

Report (Un-audited)
Nine Months Ended
30 September 2013



Putting Prosperity on Paper



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EFU LIFE ASSURANCE LTD

Zaroori Hai

EFU Life Head Office

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 in Pakistan. Once completed this building will be an icon of our progressive growth and leadership position in the corporate sector.



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Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Taher G. Sachak

Directors

Saifuddin N. Zoomkawala

Jahangir Siddiqui

Muneer R. Bhimjee

Hasanali Abdullah

Heinz Walter Dollberg

Corporate Secretary

S. Shahid Abbas

Appointed Actuary

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

Legal Advisor

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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants, Karachi

Registrar

Technology Trade (Pvt.) Ltd.

Dagia House 241-C

Block-2, P.E.C.H.S.

Off Shahra-e-Quaideen

Karachi

Ph: (92-21) 34391316-17

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Rating

Rating Agency: JCR-VIS

Insurer Financial Strength Rating AA

Outlook: Stable

Website:

www.efulife.com

Registered Office

Al-Malik Centre

70 W, F-7/G-7

Jinnah Avenue, (Blue Area)

Islamabad

Main Office

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

Karachi

Directors Report - 30 September 2013

The Director's of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the third quarter ended 30 September 2013.

Your Company's total premium income increased by 17.2% during the first nine months of 2013 and was Rs.9.62 billion (2012: Rs.8.21 billion). New individual life regular premium income increased by 9.4% at Rs.1.98 billion (2012: Rs.1.81 billion). 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 last quarter of the year.

Renewal premium income increased by 19.7%. Inclusive of renewal premium, the total individual life regular premium business increased by 17.1% to Rs.8.36 billion (2012: 7.14 billion).

Group Benefits business increased by 13.5% at Rs.1.11 billion (2012: Rs.977 million).

Your Company had a profit after tax of Rs.514 million (2012: Rs.679 million). The Earnings per Share is Rs.5.14 (2012 restated: Rs.6.79).

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 and cooperation and our main reinsurer Munich Re for its continuous support over the years. Finally we would like to thank all our clients for their continued confidence in the Company.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi October 26, 2013

Condensed Interim Balance Sheet As At 30 September 2013 (Unaudited)

(Rupees '000)

	Note	Statutory Funds				Aggregate 30 September 2013	Aggregate 31 December 2012 (Audited)	
		Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)			Accident & Health Business
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
15 000 000 ordinary shares (2012: 15 000 000) of Rs. 10 each issued as fully paid in each		150 000					150 000	150 000
85 000 000 ordinary shares (2012: 70 000 000) of Rs. 10 each issued as fully paid as bonus shares		850 000					850 000	700 000
		1 000 000					1 000 000	1 000 000
Accumulated surplus		617 642					617 642	1 011 758
General reserve		500 500					500 500	232 500
Net shareholders' equity		2 118 142					2 118 142	2 094 258
Balance of statutory fund [including policyholders' liabilities Rs. 39 546 million (2012: Rs. 30 427 million)]								
	4		39 804 753	468 583	18 186	3 731	40 295 253	33 743 933
Deferred tax liability		14 650					14 650	14 600
Creditors and accruals								
Outstanding claims			394 606	530 842	–	1 488	926 936	705 125
Premiums received in advance			486 463	70 005	621	957	558 046	475 797
Amounts due to reinsurers			107 997	48 399	256	681	157 333	113 252
Amounts due to agents			220 066	9 588	7	131	229 792	348 010
Accrued expenses		434	156 434	5 062	–	22	161 952	123 103
Unclaimed dividend		6 718	–	–	–	–	6 718	8 640
Other creditors and accruals		52 091	53 345	3 080	–	25	108 541	95 349
Inter-fund payable		–	164 274	46 533	15 065	115	225 987	172 240
Total liabilities		59 243	1 583 185	713 509	15 949	3 419	2 375 305	2 041 516
Contingencies								
	7							
Total equity and liabilities		2 192 035	41 387 938	1 182 092	34 135	7 150	44 803 350	37 894 307

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

(Rupees '000)

Note	Statutory Funds					Aggregate	Aggregate
	Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2013	31 December 2012 (Audited)
Cash and bank deposits							
Policy stamps in hand	–	13 501	462	–	–	13 963	12 716
Current and other accounts	132 765	821 878	407 314	21 473	3 391	1 386 821	1 230 856
Deposits maturing within 12 months	–	450 000	–	–	–	450 000	480 000
	132 765	1 285 379	407 776	21 473	3 391	1 850 784	1 723 572
Loans							
To employees - secured	49 877	–	–	–	–	49 877	45 901
To employees and agents - unsecured	17 017	–	–	–	–	17 017	14 684
	66 894	–	–	–	–	66 894	60 585
Investments	6						
Government securities	786 518	29 741 356	532 900	6 969	2 936	31 070 679	25 178 107
Other fixed income securities	9 980	2 207 714	87 455	751	355	2 306 255	3 305 500
Listed equities and mutual funds	376 514	6 699 846	39 020	4 681	355	7 120 416	6 244 234
Unlisted equities	508	–	–	–	–	508	508
	1 173 520	38 648 916	659 375	12 401	3 646	40 497 858	34 728 349
Current assets - others							
Premiums due but unpaid	–	–	61 337	–	–	61 337	40 314
Amounts due from reinsurers	–	1 235	39 308	–	–	40 543	3 909
Prepayments	–	29 627	1 956	–	16	31 599	17 227
Sundry receivables	–	671 949	533	–	1	672 483	34 611
Investment income accrued	18 899	276 136	4 903	261	51	300 250	273 149
Taxation - provision less payments	211 306	–	–	–	–	211 306	157 618
Advances and deposits	–	82 354	6 904	–	45	89 303	75 628
Inter-fund receivable	225 987	–	–	–	–	225 987	172 240
	456 192	1 061 301	114 941	261	113	1 632 808	774 696
Fixed assets							
Tangible assets	8						
Leased hold land	–	126 505	–	–	–	126 505	126 505
Furniture, fixtures, office equipment and vehicles	346 338	–	–	–	–	346 338	298 725
Capital work in progress	–	265 837	–	–	–	265 837	165 012
Intangible (Computer software)							
	16 326	–	–	–	–	16 326	16 863
	362 664	392 342	–	–	–	755 006	607 105
Total assets		2 192 035	41 387 938	1 182 092	34 135	7 150	44 803 350
							37 894 307

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit and Loss Account For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Investment income not attributable to statutory funds				
Return on government securities	48 036	41 731	19 187	14 507
Return on other fixed income securities and deposits	695	8 905	74	1 888
Dividend income	29 053	20 224	7 692	4 053
	77 784	70 860	26 953	20 448
Gain on disposal of available-for-sale of investments	603	8 132	–	–
(Provision for) / reversal of impairment in the value of available for sale investments	(35 852)	153 680	(30 354)	34 276
Net investment income	42 535	232 672	(3 401)	54 724
Other revenue	20 896	13 592	8 709	3 967
	63 431	246 264	5 308	58 691
Expenses not attributable to statutory funds	(22 809)	(25 646)	(8 339)	(9 102)
	40 622	220 618	(3 031)	49 589
Surplus transferred from statutory funds	725 812	812 654	253 053	309 007
Profit before tax	766 434	1 033 272	250 022	358 596
Taxation	(252 550)	(354 450)	(82 343)	(125 000)
Profit after tax	513 884	678 822	167 679	233 596
Earnings per share - basic and diluted (Rupees)	5.14	(Restated) 6.79	1.68	(Restated) 2.34

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

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Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Changes in Equity For the nine months period ended 30 September 2013 (Unaudited)

(Rupees '000)

