

Report (Un-Audited)
Third Quarter

2012



Enduring Value
Inspiring Excellence



GENERAL

EFU GENERAL INSURANCE LTD.

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

Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A

Legal Advisor

Mohammad Ali Sayeed

Advisors

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

Audit Committee

Muneer R. Bhimjee
Taher G. Sachak
Abdul Rehman Haji Habib

Rating Agency: JCR-VIS

Insurer Financial Strength Rating : AA
Outlook : Stable

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Karachi

Registrar

Technology Trade (Pvt.) Ltd.
Dagia House 241-C
Block-2, P.E.C.H.S.
Off Shahra-e-Quaideen
Karachi

Website

www.efuinsurance.com

Registered Office

Dodhy Building, 2nd Floor, 52-E
Jinnah Avenue, (Blue Area)
Islamabad

Main Offices

EFU House
M.A. Jinnah Road
Karachi

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

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VISION & MISSION

Vision

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

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

Mission

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

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



Directors' Review

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

The Net Premium Revenue for the nine months period was Rs. 4 587 million as against Rs. 4 669 million in the corresponding period of last year. The overall claims to Net Premium Revenue ratio improved by 6 % to 54 % as against 60 % in the corresponding period of last year. The total underwriting profit for the nine months period was Rs. 648 million as compared to Rs. 521 million in corresponding period of last year.

The Investment and Rental Income for the nine months period was Rs. 816 million compared to Rs. 158 million in the corresponding period of last year.

The after tax profit for the nine months period was Rs. 1 317 million compared to Rs. 309 million in the corresponding period of last year.

The earnings per share for the nine months period was Rs. 10.54 as against Rs. 2.47 in the corresponding period of last year.

The total Market value of Properties, Equity, Fixed Income securities and Cash and Bank Balances as at 30 September 2012 stood at Rs. 11 billion.

The Breakup value of Company's share as at 30 September 2012 was Rs. 86.75

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

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

RAFIQUE R. BHIMJEE TAHER G. SACHAK
Director *Director*

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Balance Sheet

As at 30 September 2012 (Unaudited)

	<u>Note</u>	<u>30 September 2012 (Unaudited)</u>	<u>31 December 2011 (Audited)</u>
Share capital and reserves			
Authorised share capital			
150 000 000 (31 December 2011: 150 000 000) ordinary shares of Rs. 10 each		<u>1 500 000</u>	<u>1 500 000</u>
Issued, subscribed and paid-up share capital			
Reserves and retained earnings	6	<u>1 250 000</u> <u>9 594 159</u> 10 844 159	<u>1 250 000</u> <u>8 745 869</u> 9 995 869
Underwriting provisions			
Provision for outstanding claims (including IBNR)		6 535 067	6 303 174
Provision for unearned premium		5 737 001	5 147 264
Commission income unearned		281 977	233 744
Total underwriting provisions		12 554 045	11 684 182
Deferred tax liability		71 228	58 646
Creditors and accruals			
Premiums received in advance		12 768	5 475
Amounts due to other insurers / reinsurers		1 833 557	1 355 014
Accrued expenses		165 286	163 413
Agent balances		528 698	425 252
Unearned rentals		57 368	49 417
Other creditors and accruals		201 196	206 752
		2 798 873	2 205 323
Other liabilities			
Other deposits		448 981	377 536
Unclaimed dividends		72 875	56 482
		521 856	434 018
Total liabilities		<u>15 946 002</u>	<u>14 382 169</u>
Total equity and liabilities		<u>26 790 161</u>	<u>24 378 038</u>
Contingencies	7		

Rupees '000

	Note	30 September 2012 (Unaudited)	31 December 2011 (Audited)
Cash and bank deposits			
Cash and other equivalents		7 407	3 974
Current and other accounts		1 246 483	806 822
Deposits maturing within 12 months		519 320	947 323
		1 773 210	1 758 119
Loans - secured considered good			
To employees		3 634	3 326
Investments	8	12 704 221	12 332 678
Investment properties		211 370	219 408
Current assets - others			
Premiums due but unpaid - net	9	3 395 943	2 098 992
Amounts due from other insurers / reinsurers		54 685	55 716
Salvage recoveries accrued		17 214	11 321
Accrued investment income		47 675	36 691
Reinsurance recoveries against outstanding claims		4 171 910	4 043 075
Taxation - payments less provision		106 240	76 027
Deferred commission expense		589 654	489 131
Prepayments		2 807 476	2 456 531
Security deposits		5 219	4 164
Sundry receivables		50 600	33 214
		11 246 616	9 304 862
Fixed assets - tangible & intangibles	10		
Land and buildings		275 984	249 180
Furniture, fixtures and office equipments		377 874	355 949
Vehicles		175 465	121 052
Computer softwares		6 962	22 241
Capital work-in-progress		14 825	11 223
		851 110	759 645
Total assets		26 790 161	24 378 038

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Profit and Loss Account

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

		Three months period ended 30 September					
	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2012 2011
Revenue account							
Net premium revenue		544 261	356 868	634 947	82 217	104	1 618 397 1 734 184
Net claims		(154 551)	(221 981)	(432 633)	(42 826)	(598)	(852 589) (1 063 743)
Change in premium deficiency reserve		-	-	-	-	-	-
Management expenses		(100 408)	(65 650)	(141 390)	(15 130)	-	(322 578) (297 374)
Net commission		(91 150)	(53 175)	(52 920)	11 119	-	(186 126) (189 353)
Underwriting result		<u>198 152</u>	<u>16 062</u>	<u>8 004</u>	<u>35 380</u>	<u>(494)</u>	<u>257 104</u> <u>183 714</u>
Investment income							214 240 8 519
Rental income							24 764 22 221
Profit on deposits and saving accounts							27 505 30 775
Other charge / income - net	11						(603) 7 690
Share of profit of an associate							99 617 61 929
General and administration expenses							(139 172) (116 924)
							<u>226 351</u> <u>14 210</u>
Profit before tax							483 455 197 924
Provision for taxation	12						(2 146) (81 674)
Profit after tax							<u>481 309</u> <u>116 250</u>
Earnings per share - basic and diluted		(Rupees)					<u>3.85</u> <u>0.93</u>

		Nine months period ended 30 September					
	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2012 2011
Revenue account							
Net premium revenue		1 444 875	1 006 356	1 902 404	233 074	58	4 586 767 4 668 881
Net claims		(554 619)	(539 593)	(1 287 324)	(100 176)	(1 193)	(2 482 905) (2 798 842)
Change in premium deficiency reserve		-	-	-	-	-	- 26 896
Management expenses		(274 084)	(190 899)	(438 903)	(45 076)	-	(948 962) (877 048)
Net commission		(262 208)	(158 947)	(154 287)	68 292	(6)	(507 156) (498 483)
Underwriting result		<u>353 964</u>	<u>116 917</u>	<u>21 890</u>	<u>156 114</u>	<u>(1 141)</u>	<u>647 744</u> <u>521 404</u>
Investment income							657 040 13 320
Rental income							73 640 65 193
Profit on deposits and saving accounts							85 016 79 684
Other charge / income - net	11						19 975 13 162
Share of profit of an associate							288 219 188 446
General and administration expenses							(400 143) (361 314)
							<u>723 747</u> <u>(1 509)</u>
Profit before tax							1 371 491 519 895
Provision for taxation	12						(54 451) (210 771)
Profit after tax							<u>1 317 040</u> <u>309 124</u>
Profit and loss appropriation account							
Balance at commencement of the period							582 967 (321 731)
Profit after tax for the period							1 317 040 309 124
Dividend for 2011 Rs. 2.75 per share (2010: Rs. 1.25 per share)							(343 750) (156 250)
Interim Dividend for 2012 Re. 1.00 per share							(125 000) -
Transfer (to) / from general reserve							(200 000) 500 000
Balance unappropriated profit at end of the period							<u>1 231 257</u> <u>331 143</u>
Earnings per share - basic and diluted		(Rupees)					<u>10.54</u> <u>2.47</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Comprehensive Income

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2012	2011	2012	2011
Profit for the period	481 309	116 250	1 317 040	309 124
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	481 309	116 250	1 317 040	309 124

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Changes in Equity

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2011	1 250 000	8 650 000	12 902	(321 731)	9 591 171
Total comprehensive income for the period					
Profit for the period	-	-	-	309 124	309 124
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2010 Rs. 1.25 per share	-	-	-	(156 250)	(156 250)
Transfer from general reserve	-	(500 000)	-	500 000	-
Balance as at 30 September 2011	<u>1 250 000</u>	<u>8 150 000</u>	<u>12 902</u>	<u>331 143</u>	<u>9 744 045</u>
Balance as at 1 January 2012	1 250 000	8 150 000	12 902	582 967	9 995 869
Total comprehensive income for the period					
Profit for the period	-	-	-	1 317 040	1 317 040
Transactions with owners, recorded directly in equity					
Dividend paid for the year 2011 Rs. 2.75 per share	-	-	-	(343 750)	(343 750)
Interim Dividend paid for the year 2012 Re.1.00 per share	-	-	-	(125 000)	(125 000)
Transfer to general reserve	-	200 000	-	(200 000)	-
Balance as at 30 September 2012	<u>1 250 000</u>	<u>8 350 000</u>	<u>12 902</u>	<u>1 231 257</u>	<u>10 844 159</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

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Director

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Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Cash Flows

For the nine months period ended 30 September 2012 (Unaudited)

	Rupees '000	
	2012	2011
Operating Cash Flows		
a) Underwriting activities		
Premiums received	8 281 331	8 456 494
Reinsurance premiums paid	(4 254 872)	(4 309 254)
Claims paid	(4 397 580)	(4 553 291)
Reinsurance and other recoveries received	2 012 930	1 923 740
Commissions paid	(907 870)	(825 859)
Commissions received	451 868	401 583
Management expenses paid	(865 443)	(813 767)
Net cash flow from underwriting activities	320 364	279 646
b) Other operating activities		
Income tax paid	(72 081)	(53 407)
General and administration expenses	(362 484)	(330 295)
Other operating payments	(37 807)	(16 865)
Other operating receipts	90 819	137 045
Loans advanced	(1 011)	(937)
Loan repayments received	702	678
Net cash outflow from other operating activities	(381 862)	(263 781)
Total cash (outflow) / inflow from all operating activities	(61 498)	15 865
Investment activities		
Profit / return received	159 914	132 384
Dividends received	301 974	282 865
Rentals received	81 594	60 977
Payments for investments	(1 980 688)	(1 258 091)
Proceeds from disposal of investments	2 166 868	926 520
Fixed capital expenditure	(220 681)	(158 960)
Proceeds from disposal of fixed assets	19 965	11 666
Total cash inflow / (outflow) from investing activities	528 946	(2 639)
Financing activities		
Dividends paid	(452 357)	(153 018)
Net cash inflow / (outflow) from all activities	15 091	(139 792)
Cash at the beginning of the period	1 758 119	1 706 571
Cash at the end of the period	1 773 210	1 566 779
Reconciliation to profit and loss account		
Operating cash (outflow) / inflow	(61 498)	15 865
Depreciation / amortisation expense	(133 251)	(124 507)
Rental and investment income	730 680	78 513
Profit on deposits	85 016	79 684
Other income	16 282	11 472
Share of profit of an associate	288 219	188 446
Increase in assets other than cash	1 931 079	1 406 886
Increase in liabilities other than running finance	(1 539 487)	(1 347 235)
Profit after taxation	1 317 040	309 124
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	7 407	2 438
Current and other accounts	1 246 483	1 084 650
Deposits maturing within 12 months	519 320	479 691
	1 773 210	1 566 779

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

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Director

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Director

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Chairman

Karachi 25 October 2012

Condensed Interim Statement of Premiums

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

Three months period ended 30 September										
Class	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing		2012	2011
Direct and facultative										
Fire and property damage	2 233 828	2 471 356	3 135 376	1 569 808	1 451 683	1 595 956	2 022 092	1 025 547	544 261	626 575
Marine, aviation and transport	463 013	774 361	694 566	542 808	88 095	473 289	375 444	185 940	356 868	369 485
Motor	803 433	1 199 022	1 362 630	639 825	4 799	274	195	4 878	634 947	647 907
Miscellaneous	294 646	504 591	544 429	254 808	193 045	353 864	374 318	172 591	82 217	90 216
Total	3 794 920	4 949 330	5 737 001	3 007 249	1 737 622	2 423 383	2 772 049	1 388 956	1 618 293	1 734 183
Treaty - proportional	104	-	-	104	-	-	-	-	104	1
Grand Total	3 795 024	4 949 330	5 737 001	3 007 353	1 737 622	2 423 383	2 772 049	1 388 956	1 618 397	1 734 184

Nine months period ended 30 September										
Direct and facultative										
Fire and property damage	4 872 292	3 053 185	3 135 376	4 790 101	3 478 227	1 889 091	2 022 092	3 345 226	1 444 875	1 512 946
Marine, aviation and transport	1 737 272	490 635	694 566	1 533 341	645 290	257 139	375 444	526 985	1 006 356	970 584
Motor	2 096 510	1 180 811	1 362 630	1 914 691	12 320	162	195	12 287	1 902 404	1 980 340
Miscellaneous	872 208	422 633	544 429	750 412	597 577	294 079	374 318	517 338	233 074	205 010
Total	9 578 282	5 147 264	5 737 001	8 988 545	4 733 414	2 440 471	2 772 049	4 401 836	4 586 709	4 668 880
Treaty - proportional	58	-	-	58	-	-	-	-	58	1
Grand Total	9 578 340	5 147 264	5 737 001	8 988 603	4 733 414	2 440 471	2 772 049	4 401 836	4 586 767	4 668 881

Note: Premium written includes administrative surcharge of Rs. 220.81 million (2011: Rs. 209.09 million)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Claims

For the nine months period ended 30 September 2012 (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	Net claims expense	
		Opening	Closing			Opening	Closing		2012	2011
Direct and facultative										
Fire and property damage	467 969	3 794 573	3 759 320	432 716	350 153	3 052 500	2 980 512	278 165	154 551	372 555
Marine, aviation and transport	187 713	1 166 531	1 269 294	290 476	63 681	748 384	753 198	68 495	221 981	212 355
Motor	394 434	937 252	975 478	432 660	(47)	4 656	4 730	27	432 633	447 028
Miscellaneous	61 286	434 290	527 372	154 368	39 993	361 921	433 470	111 542	42 826	31 789
Total	1 111 402	6 332 646	6 531 464	1 310 220	453 780	4 167 461	4 171 910	458 229	851 991	1 063 727
Treaty - proportional	489	3 494	3 603	598	-	-	-	-	598	16
Grand Total	1 111 891	6 336 140	6 535 067	1 310 818	453 780	4 167 461	4 171 910	458 229	852 589	1 063 743
Nine months period ended 30 September										
Direct and facultative										
Fire and property damage	2 229 136	3 614 205	3 759 320	2 374 251	1 615 227	2 776 107	2 980 512	1 819 632	554 619	793 724
Marine, aviation and transport	700 635	1 417 303	1 269 294	552 626	229 408	969 573	753 198	13 033	539 593	568 155
Motor	1 226 650	914 796	975 478	1 287 332	(77)	4 645	4 730	8	1 287 324	1 343 062
Miscellaneous	235 266	354 356	527 372	408 282	167 386	292 750	433 470	308 106	100 176	94 831
Total	4 391 687	6 300 660	6 531 464	4 622 491	2 011 944	4 043 075	4 171 910	2 140 779	2 481 712	2 799 772
Treaty - proportional	104	2 514	3 603	1 193	-	-	-	-	1 193	(930)
Grand Total	4 391 791	6 303 174	6 535 067	4 623 684	2 011 944	4 043 075	4 171 910	2 140 779	2 482 905	2 798 842

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Expenses

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

Three months period ended 30 September									
Class	Commission				Other management expenses	Underwriting expenses	Commissions from reinsurers	Net underwriting expenses	
	Paid or payable	Deferred		Net expense				2012	2011
		Opening	Closing						
Direct and facultative									
Fire and property damage	250 864	296 880	372 236	175 508	100 408	275 916	84 358	191 558	194 479
Marine, aviation and transport	58 506	68 310	61 025	65 791	65 650	131 441	12 616	118 825	116 523
Motor	75 108	95 433	117 571	52 970	141 390	194 360	50	194 310	169 959
Miscellaneous	24 278	32 821	38 822	18 277	15 130	33 407	29 396	4 011	5 766
Total	408 756	493 444	589 654	312 546	322 578	635 124	126 420	508 704	486 727
Treaty - proportional	-	-	-	-	-	-	-	-	-
Grand Total	408 756	493 444	589 654	312 546	322 578	635 124	126 420	508 704	486 727
Nine months period ended 30 September									
Direct and facultative									
Fire and property damage	571 123	311 329	372 236	510 216	274 084	784 300	248 008	536 292	519 925
Marine, aviation and transport	200 947	45 680	61 025	185 602	190 899	376 501	26 655	349 846	322 012
Motor	179 943	91 970	117 571	154 342	438 903	593 245	55	593 190	557 470
Miscellaneous	59 296	40 152	38 822	60 626	45 076	105 702	128 918	(23 216)	(23 876)
Total	1 011 309	489 131	589 654	910 786	948 962	1 859 748	403 636	1 456 112	1 375 531
Treaty - proportional	6	-	-	6	-	6	-	6	-
Grand Total	1 011 315	489 131	589 654	910 792	948 962	1 859 754	403 636	1 456 118	1 375 531

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

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Condensed Interim Statement of Investment Income

For the nine months period ended 30 September 2012 (Unaudited)

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2012	2011	2012	2011
Income from non-trading investments				
Available for sale				
Return on government securities	16 928	3 705	47 543	11 461
Return on other fixed income securities and deposits	6 571	16 247	20 312	33 291
Amortisation of premium relative to par	90	(986)	(686)	(2 774)
Dividend income	32 381	26 031	141 165	118 745
Gain on sale of non-trading investments	10 396	13 360	121 738	38 764
	66 366	58 357	330 072	199 487
Reversal / (provision) for impairment in the value of investment - available for sale - net	148 074	(49 638)	327 368	(185 667)
Investment related expenses	(200)	(200)	(400)	(500)
Net investment income	<u>214 240</u>	<u>8 519</u>	<u>657 040</u>	<u>13 320</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 25 October 2012

Notes to the Condensed Interim Financial Statements

For the nine months period ended 30 September 2012 (Unaudited)

1. Status and nature of business

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

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

2. Statement of compliance

These condensed interim financial statements of the Company for the nine months period ended 30 September 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2011.

3. Significant accounting policies

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

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

4. Accounting estimates and judgements

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011.

5. Management of insurance and financial risk

Insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2011.

	Rupees '000	
	30 September 2012 (Unaudited)	31 December 2011 (Audited)
6. Reserves and retained earnings		
General reserve	8 350 000	8 150 000
Reserve for exceptional losses	12 902	12 902
Retained earnings	1 231 257	582 967
	<u>9 594 159</u>	<u>8 745 869</u>

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

7. Contingencies

The income tax assessments of the Company have been finalised upto and including Tax Year 2007 (Financial year ending 31 December 2006), Tax year 2009 (Financial year ended 31 December 2008), Tax year 2010 (Financial year ended 31 December 2009) and Tax year 2011 (Financial year ended 31 December 2010).

For the Tax year 2008 the Additional Commissioner Audit Division II, Karachi had issued notice under section 122(9) of the Ordinance for passing an amended order on certain issues including treatment of capital gains, unearned commission income, non-allowability of certain expenses etc. However, company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice.

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

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

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

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

8. Investments

		Rupees '000	
	Note	30 September 2012 (Unaudited)	31 December 2011 (Audited)
Investment in associate – EFU Life Assurance Limited.	8.1		
Cost		10 862 593	10 782 997
Less: impairment		(1 987 000)	(1 987 000)
		8 875 593	8 795 997
Available for sale	8.1		
In related parties			
Ordinary shares		2 121 922	2 121 922
Mutual funds		53 315	28 315
Fixed income securities – Term finance certificates		30 439	30 451
		2 205 676	2 180 688
Provision for impairment – net of reversals		(1 822 943)	(2 029 676)
		382 733	151 012
Others			
Ordinary shares		2 993 643	3 222 219
Mutual fund		100 000	-
Preference shares		20 000	20 000
Fixed income securities – Government securities	8.2	509 184	538 235
– Term finance certificates		197 064	217 636
		3 819 891	3 998 090
Provision for impairment – net of reversals		(373 996)	(612 421)
		3 445 895	3 385 669
		12 704 221	12 332 678

8.1 The market value of investments in associates and available for sale investments as on 30 September 2012 was Rs. 6 952 million (31 December 2011: Rs. 6 133 million). The carrying amount of the investment in EFU Life Assurance Limited was tested for impairment based on value in use, in accordance with IAS 36, Impairment of Assets.

8.2 The fixed income securities includes Pakistan Investment Bonds and Treasury Bills amounting to Rs. 131 million (31 December 2011: Rs. 133 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

	Rupees '000	
	30 September 2012 (Unaudited)	31 December 2011 (Audited)
9. Premium due but unpaid – net – unsecured		
Considered good	3 395 943	2 098 992
Considered doubtful	1 093	1 093
	3 397 036	2 100 085
Provision for doubtful balances	(1 093)	(1 093)
	3 395 943	2 098 992

10. Fixed assets – tangible and intangible

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

	Rupees '000			
	Additions (at cost)		Disposals (at net book value)	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Tangibles				
Buildings	40 436	37 898	-	-
Furniture and fixtures	41 778	51 957	241	453
Vehicles	97 976	31 664	3 330	1 973
Office equipments	22 120	118 969	342	45
Computers	8 294	6 389	56	-
Intangibles				
Computer softwares	370	663	-	-
	210 974	247 540	3 969	2 471

	Rupees '000			
	Three months period ended 30 September		Nine months period ended 30 September	
	2012	2011	2012	2011
11. Other charge / income - net				
Loss / (gain) on sale of fixed assets	(1 017)	3076	15 961	9 194
Interest on loan to employees	41	28	116	84
Exchange gain / (loss)	342	3 777	3 693	1 690
Others	31	809	205	2 194
	(603)	7 690	19 975	13 162

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2012	2011	2012	2011
12. Provision for taxation				
For the period				
Current	78 957	23 461	212 955	81 912
Prior period	(65 927)	-	(171 087)	-
Deferred	(10 884)	58 213	12 583	128 859
	<u>2 146</u>	<u>81 674</u>	<u>54 451</u>	<u>210 771</u>

13. Operating segments

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

Rupees '000

	Fire and property damage		Marine, aviation & transport		Motor		Others		Treaty		Total	
	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)
Corporate segment assets	6 846 757	5 842 469	1 712 961	1 658 914	596 843	368 150	1 844 894	1 269 173	-	-	11 001 455	9 138 706
Corporate unallocated assets											15 788 706	15 239 332
Total assets											<u>26 790 161</u>	<u>24 378 038</u>
Corporate segment liabilities	8 695 694	8 025 752	2 338 681	2 194 365	2 398 027	2 133 920	1 942 044	1 490 908	3 603	2 514	15 378 049	13 847 459
Corporate unallocated liabilities											567 953	534 710
Total liabilities											<u>15 946 002</u>	<u>14 382 169</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 expenditure	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Audited)	2012 (Unaudited)	2011 (Unaudited)
Pakistan	4 572 781	4 658 365	26 672 326	24 262 812	15 867 634	14 303 004	220 681	158 960
EPZ *	13 986	10 516	117 261	85 812	78 368	61 387	-	-
Saudi Arabia **	-	-	574	29 414	-	17 778	-	-
Total	<u>4 586 767</u>	<u>4 668 881</u>	<u>26 790 161</u>	<u>24 378 038</u>	<u>15 946 002</u>	<u>14 382 169</u>	<u>220 681</u>	<u>158 960</u>

* This represents US Dollar Equivalent in Pak Rupees

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

14. Related party transactions

Related parties comprise of directors, key management personnel, associated companies and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties are as follows:

Rupees '000

	Three months period ended 30 September		Nine months period ended 30 September	
	2012	2011	2012	2011
Transactions				
Associated company				
Premiums written	352	81	11 338	9 056
Premiums paid	-	-	6 942	-
Claims paid	995	1 339	3 269	3 961
Claims lodged	1 938	721	3 461	721
Investments made	-	3 259	25 350	35 427
Dividend received	54 373	-	233 975	178 853
Dividend paid	8 516	-	31 936	10 644
Expenses recovered	600	-	1 800	-
Key management personnel				
Premiums written	-	14	881	437
Claims paid	-	20	51	55
Dividend paid	21 835	-	81 808	27 198
Compensation	32 278	33 667	78 777	80 869
Others				
Premiums written	15 749	7 414	45 467	50 739
Premiums paid	-	3 454	6 651	6 866
Claims paid	4 907	1 246	15 426	19 831
Claims lodged	768	2 068	2 235	3 823
Bonus shares received	-	-	-	380
Commissions paid	-	465	11	469
Investments made	-	69 500	45 000	140 000
Investments sold	-	38 771	45 000	114 749
Dividend paid	38 204	(7 664)	143 264	44 347
Bank deposits	(50 000)	20 500	-	70 500
Brokerage paid	186	176	1 455	776
Profit on TFC	1 065	1 371	3 126	3 511
Employees' funds				
Contribution to provident fund	4 959	4 827	13 749	13 291
Contribution to gratuity fund	2 554	-	13 758	32 088
Contribution to pension fund	78	85	214	260
Dividend paid	644	-	2 416	805

	Rupees '000	
	30 September 2012 <u>(Unaudited)</u>	31 December 2011 <u>(Audited)</u>
Balances		
Associate company		
Balances receivable	-	3
Related parties		
Balances receivable	4 059	1 957
Balances payable	(251)	(27)
Deposits maturing within 12 months	70 500	70 500
Bank balances	90 288	13 945
Employees' funds receivable / (payable)		
EFU gratuity fund	(13 794)	(32 088)
EFU pension fund	(17 067)	(8 759)

15. Date of authorisation for issue

These condensed interim financial statements were authorised for issue by the Board of Directors in the meeting held on 25 October 2012.

RAFIQUE R. BHIMJEE
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman