

Report (Un-audited)
Nine Months Ended
30 September 2014

THE POWER OF STRINGS





EFU LIFE ASSURANCE LTD
ISO 9001 : 2008 Certified | Rated AA by JCR-VIS



(021) 111-338-111



efulife.com



/EFULifeAssurance



@EFU_Life



EFU LIFE
9898



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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
Syed Salman Rashid
Kamal Afsar

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

KPMG Taseer Hadi & Co.
Chartered Accountants, Karachi

Rating

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

Registrar

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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 2014.

Your Company's total premium income increased by 29.4% during the first nine months of 2014 and was Rs.12.46 billion (2013: Rs 9.62 billion).

Individual life regular premium new business increased by 19.1% at Rs.2.35 billion (2013: Rs.1.98 billion). Renewal premium was Rs. 7.24 billion (2013: Rs. 6.38 billion) an increase of 13.5%. Inclusive of renewal premium, the total individual life regular premium business increased by 14.8% to Rs. 9.59 billion (2013: 8.36 billion).

Individual Life Single premium increased to Rs.1.65 billion (2013: Rs. 153 million).

Group Benefits business increased by 8.8% at Rs.1.22 billion (2013: Rs. 1.12 billion).

Your Company had a Profit after Tax of Rs.575 million (2013: Rs.514 million), an increase of 12%. The Earnings per Share is Rs.5.75 (2013: Rs.5.14).

During the third quarter of 2014, your company won the Best Corporate Report Award 2013 in the Non Banking Financial Institutions (NBFI) Category, declared by Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost & Management Accountants of Pakistan (ICMAP). In addition, the company has also been awarded a Merit Certificate in the 'Insurance Category' of the South Asian Federation of Accountants (SAFA) Best Presented Accounts and Corporate Governance Disclosure Awards 2013.

Your company also won the 'Consumer Choice Award 2013' for the Best Life insurance company in Pakistan for the 6th consecutive year.

Your Directors would like to thank all our clients for their continued confidence in the Company. At the same time we would like to place on record our appreciation for the contributions 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 understanding, and our main reinsurer Munich Re for its continuous support over the years.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 28 October, 2014



Condensed Interim Balance Sheet as at 30 September 2014 (Unaudited)



Rupees '000

Note	Shareholders Fund	Statutory Funds				Aggregate	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2014 Unaudited	31 December 2013 Audited
Share Capital and Reserves							
Authorised share capital [150 000 000 ordinary shares (2013: 100 000 000) of Rs. 10/ each]	1 500 000					1 500 000	1 000 000
Issued, subscribed and paid-up share capital 15 000 000 ordinary shares (2013: 15 000 000) of Rs. 10/ each issued as fully paid in cash	150 000					150 000	150 000
85 000 000 ordinary shares (2013: 85 000 000) of Rs. 10/ each issued as fully paid as bonus shares	850 000					850 000	850 000
	1 000 000					1 000 000	1 000 000
Accumulated surplus	707 977					707 977	1 032 872
General reserves	750 500					750 500	500 500
Net shareholders' equity	2 458 477					2 458 477	2 533 372
Balance of Statutory Fund [including policyholders' liabilities Rs. 52 836 million (2013: Rs. 42 842 million)]		53 336 618	574 450	21 414	3 203	53 935 685	43 582 653
Deferred tax liability	19 600					19 600	16 300
Creditors and Accruals							
Outstanding claims		580 261	548 853	–	1 110	1 130 224	906 390
Premiums received in advance		577 291	99 046	620	429	677 386	499 086
Amounts due to reinsurers		67 914	17 085	267	485	85 751	140 656
Amount due to agents		225 087	14 617	8	134	239 846	410 344
Accrued expenses	200	240 177	17 906	2	28	258 313	342 798
Unclaimed dividend	9 444					9 444	8 684
Other creditors and accruals	54 828	76 497	4 541	–	32	135 898	106 055
Inter - fund payable	–	42 611	1 179	1 507	15 497	60 794	557 921
Total liabilities	64 472	1 809 838	703 227	2 404	17 715	2 597 656	2 971 934
Contingencies and Commitments	8						
Total equity and liabilities	2 542 549	55 146 456	1 277 677	23 818	20 918	59 011 418	49 104 259

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Rupees '000

	Note	Statutory Funds				Aggregate		
		Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2014 Unaudited	31 December 2013 Audited
Cash and Bank Deposits								
Policy stamps in hand		–	7 753	319	–	–	8 072	11 779
Current and other accounts		110 170	1 459 925	246 544	5 898	15 505	1 838 042	1 507 268
Deposits maturing within 12 months		–	2 575 000	149 000	1 000	–	2 725 000	6 095 000
		110 170	4 042 678	395 863	6 898	15 505	4 571 144	7 614 047
Loans								
To employees - secured		58 337	–	–	–	–	58 337	67 477
To employees and agents - unsecured		10 916	–	–	–	–	10 916	7 845
		69 253	–	–	–	–	69 253	75 322
Investments	7							
Government securities		921 709	35 384 231	657 260	10 458	4 995	36 978 653	28 654 916
Other fixed income securities		–	2 259 249	31 253	250	–	2 290 752	1 753 113
Listed equities & mutual funds		601 910	11 707 377	41 176	5 876	244	12 356 583	9 177 182
Unlisted equities		508	–	–	–	–	508	508
		1 524 127	49 350 857	729 689	16 584	5 239	51 626 496	39 585 719
Current Assets - others								
Premiums due but unpaid		–	–	92 597	–	–	92 597	51 297
Amounts due from reinsurers		–	223	33 761	–	–	33 984	4 777
Prepayments		–	36 532	2 819	–	20	39 371	20 422
Sundry receivables		23 419	10 124	696	–	5	34 244	42 838
Investment income accrued		23 220	1 011 316	17 635	336	117	1 052 624	157 176
Taxation - provision less payments		325 247	–	–	–	–	325 247	113 259
Advances and deposits		–	59 840	4 617	–	32	64 489	71 246
Inter-fund receivable		60 794	–	–	–	–	60 794	557 921
		432 680	1 118 035	152 125	336	174	1 703 350	1 018 936
Fixed Assets	9							
Tangible Assets								
Leased hold land		–	126 505	–	–	–	126 505	126 505
Furniture, fixtures, office equipment and vehicles		395 465	–	–	–	–	395 465	354 158
Capital work in progress		4 856	508 381	–	–	–	513 237	316 491
Intangible assets								
Computer software		5 998	–	–	–	–	5 998	13 081
		406 319	634 886	–	–	–	1 041 205	810 235
Total Assets		2 542 549	55 146 456	1 277 677	23 818	20 918	59 011 418	49 104 259

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

HASANALI ABDULLAH
DirectorSAIFUDDIN N. ZOOMKAWALA
DirectorTAHER G. SACHAK
Managing Director &
Chief ExecutiveRAFIQUE R. BHIMJEE
Chairman



Condensed Interim Profit and Loss Account for the nine months period ended 30 September 2014 (Unaudited)



Rupees '000

	Nine months ended 30 September		Three months ended 30 September	
	2014	2013	2014	2013
Investment income not attributable to statutory funds				
Return on government securities	74 721	48 036	23 286	19 187
Return on other fixed income securities and deposits	6 447	695	–	74
Dividend income	30 279	29 053	12 505	7 692
	111 447	77 784	35 791	26 953
Gain on disposal of available-for-sale of investments	–	603	–	–
Reversal of / (provision for) impairment in the value of available for sale investments	176 947	(35 853)	(29 336)	(30 355)
Net investment income	288 394	42 534	6 455	(3 402)
Other revenue	10 068	20 897	4 342	8 710
	298 462	63 431	10 797	5 308
Expenses not attributable to statutory funds	(24 413)	(22 809)	(6 875)	(8 339)
	274 049	40 622	3 922	(3 031)
Surplus transferred from statutory funds	595 356	725 812	197 351	253 053
Profit before tax	869 405	766 434	201 273	250 022
Taxation	(294 300)	(252 550)	(66 300)	(82 343)
Profit after tax	575 105	513 884	134 973	167 679
	(Rupees)			
Earnings per share - basic and diluted (Rupees)	5.75	5.14	1.35	1.68

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman



Condensed Interim Statement of Changes in Equity for the nine months period ended 30 September 2014 (Unaudited)



(Rupees '000)

	Statutory Funds			Total
	Share Capital	General Reserves	Accumulated Surplus	
Balance as at 1 January 2013	850 000	232 500	1 011 758	2 094 258
Profit for the nine months period ended 30 September 2013	–	–	513 884	513 884
Transfer to General Reserve	–	268 000	(268 000)	–
Transactions with owners of the company				
Bonus shares	150 000	–	(150 000)	–
Final dividend for the year ended 31 December 2012 (Rs. 4.00 per share)	–	–	(340 000)	(340 000)
Interim Dividend - 2013	–	–	(150 000)	(150 000)
Balance as at 30 September 2013	1 000 000	500 500	617 642	2 118 142
Balance as at 01 January 2014	1 000 000	500 500	1 032 872	2 533 372
Profit for the nine months period ended 30 September 2014	–	–	575 105	575 105
Transfer to General Reserve	–	250 000	(250 000)	–
Transactions with owners of the company				
Final dividend for the year ended 31 December 2013 (Rs. 5.00 per share)	–	–	(500 000)	(500 000)
Interim Dividend - 2014	–	–	(150 000)	(150 000)
Balance as at 30 September 2014	1 000 000	750 500	707 977	2 458 477

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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EFU LIFE ASSURANCE LTD



Condensed Interim Statement of Cash Flows for the nine months period ended 30 September 2014 (Unaudited)



	Statutory Funds					Rupees '000	
	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 September 2014	Aggregate 30 September 2013
Operating Cash Flows							
a) Underwriting activities							
Premiums received		11 354 494	1 238 023	954	1 305	12 594 776	9 686 011
Reinsurance premiums paid		(1 101 098)	(73 411)	(3)	(395)	(1 174 907)	(1 145 957)
Claims paid		(284 366)	(855 710)	—	(677)	(1 140 753)	(860 089)
Surrenders paid		(2 454 429)	—	(365)	—	(2 454 794)	(1 899 951)
Commissions paid		(1 894 436)	(181 616)	(35)	(306)	(2 076 393)	(1 747 132)
Net cash generated from / (used in) underwriting activities		6 620 165	127 286	551	(73)	6 747 929	5 032 882
b) Other operating activities							
Income tax paid	(502 988)	—	—	—	—	(502 988)	(306 188)
General management expenses paid	(25 813)	(1 316 332)	(119 617)	(38)	(476)	(1 462 276)	(1 156 589)
Other operating payments	—	(728 215)	(4 787)	—	—	(733 002)	(402 818)
Other operating receipts	767 372	—	—	1 038	14 276	782 686	416 164
Loans advanced	(33 252)	—	—	—	—	(33 252)	(44 102)
Loan repayments received	39 321	—	—	—	—	39 321	37 793
Other payments on operating assets	(22 659)	—	—	—	(20)	(22 679)	(667 995)
Net cash generated from / (used in) Other operating activities	221 981	(2 044 547)	(124 404)	1 000	13 780	(1 932 190)	(2 123 735)
Total cash generated from / (used in) all operating activities	221 981	4 575 618	2 882	1 551	13 707	4 815 739	2 909 147
Investment activities							
Profit / return received	67 475	2 156 797	55 095	819	693	2 280 879	2 261 902
Dividends received	30 279	395 762	986	255	—	427 282	441 971
Payments for investments	(27 102)	(32 492 487)	(56 803)	(1 180)	17	(32 577 555)	(39 370 949)
Proceeds from disposal of investments	124 385	22 792 662	31 743	—	—	22 948 790	34 564 380
Fixed capital expenditure	(297 908)	—	—	—	—	(297 908)	(204 574)
Proceeds from disposal of fixed assets	9 840	—	—	—	—	9 840	15 335
Total cash (used in) / generated from investing activities	(93 031)	(7 147 266)	31 021	(106)	710	(7 208 672)	(2 291 935)
Financing activities							
Surplus appropriated to Shareholders' Fund	595 356	(585 374)	(8 518)	(173)	(1 291)	—	—
Dividends paid	(650 000)	—	—	—	—	(650 000)	(490 000)
Total cash (used in) / generated from financing activities	(54 644)	(585 374)	(8 518)	(173)	(1 291)	(650 000)	(490 000)
Net cash generated from / (used in) all activities	74 306	(3 157 022)	25 385	1 272	13 126	(3 042 933)	127 212
Cash & cash equivalents at beginning of the period	35 864	7 199 700	370 478	5 626	2 379	7 614 047	1 723 572
Cash & cash equivalents at end of the period	110 170	4 042 678	395 863	6 898	15 505	4 571 114	1 850 784
Reconciliation to Profit and Loss Account							
Operating cash flows						4 815 739	2 909 147
Depreciation						(53 284)	(43 726)
Amortization						(7 327)	(6 266)
Profit on disposal of fixed assets						3 513	8 654
Others revenue						6 555	12 242
Investment revenue						3 597 054	2 718 732
Appreciation in market value of investments						1 448 412	404 943
Reversal of / (provision for) impairment in the value of available for sale equity investment						184 517	(38 155)
Reversal of / (provision for) impairment in the value of available for sale fixed income securities						40 942	(170 335)
Profit on sale of investment						738 141	766 487
(Decrease) / increase in assets other than cash						(217 103)	837 320
Increase in liabilities						(9 982 054)	(6 885 159)
Profit after taxation						575 105	513 884

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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 2014 (Unaudited)

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 2014	30 September 2013	30 September 2014	30 September 2013
Income								
Premiums less reinsurances	11 079 840	911 186	941	976	11 992 943	9 140 062	3 617 732	2 965 464
Net investment income	5 647 363	70 670	1 938	701	5 720 672	3 639 137	2 062 649	746 122
Total net income	16 727 203	981 856	2 879	1 677	17 713 615	12 779 199	5 680 381	3 711 586
Claims and expenditure								
Claims net of reinsurance recoveries	2 868 125	584 802	365	191	3 453 483	2 658 059	1 156 847	936 830
Management expenses	3 005 807	305 265	77	595	3 311 744	2 844 008	1 052 780	931 413
Total claims and expenditure	5 873 932	890 067	442	786	6 765 227	5 502 067	2 209 627	1 868 243
Excess of income over claims and expenditure	10 853 271	91 789	2 437	891	10 948 388	7 277 132	3 470 754	1 843 343
Add : Policyholder liabilities at beginning of period	42 509 820	310 273	18 907	3 022	42 842 022	33 009 374	49 642 820	37 958 956
Less : Policyholder liabilities at end of period	5.2 52 456 945	355 193	21 085	2 699	52 835 922	39 545 594	52 835 922	39 545 594
	(9 947 125)	(44 920)	(2 178)	323	(9 993 900)	(6 536 220)	(3 193 102)	(1 586 638)
Surplus before tax	906 146	46 869	259	1 214	954 488	740 912	277 652	256 705
Movement in policyholder's liabilities	9 947 125	44 920	2 178	(323)	9 993 900	6 536 220	3 193 102	1 586 638
Transfer of surplus to shareholders' fund	(585 374)	(8 518)	(173)	(1 291)	(595 356)	(725 812)	(197 351)	(253 051)
Balance of statutory funds at beginning of the period	43 068 721	491 179	19 150	3 603	43 582 653	33 743 933	50 662 282	38 704 961
Balance of statutory funds at end of the period	53 336 618	574 450	21 414	3 203	53 935 685	40 295 253	53 935 685	40 295 253
Represented by:								
Policyholder liabilities	5.2 52 456 945	355 193	21 085	2 699	52 835 922	39 545 594	52 835 922	39 545 594
Retained earnings on other than participating business	879 673	219 257	329	504	1 099 763	749 659	1 099 763	749 659
Balance of statutory fund	53 336 618	574 450	21 414	3 203	53 935 685	40 295 253	53 935 685	40 295 253

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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EFU LIFE ASSURANCE LTD



Condensed Interim Statement of Premiums for the nine months period ended 30 September 2014 (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	2014	2013	2014	2013
Gross Premiums								
Regular premium individual policies*								
First year	2 351 892	2 351	–	211	2 354 454	1 976 320	632 518	615 727
Second year renewal	1 654 449	1 095	–	59	1 655 603	1 556 782	505 095	514 971
Subsequent year renewal	5 577 769	2 461	954	1 034	5 582 218	4 822 091	1 779 315	1 520 662
Single premium individual policies	1 650 444	–	–	–	1 650 444	152 529	439 489	66 027
Group policies with cash values	10 356	–	–	–	10 356	8 111	3 257	2 805
Group policies without cash values	–	1 204 701	–	–	1 204 701	1 108 952	382 878	397 855
Total Gross Premiums	11 244 910	1 210 608	954	1 304	12 457 776	9 624 785	3 742 552	3 118 047
Less: Reinsurance Premiums Ceded								
On individual life first year business	34 988	215	–	8	35 211	21 125	18 454	6 637
On individual life second year business	16 608	191	–	4	16 803	17 225	2 456	5 008
On individual life renewal business	113 474	1 704	13	316	115 507	117 477	26 150	34 151
On group policies	–	297 312	–	–	297 312	328 896	77 760	106 785
Total Reinsurance Premium Ceded	165 070	299 422	13	328	464 833	484 723	124 820	152 581
Net Premiums	11 079 840	911 186	941	976	11 992 943	9 140 062	3 617 732	2 965 466

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

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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 2014 (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	2014	2013	2014	2013
Gross Claims								
Claims under individual policies								
by death	365 176	1 280	–	–	366 456	230 591	115 328	67 582
by insured event other than death	16 640	39	–	320	16 999	18 655	7 868	4 003
by maturity	79 629	–	–	–	79 629	43 122	37 630	19 562
by surrender	2 474 806	–	365	–	2 475 171	1 911 472	802 759	681 702
Total gross individual policy claims	2 936 251	1 319	365	320	2 938 255	2 203 840	963 585	772 849
Claims under group policies								
by death	–	772 238	–	–	772 238	614 557	238 389	238 361
by insured event other than death	–	36 826	–	–	36 826	44 629	16 228	26 584
by surrender	623	–	–	–	623	–	623	–
experience refund	–	71 439	–	–	71 439	118 825	38 859	44 472
Total gross group claims	623	880 503	–	–	881 126	778 011	294 099	309 417
Total gross claims	2 936 874	881 822	365	320	3 819 381	2 981 851	1 257 684	1 082 266
Less: Reinsurance recoveries								
On individual life first year business	35 349	–	–	4	35 353	17 538	2 207	4 098
On individual life second year business	7 430	–	–	–	7 430	4 397	1 938	3 070
On individual life subsequent renewal business	25 970	–	–	125	26 095	19 038	12 113	7 266
On group claims	–	275 588	–	–	275 588	264 754	76 927	131 921
On experience refund of premiums	–	21 432	–	–	21 432	18 065	7 652	(919)
Total Reinsurance	68 749	297 020	–	129	365 898	323 792	100 837	145 436
Net Claims	2 868 125	584 802	365	191	3 453 483	2 658 059	1 156 847	936 830

The annexed notes 1 to 12 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 Expenses for the nine months period ended 30 September 2014 (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	2014	2013	2014	2013
Acquisition Costs								
Remuneration to insurance intermediaries on individual policies:								
- commission on first year premiums	1 097 876	755	–	87	1 098 718	944 112	292 857	294 424
- commission on second year premiums	153 781	119	–	25	153 925	158 881	48 183	44 911
- commission on subsequent renewal premiums	129 803	61	24	53	129 941	133 504	41 280	40 990
- commission on single premiums	62 908	–	–	–	62 908	3 184	16 553	1 351
- override commission	277 648	246	9	37	277 940	211 178	80 705	67 984
- other benefits to insurance intermediaries	416 865	275	27	63	417 230	403 604	127 788	125 445
	2 138 881	1,456	60	265	2 140 662	1 854 463	607 366	575 105
Remuneration to insurance intermediaries on group policies:								
- commission	553	181 910			182 463	178 055	67 284	55 693
- other benefits to insurance intermediaries	287	33 240			33 527	25 799	10 785	8 794
	840	215 150			215 990	203 854	78 069	64 487
Branch overheads	185 374	3 725	17	38	189 154	177 966	68 282	60 002
Other acquisition costs								
- Policy stamps	44 303	286	–	2	44 591	38 699	13 044	11 704
Total acquisition cost	2 369 398	220 617	77	305	2 590 397	2 274 982	766 761	711 298
Administration expenses								
Salaries and other benefits	236 174	45 781	–	122	282 077	252 636	93 296	85 292
Traveling expenses	40 450	2 977	–	2	43 429	54 327	15 604	18 697
Actuary's fees	6 781	523	–	4	7 308	5 700	2 436	2 100
Medical fees	11 795	2 123	–	–	13 918	12 710	4 515	3 074
Legal & professional fee	17 878	1 374	–	10	19 262	17 560	7 812	6 507
Advertisements & publicity	113 923	9 320	–	62	123 305	76 047	89 439	57 873
Computer expenses	3 680	297	–	2	3 979	3 106	1 317	1 566
Printing and stationery	22 270	2 159	–	11	24 440	24 066	7 780	8 935
Depreciation	14 641	3 605	–	6	18 252	15 229	3 303	4 939
Amortisation	6 798	525	–	4	7 327	6 266	2 854	1 793
Rental	12 345	2 869	–	6	15 220	15 760	5 165	5 052
Exchange loss / (gain)	2 541	–	–	–	2 541	(8 274)	(4 095)	(6 615)
Postage	44 579	356	–	–	44 935	26 817	14 171	8 638
Fees and subscription	31 923	2 952	–	17	34 892	22 482	15 358	6 796
Other management expenses	83 865	9 881	–	44	93 790	52 121	30 377	17 616
Gross management expenses	3 019 041	305 359	77	595	3 325 072	2 851 535	1 056 093	933 561
Commission from reinsurers	(8 046)	(94)	–	–	(8 140)	(7 527)	(1 743)	(2 148)
Fees charged to policy holders	(5 188)	–	–	–	(5 188)	–	(1 570)	–
Net management expenses	3 005 807	305 265	77	595	3 311 744	2 844 008	1 052 780	931 413

The annexed notes 1 to 12 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 2014 (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	2014	2013	2014	2013
Investment Income								
On Government securities	2 452 427	53 650	757	384	2 507 218	1 907 447	983 193	673 152
On other fixed income securities and deposits	571 807	13 319	303	426	585 855	324 405	187 541	95 829
Dividend income	395 762	986	255	–	397 003	412 918	142 400	152 665
Amortisation of discount	71 633	1 327	36	21	73 017	37 693	36 860	8 442
	3 491 629	69 282	1 351	831	3 563 093	2 682 463	1 349 994	930 088
Gain on sale of investments								
Shares and mutual fund units	738 141	–	–	–	738 141	765 884	90 183	147 859
Gain / (loss) on revaluation of investment								
Government securities	215 812	–	(10)	–	215 802	(124 698)	211 360	(76 265)
Other fixed income securities	20 856	–	9	–	20 865	(28 791)	(25)	(20 798)
Listed equities securities and mutual fund units	1 138 140	–	588	–	1 138 728	520 739	424 731	(187 476)
	1 374 808	–	587	–	1 375 395	367 250	636 066	(284 539)
(Provision for) / reversal of impairment in value of investment								
Available-for-sale fixed income securities	40 942	–	–	–	40 942	(170 335)	(11 577)	(44 905)
Available-for-sale equity securities and mutual fund units	6 312	1 388	–	(130)	7 570	(2 303)	(1 203)	(1 344)
	47 254	1 388	–	(130)	48 512	(172 638)	(12 780)	(46 249)
	5 651 832	70 670	1 938	701	5 725 141	3 642 959	2 063 463	747 159
Less: Investment related expense	(4 469)	–	–	–	(4 469)	(3 822)	(814)	(1 037)
Net investment income	<u>5 647 363</u>	<u>70 670</u>	<u>1 938</u>	<u>701</u>	<u>5 720 672</u>	<u>3 639 137</u>	<u>2 062 649</u>	<u>746 122</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial statements.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman



Notes to the Condensed Interim Financial Statements (Unaudited) For the nine months period ended 30 September 2014



1. STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 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.
- 1.3 The Company in their Annual General Meeting held on 5 April 2014 approved to increase the authorised capital of the Company from Rs. 1,000 million to Rs. 1,500 million. All legal formalities with respect to this matter have been complied with.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial information of the Company for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' as applicable in Pakistan, 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 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements, Accordingly, the condensed interim financial information should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended 31 December 2013.

4. FINANCIAL RISK MANAGEMENT / JUDGEMENTS AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2013.

In preparing this condensed interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at the year ended 31 December 2013.

5. POLICYHOLDERS' LIABILITIES

5.1 Gross of reinsurance

(Rupees in '000)

	Statutory Fund				Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2014 Unaudited	31 December 2013 Audited
Actuarial liability relating to future events	52 318 791	355 675	21 099	2 959	52 698 524	42 837 575
Provision for outstanding reported claims payable over a period exceeding twelve months	290 012	78 085	–	–	368 097	298 794
Provision for incurred but not reported claims	79 780	119 642	–	–	199 422	176 902
	<u>52 688 583</u>	<u>553 402</u>	<u>21 099</u>	<u>2 959</u>	<u>53 266 043</u>	<u>43 313 271</u>

5.2 Net of reinsurance

Actuarial liability relating to future events	52 207 561	256 925	21 085	2 699	52 488 270	42 570 830
Provision for outstanding reported claims payable over a period exceeding twelve months	184 845	21 239	–	–	206 084	151 106
Provision for incurred but not reported claims	64 539	77 029	–	–	141 568	120 086
	<u>52 456 945</u>	<u>355 193</u>	<u>21 085</u>	<u>2 699</u>	<u>52 835 922</u>	<u>42 842 022</u>

6. RECONCILIATION OF STATUTORY FUNDS

(Rupees in '000)

	Statutory Fund				Aggregate	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2014 Unaudited	31 December 2013 Audited
Policyholder's Liabilities						
Balance at beginning of the year	42 509 820	310 273	18 907	3 022	42 842 022	33 009 374
Increase / (decrease) during the period	9 947 125	44 920	2 178	(323)	9 993 900	9 832 648
Balance at the end of the year	<u>52 456 945</u>	<u>355 193</u>	<u>21 085</u>	<u>2 699</u>	<u>52 835 922</u>	<u>42 842 022</u>
Retained earnings on other than participating business						
Balance at the beginning of the year	558 901	180 906	243	581	740 631	734 559
Surplus for the period	906 146	46 869	259	1 214	954 488	1 316 439
Surplus appropriated to shareholder's fund	(585 374)	(8 518)	(173)	(1 291)	(595 356)	(1 310 367)
Balance at end of the period (refer note no 6.1)	<u>879 673</u>	<u>219 257</u>	<u>329</u>	<u>504</u>	<u>1 099 763</u>	<u>740 631</u>
Balance at the end of the period	<u>53 336 618</u>	<u>574 450</u>	<u>21 414</u>	<u>3 203</u>	<u>53 935 685</u>	<u>43 582 653</u>

6.1 The SECP has issued amendments to the SEC (Insurance) Rules, 2002, which includes revision in the solvency margin for the life insurers. Keeping in view such future solvency requirements, the Company has retained an aggregate amount of Rs 1 073 million (2013: 726 million) in the Statutory Funds, based on the advice of the appointed actuary.

7. INVESTMENTS

	Statutory Fund					Aggregate	
	Shareholders Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 September 2014 Unaudited	31 December 2013 Audited
Government Securities							
Held to maturity (at amortized cost)	921 709	1 032 688	657 260	–	4 995	2 616 652	2 952 654
Available for sale (at fair value)	–	34 351 543	–	10 458	–	34 362 001	25 702 262
	<u>921 709</u>	<u>35 384 231</u>	<u>657 260</u>	<u>10 458</u>	<u>4 995</u>	<u>36 978 653</u>	<u>28 654 916</u>
Other fixed income securities							
Held to maturity (at amortized cost)	–	44 950	31 253	–	–	76 203	76 187
Available for sale (at fair value)	–	2 214 299	–	250	–	2 214 549	1 676 926
	<u>–</u>	<u>2 259 249</u>	<u>31 253</u>	<u>250</u>	<u>–</u>	<u>2 290 752</u>	<u>1 753 113</u>
Listed equities and mutual funds							
Available for sale (at fair value)	–	10 703 532	–	5 876	–	10 709 408	7 428 687
Held for trading (at fair value)	–	909 584	–	–	–	909 584	1 197 964
Available for sale (at lower of cost or market value)	1 294 382	98 188	88 137	–	1 034	1 481 741	1 479 198
	<u>1 294 382</u>	<u>11 711 304</u>	<u>88 137</u>	<u>5 876</u>	<u>1 034</u>	<u>13 100 733</u>	<u>10 105 849</u>
Less: Provision for impairment in value of investments	692 472	3 927	46 961	–	790	744 150	928 667
	<u>601 910</u>	<u>11 707 377</u>	<u>41 176</u>	<u>5 876</u>	<u>244</u>	<u>12 356 583</u>	<u>9 177 182</u>

- 7.1 Market value of the government securities carried at amortized cost amounted to Rs.2,618 million (31 December 2013: Rs.2,943.996 million).
- 7.2 Market value of other fixed income securities carried at amortized cost amounted to Rs. 64.99 million (31 December 2013: Rs. 74.038 million).
- 7.3 Government securities includes Rs.115 million (31 December 2013: Rs. 115 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.
- 7.4 Listed equities include investment in EFU General Insurance Limited (a related party) at carrying value of Rs. 913.899 million (31 December 2013: Rs. 572.634 million) representing 6.81% (31 December 2013: 6.81 %) of the issued capital of the related party.
- 7.5 Market value of the listed equities and mutual funds held at lower of cost or market value amounted to Rs. 1,277 million (31 December 2013: Rs. 931 million).

8. CONTINGENCIES AND COMMITMENTS

Income tax assessment for Tax Year 2013 has been finalised. However, Income Tax Department has imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs. 13.731 million and Rs. 14.967 million for Tax Year 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Company has now filed a second appeal before the Appellate Tribunal and believes that the matter will be settled in its favour. No provision has been made in respect of the aforementioned additional tax demand.

9. FIXED ASSETS

(Rupees in '000)

	Nine months ended - Unaudited			
	30 September 2014		30 September 2013	
	Additions	Disposals	Additions	Disposals
9.1 Tangible and intangible				
Furniture, fixture and fittings	2 236	–	13 617	–
Office equipment	2 519	3	3 742	195
Computers	14 488	125	8 331	–
Motor Vehicles	81 676	14 726	72 399	20 910
Intangibles	243	–	4 678	–
Capital work in progress	196 746	–	100 825	–
	<u>297 908</u>	<u>14 854</u>	<u>203 592</u>	<u>21 105</u>

10. 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 in '000)

	Nine months ended - Unaudited	
	30 September 2014	30 September 2013
10.1 Transactions		
10.1.1 Associated companies		
Premium written	34 632	20 398
Premium paid	30 860	25 048
Claims paid	8 704	19 435
Claims received	3 259	743
Commission paid	87 069	80 187
Dividend paid	417 774	307 550
Dividend received	45 306	47 935
Bonus shares received	271 733	49 444
10.1.2 Employees' funds		
Contribution to provident fund	13 924	12 831
Contribution to pension fund	11 114	9 690
10.1.3 Key Management Personnel		
Loan disbursed	–	1 500
Loan recovered	–	226
Compensation paid	75 592	60 552

		(Rupees in '000)	
		30 September 2014 Unaudited	31 December 2013 Audited
10.2	Balances		
	Bank balances	150	7 524
	Premium payable	71	34
	Premium receivable	48	325
	Investment in EFU General Insurance Company Limited	913 900	572 635
	Investment in Jhangir Siddiqui & Company Limited	71 369	65 588
	Investment in Associates	306 124	320 270

11. GENERAL

11.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

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

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company in their meeting held on 28 October 2014.

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Director

TAHER G. SACHAK
Managing Director &
Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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