

Report (Un-audited)
Second Quarter 2010



GENERAL

EFU GENERAL INSURANCE LTD.



Company Information

Chairman

Rafique R. Bhimjee

Managing Director & Chief Executive

Saifuddin N. Zoomkawala

Directors

Sultan Ahmad
Abdul Rehman Haji Habib
Jahangir Siddiqui
Wolfram W. Karnowski
Muneer R. Bhimjee
Hasanali Abdullah
Taher G. Sachak

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A

Legal Advisor

Mohammad Ali Sayeed

Senior Advisor

S.C. (Hamid) Subjally, A.C.I.I.

Advisors

Akhtar K. Alavi, A.C.I.I.
Naqi Zamin Ali
Salim Rafik Sidiki, B. A. (Hons), M. A.
Syed Ahmad A. Haq, M. Sc.
Syed Mehdi Imam, M. A.

Audit Committee

Muneer R. Bhimjee
Taher G. Sachak
Abdul Rehman Haji Habib

Rating Agency: JCR-VIS

Insurer Financial Strength Rating : AA
Outlook : Stable

Auditors

Hyder Bhimji & Co.
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Registrar

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

Website

www.efuinsurance.com

Registered Office

11/4, Shahrah-e-Pehlavi, Peshawar.

Main Offices

EFU House
M.A. Jinnah Road, Karachi.

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

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We are pleased to present the unaudited financial statements for the six months period ended 30th June 2010.

The written premium for the six months period was Rs. 5 100 million as against Rs. 5 792 million in the corresponding period last year. The overall claim ratio on Net Premium Revenue was 68% as against 65% in the corresponding period of last year. The total underwriting profit for the six months period was Rs. 22 million as compared to Rs. 209 million in corresponding period of 2009.

The Investment loss for the six months period was Rs. 614 million compared to profit of Rs. 79 million in the corresponding period last year. The loss is due to provision for impairment of Rs. 725 million due to decline in value of equity investments.

The after tax loss for the six months was Rs. 708 million compared to profit of Rs. 140 million in the corresponding period of last year.

The total Market value of Investment Properties, Equity, Fixed Income Securities and Bank Balances as at 30 June 2010 was Rs. 9 045 million.

The Break up value of Company's share as at 30 June 2010 was Rs. 74.33

Due to unprecedented floods in Pakistan, your company has been intimated of various losses which are being investigated. The quantum of the losses are yet unknown. Majority of the expected loses will be on the Engineering projects which in our opinion are substantially reinsured.

Your Directors would like to place on record their highest appreciation to the field force, officers and staff of the Company for the dedicated efforts in a difficult operating environment.

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.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi, 28 August 2010

Review Report to the Members

Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of comprehensive income;
- iv. condensed interim statement of changes in equity;
- v. condensed interim statement of cash flows;
- vi. condensed interim statement of premiums;
- vii. condensed interim statement of claims;
- viii. condensed interim statement of expenses;
- ix. condensed interim statement of investment income

and the notes to the condensed interim financial information of EFU General Insurance Limited (the Company) as at 30 June 2010 and for the six months period then ended (Interim Financial Information). 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 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.

Other matters

The figures for the quarter ended 30 June 2010 and 30 June 2009 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Hyder Bhimji & Co.
Chartered Accountants
Hyder Ali Bhimji

Karachi, 28 August 2010

Condensed Interim Balance Sheet As at 30 June 2010 (Unaudited)

		30 June 2010 (Unaudited)	31 December 2009 (Audited)
	Note		
Share capital and reserves			
Authorised capital			
150 000 000 (31 December 2009: 150 000 000)		1 500 000	1 500 000
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital	10	1 250 000	1 150 000
Reserves and retained earnings	11	8 046 051	9 314 492
		9 296 051	10 464 492
Underwriting provisions			
Provision for outstanding claims (including IBNR)		4 515 822	5 508 917
Provision for unearned premium		4 289 401	4 004 955
Premium deficiency reserve		57 767	54 900
Commission income unearned		154 611	141 326
Total underwriting provisions		9 017 601	9 710 098
Deferred liabilities			
Staff retirement benefits		10 468	24 379
Creditors and accruals			
Premiums received in advance		13 829	16 562
Amounts due to other insurers / reinsurers		1 419 089	788 955
Accrued expenses		143 175	139 140
Agent balances		375 609	341 408
Unearned rentals		58 202	48 143
Other creditors and accruals		194 148	105 005
		2 204 052	1 439 213
Other liabilities			
Other deposits		326 264	260 238
Unclaimed dividends		48 760	40 530
		375 024	300 768
Total liabilities		11 607 145	11 474 458
		20 903 196	21 938 950
Contingencies and commitments	8		

Rupees '000

	Note	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Cash and bank deposits			
Cash and other equivalent		5 720	2 734
Current and other accounts		718 221	654 639
Deposits maturing within 12 months		548 336	692 233
		1 272 277	1 349 606
Loans - secured considered good			
To employees		3 315	2 775
Investments	6	11 636 080	12 643 728
Investment properties		236 579	242 110
Deferred taxation		58 145	33 657
Other assets			
Premiums due but unpaid - net		2 322 044	1 788 272
Amounts due from other insurers / reinsurers		59 607	98 239
Salvage recoveries accrued		20 008	26 271
Accrued investment income		27 589	30 620
Reinsurance recoveries against outstanding claims		2 361 066	3 274 763
Taxation - payments less provision		201 377	199 379
Deferred commission expense		392 412	382 595
Prepayments		1 606 887	1 297 074
Security deposits		5 734	5 190
Other receivables		40 849	19 196
		7 037 573	7 121 599
Fixed assets-tangible & intangible			
Land and buildings		189 067	174 515
Furniture, fixtures and office equipment		224 814	197 518
Motor vehicles		125 258	138 330
Computer software		53 930	4 068
Capital work-in-progress		66 158	31 044
		659 227	545 475
Total assets		<u>20 903 196</u>	<u>21 938 950</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit And Loss Account for the six months period ended 30 June 2010 (Unaudited)

Rupees '000

Three months period ended 30 June

	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	
						2010	2009
Revenue account							
Net premium revenue	346 364	249 431	758 092	47 120	(45)	1 400 962	1 375 198
Net claims	(232 354)	(139 748)	(524 379)	(34 343)	524	(930 300)	(946 117)
Change in premium deficiency reserve	(1 616)	-	-	-	-	(1 616)	-
Management expenses	(69 790)	(50 179)	(180 234)	(9 276)	-	(309 479)	(279 090)
Net commission	(96 213)	(43 886)	(49 741)	13 336	9	(176 495)	(120 305)
Underwriting result	<u>(53 609)</u>	<u>15 618</u>	<u>3 738</u>	<u>16 837</u>	<u>488</u>	<u>(16 928)</u>	<u>29 686</u>
Investment (loss) / income						(532 140)	31 890
Rental income						20 163	22 118
Other income						23 106	25 184
Share of profit / (loss) of an associate						8 226	(4 121)
Difference in exchange						1 980	497
General and administration expenses						(112 615)	(119 384)
						(591 280)	(43 816)
Loss before tax						<u>(608 208)</u>	<u>(14 130)</u>
Provision for taxation - current						(33 944)	(17 753)
- deferred						23 853	11 674
						(10 091)	(6 079)
Loss after tax						<u>(618 299)</u>	<u>(20 209)</u>
Loss per share - basic and diluted					(Rupees)	<u>(4.95)</u>	<u>(0.16)</u>

Six months period ended 30 June

Revenue account							
Net premium revenue	699 187	499 079	1 568 299	82 925	(2 939)	2 846 551	2 789 304
Net claims	(514 969)	(251 203)	(1 082 156)	(85 774)	4 897	(1 929 205)	(1 821 691)
Change in premium deficiency reserve	(2 867)	-	-	-	-	(2 867)	-
Management expenses	(128 087)	(91 428)	(346 648)	(15 192)	-	(581 355)	(542 931)
Net commission	(158 212)	(87 196)	(102 306)	35 494	616	(311 604)	(215 327)
Underwriting result	<u>(104 948)</u>	<u>69 252</u>	<u>37 189</u>	<u>17 453</u>	<u>2 574</u>	<u>21 520</u>	<u>209 355</u>
Investment (loss) / income						(614 277)	79 421
Rental income						39 998	43 685
Other income						46 697	54 816
Share of profit of an associate						22 585	38 291
Difference in exchange						1 425	2 548
General and administration expenses						(212 613)	(225 193)
						(716 185)	(6 432)
(Loss) / profit before tax						<u>(694 665)</u>	<u>202 923</u>
Provision for taxation - current						(38 265)	(20 759)
- deferred						24 489	(42 280)
						(13 776)	(63 039)
(Loss) / profit after tax						<u>(708 441)</u>	<u>139 884</u>
Profit and loss appropriation account							
Balance at commencement of period						801 590	(5 456 959)
(Loss) / profit after tax						(708 441)	139 884
Dividend 2009 @ 40% (2008 @ 32.5%)						(460 000)	(373 750)
Issue of bonus shares						(100 000)	-
Transfer (to) / from general reserve						(150 000)	5 900 000
Balance unappropriated profit at end of the period						<u>(616 851)</u>	<u>209 175</u>
(Loss) / earnings per share - basic and diluted					(Rupees)	<u>(5.67)</u>	<u>1.12</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**Condensed Interim Statement of Comprehensive Income
for the six months period ended 30 June 2010 (Unaudited)**



Rupees '000

	<u>2010</u>	<u>2009</u>
(Loss) / profit for the period	(708 441)	139 884
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	<u><u>(708 441)</u></u>	<u><u>139 884</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Changes in Equity for the six months period ended 30 June 2010 (Unaudited)

Rupees '000

	Share capital	General reserve	Unappropri- ated profit	Reserve for exceptional losses	Total
Balance as at 1 January 2009	1 150 000	14 400 000	(5 456 959)	12 902	10 105 943
Total comprehensive income for the period					
Profit for the period			139 884		139 884
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2008 @ 32.50%			(373 750)		(373 750)
Transfer from general reserve		(5 900 000)	5 900 000		-
Balance as at 30 June 2009	1 150 000	8 500 000	209 175	12 902	9 872 077
Balance as at 1 January 2010	1 150 000	8 500 000	801 590	12 902	10 464 492
Total comprehensive loss for the period					
Loss for the period			(708 441)		(708 441)
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2009 @ 40%			(460 000)		(460 000)
Issue of bonus shares	100 000		(100 000)		-
Transfer to general reserve		150 000	(150 000)		-
Balance as at 30 June 2010	1 250 000	8 650 000	(616 851)	12 902	9 296 051

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

**Condensed Interim Statement of Cash Flows
for the six months period ended 30 June 2010 (Unaudited)**



Rupees '000

	<u>2010</u>	<u>2009</u>
Operating cash flows		
a) Underwriting activities		
Premiums received	4 568 883	5 174 550
Reinsurance premiums paid	(1 633 958)	(1 726 850)
Claims paid	(2 819 189)	(2 333 659)
Reinsurance and other recoveries received	852 541	408 736
Commissions paid	(451 740)	(440 558)
Commissions received	177 805	196 891
Management expenses paid	(487 776)	(456 029)
Net cash flow from underwriting activities	206 566	823 081
b) Other operating activities		
Income tax paid	(40 263)	(32 337)
Other operating payments	(278 103)	(308 621)
Other operating receipts	153 862	162 534
Loans advanced	(1 195)	(408)
Loan repayments received	608	566
Net cash flow used in other operating activities	(165 091)	(178 266)
Total cash flow from all operating activities	<u>41 475</u>	<u>644 815</u>
Investment activities		
Profit / return received	94 255	69 423
Dividends received	231 513	65 202
Rentals received	50 057	51 655
Payments for investments	(350 602)	(353 064)
Proceeds from disposal of investments	485 860	454 335
Fixed capital expenditure	(187 899)	(60 049)
Proceeds from disposal of fixed assets	9 782	5 857
Total cash flow from investing activities	<u>332 966</u>	<u>233 359</u>
Financing activities		
Dividends paid	(451 770)	(373 514)
Net cash (outflow) / inflow from all activities	<u>(77 329)</u>	<u>504 660</u>
Cash at the beginning of the year	1 349 606	1 303 684
Cash at the end of the period	<u>1 272 277</u>	<u>1 808 344</u>
Reconciliation to profit and loss account		
Operating cash flows	41 475	644 815
Depreciation expense	(74 602)	(63 806)
Investment and rental (loss) / income	(574 279)	123 106
Other Income	46 697	54 816
Share of profit of an associate	22 585	38 291
(Decrease) / increase in assets other than cash	(55 965)	1 358 243
(Increase) in liabilities other than running finance	(114 353)	(2 015 581)
(Loss) / profit after taxation	<u>(708 442)</u>	<u>139 884</u>
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	5 720	7 358
Current and other accounts	718 221	1 091 139
Deposits maturing within 12 months	548 336	709 847
	<u>1 272 277</u>	<u>1 808 344</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premiums for the six months period ended 30 June 2010 (Unaudited)

Rupees '000

Three months period ended 30 June

Class	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2010	
		Opening	Closing			Opening	Closing		2009	2010
Direct and facultative										
Fire and property damage	1 094 053	1 927 547	1 992 445	1 029 155	846 493	831 745	995 447	682 791	346 364	233 915
Marine, aviation and transport	492 273	318 016	418 195	392 094	254 019	115 025	226 381	142 663	249 431	173 608
Motor	685 824	1 494 038	1 418 743	761 119	3 029	231	233	3 027	758 092	906 006
Miscellaneous	225 428	444 153	460 018	209 563	177 416	329 534	344 507	162 443	47 120	26 734
Total	<u>2 497 578</u>	<u>4 183 754</u>	<u>4 289 401</u>	<u>2 391 931</u>	<u>1 280 957</u>	<u>1 276 535</u>	<u>1 566 568</u>	<u>990 924</u>	<u>1 401 007</u>	<u>1 340 263</u>
Treaty - proportional	(45)	-	-	(45)	-	-	-	-	(45)	34 935
Grand Total	<u><u>2 497 533</u></u>	<u><u>4 183 754</u></u>	<u><u>4 289 401</u></u>	<u><u>2 391 886</u></u>	<u><u>1 280 957</u></u>	<u><u>1 276 535</u></u>	<u><u>1 566 568</u></u>	<u><u>990 924</u></u>	<u><u>1 400 962</u></u>	<u><u>1 375 198</u></u>

Six months period ended 30 June

Direct and facultative										
Fire and property damage	2 243 629	1 828 651	1 992 445	2 079 835	1 505 332	870 763	995 447	1 380 648	699 187	409 097
Marine, aviation and transport	852 315	335 275	418 195	769 395	341 532	155 165	226 381	270 316	499 079	379 880
Motor	1 489 676	1 503 549	1 418 743	1 574 482	6 183	233	233	6 183	1 568 299	1 850 765
Miscellaneous	517 035	337 480	460 018	394 497	411 046	245 033	344 507	311 572	82 925	62 281
Total	<u>5 102 655</u>	<u>4 004 955</u>	<u>4 289 401</u>	<u>4 818 209</u>	<u>2 264 093</u>	<u>1 271 194</u>	<u>1 566 568</u>	<u>1 968 719</u>	<u>2 849 490</u>	<u>2 702 023</u>
Treaty - proportional	(2 939)	-	-	(2 939)	-	-	-	-	(2 939)	87 281
Grand Total	<u><u>5 099 716</u></u>	<u><u>4 004 955</u></u>	<u><u>4 289 401</u></u>	<u><u>4 815 270</u></u>	<u><u>2 264 093</u></u>	<u><u>1 271 194</u></u>	<u><u>1 566 568</u></u>	<u><u>1 968 719</u></u>	<u><u>2 846 551</u></u>	<u><u>2 789 304</u></u>

Note: Premium written includes administrative surcharge of Rs. 145.61 million (2009: Rs. 180.90 million)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

**Condensed Interim Statement of Claims
for the six months period ended 30 June 2010 (Unaudited)**



Rupees '000

Class	Three months period ended 30 June									
	Claims				Reinsurance				Net claims expense	
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2010	2009
Opening		Closing	Opening			Closing				
Direct and facultative										
Fire and property damage	777 651	2 958 470	1 955 633	(225 186)	454 536	2 248 357	1 336 281	(457 540)	232 354	167 900
Marine, aviation and transport	131 230	944 846	1 006 968	193 352	28 194	690 672	716 082	53 604	139 748	77 998
Motor	585 498	1 289 866	1 228 246	523 878	14	51 303	50 788	(501)	524 379	640 297
Miscellaneous	62 000	263 808	320 972	119 164	38 195	211 289	257 915	84 821	34 343	15 811
Total	1 556 379	5 456 990	4 511 819	611 208	520 939	3 201 621	2 361 066	(319 616)	930 824	902 006
Treaty - proportional	206	4 733	4 003	(524)	-	-	-	-	(524)	44 111
Grand Total	1 556 585	5 461 723	4 515 822	610 684	520 939	3 201 621	2 361 066	(319 616)	930 300	946 117

Six months period ended 30 June										
Direct and facultative										
Fire and property damage	1 137 391	2 905 488	1 955 633	187 536	617 692	2 281 406	1 336 281	(327 433)	514 969	275 070
Marine, aviation and transport	258 634	915 746	1 006 968	349 856	42 800	660 229	716 082	98 653	251 203	165 649
Motor	1 190 343	1 336 973	1 228 246	1 081 616	1 816	53 144	50 788	(540)	1 082 156	1 262 937
Miscellaneous	239 083	339 977	320 972	220 078	156 373	279 984	257 915	134 304	85 774	28 915
Total	2 825 451	5 498 184	4 511 819	1 839 086	818 681	3 274 763	2 361 066	(95 016)	1 934 102	1 732 571
Treaty - proportional	1 833	10 733	4 003	(4 897)	-	-	-	-	(4 897)	89 120
Grand Total	2 827 284	5 508 917	4 515 822	1 834 189	818 681	3 274 763	2 361 066	(95 016)	1 929 205	1 821 691

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Expenses for the six months period ended 30 June 2010 (Unaudited)

Rupees '000

Class	Three months period ended 30 June								
	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
		Opening	Closing					2010	2009
Direct and facultative									
Fire and property damage	115 237	206 238	207 574	113 901	69 790	183 691	17 688	166 003	92 293
Marine, aviation and transport	51 203	46 502	43 824	53 881	50 179	104 060	9 995	94 065	61 886
Motor	44 349	97 791	92 366	49 774	180 234	230 008	33	229 975	258 175
Miscellaneous	23 848	50 936	48 648	26 136	9 276	35 412	39 472	(4 060)	(14 863)
Total	234 637	401 467	392 412	243 692	309 479	553 171	67 188	485 983	397 491
Treaty - proportional	(9)	-	-	(9)	-	(9)	-	(9)	1 904
Grand Total	234 628	401 467	392 412	243 683	309 479	553 162	67 188	485 974	399 395
Six months period ended 30 June									
Direct and facultative									
Fire and property damage	230 449	200 735	207 574	223 610	128 087	351 697	65 398	286 299	143 196
Marine, aviation and transport	103 318	47 610	43 824	107 104	91 428	198 532	19 908	178 624	133 086
Motor	99 126	95 597	92 366	102 357	346 648	449 005	51	448 954	510 107
Miscellaneous	53 663	38 653	48 648	43 668	15 192	58 860	79 162	(20 302)	(23 360)
Total	486 556	382 595	392 412	476 739	581 355	1 058 094	164 519	893 575	763 029
Treaty - proportional	(616)	-	-	(616)	-	(616)	-	(616)	(4 771)
Grand Total	485 940	382 595	392 412	476 123	581 355	1 057 478	164 519	892 959	758 258

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

**Condensed Interim Statement of Investment Income
for the six months period ended 30 June 2010 (Unaudited)**



Rupees '000

	Six months period ended 30 June		Three months period ended 30 June	
	2010	2009	2010	2009
Income from trading investments				
Gain on sale of trading investments	365	1 102	-	372
Return on fixed income securities	-	2 579	-	970
	365	3 681	-	1 342
Income from non-trading investments				
Return on government securities	7 174	10 832	3 637	7 267
Return on other fixed income securities and deposits	18 277	19 189	9 145	9 083
Amortisation of premium relative to par	(2 031)	(1 885)	(1 040)	(956)
Dividend income	86 985	65 939	43 770	35 879
Gain / (loss) on sale of non-trading investments	1 208	77 950	(1 482)	74 322
	111 613	172 025	54 030	125 595
Gain on revaluation of trading investments	-	-	-	625
Provision for impairment - available for sale - net	(725 410)	(95 042)	(585 748)	(95 042)
Investment related expenses	(845)	(1 243)	(422)	(630)
Net investment (loss) / income	<u>(614 277)</u>	<u>79 421</u>	<u>(532 140)</u>	<u>31 890</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

HASANALI ABDULAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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 Peshawar while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi.

2. Basis of preparation

These condensed interim financial statements are unaudited and are being circulated to the shareholders in accordance with the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984 and being prepared in condensed form in accordance with the requirements of approved accounting standards as applicable to insurance companies in Pakistan for interim financial reporting and in the format prescribed under SEC (Insurance) Rules, 2002. They do not include all of the information required for the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

3. Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those applied by the company in its financial statements for the year ended 31 December 2009.

4. Accounting estimates and judgements

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 2009.

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 2009.

6. Investments

Rupees '000

	Note	30 June 2010	31 December 2009
Investment in associate	6.1	10 550 912	10 690 884
Less: Provision for impairment		(1 987 000)	(1 987 000)
		8 563 912	8 703 884
Available for sale	6.1		
In related parties			
Equity securities		2 531 221	2 570 504
Fixed income securities		36 200	36 685
		2 567 421	2 607 189
Others			
Equity securities		2 763 560	2 858 788
Fixed income securities	6.2	350 267	357 537
		3 113 827	3 216 325
Less: Provision for impairment (net of reversals)		(2 609 080)	(1 883 670)
		3 072 168	3 939 844
		11 636 080	12 643 728

6.1 The market value of investments in associates and available for sale investments as on 30 June 2010 was Rs. 5 844 million (31 December 2009: Rs. 8 203 million). 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.

6.2 The fixed income securities includes Pakistan Investment Bonds amounting to Rs. 123 million deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

Rupees '000

	30 June 2010	31 December 2009
7. Premium due but unpaid – net – unsecured		
Considered good	2 322 044	1 788 272
Considered doubtful	1 093	1 093
	2 323 137	1 789 365
Provision for doubtful balances	(1 093)	(1 093)
	2 322 044	1 788 272

8. Taxation

The income tax assessments of the Company have been finalised up to and including Tax Year 2007 (Financial year ending 31 December 2006) and Tax Year 2009 (Financial year ended 31 December 2008). The Tax Year 2008 (Financial year ending 31 December 2007) has been selected by the taxation authorities for the audit purpose and the proceedings thereof are underway.

The Company has filed appeal for the Tax year 2009 with Commissioner of Income Tax (appeals) in respect of disallowances for management expenses and interest on loans to employees.

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-01 in respect of disallowance of provision for gratuity and bonus.

The Company has also filed a writ petition in the honourable High Court of Sindh against the order of Collector of Customs, Sales Tax and Central Excise on account of central excise duty on commission. If the case is decided against the Company, the tax liability of Rs. 31 million may arise.

The department has filed an appeal in the supreme court of Pakistan against the decision of High Court of Sindh regarding withholding tax payment on reinsurance premium to overseas reinsurance companies. In case the appeal is decided against the company additional tax liability of Rs.61 million may arise.

No provision has been made in these condensed interim financial statements for the above contingency 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.

9. Fixed assets – tangible and intangible

The details of additions and disposals during the six months period ended 30 June 2010 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Tangibles				
Buildings	20 487	11 643	-	-
Furniture and fixtures	17 454	23 250	87	-
Vehicles	18 056	14 329	15 920	1 747
Office equipments	5 305	3 251	40	34
Computers	27 970	4 727	147	-
Intangibles				
Computer softwares	60 006	1 873	-	-
	<u>149 278</u>	<u>59 073</u>	<u>16 194</u>	<u>1 781</u>

10. Share capital

Issued, subscribed and paid-up

Rupees '000

Number of shares				
30 June 2010	31 December 2009		30 June 2010	31 December 2009
250 000	250 000	Ordinary shares of Rs. 10 each fully paid in cash	2 500	2 500
124 750 000	114 750 000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1 247 500	1 147 500
<u>125 000 000</u>	<u>115 000 000</u>		<u>1 250 000</u>	<u>1 150 000</u>

11. Reserves and retained earnings

General reserve
Reserve for exceptional losses
Retained earnings

	30 June 2010	31 December 2009
General reserve	8 650 000	8 500 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	(616 851)	801 590
	<u>8 046 051</u>	<u>9 314 492</u>

12. Operating segments

Rupees '000

	Fire insurance business		Marine, aviation & transport		Motor		Miscellaneous		Treaty business		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Corporate segment assets	3 377 445	4 180 441	1 362 429	1 155 659	498 179	487 103	1 483 652	1 018 131	-	-	6 721 705	6 841 334
Corporate unallocated assets	-	-	-	-	-	-	-	-	-	-	14 181 491	15 097 616
Total assets	<u>3 377 445</u>	<u>4 180 441</u>	<u>1 362 429</u>	<u>1 155 659</u>	<u>498 179</u>	<u>487 103</u>	<u>1 483 652</u>	<u>1 018 131</u>	<u>-</u>	<u>-</u>	<u>20 903 196</u>	<u>21 938 950</u>
Corporate segment liabilities	5 139 630	5 595 250	1 737 320	1 435 889	2 672 986	2 881 585	1 272 189	1 193 746	4 002	10 733	10 826 126	11 117 203
Corporate unallocated liabilities	-	-	-	-	-	-	-	-	-	-	781 019	357 255
Total liabilities	<u>5 139 630</u>	<u>5 595 250</u>	<u>1 737 320</u>	<u>1 435 889</u>	<u>2 672 986</u>	<u>2 881 585</u>	<u>1 272 189</u>	<u>1 193 746</u>	<u>4 002</u>	<u>10 733</u>	<u>11 607 145</u>	<u>11 474 458</u>
Capital expenditure											187 898	127 724
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-	74 530	130 201
Total depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74 530</u>	<u>130 201</u>
Location	External premium less reinsurance by geographical segments				Carrying amount of segmented assets				Capital expenditure			
	2010		2009		2010		2009		2010		2009	
Pakistan	2 841 324		2 788 431		20 695 800		21 750 994		187 898		127 724	
EPZ	5 227		873		177 210		158 605		-		-	
Saudi Arabia	-		-		30 186		29 351		-		-	
Total	<u>2 846 551</u>		<u>2 789 304</u>		<u>20 903 196</u>		<u>21 938 950</u>		<u>187 898</u>		<u>127 724</u>	



GENERAL

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:

	<u>30 June 2010</u>	<u>30 June 2009</u>
		Rupees '000
Transactions		
Associated company		
Premium written	7 849	6 147
Premium paid	7 747	4 458
Claims incurred	2 580	2 101
Claims lodged	657	1 687
Investment made	8 611	1 543
Bonus shares received	4 150	-
Dividend received	171 168	137 178
Bonus Shares issued	6 812	-
Dividend paid	31 336	25 441
Key management personnel		
Premium written	627	499
Claims Paid	87	-
Bonus share issued	30 044	-
Dividend paid	138 202	112 135
Compensation	46 829	45 563
Others		
Premium written	49 815	39 703
Premium paid	984	3 362
Commission earned	602	19 025
Claims incurred	10 857	110 605
Claims lodged	2 030	793
Investment made	11	10 793
Sale of Investment	38 180	-
Bonus shares issued	20 515	-
Bonus shares received	964	-
Dividend paid	94 370	74 825
Dividend received	7 697	16 418
Bank deposits made	50 000	70 500
Expenses paid	41	379
Brokerage paid	655	-
Donation paid	-	1 050
Employees' funds		
Contribution to provident fund	8 345	8 216
Contribution to gratuity fund	24 379	20 960
Contribution to pension fund	169	193
Bonus shares issued	514	-
Dividend paid	2 366	1 923
	<u>30 June 2010</u>	<u>31 December 2009</u>
Balances		
Associated company		
Balances receivable	77	2
Key management personnel		
Balances receivable	96	51
Others		
Balance receivable	32 462	13 016
Balance payable	(642)	(8 123)
Employees' funds receivable / (payable)		
EFU gratuity fund	(10 468)	(24 379)
EFU pension fund	5 233	5 233

14. Non-Adjusting event after balance sheet date

Subsequent to the period end, several parts of the country are effected by the flood due to which various claims have been reported to date, however the quantum of such claims are unknown at the date of authorization.

15. Date of authorisation for issue

These condensed interim financial statements were authorised for issue by the Board of Directors in the meeting held on 28 August 2010.

MUNEER R. BHIMJEE
Director

HASANALI ABDULLAH
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman