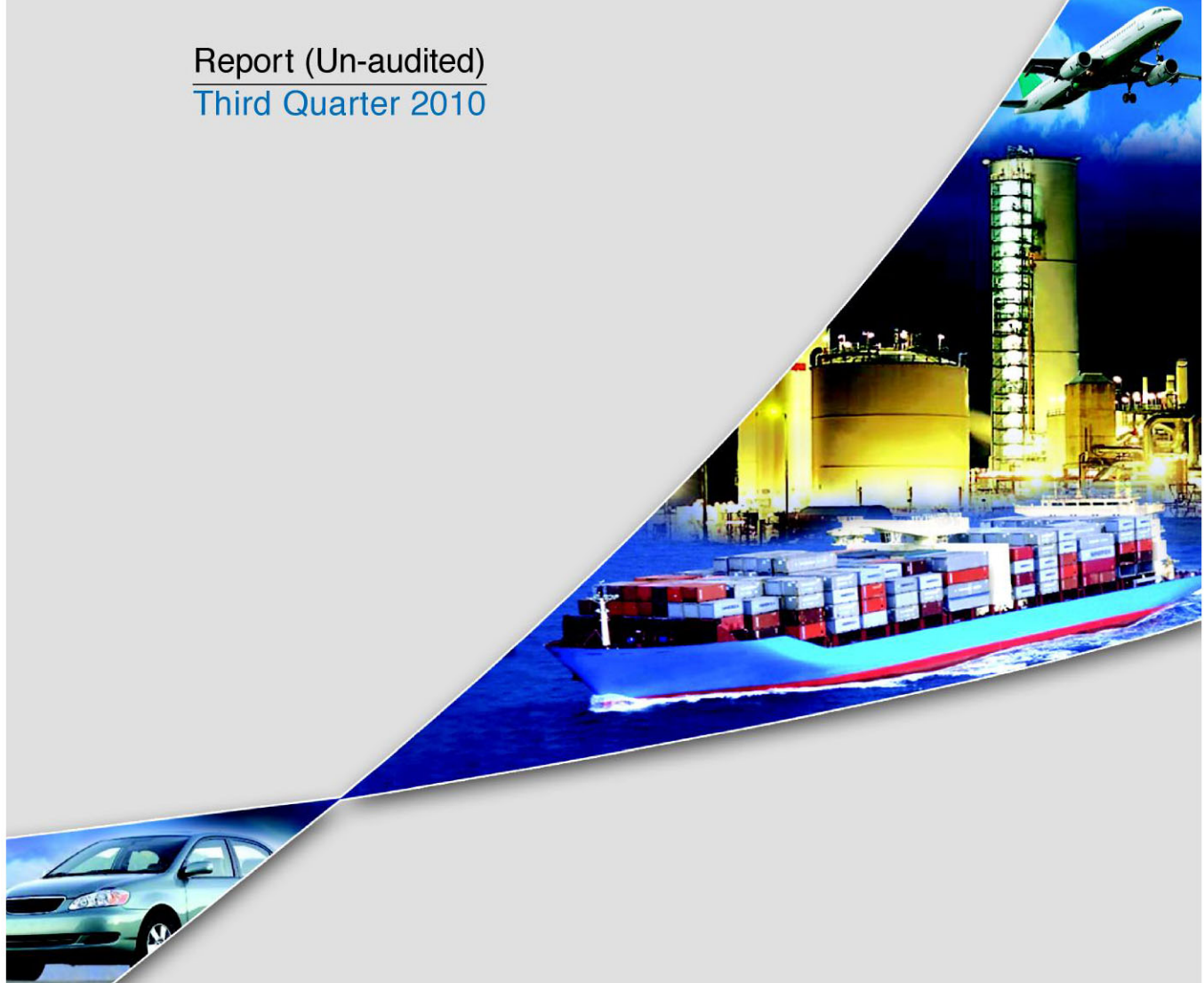


Report (Un-audited)
Third Quarter 2010



GENERAL

EFU GENERAL INSURANCE LTD.

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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 Shahra-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.

Directors' Review

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

The written premium for the nine months period was Rs. 7,923 million as against Rs. 7,797 million in the corresponding period of last year. The overall claim ratio on Net Premium Revenue was 67 % as against 71 % in the corresponding period of last year. The total underwriting profit for the nine months period was Rs. 126 million as compared to Rs. 97 million in corresponding period of 2009. The Property Department suffered an underwriting loss of Rs. 119 million mainly due to recent floods in Pakistan.

