
Directors' Review	1
Condensed Interim Balance Sheet	2
Condensed Interim Profit & Loss Account	4
Condensed Interim Statement of Changes in Equity	5
Condensed Interim Statement of Cash Flows	6
Condensed Interim Revenue Account	7
Condensed Interim Statement of Premium	8
Condensed Interim Statement of Claims	9
Condensed Interim Statement of Expenses	10
Condensed Interim Statement of Investment Income	11
Notes to the Condensed Interim Financial Statements	12

We are pleased to present the Un-audited Accounts for the quarter ended 30 September 2006.

The individual life regular premium new business of your company at the end of third quarter 2006 increased by 33% compared to the corresponding period of 2005. The total regular premium income increased from Rs.1,173 million at the end of third quarter 2005 to Rs.1,581 million in the same period this year which is a growth of 35%. The total premium income including group benefits and single premium increased by 45%, from Rs.1,615 million as on 30 September 2005 to Rs.2,348 million as on 30 September 2006.

Your Company made a before tax profit of Rs.265 million as at the end of the third quarter this year compared to Rs.159 million in the corresponding period last year, an increase of 66.66%.

Your Directors would like to place on record their appreciation for the tremendous contribution made by the officers, staff and field force towards the development of the Company.

We would also like to thank the Securities and Exchange Commission of Pakistan, Ministry of Commerce and especially our re-insurer Munich-Re for their co-operation and guidance.

Finally we would like to thank our clients for their continued confidence in the Company.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi: 28 October 2006

Condensed Interim Balance Sheet
As at 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000						
	Shareholders	Statutory Funds				Aggregate	Aggregate
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 Sep 2006	31 Dec 2005
Share capital and reserves							
Authorised share capital	500 000				500 000	500 000	
Issued, subscribed and paid up share capital 15,000,000 Ordinary Shares (31 Dec. 2005: 15,000,000 shares) of Rs. 10/- each fully paid in cash	150 000				150 000	150 000	
15,000,000 Ordinary Shares (31 Dec 2005: 6,000,000 shares) of Rs.10/- each issued as fully paid bonus shares	150 000				150 000	60 000	
	300 000				300 000	210 000	
Accumulated surplus	183 915				183 915	196 279	
General reserves	190 000				190 000	130 000	
Net shareholders' equity	673 915				673 915	536 279	
Balance of statutory fund [including policy holders' liabilities Rs.5,831 million (31 Dec 2005 Rs.4,908 million)]		5 668 723	144 798	16 438	5 147	5 835 106	4 916 212
Deferred taxation	2 147				2 147	1 347	
Creditors and Accruals							
Outstanding claims	-	103 532	121 459	-	4 862	229 853	180 033
Premiums received in advance	-	112 560	24 247	803	640	138 250	138 490
Amounts due to reinsurers	-	42 692	39 504	311	-	82 507	40 171
Amount due to agents	-	45 114	4 787	5	148	50 054	56 290
Accrued expenses	150	4 766	469	2	25	5 412	25 459
Taxation - provision less payments	15 867	-	-	-	-	15 867	58 831
Unclaimed dividend	249	-	-	-	-	249	256
Other creditors and accruals	20	11 186	1 100	5	58	12 369	15 006
Total liabilities	16 286	319 850	191 566	1 126	5 733	534 561	514 536
Total equity and liabilities	692 348	5 988 573	336 364	17 564	10 880	7 045 729	5 968 374

Contingencies & commitments (Note 8)

Note	Rupees '000						
	Shareholders		Statutory Funds			Aggregate	Aggregate
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	30 Sep 2006	31 Dec 2005
Cash and bank deposits							
Cash and stamps	-	1 267	56	-	-	1 323	632
Current and other accounts	5 174	398 866	100 922	2 789	639	508 390	260 821
Deposits maturing within 12 months	-	10 000	-	-	-	10 000	194 000
	5 174	410 133	100 978	2 789	639	519 713	455 453
Loans - secured							
To employees	15 202	-	-	-	-	15 202	11 775
Investments							
6							
Government securities	150 194	2 193 782	195 210	3 401	5 008	2 547 595	2 565 817
Other fixed income securities	24 995	1 099 820	18 777	5 713	6 098	1 155 403	425 410
Listed equities and mutual funds	144 061	2 194 671	35 024	6 442	3 673	2 383 871	2 164 969
Unlisted equities	508	-	-	-	-	508	508
	319 758	5 488 273	249 011	15 556	14 779	6 087 377	5 156 704
Current assets - others							
Premiums due but unpaid	-	-	23 711	-	-	23 711	23 743
Amounts due from reinsurers	-	-	-	-	1 938	1 938	2 030
Agent balances	-	706	242	4	6	958	596
Investment income due but outstanding	-	-	-	-	-	-	3 879
Investment income accrued	10 027	96 634	5 946	265	521	113 393	53 572
Advances and deposits	4 205	27 755	2 729	12	144	34 845	17 821
Prepayments	32	8 981	885	4	47	9 949	4 911
Inter-fund balances	103 667	(47 857)	(47 527)	(1 068)	(7 215)	-	-
Sundry receivables	-	3 948	389	2	21	4 360	19 962
	117 931	90 167	(13 625)	(781)	(4 538)	189 154	126 514
Fixed assets - tangible							
Lease hold land	126 505	-	-	-	-	126 505	126 030
Furniture, fixture, office equipment and vehicles	107 778	-	-	-	-	107 778	91 898
	234 283	-	-	-	-	234 283	217 928
Total assets	<u>692 348</u>	<u>5 988 573</u>	<u>336 364</u>	<u>17 564</u>	<u>10 880</u>	<u>7 045 729</u>	<u>5 968 374</u>

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Profit and Loss Account
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Nine months ended 30 September		Three months ended 30 September	
	2006	2005	2006	2005
Investment income not attributable to statutory funds				
Return on government securities	10 061	4 848	2 923	1 646
Return on other fixed income securities and deposits	2 260	427	783	24
Amortisation of discount/ premium relative to par	(616)	(490)	(213)	(200)
Dividend income	18 092	10 297	4 841	2 682
	29 797	15 082	8 334	4 152
Gain on sale of investments	7 734	-	195	-
Net investment income	37 531	15 082	8 529	4 152
Other revenue				
- Gain on disposal of fixed assets	1 979	1 230	892	693
- Others	1 953	1 182	772	363
	3 932	2 412	1 664	1 056
	41 463	17 494	10 193	5 208
Less: expenses not attributable to statutory fund	1 969	9 247	283	2 059
	39 494	8 247	9 910	3 149
Surplus transferred from statutory funds	225 942	150 959	95 097	41 940
Profit before tax	265 436	159 206	105 007	45 089
Taxation				
- for the period	(85 000)	(54 500)	(35 000)	(15 000)
- deferred	(800)	-	-	-
	(85 800)	(54 500)	(35 000)	(15 000)
Profit after tax	179 636	104 706	70 007	30 089
Earnings per share - basic and diluted (Rupees)	5.99	3.49	2.33	1.00

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Changes in Equity
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Share Capital	General Reserve	Accumulated Surplus	Total
Balance as at 1 January 2005	165,000	50 000	150 162	365 162
Dividend declared for 2004 (Rs.1.5 per share)	-	-	(24 750)	(24 750)
Issue of bonus shares	45,000	-	(45 000)	-
Transfer to general reserve	-	80 000	(80 000)	-
Profit for the period - net recognized income & expenses for the period	-	-	104 706	104 706
Balance as at 30 September 2005	<u>210,000</u>	<u>130 000</u>	<u>105 118</u>	<u>445 118</u>
Balance as at 1 January 2006	210,000	130 000	196 279	536 279
Dividend declared for 2005 (Rs.2.0 per share)	-	-	(42 000)	(42 000)
Issue of bonus shares	90,000	-	(90 000)	-
Transfer to general reserve	-	60 000	(60 000)	-
Profit for the period - net recognized income & expenses for the period	-	-	179 636	179 636
Balance as at 30 September 2006	<u>300,000</u>	<u>190 000</u>	<u>183 915</u>	<u>673 915</u>

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Cash Flows
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Rupees '000						
	Shareholders	Statutory Funds				Aggregate 30 Sept 2006	Aggregate 30 Sept 2005
	Fund	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Operating Cash Flow							
a) Underwriting activities							
Premiums received		1 667 962	669 490	6 826	3 805	2 348 083	1 645 764
Reinsurance premiums paid		(13 307)	(24 078)	(145)	72	(37 458)	(2 194)
Claims paid		(35 459)	(323 762)	-	(1 301)	(360 522)	(255 045)
Surrenders paid		(291 271)	-	(2 444)	-	(293 715)	(273 530)
Commissions paid		(324 657)	(180 711)	(592)	(1 105)	(507 065)	(305 822)
Net cash flow from underwriting activities		1 003 268	140 939	3 645	1 471	1 149 323	809 173
b) Other operating activities							
Income tax paid	(127 964)	-	-	-	-	(127 964)	(68 356)
General management expenses paid	(4 479)	(226 098)	(50 776)	(292)	(1 075)	(282 720)	(235 495)
Other operating payments	(10 210)	(58 824)	(2 425)	(518)	(116)	(72 093)	(109 209)
Other operating receipts	43 549	-	14 584	134	4 721	62 988	80 938
Loans advanced	(24 517)	-	-	-	-	(24 517)	(3 146)
Loan repayments received	21 090	-	-	-	-	21 090	4 039
Net cash flow from other operating activities	(102 531)	(284 922)	(38 617)	(676)	3 530	(423 216)	(331 229)
Total cash flow from all operating activities	(102 531)	718 346	102 322	2 969	5 001	726 107	477 944
Investment activities							
Profit/ return received	11 036	216 558	16 234	465	562	244 855	134 794
Dividends received	14 272	158 310	1 810	491	-	174 883	78 653
Payments for investments	(95 663)	(1 023 426)	(77 662)	(2 448)	(4 764)	(1 203 963)	(661 737)
Proceeds from disposal of investments	16 685	141 547	32 760	780	-	191 772	60 006
Fixed capital expenditure	(31 541)	-	-	-	-	(31 541)	(73 002)
Proceeds from disposal of fixed assets	4 147	-	-	-	-	4 147	2 255
Total cash flow from investing activities	(81 064)	(507 011)	(26 858)	(712)	(4 202)	(619 847)	(459 031)
Financing activities							
Surplus appropriated to shareholders' fund	225 942	(99 235)	(124 086)	(1 003)	(1 618)	-	-
Dividends paid	(42 000)	-	-	-	-	(42 000)	(24 750)
Total cash flow from financing activities	183 942	(99 235)	(124 086)	(1 003)	(1 618)	(42 000)	(24 750)
Net cash inflow / (outflow) from all activities	347	112 100	(48 622)	1 254	(819)	64 260	(5 837)
Cash at the beginning of the period	4 827	298 033	149 600	1 535	1 458	455 453	382 418
Cash at end of the period	5 174	410 133	100 978	2 789	639	519 713	376 581
Reconciliation to Profit & loss account							
Operating cash flows						726 107	477 944
Depreciation expense						(13 018)	(10 469)
Profit on disposal of fixed assets						1 979	1 230
Investment income						473 727	302 495
Other Income						1 953	1 182
(Depreciation) / appreciation in market value of investments						(169 376)	109 434
Profit on sale of Investments						87 858	6 645
Increase in assets other than cash						10 125	16 184
(Increase) in liabilities						(939 719)	(799 939)
Profit or loss after taxation						179 636	104 706

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Revenue Account
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000			
	Note	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
						2006	2005	2006	2005
Income									
Premiums less reinsurances		1 581 809	561 616	6 022	3 310	2 152 757	1 472 896	812 728	536 270
Net investment income		327 857	25 453	433	935	354 678	403 492	142 187	198 160
Total net income		1 909 666	587 069	6 455	4 245	2 507 435	1 876 388	954 915	734 430
Claims & expenditure									
Claims net of reinsurance recoveries		352 461	241 797	2 444	809	597 511	463 030	224 855	146 025
Management expenses less recoveries		532 296	230 382	515	1 895	765 088	509 347	272 501	177 593
Total claims and expenditure		884 757	472 179	2 959	2 704	1 362 599	972 377	497 356	323 618
Excess of income over claims and expenditure		1 024 909	114 890	3 496	1 541	1 144 836	904 011	457 559	410 812
Add : Policyholders' liabilities at beginning of period		4 743 049	145 454	13 945	5 224	4 907 672	3 482 143	5 467 675	3 866 400
Less : Policyholders' liabilities at end of period	5	5 668 723	140 608	16 438	5 147	5 830 916	4 233 244	5 830 916	4 233 244
		(925 674)	4 846	(2 493)	77	(923 244)	(751 101)	(363 241)	(366 844)
Surplus before tax		99 235	119 736	1 003	1 618	221 592	152 910	94 318	43 968
Movement in policyholders' liabilities		925 674	(4 846)	2 493	(77)	923 244	751 101	363 241	366 844
Transfers of surplus to shareholders' fund		(99 235)	(124 086)	(1 003)	(1 618)	(225 942)	(150 959)	(95 097)	(41 940)
Balance of statutory funds at beginning of period		4 743 049	153 994	13 945	5 224	4 916 212	3 491 343	5 472 644	3 875 523
Balance of statutory funds at end of period		5 668 723	144 798	16 438	5 147	5 835 106	4 244 395	5 835 106	4 244 395
Represented by:									
Policyholders' liabilities	5	5 668 723	140 608	16 438	5 147	5 830 916	4 233 244	5 830 916	4 233 244
Retained earnings on other than participating business		-	4 190	-	-	4 190	11 151	4 190	11 151
Balance of statutory funds		5 668 723	144 798	16 438	5 147	5 835 106	4 244 395	5 835 106	4 244 395

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Premium
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2006	2005	2006	2005
Gross premiums								
Regular premium individual policies*								
First year	491 315	5 799	42	1 466	498 622	373 588	181 761	128 490
Second year renewal	315 827	1 767	2 036	89	319 719	252 878	106 433	80 104
Subsequent year renewal	754 233	1 685	4 210	2 575	762 703	546 737	269 021	195 570
Single premium individual policies	99 591	-	-	-	99 591	51 430	36 808	12 485
Group policies without cash values	-	667 656	-	-	667 656	390 119	279 990	157 911
Total gross premiums	1 660 966	676 907	6 288	4 130	2 348 291	1 614 752	874 013	574 560
Less: Reinsurance premiums ceded								
On individual life first year business	21 058	2 078	-	64	23 200	16 870	9 477	5 570
On individual life second year business	14 893	746	73	150	15 862	10 644	4 501	3 452
On individual life renewal business	43 206	754	193	606	44 759	32 890	15 284	11 117
On group policies	-	111 713	-	-	111 713	81 452	32 023	18 151
Total reinsurance premium ceded	79 157	115 291	266	820	195 534	141 856	61 285	38 290
Net premiums	1 581 809	561 616	6 022	3 310	2 152 757	1 472 896	812 728	536 270

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

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Claims
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2006	2005	2006	2005
Gross claims								
Claims under individual policies								
by death	77 241	6 668	-	500	84 409	46 434	51 910	16 148
by insured event other than death	7 621	200	-	1 109	8 930	9 737	1 710	2 819
by maturity	2 397	-	-	-	2 397	7 989	1 148	576
by surrender	284 482	-	2 444	-	286 926	261 307	87 733	69 780
Total gross individual policy claims	371 741	6 868	2 444	1 609	382 662	325 467	142 501	89 323
Claims under group policies								
by death		261 210			261 210	197 010	82 856	72 164
by insured event other than death		17 587			17 587	14 735	6 411	4 074
experience refund		42 598			42 598	17 675	25 636	9 042
Total gross group claims		321 395			321 395	229 420	114 903	85 280
Total gross claims	371 741	328 263	2 444	1 609	704 057	554 887	257 404	174 603
Less: Reinsurance recoveries								
On individual life first year business	1 511	5 331	-	-	6 842	4 007	921	294
On individual life second year business	1 063	-	-	475	1 538	2 173	561	374
On individual life subsequent renewal business	16 706	-	-	325	17 031	18 916	10 194	4 506
On group claims	-	69 798	-	-	69 798	60 047	20 873	18 892
On experience refund of premiums	-	11 337	-	-	11 337	6 714	-	4 512
Total reinsurance	19 280	86 466	-	800	106 546	91 857	32 549	28 578
Net claims	352 461	241 797	2 444	809	597 511	463 030	224 855	146 025

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Expenses
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2006	2005	2006	2005
Acquisition costs								
Remuneration to insurance intermediaries on individual policies:								
-commission on first year premiums	203 129	2 092	18	642	205 881	150 095	74 525	52 470
-commission on second year premiums	31 676	172	158	9	32 015	25 627	10 552	8 047
-commission on subsequent renewal premiums	21 023	39	73	65	21 200	14 719	7 561	5 108
-commission on single premiums	1 992	-	-	-	1 992	1 029	736	250
-override commission	61 364	412	101	105	61 982	46 831	21 821	16 198
-other benefits to insurance intermediaries	69 263	6 823	31	359	76 476	63 204	25 135	21 085
	388 447	9 538	381	1 180	399 546	301 505	140 330	103 158
Remuneration to insurance intermediaries on group policies:								
-commission		177 397			177 397	52 413	70 855	29 834
-other benefits to insurance intermediaries		8 486			8 486	7 128	2 870	2 577
	-	185 883	-	-	185 883	59 541	73 725	32 411
Branch overheads	32 258	7 331	14	167	39 770	32 674	12 235	11 844
Other acquisition cost								
-Policy fee	10 904	849	-	6	11 759	8 740	3 995	2 895
Total acquisition cost	431 609	203 601	395	1 353	636 958	402 460	230 285	150 308
Administration expenses								
Salaries and other benefits	46 025	11 511	20	239	57 795	38 909	19 985	12 109
Traveling expenses	7 204	876	3	37	8 120	23 480	625	1 313
Actuary's fees	1 304	128	1	7	1 440	1 260	481	420
Medical fees	5 273	1 517	73	-	6 863	4 429	3 160	1 427
Legal and professional fee	1 487	146	1	8	1 642	1 303	380	160
Advertisements and publicity	5 864	5 756	3	30	11 653	3 953	2 311	52
Computer expenses	1 859	203	1	10	2 073	1 042	221	164
Printing and stationery	5 346	567	2	28	5 943	6 063	1 685	2 440
Depreciation	6 956	883	3	36	7 878	4 017	4 645	825
Rental	3 221	1 460	1	17	4 699	3 929	1 646	1 535
Difference in exchange	(682)	-	-	-	(682)	(4)	(285)	25
Other management expenses	25 172	4 493	12	130	29 807	24 770	11 081	8 927
Gross management expenses	540 638	231 141	515	1 895	774 189	515 611	276 220	179 705
Commission from reinsurers	(8 342)	(759)	-	-	(9 102)	(6 264)	(3 720)	(2 112)
Net management expenses	532 296	230 382	515	1 895	765 087	509 347	272 500	177 593

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Investment Income
For the nine months period ended 30 September 2006 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000			
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Nine months ended 30 September		Three months ended 30 September	
					2006	2005	2006	2005
Investment income								
On government securities	184 429	14 952	325	738	200 444	194 470	55 838	66 588
On other fixed income securities and deposits	62 199	1 059	251	202	63 711	15 139	33 346	5 270
Dividend income	177 156	2 035	512	-	179 703	77 314	49 183	21 561
Amortisation of discount/ premium relative to par	(17 667)	(1 935)	(52)	(5)	(19 659)	(11 968)	(6 861)	(6 573)
	406 117	16 111	1 036	935	424 199	274 955	131 506	86 846
Gain /(loss) on sale of investments								
Shares and stocks	70 503	9 342	279	-	80 124	6 645	29 851	(117)
(Depreciation)/appreciation in market value of								
Government securities	(41 928)	-	(168)	-	(42 096)	(127 247)	(31 195)	(37 387)
Other fixed income securities and deposits	(4 578)	-	(25)	-	(4 603)	(7 203)	(3 359)	1 605
Shares and stocks	(101 713)	-	(689)	-	(102 402)	256 342	15 597	147 213
	(148 219)	-	(882)	-	(149 101)	121 892	(18 957)	111 431
Investment related expenses	(544)	-	-	-	(544)	-	(212)	-
Net investment income	<u>327 857</u>	<u>25 453</u>	<u>433</u>	<u>935</u>	<u>354 678</u>	<u>403 492</u>	<u>142 188</u>	<u>198 160</u>

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

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

1. STATUS AND NATURE OF BUSINESS

The Company is engaged in life insurance business and was incorporated in Pakistan on 9 August 1992 as a public limited company. The shares of the Company are quoted on Karachi Stock Exchange.

2. BASIS OF PRESENTATION

These condensed financial statements are un-audited and are being presented in a condensed form in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" in the format prescribed under Insurance Rules, 2002.

These financial statements are being circulated to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2005.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and key sources of estimation uncertainty were the same as those applied to financial statements for the year ended 31 December 2005.

5. POLICYHOLDERS' LIABILITIES

5.1 Gross

	Statutory Funds				(Rupees in '000)	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 30 Sept 2006	Aggregate 31 Dec 2005
Actuarial liability relating to future events	5 725 118	147 100	16 641	5 961	5 894 820	4 953 645
Provision for outstanding reported claims payable over a period exceeding twelve months	20 832	-	-	-	20 832	14 979
Provision for incurred but not reported claims	5 220	39 267	-	-	44 487	39 906
	<u>5 751 170</u>	<u>186 367</u>	<u>16 641</u>	<u>5 961</u>	<u>5 960 139</u>	<u>5 008 530</u>

5.2 Net of reinsurance

Actuarial liability relating to future events	5 655 790	111 153	16 438	5 147	5 788 528	4 868 217
Provision for outstanding reported claims payable over a period exceeding twelve months	8 964	-	-	-	8 964	6 713
Provision for incurred but not reported claims	3 969	29 455	-	-	33 424	32 742
	<u>5 668 723</u>	<u>140 608</u>	<u>16 438</u>	<u>5 147</u>	<u>5 830 916</u>	<u>4 907 672</u>

6. INVESTMENTS

(Rupees in '000)

	Shareholders Fund	Statutory Funds					Aggregate 30 Sept 2006	Aggregate 31 Dec 2005
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business			
Government securities								
Held to maturity at amortized cost	150,194	681 050	195 210	-	5,008	1 031 462	904 998	
Available for sale at market value	-	1 512 732	-	3,401	-	1 516 133	1 660 819	
	<u>150,194</u>	<u>2 193 782</u>	<u>195 210</u>	<u>3,401</u>	<u>5,008</u>	<u>2 547 595</u>	<u>2 565 817</u>	
Other fixed income securities								
Held to maturity at amortized cost	24 995	43 042	18 777	-	6 098	92 912	63 680	
Available for sale at market value	-	1 056 778	-	5 713	-	1 062 491	361 730	
	<u>24 995</u>	<u>1 099 820</u>	<u>18 777</u>	<u>5 713</u>	<u>6 098</u>	<u>1 155 403</u>	<u>425 410</u>	
Listed equities and mutual funds								
Available for sale at market value	-	1 788 945	-	6 442	-	1 795 387	1 653 394	
Held for trading at market value	-	313 227	-	-	-	313 227	274 409	
Available for sale at lower of cost or market value	144 061	92 499	35 024	-	3 673	275 257	237 166	
	<u>144 061</u>	<u>2 194 671</u>	<u>35 024</u>	<u>6 442</u>	<u>3 673</u>	<u>2 383 871</u>	<u>2 164 969</u>	

Market value of securities held at lower of cost and market value amounted to Rs.631.081 million (31 December 2005: Rs.521.05 million) and those held at amortized cost amounted to Rs.1,116.005 million (31 December 2005: Rs.961.87 million).

The Company has deposited 10 years Pakistan Investment Bond amounting to Rs.8.0 million (31 December 2005: Rs.8.0 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

Available for sale investments include investment in an associated Company, EFU General Insurance Limited carried at a value of Rs.138.7 million. These are being valued either at lower of cost or market value or at market value (for Unit Linked Business). International Accounting Standard IAS-28 (revised) "Investments in Associates" effective for financial periods beginning on or after 1 January 2005 requires that an investment in associate shall be accounted for using the equity method. The Company considers that accounting for these investments at a value above cost for business other than unit linked business would result in complications similar to those related to adoption of International Accounting Standard IAS - 39 "Financial Instruments - Recognition and Measurement". Had the equity method been used for valuation, the value of investment at September 30, 2006 and 31st December 2005 would have been higher by Rs.2.328 Million and Rs.6.893 million respectively and profits for the period ended 30 September 2006 would have been higher by Rs.15.360 million with corresponding effect of Rs.12.040 million on policy holder liabilities.

7. FIXED ASSETS - TANGIBLE

The cost of additions and deletions to fixed assets during the nine months period ended 30 September 2006 are as follows:

	Shareholders' Fund	
	Additions	Deletions
Lease hold land	475	-
Furniture, fixtures and fittings	8 574	203
Office equipment	3 169	278
Computers	1 965	177
Motor vehicles	17 358	3 972
	<u>31 541</u>	<u>4 630</u>

8. TAXATION

Income Tax Assessments of the Company have been finalized up to Tax year 2003 and returns for the Tax year 2004 to 2006 have been filed on self assessment basis. Appeals relating to the assessment years 1994-1995 to 1998-1999 are pending before the High Court of Sindh regarding levy of Turnover Tax. Appeals in respect of assessment years 1999-2000 and 2000-2001 are pending with the Commissioner Income Tax (Appeal) and there could arise a contingent tax liability of Rs.1.3 million if the matter is decided against the Company.

9. TRANSACTION WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and employees retirement benefit funds. The transactions with related parties are carried out at commercial term and condition. The transaction and balances with related parties, other than remuneration under terms of employment, are as follows:

	Rupees in '000	
	30 Sept 2006	30 Sept 2005
Associated companies		
Premium written	5 471	1 127
Premium paid	6 126	3 522
Claims paid	2 679	869
Claims received	1 255	-
Brokerage and commission paid	3	26
Traveling expenses	198	345
Dividend received	3 293	2 305
Dividend paid	16 387	9 174
Balance payable	846	-
Balance receivable	31	935
Others		
Contribution to provident fund	3 459	2 837
Contribution to pension fund	2 395	1 955

9.1 TRANSACTION WITH KEY MANAGEMENT PERSONNEL

Loans to key management personnel as on 30 September 2006 amounted to Rs.0.852 million (31 December 2005: Rs.0.9 million) and are included in "Loan and advances".

Key management personnel receive compensation in the form of short term employee benefits, use of Company maintained cars and post employment benefits. Key management personnel received total compensation of Rs..27.96 million for the nine months ended 30 September 2006 (30 September 2005: Rs.20.89 million)

10. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28 October, 2006.

HASANALI ABDULLAH
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman