



GENERAL

Report (Unaudited)
Third Quarter 2009

EFU GENERAL INSURANCE LTD.



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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

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 ITaseer Hadi & Co.
Chartered Accountants
Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
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Website

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Registered Office

11/4, Shakrah-e-Pehlavi, Peshawar.

Main Offices

EFU House
M.A. Jinnah Road, Karachi.

Co-operative Insurance Building
23-Shakrah-e-Quaid-e-Azam, Lahore.

Directors' Review

We are pleased to present the unaudited financial statements for the nine months period ended 30th September 2009.

The written premium for the nine months period was Rs. 7 797 million as against Rs. 7 755 million in the corresponding period of last year. The net claims for the period were Rs. 3 012 million compared to Rs. 3 288 million in corresponding period of 2008. The total underwriting profit for the nine months period was Rs. 97 million. The Property Department suffered an underwriting loss of Rs 159 million mainly due to claims from heavy rain in July in Karachi which we had mentioned in the half yearly report.

The investment income for the nine months period was Rs. 693 million as compared to Rs. 233 million in the corresponding period of last nine month. This was due to improvement in the prices of shares in the stock exchange during the period which resulted in appreciation in value of investments held by the company. The indices of Karachi Stock Exchange 100 index rose from 5 753 points as at 31 December 2008 to 9 310 points as at 30 September 2009.

The after tax profit for the nine months was Rs. 675 million compared to Rs. 345 million in the corresponding period of last year.

Your Directors would like to place on record their highest appreciation to the field force, officers and staff of the Company for the dedicated contribution.

Your Directors would also like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our re-insurers 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 2009

Condensed Interim Balance Sheet As at 30 September 2009 (Unaudited)

		30 September 2009 (Unaudited)	31 December 2008 (Audited)
Share capital and reserves			
		1 500 000	1 500 000
Authorised capital			
150 000 000 (31 December 2008: 150 000 000)			
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital	10	1 150 000	1 150 000
Retained earnings		744 445	(5 456 959)
Reserves		8 500 000	14 400 000
Reserve for exceptional losses		12 902	12 902
		9 257 347	8 955 943
		10 407 347	10 105 943
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5 895 484	5 193 349
Provision for unearned premium		4 604 541	4 085 774
Commission income unearned		174 436	262 115
Total underwriting provisions		10 674 461	9 541 238
Deferred liabilities			
Staff retirement benefits		36 464	42 111
Creditors and accruals			
Premiums received in advance		12 215	18 665
Amounts due to other insurers / reinsurers		769 868	717 727
Accrued expenses		121 696	122 803
Agent balances		408 907	325 398
Unearned rentals		50 410	49 061
Other creditors and accruals		166 582	67 984
		1 529 678	1 301 638
Other liabilities			
Other deposits		215 271	200 600
Unclaimed dividend		38 197	38 162
		253 468	238 762
Total liabilities		12 494 071	11 123 749
Total equity and liabilities		22 901 418	21 229 692
Contingencies and commitments	8		

		Rupees '000	
		30 September 2009	31 December 2008
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash and bank deposits			
Cash and other equivalent		4 712	4 091
Current and other accounts		834 581	669 415
Deposits maturing within 12 months		283 106	630 178
		1 122 399	1 303 684
Loans - secured considered good			
To employees		2 685	2 880
Investments	6	12 679 956	11 831 998
Investment properties		246 589	259 084
Deferred taxation		81 425	74 729
Other assets			
Premiums due but unpaid - net		2 475 626	1 752 417
Amounts due from other insurers / reinsurers		139 438	182 069
Salvage recoveries accrued		18 715	24 130
Accrued investment income		30 635	23 789
Reinsurance recoveries against outstanding claims		3 334 297	3 030 338
Taxation - provision less payments		169 527	173 269
Deferred commission expense		432 659	369 386
Prepayments		1 609 125	1 630 841
Security deposits		5 434	5 366
Other receivables		36 096	32 188
		8 251 552	7 223 793
Fixed assets-tangible & intangible			
Land and buildings		172 856	169 482
Furniture, fixtures and office equipment		200 038	188 687
Motor vehicles		139 641	171 183
Computer software		4 277	4 172
		516 812	533 524
Total assets		<u>22 901 418</u>	<u>21 229 692</u>

The annexed notes 1 to 14 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 2009 (Unaudited)

Rupees '000

	Three months period ended 30 September						
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	
						2009	2008
Revenue account							
Net premium revenue	300 997	206 324	885 424	32 179	15 400	1 440 324	1 550 349
Net claims	(369 829)	(124 816)	(660 593)	(15 709)	(19 041)	(1 189 988)	(1 105 094)
Management expenses	(50 226)	(34 134)	(165 562)	(5 315)	-	(255 237)	(263 029)
Net commission	(31 159)	(32 269)	(55 766)	14 148	(2 615)	(107 661)	(84 071)
Underwriting result	<u>(150 217)</u>	<u>15 105</u>	<u>3 503</u>	<u>25 303</u>	<u>(6 256)</u>	<u>(112 562)</u>	<u>98 155</u>
Investment income / (loss)						613 292	(20 721)
Rental income						22 426	20 960
Other income						18 603	16 538
Share of profit of an associate						80 080	23 280
Difference in exchange						(100)	13 669
General and administration expenses						(111 168)	(113 263)
						<u>623 133</u>	<u>(59 537)</u>
Loss before tax						510 571	38 618
Provision for taxation - current						(24 278)	(2 540)
- deferred						48 977	(16 782)
						<u>24 699</u>	<u>(19 322)</u>
Profit after tax						<u>535 270</u>	<u>19 296</u>
Earnings per share - basic and diluted					(Rupees)	<u>4.65</u>	<u>0.17</u>

Nine months period ended 30 September							
Revenue account							
Net premium revenue	710 094	586 204	2 736 189	94 460	102 681	4 229 628	4 641 063
Change in premium deficiency reserve	-	-	-	-	-	-	10 656
Net claims	(644 899)	(290 465)	(1 923 530)	(44 624)	(108 161)	(3 011 679)	(3 287 842)
Management expenses	(121 348)	(100 177)	(560 501)	(16 142)	-	(798 168)	(744 495)
Net commission	(103 233)	(99 312)	(170 934)	48 335	2 156	(322 988)	(306 309)
Underwriting result	<u>(159 386)</u>	<u>96 250</u>	<u>81 224</u>	<u>82 029</u>	<u>(3 324)</u>	<u>96 793</u>	<u>313 073</u>
Investment income						692 713	233 164
Rental income						66 111	61 692
Other income						73 419	44 605
Share of profit of an associate						118 371	66 297
Difference in exchange						2 448	20 429
General and administration expenses						(336 361)	(335 811)
						<u>616 701</u>	<u>90 376</u>
Profit before tax						713 494	403 449
Provision for taxation - current						(45 037)	(14 109)
- deferred						6 697	(44 705)
						<u>(38 340)</u>	<u>(58 814)</u>
Profit after tax						<u>675 154</u>	<u>344 635</u>
Profit and loss appropriation account							
Balance at commencement of period						(5 456 959)	14 564 267
Profit after tax						675 154	344 635
Share of change in the associate's equity - net of tax						-	87 554
Dividend 2008 @ 32.5% (2007 @ 60%)						(373 750)	(600 000)
Issue of bonus shares						-	(150 000)
Transferred from / (to) general reserve						5 900 000	(13 800 000)
Balance unappropriated profit at end of the period						<u>744 445</u>	<u>446 456</u>
Earnings per share - basic and diluted					(Rupees)	<u>5.87</u>	<u>3.00</u>

The annexed notes 1 to 14 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 2009 (Unaudited)**



Rupees '000

	Share capital	Reserves		Unappropriated profit	Reserve for exceptional losses	Total	
		General reserve	Investment revaluation reserve				Sub total
Balance as at 1 January 2008	1 000 000	600 000	-	600 000	14 564 267	12 902	16 177 169
Profit for the nine months ended 30 September 2008				-	344 635		344 635
Share of equity of an associate - net of tax				-	87 554		87 554
Total income recognised for the period	-	-	-	-	432 189	-	432 189
Loss on available for sale investments			(1 858 156)	(1 858 156)			(1 858 156)
Issue of bonus shares for the year 2007 @ 15%	150 000			-	(150 000)		-
Dividend paid for the year 2007 @ 60%				-	(600 000)		(600 000)
Transferred to general reserve		13 800 000		13 800 000	(13 800 000)		-
Balance as at 30 September 2008	<u>1 150 000</u>	<u>14 400 000</u>	<u>(1 858 156)</u>	<u>12 541 844</u>	<u>446 456</u>	<u>12 902</u>	<u>14 151 202</u>
Balance as at 1 January 2009	1 150 000	14 400 000	-	14 400 000	(5 456 959)	12 902	10 105 943
Profit for the period				-	675 154		675 154
Dividend paid for the year 2008 @ 32.50%				-	(373 750)		(373 750)
Transferred from general reserve		(5 900 000)		(5 900 000)	5 900 000		-
Balance as at 30 September 2009	<u>1 150 000</u>	<u>8 500 000</u>	<u>-</u>	<u>8 500 000</u>	<u>744 445</u>	<u>12 902</u>	<u>10 407 347</u>

