

**Sustained Success**


EFU GENERAL INSURANCE LTD.

Report (Un-Audited) | **2015**  
FIRST QUARTER

REPORT (UN-AUDITED) FIRST QUARTER 2015



EFU GENERAL INSURANCE LTD.  
INSURER FINANCIAL STRENGTH AA+

 [efuinsurance.com](http://efuinsurance.com)



## Contents

- 02 | Company Information
- 03 | Directors' Review
- 04 | Condensed Interim Balance Sheet
- 06 | Condensed Interim Profit and Loss Account
- 07 | Condensed Interim Statement of Comprehensive Income
- 08 | Condensed Interim Statement of Changes in Equity
- 09 | Condensed Interim Statement of Cash Flows
- 10 | Condensed Interim Statement of Premiums
- 11 | Condensed Interim Statement of Claims
- 12 | Condensed Interim Statement of Expenses
- 13 | Condensed Interim Statement of Investment Income
- 14 | Notes to the Condensed Interim Financial Statements

## Company Information



### **Chairman**

Saifuddin N. Zoomkawala

### **Managing Director & Chief Executive**

Hasanali Abdullah

### **Directors**

Rafique R. Bhimjee  
Abdul Rehman Haji Habib  
Jahangir Siddiqui  
Muneer R. Bhimjee  
Taher G. Sachak  
Ali Raza Siddiqui  
Mohammed Iqbal Mankani

### **Chief Financial Officer & Corporate Secretary**

Altaf Qamruddin Gokal, F.C.A.

### **Legal Advisor**

Mohammad Ali Sayeed

### **Advisors**

Akhtar K. Alavi, A.C.I.I.  
Salim Rafik Sidiki, B.A. (Hons), M.A.  
S.C. (Hamid) Subjally  
Syed Mehdi Imam, M.A.

### **Shariah Advisor**

Mufti Muhammad Ibrahim Essa

### **Audit Committee**

Rafique R. Bhimjee  
Taher G. Sachak  
Ali Raza Siddiqui  
Mohammed Iqbal Mankani

### **Investment Committee**

Saifuddin N. Zoomkawala  
Hasanali Abdullah  
Rafique R. Bhimjee  
Jahangir Siddiqui

### **Human Resource & Remuneration Committee**

Saifuddin N. Zoomkawala  
Rafique R. Bhimjee  
Hasanali Abdullah

### **Auditors**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
601, 6th Floor  
Progressive Plaza  
Beaumont Road  
Karachi

### **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](http://www.efuinsurance.com)

### **Registered Office**

Kamran Centre, 1st Floor  
85, East, Jinnah Avenue  
Blue Area  
Islamabad

### **Main Offices**

EFU House  
M. A. Jinnah Road  
Karachi

Co-operative Insurance Building  
23, Shahrah-e-Quaid-e-Azam  
Lahore



## Directors' Review

We are pleased to present the unaudited financial statements for the three months period ended 31 March 2015.

The written premium for the three months period was Rs. 3 753 million as compared to Rs. 3 917 million in the corresponding period last year. The overall ratio of Claims to Net Premium Revenue was 53% as compared to 51% for the corresponding period last year. The total underwriting profit for the three months period was Rs. 223 million as compared to Rs. 336 million in corresponding period last year.

The after tax profit for the three months period was Rs. 400 million compared to Rs. 463 million in the corresponding period last year.

The earning per share for the three months period was Rs. 2.50 against Rs. 2.89 in the corresponding period of last year.

Your Directors have pleasure in declaring first interim cash dividend of Rupee 1.00 per share for the period ended 31 March 2015

The total Market value of Properties, Equity (other than investment in associate), Fixed Income securities and Cash and Bank Balances as at 31 March 2015 stood at Rs. 14 808 million as compared to Rs. 14 557 million as on 31 December 2014.

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.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

# Condensed Interim Balance Sheet As at 31 March 2015 (Unaudited)



	Note	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
<b>Share capital and reserves</b>			
Authorised share capital			
200 000 000 (2014: 150 000 000)			
ordinary shares of Rs.10 each		2 000 000	2 000 000
Issued, subscribed and paid-up share capital		1 600 000	1 600 000
Reserves and retained earnings	6	11 910 680	11 511 099
		13 510 680	13 111 099
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		5 745 935	5 652 404
Provision for unearned premium		6 562 917	6 363 732
Commission income unearned		319 687	296 383
Total underwriting provisions		12 628 539	12 312 519
<b>Deferred liabilities</b>			
Deferred taxation		121 048	117 081
<b>Creditors and accruals</b>			
Premiums received in advance		9 260	5 154
Amounts due to other insurers / reinsurers		2 067 758	2 069 905
Accrued expenses		160 907	183 975
Agent balances		591 531	551 661
Unearned rentals		56 548	54 684
Taxation - provision less payments		70 008	48 366
Other creditors and accruals		221 782	164 599
		3 177 794	3 078 344
<b>Other liabilities</b>			
Other deposits		496 607	509 979
Unclaimed dividends		100 198	98 223
		596 805	608 202
<b>Total liabilities</b>		16 524 186	16 116 146
<b>Total equity and liabilities</b>		30 034 866	29 227 245
Contingencies	7		



Rupees '000

	Note	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
<b>Cash and bank deposits</b>			
Cash and other equivalents		6 716	5 741
Current and other accounts		1 485 993	916 069
Deposits maturing within 12 months		328 403	598 985
		1 821 112	1 520 795
<b>Loans - secured considered good</b>			
To employees		2 253	2 578
<b>Investments</b>	8	15 783 132	15 647 043
<b>Investment properties</b>		208 154	213 313
<b>Current assets - others</b>			
Premiums due but unpaid - net	9	3 448 728	3 159 203
Amounts due from other insurers / reinsurers		102 819	27 137
Salvage recoveries accrued		34 640	26 189
Accrued investment income		104 250	137 444
Reinsurance recoveries against outstanding claims		3 357 155	3 389 989
Deferred commission expense		543 316	561 850
Prepayments		3 590 388	3 506 731
Security deposits		6 434	6 505
Sundry receivables		111 526	108 902
		11 299 256	10 923 950
<b>Fixed assets - tangible and intangibles</b>			
Land and buildings	10	330 093	327 942
Furniture, fixtures and office equipments		362 833	374 487
Vehicles		225 272	217 016
Computer softwares		92	121
Capital work-in-progress		2 669	–
		920 959	919 566
<b>Total assets</b>		<b>30 034 866</b>	<b>29 227 245</b>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

## Condensed Interim Profit and Loss Account For the three months period ended 31 March 2015 (Unaudited)



Rupees '000

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2015	Aggregate 2014
<b>Revenue account</b>								
Net premium revenue		508 042	391 099	717 615	76 589	–	1 693 345	1 733 153
Net claims		( 181 636 )	( 195 098 )	( 436 692 )	( 77 332 )	–	( 890 758 )	( 877 215 )
Management expenses		( 109 308 )	( 84 147 )	( 183 171 )	( 16 479 )	–	( 393 105 )	( 342 751 )
Net commission		( 75 921 )	( 56 859 )	( 62 959 )	8 847	–	( 186 892 )	( 177 278 )
<b>Underwriting result</b>		<u>141 177</u>	<u>54 995</u>	<u>34 793</u>	<u>( 8 375 )</u>	<u>–</u>	<u>222 590</u>	<u>335 909</u>
Investment income							239 717	236 505
Rental income							31 919	28 401
Profit on deposits							19 549	25 718
Other income / (loss)							4 878	( 922 )
Share of profit of an associate							131 073	91 051
General and administration expenses							( 153 621 )	( 146 717 )
Workers' welfare fund							( 9 922 )	( 11 175 )
							<u>263 593</u>	<u>222 861</u>
<b>Profit before tax</b>							<u>486 183</u>	<u>558 770</u>
Provision for taxation	11						( 86 602 )	( 96 253 )
<b>Profit after tax</b>							<u>399 581</u>	<u>462 517</u>
<b>Profit and loss appropriation account</b>								
Balance at commencement of the period							1 998 197	1 645 027
Profit after tax for the period							399 581	462 517
<b>Balance unappropriated profit at end of the period</b>							<u>2 397 778</u>	<u>2 107 544</u>
<b>Earnings per share - basic and diluted</b>						(Rupees)	<u>2.50</u>	<u>2.89</u>
								Restated

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015





## Condensed Interim Statement of Comprehensive Income For the three months period ended 31 March 2015 (Unaudited)

Rupees '000

	2015	2014
Profit for the period	399 581	462 517
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>399 581</b>	<b>462 517</b>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

## Condensed Interim Statement of Changes in Equity For the three months period ended 31 March 2015 (Unaudited)



Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2014	1 250 000	9 000 000	12 902	1 645 027	11 907 929
<b>Total comprehensive income for the period ended 31 March 2014</b>					
Profit for the period	–	–	–	462 517	462 517
Balance as at 31 March 2014	<u>1 250 000</u>	<u>9 000 000</u>	<u>12 902</u>	<u>2 107 544</u>	<u>12 370 446</u>
Balance as at 1 January 2015	1 600 000	9 500 000	12 902	1 998 197	13 111 099
<b>Total comprehensive income for the period ended 31 March 2015</b>					
Profit for the period	–	–	–	399 581	399 581
Balance as at 31 March 2015	<u>1 600 000</u>	<u>9 500 000</u>	<u>12 902</u>	<u>2 397 778</u>	<u>13 510 680</u>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015



## Condensed Interim Statement of Cash Flows For the three months period ended 31 March 2015 (Unaudited)

Rupees '000

	2015	2014
<b>Operating activities</b>		
a) Underwriting activities		
Premiums received	3 467 732	3 430 210
Reinsurance premiums paid	(1 883 786)	(1 823 461)
Claims paid	(1 546 228)	(1 094 545)
Reinsurance and other recoveries received	697 702	275 267
Commissions paid	(288 742)	(416 189)
Commissions received	183 557	200 659
Management expenses paid	(312 896)	(287 886)
Net cash inflow from underwriting activities	317 339	284 055
b) Other operating activities		
Income tax paid	(60 849)	(36 385)
General and administration expenses	(211 220)	(195 652)
Other operating payments	(65 191)	(68 747)
Other operating receipts	47 025	48 043
Loans advanced	(95)	(202)
Loan repayments received	419	267
Net cash outflow from other operating activities	(289 911)	(252 676)
<b>Total cash inflow from all operating activities</b>	<b>27 428</b>	<b>31 379</b>
<b>Investment activities</b>		
Profit / return received	166 783	31 312
Dividends received	26 612	39 227
Rentals received	27 372	14 089
Payments for investments	(714 710)	(4 356 629)
Proceeds from disposal of investments	805 740	3 847 968
Fixed capital expenditures	(47 000)	(18 636)
Proceeds from disposal of fixed assets	6 117	7 456
<b>Total cash inflow / (outflow) from investing activities</b>	<b>270 914</b>	<b>(435 213)</b>
<b>Financing activities</b>		
Dividends paid	1 975	995
<b>Net cash inflow / (outflow) from all activities</b>	<b>300 317</b>	<b>(402 839)</b>
Cash at the beginning of the period	1 520 795	2 083 141
<b>Cash at the end of the period</b>	<b>1 821 112</b>	<b>1 680 302</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	27 428	31 379
Depreciation / amortisation expense	(49 189)	(42 280)
Rentals and investment income	265 229	251 743
Profit on deposits	19 549	25 718
Other income	1 666	4 006
Share of profit of an associate	131 073	91 051
Decrease in assets other than cash	386 386	2 070 674
Decrease in liabilities other than running finance	(382 561)	(1 969 774)
<b>Profit after taxation</b>	<b>399 581</b>	<b>462 517</b>
<b>Definition of cash</b>		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	6 716	3 404
Current and other accounts	1 485 993	1 089 776
Deposits maturing within 12 months	328 403	587 122
	<b>1 821 112</b>	<b>1 680 302</b>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

## Condensed Interim Statement of Premiums For the three months period ended 31 March 2015 (Unaudited)



Rupees '000

Class	Premiums				Reinsurance				Net premium revenue 2015	Net premium revenue 2014
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	1 925 628	4 056 159	3 952 685	2 029 102	1 454 641	2 990 368	2 923 949	1 521 060	508 042	521 577
Marine, aviation and transport	492 355	555 303	510 584	537 074	94 945	239 028	187 998	145 975	391 099	411 318
Motor	868 050	1 329 780	1 475 334	722 496	4 672	742	533	4 881	717 615	696 133
Miscellaneous	467 118	422 490	624 314	265 294	327 381	259 031	397 707	188 705	76 589	104 125
Total	<u>3 753 151</u>	<u>6 363 732</u>	<u>6 562 917</u>	<u>3 553 966</u>	<u>1 881 639</u>	<u>3 489 169</u>	<u>3 510 187</u>	<u>1 860 621</u>	<u>1 693 345</u>	<u>1 733 153</u>
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-	-
Grand total	<u>3 753 151</u>	<u>6 363 732</u>	<u>6 562 917</u>	<u>3 553 966</u>	<u>1 881 639</u>	<u>3 489 169</u>	<u>3 510 187</u>	<u>1 860 621</u>	<u>1 693 345</u>	<u>1 733 153</u>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015



## Condensed Interim Statement of Claims For the three months period ended 31 March 2015 (Unaudited)

Rupees '000

Class	Claims				Reinsurance					Net claims expense 2015	Net claims expense 2014
	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				
<b>Direct and facultative</b>											
Fire and property damage	919 088	3 143 108	2 963 201	739 181	692 096	2 394 931	2 260 380	557 545	181 636	239 061	
Marine, aviation and transport	141 045	1 098 528	1 234 171	276 688	21 761	650 737	710 566	81 590	195 098	106 885	
Motor	358 475	943 727	1 021 773	436 521	261	4 259	3 827	(171)	436 692	446 367	
Miscellaneous	119 169	467 041	526 790	178 918	59 266	340 062	382 382	101 586	77 332	84 902	
<b>Total</b>	<b>1 537 777</b>	<b>5 652 404</b>	<b>5 745 935</b>	<b>1 631 308</b>	<b>773 384</b>	<b>3 389 989</b>	<b>3 357 155</b>	<b>740 550</b>	<b>890 758</b>	<b>877 215</b>	
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-	-	
<b>Grand total</b>	<b>1 537 777</b>	<b>5 652 404</b>	<b>5 745 935</b>	<b>1 631 308</b>	<b>773 384</b>	<b>3 389 989</b>	<b>3 357 155</b>	<b>740 550</b>	<b>890 758</b>	<b>877 215</b>	

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

## Condensed Interim Statement of Expenses For the three months period ended 31 March 2015 (Unaudited)



Rupees '000

Class	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expenses	Net underwriting expenses
		Opening	Closing					2015	2014
<b>Direct and facultative</b>									
Fire and property damage	138 371	359 610	316 216	181 765	109 308	291 073	105 844	185 229	166 627
Marine, aviation and transport	62 076	52 539	50 686	63 929	84 147	148 076	7 070	141 006	137 236
Motor	71 126	117 001	125 115	63 012	183 171	246 183	53	246 130	218 264
Miscellaneous	57 039	32 700	51 299	38 440	16 479	54 919	47 287	7 632	(2 098)
<b>Total</b>	<b>328 612</b>	<b>561 850</b>	<b>543 316</b>	<b>347 146</b>	<b>393 105</b>	<b>740 251</b>	<b>160 254</b>	<b>579 997</b>	<b>520 029</b>
<b>Treaty - proportional</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>328 612</b>	<b>561 850</b>	<b>543 316</b>	<b>347 146</b>	<b>393 105</b>	<b>740 251</b>	<b>160 254</b>	<b>579 997</b>	<b>520 029</b>

**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 financial statements.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015



## Condensed Interim Statement of Investment Income For the three months period ended 31 March 2015 (Unaudited)

Rupees '000

	2015	2014
<b>Income from non - trading investments</b>		
Return on government securities	82 793	3 669
Return on other fixed income securities and deposits	967	1 911
Amortisation of discount relative to par	5 683	43
Dividend income	54 459	58 343
Gain on sale of non-trading investments	93 055	62 259
	236 957	126 225
<b>Reversal of provision for impairment - available for sale investments - net</b>	2 990	110 480
<b>Investment related expenses</b>	( 230 )	( 200 )
<b>Net investment income</b>	<u>239 717</u>	<u>236 505</u>

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

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

# Notes to the Condensed Interim Financial Statements

## For the three months period ended 31 March 2015 (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, miscellaneous etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi.

### 2. Statement of compliance

These condensed interim financial statements of the Company for the period ended 31 March 2015 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 2014.

### 3. Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year other than as described below:

#### 3.1 New and revised and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

#### Standard or interpretation

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

The above standards and amendments did not have any impact on the Company's financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Company's 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 2014.

## 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 2014.

## 6. Reserves and retained earnings

Rupees '000

	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
General reserve	9 500 000	9 500 000
Reserve for exceptional losses	2 397 778	12 902
Retained earnings	12 902	1 998 197
	<u>11 910 680</u>	<u>11 511 099</u>

- 6.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

## 7. Contingencies

The income tax assessments of the Company have been finalised upto Tax Year 2014 (Financial year ending 31 December 2013).

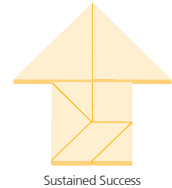
The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-2001 in respect of disallowance of management expenses, provision for gratuity and bonus. If the appeals are decided against the Company, a tax liability of Rs. 13 million would be payable

The Company has filed appeal for the Tax year 2008 with Income Tax Appellate Tribunal (ITAT) in respect of additions made by Commissioner Inland Revenue (Appeals) on Reinsurance Premium. If the appeal is decided against the Company, a tax liability of Rs. 5.3 million would be payable.

The department has filed appeals for the Tax years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court in respect of proration of management expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would be payable.

The department has filed appeal for the assessment year 2002-2003 before Honourable High Court against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company, a tax liability of Rs. 71 million would be payable.

The department has filed appeal for the Tax year 2008 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of Capital gain. If the appeal is decided against the Company, a tax liability of Rs. 5 094 million would be payable. The department has been over ruled by the Appellate Tribunal (ITAT) on the identical case of capital gain tax liability.



The department has filed appeal for the Tax years 2009, 2010 & 2013 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner Inland Revenue (Appeals) in respect of provision for IBNR and proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 148 million would be payable.

The Company has filed appeal for the Tax year 2014 before Income Tax Appellate Tribunal (ITAT) against the order of Additional Commissioner of Income Tax (Audit) in respect of proration of management expenses. If the appeal is decided against the Company, a tax liability of Rs. 7 million would be payable.

No provision has been made in these financial statements for the above contingencies as the management, based on tax adviser's opinion, is confident that the decision in this respect will be received in the favour of the Company.

During the year, the Searle Company Limited issued bonus shares (430 932 shares) after withholding 5 percent of bonus shares (22 680 shares). In this regard, a constitutional petition has been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The Company has not paid / provided an amount of Rs. 4.3 million being withholding tax on bonus shares based on the stay order granted by the Sindh High Court.

## 8. Investments

Rupees '000

	Note	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
Investment in associate - EFU Life Assurance Limited	8.1 & 8.2		
Opening balance		11 311 920	11 178 362
Purchases during the period		–	8 456
Share in profit of associate		131 073	404 436
Dividend received		–	( 279 334 )
		11 442 993	11 311 920
Provision for impairment		( 1 987 000 )	( 1 987 000 )
		9 455 993	9 324 920
Available for sale	8.2 & 8.4		
In related parties			
Mutual funds		123 598	171 052
Ordinary shares		2 121 922	2 121 922
		2 245 520	2 292 974
Provision for impairment – net of reversals		( 1 784 876 )	( 1 798 181 )
		460 644	494 793
Others			
Mutual funds		999 190	988 380
Ordinary shares		2 337 625	2 304 637
Preference shares		20 000	20 000
Fixed income securities	8.3		
Government securities		2 527 571	2 521 889
Term finance certificates		77 651	77 651
		5 962 037	5 912 557
Provision for impairment – net of reversals		( 95 542 )	( 85 227 )
		5 866 495	5 827 330
		15 783 132	15 647 043



- 8.1 The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36 - Impairment of Assets. The value in use calculations were carried out by an independent actuary and are based on cash flow projections based on the budget and the forecasts approved by the management up to five years.
- 8.2 The market value of investments in associate and available for sale investments as on 31 March 2015 was Rs. 6 551 million (31 December 2014: Rs. 7 308 million) and Rs. 10 009 million (31 December 2014: Rs. 10 559 million) respectively.
- 8.3 The fixed income securities includes Government Securities amounting to Rs. 162 million (31 December 2014: Rs. 162 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.
- 8.4 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 March 2015 would have been higher by Rs. 3 682 million (31 December 2014: higher by Rs. 4 237 million).

#### 9. Premiums due but unpaid – net – unsecured

Rupees '000

	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
Considered good	3 448 728	3 159 203
Considered doubtful	29 400	29 400
	<u>3 478 128</u>	<u>3 188 603</u>
Provision for doubtful balances	( 29 400 )	( 29 400 )
	<u><u>3 448 728</u></u>	<u><u>3 159 203</u></u>

#### 10. Fixed assets – tangibles and intangibles

The details of additions and disposals during the three months period ended 31 March 2015 are as follows:

Rupees '000

	Additions (at cost)		Disposals (at net book value)	
	31 March 2015 ( Unaudited )	31 March 2014 ( Unaudited )	31 March 2015 ( Unaudited )	31 March 2014 ( Unaudited )
<b>Tangibles</b>				
Buildings	8 202	10 975	–	–
Furniture and fixtures	5 032	256	798	–
Vehicles	27 815	4 000	606	3 446
Office equipments	901	728	–	–
Computers	1 453	1 179	28	42
<b>Intangibles</b>				
Computer softwares	–	95	–	–
	<u>43 403</u>	<u>17 233</u>	<u>1 432</u>	<u>3 488</u>



## 11. Provision for taxation

Rupees '000

	31 March 2015 (Unaudited)	31 March 2014 (Unaudited)
For the period		
Current	82 635	111 874
Deferred	3 967	(15 621)
	<u>86 602</u>	<u>96 253</u>

## 12. Operating segment

	Fire and property damage		Marine, aviation and transport		Motor		Others		Treaty		Total	
	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)
Corporate segment assets	7 196 660	7 258 696	1 629 077	1 621 153	739 108	593 300	1 432 000	1 180 388	–	–	10 996 845	10 653 537
Corporate unallocated assets											19 038 021	18 573 708
Total assets											<u>30 034 866</u>	<u>29 227 245</u>
Corporate segment liabilities	8 963 395	9 355 618	1 982 757	1 989 424	2 583 775	2 350 083	2 263 768	1 754 093	–	–	15 793 695	15 449 218
Corporate unallocated liabilities											730 491	666 928
Total liabilities											<u>16 524 186</u>	<u>16 116 146</u>
Capital expenditures											47 000	18 635
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											49 189	177 457
Total depreciation											<u>49 189</u>	<u>177 457</u>

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditures	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Audited)	2015 (Unaudited)	2014 (Unaudited)
Pakistan	1 685 430	1 722 918	29 865 429	29 057 969	16 449 115	16 034 695	47 000	18 635
EPZ *	7 915	10 235	169 437	169 276	75 071	81 451	–	–
Total	<u>1 693 345</u>	<u>1 733 153</u>	<u>30 034 866</u>	<u>29 227 245</u>	<u>16 524 186</u>	<u>16 116 146</u>	<u>47 000</u>	<u>18 635</u>

\* This represents US Dollar equivalent in Pak Rupees



### 13. Related party transactions

Related parties comprise of directors, major share holders key management personnel, associated companies 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	
	31 March 2015 ( Unaudited )	31 March 2014 ( Unaudited )
<b>Transactions</b>		
<b>Associated company</b>		
Premiums written	17 181	16 178
Premiums paid	9 642	5 162
Claims paid	2 991	3 962
Claims received	–	2 232
Dividends received	–	214 873
<b>Key management personnel</b>		
Premiums written	11	11
Claims paid	130	–
Compensation	30 249	25 194
<b>Others</b>		
Premiums written	62 557	58 723
Premiums paid	12 984	9 021
Claims paid	21 934	22 163
Claims received	1 930	1 067
Investments made	–	350 500
Investments sold	47 454	350 500
Bank deposits made	70 500	195 500
Brokerage paid	139	1 529
<b>Employees' funds</b>		
Contribution to provident fund	4 851	4 678
Contribution to gratuity fund	2 365	2 423
Contribution to pension fund	51	( 9 )



Sustained Success

	31 March 2015 ( Unaudited )	31 December 2014 ( Audited )
<b>Balances</b>		
<b>Others</b>		
Balances receivable	8 655	663
Balances payable	( 170 )	( 473 )
Deposits maturing within 12 months	70 500	140 500
Bank balances	225 401	39 516
<b>Employees' funds receivable</b>		
EFU gratuity fund	35 948	38 313
EFU pension fund	34 130	34 130

#### 14. Date of authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors in its meeting held on 23 April 2015.

JAHANGIR SIDDIQUI  
Director

RAFIQUE R. BHIMJEE  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 23 April, 2015

