

Report (Un-Audited)
THIRD QUARTER 2014



Building Upon Our Strengths



GENERAL

EFU GENERAL INSURANCE LTD.

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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

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



DIRECTORS' REVIEW

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

The written Premium for the nine months period increased by 8% to Rs. 11,853 million as against Rs. 11,026 million in the corresponding period of last year. The Net Premium Revenue for the nine months period was Rs. 4,823 million as against Rs. 4,659 million in the corresponding period of last year. The overall claims to Net Premium Revenue ratio improved to 48% as against 58% in the corresponding period of last year. The total underwriting profit for the nine months period was Rs. 988 million as compared to Rs. 439 million in the corresponding period of last year.

The after tax profit for the nine months period was Rs. 1,155 million compared to Rs. 654 million in the corresponding period of last year.

The earning per share for the nine months period was Rs. 7.22 against Rs. 4.09 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 September 2014 stood at Rs. 13,697 million as compared to Rs. 12,245 million as on 31 December 2013.

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 28 October 2014

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2014 (UNAUDITED)

	Note	30 September 2014 (Unaudited)	31 December 2013 (Audited)
Share capital and reserves			
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	10 803 393	10 657 929
		12 403 393	11 907 929
Underwriting provisions			
Provision for outstanding claims (including IBNR)		6 169 941	6 622 140
Provision for unearned premium		7 386 257	6 118 483
Commission income unearned		334 043	287 357
Total underwriting provisions		13 890 241	13 027 980
Deferred liabilities			
Deferred taxation		88 471	85 815
Creditors and accruals			
Premiums received in advance		6 406	9 012
Amounts due to other insurers / reinsurers		2 698 325	2 351 337
Accrued expenses		152 506	182 773
Agent balances		631 650	561 261
Unearned rentals		55 038	52 766
Taxation - provision less payments		142 448	-
Other creditors and accruals		183 077	191 853
		3 869 450	3 349 002
Other liabilities			
Other deposits		513 749	487 022
Unclaimed dividends		95 377	80 789
		609 126	567 811
Total liabilities		18 457 288	17 030 608
Total equity and liabilities		30 860 681	28 938 537
Contingencies	7		

Rupees '000

	Note	30 September 2014 (Unaudited)	31 December 2013 (Audited)
Cash and bank deposits			
Cash and other equivalents		6 247	2 898
Current and other accounts		1 280 873	1 279 637
Deposits maturing within 12 months		355 989	800 607
		1 643 109	2 083 142
Loans - secured considered good			
To employees		2 148	2 309
Investments	8	15 035 550	14 771 234
Investment properties		214 432	230 408
Current assets - others			
Premiums due but unpaid - net	9	4 369 925	2 843 331
Amounts due from other insurers / reinsurers		40 064	45 949
Salvage recoveries accrued		28 519	13 843
Accrued investment income		87 773	18 147
Reinsurance recoveries against outstanding claims		3 723 675	4 137 638
Taxation - payments less provision		-	9 838
Deferred commission expense		681 077	567 544
Prepayments		4 087 622	3 292 038
Security deposits		8 151	5 857
Sundry receivables		55 630	56 848
		13 082 436	10 991 033
Fixed assets - tangible and intangibles	10		
Land and buildings		322 203	315 264
Furniture, fixtures and office equipments		365 800	378 593
Vehicles		185 805	157 633
Computer softwares		-	405
Capital work-in-progress		9 198	8 516
		883 006	860 411
Total assets		30 860 681	28 938 537

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 28 October 2014

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

Three months period ended 30 September

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2014	Aggregate 2013
Revenue account								
Net premium revenue		336 589	336 961	702 621	91 976	-	1 468 147	1 598 031
Net claims		(141 497)	(101 866)	(391 268)	(76 072)	(70)	(710 773)	(1 128 437)
Management expenses		(83 693)	(80 193)	(189 790)	(21 820)	-	(375 496)	(344 032)
Net commission		15 800	(52 975)	(62 265)	21 820	-	(77 620)	(106 847)
Underwriting result		<u>127 199</u>	<u>101 927</u>	<u>59 298</u>	<u>15 904</u>	<u>(70)</u>	<u>304 258</u>	<u>18 715</u>
Investment income								
Rental income							98 385	93 531
Profit on deposits							30 412	22 360
Other income							29 235	25 813
Share of profit of an associate							17 093	8 004
General and administration expenses							(136 931)	(148 799)
Workers' welfare fund							(7 852)	(1 796)
							<u>88 327</u>	<u>71 125</u>
Profit before tax							<u>392 585</u>	<u>89 840</u>
Provision for taxation	11						(115 904)	(21 566)
Profit after tax							<u>276 681</u>	<u>68 274</u>
								Restated
Earnings per share - basic and diluted					(Rupees)		<u>1.73</u>	<u>0.43</u>

Nine months period ended 30 September

Revenue account								
Net premium revenue		1 352 302	1 079 414	2 101 531	289 343	-	4 822 590	4 659 088
Net claims		(403 743)	(462 462)	(1 220 642)	(210 672)	3 424	(2 294 095)	(2 704 240)
Management expenses		(282 826)	(225 753)	(524 316)	(60 514)	-	(1 093 409)	(1 024 172)
Net commission		(154 394)	(174 776)	(185 879)	68 431	-	(446 618)	(491 362)
Underwriting result		<u>511 339</u>	<u>216 423</u>	<u>170 694</u>	<u>86 588</u>	<u>3 424</u>	<u>988 468</u>	<u>439 314</u>
Investment income								
Rental income							501 116	382 099
Profit on deposits							87 366	73 196
Other income							86 901	80 347
Share of profit of an associate	8						22 645	18 810
General and administration expenses							247 129	219 944
Workers' welfare fund							(425 047)	(399 146)
							(29 580)	(15 971)
							<u>490 530</u>	<u>359 279</u>
Profit before tax							<u>1 478 998</u>	<u>798 593</u>
Provision for taxation	11						(323 534)	(144 458)
Profit after tax							<u>1 155 464</u>	<u>654 135</u>
Profit and loss appropriation account								
Balance at commencement of the period							1 645 027	1 518 262
Profit after tax for the period							1 155 464	654 135
Dividend for 2013 Rs. 4.00 (40%) per share (2012: Rs. 4.00 (40%) per share)							(500 000)	(500 000)
Interim dividend for 2014 Rs. 1.00 (10%) per share (2013: Rs. 1.00 (10%) per share)							(160 000)	(125 000)
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)	-
Balance unappropriated profit at end of the period							<u>1 290 491</u>	<u>1 547 397</u>
								Restated
Earnings per share - basic and diluted					(Rupees)		<u>7.22</u>	<u>4.09</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 28 October 2014



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	2014	2013
Profit for the period	276 681	68 274	1 155 464	654 135
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>276 681</u>	<u>68 274</u>	<u>1 155 464</u>	<u>654 135</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 28 October 2014

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2013	1 250 000	8 350 000	12 902	1 518 262	11 131 164
Total comprehensive income for the period					
Profit for the period	–	–	–	654 135	654 135
Transactions with owners, recorded directly in equity					
Final dividend paid for the year 2012 at the rate of Rs. 4.00 per share	–	–	–	(500 000)	(500 000)
Interim dividend paid for the year 2013 at the rate of Re. 1.00 per share	–	–	–	(125 000)	(125 000)
Balance as at 30 September 2013	<u>1 250 000</u>	<u>8 350 000</u>	<u>12 902</u>	<u>1 547 397</u>	<u>11 160 299</u>
Balance as at 1 January 2014	1 250 000	9 000 000	12 902	1 645 027	11 907 929
Total comprehensive income for the period					
Profit for the period	–	–	–	1 155 464	1 155 464
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2013 at the rate of Rs. 4.00 per share	–	–	–	(500 000)	(500 000)
Interim dividends paid for the year 2014 at the rate of Re. 1.00 per share	–	–	–	(160 000)	(160 000)
Issuance of bonus shares 2014: Rs. 0.28 (28%) per share for the year 2013 (2013: Nil)	350 000	–	–	(350 000)	–
Transfer to general reserve	–	500 000	–	(500 000)	–
Balance as at 30 September 2014	<u>1 600 000</u>	<u>9 500 000</u>	<u>12 902</u>	<u>1 290 491</u>	<u>12 403 393</u>

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

JAHANGIR SIDDIQUI
Director

RAFIQUE R. BHIMJEE
Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2014



CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

	2014	2013
Operating Cash Flows		
a) Underwriting activities		
Premiums received	10 325 999	10 069 479
Reinsurance premiums paid	(6 185 767)	(5 702 893)
Claims paid	(5 088 993)	(4 529 874)
Reinsurance and other recoveries received	2 747 875	2 167 484
Commissions paid	(1 086 755)	(1 028 648)
Commissions received	643 676	654 321
Management expenses paid	(1 043 174)	(930 220)
Net cash inflow from underwriting activities	312 861	699 649
b) Other operating activities		
Income tax paid	(168 592)	(84 053)
General and administration expenses	(375 725)	(333 918)
Other operating payments	(26 136)	(17 354)
Other operating receipts	18 556	11 822
Loans advanced	(547)	(430)
Loan repayments received	708	683
Net cash outflow from other operating activities	(551 736)	(423 250)
Total cash (outflow) / inflow from all operating activities	(238 875)	276 399
Investment activities		
Profit / return received	90 240	134 909
Dividends received	418 934	339 025
Rentals received	60 766	46 435
Payments for investments	(11 738 156)	(5 507 202)
Proceeds from disposal of investments	11 730 298	5 450 978
Fixed capital expenditures	(147 329)	(170 074)
Proceeds from disposal of fixed assets	29 501	13 994
Total cash inflow from investing activities	444 254	308 065
Financing activities		
Dividends paid	(645 412)	(617 397)
Net cash outflow from all activities	(440 033)	(32 933)
Cash at the beginning of the period	2 083 142	1 669 886
Cash at the end of the period	1 643 109	1 636 953
Reconciliation to profit and loss account		
Operating cash flows	(238 875)	276 399
Depreciation / amortisation expense	(130 530)	(127 540)
Rentals and investment income	559 609	418 139
Profit on deposits	86 901	80 347
Other income	19 433	18 810
Share of profit of an associate	247 129	219 944
Increase / (decrease) in assets other than cash	1 879 172	(586 519)
(Increase) / decrease in liabilities other than running finance	(1 267 373)	354 555
Profit after taxation	1 155 466	645 135
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	6 247	607
Current and other accounts	1 280 873	1 194 161
Deposits maturing within 12 months	355 989	442 185
	1 643 109	1 636 953

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JAHANGIR SIDDIQUI
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2014

CONDENSED INTERIM STATEMENT OF PREMIUMS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

Three months period ended 30 September

Class	Premiums				Reinsurance				Net premium revenue	Net premium revenue
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing		2014	2013
Direct and facultative										
Fire and property damage	3 488 076	3 171 168	4 636 746	2 022 498	2 801 812	2 303 670	3 419 573	1 685 909	336 589	447 928
Marine, aviation and transport	650 383	578 982	694 029	535 336	220 087	277 007	298 719	198 375	336 961	392 214
Motor	921 617	1 309 829	1 523 787	707 659	4 945	454	361	5 038	702 621	668 471
Miscellaneous	254 151	546 700	531 695	269 156	149 354	349 766	321 940	177 180	91 976	89 433
Total	5 314 227	5 606 679	7 386 257	3 534 649	3 176 198	2 930 897	4 040 593	2 066 502	1 468 147	1 598 046
Treaty - proportional	-	-	-	-	-	-	-	-	-	(15)
Grand total	5 314 227	5 606 679	7 386 257	3 534 649	3 176 198	2 930 897	4 040 593	2 066 502	1 468 147	1 598 031

Nine months period ended 30 September

Direct and facultative										
Fire and property damage	6 822 710	3 896 805	4 636 746	6 082 769	5 299 815	2 850 225	3 419 573	4 730 467	1 352 302	1 319 526
Marine, aviation and transport	1 786 469	437 619	694 029	1 530 059	653 834	95 530	298 719	450 645	1 079 414	1 113 892
Motor	2 333 122	1 304 949	1 523 787	2 114 284	12 354	760	361	12 753	2 101 531	1 976 871
Miscellaneous	910 293	479 110	531 695	857 708	566 751	323 554	321 940	568 365	289 343	248 814
Total	11 852 594	6 118 483	7 386 257	10 584 820	6 532 754	3 270 069	4 040 593	5 762 230	4 822 590	4 659 103
Treaty - proportional	-	-	-	-	-	-	-	-	-	(15)
Grand total	11 852 594	6 118 483	7 386 257	10 584 820	6 532 754	3 270 069	4 040 593	5 762 230	4 822 590	4 659 088

Note: Premium written includes administrative surcharge of Rs. 242.93 million (2013: Rs. 219.42 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 28 October 2014



CONDENSED INTERIM STATEMENT OF CLAIMS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

Class	Three months period ended 30 September										
	Claims				Reinsurance					Net claims expense	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	2014		
	Opening	Closing			Opening	Closing					
Direct and facultative											
Fire and property damage	383 072	2 812 219	3 326 096	896 949	279 212	2 073 832	2 550 072	755 452	141 497	317 018	
Marine, aviation and transport	1 187 266	2 529 324	1 233 636	(108 422)	1 036 117	1 976 661	730 256	(210 288)	101 866	257 296	
Motor	371 807	991 481	1 010 942	391 268	68	4 344	4 276	-	391 268	465 007	
Miscellaneous	117 514	595 742	599 267	121 039	69 419	463 523	439 071	44 967	76 072	89 116	
Total	2 059 659	6 928 766	6 169 941	1 300 834	1 384 816	4 518 360	3 723 675	590 131	710 703	1 128 437	
Treaty - proportional	70	-	-	70	-	-	-	-	70	-	
Grand total	2 059 729	6 928 766	6 169 941	1 300 904	1 384 816	4 518 360	3 723 675	590 131	710 773	1 128 437	

Nine months period ended 30 September

Direct and facultative											
Fire and property damage	2 073 837	4 090 104	3 326 096	1 309 829	1 518 908	3 162 894	2 550 072	906 086	403 743	651 604	
Marine, aviation and transport	1 460 153	955 872	1 233 636	1 737 917	1 056 004	510 805	730 256	1 275 455	462 462	652 108	
Motor	1 175 041	964 739	1 010 942	1 221 244	325	3 999	4 276	602	1 220 642	1 221 485	
Miscellaneous	365 289	607 931	599 267	356 625	166 822	459 940	439 071	145 953	210 672	179 116	
Total	5 074 320	6 618 646	6 169 941	4 625 615	2 742 059	4 137 638	3 723 675	2 328 096	2 297 519	2 704 313	
Treaty - proportional	70	3 494	-	(3 424)	-	-	-	-	(3 424)	(73)	
Grand total	5 074 390	6 622 140	6 169 941	4 622 191	2 742 059	4 137 638	3 723 675	2 328 096	2 294 095	2 704 240	

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 28 October 2014

CONDENSED INTERIM STATEMENT OF EXPENSES FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

Three months period ended 30 September

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
Direct and facultative									
Fire and property damage	315 870	322 717	436 510	202 077	83 693	285 770	217 877	67 893	101 454
Marine, aviation and transport	78 164	50 126	63 616	64 674	80 193	144 867	11 700	133 167	133 226
Motor	86 714	112 287	136 679	62 322	189 790	252 112	57	252 055	219 139
Miscellaneous	22 027	44 718	44 272	22 473	21 820	44 293	44 294	(1)	(2 934)
Total	502 775	529 848	681 077	351 546	375 496	727 042	273 928	453 114	450 885
Treaty - proportional	-	-	-	-	-	-	-	-	(6)
Grand total	502 775	529 848	681 077	351 546	375 496	727 042	273 928	453 114	450 879

Nine months period ended 30 September

Direct and facultative									
Fire and property damage	667 878	357 561	436 510	588 929	282 826	871 755	434 535	437 220	488 883
Marine, aviation and transport	205 497	56 537	63 616	198 418	225 753	424 171	23 642	400 529	404 765
Motor	206 834	115 895	136 679	186 050	524 316	710 366	171	710 195	652 399
Miscellaneous	76 933	37 551	44 272	70 212	60 514	130 726	138 643	(7 917)	(30 507)
Total	1 157 142	567 544	681 077	1 043 609	1 093 409	2 137 018	596 991	1 540 027	1 515 540
Treaty - proportional	-	-	-	-	-	-	-	-	(6)
Grand total	1 157 142	567 544	681 077	1 043 609	1 093 409	2 137 018	596 991	1 540 027	1 515 534

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

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JAHANGIR SIDDIQUI
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2014



CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	2014	2013
Income from non - trading investments				
Return on government securities	42 927	4 209	49 965	21 158
Return on other fixed income securities and deposits	1 493	1 983	5 152	14 184
Amortisation of premium relative to par	3 370	238	3 574	518
Dividend income	43 978	74 455	154 375	188 198
Gain on sale of non - trading investments	22 162	44 910	204 340	214 853
	113 930	125 795	417 406	438 911
(Provision) / Reversal for impairment - available for sale investments - net	(15 345)	(32 064)	84 324	(56 412)
Investment related expenses	(200)	(200)	(614)	(400)
Net investment income	<u>98 385</u>	<u>93 531</u>	<u>501 116</u>	<u>382 099</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 28 October 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 period ended 30 September 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 revised standard, 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 interpretations 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 September 2014 (Unaudited)	31 December 2013 (Audited)
General reserve	9 500 000	9 000 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	1 290 491	1 645 027
	<u>10 803 393</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 September 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		247 129	398 562
Dividend received		(279 334)	(209 316)
		11 146 157	11 178 362
Provision for impairment		(1 987 000)	(1 987 000)
		9 159 157	9 191 362
Available for sale	8.2 & 8.4		
In related parties			
Mutual funds		88 961	253 316
Ordinary shares		2 121 922	2 121 922
		2 210 883	2 375 238
Provision for impairment – net of reversals		(1 877 981)	(1 912 418)
		332 902	462 820
Others			
Mutual funds		577 631	2 436 050
Ordinary shares		2 443 115	2 470 083
Preference shares		20 000	20 000
Fixed income securities	8.3		
Government securities		2 518 473	232 396
Term finance certificates		87 848	111 986
		5 647 067	5 270 515
Provision for impairment – net of reversals		(103 576)	(153 463)
		5 543 491	5 117 052
		15 035 550	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 September 2014 was Rs. 5 845 million (31 December 2013: Rs. 3 511 million) and Rs. 9 317 million (31 December 2013: Rs. 7 420 million) respectively.



- 8.3 The fixed income securities includes Government Securities amounting to Rs. 165 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 September 2014 would have been higher by Rs. 3 442 million (31 December 2013: higher by Rs. 1 841 million).

9. Premiums due but unpaid – net – unsecured

Rupees '000

	30 September 2014 (Unaudited)	31 December 2013 (Audited)
Considered good	4 369 925	2 843 331
Considered doubtful	26 000	26 000
	<u>4 395 925</u>	<u>2 869 331</u>
Provision for doubtful balances	(26 000)	(26 000)
	<u>4 369 925</u>	<u>2 843 331</u>

10. Fixed assets – tangibles and intangibles

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

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	30 September 2014 (Unaudited)	30 September 2013 (Unaudited)	30 September 2014 (Unaudited)	30 September 2013 (Unaudited)
Tangible				
Building improvements	29 561	36 187	–	–
Furniture and fixtures	29 473	26 000	–	1 209
Vehicles	75 821	52 495	4 440	4 718
Office equipments	6 688	18 872	–	–
Computers	3 097	15 525	117	–
Intangible				
Computer softwares	94	469	–	–
	<u>144 734</u>	<u>149 548</u>	<u>4 557</u>	<u>5 927</u>

11. Provision for taxation

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	2014	2013
For the period				
Current	108 027	14 293	320 878	147 485
Deferred	7 877	7 273	2 656	(3 027)
	<u>115 904</u>	<u>21 566</u>	<u>323 534</u>	<u>144 458</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	8 164 378	7 620 077	1 773 487	1 180 598	824 418	524 891	2 121 570	1 552 808	–	–	12 883 853	10 878 374
Corporate unallocated assets											17 976 828	18 060 163
Total assets											<u>30 860 681</u>	<u>28 938 537</u>
Corporate segment liabilities	10 693 319	10 405 610	2 339 034	1 664 416	2 630 421	2 344 045	2 077 597	2 019 047	–	3 494	17 740 371	16 436 612
Corporate unallocated liabilities											716 917	593 996
Total liabilities											<u>18 457 288</u>	<u>17 030 608</u>
Capital expenditures											147 329	170 074
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											130 530	127 540
Total depreciation											<u>130 530</u>	<u>127 540</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	4 799 086	4 635 775	30 684 777	28 781 798	18 363 235	16 939 719	147 329	170 074
EPZ *	23 504	23 313	175 602	156 151	94 053	90 889	–	–
Saudi Arabia **	–	–	302	588	–	–	–	–
Total	<u>4 822 590</u>	<u>4 659 088</u>	<u>30 860 681</u>	<u>28 938 537</u>	<u>18 457 288</u>	<u>17 030 608</u>	<u>147 329</u>	<u>170 074</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 September		Nine months period ended 30 September	
	2014	2013	2014	2013
Transactions				
Associated company				
Premiums written	25	94	17 869	14 880
Premiums paid	1 735	453	6 897	11 699
Claims paid	1 589	518	6 818	2 862
Claims lodged	–	–	2 232	3 369
Investments made	–	11 079	–	16 586
Dividends received	64 462	64 153	279 334	209 316
Dividends paid	10 901	8 516	44 966	42 581
Expenses recovered	–	–	4 979	1 000
Key management personnel				
Premiums written	290	20	465	719
Claims paid	390	–	390	–
Dividends paid	354	267	1 461	1 296
Bonus shares paid (face value)	–	–	775	–
Compensation	38 161	32 552	95 608	85 820
Others				
Premiums written	28 773	18 399	95 583	75 095
Premiums paid	126	(6)	9 147	8 086
Claims paid	19 023	11 351	47 095	25 617
Claims lodged	1 632	1 061	7 273	4 528
Investments made	–	242 000	703 500	662 000
Dividend received	–	13 357	–	13 357
Investments sold	252 353	230 000	867 853	555 000
Dividends paid	86 389	52 041	338 707	308 668
Bonus shares paid (face value)	–	–	176 623	–
Bank deposits	70 500	(75 000)	70 500	(75 000)
Brokerage paid	–	110	133	387
Profit on TFCs	–	33	–	888
Employees' funds				
Contribution to provident fund	5 251	4 589	16 182	14 466
Contribution to gratuity fund	4 884	4 942	7 269	14 545
Contribution to pension fund	53	86	217	232
Dividend paid	825	644	3 402	3 221

Rupees '000

	30 September 2014 (Unaudited)	31 December 2013 (Audited)
Others		
Balances receivable	287	1 353
Balances payable	(270)	(227)
Deposits maturing within 12 months	70 500	145 500
Bank balances	119 583	95 502
Employees' funds receivable		
EFU gratuity fund	20 629	27 898
EFU pension fund	3 530	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 28 October 2014.

JAHANGIR SIDDIQUI
Director

RAFIQUE R. BHIMJEE
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 October 2014