The annexed notes 1 to 14 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 2009 (Unaudited)

Rupees '000

	2009	2008
Operating cash flows		
a) Underwriting activities		
Premiums received	7 062 167	6 713 308
Reinsurance premiums paid	(2 967 523)	(2 923 494)
Claims paid	(3 303 907)	(5 793 056)
Reinsurance and other recoveries received	750 498	2 381 954
Commissions paid	(645 987)	(674 746)
Commissions received	255 557	478 289
Management expenses paid	(724 454)	(683 172)
Net cash flow from underwriting activities	426 351	(500 917)
b) Other operating activities		
Income tax paid	(41 295)	(37 826)
Other operating payments	(331 764)	(303 022)
Other operating receipts	109 267	31 720
Loans advanced	(586)	(603)
Loan repayments received	781	1 099
Net cash flow from other operating activities	(263 597)	(308 632)
Total cash flow from all operating activities	162 754	(809 549)
Investment activities		
Profit/ return received	105 891	70 752
Dividends received	221 561	135 253
Rentals received	67 460	61 316
Payments for investments	(955 604)	(3 188 967)
Proceeds from disposal of investments	652 610	4 254 171
Fixed capital expenditure	(69 846)	(149 686)
Proceeds from disposal of fixed assets	7 604	11 031
Total cash flow from investing activities	29 676	1 193 870
Financing activities		
Dividends paid	(373 715)	(587 260)
Net cash (outflow) from all activities	(181 285)	(202 939)
Cash at the beginning of the year	1 303 684	1 162 876
Cash at the end of the period	1 122 399	959 937
Reconciliation to profit and loss account		
Operating cash flows	162 754	(809 549)
Depreciation expense	(96 690)	(82 738)
Investment and rental income	758 824	294 856
Other Income	73 419	44 605
Share of profit of an associate	118 371	66 297
Increase in assets other than cash	1 027 412	1 542 285
(Increase) in liabilities other than running finance	(1 368 936)	(711 121)
Profit after taxation	675 154	344 635
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	4 712	6 761
Current and other accounts	834 581	709 694
Deposits maturing within 12 months	283 106	243 482
	1 122 399	959 937

The annexed notes 1 to 14 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 Premiums
for the nine months period ended 30 September 2009 (Unaudited)**

Rupees '000

Class	Three months period ended 30 September									
	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2009	2008
		Opening	Closing			Opening	Closing			
<u>Direct and facultative</u>										
Fire and property damage	895 180	2 304 750	2 146 709	1 053 221	444 590	1 402 409	1 094 775	752 224	300 997	146 628
Marine, aviation and transport	296 425	471 532	411 652	356 305	106 019	266 781	222 819	149 981	206 324	289 558
Motor	707 476	1 885 062	1 703 915	888 623	3 073	159	33	3 199	885 424	1 028 316
Miscellaneous	103 072	398 444	339 350	162 166	73 333	307 110	250 456	129 987	32 179	21 515
Total	2 002 153	5 059 788	4 601 626	2 460 315	627 015	1 976 459	1 568 083	1 035 391	1 424 924	1 486 017
Treaty - proportional	3 037	15 278	2 915	15 400	-	-	-	-	15 400	64 332
Grand Total	2 005 190	5 075 066	4 604 541	2 475 715	627 015	1 976 459	1 568 083	1 035 391	1 440 324	1 550 349

Nine months period ended 30 September										
<u>Direct and facultative</u>										
Fire and property damage	3 442 121	1 690 920	2 146 709	2 986 332	2 134 457	1 236 556	1 094 775	2 276 238	710 094	485 157
Marine, aviation and transport	1 106 358	291 300	411 652	986 006	466 451	156 170	222 819	399 802	586 204	741 472
Motor	2 694 140	1 755 157	1 703 915	2 745 382	9 278	(52)	33	9 193	2 736 189	3 153 528
Miscellaneous	542 757	254 851	339 350	458 258	409 477	204 777	250 456	363 798	94 460	61 168
Total	7 785 376	3 992 228	4 601 626	7 175 978	3 019 663	1 597 451	1 568 083	3 049 031	4 126 947	4 441 325
Treaty - proportional	12 050	93 546	2 915	102 681	-	-	-	-	102 681	199 738
Grand Total	7 797 426	4 085 774	4 604 541	7 278 659	3 019 663	1 597 451	1 568 083	3 049 031	4 229 628	4 641 063

Note: Premium written includes administrative surcharge of Rs. 250.21 million (2008: Rs. 254.05 million)

The annexed notes 1 to 14 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 2009 (Unaudited)

Rupees '000

Class	Three months period ended 30 September										
	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			
		Opening	Closing			Opening	Closing				
<u>Direct and facultative</u>											
Fire and property damage	360 173	2 952 343	3 204 440	612 270	228 310	2 459 805	2 473 936	242 441	369 829	81 383	
Marine, aviation and transport	80 820	805 042	878 737	154 515	56	543 752	573 395	29 699	124 816	124 084	
Motor	492 033	1 328 326	1 497 016	660 723	435	56 329	56 024	130	660 593	830 544	
Miscellaneous	36 205	212 751	268 783	92 237	27 109	181 523	230 942	76 528	15 709	8 143	
Total	969 231	5 298 462	5 848 976	1 519 745	255 910	3 241 409	3 334 297	348 798	1 170 947	1 044 154	
Treaty - proportional	21 331	48 798	46 508	19 041	-	-	-	-	19 041	60 940	
Grand Total	990 562	5 347 260	5 895 484	1 538 786	255 910	3 241 409	3 334 297	348 798	1 189 988	1 105 094	

Nine months period ended 30 September										
<u>Direct and facultative</u>										
Fire and property damage	1 095 388	2 848 397	3 204 440	1 451 431	710 520	2 377 924	2 473 936	806 532	644 899	267 170
Marine, aviation and transport	276 912	689 506	878 737	466 143	21 784	419 501	573 395	175 678	290 465	268 706
Motor	1 825 556	1 412 142	1 497 016	1 910 430	936	70 060	56 024	(13 100)	1 923 530	2 562 914
Miscellaneous	111 466	183 382	268 783	196 867	84 154	162 853	230 942	152 243	44 624	21 894
Total	3 309 322	5 133 427	5 848 976	4 024 871	817 394	3 030 338	3 334 297	1 121 353	2 903 518	3 120 684
Treaty - proportional	121 575	59 922	46 508	108 161	-	-	-	-	108 161	167 158
Grand Total	3 430 897	5 193 349	5 895 484	4 133 032	817 394	3 030 338	3 334 297	1 121 353	3 011 679	3 287 842

The annexed notes 1 to 14 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 2009 (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					2009	2008
Direct and facultative									
Fire and property damage	126 413	224 118	241 129	109 402	50 226	159 628	78 243	81 385	71 721
Marine, aviation and transport	33 807	48 660	39 947	42 520	34 134	76 654	10 251	66 403	86 380
Motor	45 719	120 376	110 288	55 807	165 562	221 369	41	221 328	165 432
Miscellaneous	10 971	50 657	41 271	20 357	5 315	25 672	34 505	(8 833)	6 792
Total	216 910	443 811	432 635	228 086	255 237	483 323	123 040	360 283	330 325
Treaty - proportional	579	2 060	24	2 615	-	2 615	-	2 615	16 775
Grand Total	217 489	445 871	432 659	230 701	255 237	485 938	123 040	362 898	347 100

Nine months period ended 30 September									
Direct and facultative									
Fire and property damage	372 277	189 690	241 129	320 838	121 348	442 186	217 605	224 581	204 506
Marine, aviation and transport	133 592	27 247	39 947	120 892	100 177	221 069	21 580	199 489	292 487
Motor	175 935	105 295	110 288	170 942	560 501	731 443	8	731 435	503 887
Miscellaneous	66 138	30 840	41 271	55 707	16 142	71 849	104 042	(32 193)	15 453
Total	747 942	353 072	432 635	668 379	798 168	1 466 547	343 235	1 123 312	1 016 333
Treaty - proportional	(18 446)	16 314	24	(2 156)	-	(2 156)	-	(2 156)	34 471
Grand Total	729 496	369 386	432 659	666 223	798 168	1 464 391	343 235	1 121 156	1 050 804

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.

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 2009 (Unaudited)

Rupees '000

	<u>Nine months period ended 30 September 2009</u>	<u>2008</u>	<u>Three months period ended 30 September 2009</u>	<u>2008</u>
Income from trading investments				
Gain / (loss) on sale of trading investments	1 132	(51 550)	30	2 162
Return on fixed income securities	2 579	-	-	-
Dividend income	-	6 198	-	-
	3 711	(45 352)	30	2 162
Income from non-trading investments				
Return on government securities	22 187	10 812	11 355	3 628
Return on other fixed income securities and deposits	28 004	24 824	8 815	6 964
Amortisation of premium relative to par	(2 870)	(3 009)	(985)	(644)
Loss on sale of TFCs	-	(4 952)	-	-
Dividend income	92 094	74 394	26 155	24 773
Gain on sale of non-trading investments	131 113	247 857	53 163	572
	270 528	349 926	98 503	35 293
Gain on revaluation of trading investments	-	38 830	-	823
Reversal / (provision) for impairment - available for sale - net	420 145	(102 136)	515 187	(57 938)
Investment related expenses	(1 671)	(8 104)	(428)	(1 061)
Net investment income / (loss)	<u>692 713</u>	<u>233 164</u>	<u>613 292</u>	<u>(20 721)</u>

The annexed notes 1 to 14 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 2009 (Unaudited)

1. Reporting entity

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 September 1932 and is engaged in general insurance business comprising of fire & property, marine, motor, etc. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges.

The principal place of business is located at EFU House, M.A. Jinnah Road, Karachi.

2 Statement of compliance

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 full financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied by the company in its financial statements for the year ended 31 December 2008 except for the following:

- Revised IAS 1 Presentation of Financial Statements (2007) became effective for financial periods beginning on or after 1 January 2009. However, there is no comprehensive income to report in these condensed interim financial statements.
- IFRS 4 – Insurance Contracts became effective for financial periods beginning on or after 1 January 2009. However, Securities and Exchange Commission of Pakistan vide its circular no 22/2009 dated 30 June 2009 has deferred the applicability of certain requirements of IFRS 4 for the purpose of the quarterly accounts for 1st, 2nd and 3rd quarters of the year ending 2009. Other related requirements of IFRS 4 have no significant impact on these 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 the 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 2008.

5. Financial risk management

Financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2008.

6. Investments

	Note	30 September 2009	Rupees '000 31 December 2008
Investment in associate	6.1	10 439 909	10 442 906
Less: Provision for impairment		(1 987 000)	(1 987 000)
		8 452 909	8 455 906
Held for trading		-	85 353
Available for sale	6.1		
In related parties			
Equity securities		2 569 190	2 558 396
Fixed income securities		37 679	39 621
		2 606 869	2 598 017
Others			
Equity securities		3 346 926	4 048 287
Fixed income securities	6.2	640 157	351 602
		3 987 083	4 399 889
Less: Provision for impairment (net of reversals)		(2 366 905)	(3 707 167)
		4 227 047	3 290 739
		12 679 956	11 831 998

- 6.1 The market value of investments in associates and available for sale investments as on 30 September 2009 was Rs. 8 192 million (31 December 2008: Rs. 14 224 million). The recoverable amount of investments in associate is higher than its carrying amount.
- 6.2 The fixed income securities includes Pakistan Investment Bonds amounting to Rs. 125 million deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	Rupees '000	
	<u>30 September 2009</u>	<u>31 December 2008</u>
7. Premium due but unpaid – net – unsecured		
Considered good	2 475 626	1 752 417
Considered doubtful	1 093	1 093
	<u>2 476 719</u>	<u>1 753 510</u>
Provision for doubtful balances	(1 093)	(1 093)
	<u>2 475 626</u>	<u>1 752 417</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). 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 appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-01.

The tax department has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of accounting years 1998 to 2001, 2003 and 2005 to 2007. In case appeals are decided against the Company additional tax liability of Rs. 162 million may arise.

The Company has filed a writ petition in the High Court of Sindh against the tax department's order regarding withholding tax on reinsurance premium to overseas reinsurance companies. In case the writ petition 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 contingencies as the management, based on tax adviser's opinion, is confident of the favourable outcome of the above matters.

9. Fixed assets – tangible and intangible

The details of additions and disposals during the nine months period ended 30 September 2009 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	<u>30 September 2009</u>	<u>30 September 2008</u>	<u>30 September 2009</u>	<u>30 September 2008</u>
Tangibles				
Buildings	11 701	39 611	-	-
Furniture and fixtures	27 732	40 218	25	519
Vehicles	14 659	53 325	2 262	4 790
Office equipments	4 498	5 643	74	95
Computers	8 135	9 895	-	-
Intangibles				
Computer softwares	2 146	994	-	-
	<u>68 871</u>	<u>149 686</u>	<u>2 361</u>	<u>5 404</u>

10. Share capital

Issued, subscribed and paid-up				Rupees '000
Number of shares				
30 September 2009	31 December 2008		30 September 2009	31 December 2008
250 000	250 000	Ordinary shares of Rs. 10 each fully paid in cash	2 500	2 500
<u>114 750 000</u>	<u>114 750 000</u>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>1 147 500</u>	<u>1 147 500</u>
<u>115 000 000</u>	<u>115 000 000</u>		<u>1 150 000</u>	<u>1 150 000</u>

11. Operating segments

Rupees '000

	Fire insurance business		Marine, aviation & transport		Motor		Miscellaneous		Treaty business		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Corporate segment assets	5 020 319	4 704 148	1 191 356	865 767	598 927	522 978	1 191 008	846 583	24	16 314	8 001 634	6 955 790
Corporate unallocated assets	-	-	-	-	-	-	-	-	-	-	14 899 784	14 273 902
Total assets	5 020 319	4 704 148	1 191 356	865 767	598 927	522 978	1 191 008	846 583	24	16 314	22 901 418	21 229 692
Corporate segment liabilities	6 182 357	5 392 163	1 493 223	1 185 311	3 242 806	3 195 401	897 641	676 687	49 423	153 467	11 865 451	10 603 029
Corporate unallocated liabilities	-	-	-	-	-	-	-	-	-	-	628 620	520 720
Total liabilities	6 182 357	5 392 163	1 493 223	1 185 311	3 242 806	3 195 401	897 641	676 687	49 423	153 467	12 494 071	11 123 749
Capital expenditure											69 846	149 686
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-	96 690	82 395
Total depreciation	-	-	-	-	-	-	-	-	-	-	96 690	82 395

Location	External premium less reinsurance by geographical segments		Carrying amount of segmented assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	Pakistan	4 227 045	4 627 241	22 790 458	21 142 902	69 846
EPZ	2 583	13 822	81 351	58 947	-	-
Saudi Arabia	-	-	29 609	27 843	-	-
Total	4 229 628	4 641 063	22 901 418	21 229 692	69 846	149 686

12. 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	
	30 September 2009	30 September 2008
Transactions		
Associated company		
Premium written	6 237	5 406
Premium paid	6 688	3 024
Claims incurred	3 870	4 411
Claims lodged	1 687	1 698
Investment made	15 809	91 494
Bonus shares received	-	100 833
Dividend received	137 178	60 500
Bonus shares issued	-	8 550
Dividend paid	25 441	34 201

Rupees '000

	30 September 2009	30 September 2008
Key management personnel		
Premium written	483	462
Claims incurred	-	99
Bonus shares issued	-	45 364
Dividend paid	112 135	181 458
Compensation	76 714	68 749
Others		
Premium written	68 538	253 251
Premium paid	4 101	4 101
Premium ceded	379 557	537 326
Commission earned / (paid)	18 126	(27 992)
Commission earned on cession	56 546	107 703
Claims incurred	133 716	176 986
Claims lodged	1 712	3 216
Claims on cession	170 497	220 327
Investment made	10 793	8 767
Sale of investments	-	54 436
Bonus shares received	-	87 026
Bonus shares issued	-	5 671
Dividend paid	74 825	22 684
Dividend received	16 418	-
Expenses paid	302	135
Brokerage paid	1 782	-
Donation paid	1 750	1 771
Employees' funds		
Contribution to provident fund	11 186	12 609
Contribution to gratuity fund	20 960	15 128
Contribution to pension fund	257	346
Bonus shares issued	-	772
Dividend paid	1 923	3 086
	30 September 2009	31 December 2008
Balances		
Associated company		
Balances receivable	362	1 827
Key management personnel		
Balances receivable	-	48
Others		
Balance receivable	33 807	52 407
Balance payable	108 663	4 167
Employees' funds receivable / (payable)		
EFU pension fund	12 786	12 786
EFU gratuity fund	(36 464)	(42 111)

13. Comparatives

Previous year's figures have been rearranged and reclassified wherever necessary for the purposes of better comparison. Major changes made in the comparative figures are in Note 6 where Investments are shown at cost less provision for impairments.

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 29 October 2009.

HASANALI ABDULLAH
Director

JAHANGIR SIDDIQUI
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