The Investment loss for the nine months period was Rs. 598 million compared to profit of Rs. 693 million in the corresponding period of last year. The loss is due to provision for impairment of Rs. 772 million due to decline in value of equity investments.

The after tax loss for the nine months was Rs. 686 million compared to profit of Rs. 675 million in the corresponding period of last year.

The Reserves and Retained earnings as at 30 September 2010 stand at Rs. 8.07 billion and the Break up value was Rs. 74.55.

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.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi, 29 October 2010

**Condensed Interim Balance Sheet
As at 30 September 2010 (Unaudited)**

	Note	30 September 2010 (Unaudited)	31 December 2009 (Audited)
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	8,068,873	9,314,492
		9,318,873	10,464,492
Underwriting provisions			
Provision for outstanding claims (including IBNR)		6,248,779	5,508,917
Provision for unearned premium		4,717,094	4,004,955
Premium deficiency reserve		50,107	54,900
Commission income unearned		166,556	141,326
Total underwriting provisions		11,182,536	9,710,098
Deferred liabilities			
Staff retirement benefits		12,485	24,379
Creditors and accruals			
Premiums received in advance		12,178	16,562
Amounts due to other insurers / reinsurers		1,049,653	788,955
Accrued expenses		137,440	139,140
Agent balances		448,125	341,408
Unearned rentals		37,465	48,143
Other creditors and accruals		161,494	105,005
		1,846,355	1,439,213
Other liabilities			
Other deposits		339,225	260,238
Unclaimed dividends		48,759	40,530
		387,984	300,768
Total liabilities		13,429,360	11,474,458
Total equity and liabilities		22,748,233	21,938,950
Contingencies and commitments	8		

Rupees '000

	<u>Note</u>	<u>30 September 2010 (Unaudited)</u>	<u>31 December 2009 (Audited)</u>
Cash and bank deposits			
Cash and other equivalent		3,246	2,734
Current and other accounts		826,717	654,639
Deposits maturing within 12 months		434,352	692,233
		1,264,315	1,349,606
Loans - secured considered good			
To employees		3,108	2,775
Investments	6	11,336,467	12,643,728
Investment properties		240,353	242,110
Deferred taxation		29,670	33,657
Other assets			
Premiums due but unpaid - net	7	2,631,936	1,788,272
Amounts due from other insurers / reinsurers		128,421	98,239
Salvage recoveries accrued		15,450	26,271
Accrued investment income		48,325	30,620
Reinsurance recoveries against outstanding claims		3,924,270	3,274,763
Taxation - payments less provision		184,821	199,379
Deferred commission expense		476,527	382,595
Prepayments		1,730,832	1,297,074
Security deposits		5,677	5,190
Other receivables		43,232	19,196
		9,189,491	7,121,599
Fixed assets-tangible & intangible			
Land and buildings		210,446	174,515
Furniture, fixtures and office equipment		219,067	197,518
Motor vehicles		135,490	138,330
Computer software		48,488	4,068
Capital work-in-progress		71,338	31,044
		684,829	545,475
Total assets		<u>22,748,233</u>	<u>21,938,950</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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

Rupees '000

	Three months period ended 30 September					Aggregate	
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	2010	2009
Revenue account							
Net premium revenue	541,382	246,943	725,880	74,623	245	1,589,073	1,440,324
Net claims	(394,891)	(154,232)	(468,452)	(35,677)	452	(1,052,800)	(1,189,988)
Change in premium deficiency reserve	7,660	-	-	-	-	7,660	-
Management expenses	(85,597)	(37,072)	(141,255)	(11,945)	-	(275,869)	(255,237)
Net commission	(82,504)	(39,982)	(48,855)	8,216	(58)	(163,183)	(107,661)
Underwriting result	(13,950)	15,657	67,318	35,217	639	104,881	(112,562)
Investment income						16,110	613,292
Rental income						22,237	22,426
Other income						27,104	18,603
Share of profit of an associate						25,142	80,080
Difference in exchange						282	(100)
General and administration expenses						(123,275)	(111,168)
						(32,400)	623,133
Profit before tax						72,481	510,571
Provision for taxation - current						(21,183)	(24,278)
- deferred						(28,476)	48,977
						(49,659)	24,699
Profit after tax						22,822	535,270
Earnings per share - basic and diluted				(Rupees)		0.18	4.28

	Nine months period ended 30 September							
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	2010	2009	
Revenue account								
Net premium revenue	1,240,569	746,022	2,294,179	157,548	(2,694)	4,435,624	4,229,628	
Net claims	(909,860)	(405,435)	(1,550,608)	(121,451)	5,349	(2,982,005)	(3,011,679)	
Change in premium deficiency reserve	4,793	-	-	-	-	4,793	-	
Management expenses	(213,684)	(128,500)	(487,903)	(27,137)	-	(857,224)	(798,168)	
Net commission	(240,716)	(127,178)	(151,161)	43,710	558	(474,787)	(322,988)	
Underwriting result	(118,898)	84,909	104,507	52,670	3,213	126,401	96,793	
Investment (loss) / income						(598,167)	692,713	
Rental income						62,235	66,111	
Other income						73,801	73,419	
Share of profit of an associate						47,727	118,371	
Difference in exchange						1,707	2,448	
General and administration expenses						(335,888)	(336,361)	
						(748,585)	616,701	
(Loss) / profit before tax						(622,184)	713,494	
Provision for taxation - current						(59,448)	(45,037)	
- deferred						(3,987)	6,697	
						(63,435)	(38,340)	
(Loss) / profit after tax						(685,619)	675,154	
Profit and loss appropriation account								
Balance at commencement of period						801,590	(5,456,959)	
(Loss) / profit after tax						(685,619)	675,154	
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						(594,029)	744,445	
(Loss) / earnings per share - basic and diluted				(Rupees)		(5.48)	5.40	

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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

Rupees '000

	<u>2010</u>	<u>2009</u>
(Loss) / profit for the period	(685,619)	675,154
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	<u>(685,619)</u>	<u>675,154</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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

Rupees '000

	Share capital	General reserve	Unapprop- riated 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			675,154		675,154
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 September 2009	<u>1,150,000</u>	<u>8,500,000</u>	<u>744,445</u>	<u>12,902</u>	<u>10,407,347</u>
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			(685,619)		(685,619)
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 September 2010	<u>1,250,000</u>	<u>8,650,000</u>	<u>(594,029)</u>	<u>12,902</u>	<u>9,318,873</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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

Rupees '000

	2010	2009
Operating cash flows		
a) Underwriting activities		
Premiums received	7,081,888	7,062,167
Reinsurance premiums paid	(2,937,213)	(2,967,523)
Claims paid	(4,029,005)	(3,303,907)
Reinsurance and other recoveries received	1,115,298	750,498
Commissions paid	(705,450)	(645,987)
Commissions received	268,678	255,557
Management expenses paid	(781,522)	(724,454)
Net cash flow from underwriting activities	12,674	426,351
b) Other operating activities		
Income tax paid	(44,891)	(41,295)
Other operating payments	(346,633)	(331,764)
Other operating receipts	132,799	109,267
Loans advanced	(1,195)	(586)
Loan repayments received	862	781
Net cash flow used in other operating activities	(259,058)	(263,597)
Total cash flow from all operating activities	(246,384)	162,754
Investment activities		
Profit / return received	95,215	105,891
Dividends received	266,833	221,561
Rentals received	51,557	67,460
Payments for investments	(564,634)	(955,604)
Proceeds from disposal of investments	1,008,028	652,610
Fixed capital expenditure	(258,808)	(69,846)
Proceeds from disposal of fixed assets	14,673	7,604
Total cash flow from investing activities	612,864	29,676
Financing activities		
Dividends paid	(451,771)	(373,715)
Net cash outflow from all activities	(85,291)	(181,285)
Cash at the beginning of the year	1,349,606	1,303,684
Cash at the end of the period	1,264,315	1,122,399
Reconciliation to profit and loss account		
Operating cash flows	(246,383)	162,754
Depreciation expense	(114,014)	(96,690)
Investment and rental (loss) / income	(535,931)	758,824
Other Income	73,801	73,419
Share of profit of an associate	47,727	118,371
Increase in assets other than cash	2,046,531	1,027,412
Increase in liabilities other than running finance	(1,957,350)	(1,368,936)
(Loss) / profit after taxation	(685,619)	675,154
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	3,246	4,712
Current and other accounts	826,717	834,581
Deposits maturing within 12 months	434,352	283,106
	1,264,315	1,122,399

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman



GENERAL

**Condensed Interim Statement of Premiums
for the nine months period ended 30 September 2010 (Unaudited)**

Rupees '000

Three months period ended 30 September

Class	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2010	2009
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	1,451,722	1,992,445	2,368,960	1,075,207	690,056	995,447	1,151,678	533,825	541,382	300,997
Marine, aviation and transport	414,078	418,195	456,212	376,061	148,632	226,381	245,895	129,118	246,943	206,324
Motor	786,375	1,418,743	1,476,072	729,046	3,084	233	151	3,166	725,880	885,424
Miscellaneous	170,722	460,018	415,850	214,890	92,046	344,507	296,286	140,267	74,623	32,179
Total	2,822,897	4,289,401	4,717,094	2,395,204	933,818	1,566,568	1,694,010	806,376	1,588,828	1,424,924
Treaty - proportional	245	-	-	245	-	-	-	-	245	15,400
Grand Total	2,823,142	4,289,401	4,717,094	2,395,449	933,818	1,566,568	1,694,010	806,376	1,589,073	1,440,324

Nine months period ended 30 September

Direct and facultative										
Fire and property damage	3,695,351	1,828,651	2,368,960	3,155,042	2,195,388	870,763	1,151,678	1,914,473	1,240,569	710,094
Marine, aviation and transport	1,266,393	335,275	456,212	1,145,456	490,164	155,165	245,895	399,434	746,022	586,204
Motor	2,276,051	1,503,549	1,476,072	2,303,528	9,267	233	151	9,349	2,294,179	2,736,189
Miscellaneous	687,757	337,480	415,850	609,387	503,092	245,033	296,286	451,839	157,548	94,460
Total	7,925,552	4,004,955	4,717,094	7,213,413	3,197,911	1,271,194	1,694,010	2,775,095	4,438,318	4,126,947
Treaty - proportional	(2,694)	-	-	(2,694)	-	-	-	-	(2,694)	102,681
Grand Total	7,922,858	4,004,955	4,717,094	7,210,719	3,197,911	1,271,194	1,694,010	2,775,095	4,435,624	4,229,628

Note: Premium written includes administrative surcharge of Rs. 214.97 million (2009: Rs. 250.21 million)

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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

Rupees '000

Three months period ended 30 September

Class	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	496,483	1,955,633	2,513,602	1,054,452	253,782	1,336,281	1,742,060	659,561	394,891	369,829
Marine, aviation and transport	145,740	1,006,968	2,178,015	1,316,787	41,998	716,082	1,836,639	1,162,555	154,232	124,816
Motor	512,389	1,228,246	1,184,090	468,233	(208)	50,788	50,777	(219)	468,452	660,593
Miscellaneous	59,762	320,972	369,516	108,306	35,750	257,915	294,794	72,629	35,677	15,709
Total	1,214,374	4,511,819	6,245,223	2,947,778	331,322	2,361,066	3,924,270	1,894,526	1,053,252	1,170,947
Treaty - proportional	(5)	4,003	3,556	(452)	-	-	-	-	(452)	19,041
Grand Total	1,214,369	4,515,822	6,248,779	2,947,326	331,322	2,361,066	3,924,270	1,894,526	1,052,800	1,189,988

Nine months period ended 30 September

Direct and facultative										
Fire and property damage	1,633,874	2,905,488	2,513,602	1,241,988	871,474	2,281,406	1,742,060	332,128	909,860	644,899
Marine, aviation and transport	404,374	915,746	2,178,015	1,666,643	84,798	660,229	1,836,639	1,261,208	405,435	290,465
Motor	1,702,732	1,336,973	1,184,090	1,549,849	1,608	53,144	50,777	(759)	1,550,608	1,923,530
Miscellaneous	298,845	339,977	369,516	328,384	192,123	279,984	294,794	206,933	121,451	44,624
Total	4,039,825	5,498,184	6,245,223	4,786,864	1,150,003	3,274,763	3,924,270	1,799,510	2,987,354	2,903,518
Treaty - proportional	1,828	10,733	3,556	(5,349)	-	-	-	-	(5,349)	108,161
Grand Total	4,041,653	5,508,917	6,248,779	4,781,515	1,150,003	3,274,763	3,924,270	1,799,510	2,982,005	3,011,679

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

**Condensed Interim Statement of Expenses
for the nine months period ended 30 September 2010 (Unaudited)**

Rupees '000

Three months period ended 30 September

Class	Commission			Net expense	Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
	Paid or payable	Deferred						2010	2009
		Opening	Closing						
Direct and facultative									
Fire and property damage	192,689	207,574	281,010	119,253	85,597	204,850	36,749	168,101	81,385
Marine, aviation and transport	52,225	43,824	45,236	50,813	37,072	87,885	10,831	77,054	66,403
Motor	58,761	92,366	102,248	48,879	141,255	190,134	24	190,110	221,328
Miscellaneous	22,494	48,648	48,033	23,109	11,945	35,054	31,325	3,729	(8,833)
Total	326,169	392,412	476,527	242,054	275,869	517,923	78,929	438,994	360,283
Treaty - proportional	58	-	-	58	-	58	-	58	2,615
Grand Total	326,227	392,412	476,527	242,112	275,869	517,981	78,929	439,052	362,898

Nine months period ended 30 September

Direct and facultative									
Fire and property damage	423,138	200,735	281,010	342,863	213,684	556,547	102,147	454,400	224,581
Marine, aviation and transport	155,543	47,610	45,236	157,917	128,500	286,417	30,739	255,678	199,489
Motor	157,887	95,597	102,248	151,236	487,903	639,139	75	639,064	731,435
Miscellaneous	76,157	38,653	48,033	66,777	27,137	93,914	110,487	(16,573)	(32,193)
Total	812,725	382,595	476,527	718,793	857,224	1,576,017	243,448	1,332,569	1,123,312
Treaty - proportional	(558)	-	-	(558)	-	(558)	-	(558)	(2,156)
Grand Total	812,167	382,595	476,527	718,235	857,224	1,575,459	243,448	1,332,011	1,121,156

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

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



Rupees '000

	Nine months period ended 30 September 2010		Three months period ended 30 September 2010	
	2010	2009	2010	2009
Income from trading investments				
Gain on sale of trading investments	377	1,132	12	30
Return on fixed income securities	-	2,579	-	-
	377	3,711	12	30
Income from non-trading investments				
Return on government securities	10,785	22,187	3,611	11,355
Return on other fixed income securities and deposits	27,305	28,004	9,028	8,815
Amortisation of premium relative to par	(3,084)	(2,870)	(1,053)	(985)
Dividend income	108,285	92,094	21,300	26,155
Gain on sale of non-trading investments	31,632	131,113	30,424	53,163
	174,923	270,528	63,310	98,503
Provision for impairment - available for sale - net	(772,422)	420,145	(47,012)	515,187
Investment related expenses	(1,045)	(1,671)	(200)	(428)
Net investment (loss) / income	<u>(598,167)</u>	<u>692,713</u>	<u>16,110</u>	<u>613,292</u>

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

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Notes to the Condensed Interim Financial Statements for the nine months period ended 30 September 2010 (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 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

		30 September 2010	31 December 2009
			Rupees '000
Investment in associate	6.1	10 576 054	10 690 884
Less: Provision for impairment		<u>(1 987 000)</u>	<u>(1 987 000)</u>
		8 589 054	8 703 884
Available for sale	6.1		
In related parties			
Equity securities		2 542 816	2 570 504
Fixed income securities		30 463	36 685
		2 573 279	2 607 189
Others			
Equity securities		2 483 194	2 858 788
Fixed income securities	6.2	347 032	357 537
		2 830 226	3 216 325
Less: Provision for impairment (net of reversals)		<u>(2 656 092)</u>	<u>(1 883 670)</u>
		2 747 413	3 939 844
		<u>11 336 467</u>	<u>12 643 728</u>

6.1 The market value of investments in associates and available for sale investments as on 30 September 2010 was Rs.4 732 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. 132 million deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

		30 September 2010	31 December 2009
			Rupees '000
7. Premium due but unpaid – net – unsecured			
Considered good		2 631 936	1 788 272
Considered doubtful		1 093	1 093
		2 633 029	1 789 365
Provision for doubtful balances		<u>(1 093)</u>	<u>(1 093)</u>
		<u>2 631 936</u>	<u>1 788 272</u>

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) . 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 nine months period ended 30 September 2010 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Tangibles				
Buildings	45 215	11 701	-	-
Furniture and fixtures	22 449	27 732	41	25
Vehicles	44 225	14 659	7 116	2 262
Office equipments	5 538	4 498	40	74
Computers	28 911	8 135		
Intangibles				
Computer softwares	60 258	2 146	-	-
	<u>206 596</u>	<u>68 871</u>	<u>7 197</u>	<u>2,361</u>

10. Share capital

Issued, subscribed and paid-up

Number of shares		Rupees '000	
30 September 2010	31 December 2009	30 September 2010	31 December 2009
250 000	250 000	2 500	2 500
124 750 000	114 750 000	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>

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 September 2010	31 December 2009
General reserve	8 650 000	8 500 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	(594 029)	801 590
	<u>8 068 873</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	4,358,820	4,180,441	2,641,941	1,155,659	611,012	487,103	1,258,840	1,018,131	-	-	8,870,614	6,841,334
Corporate unallocated assets	-	-	-	-	-	-	-	-	-	-	13,877,619	15,097,616
Total assets	<u>4,358,820</u>	<u>4,180,441</u>	<u>2,641,941</u>	<u>1,155,659</u>	<u>611,012</u>	<u>487,103</u>	<u>1,258,840</u>	<u>1,018,131</u>	<u>-</u>	<u>-</u>	<u>22,748,233</u>	<u>21,938,950</u>
Corporate segment liabilities	5,899,946	5,392,163	2,964,342	1,185,311	2,718,103	3,195,401	1,150,833	676,687	3,556	153,467	12,736,778	11,117,203
Corporate unallocated liabilities	-	-	-	-	-	-	-	-	-	-	692,582	357,255
Total liabilities	<u>5,899,946</u>	<u>5,392,163</u>	<u>2,964,342</u>	<u>1,185,311</u>	<u>2,718,103</u>	<u>3,195,401</u>	<u>1,150,833</u>	<u>676,687</u>	<u>3,556</u>	<u>153,467</u>	<u>13,429,360</u>	<u>11,474,458</u>
Capital expenditure											<u>206,596</u>	<u>127,124</u>
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-	114,014	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>114,014</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	4,427,445	4,227,045	22,538,383	21,750,994	206,596
EPZ	8,179	2,583	179,138	158,605	-	-
Saudi Arabia	-	-	30,712	29,351	-	-
Total	<u>4,435,624</u>	<u>4,229,628</u>	<u>22,748,233</u>	<u>21,938,950</u>	<u>206,596</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 September 2010</u>	<u>30 September 2009</u>
		Rupees '000
Transactions		
Associated company		
Premium written	8 064	6 237
Premium paid	7 747	6 688
Claims paid	3 927	3 870
Claims lodged	2 442	1 687
Investment made	8 611	15 809
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	646	483
Claims Paid	36	-
Bonus share issued	30 042	-
Dividend paid	138 202	112 135
Compensation	76 391	76 714
Others		
Premium written	88 814	68 538
Premium paid	2 488	4 101
Claims paid	17 732	-
Claims lodged	2 943	1 712
Commission earned / paid	155	1 8126
Investment made	11 606	10 793
Sale of investment	38 180	-
Bonus shares issued	20 515	-
Bonus shares received	964	-
Dividend paid	94 370	74 825
Dividend received	9 519	16 418
Expenses paid	44	302
Brokerage paid	1 074	1 782
Donation paid	530	1 750
Employees' funds		
Contribution to provident fund	12 372	11 186
Contribution to gratuity fund	24 379	20 960
Contribution to pension fund	239	257
Bonus shares issued	514	-
Dividend paid	2 366	1 923
	<u>30 September 2010</u>	<u>31 December 2009</u>
Balances		
Associated company		
Balances receivable	2 110	362
Key management personnel		
Balances receivable	47	-
Others		
Balance receivable	46 624	33 807
Balance payable	(40)	(108 663)
Employees' funds receivable / (payable)		
EFU gratuity fund	(10 468)	(12 786)
EFU pension fund	5 233	36 464

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 29 October 2010.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman