

Report (Un-Audited)
Second Quarter

2012



Enduring Value
Inspiring Excellence



GENERAL

EFU GENERAL INSURANCE LTD.

Enduring Value. Inspiring Excellence.

Delivering value is EFU's history and heritage.

Almost 80 years of customer experience testifies to EFU's singular position in Pakistan's insurance community. This enduring value is part of EFU's corporate culture, an inspiration to all of us to hold the banner aloft, to keep continuously improving ourselves - to keep exceeding customer expectations.

This corporate culture is established on the belief that leadership is neither a privilege nor a right. It flows from the acknowledgement by the public that the company is true to its word. In the case of an insurer this translates into delivering on promises. EFU delivers on promises in many ways, from the basic insurance function of providing financial protection against the unforeseen, to shaping the landscape of insurance itself in Pakistan

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ENDURING VALUE... INSPIRING EXCELLENCE

VISION & MISSION

Vision

Our vision is to be the first choice company for our customers, shareholders and employees. To achieve this we will be driven by an obsession to be better than the best in a continuous journey, not a destination.

At EFU first choice means a sustained commitment to meet and exceed stakeholder expectations. A will to go the "Extra Mile" to delight our customers with products and services that exceed their expectations.

Mission

We will manage our affairs through modern technology, collective wisdom and institutionalised leadership. We will be a respected, cultured and an educated company with a strong market position. Together with our customers, reinsurers and employees we will achieve world class quality standards through continuous quality improvement. Achieve zero defects in everything we do.

We will do good business, with good clients and of the highest integrity. We will not compromise our principles and we will like to be known as a responsible corporate citizen aware of our obligation to the Government and the society we serve.



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

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A

Legal Advisor

Mohammad Ali Sayeed

Advisors

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

Ernst & Young Ford Rhodes Sidat Hyder
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

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, Shahrah-e-Quaid-e-Azam
Lahore

Directors' Review

We are pleased to present the unaudited financial statements for the six months period ended 30 June 2012.

The Net Premium Revenue for the six months period was Rs. 2 968 million as against Rs. 2 935 million in the corresponding period of last year. However due to improved underwriting, the overall claims to Net Premium Revenue ratio was 55 % as against 59 % in the corresponding period of last year. The total underwriting profit for the six months period was Rs. 391 million as compared to Rs. 338 million in corresponding period of last year.

The Investment and Rental Income for the six months period was Rs.549 million compared to Rs.97 million in the corresponding period of last year.

The after tax profit for the six months was Rs.836 million compared to Rs.193 million in the corresponding period of last year.

The earnings per share for the six months period was Rs.6.69 as against Rs.1.54 in the corresponding period of last year.

Your Directors have pleasure in declaring an interim cash dividend of Rupee 1 per share for the period ended 30 June 2012.

The total Market value of Properties, Equity (other than investment in associate), Fixed Income securities and Cash and Bank Balances as at 30 June 2012 stood at Rs.10 355 million. The value of investment in associate on the basis of value in use as worked out by an independent actuary amounted to Rs.11 592 million.

The Break up value of Company's share as at 30 June 2012 was Rs.83.90

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

Your Directors would also like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Review Report to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of EFU General Insurance Limited as at 30 June 2012 and the related condensed interim profit and loss account, condensed interim statements of comprehensive income, changes in equity, cash flows, premiums, claims, expenses and investment income and explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The condensed interim financial statements of the Company for the half year ended 30 June 2011 and the financial statements for the year ended 31 December 2011 were reviewed / audited by other firms of Chartered Accountants, whose review report dated 27 August 2011 and audit report dated 10 March 2012 expressed an unmodified conclusion and unmodified opinion respectively on the aforementioned financial statements.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Karachi 27 August 2012

Condensed Interim Balance Sheet

As at 30 June 2012 (Unaudited)

	Note	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Share capital and reserves			
Authorised share capital 150 000 000 (31 December 2011: 150 000 000) ordinary shares of Rs. 10 each		1 500 000	1 500 000
Issued, subscribed and paid-up share capital		1 250 000	1 250 000
Reserves and retained earnings	6	9 237 850	8 745 869
		10 487 850	9 995 869
Underwriting provisions			
Provision for outstanding claims (including IBNR)		6 336 140	6 303 174
Provision for unearned premium		4 949 330	5 147 264
Commission income unearned		211 217	233 744
Total underwriting provisions		11 496 687	11 684 182
Deferred tax liability		82 114	58 646
Creditors and accruals			
Premiums received in advance		6 620	5 475
Amounts due to other insurers / reinsurers		1 580 989	1 355 014
Accrued expenses		172 731	163 413
Agent balances		451 238	425 252
Unearned rentals		42 406	49 417
Other creditors and accruals		317 859	206 752
		2 571 843	2 205 323
Other liabilities			
Other deposits		457 151	377 536
Unclaimed dividends		62 483	56 482
		519 634	434 018
Total liabilities		14 670 278	14 382 169
Total equity and liabilities		25 158 128	24 378 038
Contingencies	7		

Rupees '000

	<u>Note</u>	<u>30 June 2012 (Unaudited)</u>	<u>31 December 2011 (Audited)</u>
Cash and bank deposits			
Cash and other equivalents		3 305	3 974
Current and other accounts		724 743	806 822
Deposits maturing within 12 months		657 454	947 323
		1 385 502	1 758 119
Loans - secured considered good			
To employees		3 912	3 326
Investments	8	12 627 583	12 332 678
Investment properties		213 946	219 408
Current assets - others			
Premiums due but unpaid - net	9	2 665 724	2 098 992
Amounts due from other insurers / reinsurers		97 012	55 716
Salvage recoveries accrued		6 519	11 321
Accrued investment income		33 267	36 691
Reinsurance recoveries against outstanding claims		4 167 461	4 043 075
Taxation - payments less provision		89 752	76 027
Deferred commission expense		493 444	489 131
Prepayments		2 469 400	2 456 531
Security deposits		4 506	4 164
Sundry receivables		56 868	33 214
		10 083 953	9 304 862
Fixed assets - tangible & intangibles			
	10		
Land and buildings		259 993	249 180
Furniture, fixtures and office equipments		382 333	355 949
Vehicles		182 582	121 052
Computer softwares		12 181	22 241
Capital work-in-progress		6 143	11 223
		843 232	759 645
Total assets		<u>25 158 128</u>	<u>24 378 038</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Profit and Loss Account

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

Three months period ended 30 June							
Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2012	Aggregate 2011
Revenue account							
	433 221	345 333	633 925	80 708	(55)	1 493 132	1 412 002
	(134 267)	(154 372)	(404 448)	(23 969)	438	(716 618)	(788 411)
	-	-	-	-	-	-	20 790
	(88 406)	(69 760)	(157 984)	(17 146)	-	(333 296)	(300 516)
	(85 707)	(56 797)	(51 208)	19 032	-	(174 680)	(163 851)
Underwriting result							
	<u>124 841</u>	<u>64 404</u>	<u>20 285</u>	<u>58 625</u>	<u>383</u>	<u>268 538</u>	<u>180 014</u>
						5 111	17 102
						23 932	21 505
						32 448	28 170
	11					19 164	5 282
						50 022	62 740
						(133 962)	(135 903)
						(3 285)	(1 104)
Profit before tax							
	12					265 253	178 910
						(28 374)	(69 523)
Profit after tax							
						<u>236 879</u>	<u>109 387</u>
Earnings per share - basic and diluted (Rupees)							
						<u>1.90</u>	<u>0.88</u>

Six months period ended 30 June							
Revenue account							
	900 614	649 488	1 267 457	150 857	(46)	2 968 370	2 934 697
	(400 068)	(317 612)	(854 691)	(57 350)	(595)	(1 630 316)	(1 735 099)
	-	-	-	-	-	-	26 896
	(173 676)	(125 249)	(297 513)	(29 946)	-	(626 384)	(579 674)
	(171 058)	(105 772)	(101 367)	57 173	(6)	(321 030)	(309 130)
Underwriting result							
	<u>155 812</u>	<u>100 855</u>	<u>13 886</u>	<u>120 734</u>	<u>(647)</u>	<u>390 640</u>	<u>337 690</u>
						442 800	4 801
						48 876	42 972
						57 511	48 909
	11					20 578	5 472
						188 602	126 517
						(260 971)	(244 390)
						497 396	(15 719)
Profit before tax							
	12					888 036	321 971
						(52 305)	(129 097)
Profit after tax							
						<u>835 731</u>	<u>192 874</u>
Profit and loss appropriation account							
						582 967	(321 731)
						835 731	192 874
						(343 750)	(156 250)
						-	500 000
Balance unappropriated profit at end of the period							
						<u>1 074 948</u>	<u>214 893</u>
Earnings per share - basic and diluted (Rupees)							
						<u>6.69</u>	<u>1.54</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Comprehensive Income

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
Profit for the period	236 879	109 387	835 731	192 874
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>236 879</u>	<u>109 387</u>	<u>835 731</u>	<u>192 874</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Changes in Equity

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

	<u>Share capital</u>	<u>General reserve</u>	<u>Reserve for exceptional losses</u>	<u>Unappropriated profit / (loss)</u>	<u>Total</u>
Balance as at 1 January 2011	1 250 000	8 650 000	12 902	(321 731)	9 591 171
Total comprehensive income for the period					
Profit for the period	-	-	-	192 874	192 874
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2010 Rs. 1.25 per share	-	-	-	(156 250)	(156 250)
Transfer from general reserve	-	(500 000)	-	500 000	-
Balance as at 30 June 2011	<u>1 250 000</u>	<u>8 150 000</u>	<u>12 902</u>	<u>214 893</u>	<u>9 627 795</u>
Balance as at 1 January 2012	1 250 000	8 150 000	12 902	582 967	9 995 869
Total comprehensive income for the period					
Profit for the period	-	-	-	835 731	835 731
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2011 Rs. 2.75 per share	-	-	-	(343 750)	(343 750)
Transfer from general reserve	-	-	-	-	-
Balance as at 30 June 2012	<u>1 250 000</u>	<u>8 150 000</u>	<u>12 902</u>	<u>1 074 948</u>	<u>10 487 850</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Cash Flows

For the six months period ended 30 June 2012 (Unaudited)

	2012	2011
		Rupees '000
Operating Cash Flows		
a) Underwriting activities		
Premiums received	5 216 629	5 181 180
Reinsurance premiums paid	(2 769 817)	(2 444 480)
Claims paid	(3 275 483)	(3 064 994)
Reinsurance and other recoveries received	1 517 208	1 237 717
Commissions paid	(576 574)	(505 686)
Commissions received	254 689	236 257
Management expenses paid	(532 600)	(505 669)
Net cash (outflow) / inflow from underwriting activities	(165 948)	134 325
b) Other operating activities		
Income tax paid	(42 564)	(45 993)
General and administration expenses	(274 789)	(263 978)
Other operating payments	(53 952)	(16 720)
Other operating receipts	211 727	140 047
Loans advanced	(1 050)	(714)
Loan repayments received	464	621
Net cash outflow from other operating activities	(160 164)	(186 737)
Total cash outflow from all operating activities	(326 112)	(52 412)
Investment activities		
Profit / return received	104 538	79 736
Dividends received	288 461	271 272
Rentals received	41 865	52 715
Payments for investments	(1 342 718)	(860 531)
Proceeds from disposal of investments	1 347 467	645 237
Fixed capital expenditure	(166 533)	(111 539)
Proceeds from disposal of fixed assets	18 164	7 632
Total cash inflow from investing activities	291 244	84 522
Financing activities		
Dividends paid	(337 749)	(143 051)
Net cash outflow from all activities	(372 617)	(110 941)
Cash at the beginning of the period	1 758 119	1 706 571
Cash at the end of the period	1 385 502	1 595 630
Reconciliation to profit and loss account		
Operating cash flows	(326 112)	(52 412)
Depreciation / amortisation expense	(87 155)	(81 174)
Rental and investment income	491 676	47 773
Profit on deposits	57 511	48 909
Other income	17 227	7 559
Share of profit of an associate	188 602	126 517
Increase in assets other than cash	783 099	590 436
Increase in liabilities other than running finance	(289 117)	(494 734)
Profit after taxation	835 731	192 874
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	3 305	5 173
Current and other accounts	724 743	965 010
Deposits maturing within 12 months	657 454	625 447
	1 385 502	1 595 630

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Premiums

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

Three months period ended 30 June

Class	Premiums			Earned	Reinsurance			Net premium revenue		
	Written	Unearned premium reserve			Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2012	2011
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	954 032	3 093 978	2 471 356	1 576 654	706 559	2 032 830	1 595 956	1 143 433	433 221	401 956
Marine, aviation and transport	865 078	430 237	774 361	520 954	499 418	149 492	473 289	175 621	345 333	290 327
Motor	601 760	1 234 642	1 199 022	637 380	3 701	28	274	3 455	633 925	652 872
Miscellaneous	223 447	530 350	504 591	249 206	165 391	356 971	353 864	168 498	80 708	66 847
Total	2 644 317	5 289 207	4 949 330	2 984 194	1 375 069	2 539 321	2 423 383	1 491 007	1 493 187	1 412 002
Treaty - proportional	(55)	-	-	(55)	-	-	-	-	(55)	-
Grand Total	2 644 262	5 289 207	4 949 330	2 984 139	1 375 069	2 539 321	2 423 383	1 491 007	1 493 132	1 412 002

Six months period ended 30 June

Direct and facultative										
Fire and property damage	2 638 464	3 053 185	2 471 356	3 220 293	2 026 544	1 889 091	1 595 956	2 319 679	900 614	886 371
Marine, aviation and transport	1 274 259	490 635	774 361	990 533	557 195	257 139	473 289	341 045	649 488	601 099
Motor	1 293 077	1 180 811	1 199 022	1 274 866	7 521	162	274	7 409	1 267 457	1 332 433
Miscellaneous	577 562	422 633	504 591	495 604	404 532	294 079	353 864	344 747	150 857	114 794
Total	5 783 362	5 147 264	4 949 330	5 981 296	2 995 792	2 440 471	2 423 383	3 012 880	2 968 416	2 934 697
Treaty - proportional	(46)	-	-	(46)	-	-	-	-	(46)	-
Grand Total	5 783 316	5 147 264	4 949 330	5 981 250	2 995 792	2 440 471	2 423 383	3 012 880	2 968 370	2 934 697

Note: Premium written includes administrative surcharge of Rs. 141.91 million (2011: Rs. 135.30 million)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Claims

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

Three months period ended 30 June

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	Net claims expense	
		Opening	Closing			Opening	Closing		2012	2011
Direct and facultative										
Fire and property damage	1 198 444	3 984 015	3 794 573	1 009 002	981 035	3 158 800	3 052 500	874 735	134 267	153 945
Marine, aviation and transport	316 962	1 341 391	1 166 531	142 102	142 509	903 163	748 384	(12 270)	154 372	185 492
Motor	406 642	939 479	937 252	404 415	(25)	4 664	4 656	(33)	404 448	398 867
Miscellaneous	83 570	368 767	434 290	149 093	69 481	306 278	361 921	125 124	23 969	49 823
Total	2 005 618	6 633 652	6 332 646	1 704 612	1 193 000	4 372 905	4 167 461	987 556	717 056	788 127
Treaty - proportional	(430)	3 502	3 494	(438)	-	-	-	-	(438)	284
Grand Total	<u>2 005 188</u>	<u>6 637 154</u>	<u>6 336 140</u>	<u>1 704 174</u>	<u>1 193 000</u>	<u>4 372 905</u>	<u>4 167 461</u>	<u>987 556</u>	<u>716 618</u>	<u>788 411</u>

Six months period ended 30 June

Direct and facultative										
Fire and property damage	1 761 167	3 614 205	3 794 573	1 941 535	1 265 074	2 776 107	3 052 500	1 541 467	400 068	421 169
Marine, aviation and transport	512 922	1 417 303	1 166 531	262 150	165 727	969 573	748 384	(55 462)	317 612	355 800
Motor	832 216	914 796	937 252	854 672	(30)	4 645	4 656	(19)	854 691	896 034
Miscellaneous	173 980	354 356	434 290	253 914	127 393	292 750	361 921	196 564	57 350	63 041
Total	3 280 285	6 300 660	6 332 646	3 312 271	1 558 164	4 043 075	4 167 461	1 682 550	1 629 721	1 736 044
Treaty - proportional	(385)	2 514	3 494	595	-	-	-	-	595	(945)
Grand Total	<u>3 279 900</u>	<u>6 303 174</u>	<u>6 336 140</u>	<u>3 312 866</u>	<u>1 558 164</u>	<u>4 043 075</u>	<u>4 167 461</u>	<u>1 682 550</u>	<u>1 630 316</u>	<u>1 735 099</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Expenses

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

Class	Three months period ended 30 June								
	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
		Opening	Closing					2012	2011
Direct and facultative									
Fire and property damage	141 314	323 782	296 880	168 216	88 406	256 622	82 509	174 113	163 437
Marine, aviation and transport	83 819	47 991	68 310	63 500	69 760	133 260	6 703	126 557	105 009
Motor	48 827	97 886	95 433	51 280	157 984	209 264	72	209 192	198 996
Miscellaneous	13 928	38 176	32 821	19 283	17 146	36 429	38 315	(1 886)	(3 075)
Total	287 888	507 835	493 444	302 279	333 296	635 575	127 599	507 976	464 367
Treaty - proportional	-	-	-	-	-	-	-	-	-
Grand Total	287 888	507 835	493 444	302 279	333 296	635 575	127 599	507 976	464 367
	Six months period ended 30 June								
Direct and facultative									
Fire and property damage	320 259	311 329	296 880	334 708	173 676	508 384	163 650	344 734	325 446
Marine, aviation and transport	142 441	45 680	68 310	119 811	125 249	245 060	14 039	231 021	205 489
Motor	104 835	91 970	95 433	101 372	297 513	398 885	5	398 880	387 511
Miscellaneous	35 018	40 152	32 821	42 349	29 946	72 295	99 522	(27 227)	(29 642)
Total	602 553	489 131	493 444	598 240	626 384	1 224 624	277 216	947 408	888 804
Treaty - proportional	6	-	-	6	-	6	-	6	-
Grand Total	602 559	489 131	493 444	598 246	626 384	1 224 630	277 216	947 414	888 804

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

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Condensed Interim Statement of Investment Income

For the six months period ended 30 June 2012 (Unaudited)

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
Income from non-trading investments				
Available for sale				
Return on government securities	12 236	3 908	30 615	7 756
Return on other fixed income securities and deposits	4 923	7 255	13 741	17 044
Amortisation of premium relative to par	(200)	(836)	(776)	(1 788)
Dividend income	47 194	45 544	108 784	92 714
Gain on sale of non-trading investments	109 904	10 973	111 342	25 404
	174 057	66 844	263 706	141 130
Reversal / (provision) for impairment in the value of investment - available for sale - net	(168 846)	(49 542)	179 294	(136 029)
Investment related expenses	(100)	(200)	(200)	(300)
Net investment income	<u>5 111</u>	<u>17 102</u>	<u>442 800</u>	<u>4 801</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 27 August 2012

Notes to the Condensed Interim Financial Statements

For the six months period ended 30 June 2012 (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 half year ended 30 June 2012 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 2011.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are same as those applied by the company in its financial statements for the year ended 31 December 2011.

During the period, the Company has adopted an amendment to IAS 12 "Income Taxes (amendment) - Recovery of Underlying Assets" which became effective during the period. The adoption of this amendment did not have any effect on the condensed interim financial statements.

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 2011.

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 2011.

	Rupees '000	
	30 June 2012 (Unaudited)	31 December 2011 (Audited)
6. Reserves and retained earnings		
General reserve	8 150 000	8 150 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	1 074 948	582 967
	<u>9 237 850</u>	<u>8 745 869</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 and including Tax Year 2007 (Financial year ending 31 December 2006), Tax year 2009 (Financial year ended 31 December 2008), Tax year 2010 (Financial year ended 31 December 2009) and Tax year 2011 (Financial year ended 31 December 2010).

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 including treatment of capital gains, unearned commission income, non-deductibility of certain expenses etc. However, company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice.

The Company has filed appeal for the Tax year 2010 with Commissioner of Income Tax (appeals) in respect of disallowances for management expenses, provision for IBNR and proration of expenses. There could arise a contingent tax liability of Rs. 89 million if the matter is decided against the Company.

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. There could arise a contingent tax liability of Rs. 13 million if the matters are decided against the Company.

The department has filed an appeal for the Tax years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court and there could arise a contingent tax liability of Rs. 37 million if the matters are decided against the Company.

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.

8. Investments

		Rupees '000	
	Note	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Investment in associate – EFU Life Assurance Limited.	8.1		
Cost		10 817 348	10 782 997
Less: impairment		(1 987 000)	(1 987 000)
		<u>8 830 348</u>	<u>8 795 997</u>
Available for sale	8.2		
In related parties			
Ordinary shares		2 121 922	2 121 922
Mutual funds		28 315	28 315
Fixed income securities – Term finance certificates		30 445	30 451
		2 180 682	2 180 688
Provision for impairment – net of reversals		(1 830 239)	(2 029 676)
		<u>350 443</u>	<u>151 012</u>
Others			
Ordinary shares		2 979 139	3 222 219
Preference shares		20 000	20 000
Fixed income securities – Government securities	8.3	758 039	538 235
– Term finance certificates		204 388	217 636
		3 961 566	3 998 090
Provision for impairment – net of reversals		(514 774)	(612 421)
		<u>3 446 792</u>	<u>3 385 669</u>
		<u><u>12 627 583</u></u>	<u><u>12 332 678</u></u>

8.1 Market value of investment in associate as on 30 June 2012 was Rs. 2 766 million (31 December 2011: Rs. 2 687 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. The value in use calculations were carried out by an independent actuary and are based on cash flow projections based on the budget and forecasts approved by the management up to ten years. These are then extrapolated till perpetuity using a steady long term expected growth rate of insurance business of 15% (2011: 15%) and value in use is determined by discounting cash flows using a discount rate of 18.25% (2011: 18.5%).

- 8.2 The market value of available for sale investments as on 30 June 2012 was Rs. 3 888 million (31 December 2011: Rs. 3 446 million).
- 8.3 Government securities includes Pakistan Investment Bonds and Treasury Bills amounting to Rs. 133 million (31 December 2011: Rs. 133 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	Rupees '000	
	30 June 2012 (Unaudited)	31 December 2011 (Audited)
9. Premium due but unpaid – net – unsecured		
Considered good	2 665 724	2 098 992
Considered doubtful	1 093	1 093
	<u>2 666 817</u>	<u>2 100 085</u>
Provision for doubtful balances	(1 093)	(1 093)
	<u>2 665 724</u>	<u>2 098 992</u>

10. Fixed assets – tangible and intangible

The details of additions and disposals during the six months period ended 30 June 2012 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Tangibles				
Buildings	19 931	21 898	-	-
Furniture and fixtures	33 132	36 138	228	-
Vehicles	88 057	22 987	651	-
Office equipments	18 571	118 409	342	-
Computers	7 631	3 601	14	-
Intangibles				
Computer softwares	370	573	-	-
	<u>167 692</u>	<u>203 606</u>	<u>1 235</u>	<u>-</u>

	Rupees '000			
	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
11. Other charge / income - net				
Gain on sale of fixed assets	16 058	4 704	16 978	6 118
Interest on loan to employees	44	34	75	56
Exchange gain / (loss)	2 893	(372)	3 351	(2 087)
Others	169	916	174	1 385
	<u>19 164</u>	<u>5 282</u>	<u>20 578</u>	<u>5 472</u>

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
12. Provision for taxation				
For the period				
Current	105 107	37 618	133 998	58 451
Prior period	(82 428)	-	(105 160)	-
Deferred	5 695	31 905	23 467	70 646
	<u>28 374</u>	<u>69 523</u>	<u>52 305</u>	<u>129 097</u>

13. Operating segments

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets and liabilities.

Rupees '000

	Fire and property damage		Marine, aviation & transport		Motor		Others		Treaty		Total	
	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)
Corporate segment assets	5 885 706	5 842 469	1 742 995	1 658 914	424 060	368 150	1 800 782	1 269 173	-	-	9 853 543	9 138 706
Corporate unallocated assets											15 304 585	15 239 332
Total assets											<u>25 158 128</u>	<u>24 378 038</u>
Corporate segment liabilities	7 631 725	8 025 752	2 341 678	2 194 365	2 174 440	2 133 920	1 841 348	1 490 908	3 494	2 514	13 992 685	13 847 459
Corporate unallocated liabilities											677 593	534 710
Total liabilities											<u>14 670 278</u>	<u>14 382 169</u>
	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditure					
Location	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Pakistan	2 959 055	2 927 446	25 025 211	24 262 812	14 582 474	14 303 004	166 533	111 539				
EPZ *	9 315	7 251	103 715	85 812	69 098	61 387	-	-				
Saudi Arabia **	-	-	29 202	29 414	18 706	17 778	-	-				
Total	<u>2 968 370</u>	<u>2 934 697</u>	<u>25 158 128</u>	<u>24 378 038</u>	<u>14 670 278</u>	<u>14 382 169</u>	<u>166 533</u>	<u>111 539</u>				

* This represents US Dollar Equivalent in Pak Rupees

** This represents US Dollar and Saudi Riyal equivalent in Pak Rupees

14. 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

Transactions	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
Associated company				
Premiums written	758	577	10 986	8 975
Premiums paid	281	-	6 942	-
Claims paid	1 497	1 738	2 274	2 622
Claims lodged	1 264	-	1 523	-
Investments made	25 219	4 874	25 350	32 168
Dividend received	179 602	178 854	179 602	178 854
Dividend paid	23 420	10 644	23 420	10 644
Expenses recovered	800	-	1 200	-

Rupees '000

	Three months period ended 30 June		Six months period ended 30 June	
	2012	2011	2012	2011
Key management personnel				
Premiums written	609	126	881	423
Claims paid	45	15	51	35
Dividend paid	59 974	27 218	59 974	27 218
Compensation	24 264	24 404	46 499	47 202
Others				
Premiums written	6 530	611	29 718	24 637
Premiums paid	114	223	6 651	6 866
Claims paid	6 355	4 649	10 519	11 773
Claims lodged	1 126	478	1 467	17 55
Commissions paid	3	-	11	-
Commission received	-	5	-	5
Investments made	25 000	75 000	45 000	75 000
Investments sold	25 000	75 978	45 000	75 978
Dividend paid	105 060	47 574	105 060	47 574
Bank deposits	50 000	50 000	50 000	50 000
Brokerage paid	702	443	1 269	600
Profit on TFC	1 027	-	2 061	2 140
Employees' funds				
Contribution to provident fund	4 433	4 194	8 790	8 464
Contribution to gratuity fund	5 637	32 088	11 204	32 088
Contribution to pension fund	64	85	136	175
Dividend paid	1 772	805	1 772	805
			30 June 2012 (Unaudited)	31 December 2011 (Audited)
Balances				
Related parties				
Balances receivable			21 567	5 417
Balances payable			(735)	(47 034)
Deposits maturing within 12 months			120 500	215 500
Bank balances			23 172	5 525
Employees' funds receivable / (payable)				
EFU gratuity fund			(11 230)	(27 758)
EFU pension fund			(17 067)	(17 067)

15. General

Figures of the profit and loss account for the quarters ended 30 June 2012 and 30 June 2011 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

16. Date of authorisation for issue

These condensed interim financial statements were authorised for issue by the Board of Directors in the meeting held on 27 August 2012.

MUNEER R. BHIMJEE
Director

JAHANGIR SIDDIQUI
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman