

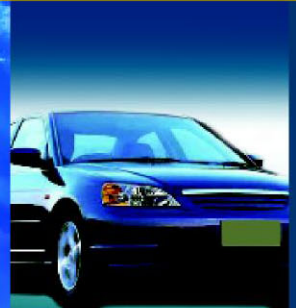


# GENERAL

EFU GENERAL INSURANCE LTD.

REPORT (UN-AUDITED)  
THIRD QUARTER

# 2011



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**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](http://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

## Directors' Review

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We are pleased to present the unaudited financial statements for the nine months period ended 30th September 2011.

The written Premium for the nine months period was Rs. 9 889 million as against Rs. 7 923 million in the corresponding period of last year, representing growth of Rs. 1,966 million (25 %). The overall claims to Net Premium Revenue ratio was 60 % as against 67 % in the corresponding period of 2010. The total underwriting profit for the nine months period was Rs. 521 million as compared to Rs. 126 million in corresponding period of 2010.

The Rental and Investment Income for the nine months period was Rs. 158 million compared to loss of Rs. 472 million in the corresponding period of last year.

The after tax profit for the nine months was Rs. 309 million compared to loss of Rs. 686 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 September 2011 stood at Rs. 7 Billion. 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 September 2011 was Rs. 77.95

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.

RAFIQUE R. BHIMJEE  
*Director*

MUNEER R. BHIMJEE  
*Director*

HASANALI ABDULLAH  
*Managing Director & Chief Executive*

SAIFUDDIN N. ZOOMKAWALA  
*Chairman*

Karachi, 26 October 2011

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



	Note	30 September 2011 ( Unaudited )	31 December 2010 ( Audited )
<b>Share capital and reserves</b>			
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	8 494 045	8 341 171
		9 744 045	9 591 171
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		6 977 041	7 950 208
Provision for unearned premium		6 057 678	4 537 413
Premium deficiency reserve		30 133	57 029
Commission income unearned		247 375	162 567
Total underwriting provisions		13 312 227	12 707 217
<b>Deferred liabilities</b>			
Staff retirement benefits		22 045	40 847
Deferred taxation		13 847	-
		35 892	40 847
<b>Creditors and accruals</b>			
Premiums received in advance		10 849	10 310
Amounts due to other insurers / reinsurers		1 640 430	1 131 657
Accrued expenses		145 102	156 505
Agent balances		515 788	387 485
Unearned rentals		38 697	42 912
Other creditors and accruals		203 928	101 142
		2 554 794	1 830 011
<b>Other liabilities</b>			
Other deposits		352 155	320 126
Unclaimed dividends		55 529	52 297
		407 684	372 423
<b>Total liabilities</b>		16 310 597	14 950 498
<b>Total equity and liabilities</b>		26 054 642	24 541 669
<b>Contingencies</b>	8		

Rupees '000

	<b>Note</b>	<b>30 September 2011 ( Unaudited )</b>	<b>31 December 2010 ( Audited )</b>
<b>Cash and bank deposits</b>			
Cash and other equivalent		2 438	2 396
Current and other accounts		1 084 650	870 872
Deposits maturing within 12 months		479 691	833 303
		1 566 779	1 706 571
<b>Loans - secured considered good</b>			
To employees		3 551	3 293
<b>Investments</b>	6	11 858 137	11 663 731
<b>Investment properties</b>		222 155	235 703
<b>Deferred taxation</b>		-	115 012
<b>Other assets</b>			
Premiums due but unpaid - net	7	3 369 842	1 937 676
Amounts due from other insurers / reinsurers		74 464	150 143
Salvage recoveries accrued		14 897	19 703
Accrued investment income		37 085	31 296
Reinsurance recoveries against outstanding claims		4 564 102	5 626 075
Taxation - payments less provision		76 620	105 125
Deferred commission expense		571 013	432 111
Prepayments		2 881 348	1 754 648
Security deposits		4 049	5 243
Other receivables		56 128	46 254
		11 649 548	10 108 274
<b>Fixed assets - tangible and intangible</b>			
Land and buildings	9	241 062	214 528
Furniture, fixtures and office equipments		352 115	215 966
Motor vehicles		118 642	131 785
Computer softwares		27 566	42 948
Capital work-in-progress		15 087	103 858
		754 472	709 085
<b>Total assets</b>		<u>26 054 642</u>	<u>24 541 669</u>

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

# Condensed Interim Profit and Loss Account

## For the nine months period ended 30 September 2011 (Unaudited)



Rupees '000

### Three months period ended 30 September

	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	
						2011	2010
<b>Revenue account</b>							
Net premium revenue	626 575	369 485	647 907	90 216	1	1 734 184	1 589 073
Net claims	(372 555)	(212 355)	(447 028)	(31 789)	(16)	(1 063 743)	(1 052 800)
Change in premium deficiency reserve	-	-	-	-	-	-	7 660
Management expenses	(101 719)	(59 454)	(121 468)	(14 733)	-	(297 374)	(275 869)
Net commission	(92 760)	(57 069)	(48 491)	8 967	-	(189 353)	(163 183)
<b>Underwriting result</b>	<u>59 541</u>	<u>40 607</u>	<u>30 920</u>	<u>52 661</u>	<u>(15)</u>	<u>183 714</u>	<u>104 881</u>
Investment income						8 519	16 110
Rental income						22 221	22 237
Profit on deposits						30 775	23 757
Other income						3 913	3 347
Share of profit of an associate						61 929	25 142
Exchange profit						3 777	282
General and administration expenses						(116 924)	(123 275)
						<u>14 210</u>	<u>(32 400)</u>
<b>Profit before tax</b>						<u>197 924</u>	<u>72 481</u>
Provision for taxation - current						(23 461)	(21 183)
- deferred						(58 213)	(28 476)
						<u>(81 674)</u>	<u>(49 659)</u>
<b>Profit after tax</b>						<u>116 250</u>	<u>22 822</u>
<b>Earnings per share - basic and diluted</b>					(Rupees)	<u>0.93</u>	<u>0.18</u>

### Nine months period ended 30 September

<b>Revenue account</b>							
Net premium revenue	1 512 946	970 584	1 980 340	205 010	1	4 668 881	4 435 624
Net claims	(793 724)	(568 155)	(1 343 062)	(94 831)	930	(2 798 842)	(2 982 005)
Change in premium deficiency reserve	26 896	-	-	-	-	26 896	4 793
Management expenses	(260 063)	(166 836)	(414 909)	(35 240)	-	(877 048)	(857 224)
Net commission	(259 862)	(155 176)	(142 561)	59 116	-	(498 483)	(474 787)
<b>Underwriting result</b>	<u>226 193</u>	<u>80 417</u>	<u>79 808</u>	<u>134 055</u>	<u>931</u>	<u>521 404</u>	<u>126 401</u>
Investment income / (loss)						13 320	(598 167)
Rental income						65 193	62 235
Profit on deposits						79 684	64 145
Other income						11 472	9 656
Share of profit of an associate						188 446	47 727
Exchange profit						1 690	1 707
General and administration expenses						(361 314)	(335 888)
						<u>(1 509)</u>	<u>(748 585)</u>
<b>Profit / (loss) before tax</b>						<u>519 895</u>	<u>(622 184)</u>
Provision for taxation - current						(81 912)	(59 448)
- deferred						(128 859)	(3 987)
						<u>(210 771)</u>	<u>(63 435)</u>
<b>Profit / (loss) after tax</b>						<u>309 124</u>	<u>(685 619)</u>
<b>Profit and loss appropriation account</b>							
Balance at commencement of period						(321 731)	801 590
Profit / (loss) after tax						309 124	(685 619)
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)
<b>Balance unappropriated profit / (loss) at end of the period</b>						<u>331 143</u>	<u>(594 029)</u>
<b>Earnings / (loss) per share - basic and diluted</b>					(Rupees)	<u>2.47</u>	<u>(5.48)</u>

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

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



Rupees '000

	<u>2011</u>	<u>2010</u>
Profit / (loss) for the period	309 124	(685 619)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>309 124</u>	<u>(685 619)</u>

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

RAFIQUE R. BHIMJEE  
*Director*

MUNEER R. BHIMJEE  
*Director*

HASANALI ABDULLAH  
*Managing Director & Chief Executive*

SAIFUDDIN N. ZOOMKAWALA  
*Chairman*

Karachi, 26 October 2011



Condensed Interim Statement of Changes in Equity  
For the nine months period ended 30 September 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
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	(685 619)	-	(685 619)
<b>Transactions with owners, recorded directly in equity</b>					
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>
Balance as at 1 January 2011	1 250 000	8 650 000	(321 731)	12 902	9 591 171
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	309 124	-	309 124
<b>Transactions with owners, recorded directly in equity</b>					
Dividend paid for the year 2010 @ 12.50%	-	-	(156 250)	-	(156 250)
Transfer from general reserve	-	(500 000)	500 000	-	-
Balance as at 30 September 2011	<u>1 250 000</u>	<u>8 150 000</u>	<u>331 143</u>	<u>12 902</u>	<u>9 744 045</u>

