



Report (Unaudited)
Second Quarter 2009

EFU GENERAL INSURANCE LTD.



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 Taseer Hadi & Co.,
Chartered Accountants
Karachi

Registrar

Technology Trade (Pvt.) Ltd.

Dagia House 241-C

Block-2, P.E.C.H.S.

Off Shahra-e-Quaideen

Karachi

Website

www.efuinsurance.com

Registered Office

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

Main Offices

EFU House

M.A. Jinnah Road, Karachi.

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

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

Despite very challenging business conditions the written premium for the six months period was Rs. 5 792 million as against Rs. 5 305 million in the corresponding period of last year representing an increase of 9%. The overall claim ratio on Net Premium Revenue was 65% as against 71% in the corresponding period of last year. The total underwriting profit for the six months period was Rs. 209 million as compared to Rs. 215 million in corresponding period of 2008.

The Investment income for the six months period was Rs. 79 million compared to Rs. 254 million in the corresponding period of last six month.

The after tax profit for the six months was Rs. 140 million compared to Rs. 325 million in the corresponding period of last year

Your Directors are hopeful that we would continue to see increase in the Gross Revenue in the second half of 2009. We have however received a number of intimation of losses due to heavy rain in July 2009 in Karachi which would have a negative impact on underwriting results in the second half of the 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 efforts in a difficult operating environment.

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Karachi 29 August 2009

Review Report to the Members

Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of changes in equity;
- iv. condensed interim statement of cash flows;
- v. condensed interim statement of premiums;
- vi. condensed interim statement of claims;
- vii. condensed interim statement of expenses; and
- viii. condensed interim statement of investment income

of EFU General Insurance Company Limited as at 30 June 2009 and for the six months period then ended (interim financial information). 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 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 figures for the quarter ended 30 June 2009 and 30 June 2008 in the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income have not been reviewed and we do not express a conclusion on them.

Hyder Bhimji & Co.
Chartered Accountants
Hyder Ali Bhimji

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Karachi 29 August 2009

**Condensed Interim Balance Sheet
As at 30 June 2009 (Unaudited)**

	Note	30 June 2009 (Unaudited)	31 December 2008 (Audited)
Share capital and reserves			
Authorised capital		1 500 000	1 500 000
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		209 175	(5 456 959)
Reserves		8 500 000	14 400 000
Reserve for exceptional losses		12 902	12 902
		8 722 077	8 955 943
		9 872 077	10 105 943
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5 347 260	5 193 349
Provision for unearned premium		5 075 066	4 085 774
Commission income unearned		238 811	262 115
Total underwriting provisions		10 661 137	9 541 238
Deferred liabilities			
Staff retirement benefits		31 443	42 111
Creditors and accruals			
Premiums received in advance		16 350	18 665
Amounts due to other insurers / reinsurers		1 383 526	717 727
Accrued expenses		131 919	122 803
Agent balances		396 847	325 398
Unearned rentals		57 031	49 061
Other creditors and accruals		245 103	67 984
		2 230 776	1 301 638
Other liabilities			
Other deposits		185 781	200 600
Unclaimed dividend		38 398	38 162
		224 179	238 762
Total liabilities		13 147 535	11 123 749
Total equity and liabilities		23 019 612	21 229 692
Contingencies and commitments	8		

		Rupees '000
	30 June 2009 (Unaudited)	31 December 2008 (Audited)
Note		
Cash and bank deposits		
Cash and other equivalent	7 358	4 091
Current and other accounts	1 091 139	669 415
Deposits maturing within 12 months	709 847	630 178
	1 808 344	1 303 684
Loans - secured considered good		
To employees	2 722	2 880
Investments	6	11 753 031
		11 831 998
Investment properties		251 086
		259 084
Deferred taxation		32 448
		74 729
Other assets		
Premiums due but unpaid - net	2 361 090	1 752 417
Amounts due from other insurers / reinsurers	243 583	182 069
Salvage recoveries accrued	17 699	24 130
Accrued investment income	35 304	23 789
Reinsurance recoveries against outstanding claims	3 241 409	3 030 338
Taxation - provision less payments	184 847	173 269
Deferred commission expense	445 871	369 386
Prepayments	2 021 543	1 630 841
Security deposits	5 451	5 366
Other receivables	79 192	32 188
	8 635 989	7 223 793
Fixed assets-tangible & intangible		
Land and buildings	175 623	169 482
Furniture, fixtures and office equipment	201 146	188 687
Motor vehicles	154 478	171 183
Computer software	4 745	4 172
	535 992	533 524
Total assets	23 019 612	21 229 692

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Profit And Loss Account for the six months period ended 30 June 2009 (Unaudited)

Rupees '000

Three months period ended 30 June						
	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate
						2009
						2008
Revenue account						
Net premium revenue	233 915	173 608	906 006	26 734	34 935	1 375 198
Change in premium deficiency reserve	-	-	-	-	-	2 526
Net claims	(167 900)	(77 998)	(640 297)	(15 811)	(44 111)	(1 119 627)
Management expenses	(41 834)	(31 557)	(200 815)	(4 884)	-	(256 042)
Net commission	(50 459)	(30 329)	(57 360)	19 747	(1 904)	(138 910)
Underwriting result	<u>(26 278)</u>	<u>33 724</u>	<u>7 534</u>	<u>25 786</u>	<u>(11 080)</u>	<u>29 686</u>
Investment income / (loss)						31 890
Rental income						22 118
Other income						25 184
Share of (loss) / profit of an associate						(4 121)
Difference in exchange						497
General and administration expenses						(119 384)
						(43 816)
Loss before tax						(14 130)
Provision for taxation - current						(17 753)
- deferred						11 674
						(6 079)
(Loss) / Profit after tax						(20 209)
(Loss) / Earnings per share - basic and diluted					(Rupees)	(0.18)
						0.61

Six months period ended 30 June						
Revenue account						
Net premium revenue	409 097	379 880	1 850 765	62 281	87 281	2 789 304
Change in premium deficiency reserve	-	-	-	-	-	10 656
Net claims	(275 070)	(165 649)	(1 262 937)	(28 915)	(89 120)	(1 821 691)
Management expenses	(71 122)	(66 043)	(394 939)	(10 827)	-	(542 931)
Net commission	(72 074)	(67 043)	(115 168)	34 187	4 771	(215 327)
Underwriting result	<u>(9 169)</u>	<u>81 145</u>	<u>77 721</u>	<u>56 726</u>	<u>2 932</u>	<u>209 355</u>
Investment income						79 421
Rental income						43 685
Other income						54 816
Share of profit of an associate						38 291
Difference in exchange						2 548
General and administration expenses						(225 193)
						(6 432)
Profit before tax						202 923
Provision for taxation - current						(20 759)
- deferred						(42 280)
						(63 039)
Profit after tax						139 884
Profit and loss appropriation account						
Balance at commencement of period						(5 456 959)
Profit after tax						139 884
Share of change in the associate's equity - net of tax						-
Dividend 2008 @ 32.5% (2007 @ 60%)						(373 750)
Issue of bonus shares						-
Transfer from / (to) general reserve						5 900 000
Balance unappropriated profit at end of the period						209 175
Earnings per share - basic and diluted					(Rupees)	1.22
						2.83

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

**Condensed Interim Statement of Changes in Equity
for the six months period ended 30 June 2009 (Unaudited)**

Rupees '000

	Share capital	General reserve	Unappropri- ated profit	Reserve for exceptional losses	Total
Balance as at 1 January 2008	1 000 000	600 000	14 564 267	12 902	16 177 169
Profit for the six months ended 30 June 2008			325 339		325 339
Share of equity of an associate - net of tax			42 324		42 324
Total income recognised for the period			367 663		367 663
Issue of bonus shares for the year 2007 @ 15%	150 000		(150 000)		-
Dividend paid for the year 2007 @ 60%			(600 000)		(600 000)
Transfer to general reserve		13 800 000	(13 800 000)		-
Balance as at 30 June 2008	<u>1 150 000</u>	<u>14 400 000</u>	<u>381 930</u>	<u>12 902</u>	<u>15 944 832</u>
Balance as at 1 January 2009	1 150 000	14 400 000	(5 456 959)	12 902	10 105 943
Profit for the period			139 884		139 884
Dividend paid for the year 2008 @ 32.50%			(373 750)		(373 750)
Transfer from general reserve		(5 900 000)	5 900 000		-
Balance as at 30 June 2009	<u>1 150 000</u>	<u>8 500 000</u>	<u>209 175</u>	<u>12 902</u>	<u>9 872 077</u>

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

Condensed Interim Statement of Cash Flows for the six months period ended 30 June 2009 (Unaudited)

Rupees '000

	<u>2009</u>	<u>2008</u>
Operating cash flows		
a) Underwriting activities		
Premiums received	5 174 550	4 636 368
Reinsurance premiums paid	(1 726 850)	(2 066 116)
Claims paid	(2 333 659)	(4 324 454)
Reinsurance and other recoveries received	408 736	1 575 374
Commissions paid	(440 558)	(442 273)
Commissions received	196 891	320 486
Management expenses paid	(456 029)	(428 026)
Net cash flow from underwriting activities	823 081	(728 641)
b) Other operating activities		
Income tax paid	(32 337)	(33 580)
Other operating payments	(308 621)	(211 771)
Other operating receipts	162 534	189 125
Loans advanced	(408)	(453)
Loan repayments received	566	796
Net cash flow from other operating activities	(178 266)	(55 883)
Total cash flow from all operating activities	644 815	(784 524)
Investment activities		
Profit/ return received	69 423	46 479
Dividends received	65 202	117 006
Rentals received	51 655	52 027
Payments for investments	(353 064)	(2 753 536)
Proceeds from disposal of investments	454 335	3 937 467
Fixed capital expenditure	(60 049)	(85 327)
Proceeds from disposal of fixed assets	5 857	8 321
Total cash flow from investing activities	233 359	1 322 437
Financing activities		
Dividends paid	(373 514)	(587 037)
Net cash inflow / (outflow) from all activities	504 660	(49 124)
Cash at the beginning of the year	1 303 684	1 162 876
Cash at the end of the period	1 808 344	1 113 752
Reconciliation to profit and loss account		
Operating cash flows	644 815	(784 526)
Depreciation expense	(63 806)	(53 482)
Investment and rental income	123 106	294 617
Other Income	54 816	28 067
Share of profit of an associate	38 291	43 017
Increase in assets other than cash	1 358 243	1 294 823
(Increase) in liabilities other than running finance	(2 015 581)	(497 177)
Profit after taxation	139 884	325 339
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalent	7 358	2 708
Current and other accounts	1 091 139	885 702
Deposits maturing within 12 months	709 847	225 342
	1 808 344	1 113 752

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Premiums for the six months period ended 30 June 2009 (Unaudited)

Rupees '000

Three months period ended 30 June

	Premiums				Reinsurance				Net premium revenue	
Class	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2009	2008
<u>Direct and facultative</u>										
Fire and property damage	1 313 404	2 008 909	2 304 750	1 017 563	791 912	1 394 145	1 402 409	783 648	233 915	168 746
Marine, aviation and transport	523 161	259 355	471 532	310 984	279 198	124 959	266 781	137 376	173 608	245 024
Motor	977 715	1 816 493	1 885 062	909 146	3 299	-	159	3 140	906 006	1 065 226
Miscellaneous	231 443	318 860	398 444	151 859	177 208	255 027	307 110	125 125	26 734	16 997
Total	3 045 723	4 403 617	5 059 788	2 389 552	1 251 617	1 774 131	1 976 459	1 049 289	1 340 263	1 495 993
Treaty - proportional	2 813	47 400	15 278	34 935	-	-	-	-	34 935	73 234
Grand Total	3 048 536	4 451 017	5 075 066	2 424 487	1 251 617	1 774 131	1 976 459	1 049 289	1 375 198	1 569 227

Six months period ended 30 June

<u>Direct and facultative</u>										
Fire and property damage	2 546 941	1 690 920	2 304 750	1 933 111	1 689 867	1 236 556	1 402 409	1 524 014	409 097	338 529
Marine, aviation and transport	809 933	291 300	471 532	629 701	360 432	156 170	266 781	249 821	379 880	451 914
Motor	1 986 664	1 755 157	1 885 062	1 856 759	6 205	(52)	159	5 994	1 850 765	2 125 212
Miscellaneous	439 685	254 851	398 444	296 092	336 144	204 777	307 110	233 811	62 281	39 653
Total	5 783 223	3 992 228	5 059 788	4 715 663	2 392 648	1 597 451	1 976 459	2 013 640	2 702 023	2 955 308
Treaty - proportional	9 013	93 546	15 278	87 281	-	-	-	-	87 281	135 406
Grand Total	5 792 236	4 085 774	5 075 066	4 802 944	2 392 648	1 597 451	1 976 459	2 013 640	2 789 304	3 090 714

Note: Premium written includes administrative surcharge of Rs. 180.90 million (2008: Rs. 172.96 million)

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Claims for the six months period ended 30 June 2009 (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		
		Opening	Closing			Opening	Closing			
		2009	2008							
<u>Direct and facultative</u>										
Fire and property damage	390 690	3 001 816	2 952 343	341 217	257 561	2 544 049	2 459 805	173 317	167 900	103 740
Marine, aviation and transport	89 759	751 981	805 042	142 820	6 725	485 655	543 752	64 822	77 998	99 523
Motor	634 880	1 335 362	1 328 326	627 844	217	68 999	56 329	(12 453)	640 297	852 377
Miscellaneous	38 361	201 861	212 751	49 251	27 799	175 882	181 523	33 440	15 811	6 677
Total	1 153 690	5 291 020	5 298 462	1 161 132	292 302	3 274 585	3 241 409	259 126	902 006	1 062 317
Treaty - proportional	42 637	47 324	48 798	44 111	-	-	-	-	44 111	57 310
Grand Total	1 196 327	5 338 344	5 347 260	1 205 243	292 302	3 274 585	3 241 409	259 126	946 117	1 119 627

Six months period ended 30 June										
<u>Direct and facultative</u>										
Fire and property damage	735 215	2 848 397	2 952 343	839 161	482 210	2 377 924	2 459 805	564 091	275 070	185 787
Marine, aviation and transport	196 092	689 506	805 042	311 628	21 728	419 501	543 752	145 979	165 649	144 622
Motor	1 333 523	1 412 142	1 328 326	1 249 707	501	70 060	56 329	(13 230)	1 262 937	1 732 370
Miscellaneous	75 261	183 382	212 751	104 630	57 045	162 853	181 523	75 715	28 915	13 751
Total	2 340 091	5 133 427	5 298 462	2 505 126	561 484	3 030 338	3 241 409	772 555	1 732 571	2 076 530
Treaty - proportional	100 244	59 922	48 798	89 120	-	-	-	-	89 120	106 218
Grand Total	2 440 335	5 193 349	5 347 260	2 594 246	561 484	3 030 338	3 241 409	772 555	1 821 691	2 182 748

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Expenses for the six months period ended 30 June 2009 (Unaudited)

Rupees '000

Three months period ended 30 June									
Class	Commission				Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
	Paid or payable	Deferred		Net expense				2009	2008
		Opening	Closing						
<u>Direct and facultative</u>									
Fire and property damage	138 476	193 088	224 118	107 446	41 834	149 280	56 987	92 293	79 085
Marine, aviation and transport	60 676	25 337	48 660	37 353	31 557	68 910	7 024	61 886	132 220
Motor	62 034	115 723	120 376	57 381	200 815	258 196	21	258 175	170 484
Miscellaneous	29 043	40 182	50 657	18 568	4 884	23 452	38 315	(14 863)	5 119
Total	290 229	374 330	443 811	220 748	279 090	499 838	102 347	397 491	386 908
Treaty - proportional	565	3 399	2 060	1 904	-	1 904	-	1 904	8 044
Grand Total	290 794	377 729	445 871	222 652	279 090	501 742	102 347	399 395	394 952
Six months period ended 30 June									
<u>Direct and facultative</u>									
Fire and property damage	245 864	189 690	224 118	211 436	71 122	282 558	139 362	143 196	132 785
Marine, aviation and transport	99 785	27 247	48 660	78 372	66 043	144 415	11 329	133 086	206 107
Motor	130 216	105 295	120 376	115 135	394 939	510 074	(33)	510 107	338 455
Miscellaneous	55 167	30 840	50 657	35 350	10 827	46 177	69 537	(23 360)	8 661
Total	531 032	353 072	443 811	440 293	542 931	983 224	220 195	763 029	686 008
Treaty - proportional	(19 025)	16 314	2 060	(4 771)	-	(4 771)	-	(4 771)	17 696
Grand Total	512 007	369 386	445 871	435 522	542 931	978 453	220 195	758 258	703 704

Note: Commission from reinsures 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

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Condensed Interim Statement of Investment Income for the six months period ended 30 June 2009 (Unaudited)

Rupees '000

	Six months period ended 30 June		Three months period ended 30 June	
	2009	2008	2009	2008
Income from trading investments				
Gain / (loss) on sale of trading investments	1 102	(53 712)	372	(65 746)
Return on fixed income securities	2 579	-	970	-
Dividend income	-	6 198	-	1 703
	3 681	(47 514)	1 342	(64 043)
Income from non-trading investments				
Return on government securities	7 175	7 184	3 610	3 594
Return on other fixed income securities and deposits	19 189	12 908	9 083	3 589
Amortisation of premium relative to par	(1 885)	(2 365)	(956)	(1 581)
Return on Treasury Bill	3 657	-	3 657	-
Dividend income	65 939	49 621	35 879	(52 020)
Gain on sale of non-trading investments	77 950	247 285	74 322	116 600
	172 025	314 633	125 595	70 182
Gain on revaluation of trading investments	-	38 007	625	9 599
Provision for impairment - available for sale - net	(95 042)	(44 198)	(95 042)	(44 198)
Investment related expenses	(1 243)	(7 043)	(630)	(3 779)
Net investment income/(loss)	<u>79 421</u>	<u>253 885</u>	<u>31 890</u>	<u>(32 239)</u>

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

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

Notes to the Condensed Interim Financial Statements for the six months period ended 30 June 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 June 2009	Rupees '000 31 December 2008
Investment in associate	6.1	10 345 564	10 442 906
Less: Provision for impairment		(1 987 000)	(1 987 000)
		8 358 564	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		38 158	39 621
		2 607 348	2 598 017
Others			
Equity securities		3 689 823	4 048 287
Fixed income securities	6.2	539 620	351 602
		4 229 443	4 399 889
Less: Provision for impairment (net of reversals)		(3 442 324)	(3 707 167)
		3 394 467	3 290 739
		11 753 031	11 831 998

- 6.1 The market value of investments in associates and available for sale investments as on 30 June 2009 was Rs. 6 332 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. 126 million deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	Rupees '000	
	30 June 2009	31 December 2008
7. Premium due but unpaid – net – unsecured		
Considered good	2 361 090	1 752 417
Considered doubtful	1 093	1 093
	2 362 183	1 753 510
Provision for doubtful balances	(1 093)	(1 093)
	<u>2 361 090</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 six months period ended 30 June 2009 are as follows:

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Tangibles				
Buildings	11 643	27 828	-	-
Furniture and fixtures	23 250	23 005	-	519
Vehicles	14 329	25 269	1 747	3 678
Office equipments	3 251	2 570	34	96
Computers	4 727	5 430	-	-
Intangibles				
Computer softwares	1 873	724	-	-
	<u>59 073</u>	<u>84 826</u>	<u>1 781</u>	<u>4 293</u>

10. Share capital

Issued, subscribed and paid-up

Rupees '000

Number of shares			30 June 2009	31 December 2008
		Ordinary shares of Rs. 10 each		
		fully paid in cash	2 500	2 500
		Ordinary shares of Rs. 10 each		
		issued as fully paid bonus shares	1 147 500	1 147 500
			<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	5 209 210	4 704 148	1 197 815	865 767	627 972	522 978	1 249 055	846 583	2 060	16 314	8 286 112	6 955 790
Corporate unallocated assets	-	-	-	-	-	-	-	-	-	-	14 733 500	14 273 902
Total assets	5 209 210	4 704 148	1 197 815	865 767	627 972	522 978	1 249 055	846 583	2 060	16 314	23 019 612	21 229 692
Corporate segment liabilities	6 548 830	5 392 163	1 578 460	1 185 311	3 261 172	3 195 401	1 005 321	676 687	64 076	153 467	12 457 859	10 603 029
Corporate unallocated liabilities	-	-	-	-	-	-	-	-	-	-	689 676	520 720
Total liabilities	6 548 830	5 392 163	1 578 460	1 185 311	3 261 172	3 195 401	1 005 321	676 687	64 076	153 467	13 147 535	11 123 749
Capital expenditure	-	-	-	-	-	-	-	-	-	-	59 073	84 826
Segment depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-	63 805	53 487
Total depreciation	-	-	-	-	-	-	-	-	-	-	63 805	53 487

Location	External premium less reinsurance by geographical segments		Carrying amount of segmented assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
Pakistan	2 788 431	3 080 300	22 914 650	21 142 902	59 073	84 826
EPZ	873	10 414	75 955	58 947	-	-
Saudi Arabia	-	-	29 007	27 843	-	-
Total	2 789 304	3 090 714	23 019 612	21 229 692	59 073	84 826

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 June 2009	30 June 2008
Transactions		
Associated company		
Premium written	6 147	5 341
Premium paid	4 458	3 024
Claims incurred	2 101	3 495
Claims lodged	1 687	425
Investment made	1 543	68 623
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 June 2009	30 June 2008
Key management personnel		
Premium written	499	401
Claims incurred	-	153
Bonus shares issued	-	45 364
Dividend paid	112 135	181 458
Compensation	45 563	34 759
Others		
Premium written	39 703	139 442
Premium paid	3 362	2 837
Premium ceded	262 057	387 645
Commission earned / (paid)	19 025	(7 308)
Commission earned on cession	42 387	71 688
Claims incurred	110 605	107 415
Claims lodged	793	2 198
Claims on cession	125 392	97 562
Investment made	10 793	-
Bonus shares issued	-	5 671
Bonus shares received	-	87 026
Dividend paid	74 825	22 684
Dividend received	16 418	-
Bank deposits made	70 500	-
Expenses paid	379	95
Donation paid	1 050	1 521
Employees' funds		
Contribution to provident fund	8 216	7 835
Contribution to gratuity fund	20 960	9 404
Contribution to pension fund	193	219
Bonus shares issued	-	772
Dividend paid	1 923	3 086
	30 June 2009	31 December 2008
Balances		
Associated company		
Balances receivable	37	1 827
Key management personnel		
Balances receivable	-	48
Others		
Balance receivable	77 175	52 407
Balance payable	95 125	4 167
Employees' funds receivable / (payable)		
EFU gratuity fund	(31 443)	(42 111)
EFU pension fund	12 786	12 786

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 August 2009.

HASANALI ABDULLAH
Director

SULTAN AHMAD
Director

SAIFUDDIN N. ZOOMKAWALA
Managing Director & Chief Executive

RAFIQUE R. BHIMJEE
Chairman