	Share Capital	General Reserve	Accumulated Surplus	Total
Balance as at 1 January 2012	850 000	232 500	650 140	1 732 640
Changes in equity for the year 2012				
Dividend for the year 2011 at the rate of Rs. 5.00 per share	–	–	(425 000)	(425 000)
Interim Dividend for the year 2012 at the rate of Rs. 1.5 per share	–	–	(127 500)	(127 500)
Profit for the period	–	–	678 822	678 822
Balance as at 30 September 2012	<u>850 000</u>	<u>232 500</u>	<u>776 462</u>	<u>1 858 962</u>
Balance as at 01 January 2013	850 000	232 500	1 011 758	2 094 258
Changes in equity for the year 2013				
Bonus shares issued in the proportion of 3 ordinary shares for every 17 ordinary shares held	150 000	–	(150 000)	–
Dividend for the year 2012 at the rate of Rs. 4.00 per share	–	–	(340 000)	(340 000)
Transfer to general reserves	–	268 000	(268 000)	–
Interim Dividend for the year 2013 at the rate of Rs. 1.5 per share	–	–	(150 000)	(150 000)
Profit for the period	–	–	513 884	513 884
Balance as at 30 September 2013	<u>1 000 000</u>	<u>500 500</u>	<u>617 642</u>	<u>2 118 142</u>

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Cash Flows For the nine months period ended 30 September 2013 (Unaudited)

(Rupees '000)

	Statutory Funds					Aggregate 30 September 2013	Aggregate 30 September 2012
	Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Operating cash flows							
a) Underwriting activities							
Premiums received		8 547 684	1 135 900	975	1 452	9 686 011	8 228 603
Reinsurance premiums paid		(45 536)	(100 278)	(34)	(109)	(145 957)	(72 046)
Claims paid		(203 766)	(656 282)	–	(41)	(860 089)	(780 791)
Surrenders paid		(1 898 433)	–	(1 518)	–	(1 899 951)	(1 382 119)
Commissions paid		(1 567 275)	(179 546)	(38)	(273)	(1 747 132)	(1 534 206)
Net cash generated from / (used in) underwriting activities		4 832 674	199 794	(615)	1 029	5 032 882	4 459 441
b) Other operating activities							
Income tax paid	(306 188)	–	–	–	–	(306 188)	(220 039)
General management expenses paid	(23 975)	(1 035 096)	(97 225)	(29)	(264)	(1 156 589)	(998 066)
Other operating payments	–	(280 648)	(121 139)	–	(1 031)	(402 818)	(106 737)
Other operating receipts	401 976	–	154	14 034	–	416 164	125 101
Loans advanced	(44 102)	–	–	–	–	(44 102)	(42 862)
Loan repayments received	37 793	–	–	–	–	37 793	40 642
Other payments on operating assets	(1 922)	(666 059)	–	–	(14)	(667 995)	(16 523)
Net cash generated from / (used in) other operating activities	63 582	(1 981 803)	(218 210)	14 005	(1 309)	(2 123 735)	(1 218 484)
Total cash generated from / (used in) all operating activities	63 582	2 850 871	(18 416)	13 390	(280)	2 909 147	3 240 957
Investment activities							
Profit / return received	45 848	2 158 243	56 597	589	625	2 261 902	2 248 147
Dividends received	29 053	411 109	1 427	382	–	441 971	299 690
Payments for investments	(102 129)	(39 303 910)	33 963	1 106	21	(39 370 949)	(14 886 214)
Proceeds from disposal of investments	604	34 342 913	218 654	1 558	651	34 564 380	9 458 484
Fixed capital expenditure	(204 574)	–	–	–	–	(204 574)	(153 614)
Proceeds from disposal of fixed assets	15 335	–	–	–	–	15 335	7 048
Total cash generated from / (used in) investing activities	(215 863)	(2 391 645)	310 641	3 635	1 297	(2 291 935)	(3 026 459)
Financing activities							
Surplus appropriated to shareholders' fund	725 812	(691 138)	(34 505)	(151)	(18)	–	–
Dividends paid	(490 000)	–	–	–	–	(490 000)	(552 500)
Total cash generated from / (used in) financing activities	235 812	(691 138)	(34 505)	(151)	(18)	(490 000)	(552 500)
Net cash generated from / (used in) all activities	83 531	(231 912)	257 720	16 874	999	127 212	(338 002)
Cash at beginning of the year	49 234	1 517 291	150 056	4 599	2 392	1 723 572	1 141 457
Cash at end of the year	132 765	1 285 379	407 776	21 473	3 391	1 850 784	803 455
Reconciliation to profit and loss account							
Operating cash flows						2 909 147	3 240 957
Depreciation						(43 726)	(38 896)
Amortization						(6 266)	15 625
Profit on disposal of fixed assets						8 654	3 100
Other revenue						12 242	10 492
Investment revenue						2 718 732	2 419 122
Appreciation in market value of investments						404 943	1 151 191
(Provision for) / reversal of impairment in the value of available for sale equity investments						(38 155)	157 127
Provision for impairment in the value of available for sale fixed income securities						(170 335)	–
Profit on sale of investments						766 487	540 904
Increase / (decrease) in assets other than cash						837 320	(194 905)
Increase in liabilities						(6 885 159)	(6 625 895)
Profit after taxation						513 884	678 822

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Revenue Account For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

Note	Statutory Funds				Nine months ended 30 September 2013		Three months ended 30 September 2012	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business				
Income								
Premiums less reinsurances	8 351 680	786 397	951	1 034	9 140 062	7 789 664	2 965 466	2 413 725
Net investment income	3 592 745	45 025	1 925	(558)	3 639 137	4 051 297	746 122	1 629 237
Total net income	11 944 425	831 422	2 876	476	12 779 199	11 840 961	3 711 588	4 042 962
Claims net of reinsurance recoveries	2 157 994	498 331	1 518	216	2 658 059	2 026 158	936 830	609 939
Management expenses	2 561 935	281 519	66	488	2 844 008	2 347 562	931 413	718 113
Total claims and expenditure	4 719 929	779 850	1 584	704	5 502 067	4 373 720	1 868 243	1 328 052
Excess of income over claims and expenditure	7 224 496	51 572	1 292	(228)	7 277 132	7 467 241	1 843 345	2 714 910
Add : Policyholder liabilities at beginning of the period	32 712 494	276 674	16 802	3 404	33 009 374	23 920 773	37 958 956	28 127 298
Less : Policyholder liabilities at end of the period	39 245 852	278 641	17 943	3 158	39 545 494	30 426 963	39 545 594	30 426 963
	(6 533 358)	(1 967)	(1 141)	246	(6 536 220)	(6 506 190)	(1 586 638)	(2 299 665)
Surplus before tax	691 138	49 605	151	18	740 912	961 051	256 707	415 245
Movement in policyholder's liabilities	6 533 358	1 967	1 141	(246)	6 536 220	6 506 190	1 586 638	2 299 665
Transfer of surplus to shareholders' fund	(691 138)	(34 505)	(151)	(18)	(725 812)	(812 654)	(253 053)	(309 007)
Balance of statutory funds at beginning of the period	33 271 395	451 516	17 045	3 977	33 743 933	24 414 209	38 704 961	28 662 893
Balance of statutory funds at end of the period	39 804 753	468 583	18 186	3 731	40 295 253	31 068 796	40 295 253	31 068 796
Represented by:								
Policyholder liabilities	39 245 852	278 641	17 943	3 158	39 545 594	30 426 963	39 545 594	30 426 963
Retained earnings on other than participating business	558 901	189 942	243	573	749 659	641 833	749 659	641 833
Balance of statutory fund	39 804 753	468 583	18 186	3 731	40 295 253	31 068 796	40 295 253	31 068 796

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premiums For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

	Statutory Funds				Nine months ended 30 September		Three months ended 30 September	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	2013	2012	2013	2012
Gross Premiums								
Regular premium individual policies*								
First year	1 973 363	2 778	–	179	1 976 320	1 806 533	615 727	516 958
Second year renewal	1 555 596	1 149	–	37	1 556 782	1 589 784	514 971	465 666
Subsequent year renewal	4 815 307	4 577	974	1 233	4 822 091	3 740 078	1 520 662	1 205 224
Single premium individual policies	152 529	–	–	–	152 529	94 216	66 027	24 565
Group policies with cash values	8 111	–	–	–	8 111	1 028	2 805	909
Group policies without cash values	–	1 108 952	–	–	1 108 952	977 242	397 855	357 634
Total Gross Premiums	8 504 906	1 117 456	974	1 449	9 624 785	8 208 881	3 118 047	2 570 956
Less: Reinsurance Premiums Ceded								
On individual life first year business	20 897	223	–	5	21 125	19 284	6 637	5 973
On individual life second year business	16 956	262	–	7	17 225	14 190	5 008	3 281
On individual life renewal business	115 373	1 678	23	403	117 477	107 912	34 151	33 802
On group policies	–	328 896	–	–	328 896	277 831	106 785	114 175
Total Reinsurance Premium Ceded	153 226	331 059	23	415	484 723	419 217	152 581	157 231
Net Premiums	8 351 680	786 397	951	1 034	9 140 062	7 789 664	2 965 466	2 413 725

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

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HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Claims For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

	Statutory Funds				Nine months ended 30 September		Three months ended 30 September	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	2013	2012	2013	2012
Gross Claims								
Claims under individual policies								
by death	229 827	764	–	–	230 591	208 092	67 582	67 291
by insured event other than death	17 964	–	–	691	18 655	9 111	4 003	10
by maturity	43 122	–	–	–	43 122	21 494	19 562	10 058
by surrender	1 909 954	–	1 518	–	1 911 472	1 382 119	681 702	398 350
Total gross individual policy claims	2 200 867	764	1 518	691	2 203 840	1 620 816	772 849	475 709
Claims under group policies								
by death	3 065	611 492	–	–	614 557	547 905	238 361	182 658
by insured event other than death	–	44 629	–	–	44 629	37 702	26 584	6 682
experience refund	–	118 825	–	–	118 825	105 039	44 472	45 891
Total gross group claims	3 065	774 946	–	–	778 011	690 646	309 417	235 231
Total gross claims	2 203 932	775 710	1 518	691	2 981 851	2 311 462	1 082 266	710 940
Less: Reinsurance recoveries								
On individual life first year business	17 469	69	–	–	17 538	22 942	4 098	4 318
On individual life second year business	4 397	–	–	–	4 397	4 911	3 070	716
On individual life subsequent renewal business	18 563	–	–	475	19 038	19 891	7 266	4 057
On group claims	–	264 754	–	–	264 754	232 155	131 921	95 971
On experience refund of premiums	5 509	12 556	–	–	18 065	5 405	(919)	(4 061)
Total Reinsurance	45 938	277 379	–	475	323 792	285 304	145 436	101 001
Net Claims	2 157 994	498 331	1 518	216	2 658 059	2 026 158	936 830	609 939

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Director

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Director

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Chief Executive

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Chairman

Condensed Interim Statement of Expenses For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

	Statutory Funds				Nine months ended 30 September		Three months ended 30 September	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	2013	2012	2013	2012
Acquisition Costs								
Remuneration to insurance intermediaries on individual policies:								
- commission on first year premiums	943 107	932	–	73	944 112	844 369	294 424	241 622
- commission on second year premiums	158 743	122	–	16	158 881	132 039	44 911	37 493
- commission on subsequent renewal premiums	133 287	119	24	74	133 504	107 861	40 990	34 494
- commission on single premiums	3 184	–	–	–	3 184	1 938	1 351	531
- override commission	210 824	302	13	39	211 178	179 568	67 984	53 099
- other benefits to insurance intermediaries	316 329	216	18	41	316 604	255 740	104 715	91 213
	1 765 474	1 691	55	243	1 767 463	1 521 515	554 375	458 452
Remuneration to insurance intermediaries on group policies:								
- commission	541	177 514			178 055	129 446	55 693	33 533
- other benefits to insurance intermediaries	191	25 608			25 799	21 198	8 794	7 427
	732	203 122			203 854	150 644	64 487	40 960
Branch overheads	262 196	2 745	11	14	264 966	188 640	80 732	55 709
Other acquisition costs								
- Policy stamps	38 179	518		2	38 699	36 604	11 704	11 528
Total acquisition cost	2 066 581	208 076	66	259	2 274 982	1 897 403	711 298	566 649
Administration expenses								
Salaries and other benefits	214 429	38 098	–	109	252 636	217 771	85 292	77 061
Traveling expenses	53 248	1 077	–	2	54 327	38 953	18 697	12 710
Actuary's fees	5 344	353	–	3	5 700	5 400	2 100	1 800
Medical fees	10 934	1 776	–	–	12 710	11 876	3 074	3 442
Legal & professional fee	16 618	936	–	6	17 560	13 745	6 507	3 782
Advertisements & publicity	61 926	14 088	–	33	76 047	26 603	57 873	6 775
Computer expenses	2 894	210	–	2	3 106	2 656	1 566	1 064
Printing and stationery	22 085	1 971	–	10	24 066	21 535	8 935	6 965
Depreciation	12 371	2 852	–	6	15 229	8 512	4 939	1 876
Amortisation	5 875	388	–	3	6 266	2 848	1 793	950
Rental	13 162	2 591	–	7	15 760	13 277	5 052	4 586
Exchange gain	(8 274)	–	–	–	(8 274)	(4 933)	(6 615)	(476)
Postage	24 785	2 019	–	13	26 817	23 997	8 638	7 070
Fees and subscription	20 722	1 749	–	11	22 482	20 530	6 796	5 881
Other management expenses	46 655	5 442	–	24	52 121	54 749	17 616	20 185
Gross management expenses	2 569 355	281 626	66	488	2 851 535	2 354 922	933 561	720 320
Commission from reinsurers	(7 420)	(107)	–	–	(7 527)	(7 360)	(2 148)	(2 207)
Net management expenses	<u>2 561 935</u>	<u>281 519</u>	<u>66</u>	<u>488</u>	<u>2 844 008</u>	<u>2 347 562</u>	<u>931 413</u>	<u>718 113</u>

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Investment Income For the nine months period ended 30 September 2013 (Unaudited)

Rupees '000

	Statutory Funds				Nine months ended		Three months ended	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Investment Income								
On Government securities	1 864 349	42 361	533	204	1 907 447	1 673 047	673 152	600 239
On other fixed income securities and deposits	312 656	11 141	151	457	324 405	397 468	95 829	130 594
Dividend income	411 109	1 427	382	–	412 918	279 466	152 665	99 498
Amortisation of discount	37 417	264	10	2	37 693	15 625	8 442	(27 228)
	2 625 531	55 193	1 076	663	2 682 463	2 365 606	930 088	803 103
Gain on sale of investments								
Shares and mutual fund units	765 248	–	636	–	765 884	532 772	147 859	229 538
Gain / (loss) on revaluation of investment								
Government securities	(124 525)	–	(173)	–	(124 698)	245 919	(76 265)	202 895
Other fixed income securities	(28 779)	–	(12)	–	(28 791)	96 940	(20 798)	75 239
Listed equities securities and mutual fund units	520 341	–	398	–	520 739	808 332	(187 476)	315 701
	367 037	–	213	–	367 250	1 151 191	(284 539)	593 835
Provision for / reversal of impairment in value of investment								
Available-for-sale fixed income securities	(161 874)	(7 403)	–	(1 058)	(170 335)	–	(44 905)	–
Available-for-sale equity securities and mutual fund units	625	(2 765)	–	(163)	(2 303)	3 447	(1 344)	3 445
	(161 249)	(10 168)	–	(1 221)	(172 638)	3 447	(46 249)	3 445
	3 596 567	45 025	1 925	(558)	3 642 959	4 053 016	747 159	1 629 921
Less: Investment related expense	(3 822)	–	–	–	(3 822)	(1 719)	(1 037)	(684)
Net investment income	<u>3 592 745</u>	<u>45 025</u>	<u>1 925</u>	<u>(558)</u>	<u>3 639 137</u>	<u>4 051 297</u>	<u>746 122</u>	<u>1 629 237</u>

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

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

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Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Notes to the Condensed Interim Financial Statements For the nine months period ended 30 September 2013 (Unaudited)

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 nine months period ended 30 September 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 in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New, amended and revised standards and interpretations of International Financial Reporting Standards (IFRSs)

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective on 01 January 2013 :

- IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
- IFRS 7 – Financial Instruments : Disclosures – (Amendment)
 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IAS 19 – Employee Benefits – (Revised)
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision, amendments and interpretation of the standards did not have any effect on the financial statements

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

4. Policyholders' liabilities

(Rupees '000)

	Statutory Funds				Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 Sep 2013 (Un-Audited)	December 2012 (Audited)
4.1 Gross of reinsurance						
Actuarial liability relating to future events	39 183 237	339 424	17 962	3 462	39 544 085	33 010 023
Provision for outstanding reported claims payable over a period exceeding twelve months	260 202	85 036	–	54	345 292	269 201
Provision for incurred but not reported claims	54 491	87 958	–	–	142 449	144 764
	<u>39 497 930</u>	<u>512 418</u>	<u>17 962</u>	<u>3 516</u>	<u>40 031 826</u>	<u>33 423 988</u>
4.2 Net of reinsurance						
Actuarial liability relating to future events	39 050 614	205 348	17 943	3 129	39 277 034	32 766 823
Provision for outstanding reported claims payable over a period exceeding twelve months	151 157	19 274	–	29	170 460	143 746
Provision for incurred but not reported claims	44 081	54 019	–	–	98 100	98 805
	<u>39 245 852</u>	<u>278 641</u>	<u>17 943</u>	<u>3 158</u>	<u>39 545 594</u>	<u>33 009 374</u>

5. Reconciliation of statutory funds

(Rupees '000)

	Statutory Funds				Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 Sep 2013 (Un-Audited)	December 2012 (Audited)
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	6 533 358	1 967	1 141	(246)	6 536 220	9 088 601
Balance at end of the year	<u>39 245 852</u>	<u>278 641</u>	<u>17 943</u>	<u>3 158</u>	<u>39 545 594</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	691 138	49 605	151	18	740 912	1 369 451
Surplus appropriated to shareholders' fund	(691 138)	(34 505)	(151)	(18)	(725 812)	(1 128 328)
Balance at end of the year	<u>558 901</u>	<u>189 942</u>	<u>243</u>	<u>573</u>	<u>749 659</u>	<u>734 559</u>
Balance of statutory funds	<u>39 804 753</u>	<u>468 583</u>	<u>18 186</u>	<u>3 731</u>	<u>40 295 253</u>	<u>33 743 933</u>

6. Investments

	Statutory Fund					30 Sep 2013 (Un-Audited)	31 Dec 2012 (Audited)
	Shareholders' Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
	(Rupees in '000)						
Government Securities							
Held to maturity (at amortized cost)	786 518	795 133	532 900	–	2 936	2 117 487	2 453 991
Available for sale (at fair value)	–	28 946 223	–	6 969	–	28 953 192	22 724 116
	<u>786 518</u>	<u>29 741 356</u>	<u>532 900</u>	<u>6 969</u>	<u>2 936</u>	<u>31 070 679</u>	<u>25 178 107</u>
Other Fixed Income Securities							
Held to maturity (at amortized cost)	9 980	43 784	87 455	–	355	141 574	362 498
Available for sale (at fair value)		2 163 930		751		2 164 681	2 943 002
	<u>9 980</u>	<u>2 207 714</u>	<u>87 455</u>	<u>751</u>	<u>355</u>	<u>2 306 255</u>	<u>3 305 500</u>
Listed Equities and Mutual Funds							
Available for sale (a fair value)	–	5 810 308	–	4 681	–	5 814 989	4 867 093
Held for trading (at fair value)	–	808 823	–	–	–	808 823	843 023
Available for sale (at lower of cost or market value)	1 291 323	95 610	88 137	–	1 035	1 476 105	1 475 466
	<u>1 291 323</u>	<u>6 714 741</u>	<u>88 137</u>	<u>4 681</u>	<u>1 035</u>	<u>8 099 917</u>	<u>7 185 582</u>
Less: Provision for impairment in value of investments	914 809	14 895	49 117	–	680	979 501	941 348
	<u>376 514</u>	<u>6 699 846</u>	<u>39 020</u>	<u>4 681</u>	<u>355</u>	<u>7 120 416</u>	<u>6 244 234</u>
Unlisted equities	508	–	–	–	–	508	508
Total investments	<u>1 173 520</u>	<u>38 648 916</u>	<u>659 375</u>	<u>12 401</u>	<u>3 646</u>	<u>40 497 858</u>	<u>34 728 349</u>

6.1 Market value of the government securities carried at amortized cost amounted to Rs.2,112 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. 148.756 million (31 December 2012: Rs. 340.359 million).

- 6.3 Government securities includes Rs.115 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. 493.79 million (31 December 2012: Rs. 533.454 million) representing 6.81% (31 December 2012: 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. 782.02 million (31 December 2012: Rs. 813.55 million).

7. Contingencies and commitments

There are no contingencies and commitments as at 30 September 2013.

8. Fixed Assets

(Rupees '000)

Nine months period ended (Un-Audited)				
	30 September 2013		30 September 2012	
	Additions	Disposals	Additions	Disposals
8.1 Additions and disposal during the period - tangible and intangible assets				
Furniture, fixture and fittings	13 617	–	14 661	–
Office equipment	3 742	195	4 915	159
Computers	8 331	–	12 744	–
Motor Vehicles	72 399	20 910	48 806	10 784
Intangible (Computer software)	4 678	–	3 000	–
Capital work in progress	100 825	–	69 488	–
	<u>203 592</u>	<u>21 105</u>	<u>153 614</u>	<u>10 943</u>

8.2 Capital work in progress

During the period, the Company has transferred (at cost) leasehold land and the related construction cost amounting to Rs. 348.097 million from the Shareholders' Fund to the Investment Linked Statutory Fund as allowed by the SECP vide its letter dated 13 February 2013.

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:

		(Rupees '000)	
		Nine months period ended (Un-Audited)	
		30 Sep 2013	30 Sep 2012
9.1	Transactions		
9.1.1	Associated companies		
	Premium written	20 398	20 209
	Premium paid	25 048	20 244
	Claims paid	19 435	7 489
	Claims received	743	47
	Traveling expenses	418	208
	Services hired	3 525	2 240
	Commission paid	80 187	74 284
	Dividend Paid	307 550	344 738
	Dividend received	47 935	29 594
9.1.2	Employees' funds		
	Contribution to provident fund	12 831	11 121
	Contribution to pension fund	9 690	8 234
9.1.3	Key Management Personnel		
	Loan disbursed	1 500	–
	Loan recovered	226	–
	Compensation paid	60 552	53 263

		(Rupees '000)	
		30 September 2013 (Un-Audited)	31 December 2012 (Audited)
9.2	Balances		
	Bank balances	1 944	15 281
	Balance payable	13	68
	Balance receivable	148	61

10. General

10.1 Earnings per share for the period end 30 September 2012 has been restated for the effect of bonus shares issued.

10.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

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

11. 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 26 October 2013.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman



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