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

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



	Rupees '000	
	2011	2010
<b>Operating cash flows</b>		
a) Underwriting activities		
Premiums received	8 456 494	7 081 888
Reinsurance premiums paid	(4 309 254)	(2 937 213)
Claims paid	(4 553 291)	(4 029 005)
Reinsurance and other recoveries received	1 923 740	1 115 298
Commissions paid	(825 859)	(705 450)
Commissions received	401 583	268 678
Management expenses paid	(813 767)	(781 522)
Net cash inflow from underwriting activities	279 646	12 674
b) Other operating activities		
Income tax paid	(53 407)	(44 891)
Other operating payments	(347 160)	(346 633)
Other operating receipts	137 045	132 799
Loans advanced	(937)	(1 195)
Loan repayments received	678	862
Net cash flow used in other operating activities	(263 781)	(259 058)
<b>Total cash inflow / (outflow) from all operating activities</b>	<b>15 865</b>	<b>(246 384)</b>
<b>Investment activities</b>		
Profit / return received	132 384	95 215
Dividends received	282 865	266 833
Rentals received	60 977	51 557
Payments for investments	(1 258 091)	(564 634)
Proceeds from disposal of investments	926 520	1 008 028
Fixed capital expenditure	(158 960)	(258 808)
Proceeds from disposal of fixed assets	11 666	14 673
<b>Total cash (outflow) / inflow from investing activities</b>	<b>(2 639)</b>	<b>612 864</b>
<b>Financing activities</b>		
Dividends paid	(153 018)	(451 771)
<b>Net cash outflow from all activities</b>	<b>(139 792)</b>	<b>(85 291)</b>
Cash at the beginning of the year	1 706 571	1 349 606
<b>Cash at the end of the period</b>	<b>1 566 779</b>	<b>1 264 315</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	15 865	(246 384)
Depreciation expense	(124 507)	(114 014)
Rental and investment income / (loss)	78 513	(535 931)
Profit on deposits	79 684	64 145
Other Income	11 472	9 656
Share of profit of an associate	188 446	47 727
Increase in assets other than cash	1 406 886	2 046 532
(Increase) in liabilities other than running finance	(1 347 235)	(1 957 350)
<b>Profit / (loss) after taxation</b>	<b>309 124</b>	<b>(685 619)</b>
<b>Definition of cash</b>		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	2 438	3 246
Current and other accounts	1 084 650	826 717
Deposits maturing within 12 months	479 691	434 352
	<b>1 566 779</b>	<b>1 264 315</b>

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

# Condensed Interim Statement of Premiums

## For the nine months period ended 30 September 2011 (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	2011	2010
		Opening	Closing			Opening	Closing			
<u>Direct and facultative</u>										
Fire and property damage	2 352 671	2 606 848	3 433 506	1 526 013	1 521 494	1 470 474	2 092 530	899 438	626 575	541 382
Marine, aviation and transport	585 209	711 683	744 168	552 724	158 759	415 878	391 398	183 239	369 485	246 943
Motor	764 966	1 220 093	1 333 977	651 082	3 284	93	202	3 175	647 907	725 880
Miscellaneous	261 318	533 886	546 027	249 177	182 159	346 464	369 662	158 961	90 216	74 623
Total	3 964 164	5 072 510	6 057 678	2 978 996	1 865 696	2 232 909	2 853 792	1 244 813	1 734 183	1 588 828
Treaty - proportional	1	-	-	1	-	-	-	-	1	245
Grand Total	<u>3 964 165</u>	<u>5 072 510</u>	<u>6 057 678</u>	<u>2 978 997</u>	<u>1 865 696</u>	<u>2 232 909</u>	<u>2 853 792</u>	<u>1 244 813</u>	<u>1 734 184</u>	<u>1 589 073</u>

### Nine months period ended 30 September

<u>Direct and facultative</u>										
Fire and property damage	5 205 830	2 441 474	3 433 506	4 213 798	3 548 176	1 245 206	2 092 530	2 700 852	1 512 946	1 240 569
Marine, aviation and transport	1 809 558	384 018	744 168	1 449 408	695 282	174 940	391 398	478 824	970 584	746 022
Motor	2 058 290	1 264 942	1 333 977	1 989 255	9 032	85	202	8 915	1 980 340	2 294 179
Miscellaneous	814 981	446 979	546 027	715 933	565 538	315 047	369 662	510 923	205 010	157 548
Total	9 888 659	4 537 413	6 057 678	8 368 394	4 818 028	1 735 278	2 853 792	3 699 514	4 668 880	4 438 318
Treaty - proportional	1	-	-	1	-	-	-	-	1	(2 694)
Grand Total	<u>9 888 660</u>	<u>4 537 413</u>	<u>6 057 678</u>	<u>8 368 395</u>	<u>4 818 028</u>	<u>1 735 278</u>	<u>2 853 792</u>	<u>3 699 514</u>	<u>4 668 881</u>	<u>4 435 624</u>

Note: Premium written includes administrative surcharge of Rs. 209.09 million (2010: Rs. 214.97 million)

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

# Condensed Interim Statement of Claims

## For the nine months period ended 30 September 2011 (Unaudited)



Rupees '000

Class	Three months period ended 30 September										
	Paid	Claims			Claims expense	Reinsurance				Net claims expense	
		Outstanding		Reinsurances and other recoveries received		Reinsurances and other recoveries in respect of outstanding claims		Reinsurances and other recoveries revenue			
		Opening	Closing			Opening	Closing				
2011	2010										
<b>Direct and facultative</b>											
Fire and property damage	647 956	4 394 142	3 933 618	187 432	395 926	3 672 161	3 091 112	(185 123)	372 555	394 891	
Marine, aviation and transport	326 320	1 501 567	1 624 498	449 251	128 559	1 046 624	1 154 961	236 896	212 355	154 232	
Motor	398 068	970 715	1 019 578	446 931	(84)	4 988	4 975	(97)	447 028	468 452	
Miscellaneous	118 152	421 128	396 832	93 856	96 232	347 219	313 054	62 067	31 789	35 677	
Total	1 490 496	7 287 552	6 974 526	1 177 470	620 633	5 070 992	4 564 102	113 743	1 063 727	1 053 252	
Treaty - proportional	15	2 514	2 515	16	-	-	-	-	16	(452)	
Grand Total	1 490 511	7 290 066	6 977 041	1 177 486	620 633	5 070 992	4 564 102	113 743	1 063 743	1 052 800	
<b>Nine months period ended 30 September</b>											
<b>Direct and facultative</b>											
Fire and property damage	2 051 798	4 888 635	3 933 618	1 096 781	1 213 264	4 001 319	3 091 112	303 057	793 724	909 860	
Marine, aviation and transport	903 414	1 676 375	1 624 498	851 537	440 984	1 312 563	1 154 961	283 382	568 155	405 435	
Motor	1 325 815	1 003 088	1 019 578	1 342 305	367	6 099	4 975	(757)	1 343 062	1 550 608	
Miscellaneous	277 070	378 514	396 832	295 388	193 597	306 094	313 054	200 557	94 831	121 451	
Total	4 558 097	7 946 612	6 974 526	3 586 011	1 848 212	5 626 075	4 564 102	786 239	2 799 772	2 987 354	
Treaty - proportional	151	3 596	2 515	(930)	-	-	-	-	(930)	(5 349)	
Grand Total	4 558 248	7 950 208	6 977 041	3 585 081	1 848 212	5 626 075	4 564 102	786 239	2 798 842	2 982 005	

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

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

# Condensed Interim Statement of Expenses

## For the nine months period ended 30 September 2011 (Unaudited)



Rupees '000

Class	Three months period ended 30 September								
	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
		Opening	Closing					2011	2010
<b>Direct and facultative</b>									
Fire and property damage	273 989	213 575	341 508	146 056	101 719	247 775	53 296	194 479	168 101
Marine, aviation and transport	84 207	60 406	75 711	68 902	59 454	128 356	11 833	116 523	77 054
Motor	64 708	88 438	104 624	48 522	121 468	169 990	31	169 959	190 110
Miscellaneous	20 969	53 433	49 170	25 232	14 733	39 965	34 199	5 766	3 729
Total	443 873	415 852	571 013	288 712	297 374	586 086	99 359	486 727	438 994
Treaty - proportional	-	-	-	-	-	-	-	-	58
Grand Total	443 873	415 852	571 013	288 712	297 374	586 086	99 359	486 727	439 052
<b>Nine months period ended 30 September</b>									
<b>Direct and facultative</b>									
Fire and property damage	509 391	246 332	341 508	414 215	260 063	674 278	154 353	519 925	454 400
Marine, aviation and transport	217 010	42 731	75 711	184 030	166 836	350 866	28 854	322 012	255 678
Motor	160 578	86 659	104 624	142 613	414 909	557 522	52	557 470	639 064
Miscellaneous	67 182	56 389	49 170	74 401	35 240	109 641	133 517	(23 876)	(16 573)
Total	954 161	432 111	571 013	815 259	877 048	1 692 307	316 776	1 375 531	1 332 569
Treaty - proportional	-	-	-	-	-	-	-	-	(558)
Grand Total	954 161	432 111	571 013	815 259	877 048	1 692 307	316 776	1 375 531	1 332 011

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.

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi, 26 October 2011

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



Rupees '000

	Nine months period ended 30 September		Three months period ended 30 September	
	2011	2010	2011	2010
<b>Income from non-trading investments</b>				
Return on government securities	11 461	10 785	3 705	3 611
Return on other fixed income securities and deposits	33 291	27 305	16 247	9 028
Amortisation of premium relative to par	(2 774)	(3 084)	(986)	(1 053)
Dividend income	118 745	108 285	26 031	21 300
Gain on sale of non-trading investments	38 764	32 009	13 360	30 436
	199 487	175 300	58 357	63 322
<b>Provision for impairment - available for sale - net</b>	(185 667)	(772 422)	(49 638)	(47 012)
<b>Investment related expenses</b>	(500)	(1 045)	(200)	(200)
<b>Net investment income / (loss)</b>	<u>13 320</u>	<u>(598 167)</u>	<u>8 519</u>	<u>16 110</u>

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

RAFIQUE R. BHIMJEE  
*Director*

MUNEER R. BHIMJEE  
*Director*

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
*Chairman*

Karachi, 26 October 2011

# Notes to the Condensed Interim Financial Statements

## For the nine months period ended 30 September 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 September 2011	31 December 2010
			Rupees '000
Investment in associate	6.1	10 725 150	10 680 131
Less: Provision for impairment		<u>(1 987 000)</u>	<u>(1 987 000)</u>
		8 738 150	8 693 131
Available for sale	6.1		
In related parties			
Equity securities		2 230 602	2 542 816
Fixed income securities		30 451	65 435
		<u>2 261 053</u>	<u>2 608 251</u>
Others			
Equity securities		3 151 442	2 487 299
Fixed income securities	6.2	354 688	336 580
		<u>3 506 130</u>	<u>2 823 879</u>
Less: Provision for impairment (net of reversals)		<u>(2 647 196)</u>	<u>(2 461 530)</u>
		<u>3 119 987</u>	<u>2 970 600</u>
		<u><u>11 858 137</u></u>	<u><u>11 663 731</u></u>

6.1 The market value of investments in associates and available for sale investments as on 30 September 2011 was Rs. 5 485 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. 133 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 September 2011	31 December 2010
		Rupees '000
<b>7. Premium due but unpaid – net – unsecured</b>		
Considered good	3 369 842	1 937 676
Considered doubtful	1 093	1 093
	<u>3 370 935</u>	<u>1 938 769</u>
Provision for doubtful balances	<u>(1 093)</u>	<u>(1 093)</u>
	<u><u>3 369 842</u></u>	<u><u>1 937 676</u></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). 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.





### 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 2011</u>	<u>30 September 2010</u>
		Rupees '000
<b>Transactions</b>		
<b>Associated company</b>		
Premium written	9 056	8 064
Premium paid	-	7 747
Claims paid	3 961	3 927
Claims lodged	721	2 442
Investment made	35 427	8 611
Dividend paid	10 644	31 336
Dividend received	178 853	171 168
Bonus Shares received	-	4 150
Bonus Shares issued	-	6 812
<b>Key management personnel</b>		
Premium written	437	646
Claims Paid	55	36
Bonus share issued	-	30 044
Dividend paid	27 198	138 202
Compensation	80 869	76 391
<b>Others</b>		
Premium written	75 749	88 814
Premium paid	6 866	2 488
Claims paid	45 348	17 732
Claims lodged	3 823	2 493
Commission paid	469	155
Bonus shares issued	-	20 515
Bonus shares received	380	964
Investment made	140 000	11 606
Sale of Investment	114 347	38 180
Dividend paid	44 347	94 370
Dividend received	-	9 519
Expenses paid	389	44
Brokerage paid	776	1 074
Donation paid	733	530
Bank deposits made	70 500	-
Profit on TFC	3 511	-
<b>Employees' funds</b>		
Contribution to provident fund	13 291	12 372
Contribution to gratuity fund	32 088	24 379
Contribution to pension fund	260	239
Dividend paid	805	2 366
Bonus shares issued	-	514
	<u>30 September 2011</u>	<u>31 December 2010</u>
<b>Balances</b>		
<b>Associated company</b>		
Balances receivable	5	3
<b>Others</b>		
Balance receivable	23 101	23 329
Balance payable	(55)	(93)
Bank balances	123 504	-
<b>Employees' funds receivable / (payable)</b>		
EFU gratuity fund	(13 284)	(32 088)
EFU pension fund	(8 760)	(8 760)

### 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 26 October 2011.

RAFIQUE R. BHIMJEE  
Director

MUNEER R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman