) at carrying value of Rs. 534.06 million (31 December 2012: Rs. 533.454 million) representing 6.81% (31 December 2011: 6.81 %) of the issued capital of the related party.
- 6.5 Market value of the listed equities and mutual funds held at lower of cost or market value amounted to Rs. 830.01 million (31 December 2012: Rs. 813.55 million)

7. CONTINGENCY

There is no change in the status of contingency, as reported in note 14 to the annual financial statements of the Company for the year ended 31 December, 2012.

8. FIXED ASSETS

	Three months ended		Three months ended	
	<u>Additions</u>	<u>Disposals</u>	<u>Additions</u>	<u>Disposals</u>
Tangible and intangible				
Furniture, fixture and fittings	8 078	-	5 644	-
Office equipment	1 621	130	855	-
Computers	1 166	-	2 253	-
Motor Vehicles	27 751	1 002	16 497	2 022
Capital work in progress	<u>32 651</u>	<u>-</u>	<u>24 161</u>	<u>-</u>
	<u>71 267</u>	<u>1 132</u>	<u>49 410</u>	<u>2 022</u>

9. RELATED PARTY TRANSACTIONS

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

Transactions	31 March 2013	31 March 2012
9.1 Transactions		
9.1.1 Associated companies		
Premium written	14 356	12 481
Premium paid	22 984	11 772
Claims paid	1 966	1 868
Claims received	18	8
Traveling expenses	127	119
Services hired	753	681
Commission paid	24 778	24 749
9.1.2 Employees' funds		
Contribution to provident fund	4 368	3 891
Contribution to pension fund	3 212	2 759
9.1.3 Key Management Personnel		
Compensation paid	24 064	25 399
	Aggregate March 2013	Aggregate December 2012
9.2 Balances		
Bank balances	398 823	15 281
Balance payable	8	68
Balance receivable	-	61

10. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29 April 2013.

11. GENERAL

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

SAIFUDDIN N. ZOOMKAWALA
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman