

Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Taher G. Sachak

Directors

Ashraf W. Tabani
Jahangir Siddiqui
Rafique R. Bhimjee
Muneer R. Bhimjee
Hasanali Abdullah

Corporate Secretary

Syed Mehdi Imam

Appointed Actuary

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

Consulting Actuary & Advisor

Michael J de H. Bell, F.I.A.

Legal Advisor

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

Auditors

KPMG- Taseer Hadi & Co.
Chartered Accountants, Karachi

Hyder Bhimji & Co.
Chartered Accountants, Karachi

Registrar

Technology Trade (Pvt) Ltd
Dagia house 241-C
Block 2, PECHS
Off Shahrah-e-Quaideen, Karachi
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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
70W, F-7/G-7, Jinnah Avenue
(Blue Area), Islamabad

Main Office

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

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We are pleased to present the Un-audited Accounts for the quarter ended 31 March 2008.

Your Company's total premium income showed tremendous increase during the first quarter of 2008 as compared to the corresponding period last year. The total premium increased by 81%, from Rs. 1.011 billion in the first three months of 2007 to Rs. 1.830 billion in the corresponding period of 2008.

Individual life regular premium business has continued its upward growth trajectory and this has been made possible due to the increase in the size and better productivity of our sales force and significant contribution from the bancassurance distribution channel. New individual life regular premium income stood at Rs. 473 million at the end of the first quarter of the year compared to Rs.251 million for the same period last year showing an impressive growth of 88%. Renewal premium income also showed a consistent growth, up by 39% for the same period, mainly due to the sound persistency of the Company's business. Inclusive of renewal premium, the total individual life regular premium business increased by 56%, from Rs.739 million in first three months of 2007 to Rs.1.151 billion in the same period of 2008.

Group Benefits business stood at Rs.442 million as on 31 March 2008 compared to Rs.236 million at the end of first quarter of 2007, an increase of 87%.

Your Company made a before tax profit of Rs.158 million as at the end of the first quarter this year compared to Rs. 136 million in the corresponding period last year. An amount of Rs. 599 million was transferred as at 31 December 2007 as a capital transfer from the Shareholders' Fund to one of the Company's statutory funds in order to cover the inadmissibility of two equity investments, resulting largely from the phenomenal increase in value of these investments, such increase accruing substantially to policyholders. Your Company has off loaded a part of these investments during the first quarter of 2008 and the capital transfer has now reduced to Rs. 483 million. The Company continues to retain a major part of these investments as it expects them to continue to perform well in 2008.

The Company achieved a milestone when its Insurer Financial Strength rating was upgraded to AA- (Outlook: Stable) by JCR-VIS Credit Rating Company. This is a major achievement by EFU Life, especially since the rating upgrade has been done after only one year of the initial rating of the Company. JCR-VIS during the rating process has commented that all indicators of the Company are on a positive growth trajectory and the Company is financially very sound and leading the life insurance market in the country. The entry of EFU Life into the AA band of the rating structure now places the Company amongst the top corporate entities of Pakistan.

Your Company continued to innovate in product development with the launch of two new unit linked plans. The investments of these products are in Islamic investment avenues and this makes your Company the first life insurance company to offer products with a dedicated underlying Islamic unit fund. The Company now aims to penetrate into a larger segment of the life insurance market through the launch of these products.

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

We would also like to thank the Securities and Exchange Commission of Pakistan for its guidance, cooperation and understanding and our main reinsurer Munich Re for its continuous support to the Company.

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

RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

**Condensed Interim Balance Sheet
As at 31 March 2008 (Unaudited)**

EFU LIFE ASSURANCE LTD.

		Statutory Funds					Rupees '000	
Note	Shareholders Fund	Investment	Pension	Accident &	Aggregate	Aggregate		
		Linked Business	Conventional Business	Business (Unit Linked)			Health Business	March 2008
Share capital and reserves								
	Authorised share capital [100,000,000 ordinary shares (2007: 100,000,000) of Rs.10 each]	<u>1 000 000</u>				<u>1 000 000</u>	<u>1 000 000</u>	
	Issued, subscribed and paid-up share capital							
	15 000 000 Ordinary Shares (2007: 15 000 000) of Rs. 10/ each issued as fully paid in cash	150 000				150 000	150 000	
	60 000 000 Ordinary Shares (2007: 35 000 000) of Rs. 10/ each issued as fully paid bonus shares	600 000				600 000	350 000	
		750 000				750 000	500 000	
	Accumulated surplus	26 842				26 842	612 925	
	General reserves	<u>570 000</u>				<u>570 000</u>	<u>165 000</u>	
	Net shareholders' equity	1 346 842				1 346 842	1 277 925	
	Balance of statutory fund [including policyholders' liabilities Rs. 12,363 million (2007: Rs. 10,260 million)		12 903 493	193 630	16 386	4 582	13 118 091	11 130 268
	Deferred taxation	4 600				4 600	4 600	
	Creditors and accruals							
	Outstanding claims	147 887	251 954	-	4 289	404 130	333 734	
	Premiums received in advance	204 551	44 859	795	999	251 204	220 497	
	Amounts due to reinsurers	688	26 282	373	-	27 343	18 034	
	Amounts due to agents	124 768	5 592	25	87	130 472	117 673	
	Accrued expenses	850	20 994	1 475	3	23 376	37 936	
	Taxation - provision less payments	144 652				144 652	140 035	
	Unclaimed dividend	537				537	561	
	Other creditors and accruals	806	25 688	770	1	27 293	33 987	
		146 845	524 576	330 932	1 197	5 457	1 009 007	902 457
	Other Liabilities							
	Proposed Dividend	150 000				150 000	-	
	Total equity and liabilities	<u>1 648 287</u>	<u>13 428 069</u>	<u>524 562</u>	<u>17 583</u>	<u>10 039</u>	<u>15 628 540</u>	<u>13 315 250</u>
	Contingencies and commitments	9						

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

EFU LIFE ASSURANCE LTD.

		Statutory Funds					Rupees '000	
Note	Shareholders Fund	Investment	Conventional	Pension	Accident &	Aggregate	Aggregate	
		Linked Business	Business	Business (Unit Linked)	Health Business			
						March 2008	December 2007	
Cash and bank deposits								
	Cash and stamps	-	575	50	-	-	625	434
	Current and other accounts	23 910	529 310	69 390	1 555	1 042	625 207	749 032
	Deposits maturing within 12 months	-	195 000	30 000	-	-	225 000	200 000
		23 910	724 885	99 440	1 555	1 042	850 832	949 466
Loans - secured								
	To employees	14 625	-	-	-	-	14 625	13 151
Investments								
	Government securities	190 827	3 566 348	188 508	5 430	5 005	3 956 118	3 190 017
	Other fixed income securities	74 980	2 595 311	37 741	4 958	5 865	2 718 855	2 624 686
	Listed equities and mutual funds	1 293 021	6 000 244	132 504	5 678	3 293	7 434 740	5 941 929
	Unlisted equities	508	-	-	-	-	508	508
		1 559 336	12 161 903	358 753	16 066	14 163	14 110 221	11 757 140
Current assets - others								
	Premiums due but unpaid	-	-	24 644	-	-	24 644	22 360
	Amounts due from reinsurers	-	13 505	34 596	-	2 182	50 283	56 713
	Agent balances	-	-	276	-	-	276	10
	Investment income accrued	9 498	182 548	7 921	332	519	200 818	146 158
	Advances and deposits	-	32 530	3 653	4	83	36 270	31 563
	Prepayments	-	19 224	1 298	2	48	20 572	8 613
	Inter-fund balances	(236 697)	251 578	(6 489)	(377)	(8 015)	-	-
	Sundry receivables	2 706	41 896	470	1	17	45 090	60 487
		(224 493)	541 281	66 369	(38)	(5 166)	377 953	325 904
Fixed assets - tangible								
	Leased hold land	126 505					126 505	126 505
	Furniture, fixtures, office equipment and vehicles	140 990					140 990	135 670
		267 495					267 495	262 175
Intangible assets								
	Software under development	7 414					7 414	7 414
Total assets		<u>1 648 287</u>	<u>13 428 069</u>	<u>524 562</u>	<u>17 583</u>	<u>10 039</u>	<u>15 628 540</u>	<u>13 315 250</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Profit and Loss Account
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	2008	2007
Investment income not attributable to statutory funds		
Return on government securities	3 231	3 587
Return on other fixed income securities and deposits	4 561	1 050
Amortisation of premium relative to par	(127)	(211)
Dividend income	5 651	4 027
	<u>13 316</u>	<u>8 453</u>
Gain on disposal of investments	3 251	61 141
Changes in fair value of derivative financial instrument	(342)	-
Net investment income	<u>16 225</u>	<u>69 594</u>
Other revenue		
- Gain on disposal of fixed assets	454	301
- Others	1 118	789
	<u>1 572</u>	<u>1 090</u>
	17 797	70 684
Less: expenses not attributable to statutory funds	<u>1 312</u>	<u>182</u>
	16 485	70 502
Surplus transferred from statutory funds	<u>141 432</u>	<u>65 631</u>
Profit before tax	157 917	136 133
Taxation- Current	<u>(55 000)</u>	<u>(27 000)</u>
Profit after tax	<u>102 917</u>	<u>109 133</u>
Earnings per share - basic and diluted - Rupees	<u>1.37</u>	<u>1.46</u>

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RAFIQUE R. BHIMJEE
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 three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Net Accumulated Surplus					Total
	Share Capital	General Reserve	Capital Contribution	Accumulated Surplus	Net Accumulated Surplus	
Balance as at 1 January 2007	300 000	190 000	-	240 248	240 248	730 248
Profit for the period	-	-	-	109 133	109 133	109 133
Balance as at 31 March 2007	<u>300 000</u>	<u>190 000</u>	<u>-</u>	<u>349 381</u>	<u>349 381</u>	<u>839 381</u>
Balance as at 1 January 2008	500 000	170 000	(599 615)	1 207 540	607 925	1 277 925
Dividend for the year 2007	-	-	-	(150 000)	(150 000)	(150 000)
Issue of bonus shares	250 000	-	-	(250 000)	(250 000)	-
Transfer to General Reserve		800 000		(800 000)	(800 000)	
Transfer from General Reserve		(400 000)		400 000	400 000	
Capital returned from statutory fund			116 000		116 000	116 000
Profit for the period	-	-	-	102 917	102 917	102 917
Balance as at 31 March 2008	<u>750 000</u>	<u>570 000</u>	<u>(483 615)</u>	<u>510 457</u>	<u>26 842</u>	<u>1 346 842</u>

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RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Cash Flows
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
Note	Shareholders Fund	Investment	Pension	Accident &	Aggregate March 2008	Aggregate March 2007	
		Linked Business	Conventional Business	Business (Unit Linked)			Health Business
Operating Cash Flows							
a) Underwriting activities							
		1 403 818	452 848	387	1 089	1 858 142	1 001 343
		21	(14 851)	-	1	(14 829)	(28 179)
		(13 916)	(173 537)	-	(500)	(187 953)	(143 194)
		(171 471)	-	(467)	-	(171 938)	(102 424)
		(304 566)	(179 868)	(12)	(114)	(484 560)	(202 203)
		913 886	84 592	(92)	476	998 862	525 343
b) Other operating activities							
	(50 383)					(50 383)	(25 469)
	(887)	(123 439)	(20 036)	(12)	(283)	(144 657)	(121 875)
	(5 392)	(188 429)	(58 620)	(2)	(1 708)	(254 151)	(80 534)
	247 203			254		247 457	27 462
	617	-	-	-		617	(1 788)
	(2 091)	-	-	-		(2 091)	1 954
	-	(872)	(624)	124	103	(1 269)	(6 692)
	189 067	(312 740)	(79 280)	364	(1 888)	(204 477)	(206 942)
	189 067	601 146	5 312	272	(1 412)	794 385	318 401
Investment activities							
	8 482	88 997	6 698	178	295	104 650	71 785
	5 651	52 277	856	109	-	58 893	56 473
	(335 378)	(1 952 888)	-	(1 281)	-	(2 289 547)	(714 455)
	16 761	1 204 617	22 155	-	70	1 243 603	305 517
	(11 991)	-	-	-	-	(11 991)	(15 882)
	1 397	-	-	-	-	1 397	965
	(315 078)	(606 997)	29 709	(994)	365	(892 995)	(295 597)
Financing activities							
	141 432	(118 875)	(22 400)	37	(194)	-	-
	(24)					(24)	(2)
	141 408	(118 875)	(22 400)	37	(194)	(24)	(2)
	15 397	(124 726)	12 621	(685)	(1 241)	(98 634)	22 802
	8 513	849 611	86 819	2 240	2 283	949 466	683 275
	23 910	724 885	99 440	1 555	1 042	850 832	706 077
Reconciliation to profit and loss account							
						794 385	318 401
						(5 728)	(4 860)
						454	301
						1 118	789
						217 085	184 138
						452 279	194 586
						854 858	77 816
						(116 000)	-
						(1 137)	15 250
						(2 094 397)	(677 288)
						102 917	109 133

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements..

RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Revenue Account
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

		Statutory Funds				Rupees '000	
	Note	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2008	Aggregate 31 March 2007
Income							
Premiums less reinsurances		1 351 602	358 251	392	847	1 711 092	896 996
Net investment income		1 502 912	4 300	445	340	1 507 997	386 946
Total net income		2 854 514	362 551	837	1 187	3 219 089	1 283 942
Claims and expenditure							
Claims net of reinsurance recoveries		213 093	130 353	467	700	344 613	234 201
Management expenses		432 301	196 500	26	394	629 221	306 089
Total claims and expenditure		645 394	326 853	493	1 094	973 834	540 290
Excess of income over claims and expenditure		2 209 120	35 698	344	93	2 245 255	743 652
Add : policyholders' liabilities at beginning of the period		10 062 034	177 221	16 005	4 683	10 259 943	6 079 668
Less : policyholders' liabilities at end of the period	5	12 152 279	189 390	16 386	4 582	12 362 637	6 721 068
		(2 090 245)	(12 169)	(381)	101	(2 102 694)	(641 400)
Surplus before tax		118 875	23 529	(37)	194	142 561	102 252
Movement in policyholders' liabilities		2 090 245	12 169	381	(101)	2 102 694	641 400
Transfer of surplus to shareholders' fund		(118 875)	(22 400)	37	(194)	(141 432)	(65 631)
Capital returned to shareholders' fund		(116 000)	-	-	-	(116 000)	-
Balance of Statutory Funds at beginning of the period		10 929 248	180 332	16 005	4 683	11 130 268	6 314 688
Balance of Statutory Funds at end of the year		12 903 493	193 630	16 386	4 582	13 118 091	6 992 709
Represented by:							
Capital contribution from shareholders' fund	6	483 615	-	-	-	483 615	-
Policyholders' liabilities	5	12 152 279	189 390	16 386	4 582	12 362 637	6 721 068
Retained earnings on other than participating business	6	267 599	4 240	-	-	271 839	271 641
Balance of Statutory Funds		12 903 493	193 630	16 386	4 582	13 118 091	6 992 709

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE Director
MUNEER R. BHIMJEE Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Premium
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

Rupees '000

	Statutory Funds				Aggregate 31 March 2008	Aggregate 31 March 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business		
Gross premiums						
Regular premium individual policies*						
First year	471 440	1 425	-	155	473 020	250 675
Second year renewal	188 040	862	-	10	188 912	136 476
Subsequent year renewal	487 038	925	412	899	489 274	352 038
Single premium individual policies	236 597	-	-	-	236 597	35 620
Group policies without cash values	-	441 916	-	-	441 916	236 481
Total gross premiums	1 383 115	445 128	412	1 064	1 829 719	1 011 290
Less: Reinsurance premiums ceded						
On individual life first year business	5 748	218	-	4	5 970	6 627
On individual life second year business	5 909	422	-	2	6 333	5 715
On individual life renewal business	19 856	220	20	211	20 307	20 984
On group policies	-	86 017	-	-	86 017	80 968
Total reinsurance premium ceded	31 513	86 877	20	217	118 627	114 294
Net premiums	1 351 602	358 251	392	847	1 711 092	896 996

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

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Claims
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2008	Aggregate 31 March 2007
	Gross claims					
Claims under individual policies						
by death	26 203	917	-	-	27 120	25 248
by insured event other than death	895	59	-	2 727	3 681	1 850
by maturity	642	-	-	-	642	558
by surrender	190 170	-	467	-	190 637	116 220
Total gross individual policy claims	217 910	976	467	2 727	222 080	143 876
Claims under group policies						
by death	-	156 760	-	-	156 760	117 676
by insured event other than death	-	5 079	-	-	5 079	1 470
experience refund	-	46 368	-	-	46 368	19 518
Total gross group claims	-	208 207	-	-	208 207	138 664
Total gross claims	217 910	209 183	467	2 727	430 287	282 540
Less: Reinsurance recoveries						
On individual life first year business	(729)	-	-	-	(729)	4 067
On individual life second year business	(916)	-	-	-	(916)	1 706
On individual life subsequent renewal business	6 462	439	-	2 027	8 928	2 169
On group claims	-	64 732	-	-	64 732	33 480
On experience refund of premiums	-	13 659	-	-	13 659	6 917
Total reinsurance	4 817	78 830	-	2 027	85 674	48 339
Net claims	213 093	130 353	467	700	344 613	234 201

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE MUNEER R. BHIMJEE
Director Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Expenses
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment	Pension	Accident &	Aggregate	Aggregate	
	Linked	Business	Health	31 March	31 March	
Business	Business	(Unit Linked)	Business	2008	2007	
Acquisition costs						
Remuneration to insurance intermediaries on individual policies:						
- commission on first year premiums	248 794	508	-	64	249 366	114 422
- commission on second year premiums	17 641	67	-	4	17 712	14 428
- commission on subsequent renewal premiums	13 043	25	10	31	13 109	9 828
- commission on single premiums	4 732	-	-	-	4 732	712
- override commission	32 935	38	4	23	33 000	27 770
- other benefits to insurance intermediaries	32 273	2 179	4	80	34 536	32 787
	349 418	2 817	18	202	352 455	199 947
Remuneration to insurance intermediaries on group policies:						
- commission		179 174			179 174	29 634
- other benefits to insurance intermediaries		3 923			3 923	3 393
	-	183 097	-	-	183 097	33 027
Branch overheads	15 104	1 785	2	37	16 928	19 807
Other acquisition costs						
-Policy stamps	6 828	460	-	2	7 290	4 693
Total acquisition cost	371 350	188 159	20	241	559 770	257 474
Administration expenses						
Salaries and other benefits	23 835	4 368	2	59	28 264	24 434
Traveling expenses	10 975	927	1	27	11 930	142
Actuary's fees	1 121	76	-	3	1 200	480
Medical fees	1 962	140	-	-	2 102	2 913
Legal and professional fee	342	23	-	1	366	259
Advertisements and publicity	7 338	508	1	18	7 865	6 696
Computer expenses	193	16	-	1	210	188
Printing and stationery	3 081	268	-	7	3 356	1 692
Depreciation	2 662	277	1	6	2 946	2 417
Rental	1 388	481	-	3	1 872	1 964
Difference in exchange	(1 055)	-	-	-	(1 055)	129
Other management expenses	11 488	1 263	1	28	12 780	9 933
Gross management expenses	434 680	196 506	26	394	631 606	308 721
Commission from reinsurers	(2 379)	(6)	-	-	(2 385)	(2 632)
Net management expenses	432 301	196 500	26	394	629 221	306 089

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE Director

MUNEER R. BHIMJEE Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Condensed Interim Statement of Investment Income
For the three months period ended 31 March 2008 (Unaudited)

EFU LIFE ASSURANCE LTD.

	Statutory Funds				Rupees '000	
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate 31 March 2008	Aggregate 31 March 2007
Investment income						
On government securities	69 175	4 497	116	175	73 963	70 381
On other fixed income securities and deposits	75 878	2 170	141	169	78 358	58 823
Dividend income	52 277	856	109	-	53 242	52 446
Amortisation of premium relative to par	(4 260)	(448)	(17)	(4)	(4 729)	(5 612)
	193 070	7 075	349	340	200 834	176 038
Gain on sale of investment						
Shares and stocks	854 382	(2 775)	-	-	851 607	16 675
Changes in the fairvalue of derivative financial instrument	(1 027)				(1 027)	-
(Depreciation) / appreciation in market value of						
Government securities	(79 078)	-	(188)	-	(79 266)	30 771
Other fixed income securities	(4 502)	-	-	-	(4 502)	25 565
Shares and stocks	540 619	-	284	-	540 903	138 250
	457 039	-	96	-	457 135	194 586
Less : Investment related expense	(552)	-	-	-	(552)	(353)
Net investment income	<u>1 502 912</u>	<u>4 300</u>	<u>445</u>	<u>340</u>	<u>1 507 997</u>	<u>386 946</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements..

RAFIQUE R. BHIMJEE MUNEER R. BHIMJEE
Director 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 interim financial statements are unaudited 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 condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with financial statements of the Company for the year ended 31 December 2007.

These condensed interim 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 condensed interim 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 2007.

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 expense. 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 2007.

5. POLICYHOLDERS' LIABILITIES

Rupees '000

	Statutory Funds					Aggregate December 2007
	Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate March 2008	
5.1 Gross						
Actuarial liability relating to future events	12 173 037	234 874	16 443	5 104	12 429 458	10 365 515
Provision for outstanding reported claims payable over a period exceeding twelve months	51 125	-	-	-	51 125	36 048
Provision for incurred but not reported claims	6 694	66 904	-	-	73 598	43 175
	<u>12 230 856</u>	<u>301 778</u>	<u>16 443</u>	<u>5 104</u>	<u>12 554 181</u>	<u>10 444 738</u>
5.2 Net of reinsurance						
Actuarial liability relating to future events	12 123 662	146 504	16 386	4 582	12 291 134	10 198 794
Provision for outstanding reported claims payable over a period exceeding twelve months	23 202	-	-	-	23 202	19 136
Provision for incurred but not reported claims	5 415	42 886	-	-	48 301	42 013
	<u>12 152 279</u>	<u>189 390</u>	<u>16 386</u>	<u>4 582</u>	<u>12 362 637</u>	<u>10 259 943</u>

6. BALANCE OF STATUTORY FUND

- 6.1 The SECP issued a circular during 2006 which clarified the interpretation of section 32 (2) (g) of the Insurance Ordinance 2000, as a result of which certain related party investments held in the investment linked statutory fund of the Company may be treated as inadmissible. Since the applicability of the same for unit linked business was not clear, the Company in accordance with the Appointed Actuary's advice retained an amount of Rs.267 million up to 31 March 2007. Subsequent to 31 March 2007, the Company has obtained permission from Securities and Exchange Commission of Pakistan to freeze the above amount and no further retention is to be made from the surplus for the period till further clarification is received in this matter. No deferred tax liability has been recognized on the undistributed surplus in view of the fact that surplus has been retained to meet solvency requirement and is not expected to be available for distribution to shareholders in the foreseeable future.
- 6.2 Certain investments in the Investment Linked fund are in excess of the required limit as prescribed by the Insurance Ordinance 2000, as such the Company, based on the advice of the Appointed Actuary has contributed Rs.599.615 million from the shareholders equity to the statutory fund in December 2007. Subsequent to 31st December 2007 the Company has off loaded certain investments which were in excess of the required limit and as such the capital contribution amount has been reduced to Rs.483.615 million.

7. INVESTMENTS

Government securities	Shareholders Fund	Statutory Funds				Rupees '000	
		Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Aggregate March 2008	Aggregate December 2007
Held to maturity-at amortized cost	190 827	727 412	188 508	-	5 005	1 111 752	1 155 072
Available for sale-at market value	-	2 838 936	-	5 430	-	2 844 366	2 034 945
	<u>190 827</u>	<u>3 566 348</u>	<u>188 508</u>	<u>5 430</u>	<u>5 005</u>	<u>3 956 118</u>	<u>3 190 017</u>
Other fixed income securities							
Held to maturity-at amortized cost	74 980	43 316	37 741	-	5 865	161 902	182 420
Available for sale-at market value	-	2 551 995	-	4 958	-	2 556 953	2 442 266
	<u>74 980</u>	<u>2 595 311</u>	<u>37 741</u>	<u>4 958</u>	<u>5 865</u>	<u>2 718 855</u>	<u>2 624 686</u>
Listed equities and mutual funds							
Available for sale-at market value	-	5 308 173	-	5 678	-	5 313 851	4 211 544
Held for trading-at market value	-	539 435	-	-	-	539 435	459 737
Available for sale-at lower of cost or market value	<u>1 293 021</u>	<u>152 636</u>	<u>132 504</u>	<u>-</u>	<u>3 293</u>	<u>1 581 454</u>	<u>1 270 648</u>
	<u>1 293 021</u>	<u>6 000 244</u>	<u>132 504</u>	<u>5 678</u>	<u>3 293</u>	<u>7 434 740</u>	<u>5 941 929</u>

Market value of securities held at lower of cost or market value amounted to Rs.3.968 billion (31 December 2007: Rs.2.187 billion) and those held at amortized cost amounted to Rs.1.246 billion (31 December 2007: Rs.1.256 billion).

The Company has deposited 10 years Pakistan Investment Bonds amounting to Rs.8.0 million (31 December 2007: Rs.8.0 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

International Accounting Standard IAS-39 "Financial Instruments - Recognition and Measurement" has been revised effective 1 January 2005. In the revised IAS - 39 the option of taking the revaluation gain / loss on available for sale securities to income / revenue account has been deleted and all such gain / loss is to be taken to equity. Furthermore, a new category has been added "financial assets at fair value through profit and loss". The Company considers that credit / debit to revenue account for unit linked and pension business is required to reflect policyholders' liabilities at their fair value.

Available for sale investments include investment in an associated company, EFU General Insurance Limited carried at a value of Rs.1.948 billion. These are being valued either at lower of cost or market value or at fair 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 investments and policy holders' liabilities as at 31 March 2008 would have been lower by Rs.256 million (31 December 2007: lower by Rs.465.389 million) and Rs.800 million (31 December 2007: lower by Rs.518.510 million) respectively and profit for the period ended 31 March 2008 would have been higher by Rs.499 million.

8. FIXED ASSETS - TANGIBLE

The cost of additions and deletions during the three months period ended 31 March 2008 are as follows:

	Rupees '000	
	Shareholders' Fund Additions	Deletions
Furniture, fixtures and fittings	234	-
Office equipment	350	51
Computers	320	-
Motor vehicles	11 088	1 659
	<u>11 992</u>	<u>1 710</u>

9. TAXATION

Income tax assessments of the Company have been finalized up to Tax year 2007. 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 of Income Tax (Appeals) and there could arise a potential tax liability of Rs.1.3 million if the matter is decided against the Company. No provision has been made for the liability as the Company is confident of a favorable outcome in appeal.

10. 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 employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions. The transactions and balances with related parties, are as follows:

EFU LIFE ASSURANCE LTD.

	Rupees '000	
	31 March 2008	31 March 2007
Premium written	3 038	6 247
Premium paid	7 675	5 679
Claims paid	-	559
Claims received	1 425	443
Traveling expenses	60	-
 Employees' Funds Transactions		
Contribution to provident fund	1 686	1 352
Contribution to pension fund	1 251	970
 Key Management Personnel Transactions		
Loan to employees	-	63
Loan recovered	586	141
Compensation	17 370	9 071
 Balances		
Loan receivable	-	586
Balance payable	-	5 741
Balance receivable	80	162

11. CORRESPONDING FIGURES

Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

12. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 28 April 2008.

13. GENERAL

Figures have been rounded off to the nearest thousand of Pak rupee.

RAFIQUE R. BHIMJEE
Director

MUNEER R. BHIMJEE
Director

TAHER G. SACHAK
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman