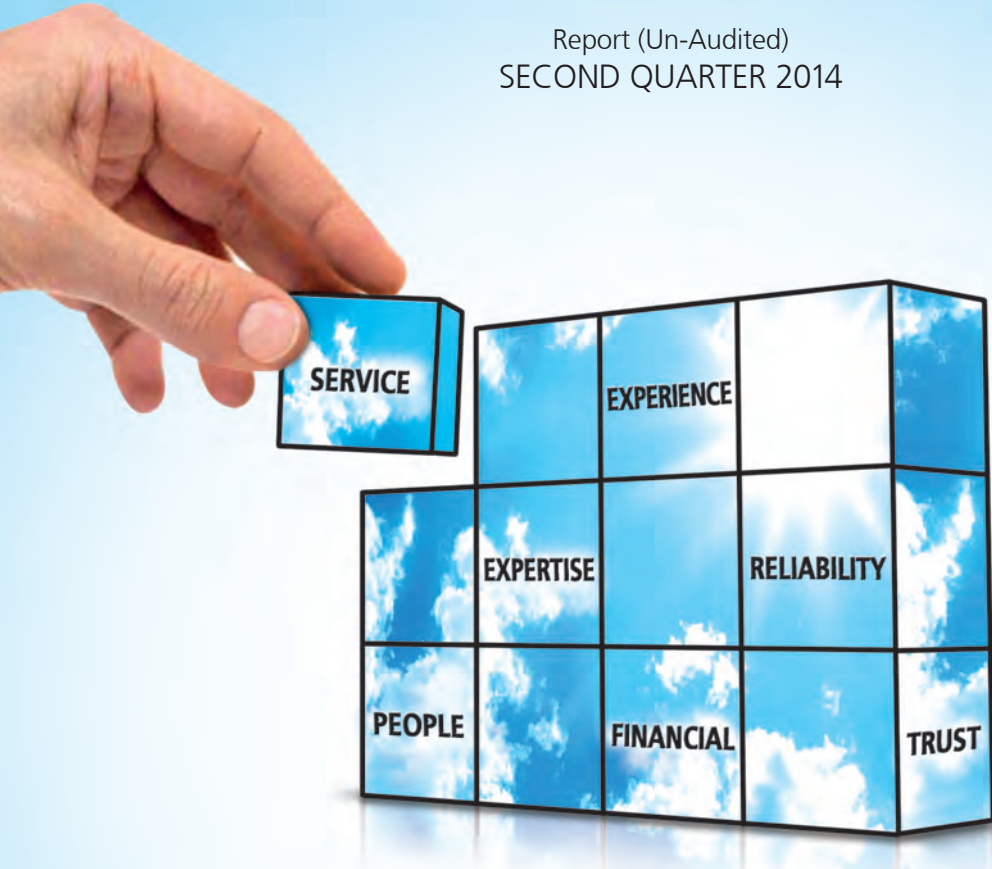


Report (Un-Audited)  
SECOND QUARTER 2014



Building Upon Our Strengths



**GENERAL**

EFU GENERAL INSURANCE LTD.

## COMPANY INFORMATION

### Chairman

Saifuddin N. Zoomkawala

### Managing Director & Chief Executive

Hasanali Abdullah

### Directors

Rafique R. Bhimjee  
Abdul Rehman Haji Habib  
Jahangir Siddiqui  
Muneer R. Bhimjee  
Taher G. Sachak  
Ali Raza Siddiqui  
Mohammed Iqbal Mankani

### Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

### Legal Advisor

Mohammad Ali Sayeed

### Advisors

Akhtar K. Alavi, A.C.I.I.  
Salim Rafik Sidiki, B.A. (Hons), M.A.  
S.C. (Hamid) Subjally  
Syed Mehdi Imam, M.A.

### Audit Committee

Rafique R. Bhimjee  
Taher G. Sachak  
Ali Raza Siddiqui

### Investment Committee

Saifuddin N. Zoomkawala  
Hasanali Abdullah  
Rafique R. Bhimjee  
Jahangir Siddiqui

### Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala  
Rafique R. Bhimjee  
Hasanali Abdullah

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
601, 6th Floor  
Progressive Plaza  
Beaumont Road  
Karachi

### Rating Agency: JCR-VIS

Insurer Financial Strength Rating : AA+

### Registrar

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C  
Block-2, P.E.C.H.S.  
Off Shahra-e-Quaideen  
Karachi

### Website

[www.efuinsurance.com](http://www.efuinsurance.com)

### Registered Office

Kamran Center, 1st Floor  
85, East, Jinnah Avenue  
Blue Area  
Islamabad

### Main Offices

EFU House  
M. A. Jinnah Road  
Karachi

Co-operative Insurance Building  
23, Shahrah-e-Quaid-e-Azam  
Lahore

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## DIRECTORS' REVIEW

We are pleased to present the unaudited financial statements for the six months period ended 30 June 2014.

The written Premium for the six months period was Rs. 6,538 million as against Rs. 6,404 million in corresponding period of last year. The Net Premium Revenue for the six months period was Rs. 3,354 million as against Rs. 3,061 million in the corresponding period of last year. The overall claims to Net Premium Revenue ratio improved to 47% as against 51% in the corresponding period of last year. The total underwriting profit for the six months period was Rs. 684 million as compared to Rs. 421 million in corresponding period of last year.

The after tax profit for the six months period was Rs. 879 million compared to Rs. 586 million in the corresponding period of last year.

The earning per share for the six months period was Rs. 5.49 as against Rs. 3.66 in the corresponding period of last year.

Your Directors have pleasure in declaring an interim cash dividend of Rupee 1.00 per share for the period ended 30 June 2014.

The total Market value of Properties, Equity (other than investment in associate), Fixed Income securities and Cash and Bank Balances as at 30 June 2014 stood at Rs. 13 393 million as compared to Rs. 12 245 million as on 31 December 2013. The value of investment in associate on the basis of value in use as worked out by an independent actuary amounted to Rs. 12 770 million.

The Break up value of Company's share as at 30 June 2014 was Rs. 76.79.

Your Directors would like to place on record their highest appreciation to the field force, officers and staff of the Company for the dedicated contribution.

Your Directors would also like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014



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## AUDITORS' REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

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### Introduction

We have reviewed the accompanying condensed interim balance sheet of EFU General Insurance Limited as at 30 June 2014 and the related condensed interim profit and loss account, condensed interim statements of comprehensive income, changes in equity, cash flows, premiums, claims, expenses and investment income and notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

---

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Engagement Partner: Arslan Khalid

Karachi 21 August 2014

## CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2014 (UNAUDITED)

	Note	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
<b>Share capital and reserves</b>			
Authorised share capital 200 000 000 (31 December 2013: 150 000 000) ordinary shares of Rs.10 each		2 000 000	1 500 000
Issued, subscribed and paid-up share capital		1 600 000	1 250 000
Reserves and retained earnings	6	10 686 712	10 657 929
		12 286 712	11 907 929
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		6 928 766	6 622 140
Provision for unearned premium		5 606 679	6 118 483
Commission income unearned		286 616	287 357
Total underwriting provisions		12 822 061	13 027 980
<b>Deferred liabilities</b>			
Deferred taxation		80 594	85 815
<b>Creditors and accruals</b>			
Premiums received in advance		6 669	9 012
Amounts due to other insurers / reinsurers		2 257 138	2 351 337
Accrued expenses		181 591	182 773
Agent balances		402 351	561 261
Unearned rentals		70 263	52 766
Taxation - payments less provision		106 552	-
Other creditors and accruals		209 899	191 853
		3 234 463	3 349 002
<b>Other liabilities</b>			
Other deposits		509 901	487 022
Unclaimed dividends		90 387	80 789
		600 288	567 811
<b>Total liabilities</b>		16 737 406	17 030 608
<b>Total equity and liabilities</b>		29 024 118	28 938 537
<b>Contingencies</b>	7		

Rupees '000

	Note	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
<b>Cash and bank deposits</b>			
Cash and other equivalents		2 653	2 898
Current and other accounts		1 575 821	1 279 637
Deposits maturing within 12 months		76 186	800 607
		1 654 660	2 083 142
<b>Loans - secured considered good</b>			
To employees		2 440	2 309
<b>Investments</b>	8	15 277 951	14 771 234
<b>Investment properties</b>		220 403	230 408
<b>Current assets - others</b>			
Premiums due but unpaid - net	9	2 788 764	2 843 331
Amounts due from other insurers / reinsurers		28 611	45 949
Salvage recoveries accrued		19 940	13 843
Accrued investment income		37 883	18 147
Reinsurance recoveries against outstanding claims		4 518 360	4 137 638
Taxation - payments less provision		-	9 838
Deferred commission expense		529 848	567 544
Prepayments		2 993 894	3 292 038
Security deposits		7 605	5 857
Sundry receivables		89 100	56 848
		11 014 005	10 991 033
<b>Fixed assets - tangible and intangibles</b>	10		
Land and buildings		326 843	315 264
Furniture, fixtures and office equipments		364 144	378 593
Vehicles		156 774	157 633
Computer softwares		-	405
Capital work-in-progress		6 898	8 516
		854 659	860 411
<b>Total assets</b>		<b>29 024 118</b>	<b>28 938 537</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

Three months period ended 30 June

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2014	Aggregate 2013
<b>Revenue account</b>								
Net premium revenue		494 136	331 135	702 777	93 242	-	1 621 290	1 561 566
Net claims		(23 185)	(253 711)	(383 007)	(49 698)	3 494	(706 107)	(821 481)
Management expenses		(105 585)	(71 788)	(177 770)	(20 019)	-	(375 162)	(359 422)
Net commission		(97 115)	(58 337)	(62 106)	25 838	-	(191 720)	(212 430)
<b>Underwriting result</b>		<u>268 251</u>	<u>(52 701)</u>	<u>79 894</u>	<u>49 363</u>	<u>3 494</u>	<u>348 301</u>	<u>168 233</u>
Investment income							166 226	237 748
Rental income							28 553	25 635
Profit on deposits							31 948	29 006
Other income							6 474	5 310
Share of profit of an associate							98 093	69 521
General and administration expenses							(141 399)	(125 860)
Workers' welfare fund							(10 553)	(8 031)
							179 342	233 329
<b>Profit before tax</b>							527 643	401 562
Provision for taxation	11						(111 377)	(44 015)
<b>Profit after tax</b>							<u>416 266</u>	<u>357 547</u>
								Restated
<b>Earnings per share - basic and diluted</b>					(Rupees)		<u>2.60</u>	<u>2.23</u>

Six months period ended 30 June

<b>Revenue account</b>								
Net premium revenue		1 015 713	742 453	1 398 910	197 367	-	3 354 443	3 061 057
Net claims		(262 246)	(360 596)	(829 374)	(134 600)	3 494	(1 583 322)	(1 575 803)
Management expenses		(199 133)	(145 560)	(334 526)	(38 694)	-	(717 913)	(680 140)
Net commission		(170 194)	(121 801)	(123 614)	46 611	-	(368 998)	(384 515)
<b>Underwriting result</b>		<u>384 140</u>	<u>114 496</u>	<u>111 396</u>	<u>70 684</u>	<u>3 494</u>	<u>684 210</u>	<u>420 599</u>
Investment income							402 731	288 568
Rental income							56 954	50 836
Profit on deposits							57 666	54 534
Other income							5 552	10 806
Share of profit of an associate	8						189 144	147 932
General and administration expenses							(288 116)	(250 347)
Workers' welfare fund							(21 728)	(14 175)
							402 203	288 154
<b>Profit before tax</b>							1 086 413	708 753
Provision for taxation	11						(207 630)	(122 892)
<b>Profit after tax</b>							<u>878 783</u>	<u>585 861</u>
<b>Profit and loss appropriation account</b>								
Balance at commencement of the period							1 645 027	1 518 262
Profit after tax for the period							878 783	585 861
Dividend for 2013 Rs. 4.00 (40%) per share (2012: Rs. 4.00 (40%) per share)							(500 000)	(500 000)
Issuance of bonus shares 2014: Rs. 0.28 (28%) per share for the year 2013 (2013: Nil)							(350 000)	-
Transfers to General Reserve							(500 000)	(650 000)
<b>Balance unappropriated profit at end of the period</b>							<u>1 173 808</u>	<u>954 123</u>
								Restated
<b>Earnings per share - basic and diluted</b>					(Rupees)		<u>5.49</u>	<u>3.66</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014





## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	2014	2013
Profit for the period	416 266	357 547	878 783	585 861
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	<u>416 266</u>	<u>357 547</u>	<u>878 783</u>	<u>585 861</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropri- ated profit / (loss)	Total
Balance as at 1 January 2013	1 250 000	8 350 000	12 902	1 518 262	11 131 164
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	585 861	585 861
<b>Transactions with owners, recorded directly in equity</b>					
Dividend paid for the year 2012 at the rate of Rs. 4.00 per share	–	–	–	( 500 000 )	( 500 000 )
Transfer to general reserve	–	650 000	–	( 650 000 )	–
Balance as at 30 June 2013	<u>1 250 000</u>	<u>9 000 000</u>	<u>12 902</u>	<u>954 123</u>	<u>11 217 025</u>
Balance as at 1 January 2014	1 250 000	9 000 000	12 902	1 645 027	11 907 929
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	878 783	878 783
<b>Transactions with owners, recorded directly in equity</b>					
Dividend paid for the year 2013 at the rate of Rs. 4.00 per share	–	–	–	( 500 000 )	( 500 000 )
Issuance of bonus shares 2014: Rs. 0.28 (28%) per share for the year 2013	350 000	–	–	( 350 000 )	–
Transfer to general reserve	–	500 000	–	( 500 000 )	–
Balance as at 30 June 2014	<u>1 600 000</u>	<u>9 500 000</u>	<u>12 902</u>	<u>1 173 810</u>	<u>12 286 712</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014



## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

	2014	2013
<b>Operating Cash Flows</b>		
a) Underwriting activities		
Premiums received	6 592 933	6 628 999
Reinsurance premiums paid	(3 450 755)	(3 425 764)
Claims paid	(3 020 757)	(3 147 472)
Reinsurance and other recoveries received	1 374 581	1 632 879
Commissions paid	(813 279)	(695 606)
Commissions received	322 322	290 135
Management expenses paid	(635 825)	(580 576)
Net cash inflow from underwriting activities	369 220	702 595
b) Other operating activities		
Income tax paid	(96 461)	(36 770)
General and administration expenses	(278 794)	(241 737)
Other operating payments	(74 240)	(38 728)
Other operating receipts	34 312	75 910
Loans advanced	(398)	(1 197)
Loan repayments received	267	478
Net cash outflow from other operating activities	(415 314)	(242 044)
<b>Total cash (outflow) / inflow from all operating activities</b>	<b>(46 094)</b>	<b>460 551</b>
<b>Investment activities</b>		
Profit / return received	65 361	237 661
Dividends received	308 398	258 856
Rentals received	45 579	11 819
Payments for investments	(8 327 243)	(3 468 821)
Proceeds from disposal of investments	8 075 858	3 304 382
Fixed capital expenditures	(73 755)	(123 403)
Proceeds from disposal of fixed assets	13 817	9 983
<b>Total cash inflow from investing activities</b>	<b>108 015</b>	<b>230 477</b>
<b>Financing activities</b>		
Dividends paid	(490 402)	(494 527)
<b>Net cash (outflow) / inflow from all activities</b>	<b>(428 481)</b>	<b>196 501</b>
Cash at the beginning of the period	2 083 141	1 669 886
<b>Cash at the end of the period</b>	<b>1 654 660</b>	<b>1 866 387</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(46 094)	460 551
Depreciation / amortisation expense	(85 444)	(86 007)
Rentals and investment income	430 812	313 741
Profit on deposits	57 666	54 534
Other income	9 823	7 714
Share of profit of an associate	189 144	147 932
Decrease in assets other than cash	(103 969)	(2 742 013)
Decrease in liabilities other than running finance	426 845	2 429 409
<b>Profit after taxation</b>	<b>878 783</b>	<b>585 861</b>
<b>Definition of cash</b>		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	2 653	3 889
Current and other accounts	1 575 821	1 241 703
Deposits maturing within 12 months	76 186	620 795
	<b>1 654 660</b>	<b>1 866 387</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014

## CONDENSED INTERIM STATEMENT OF PREMIUMS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

Class	Three months period ended 30 June								Net premium revenue	Net premium revenue
	Premiums				Reinsurance				2014	2013
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
	Opening	Closing			Opening	Closing				
<b>Direct and facultative</b>										
Fire and property damage	1 071 403	4 146 610	3 171 168	2 046 845	812 276	3 044 103	2 303 670	1 552 709	494 136	482 615
Marine, aviation and transport	691 543	376 648	578 982	489 209	373 339	61 742	277 007	158 074	331 135	343 740
Motor	629 506	1 386 520	1 309 829	706 197	3 327	547	454	3 420	702 777	660 317
Miscellaneous	229 291	606 604	546 700	289 195	141 239	404 480	349 766	195 953	93 242	74 894
Total	2 621 743	6 516 382	5 606 679	3 531 446	1 330 181	3 510 872	2 930 897	1 910 156	1 621 290	1 561 566
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-	-
Grand total	2 621 743	6 516 382	5 606 679	3 531 446	1 330 181	3 510 872	2 930 897	1 910 156	1 621 290	1 561 566

Six months period ended 30 June

<b>Direct and facultative</b>										
Fire and property damage	3 334 634	3 896 805	3 171 168	4 060 271	2 498 003	2 850 225	2 303 670	3 044 558	1 015 713	871 598
Marine, aviation and transport	1 136 086	437 619	578 982	994 723	433 747	95 530	277 007	252 270	742 453	721 678
Motor	1 411 505	1 304 949	1 309 829	1 406 625	7 409	760	454	7 715	1 398 910	1 308 400
Miscellaneous	656 142	479 110	546 700	588 552	417 397	323 554	349 766	391 185	197 367	159 381
Total	6 538 367	6 118 483	5 606 679	7 050 171	3 356 556	3 270 069	2 930 897	3 695 728	3 354 443	3 061 057
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-	-
Grand total	6 538 367	6 118 483	5 606 679	7 050 171	3 356 556	3 270 069	2 930 897	3 695 728	3 354 443	3 061 057

**Note:** Premium written includes administrative surcharge of Rs. 156.93 million (2013: Rs. 138.95 million).

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014



## CONDENSED INTERIM STATEMENT OF CLAIMS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

Class	Three months period ended 30 June										
	Claims				Reinsurance					Net claims expense 2014	Net claims expense 2013
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue			
	Opening	Closing			Opening	Closing					
<b>Direct and facultative</b>											
Fire and property damage	1 265 003	5 406 446	2 812 219	(1 329 224)	1 027 008	4 453 249	2 073 832	(1 352 409)	23 185	151 413	
Marine, aviation and transport	117 299	917 545	2 529 324	1 729 078	11 640	512 934	1 976 661	1 475 367	253 711	221 293	
Motor	407 883	1 015 930	991 481	383 434	60	3 977	4 344	427	383 007	400 802	
Miscellaneous	132 848	616 311	595 742	112 279	47 126	448 068	463 523	62 581	49 698	47 973	
<b>Total</b>	<b>1 923 033</b>	<b>7 956 232</b>	<b>6 928 766</b>	<b>895 567</b>	<b>1 085 834</b>	<b>5 418 228</b>	<b>4 518 360</b>	<b>185 966</b>	<b>709 601</b>	<b>821 481</b>	
<b>Treaty - proportional</b>	<b>-</b>	<b>3 494</b>	<b>-</b>	<b>(3 494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 494)</b>	<b>-</b>	
<b>Grand total</b>	<b>1 923 033</b>	<b>7 959 726</b>	<b>6 928 766</b>	<b>892 073</b>	<b>1 085 834</b>	<b>5 418 228</b>	<b>4 518 360</b>	<b>185 966</b>	<b>706 107</b>	<b>821 481</b>	

Six months period ended 30 June

<b>Direct and facultative</b>										
Fire and property damage	1 690 765	4 090 104	2 812 219	412 880	1 239 696	3 162 894	2 073 832	150 634	262 246	334 586
Marine, aviation and transport	272 887	955 872	2 529 324	1 846 339	19 887	510 805	1 976 661	1 485 743	360 596	394 812
Motor	803 234	964 739	991 481	829 976	257	3 999	4 344	602	829 374	756 478
Miscellaneous	247 775	607 931	595 742	235 586	97 403	459 940	463 523	100 986	134 600	90 000
<b>Total</b>	<b>3 014 661</b>	<b>6 618 646</b>	<b>6 928 766</b>	<b>3 324 781</b>	<b>1 357 243</b>	<b>4 137 638</b>	<b>4 518 360</b>	<b>1 737 965</b>	<b>1 586 816</b>	<b>1 575 876</b>
<b>Treaty - proportional</b>	<b>-</b>	<b>3 494</b>	<b>-</b>	<b>(3 494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 494)</b>	<b>(73)</b>
<b>Grand total</b>	<b>3 014 661</b>	<b>6 622 140</b>	<b>6 928 766</b>	<b>3 321 287</b>	<b>1 357 243</b>	<b>4 137 638</b>	<b>4 518 360</b>	<b>1 737 965</b>	<b>1 583 322</b>	<b>1 575 803</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014

## CONDENSED INTERIM STATEMENT OF EXPENSES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

Three months period ended 30 June

Class	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expenses	Net underwriting expenses
		Opening	Closing					2014	2013
<b>Direct and facultative</b>									
Fire and property damage	108 269	413 550	322 717	199 102	105 585	304 687	101 987	202 700	230 754
Marine, aviation and transport	61 799	51 909	50 126	63 582	71 788	135 370	5 244	130 126	134 356
Motor	53 563	120 884	112 287	62 160	177 770	239 930	54	239 876	226 038
Miscellaneous	16 685	51 817	44 718	23 784	20 019	43 803	49 621	( 5 818 )	( 19 296 )
Total	240 316	638 160	529 848	348 628	375 162	723 790	156 906	566 884	571 852
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-
Grand total	240 316	638 160	529 848	348 628	375 162	723 790	156 906	566 884	571 852

Six months period ended 30 June

<b>Direct and facultative</b>									
Fire and property damage	352 008	357 561	322 717	386 852	199 133	585 985	216 658	369 327	387 429
Marine, aviation and transport	127 333	56 536	50 126	133 743	145 560	279 303	11 942	267 361	271 539
Motor	120 120	115 895	112 287	123 728	334 526	458 254	114	458 140	433 260
Miscellaneous	54 906	37 552	44 718	47 740	38 694	86 434	94 349	( 7 915 )	( 27 573 )
Total	654 367	567 544	529 848	692 063	717 913	1 409 976	323 063	1 086 913	1 064 655
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-
Grand total	654 367	567 544	529 848	692 063	717 913	1 409 976	323 063	1 086 913	1 064 655

**Note:** Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014



## CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	2014	2013
<b>Income from non - trading investments</b>				
Return on government securities	3 369	3 408	7 038	16 949
Return on other fixed income securities and deposits	1 748	6 275	3 659	12 201
Amortisation of premium relative to par	161	509	204	280
Dividend income	52 054	48 386	110 397	113 743
Gain on sale of non - trading investments	119 919	162 549	182 178	169 943
	177 251	221 127	303 476	313 116
<b>(Provision) / Reversal for impairment - available for sale investments - net</b>	( 10 811 )	16 721	99 669	( 24 348 )
<b>Investment related expenses</b>	( 214 )	( 100 )	( 414 )	( 200 )
<b>Net investment income</b>	<u>166 226</u>	<u>237 748</u>	<u>402 731</u>	<u>288 568</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

JAHANGIR SIDDIQUI  
Director

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

### 1. Status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 September 1932. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in non-life insurance business comprising of fire and property, marine, motor, etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi.

### 2. Statement of compliance

These condensed interim financial statements of the Company for the half year ended 30 June 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2013.

### 3. Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

#### 3.1 New / revised standards, interpretations and amended

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

- IAS 32 – Financial Instruments: Presentation – (Amendment)  
Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets – (Amendment)  
Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)  
Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretation did not have any effect on the condensed interim financial statements.

### 4. Accounting estimates and judgements

In preparing these condensed interim financial statement, the significant judgments 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 and for the year ended 31 December 2013.

### 5. Management of insurance and financial risk

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





## 6. Reserves and retained earnings

Rupees '000

	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
General reserve	9 500 000	9 000 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	1 173 810	1 645 027
	<u>10 686 712</u>	<u>10 657 929</u>

- 6.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

## 7. Contingencies

The income tax assessments of the Company have been finalised upto Tax Year 2013 (Financial year ending 31 December 2012).

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-2001 in respect of disallowance of management expenses, provision for gratuity and bonus. If the appeals are decided against the Company, a tax liability of Rs. 13 million would be payable.

The Company has filed appeal for the Tax year 2008 with Income Tax Appellate Tribunal (ITAT) in respect of addition made by Commissioner Inland Revenue (Appeals) on Reinsurance Premium. If the appeal is decided against the Company, a tax liability of Rs. 5.3 million would be payable.

The department has filed appeals for the Tax years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court in respect of proration of management expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would be payable.

The department has filed appeal for the assessment year 2002-2003 before Honourable High Court against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company, a tax liability of Rs. 71 million would be payable.

The department has filed appeal for the Tax year 2008 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of Capital gain. If the appeal is decided against the Company, a tax liability of Rs. 5 094 million would be payable. The department has been over ruled by the Appellate Tribunal (ITAT) on the identical case of capital gain tax liability.

The department has filed appeal for the Tax year 2010 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of provision for IBNR and proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 89 million would be payable.

The department has filed appeal for the Tax year 2013 before Income Tax Appellate Tribunal (ITAT) against the order of Additional Commissioner of Income Tax (Audit) in respect of proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 5 million would be payable.

No provision has been made in these financial statements for the above contingencies as the management, based on tax adviser's opinion, is confident that the decision in this respect will be received in the favour of the Company.

## 8. Investments

Rupees '000

	Note	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
Investment in associate - EFU Life Assurance Limited	8.1 & 8.2		
Opening balance		11 178 362	10 968 526
Purchases during the period		–	20 590
Share in profit of associate		189 144	398 562
Dividend received		( 214 872 )	( 209 316 )
		11 152 634	11 178 362
Provision for impairment		( 1 987 000 )	( 1 987 000 )
		9 165 634	9 191 362
Available for sale	8.2 & 8.4		
In related parties			
Mutual funds		341 315	253 316
Ordinary shares		2 121 922	2 121 922
		2 463 237	2 375 238
Provision for impairment – net of reversals		( 1 870 871 )	( 1 912 418 )
		592 366	462 820
Others			
Mutual funds		2 834 000	2 436 050
Ordinary shares		2 450 820	2 470 083
Preference shares		20 000	20 000
Fixed income securities	8.3		
Government securities		216 073	232 396
Term finance certificates		94 397	111 986
		5 615 290	5 270 515
Provision for impairment – net of reversals		( 95 339 )	( 153 463 )
		5 519 951	5 117 052
		15 277 951	14 771 234

8.1 The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36 - Impairment of Assets. The value in use calculations were carried out by an independent actuary and are based on cash flow projections based on the budget and the forecasts approved by the management up to five years.

8.2 The market value of investments in associate and available for sale investments as on 30 June 2014 was Rs. 4 369 million (31 December 2013: Rs. 3 511 million ) and Rs. 9 083 million (31 December 2013: Rs. 7 420 million) respectively.



- 8.3 The fixed income securities includes Government Securities amounting to Rs. 210 million (31 December 2013: Rs. 128 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.
- 8.4 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 30 June 2014 would have been higher by Rs. 2 971 million (31 December 2013: higher by Rs. 1 841 million).

### 9. Premiums due but unpaid – net – unsecured

Rupees '000

	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
Considered good	2 788 764	2 843 331
Considered doubtful	26 000	26 000
	<u>2 814 764</u>	<u>2 869 331</u>
Provision for doubtful balances	( 26 000 )	( 26 000 )
	<u>2 788 764</u>	<u>2 843 331</u>

### 10. Fixed assets – tangibles and intangibles

The details of additions and disposals during the six months period ended 30 June 2014 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2014 ( Unaudited )	30 June 2013 ( Unaudited )	30 June 2014 ( Unaudited )	30 June 2013 ( Unaudited )
<b>Tangibles</b>				
Building improvements	22 824	22 037	–	–
Furniture and fixtures	14 191	24 235	–	1 170
Vehicles	30 487	32 092	4 026	1 937
Office equipments	3 831	17 805	–	–
Computers	1 925	14 119	42	–
<b>Intangibles</b>				
Computer softwares	94	–	–	–
	<u>73 352</u>	<u>110 288</u>	<u>4 068</u>	<u>3 107</u>

## 11. Provision for taxation

Rupees '000

	Three months period ended 30 June 2014		Six months period ended 30 June 2014	
	2014	2013	2014	2013
For the period				
Current	100 977	41 948	212 851	133 192
Deferred	10 400	2 067	( 5 221 )	( 10 300 )
	<u>111 377</u>	<u>44 015</u>	<u>207 630</u>	<u>122 892</u>

## 12. Operating segments

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Others		Treaty		Total	
	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)
Corporate segment assets	5 649 229	7 620 077	2 831 883	1 180 598	547 904	524 891	1 787 404	1 552 808	–	–	10 816 420	10 878 374
Corporate unallocated assets											18 207 699	18 060 163
Total assets											<u>29 024 118</u>	<u>28 938 537</u>
Corporate segment liabilities	8 021 608	10 405 610	3 518 167	1 664 416	2 356 107	2 344 045	2 102 238	2 019 047	–	3 494	15 998 120	16 436 612
Corporate unallocated liabilities											739 287	593 996
Total liabilities											<u>16 737 408</u>	<u>17 030 608</u>
Capital expenditures											73 755	123 403
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											85 444	86 007
Total depreciation											<u>85 444</u>	<u>86 007</u>

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditures	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Audited)	2014 (Unaudited)	2013 (Unaudited)
Pakistan	3 331 808	3 048 851	28 851 858	28 781 798	16 644 586	16 939 719	73 755	123 403
EPZ *	22 635	12 206	171 665	156 151	92 820	90 889	–	–
Saudi Arabia **	–	–	595	588	–	–	–	–
Total	<u>3 354 443</u>	<u>3 061 057</u>	<u>29 024 118</u>	<u>28 938 537</u>	<u>16 737 408</u>	<u>17 030 608</u>	<u>73 755</u>	<u>123 403</u>

\* This represents US Dollar equivalent in Pak Rupees

\*\* This represents US Dollar and Saudi Riyal equivalent in Pak Rupees



### 13. Related party transactions

Related parties comprise of directors, key management personnel, associated companies and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties are as follows:

	Rupees '000			
	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	2014	2013
<b>Transactions</b>				
<b>Associated company</b>				
Premiums written	1 666	2 058	17 844	14 786
Premiums paid	–	247	5 162	11 246
Claims paid	1 267	1 786	5 229	2 344
Claims lodged	–	647	2 232	3 369
Investments made	–	5 507	–	5 507
Dividends received	–	–	214 872	145 163
Dividends paid	34 065	34 065	34 065	34 065
Expenses recovered	4 979	400	4 979	1 000
Bonus shares paid (face value)	23 846	–	23 846	–
<b>Key management personnel</b>				
Premiums written	164	8	175	77
Dividends paid	1 107	1 029	1 107	1 029
Bonus shares paid (face value)	775	–	775	–
Compensation	32 253	29 103	57 447	53 268
<b>Others</b>				
Premiums written	8 087	7 436	68 810	56 696
Premiums paid	–	17	9 021	8 092
Claims paid	5 909	7 206	28 072	14 266
Claims lodged	4 574	1 263	5 641	3 467
Investments made	353 000	190 000	703 500	420 000
Investments sold	265 000	240 644	615 500	325 000
Dividends paid	252 318	246 735	252 318	246 785
Bonus shares paid (face value)	176 621	–	176 623	–
Bank deposits - withdrawn	( 195 500 )	( 75 000 )	–	–
Brokerage paid	131	246	133	277
Profit on TFCs	–	322	–	855
<b>Employees' funds</b>				
Contribution to provident fund	6 253	5 138	10 931	9 877
Contribution to gratuity fund	2 423	3 557	4 846	9 603
Contribution to pension fund	90	79	81	146
Dividend paid	2 577	2 577	2 577	2 577
Bonus shares paid (face value)	1 804	–	1 804	–

Rupees '000

	30 June 2014 ( Unaudited )	31 December 2013 ( Audited )
<b>Others</b>		
Balances receivable	2 139	1 353
Balances payable	( 66 )	( 227 )
Deposits maturing within 12 months	–	145 500
Bank balances	88 148	95 502
<b>Employees' funds receivable / (payable)</b>		
EFU gratuity fund	23 017	27 863
EFU pension fund	3 613	3 530

#### 14. Date of authorisation for issue

These condensed interim financial statements were authorised for issue by the Board of Directors in the meeting held on 21 August 2014.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 21 August 2014