



GENERAL

EFU GENERAL INSURANCE LTD.

REPORT (UN-AUDITED)
SECOND QUARTER

2011



Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Rafique R. Bhimjee
Sultan Ahmad
Abdul Rehman Haji Habib
Jahangir Siddiqui
Muneer R. Bhimjee
Taher G. Sachak

**Chief Financial Officer &
Corporate Secretary**

Altaf Qamruddin Gokal, F.C.A

Legal Advisor

Mohammad Ali Sayeed

Advisors

Akhtar K. Alavi, A.C.I.I.
Naqi Zamin Ali
Nasreen Rashid, A.C.I.I.
Salim Rafik Sidiki, B. A. (Hons), M. A.
S.C. (Hamid) Subjally, A.C.I.I.
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

Dodhy Building, 2nd Floor, 52-E,
Jinnah Avenue, (Blue Area)
Islamabad

Main Offices

EFU House
M. A. Jinnah Road, Karachi.

Co-operative Insurance Building
23, Shakra-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 2011.

In spite of continued slowdown in the level of economic activity in the country, your company's Written Premium has increased by 16 % to Rs. 5 924 million as against Rs. 5 100 million in the corresponding period of last year. The overall claims to Net Premium Revenue ratio was 59 % as against 68 % in the corresponding period of 2010. The total underwriting profit for the six months period was Rs. 338 million as compared to Rs. 22 million in corresponding period of 2010.

The Rental and Investment Income for the six months period was Rs. 97 million compared to loss of Rs. 534 million in the corresponding period of last year.

The after tax profit for the six months was Rs. 193 million compared to loss of Rs. 708 million in the corresponding period of last year.

The total Market value of Properties, Equity (other than investment in associate), Fixed Income securities and Cash and Bank Balances as at 30 June 2011 stood at Rs. 7 046 million. The value of investment in associate on the basis of value in use as worked out by an independent actuary amounted to Rs. 13 billion.

The Break up value of Company's share as at 30 June 2011 was Rs. 77.02

The Directors of your Company were elected at the Extraordinary General Meeting held on 9 July 2011 for a period of three years' term expiring on 9 July 2014. The new Board, at its meeting held on 11 July 2011 elected Mr. Saifuddin N. Zoomkawala as Chairman and appointed Mr. Hasanali Abdullah as Managing Director & Chief Executive of the Company for a term of three years.

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

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

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 2011 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 annexed condensed interim financial information as at and for the six months period ended 30 June 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Other matters

The figures for the quarter ended 30 June 2011 and 30 June 2010 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, 27 August 2011

Condensed Interim Balance Sheet
As at 30 June 2011 (Unaudited)



	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Share capital and reserves			
Authorised capital			
150 000 000 (31 December 2010: 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	1 250 000
Reserves and Retained earnings	11	8 377 795	8 341 171
		9 627 795	9 591 171
Underwriting provisions			
Provision for outstanding claims (including IBNR)		7 290 066	7 950 208
Provision for unearned premium		5 072 510	4 537 413
Premium deficiency reserve		30 133	57 029
Commission income unearned		181 408	162 567
Total underwriting provisions		12 574 117	12 707 217
Deferred liabilities			
Staff retirement benefits		19 337	40 847
Creditors and accruals			
Premiums received in advance		9 585	10 310
Amounts due to other insurers / reinsurers		1 639 510	1 131 657
Accrued expenses		151 258	156 505
Agent balances		392 088	387 485
Unearned rentals		52 656	42 912
Other creditors and accruals		206 896	101 142
		2 451 993	1 830 011
Other liabilities			
Other deposits		357 232	320 126
Unclaimed dividends		65 495	52 297
		422 727	372 423
Total liabilities		15 468 174	14 950 498
Total equity and liabilities		25 095 969	24 541 669
Contingencies	8		

Rupees '000

	Note	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Cash and bank deposits			
Cash and other equivalent		5 173	2 396
Current and other accounts		965 010	870 872
Deposits maturing within 12 months		625 447	833 303
		1 595 630	1 706 571
Loans - secured considered good			
To employees		3 385	3 293
Investments	6	11 716 064	11 663 731
Investment properties		226 734	235 703
Deferred taxation		44 366	115 012
Other assets			
Premiums due but unpaid - net	7	2 680 992	1 937 676
Amounts due from other insurers / reinsurers		139 870	150 143
Salvage recoveries accrued		17 097	19 703
Accrued investment income		24 918	31 296
Reinsurance recoveries against outstanding claims		5 070 992	5 626 075
Taxation - payments less provision		92 667	105 125
Deferred commission expense		415 852	432 111
Prepayments		2 269 647	1 754 648
Security deposits		5 051	5 243
Other receivables		45 798	46 254
		10 762 884	10 108 274
Fixed assets - tangible and intangible			
Land and buildings	9	228 998	214 528
Furniture, fixtures and office equipments		349 054	215 966
Motor vehicles		124 411	131 785
Computer softwares		32 843	42 948
Capital work-in-progress		11 600	103 858
		746 906	709 085
Total assets		<u>25 095 969</u>	<u>24 541 669</u>

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Profit and Loss Account

For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

	Three months period ended 30 June					Aggregate	
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	2011	2010
Revenue account							
Net premium revenue	401 956	290 327	652 872	66 847	-	1 412 002	1 400 962
Net claims	(153 945)	(185 492)	(398 867)	(49 823)	(284)	(788 411)	(930 300)
Change in premium deficiency reserve	20 790	-	-	-	-	20 790	(1 616)
Management expenses	(79 043)	(56 508)	(152 307)	(12 658)	-	(300 516)	(309 479)
Net commission	(84 394)	(48 501)	(46 689)	15 733	-	(163 851)	(176 495)
Underwriting result	<u>105 364</u>	<u>(174)</u>	<u>55 009</u>	<u>20 099</u>	<u>(284)</u>	<u>180 014</u>	<u>(16 928)</u>
Investment income / (loss)						17 102	(532 140)
Rental income						21 505	20 163
Profit on deposits						28 170	18 598
Other income						5 654	4 508
Share of profit of an associate						62 740	8 226
Exchange (loss) / profit						(372)	1 980
General and administration expenses						(135 903)	(112 615)
						(1 104)	(591 280)
Profit / (loss) before tax						<u>178 910</u>	<u>(608 208)</u>
Provision for taxation - current						(37 618)	(33 944)
- deferred						(31 905)	23 853
						(69 523)	(10 091)
Profit / (loss) after tax						<u>109 387</u>	<u>(618 299)</u>
Earnings / (loss) per share - basic and diluted					(Rupees)	<u>0.88</u>	<u>(4.95)</u>

	Six months period ended 30 June						
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	2011	2010
Revenue account							
Net premium revenue	886 371	601 099	1 332 433	114 794	-	2 934 697	2 846 551
Net claims	(421 169)	(355 800)	(896 034)	(63 041)	945	(1 735 099)	(1 929 205)
Change in premium deficiency reserve	26 896	-	-	-	-	26 896	(2 867)
Management expenses	(158 344)	(107 382)	(293 441)	(20 507)	-	(579 674)	(581 355)
Net commission	(167 102)	(98 107)	(94 070)	50 149	-	(309 130)	(311 604)
Underwriting result	<u>166 652</u>	<u>39 810</u>	<u>48 888</u>	<u>81 395</u>	<u>945</u>	<u>337 690</u>	<u>21 520</u>
Investment income / (loss)						4 801	(614 277)
Rental income						42 972	39 998
Profit on deposits						48 909	40 388
Other income						7 559	6 309
Share of profit of an associate						126 517	22 585
Exchange (loss) / profit						(2 087)	1 425
General and administration expenses						(244 390)	(212 613)
						(15 719)	(716 185)
Profit / (loss) before tax						<u>321 971</u>	<u>(694 665)</u>
Provision for taxation - current						(58 451)	(38 265)
- deferred						(70 646)	24 489
						(129 097)	(13 776)
Profit / (loss) after tax						<u>192 874</u>	<u>(708 441)</u>
Profit and loss appropriation account							
Balance at commencement of period						(321 731)	801 590
Profit / (loss) after tax						192 874	(708 441)
Dividend 2010 @ 12.50% (2009 @ 40%)						(156 250)	(460 000)
Issue of bonus shares						-	(100 000)
Transfer from / (to) general reserve						500 000	(150 000)
Balance unappropriated profit at end of the period						<u>214 893</u>	<u>(616 851)</u>
Earnings / (loss) per share - basic and diluted					(Rupees)	<u>1.54</u>	<u>(5.67)</u>

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Comprehensive Income
For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

	<u>2011</u>	<u>2010</u>
Profit / (loss) for the period	192 874	(708 441)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>192 874</u>	<u>(708 441)</u>

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Changes in Equity
For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

	Share capital	General reserve	Unappropriated profit / (loss)	Reserve for exceptional losses	Total
Balance as at 1 January 2010	1 150 000	8 500 000	801 590	12 902	10 464 492
Total comprehensive income 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	<u>1 250 000</u>	<u>8 650 000</u>	<u>(616 851)</u>	<u>12 902</u>	<u>9 296 051</u>
Balance as at 1 January 2011	1 250 000	8 650 000	(321 731)	12 902	9 591 171
Total comprehensive income for the period					
Profit for the period	-	-	192 874	-	192 874
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2010 @ 12.50%	-	-	(156 250)	-	(156 250)
Transfer from general reserve	-	(500 000)	500 000	-	-
Balance as at 30 June 2011	<u>1 250 000</u>	<u>8 150 000</u>	<u>214 893</u>	<u>12 902</u>	<u>9 627 795</u>

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

MUNEER R. BHIMJEE
Director

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Cash Flows
For the six months period ended 30 June 2011 (Unaudited)



	Rupees '000	
	<u>2011</u>	<u>2010</u>
Operating cash flows		
a) Underwriting activities		
Premiums received	5 181 180	4 568 883
Reinsurance premiums paid	(2 444 480)	(1 633 958)
Claims paid	(3 064 994)	(2 819 189)
Reinsurance and other recoveries received	1 237 717	852 541
Commissions paid	(505 686)	(451 740)
Commissions received	236 257	177 805
Management expenses paid	(505 669)	(487 776)
Net cash inflow from underwriting activities	134 325	206 566
b) Other operating activities		
Income tax paid	(45 993)	(40 263)
Other operating payments	(280 698)	(278 103)
Other operating receipts	140 047	153 862
Loans advanced	(714)	(1 195)
Loan repayments received	621	608
Net cash flow used in other operating activities	(186 737)	(165 091)
Total cash (outflow) / inflow from all operating activities	<u>(52 412)</u>	<u>41 475</u>
Investment activities		
Profit / return received	79 736	94 255
Dividends received	271 272	231 513
Rentals received	52 715	50 057
Payments for investments	(860 531)	(350 602)
Proceeds from disposal of investments	645 237	485 860
Fixed capital expenditure	(111 539)	(187 899)
Proceeds from disposal of fixed assets	7 632	9 782
Total cash flow from investing activities	84 522	332 966
Financing activities		
Dividends paid	(143 051)	(451 770)
Net cash outflow from all activities	<u>(110 941)</u>	<u>(77 329)</u>
Cash at the beginning of the year	1 706 571	1 349 606
Cash at the end of the period	<u>1 595 630</u>	<u>1 272 277</u>
Reconciliation to profit and loss account		
Operating cash flows	(52 412)	41 475
Depreciation expense	(81 174)	(74 602)
Rental and investment income / (loss)	47 773	(574 279)
Profit on deposits	48 909	40 388
Other Income	7 559	6 309
Share of profit of an associate	126 517	22 585
Increase / (decrease) in assets other than cash	590 436	(55 965)
(Increase) in liabilities other than running finance	(494 734)	(114 353)
Profit / (loss) after taxation	<u>192 874</u>	<u>(708 442)</u>
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	5 173	5 720
Current and other accounts	965 010	718 221
Deposits maturing within 12 months	625 447	548 336
	<u>1 595 630</u>	<u>1 272 277</u>

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Premiums For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

Class	Three months period ended 30 June									
	Premiums			Earned	Reinsurance ceded	Reinsurance			Net premium revenue	
	Written	Unearned premium reserve				Prepaid reinsurance premium ceded	Reinsurance expense	2011	2010	
	Opening	Closing		Opening	Closing					
Direct and facultative										
Fire and property damage	1 279 153	2 709 717	2 606 848	1 382 022	984 439	1 466 101	1 470 474	980 066	401 956	346 364
Marine, aviation and transport	799 525	368 846	711 683	456 688	446 930	135 309	415 878	166 361	290 327	249 431
Motor	592 157	1 283 469	1 220 093	655 533	2 680	74	93	2 661	652 872	758 092
Miscellaneous	272 833	493 230	533 886	232 177	172 707	339 087	346 464	165 330	66 847	47 120
Total	2 943 668	4 855 262	5 072 510	2 726 420	1 606 756	1 940 571	2 232 909	1 314 418	1 412 002	1 401 007
Treaty - proportional	-	-	-	-	-	-	-	-	-	(45)
Grand Total	2 943 668	4 855 262	5 072 510	2 726 420	1 606 756	1 940 571	2 232 909	1 314 418	1 412 002	1 400 962

Six months period ended 30 June										
Direct and facultative										
Fire and property damage	2 853 159	2 441 474	2 606 848	2 687 785	2 026 682	1 245 206	1 470 474	1 801 414	886 371	699 187
Marine, aviation and transport	1 224 349	384 018	711 683	896 684	536 523	174 940	415 878	295 585	601 099	499 079
Motor	1 293 324	1 264 942	1 220 093	1 338 173	5 748	85	93	5 740	1 332 433	1 568 299
Miscellaneous	553 663	446 979	533 886	466 756	383 379	315 047	346 464	351 962	114 794	82 925
Total	5 924 495	4 537 413	5 072 510	5 389 398	2 952 332	1 735 278	2 232 909	2 454 701	2 934 697	2 849 490
Treaty - proportional	-	-	-	-	-	-	-	-	-	(2 939)
Grand Total	5 924 495	4 537 413	5 072 510	5 389 398	2 952 332	1 735 278	2 232 909	2 454 701	2 934 697	2 846 551

Note: Premium written includes administrative surcharge of Rs. 135.30 million (2010: Rs. 145.61 million)

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

MUNEER R. BHIMJEE
Director

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Claims For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

Class	Three months period ended 30 June									
	Paid	Claims		Claims expense	Reinsurance				Net claims expense	
		Opening	Closing		Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue		
					Opening	Closing		2011	2010	
Direct and facultative										
Fire and property damage	658 080	4 655 426	4 394 142	396 796	398 663	3 827 973	3 672 161	242 851	153 945	232 354
Marine, aviation and transport	243 550	1 512 557	1 501 567	232 560	120 368	1 119 924	1 046 624	47 068	185 492	139 748
Motor	461 533	1 033 974	970 715	398 274	(37)	5 544	4 988	(593)	398 867	524 379
Miscellaneous	94 896	396 292	421 128	119 732	52 807	330 117	347 219	69 909	49 823	34 343
Total	1 458 059	7 598 249	7 287 552	1 147 362	571 801	5 283 558	5 070 992	359 235	788 127	930 824
Treaty - proportional	(82)	2 148	2 514	284	-	-	-	-	284	(524)
Grand Total	1 457 977	7 600 397	7 290 066	1 147 646	571 801	5 283 558	5 070 992	359 235	788 411	930 300

Six months period ended 30 June										
Direct and facultative										
Fire and property damage	1 403 842	4 888 635	4 394 142	909 349	817 338	4 001 319	3 672 161	488 180	421 169	514 969
Marine, aviation and transport	577 094	1 676 375	1 501 567	402 286	312 425	1 312 563	1 046 624	46 486	355 800	251 203
Motor	927 747	1 003 088	970 715	895 374	451	6 099	4 988	(660)	896 034	1 082 156
Miscellaneous	158 918	378 515	421 128	201 531	97 365	306 094	347 219	138 490	63 041	85 774
Total	3 067 601	7 946 613	7 287 552	2 408 540	1 227 579	5 626 075	5 070 992	672 496	1 736 044	1 934 102
Treaty - proportional	136	3 595	2 514	(945)	-	-	-	-	(945)	(4 897)
Grand Total	3 067 737	7 950 208	7 290 066	2 407 595	1 227 579	5 626 075	5 070 992	672 496	1 735 099	1 929 205

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Expenses
For the six months period ended 30 June 2011 (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					2011	2010
<u>Direct and facultative</u>									
Fire and property damage	89 366	259 024	213 575	134 815	79 043	213 858	50 421	163 437	166 003
Marine, aviation and transport	73 136	44 189	60 406	56 919	56 508	113 427	8 418	105 009	94 065
Motor	45 050	90 084	88 438	46 696	152 307	199 003	7	198 996	229 975
Miscellaneous	28 704	49 813	53 433	25 084	12 658	37 742	40 817	(3 075)	(4 060)
Total	236 256	443 110	415 852	263 514	300 516	564 030	99 663	464 367	485 983
Treaty - proportional	-	-	-	-	-	-	-	-	(9)
Grand Total	236 256	443 110	415 852	263 514	300 516	564 030	99 663	464 367	485 974
<u>Six months period ended 30 June</u>									
<u>Direct and facultative</u>									
Fire and property damage	235 402	246 332	213 575	268 159	158 344	426 503	101 057	325 446	286 299
Marine, aviation and transport	132 803	42 731	60 406	115 128	107 382	222 510	17 021	205 489	178 624
Motor	95 870	86 659	88 438	94 091	293 441	387 532	21	387 511	448 954
Miscellaneous	46 213	56 389	53 433	49 169	20 507	69 676	99 318	(29 642)	(20 302)
Total	510 288	432 111	415 852	526 547	579 674	1 106 221	217 417	888 804	893 575
Treaty - proportional	-	-	-	-	-	-	-	-	(616)
Grand Total	510 288	432 111	415 852	526 547	579 674	1 106 221	217 417	888 804	892 959

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.

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Condensed Interim Statement of Investment Income
For the six months period ended 30 June 2011 (Unaudited)



Rupees '000

	Six months period ended 30 June		Three months period ended 30 June	
	2011	2010	2011	2010
Income from non-trading investments				
Return on government securities	7 756	7 174	3 908	3 637
Return on other fixed income securities and deposits	17 044	18 277	7 255	9 145
Amortisation of premium relative to par	(1 788)	(2 031)	(836)	(1 040)
Dividend income	92 714	86 985	45 544	43 770
Gain / (loss) on sale of non-trading investments	25 404	1 573	10 973	(1 482)
	141 130	111 978	66 844	54 030
Provision for impairment - available for sale - net	(136 029)	(725 410)	(49 542)	(585 748)
Investment related expenses	(300)	(845)	(200)	(422)
Net investment income / (loss)	<u>4 801</u>	<u>(614 277)</u>	<u>17 102</u>	<u>(532 140)</u>

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

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi, 27 August 2011

Notes to the Condensed Interim Financial Statements

For the six months period ended 30 June 2011 (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. 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 2010.

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 2010.

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 2010.

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 2010.

6. Investments

	Note	30 June 2011	31 December 2010
Investment in associate	6.1	10 659 963	10 680 131
Less: Provision for impairment		(1 987 000)	(1 987 000)
		8 672 963	8 693 131
Available for sale	6.1		
In related parties			
Equity securities		2 461 335	2 542 816
Fixed income securities		30 457	65 435
		2 491 792	2 608 251
Others			
Equity securities		2 787 301	2 487 299
Fixed income securities	6.2	361 568	336 580
		3 148 869	2 823 879
Less: Provision for impairment (net of reversals)		(2 597 560)	(2 461 530)
		3 043 101	2 970 600
		11 716 064	11 663 731

6.1 The market value of investments in associates and available for sale investments as on 30 June 2011 was Rs. 5 785 million (31 December 2010: Rs. 5 855 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 and Treasury Bills amounting to Rs. 135 million (31 December 2010: Rs. 132 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	30 June 2011	31 December 2010
7. Premium due but unpaid – net – unsecured		
Considered good	2 680 992	1 937 676
Considered doubtful	1 093	1 093
	2 682 085	1 938 769
Provision for doubtful balances	(1 093)	(1 093)
	2 680 992	1 937 676

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) Tax Year 2009 (Financial year ended 31 December 2008) and Tax Year 2010 (Financial year ended 31 December 2009). For the Tax year 2008 the Additional Commissioner Audit Division II, Karachi had issued notice under section 122(9) of the Ordinance for passing an amended order on certain issues. However, company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice.

The Company has filed appeal for the Tax year 2009 and 2010 with Commissioner of Income Tax (appeals) in respect of disallowances for management expenses, provision for IBNR and proration of expenses. There could arise a contingent tax liability of Rs. 109 million if the matters are decided against the Company.

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 management expenses, provision for gratuity and bonus. There could arise a contingent tax liability of Rs. 13 million if the matters are decided against the Company.

No provision has been made in these 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 2011 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Tangibles				
Buildings	21 898	20 487	-	-
Furniture and fixtures	36 138	17 454	-	87
Vehicles	22 987	18 056	-	15 920
Office equipments	118 409	5 305	-	40
Computers	3 601	27 970	-	147
Intangibles				
Computer softwares	573	60 006	-	-
	<u>203 606</u>	<u>149 278</u>	<u>-</u>	<u>16 194</u>

10. Share capital

Issued, subscribed and paid-up

Number of shares		Rupees '000	
30 June 2011	31 December 2010	30 June 2011	31 December 2010
250 000	250 000	2 500	2 500
124 750 000	124 750 000	1 247 500	1 247 500
125 000 000	125 000 000	1 250 000	1 250 000

Ordinary shares of Rs. 10 each fully paid in cash

Ordinary shares of Rs. 10 each issued as fully paid bonus shares

11. Reserves and retained earnings

	30 June 2011	31 December 2010
General reserve	8 150 000	8 650 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	214 893	(321 731)
	<u>8 377 795</u>	<u>8 341 171</u>

12. Operating segments

	Fire and property		Marine, aviation & transport		Motor		Others		Treaty		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Corporate segment assets	6 432 295	6 458 038	2 012 760	1 934 409	444 148	380 850	1 668 509	1 127 689	-	-	10 557 712	9 900 986
Corporate unallocated assets											14 538 257	14 640 683
Total assets											25 095 969	24 541 669
Corporate segment liabilities	8 384 297	8 442 658	2 614 753	2 289 162	2 225 031	2 306 239	1 736 352	1 515 140	2 514	3 596	14 962 947	14 556 795
Corporate unallocated liabilities											505 226	393 703
Total liabilities											15 468 173	14 950 498
Capital expenditure											111 539	187 898
Segment depreciation											-	-
Unallocated depreciation											81 174	74 530
Total depreciation											81 174	74 530
	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 expenditure	
Location	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Pakistan	2 927 446	2 841 324	24 956 132	24 407 978	15 347 212	14 800 184			111 539	187 898		
EPZ *	7 251	5 227	111 902	102 757	104 185	132 463			-	-		
Saudi Arabia **	-	-	27 935	30 934	16 776	17 851			-	-		
Total	<u>2 934 697</u>	<u>2 846 551</u>	<u>25 095 969</u>	<u>24 541 669</u>	<u>15 468 173</u>	<u>14 950 498</u>			<u>111 539</u>	<u>187 898</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:

	30 June 2011	30 June 2010
		Rupees '000
Transactions		
Associated company		
Premium written	8 975	7 849
Premium paid	-	7 747
Claims paid	2 622	2 580
Claims lodged	-	657
Investment made	32 168	8 611
Dividend paid	10 644	31 336
Dividend received	178 854	171 168
Bonus Shares received	-	4 150
Bonus Shares issued	-	6 812
Key management personnel		
Premium written	423	627
Claims Paid	35	87
Bonus share issued	-	30 044
Dividend paid	27 218	138 202
Compensation	47 202	46 829
Others		
Premium written	43 325	49 815
Premium paid	3 412	984
Claims paid	18 585	10 857
Claims lodged	1 755	2 030
Commission earned	4 531	602
Bonus shares issued	-	20 515
Bonus shares received	-	964
Investment made	75 000	11
Sale of Investment	75 978	38 180
Dividend paid	52 011	94 370
Dividend received	-	7 697
Expenses paid	261	41
Brokerage paid	600	655
Donation paid	233	-
Bank deposits made	50 000	50 000
Profit on TFC	2 140	-
Employees' funds		
Contribution to provident fund	8 464	8 345
Contribution to gratuity fund	32 008	24 379
Contribution to pension fund	175	169
Dividend paid	805	2 366
Bonus shares issued	-	514
	30 June 2011	31 December 2010
Balances		
Associated company		
Balances receivable	92	3
Others		
Balance receivable	18 840	23 329
Balance payable	(315)	(93)
Bank balances	65 187	-
Employees' funds receivable / (payable)		
EFU gratuity fund	(10 576)	(32 088)
EFU pension fund	(8 759)	(8 759)

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 27 August 2011.

MUNEER R. BHIMJEE
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman