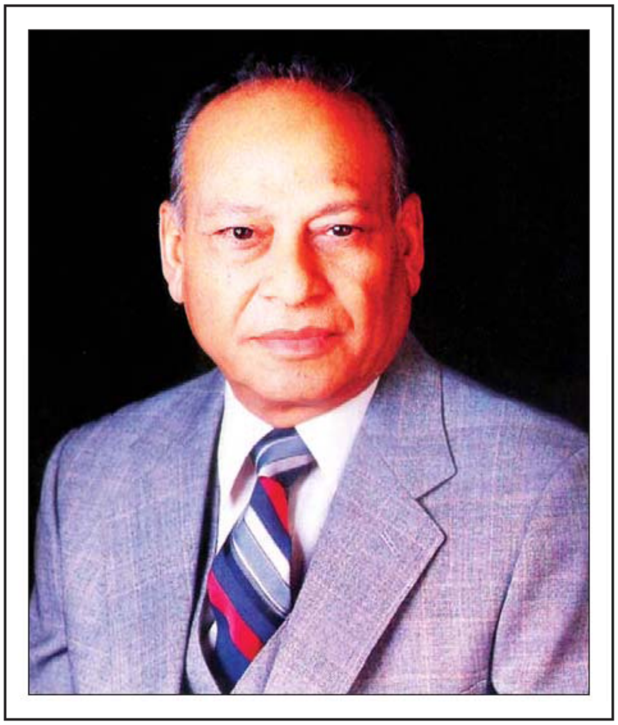


LATE MR. UNUS KHAN
Founder Chairman, East West Insurance Company Ltd.

Our founder Chairman, late Mr. Unus Khan, was born on December 27, 1927 in a respectable and cultured family. He received his basic education in Quetta and after graduation in Aeronautics and Meteorology in Great Britain, he adopted the field of Civil Aviation as his profession and remained associated with it for over 20 years. Subsequently, he took up the field of commerce/business in 1965 and a few years thereafter proceeded to the United States of America along with his family.

In the 70s, besides other ventures, he was also associated with the field of insurance in the Middle East. He returned to Pakistan in 1982 and founded East West Insurance Company Ltd, in 1983. Throughout the remaining years of his life, he remained dedicated to the development of this Company. He organized and strengthened the Company on modern lines and at the same time, encouraged the executives, field and office personnel of the company to face the challenges of the market with courage, sincerity and hard work. It was for his determined leadership, untiring efforts, honesty and sincerity of purpose that the Almighty Allah gifted him with such an outstanding success that the Company not only became one of the largest Insurance Companies of Pakistan during his life time but even thereafter a befitting tribute to the memorable accomplishment of its founder the Company continued making tremendous strides, always surpassing the achievements of the preceeding year. Today, by the Grace of Allah, East West Insurance Company Limited has become a symbol of security for its thousands of insured and of livelihood for its hundreds of hard-working personnel.

Mr. Unus Khan was endowed with piety, simplicity, sincerity, diligence and affection. He will always be remembered for his selfless devotion to cause of combining the profound cultural values of the EAST with the modern technological developments of the WEST. In order to give perpetuity to our late Chairman, all of us have pledged to adopt his practices as guidelines for the future. Our beloved Chairman left us to join his heavenly abode on July 27, 1988. May Allah rest his soul in eternal peace. **Aameen!**

CONTENTS

East West Insurance Company Limited appeared on the horizon of Insurance Industry in Pakistan in 1983, founded by late Mr. Unus Khan who was its first Chairman. Over the years the Company, with the help of its adroit management and diligent staff, has successfully accomplished the essential task of gaining the good will and confidence of its policyholders as one of the leading insurance Companies with a vast network of branches all over the country.

Besides transacting traditional Insurance business like Fire, Marine & Motor, East West Insurance underwrites specialized portfolios for which it has created specialilzed divisions within the company namely, Engineering, Crops, Livestock Divisions, and Group Hospitalization. The Company business is thus well diversified and provides coverage to a wide range of agricultural, industrial and commercial business activities.

[Quality services, innovative solutions and comprehensive risk cover]

OUR VISION

OUR VISION

To be amongst most trusted insurance security of the country by providing protection to our insureds in a most effective manner ensuring prosperity for its stakeholders and growth with human resource.

[Long term commitment to our valued clients]

OUR MISSION

OUR MISSION

- To ensure most effective management for sustained growth of the company.
- To provide reliable & secure protection for the policyholders.
- To retain sound position of the company in the industry while working with dedication & innovation.
- To maintain continuous pursuit for cost effectiveness, enhanced productivity for ensuring financial health of the organization, to take care of shareholder's aspiration continuously.
- To inculcate value added system all cross the organization for ensuring trustworthy relationship with its clients as well as shareholders.

[Our team professionals ensure that quality is never compromised]

OUR PEOPLE

OUR PEOPLE

BOARD OF DIRECTORS

Chairman :
Chief Justice (R) Mian Mahboob Ahmad

Chief Executive Officer :
Naved Yunus

Directors
Javed Yunus
Pervez Yunus
Saad Yunus
Umeed Ansari
Ahsan Mehmood Alvi, FCA (England & Wales)
Engr. Kazim Raza, B. Sc. (Engineering, UET)
Mrs. Rukhsana Saleem

Company Secretary
Shabbir Ali Kanchwala

Legal Advisor
Khalid Law Associates

Auditors
BDO Ebrahim & Company (Chartered Accountants)

Tax Advisor
Afnan Tax Consultants

Shares Registrar
THK Associates (Pvt.) Ltd.
1st Floor, 40-C, Block-6,
P.E.C.H.S.,
Karachi.

Registered Office :
27, Regal Plaza, Jinnah Road, Quetta.

Head Office :
401-404, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.

Window Takaful Operations :
401, 4th Floor, Business Centre,
Mumtaz Hasan Road,
Karachi.

IFS Rating : AA- (AA Minus) Stable Outlook

Website : www.eastwestinsurance.com.pk

Bankers :
Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
JS Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited
The Bank of Punjab Limited
United Bank Limited
The Karakuram Co-operative Bank Limited

COMMITTEES

BOARD COMMITTEES

Audit Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
SAAD YUNUS	Member
UMEED ANSARI	Member
ENGR. KAZIM RAZA	Member
JOHRY LAL, FCCA (UK)	Secretary

Ethics, Human Resource & Remuneration Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
UMEED ANSARI	Member
ENGR. KAZIM RAZA	Member
BRENDAN D' LIMA	Member / Secretary

Investment Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
NAVED YUNUS	Member
SAAD YUNUS	Member
SHABBIR ALI KANCHWALA	Member
ENGR. KAZIM RAZA	Member
ZEESHAN MUNSHI	Member / Secretary

Nomination Committee:

MRS. RUKHSANA SALEEM	Chairperson
ENGR. KAZIM RAZA	Member
AHSAN MEHMOOD ALVI, FCA (England & Wales)	Member
IMRAN ALI DODANI	Member / Secretary

MANAGEMENT COMMITTEES

Underwriting Committee:

PERVEZ YUNUS	Chairman
SALIM NAWAZ	Member
BRENDAN D' LIMA	Member
IMRAN ALI DODANI	Member
MUHAMMAD SHAREEF	Member / Secretary

Claims Committee:

JAVED YUNUS	Chairman
SAAD YUNUS	Member
SHABBIR ALI KANCHWALA	Member
IMRAN ALI DODANI	Member
MAZHARUDDIN	Member / Secretary

Reinsurance & Coinsurance Committee:

NAVED YUNUS	Chairman
ENGR. KAZIM RAZA	Member
SAAD YUNUS	Member
MRS. RUKHSANA SALEEM	Member
BRENDAN D' LIMA	Member
SYED ARSHAD ALI	Member / Secretary

Risk Management & Compliance Committee:

BRENDAN D'LIMA	Chairman
SHABBIR ALI KANCHWALA	Member
SALIM NAWAZ	Member
JOHRY LAL, FCCA (UK)	Member
MUZZAMMIL USMAN KARIM	Member / Secretary

BOARD OF MANAGEMENT

Chief Executive Officer:
NAVED YUNUS

Chief Operating Officer:
SAAD YUNUS

Executive Director :
JAVED YUNUS
PERVEZ YUNUS
BRENDAN THOMAS D'LIMA

Director Finance / Chief Financial Officer (CFO) :
SHABBIR ALI KANCHWALA

Directors :
SAJJAD ZAFFAR
IFTIKHAR HUSSAIN
JAN MUHAMMAD
SALIM NAWAZ
IMRAN ALI DODANI
RAJA M. IQBAL AHMED
MAZHAR ZUBAIR ABBASI

General Managers:
FAWAD AHMED KHOKHAR
IBRAR ELLAHI QURESHI
AQEEL ANSARI
CH. M. JAWAD SADIQ ALI
WAHEED-UL-HAQ SIDDIQUI
MUHAMMAD ARIF ALI
M. YASIN SAJID
MRS. ROBINA SHAHEEN
TASAWAR ELLAHI AWAN
SYED SAJID ALI NAQVI
KHALID ZAHEER

Head of Takaful :
ABDUL HAKIM SIDDIQUI

Shariah Advisor
MUFTI SAJJAD ASHRAF USMANI

Deputy General Managers:
TARIQ MAHMOOD BUTT
AWAIS IFTIKHAR
MUNIR AHMED SHAKIR
GEORGE JOHN

Assistant General Managers:
SHAHZAD AQEEL
ABDUL QAHIR
SYEDA MARIA NAQVI

Chief Managers:
SYED AZHAR AMIN HASHMI
KHURRAM SHAHZAD

Regional Managers:
MUHAMMAD SHARIF
MUHAMMAD SALEEM

Senior Managers:
MAZHARUDDIN
SYED ARSHAD ALI
NAIM S. SHAZIB
ANEES AHMED
MUHAMMAD AZEEM
IMRAN AHMED

Manager & Zonal Managers:
MAQBOOL-UR-REHMAN
ZAHOOR AHMED
KASHIF FAROOQ BUTT
MUHAMMAD RIAZ
MUHAMMAD TANVEER AHMED
ARSHAD MEHMOOD

Executive Vice President:
SYED SAFDAR ALI SHAH

Senior Vice President:
AZHAR MAHMOOD
ZEESHAN FAISAL

Assistant Vice President:
NAVEEN FELIX
RANA NAVEED-UR-REHMAN

Portfolio Manager
ZEESHAN KHALID MUNSHI

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of East West Insurance Company Limited will be held on Thursday, May 28, 2020, at 11:30 A.M at the Registered Office of the Company located at 27, Regal Plaza, Jinnah Road, Quetta, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on March 31, 2020.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2019.

3. To consider the appointment of Auditors for the year ending December 31, 2020 and fix their remuneration. Messrs BDO Ebrahim & Co. Chartered Accountants, being eligible have offered themselves for appointment.

4. To increase the number of Director from eight (8) to nine (9) as fix by the board of directors in their meeting held on April 29, 2020.

5. To approve the interim bonus issue as final distribution for the year ended December 31, 2019 announced on October 15, 2019 and already issued to the shareholders in the proportion of two ordinary shares for every ten ordinary shares held i.e. 20%.

SPECIAL BUSINESS:

6. **Investment in Askari Life Assurance Company Ltd**

   To consider and if thought fit to pass the following resolutions with or without any modification as Special Resolution:.

   "RESOLVED that consent of the members of East West Insurance Co., Ltd., be and is hereby accorded in terms of section 199 and other applicable provisions of Companies Act, 2017 and the Company be and is hereby authorized to further invest up to Rs. 75,000,000/- (Rupees Seventy five Million) from time to time in Askari Life Assurance Company Limited, an associated company for purchase of ordinary shares of face value of Rs. 10 each at the price ruling in stock exchange at the date of purchase as per terms and conditions disclosed to the members and the resolution shall be valid for a period of one year from the date of passing of special resolution."

8. Further Resolved that Managing Director & Chief Executive or Company Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment."

Other Business

3. To consider other business with the permission of the chair.

   Attached to this notice of meeting being to the members is a statement under section 134(3) (b) Companies Act, 2017.

By the order of the board

Shabbir Ali Kanchwala
Company Secretary

Karachi: 29th April, 2020.

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.

2. CDC Account holders are advised to follow the following guidelines of the Securities Exchange Commission of Pakistan.

A. For attending the meeting

   a. In case of individuals, the account holder and / or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

   b. In case of corporate entity, the Board Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies

a. In case of individuals, the account holder / and or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

b. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the meeting.

e. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. For exercising electronic voting (e-voting) right through E-Voting services provider Companies (Postal Ballot) Regulation, 2018.

i. If Company receives demand for poll by e-voting from members having not less than one tenth of the voting power the Company will arrange for e- voting exercise.

ii. The company shall provide its Members with the option of e-voting by postal ballot in accordance with the provision of Companies (Postal Ballot) Regulation, 2018. Shareholders who wish to participate through e-voting, kindly provide immediately or not later than seven days from the date of Annual General Meeting, through a letter duly signed them, i.e. Name, Folio / CDC A/C No., E-mail address, Contact Number to the share Registrar of the Company (M/s. THK Associated (Private) Limited 1stFloor,C,Block 6, P.E.C.H.S, Karachi.)

iii. Representative of our share Registrar at M/s. THK Associates (Private) Limited, 1stFloor, C, Block 6, P.E.C.H.S, Karachi will be appointed as execution officer for the meeting.

iv. The proxy / e-voting form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

4. The Share Transfer Books of the company will be closed from May 22, 2020 to May 28, 2020, (both days inclusive).Transfers received in order by our Share Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi, at the close of business on May 21, 2020 will be considered in time to attend and vote at the meeting.

5. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:

a. Change in their address;

b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

6. **Electronic Transmission of Financial Statements and Notices**

As per SRO 787(1) 2014 dated September 08, 2014, issued by SECP, the member have optoion to receive Annual Audited Finacial Statements and Notice of General Meeting through e-mail. Members can give their consent in this regard on prescribed format to Company's Shares Registrar. Hard copy of Audited Financial Statements can be provided free of cost within seven days of receipt of such request.

7. **Electronic Dividend Mandate**

In accordance with the provision of Section 242 of Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly in to the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to their Registrar, Broker (participant) or CDC IAS, the Company would be constrained to act in accordance with the law and withhold the cash dividend.

8. **Submission of Valid CNIC (Mandatory)**

All those shareholders possessing physical shares are requested to submit a photocopy of their valid CNICs along with the Folio Number at the earliest directly to Company's Share Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporate are also requested to submit their NTN to Company's Share Registrar.

9. **Deduction of Withholding Tax on the Amount of Dividend**

As per Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend will be deducted for filers and non-filer of income tax returns of 15% and 30% respectively. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their shareholding proportions.

10. Consent for Video Conference

Member(s) holding ten (10) percent individually or in aggregate of the total paid up capital residing in a same city; may demand the Company to provide them the facility of video-link for attending the meeting. If you wish to take benefit of this facility, please fill the attached form and submit it to the Company at its registered address at least ten (10) days prior to the date of meeting. The Company will intimate to the members the venue of the video-link facility at least five (5) days before the date of the General Meeting along with all the information necessary to enable them to access the facility.

I / We, Messrs ____________ of_______________, being a member of East West Insurance Co., Ltd. holder of ______ ordinary share(s) as per registered folio / CDC Account no. _____ hereby opt for video conference facility.

____

Signature of the Member(s)

(Please affix company stamp in case of corporate entity)

Statement under section 134(3) of the Companies Act, 2017.

This statement sets out the material facts pertaining to the Specail Business to be transacted at the Annual General meeting of the Company to be held on May 28, 2020.

The details and information to be furnished regarding item No. 6 investment in associated company under section 199 of the Companies Act, 2017.

Information to be disclosed to members.- (1) The company shall disclose following information in the statement annexed to the notice, pursuant to section 134(3) of the Act, of a general meeting called for considering investment decision under section 199 of the Act.

Regulation No. 3(1)(a) - Disclosures for all types of investment,-

(A) Regarding associated company or associated undertaking:

S. No.	Description	information Required
(i)	Name of associated company	Askari Life Assurance Co., Ltd (formerly East West Life Assurance Co., Ltd.:)
(ii)	Basis of relationship	Common directorship
(iii)	Earnings per share for the last three years	September. 30, 2019 PKR (1.75) December. 31, 2018 PKR (1.82) December 31, 2017 PKR (0.0115)
(iv)	Break-up value per share, based on latest audited fianancial statements	Rs. 3.21 on the basis of financial statements for the period September 30, 2019
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	As on September 30, 2019 Total asset base of Askari Life Assurance Co., Ltd is Rs.806 Million. It's After tax loss for the period September 30, 2019 was Rs. 192 Million and Paid -up Capital was Rs. 1102 Million
(vi)	In case of investment in relation to a project of an associated company or associated undertaking that has not commenced operations, following further information, namely.- (i) description of the project and its history since conceptulization;	Not applicable

S. No.	Description	information Required
	(ii) starting and expected dated of completion of work; (iii) time by which such project shall become commercially opetational; and (iv) expected time by which the project shall. start paying return on investment; (v) funds invested or to be invested by promoters. sponsors, associated compamy or asscociated undertaking distingusihing between cash and non- cash amounts.	
Regulation No. 3(1)(a) (B) - General disclosures ,-		
(i)	Maximum amount of investment	Upto PKR 75 Million
(ii)	Purpose, benefit and likely to accrue to the investing company and its members from such investment and period of investment	To subscribe to the right shares to be offered by Askari Life Assurance Co., Ltd to meet minimum capital requirements. Long term strategic investment for return and capital appreciation which will enhance the profitability of the Company and add to the value of the members.
(iii)	Source of funds to be utilized for investment and where the investment in intended to be made i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds, and iii. Cost benefit analysis	The investment will be made from Company's own funds. Hence, there is no need to provide justifications.
(iv)	Salient features of the agreement(s) if any, with associated company or associated undertaking with regards to the proposed investment.	Not applicable as shares will be purchased from time to time on an arms length transaction agreed between buyer and seller or at the prevailing stock exchange price.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives if any, in the associated company or associated undertakingor the transaction under consideration;	No Director or their relatives has any interest in the proposed investment, except, in their individual capacities as " Director" and/or as shareholders of the company
(vi)	In case any investment in associated company or associated undertaking has already been made the performance review of such investment including compelet informatio/justificatio for any impairment or write offs, and	Askari Life Assurance Co., Ltd, is an associated company of the Company with 22% shares at a book value of Rs.282 million as at December 31, 2019. The market value of the associate is Rs.213.55 Million.
(vii)	any othe important details necessary for the members to understand the transaction;	None

S. No.	Description	information Required
Regulation No. 3(b) - In case of equity investment following disclosure in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-		
(i)	Maximum price at which securities to be acquired.	Not more than the price quoted on the Pakistan Stock Exchange
(ii)	In case the purchse price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	The intended purchase of shares will be on an arms length transaction not more than the market value.
(iii)	Maximum number of securities to be acquired	The maximum number of securities will be at the optimum extent, we get the approval.
(iv)	Number of securities and percentage there of held before and after the proposed investment.	24,211,824 shares (22%) held to date i.e. before proposed investment. Number of Shares and percentage after proposed investment will depend on the prevailing prices at the time of actual purchase.
(v)	Current and preceding twelve week's weighted average market price where investmentis proposed to be made in listed securities; and	Current market value per share as of December 26, 2018 Rs. 8.20 and weighted average value of twelve weeks is Rs.8.
(vi)	fair value determined in terms of sub-regulation 5 for investment in unlisted securities;	Not Applicable

Regulation No. 4(1) - Other information to be disclosed to the members. - (1) If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursant to section 199 of the Act.

No Director or Chief Executive has any interest in the investing Company except in their individual capacities as "Director/Chief Executive" and/or as shareholders of the investing Company.The shareholding of Directors is Mr. Javed Yunus 2,500, Mr. Pervez Yunus 400, Mr. Naved Yunus 1,662,091,Mian Mahboob Ahmad 7,427 and Mr. Umeed Ansari 2,500

Status of approval for investment in Associated undertakings:

associated companies and assciated undertakings) Regulations, 2017 the status of approval is as follows:

i. **Total investment approved;**

Rs.60 million, Rs. 60 million, Rs.99 million and Rs. 90 million in Askari Life Assurance Co., Ltd were approved by the shareholders at Annual general meeting and Extraordinary general meeting of the company held on January 25, 2019 April 24, 2018, February 04,2017 and September 10, 2016 respectively

ii. **amount of investment made to date;**

Rs. 282 million

iii. **reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and**

The investment was made to date was within the approved limit. However, we had excess approval which was not made due to the price on which shares were available from secondary market were higher than the approval limit and also on the floor the required shares were not offered to sale.

iv. **material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.**

There is no material change occurred since the date of approval. However, we expect that Askari Life Insurance will be profitable when the group companies insurance will be underwritten.

FINANCIAL HIGHLIGHTS

(Rupees in million)

	2019	2018	2017	2016	2015	2014
Gross Premium Written						
(inclusive of Takaful Operation)	3,442.85	3,124.51	2,531.43	2,066.83	1,767.74	1,419.87
Net Premium Written	1,467.31	1,459.23	1,054.71	981.29	870.24	760.24
Investment & Deposits	1,267.50	1,109.08	1,198.46	1,087.01	897.92	774.05
Investement Income/(Loss)	23.25	(9.22)	(47.44)	187.51	33.14	97.17
Total Assets Book Value	3,640.21	2,958.08	2,689.37	2,339.34	1,575.27	1,398.95
Paid Up Capital	1,029.01	762.23	609.78	508.15	451.69	401.50
Share holder's equity	1,425.30	1,123.83	1,050.28	981.70	756.01	664.91
Underwriting Profit	284.74	270.80	228.39	181.26	163.41	139.47
Profit before tax	235.02	146.12	88.80	297.01	183.89	171.77
Profit for the year	183.85	132.39	66.19	282.15	131.25	142.13
Break up value per share	13.85	14.74	17.22	19.32	16.74	16.56
Earning per share - basic and diluted	1.81	1.30	0.87	5.55	2.58	3.15
Dividend paid				56.46	40.15	36.50
Bonus Shares Issued	152.45	152.45	101.63	56.46	50.19	36.50

CHAIRMAN'S REVIEW

Honorable shareholders

Assalamalaikum

It is indeed my great pleasure to welcome all of you to the 37th Annual General Meeting of the company.

At the very beginning, I would like to express my deepest appreciation to you all for reposing confidence in providing continued support and goodwill to your company. Kindly allow me to present to you the Directors' Report along with the Audited Financial Statements and Auditor's Report for the year ending 31st December, 2019 for concurrence and approval of this august house.

The Board of Directors of your company is very much cordial and oversees the activities of the management and Chief Executive Officer. Sound and prudent management regulations implemented by the SECP require that at least one female be inducted on our Board of Directors. In this regard, we are pleased to inform our shareholders that Mrs. Rukhsana Saleem has been elected to the role of independent director on our Board as of 31st March, 2020. Mrs. Rukhsana Saleem is a laureate of Master's in Public Administration from the prestigious Harvard Kennedy School and served her career in the Federal Administrative Service of Pakistan. She brings with her 37 years of rich experience serving in both federal and provincial governments and retired as Federal Secretary in the Government of Pakistan. Before retirement, Mrs. Rukhsana Saleem also served as Chairperson of Pakistan Reinsurance Company Ltd. We will be privileged to seek her guidance and benefit from her wealth of experience especially in interacting with both local and global insurers and reinsurers.

We are also pleased to inform our shareholders that Mr. Saad Yunus has been elected to the Board of Directors as an executive director. This young induction represents the third generation of the Yunus family taking part in management of the company. Saad has earned his Master's in Risk Management from the renowned College of Insurance in New York City following undergraduate studies at the University of Virginia's McIntire School of Commerce. He began his career in the field of public accounting, having served at globally recognized accounting firms such as Deloitte and Ernst & Young. We are confident that his induction will bring fresh, valuable perspective to improve the operations of your company.

On the matter of corporate governance, compliance with the requirements of FATF (Financial Action Task Force) requires all regulated persons/organizations to adopt suitable measures to counter Money Laundering and Terror Financing (ML/TF) as directed by the relevant authority in accordance with the nature and size of business. In this regard, we wish to inform our shareholders that your company has already established policies, procedures and controls which are approved by the Board of Directors to manage and mitigate these risks. Our Compliance Department led by Mr. Johry Lal, Director Audit and Compliance, regularly reviews compliance performance and submits quarterly reports to the commission.

ECONOMIC OUTLOOK:

The global economic expansion that began following the recession of 2008 appears to have weakened. The IMF through its world economic outlook report estimates that the world economy's growth in 2019 will be 3.7% while it projects that the world economy's growth would slow further to 3.6% in 2020. The shrinkage is mainly due to trade war between USA and China along with residual efforts on many other countries. The GDP of the USA will decline in 2020 as compared to 2019. The growth in the Eurozone has declined significantly in the year 2019 so much so that France, Germany, Italy & UK showed negative growth in 2019. Global growth outlook will be further compromised due to COVID-19 pandemic, due to which many countries are likely to face negative economic growth rates.

In every democratic country, politics and political stability have a direct relation with the economy of the country. Pakistan's economy had always been resilient to the pressures of the global economy and hence showed moderate or to some extent captive growth during the past many decades. In fiscal year 2019, it was projected that our economy would grow by 3.3% percent. However, we continued to suffer instability arising from the recent change of at least three governments from PML-N to care-takers and then finally after the 2018 general elections PTI take-over under extremely difficult socioeconomic conditions. The nascent government immediately faced a serious imbalance of payments and decline in foreign exchange reserves, which fueled devaluation of the rupee and further increased the liability of the government by many-folds due to repayment of outstanding loans obtained from international agencies. As such, lack of legislation, weak judicial system and weak law enforcement continue to be contributing factors to the political instability of the country. We hope that in 2020, all political parties would put their personal interests aside for the betterment of the country, especially in light of the COVID-19 pandemic national crisis.

INSURANCE INDUSTRY:

During the year 2019, the insurance industry in the world witnessed destruction of life and property due to natural catastrophes that inflicted huge losses to the insurance companies. Much of these losses were due to the tropical cyclones in North America and Japan. The USA was ravaged by losses inflicted by hurricanes, and the state of California in particular sustained devastation due to some of the most catastrophic wildfires in its history.

In terms of the Pakistan Insurance Industry, the overall industry-wise premium statistics are not yet available for the year 2019. Going forward, the following are some points for us as an industry to consider. Global Insurance specialists after conducting a detailed survey found that Pakistan is one of the most under-insured countries in the world. They found the insurance penetration rate was less than one percent, with the insurance sector contributing just 0.7% to GDP of Pakistan. The problems of the low penetration are manifold among which are lack of awareness about insurance products and services and usefulness of insurance in the society and the lives of the people. By maximizing insurance penetration levels, we stand to greatly benefit from the growth in profitability running hand in hand with steady national socioeconomic growth.

OUR PERFORMANCE

I am pleased to announce that in 2019 your company has received the credit rating of Double A Minus (AA-) by Pakistan Credit Rating Agency "PACRA" which reflects and signifies the status of our company as strong financial security. Simultaneously the rating reinforces our sound financial stability to enhance our claims paying ability in today's dynamic operating environment. This reinforces our strategy which is designed with the aim of achieving sustainable and profitable growth for our stakeholders. In order to accomplish our fundamental goals we must develop a deep understanding of our customers' needs and provide them comprehensive insurance services to their entire satisfaction. We believe that by attending to this vital goal for our success the benefit will also trickle down to both our stakeholders and our valued customers.

Furthermore, you will be pleased to know that in the year 2019, we offered 20% bonus and 15% right shares to our shareholders which enhanced our paid up capital to over PKR one billion. While the SECP required MCR (minimum capital requirement) for general insurers is PKR 500 million, your company has achieved the milestone of crossing PKR one billion paid up capital. We are confident that enhanced capital base will improve our risk-bearing capacity and lead to further upgrade of our credit rating. The Board of Directors recognizes the continued efforts of the top management in improving the operational efficiency of the company for its valued customers and stakeholders.

Amid the challenging business situation in the country and severe competition between the insurance companies, we were able to achieve reasonably strong performance compared to our peers in the industry. During the year under review, your company earned gross written premium of PKR 3.44 billion, an increase of PKR 317.8 million compared to year 2018 resulting in a growth rate of over 10 percent. Our net premium income stood at PKR 1.47 billion, and the underwriting profit stood at PKR 284.74 million resulting in a percentage of 19.4%. Despite a number of handicaps due to geopolitical and economic crises, your company has successfully maintained its position in the insurance industry of Pakistan.

A summarized position of your company's operations in the year 2019 will be presented in the Directors' Report for your kind perusal to appreciate the performance of your company.

In the end I express my sincere gratitude to all our stakeholders and reiterate my deep appreciation for the continuous guidance and support extended to us by our employees and business partners in building our operations to deliver value to our customers.

I also extend my sincere gratitude to the Managing Director and to all the employees of the company for their tireless dedication, devotion and efforts made to continually improve the performance of the company.

I also take the opportunity to express my appreciation to our discerning customers, business associates and stakeholders for their support and inspiration. I sincerely thank my fellow members of the Board of Directors for their wisdom and guidance.

Thank you to everyone who has been a part of our development and for your steadfast support and trust which has strengthened the company to its present glory.

With this in mind, I anticipate that Inshallah the company will successfully face the challenges ahead bringing prospective improvement in overall business results in the year 2020.

May Allah bestow upon us all the choicest blessings (Aamin).

Chief Justice (Retd.)
Mian Mahboob Ahmad
Chairman

Karachi Dated: 29th April, 2020

DIRECTORS' REPORT

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company I have the pleasure in presenting the 37th Annual Report and audited financial statements for the year ending December 31st, 2019.

Honorable shareholders, respected members of the BOD and my dependable colleagues:

Assalam Allaikum.

I welcome you all on 37th Annual General Meeting of the company and express my humble gratitude to Almighty Allah for helping me in successfully closing of annual accounts for the year 2019. By the grace of Almighty Allah giving us the wisdom and strength to successfully steer the affairs of the company in completing 37 years of its establishment. The success of the company is attributed to the kind and valuable guidance of our chairman, members of the BOD, shareholders, valued clients and distinguished patrons. I thank them all and look forward for their continued support in future.

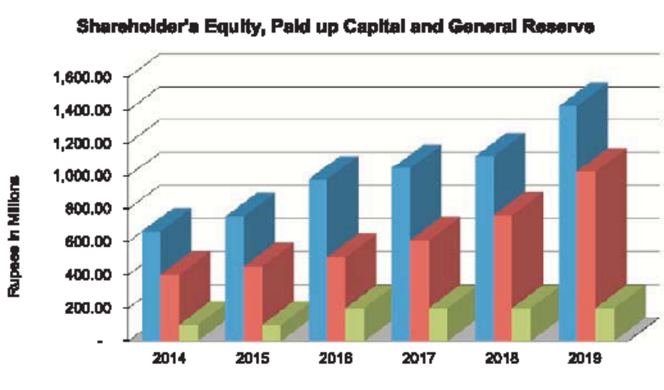
In our normal practice the Board of Directors approves working strategy at the beginning of the year for the management to adopt and disseminate to operational and marketing staff in underwriting and selling the products of company for our valued clients. The prudent management follows the strategy in true letter and spirit to strengthen our premium base and position in the industry. Simultaneously, the management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

The insurance industry in Pakistan is relatively small compared to its peers in the region. The perception of security has changed due to overall change in the security situation in the country thus showing increased demand in property insurance. The impressive growth is also attributed to the expansion of distribution channels, such as Banc-assurance. However, we did not observe sizeable support from the banks in this regard. Whereas, Window Takaful Operations are successfully managed and producing significant growth in premium income particularly motor insurance. The credit goes to Insurance Association of Pakistan who proposed to SECP for opening Window Takaful Operations giving further boost to premium income. You would be pleased to know that we have also established Window Takaful Operation under the supervision of a qualified and experienced officer at the level of senior management of your company. Window Takaful is fully operational and we are confident to earn sizeable contribution under this portfolio which would be adequately protected by national as well as international re-takaful companies.

YEARLY PERFORMANCE:

Company's gross written premium grew to PKR 3.25 billion showing an increase of 4.5% in comparison to the previous year. The net earned premium in the year 2019 was PKR 1.47 billion as against PKR 1.46 billion in the previous year thus showing a growth of 0.6%. The combined ratio of losses & administrative expenses stood at 54% in a market which is highly competitive besides being exposed to natural catastrophes, vindicating our strong focus on our underwriting approach and cost management skills giving us advantage over our peers. During year under review your company has been able to record healthy income in terms of premium and profits demonstrating ability to absorb losses without impairing financial security, giving excellent results as provided here under:

Particular	2019 (Rs/million)	2018 (Rs/million)	% Increase (Decrease)
Gross Premium	3.25	3.11	4.5%
Net Premium	1.47	1.46	0.6%
Claims Paid	0.98	0.91	7.8%
U/W Profit	0.29	0.27	7.4%
Paid-up-Capital	1.03	0.76	35.5%



FIRE/PROPERTY INSURANCE

The company has underwritten gross premium of PKR 1.016 billion under fire/property portfolio showing increase of 3.29% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 149 million.

MARINE INSURANCE

Gross premium underwritten in Marine Portfolio including Marine Hull was PKR 397 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 60 million. Despite small premium income, this portfolio has shown a better performance compared to other classes of business.

MOTOR INSURANCE

The company wrote a premium of PKR 471 million against motor insurance including third party and liability insurance having tremendous potential to generate premium for the industry. However, due to presence of fake companies, bona fide companies are being deprived of their legitimate income due to un-healthy practice and SECP may initiate suitable measures against unregistered companies in public interest to protect them from liability claims.

ENGINEERING AND BOND INSURANCE

Insurance companies are providing protection against accidental losses during execution of development projects. Our company is duly registered with Pakistan Engineering Council and various other government authorities for providing insurance cover to ongoing development projects. In this regard we have extremely cordial relations with contractors of national and international repute who normally approach us for seeking insurance on their projects. Beside insurance of projects, we also provide Professional Indemnity insurance to reputed consultants for their design, planning and construction supervision of proposed projects. During 2019 we have underwritten gross premium of PKR 1.03 billion through direct and facultative insurance.

MISCELLANEOUS ACCIDENT

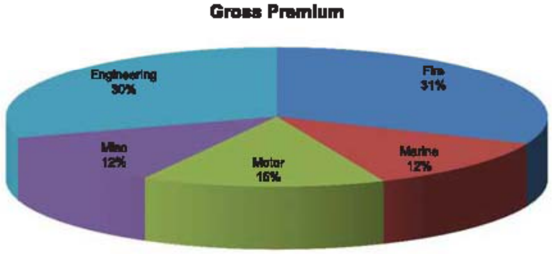
The deteriorating law & order situation in the country in general in particular in metropolitan cities in particular resulted in increased demand for this type of Insurance. As a result, people tend to insure themselves against variety of risks. This includes Personal Accident, Household Insurance, Burglary Insurance, Public liability, Cash in Safe and Transit Insurance. In addition, Workmen Compensation also covered under this portfolio. In the year 2019, we have underwritten gross premium of PKR 96 million in this portfolio.

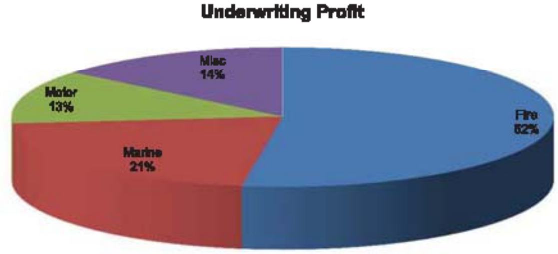
TRAVEL AND HEALTH INSURANCE

East West Insurance Company is also underwriting Travel and Health insurance through its corporate offices in Islamabad and Regional Office (South) Karachi. This portfolio is robustly growing through our countrywide network of branches. In addition, we are also supporting various travelers who require travel insurance for processing VISA by foreign missions in Pakistan. We are enlisted on the panel of various embassies/consulates who accept our insurance policies to process VISAS for travelers. In 2019, we have underwritten gross premium of PKR 163 million.

CROPS AND LIVE STOCK:

Your company participates in the Crop and Live Stock insurance program promulgated by the State Bank of Pakistan. In the year 2019 the company enhanced its premium of crop and livestock insurance utilizing maximum benefits available through private and commercial banks. We will continue this aggressive pursuit in 2020 to generate maximum premium through this portfolio.





CREDIT RATING

We are pleased to inform our stakeholders that in June 2019 Pakistan Credit Rating Agency (PACRA) upgraded our IFS Rating to 'AA' Minus (AA-) with stable outlook. This decision reflects the rating agency's confidence in our stability, reliability, and growth potential. We are confident that enhancement of our rating will bring positive impact on our performance and bring substantial growth in our premium income.

REINSURANCE ARRANGEMENTS

In keeping with global insurance industry standards, we have maintained adequate reinsurance coverage from both local and world-renowned reinsurers. This practice has significantly bolstered our operations, giving us the financial strength to underwrite sizable share in policies for even the largest corporate clients. Consequently, our partner reinsurers have also expressed their complete satisfaction and consented to renew our treaties for the coming year 2020.

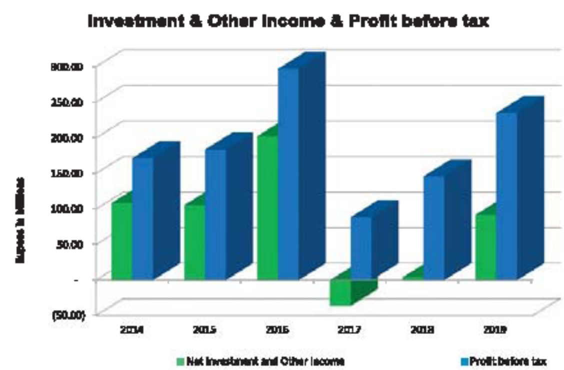
CAPITAL, SOLVENCY, SHAREHOLDER'S FUND:

Your company is proud to report that while SECP minimum capital requirement for general insurers is 500 million, we have raised our paid-up capital from PKR 762 million in December 2018 to PKR 1.029 billion as of 31st December 2019.

Furthermore, we are pleased to inform our shareholders that your company offered 20% bonus shares and 15% right shares during the year 2019. Your company's management continues to supplement the paid-up capital to maintain healthy ratios of gross premium written to capital infused and gross premium written to shareholders' equity.

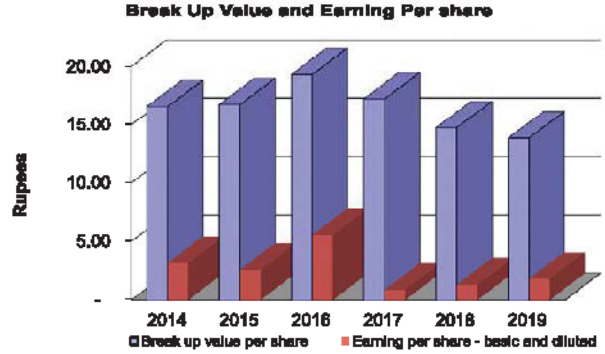
INVESTMENT INCOME:

During the year 2019, our investment income was lower in proportion to the total investment of the company due to the geopolitical and economic situation in the country. We were expecting to see improvement after the new government assumed control but despite their best efforts, they were unable to improve the financial health of the country. Another reason for the lower investment income was the continuous decline in the equity market and connected mutual funds. Unfortunately, economic distress combined with slow fiscal consolidation led the State Bank of Pakistan to raise the discount rate to make investments more attractive for new investors through higher rate of returns. Resultantly, demand for equities fell significantly and we decided to divest from underperforming equity stocks in favor of securities with improved returns.



EARNING PER SHARE:

Profit after tax as compared to last year has significantly increased to Rs. 183.85 million. This resulted in improved EPS of PKR 1.81 as compared to last year reported EPS of PKR 1.74.



BOARD COMMITTEES

Your Company maintains following Board committees:

AUDIT COMMITTEE

The Board is responsible for effective implementation of sound internal control systems including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principle responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, compliance with laws and regulations.

INVESTMENT COMMITTEE

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping duration of liabilities, your company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus funds with due consideration of timely payment of claims as they arise. The Company has a Board level investment committee that meets on a monthly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company.

ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board formed Ethics, Human Resource & Remuneration Committee, which is responsible for recommending to the Board about the introduction and changes to the human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

MANAGEMENT COMMITTEES

As part of the Corporate Governance, your Company maintained following four Management committees which meet at least once in every quarter;

UNDERWRITING COMMITTEE

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to accumulation of risk on the basis of region & business sectors and other relevant factors.

CLAIMS COMMITTEE

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims dispute to be brought to its attention and decides how to deal with such disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Functions of the Company.

REINSURANCE AND COINSURANCE COMMITTEE

This committee ensures that adequate reinsurance arrangements are made for the company's businesses. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The risk management and compliance committee shall oversee the activities of the risk management function of the Company and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

MANAGING VARIOUS TYPES OF RISKS

Your company perceives risk management as a means of value optimization and recognizes the importance of internal control and risk management in sustaining our business which is exposed to multi-natured risks arising from internal and external sources.

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The principle risks faced by the company are as follows:

Economic and Political Risk

Economic and political stability is very important for successful business activities. However, volatility in the economic, political and financial market in our country makes it very difficult to achieve business target. Your company always strives for strong underwriting to deal with such risk.

Insurance Risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance.

Credit Risk

Credit risk is where the company fails to recover from its debtors. The company manages this risk by careful underwriting, knowing the customer and their financial strength and also through vigilantly monitoring its credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk by critically monitoring change in interest rates where it has exposure.

Analysis of How the Entity's Performance Met / Exceeded Short of Forward-Looking Disclosures made in Prior Periods

By the grace of Almighty Allah your company achieved the financial targets for 2018 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction. We are in the industry for the last thirty five years and we believe that our existence is based on the quality of service, customer satisfaction and employees' motivation being the key areas where management has always taken necessary measures for improvement. Throughout the year we have provided training to our employees both in house and through institutions including PII programs to enhance and improve the skills. This leads to greater customer satisfaction and increased trust.

Prospects in 2020

Our performance indicates that we have achieved the management objectives maximizing customer satisfaction, improvement in underwriting results, controlling overhead expenses to increase the profitability and shareholder's equity.

The management has devised strategy for the year 2020 to deliver sustainable and profitable growth under the changing scenario with competitive environment. We have earned gross premium of over three billion rupees in 2019 and we are confident to maintain similar growth pattern in 2020.

The company aims to enhance Information Technology resources to get the best possible support from the systems and processes to further improve our services to customers.

Corporate Responsibility

While the insurance industry may not be able to prevent nature's potential threats, we are in a good position to educate and support clients in managing and adapting to climate risks.

Insurers' risk management skills will be crucial in helping society cope with the increasing frequency and severity of extreme events. Emerging climate risks also offer insurers an opportunity to teach policyholders about loss control and prevention.

As trusted voice on risk issues, we are able to speak with authority to policymakers and provide an opportunity to develop creative products and services to minimize the causes and effects of climate change. Our sustainability vision is to focus on advocating for climate change adaptation and mitigation, and working with our clients to deal with emerging risks.

Energy conservation

Every year, we do our in-house Energy Conservation Audit which is bench marked by monthly reports. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. All air conditioning units are inverters and lighting systems are based on LED bulbs which are switched off during Lunch break.

Environmental Impact

The company provides cover against various risks exposed to our valued customers. Our team of qualified and experiences workers provide professional guidance to our clients to create healthy environment for trade and industry in order for them to carry out their business for public in general.

Although in the last few decades insurance industry is dependent on extensive use of computer/Information Technology yet it is still being monitored to contract by human interaction and does not have any adverse environmental impact.

Consumer protection measures

Emphasis on earning the trust of the customers is our priority. The new inductees are duly apprised with our policies by our human resource personnel.

We provide protection to properties of our clients and resultantly enhance the security of their assets thereby supporting the economic progress of the country and simultaneously our business portfolio. It is also gratifying to submit that depending on our satisfactory services to our existing customers, we attract new clients on their recommendation.

Company's relations with stakeholders

We have very positive and practical approach towards relations with various stake holders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for adhering and implementing all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

Know Your Customers (KYC)

We maintain in our database the detailed information of our customers under (KYC). The data base includes information provided by the FATCA in order to do vigilant underwriting. By keeping the record of our customers we update our self with the reputation of our clients and their goodwill in the market.

Employment of special persons

The Company is an equal opportunity employer, irrespective of gender and physical disabilities.

Occupational safety and health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has first aid medical facility in the Head Office & Branches. Health insurance covering hospitalization is provided to employees by the company with coverage through reputed hospitals in the country.

Sports activities

The Company encourages employees for participating in sports and arrange matches of cricket, football and hockey. Beside sports the company also allows employees to arrange picnics at various attractive places in Karachi and other parts of the country.

Business ethics and anti-corruption measures

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed and are required to observe rules of conduct in relation to business and regulations. Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Relationship with other Stakeholders

Your Company continues to maintain good relationship with

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- Its competitors in fair market practices;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

APPROPRIATIONS

	PKR in '000
Profit before tax from General Insurance Operation	223,013
Profit from Window Takaful Operaion	12,010
Profit before tax	235,023
Income tax Expenses	(51,177)
Profit after tax	183,846
Other comprehensive income	3,282
Total comprehensive income	**187,128**
Unappropriated restated profit at beginning of the year	228,564
Profit for the year	183,846
Issuance of bonus shares	(152,445)
Unappropriated profit at the end of the year	**259,965**

RELATED PARTY TRANSACTION

At each board meeting the Board of Directors approve Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

b) Proper books of accounts have been maintained by the Company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

d) The International Financial Reporting Standards (IFRS) or any other regulation or law as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

h) The key operating and financial data for the last six years is annexed.

i) The value of investments of provident fund based on their un-audited accounts as of December 31, 2019 was approximately PKR 72 million.

j) The statement of the pattern of shareholding of the Company as at 31 December, 2019 is included in the Report.

Board / Sub-Committee Members / Secretary	Board Meetings	Audit Committee	Ethics, H.R. & Remmuneration Committee	Investment Committee
No of Meeting held	06	04	04	12
	COMMITTEES ATTENDANCE			
Chief Justice (R) Mian Mahboob Ahmad	04	–	–	–
Mr. Naved Yunus	06	–	–	12
Mr. Javed Yunus	05	03	–	–
Mr. Pervez Yunus	06	–	–	–
Mr. Maheen Yunus	02	–	–	–
Mr. Umeed Ansari	05	03	04	12
Mr. Ahsan Mehmood Alvi	06	04	04	12
Engr. Kazim Raza	06	04	-	-
Mr. Shabbir Ali Kanchwala	–	–	04	12
Mr. Johry Lal	–	04	–	–
Mr. M. Saeed Ahmed	–	–	–	12
Mr. Adil Hussain	–	–	04	–

Leave of absence granted to directors and members who could not attend the meeting.

Insurance Ordinance, 2000

As required under the Insurance Ordinance, 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief of the annual statutory accounts of the Company set out in the form attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- The Company has at all times in the year complied with the provisions of the Ordinance and rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

AUDITORS

The present auditor's M/s BDO, Ebrahim & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors recommends the appointment of BDO Ebrahim & Co., (Chartered Accountants) as auditors of the company for the year 2020 at a fee to be mutually agreed.

APPRECIATION AND ACKNOWLEDGEMENT

We thank our valued clients and shareholders for their continued support and confidence which enabled us to progressively increase our market penetration in order to generate sizeable premium revenue. We also thank our reinsurers and brokers for the valuable support in performing our responsibilities.

We would also like to record our appreciation for the cooperation and professional support by the Insurance Division of Securities Exchange Commission of Pakistan. Finally, we also acknowledge the hard-work and dedication of our marketing teams, marketing staff, officers and staff members for achieving the desired goals and objectives of the company and look forward for their continued support in the year 2020.

For and on behalf of the Board of Directors.

Director

Chief Executive Officer

Karachi Dated: April 29, 2020

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE

FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2019

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (COCG 2019).

The Company, being an insurer, has applied the principles contained in the Code and the regulations in the following manner:

1. The total number of directors are 8 as per the following:
   Male : 8
   Female : 0

2. The Company encourages the representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Ahsan Mahmood Alvi, Mr. Kazim Raza
Non-Executive Directors	Chief Justice (R) Mian Mahboob Ahmad, Mr. Umeed Ansari and Mr. Maheen Yunus
Executive Directors	Mr. Naved Yunus, Mr. Javed Yunus and Mr. Pervez Yunus

   The independent director meets the criteria of independence as laid down under the Code and COCG, 2019.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company excluding the listed subsidiaries of the listed holding.

4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

5. No casual vacancy occurred on the Board during the year.

6. The company has prepared a "Statement of Ethics and Business Practice" as Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. The Board has ensured that the complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.

8. All the powers of the Board have been duly exercised, decisions on material transactions and decisions on relevant matter, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, as empowered by the relevant provisions of the Companies Act, 2017 and COCG 2019 have been taken by the Board;

9. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. The board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;

10. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;

11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal control given in the Code;

12. Board of directors comprised of eight directors out of which four directors have obtained "Orientation Course" organized by ACCA Pakistan, Institute of Corporate Governance and four other directors are experienced and educated enough that exempted them from certification course;

   Directors obtained Orientation Course

Name of the Member	Category
Mr. Naved Yunus	Chief Executive Director
Mr. Javed Yunus	Executive Directors (Marketing)
Mr. Pervez Yunus	Executive Directors (Operation)
Mr. Maheen Yunus	Non-Executive Director

13. There was no change in the position of Chief Financial Officer (CFO) & Company Secretary and Head of Internal Audit in 2019. The Board had, however, approved the increase in remuneration of CFO & Company Secretary and Head of Internal Audit;

14. The directors' report for this year has been prepared in compliance with the requirements of the Code and COCG 2019 and fully describes the salient matters required to be disclosed;

15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding;

17. The Company has complied with all the corporate and financial reporting requirements of the Code and COCG 2019;

18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Pervez Yunus	Chairman
Mr. Sajjad Zaffar	Member
Mr. Salim Nawaz	Member
Mr. Muhammad Shareef	Member / Secretary

Claim Settlement Committee:

Name of the Member	Category
Mr. Naved Yunus	Chairman
Mr. Javed Yunus	Member
Mr. Shabbir Ali Kanchwala	Member
Mr. Mazharuddin	Member / Secretary

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Naved Yunus	Chairman
Mr. Kazim Raza	Member
Mr. Salim Nawaz	Member
Mr. Syed Arshad Ali	Member / Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Kazim Raza	Chairman
Mr. Ahsan Mahmood Alvi	Member
Mr. Salim Nawaz	Member
Mr. Muzzamil Usman Karim	Member / Secretary

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is non-executive directors. one is executive director and other two are independent directors including chairman of the audit committee. The composition of the Audit Committee is as follows.

Audit Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Javed Yunus	Member - Executive Director
Mr.Umeed Ansari	Member - Non-Executive Director
Mr Kazim Raza	Member - Independent Director
Mr. Johry Lal	Secretary - Head of Internal Audit

20. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Umeed Ansari	Member - Non-Executive Director
Mr. Kazim Raza	Member - Independent Director
Mr. Adil Hussain	Member / Secretary - Admin Officer

Investment Committee:

Name of the Member	Category
Mr. Naved Yunus	Chairman - Managing Director & Chief Executive
Mr. Ahsan Mahmood Alvi	Member - Independent Director
Mr. Umeed Ansari	Member - Non-Executive Director
Mr. Shabbir Ali Kanchwala	Member - Director Finance
Mr. Muhammad Saeed Ahmed	Member / Secretary - Accountant

Nomination Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Umeed Ansari	Member - Non-Executive Director
Mr. Kazim Raza	Member - Independent Director
Mr. Shabbir Ali Kanchwala	Member / Secretary - Director Finance

21. The meetings of Committees were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of reference of the Committees have been formed, documented and advised to the committees for compliance.

22. The Board has set up an effective internal audit function which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

23. The Chief Executive officer, Chief Financial Officer & Company Secretary, Compliance officer and the Head of Internal Audit posses such qualification and experience as required under the Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance function posses qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Name of Persons	Designation	Qualifications	Experience
Mr. Naved Yunus	Managing Director & Chief Executive Officer	MSc & BSC (Accounting)	Working in EWI since 1983
Mr. Shabbir Ali Kanchwala	Chief Finance Officer & Company Secretary	MBA Finance	Working in EWI since 1983
Mr. Brendin D'Lima	Head of Risk Management	Graduate	Worked in/for various Insurance Cos. Since 1985
Mr. Johry Lal	Chief Internal Auditor	FCCA & ACA (England & Wales)	Working in EWI since 2006
Mr. Saleem Nawaz	Head of Grievance Function	MBA Finance & Accounting	Worked in Financial Institution for 28 years and has been working in Insurance Companies for 4 years
Syed Arshad Ali	Head of Reinsurance	M.A (Economics)	Working in EWI since 1985
Mr. Mazhar-ud-din	Head of Claims	Graduate	Working in EWI since 1988
Mr. Muzammil Usman Karim	Compliance Officer	MBA	Working in EWI since 2015
Mr. Muhammad Shareef	Head of Underwriting	Graduate	Working in EWI since 1986

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountant of Pakistan and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.;

26. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the code;

27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code;

28. The Company has set up a Risk Management function, which carries out its tasks as covered under the Code;

29. The Company has been rated by PACRA the rating agency on November 29, 2019 is AA- (AA Minus) with stable Outlook;

30 . The Board has set up Grievance function in Compliance with the requirements Code;

31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code;

32. We confirm that all other material principles contained in the Code and COCG 2019 i.e. 3, 27,32,33 and 36 have been complied with except;

The Company has two independent directors whereas as per the requirement of Regulation No. 6 of the COCG 2019, the independent directors should be either 2 or 1/3 of the Board (whichever is higher). The required limit of Independent directors will be complied in the next year i.e, 2020 .

The Company does not have a female director which is a non-compliance of regulation No. 7 of the COCG 2019. However, as allowed by the said regulation, female director will be inducted in the next election of directors.

The Company has three executive directors out of eight elected directors, which exceed the allowable proportion of executive directors on the Board of Directors as required by the Code 8 of COCG 2019 and the Code. The company is making reasonable progress to comply with the requirement and in the next year compliance of the regulation will be made.

33. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

The functions of CFO & Company Secretary are being performed by the same person. However, management is looking for a suitable candidate for the post of Chief Financial Officer and in the upcoming Board meeting, a person will be designated to perform responsibility of the Chief Financial Officer.

Director

Chief Executive Officer

Dated: April 29, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EAST WEST INSURANCE COMPANY LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of East West Insurance Company Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision Ixxxvi of code of corporate governance for insurers, 2016.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

Further, we highlight below instances of non-compliance with the requirements of the Code and Regulations as reflected in the paragraphs 32 and 33 of the Statement of Compliance:

Code of Corporate Governance for Insurers, 2016		
S.No.	Reference	Description
1	iii(b)	The Company has three executive directors out of eight elected directors, which exceed the allowable proportion (one third of elected directors) of executive directors on the Board of Directors as required by the Code.
2	xx	The functions of CFO & Company Secretary are being performed by the same person.

Code of Corporate Governance Regulation for Listed Companies, 2019		
S.No.	Reference	Description
1	24	The functions of CFO & Company Secretary are being performed by the same person.

BDO Ebrahim & Co.,
Chartered Accountants
Engagement Partner: Zulfikar Ali Causer

Karachi Dated: 29th April, 2020

STATEMENT OF COMPLIANCE

with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of the respective Stock Exchange.

NAVED YUNUS
Chief Executive Officer

Karachi Dated: April 29, 2020

[We offer a wide range of general insurance cover to clients all over Pakistan]

OUR SERVICES

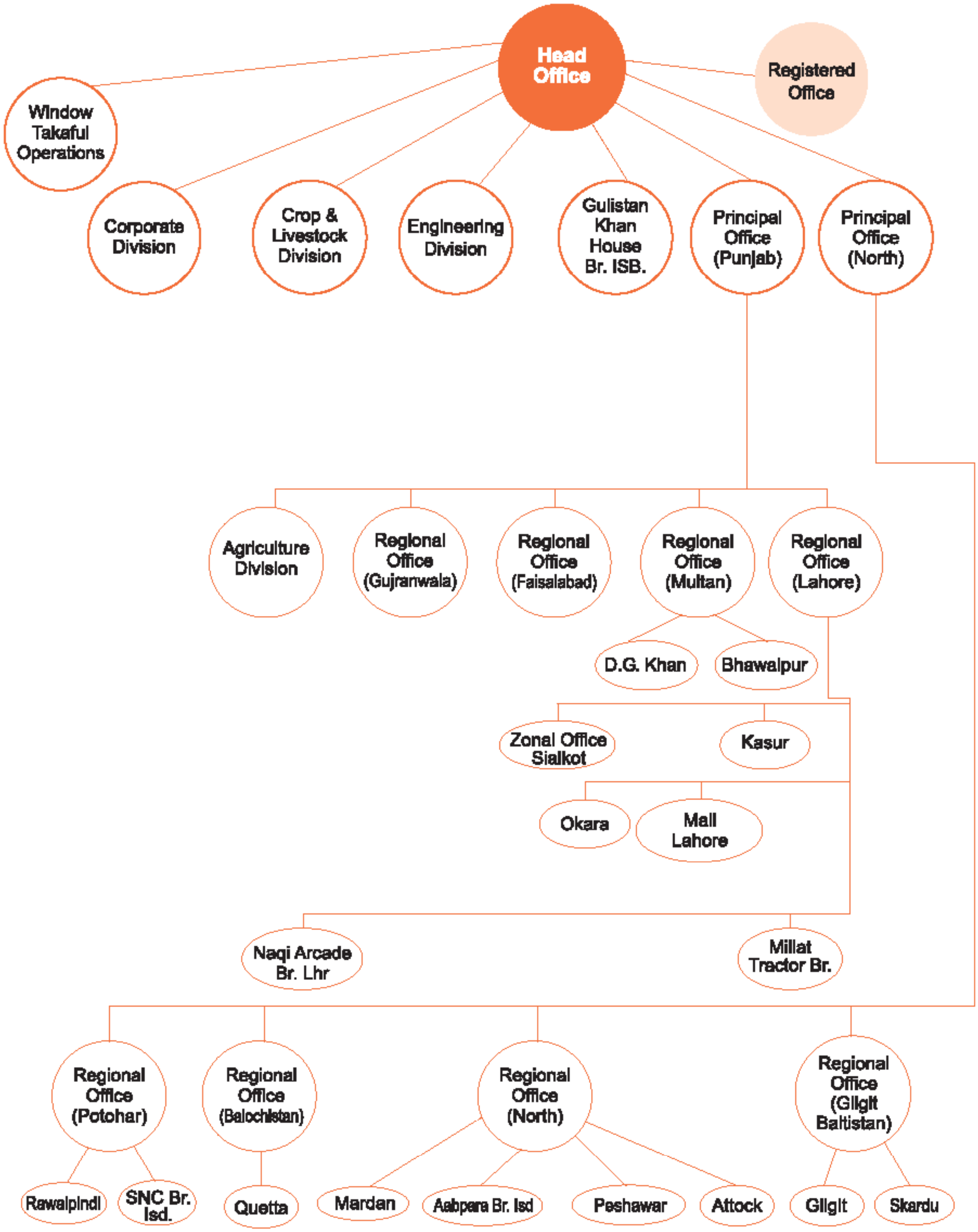
OUR SERVICES

ORGANIZATIONAL SET-UP

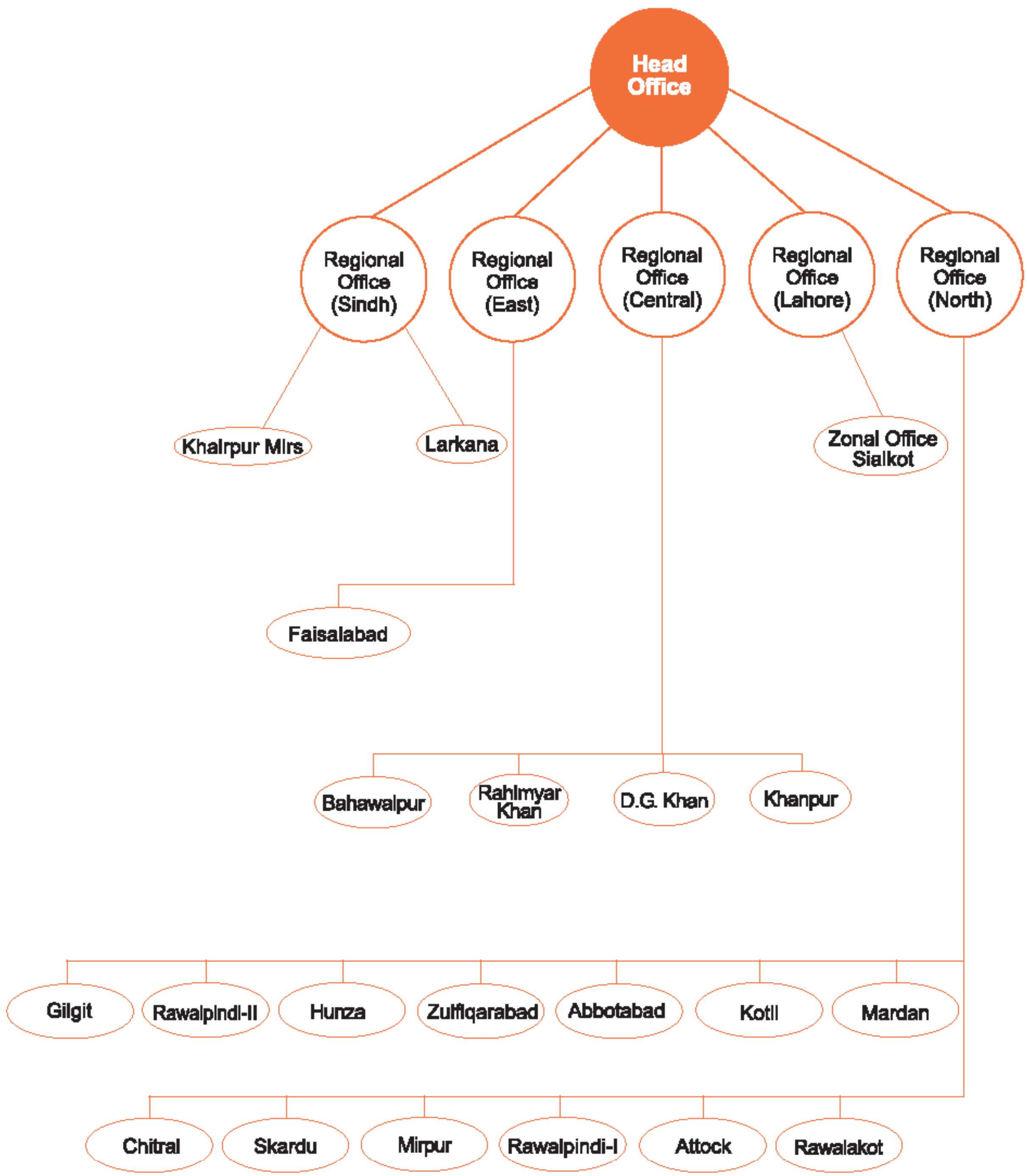
A. Company Offices & Branch Network

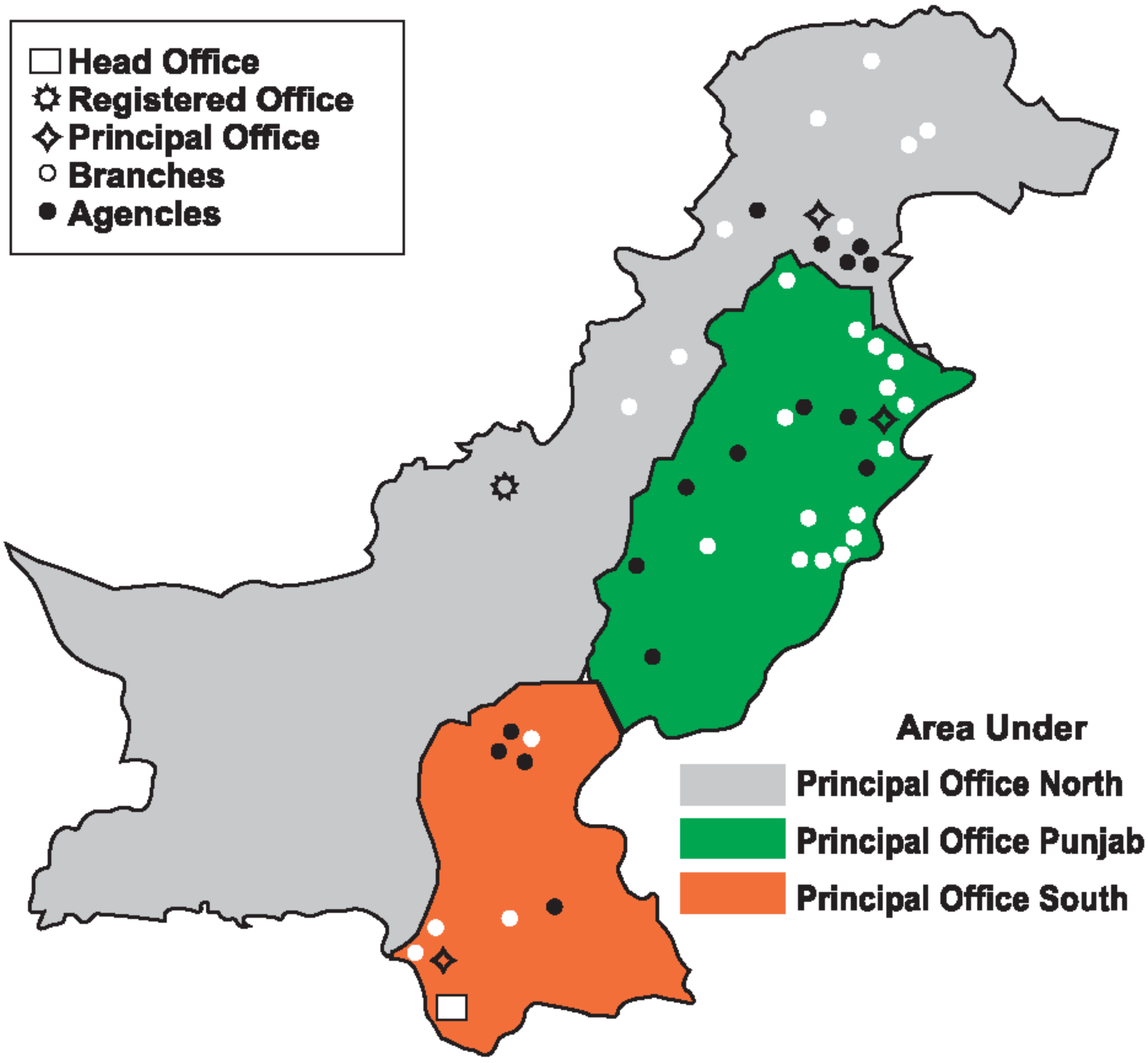
B. Agencies Network

COMPANY OFFICES & BRANCH NETWORK



AGENCIES NETWORK




Head Office
Registered Office
Principal Office
Branches
Agencies
Area Under
Principal Office North
Principal Office Punjab
Principal Office South

COMPANY OFFICES & BRANCHES

REGISTERED OFFICE	27, Regal Plaza, Jinnah Road, Quetta. Tel : (081) 2822913, 2821397 Telefax : (081) 2821460
HEAD OFFICE	401-404, Block 'B', 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi. Tele : (021) 35630400-11 Fax : (021) 35630413, 35630415 Website : www.eastwestinsurance.com.pk E Mail : ewire@cyber.net.pk E Mail : info@eastwestinsurance.com.pk

PRINCIPAL OFFICES

NORTH	Al-Asghar Plaza, 20, Blue Area, F-6, Islamabad. Tel : (051) 2276663-5 Telefax : (051) 2822207 E Mail : eastwestins.north@yahoo.com
PUNJAB	1st Floor, Naqi Arcade, 71-Shahrah-e-Quaid-e-Azam, Lahore. Tel : (042) 36306573, 36306589, 36370703, 36375553 Telefax : (042) 36361479, 36368841 E Mail : ewipop@eastwestinsurance.com.pk

SPECIALIZED DIVISIONS UNDER HEAD OFFICE

CORPORATE DIVISION	1st Floor, Plot No. 23-C, Khayaban-e-Itihad, Phase-II, DHA, Karachi. Tel : (021) 35897871-74 Email : corporatedivision@eastwestinsurance.com.pk
WINDOW TAKAFUL OPERATIONS	401, 4th Floor, Bussiness Centre, Mumtaz Hasan Road, Karachi. Tel : (021) 35897871-74 Email : corporatedivision@eastwestinsurance.com.pk
CROP DIVISION	401, Block 'B', 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi. Tel : (021) 35630400-11 Fax : (021) 35630415
ENGINEERING DIVISION	401-404, Block 'B', 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi. Tel : (021) 35630417 Fax : (021) 35630413

BRANCH OFFICES UNDER PRINCIPAL OFFICE (SOUTH) KARACHI

GULISTAN KHAN HOUSE BRANCH	Office # 303,3rd Floor, Gulistan Khan House, Fazal-e-Haq Road, Blue Area, Islamabad. Tel : (051) 2802491-4 Fax : (051) 2802490	Islamabad Rawalpindi
EUROPA CENTRE BRANCH	Europa Centre, Room No. 205, 2nd Floor, Hasrat Mohani Road, Off. I. I. Chundrigar Road, Karachi.	Karachi City

CORPORATE DIVISION	1st Floor, Plot No. 23-C, Khayaban-e-Itihad, Phase-II, DHA, Karachi.	Karachi City
REGIONAL OFFICE (SINDH)	House No. C-217, Naseem Nagar, Qasimabad, Hyderabad Cantt. Cell : 0301-3527060	Sindh (Except Sindh) Hyderabad, Tando Jam Muhammad, Matiari

BRANCH OFFICES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

PRINCIPAL OFFICE (NORTH)	Al-Asghar Plaza, 20, Blue Area, F-6 Islamabad Tel : (051) 2276663-5 Fax : (051) 2822207	Gilgit Baltistan Frontier Baluchistan Region
ISLAMABAD SNC BRANCH	12-D, SNC Center, 4th Floor, Office No 2, Fazal-e-Haq Road, Blue Area, Islamabad Tel : (051) 2201696 Fax : (051) 2201231	Islamabad Rawalpindi
REGIONAL OFFICE (GILGIT - BALTISTAN)	Shahrah-e-Quaid-e-Azam Zulfiqar Abad Jutial Gilgit. Tel : (05811) 455279 Fax : (05811) 455232	Gilgit, Diamer, Skardu, Hunza, Ghizer, Nagar, Astore, Shiger, Kharmang, Khaptu
REGIONAL OFFICE KHYBER - PAKHTOON KHAWAH	8th Floor, State Life Building 35,The Mall, Peshawar Cantt. Tel : (091) 5276438, 5273933, 5276439 Telefax: (091) 5273513	Khyber Pakhtoon Khwah
REGIONAL OFFICE (BALUCHISTAN)	27-28 Regal Plaza, M.A.Jinnah Road Quetta . Tel : (081) 2822913, 2821397 Telefax: (081) 2821460	Baluchistan Except Coastal Belt Quetta Chaman Ziarat, Khuzdar
ISLAMABAD AABPARA BRANCH	Flat No. 4, Block No. 2, Pervez Market, Sector G-6/1-1, New Aabpara, Islamabad. Tel : (051) 2602889 Fax : (051) 2602889	Islamabad Rawalpindi

BRANCH OFFICES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

PRINCIPAL OFFICE (PUNJAB)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 89, 36375553, 36370703 Fax : (042) 36361479, 36368841 E-mail : ewipop@eastwestinsurance.com.pk	Punjab
AGRI DIVISION	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 89, 36375553, 36370703 Fax : (042) 36361479 E-mail : ewipop@eastwestinsurance.com.pk	Punjab
REGIONAL OFFICE (LAHORE)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36370703 Fax : (042) 36361479, 36368841 Mobile : 0321-4684047 E-mail : ewipop@eastwestinsurance.com.pk	Lahore City
MILLAT TRACTOR BRANCH	Millat Tractor Limited, Sheikhupura Road, Lahore. Tel : (042) 37910319 Mobile : 0321-4680436 UAN : 111-200-786 Ext. 446 E-mail : ewipop@eastwestinsurance.com.pk	Lahore
SQA BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-36306589 Fax : 042-36361479 Mobile : 0323-4451055 E-mail : ewipop@eastwestinsurance.com.pk	Lahore
MALL BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-3637553 Fax : 042-36361479, 36368841 Mobile : 0321-4781111 E-mail : ewipop@eastwestinsurance.com.pk	Lahore

KASUR	Opp. Jamia Masjid Noor, Railway Road, Kasur Tel : (0492) 770732 Mobile : (0300) 6599688	Kasur Chunain Bhai Pheru Pattoki Raiwand Kahra
OKARA	M.A. Jinnah Road, Okara. Tel : (0442) 522388 Mobile : 0321-6950324	Okara Depalpur Basirpur Renala Khurd
REGIONAL OFFICE: GUJRANWALA	Trust Plaza Block "C", G.T. Road, Gujranwala. Tel : (055) 3846106 Fax : (055) 3846107 E-mail : 0321-7466866	Gujranwala Wazirabad Gujrat Lalamusa Kamoke
SIALKOT	Al-Khalil Centre, Kashmir Road, Sialkot. Tel : (052) 3240270 Mobile : 0301-8624101	Sialkot Daska Narowal Shakar Garh
REGIONAL OFFICE FAISALABAD	3rd Floor, Sona Bazar Plaza, Inside Circular Road, Faisalabad. Tel : (041) 2413043, 2628471 Mobile : 0300-7624798	Faisalabad Jaranwala Samundri Gojra Jhang
REGIONAL OFFICE MULTAN	Upper Story LCS Express Centre, Opp. Hajveri Arcade, Kutchery Road, Multan Tel : (061) 4512502, 4500854 Mobile : 0301-8448149	Southern Punjab Multan Khanewal Muzaffargarh Layyah
BAHAWALPUR	02-Rainbow Shopping Centre, Chowk Sraiki, Bahalwalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahalpur Ahmedpur East Yazman Lodhran Duniyapur

AGENCIES UNDER PRINCIPAL OFFICE (SOUTH), KARACHI

KHAIRPUR MIRS	524, Mohallah Tappali Street Khairpur Mirs. Tel : (0243) 552275	Khairpur Mirs, Gambat Ranipur, Kotdigi Pacca Chang, Nara Thari Mirwah Mehrabpur
LARKANA	Near Lal Bungalow, Farooq Ali Street, Dari Mohalla, Larkana. Tel : (074) 4045582, 4045753 Mob : 0300-3511750	Larkana, Jacobabad, Shahdad Kot, Kandh Kot, Kamber, Warrah, Thul, Miro Khan, Naukot, Naudero

AGENCIES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

ISLAMABAD	Flat No. T/6, 3rd Floor, Arshad Shareef Plaza, G-II Markaz, Islamabad. Tel : (051) 2361125 Fax : (051) 2361126	Islamabad Capital Territory
ABBOTTABAD	Dr. Sher Afzal Plaza The Mall, Abbottabad. Cell : 0301-8704094	Abbottabad Mansehra Kohistan
ATTOCK	F-37, Sheikh Zafar Plaza, Madni Chowk, Attock City. Tel : (057) 2611726	Attock, Fateh Jang Pindi Gheb.
CHITRAL	Branch Office, Mir Market, Mir Governor Cottage Road, PIA Chowk, Chitral. Tel: (0943) 414600 Cell : 0345-3357618	Chitral
GILGIT	Zulfiqarabad Jutial Gilgit	Gilgit Diamer Skardu.
HUNZA	Aliabad, Main Bazar, Hunza.	Hunza
KOTLI (A.K)	H.No.157/C, Lane No.5D, Lalazar, Kotli (A.K)	Kotli (A.K)
MARDAN	Bank Road, Mardan. Tel : (0937) 867639	Mardan
MIRPUR (A.K)	92-G-I, Part Hall Road, Mirpur (A.K)	Mirpur (A.K)
MUZAFFARABAD	Village Kamar Bandi, Muzafarbad (A.K.)	Muzafarbad.

RAWALPINDI-I	Plaza No.98, 2nd Floor, Near Bank Al-Falah, Civic Centre, Bahria Town, Rawalpindi. Cell : 0331-5565484	Islamabad Rawalpindi
RAWALPINDI-II	55/A, Malik Plaza, Room # 8, 2nd Floor, Bank Road, Rawalpindi Cantt. Tel : (051) 5564173 Cell : 0333-5583342	Islamabad Rawalpindi
RAWALAKOT (AZAD JAMMU & KASHMIR)	C/o. Manager, SME Bank Limited Near G.P.O. CMH Road, Rawalakot (A.J.K.) Tel : (058710) 43681	RAWALAKOT BAGH POONCH
SKARDU-I	Near Yadhar Chowk, Skardu.	Skardu
SKARDU - II	Jawad Glass House New Bazar, Skardu	Skardu.
ZULFIQARABAD	Goner Farm, Teh. Challas Distt. Diamir, Gilgit.	Zulfiqarabad

AGENCIES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

BAHAWALPUR	02-Rainbow Shopping Centre, Chowk Sraiki, Bahalwalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahawalpur Ahmedpur East Yazman Lodhran Duniyapur
D.G.KHAN	House No. 389-C, Khyaban-e-Sarwar. Dera Ghazi Khan Tel : (0642) 470671 Mobile : (0333) 6477885	D. G. Khan Taunsa Sharif, Alipur, Jampur, Rajanpur, Kot Mithan
KHANPUR	366-Model Town-B, Khanpur. Mobile : 0301-8671713	Khanpur Liaquatpur Sadiqabad, R.Y. Khan
RAHIM YAR KHAN	Upper Story, Micro Finance Bank, 20-Model Town, Rahim Yar Khan.	Rahim Yar Khan
ZONAL OFFICE SIALKOT	Al-Khalil Centre, Kashmir Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270 Mobile : (0301) 8624101	Sialkot

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONTENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of EAST WEST INSURANCE COMPANY LIMITED, (the Company), which comprise the statement of financial position as at December 31, 2019, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Compliance with laws and regulations**	
	The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017, Insurance Rules, 2017 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the	Our audit procedures in respect of this area included the following: • Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework.

S. No.	Key audit matters	How the matter was addressed in our audit
	Company. The Company is required to comply with these rules and regulations. We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.	• Discussed the applicable policies and procedures with senior management and reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance. • Reviewed the Company's documentation and correspondence with the regulators.
2.	**Valuation of investments**	
	The Company's investment comprises investments in equity and debt instruments. As at December 31, 2019 total net investment amount is Rs. 1,239.092 million. The valuation of these investments is made using different valuation techniques as disclosed in note 11, 12 and 13 to the financial statements. The Company's accounting policy and movement in the year in the investments balances are disclosed in note 6.8 and 41 to the financial statements. We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Company.	Valuation of investments were addressed by applying following procedures: • Evaluated the design and implementation of key control around investments; • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; • Performed purchases and sales testing on sample basis of trades made during the year and checked that transactions were recorded in the correct period as part of investment in case of purchases. • Checked the existence of the securities from the Central Depository Company's report; • We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the financial statements.

S. No.	Key audit matters	How the matter was addressed in our audit
3.	**Control environment relating to the financial reporting process and related IT systems**	
	The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach. As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights. Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.
4.	**Valuation of outstanding claims including claims incurred but not reported (IBNR)**	
	As disclosed in note 28 to the financial statements, outstanding claims including IBNR amounting to Rs.596.061 as at December 31, 2019. The outstanding claims including IBNR represented significant portion of the Company's total liabilities. We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgment and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations. The valuation involves complex and subjective judgments about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.	Our audit procedures in respect of this area includes the following: We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded. Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded. Tested the completeness and accuracy of the underlying data used in the valuation of outstanding claims including IBNR. We assessed the adequacy of the disclosures by reference to the relevant accounting standards and applicable regulations.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and the Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

BDO Ebrahim & Co.
Chartered Accountants

Karachi Dated: 29th April, 2020

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Property and equipment	8	146,136	155,312
Intangible assets	9	1,197	1,408
Investment properties	10	48,565	50,442
Investments			
Equity securities	11	683,477	825,476
Debt securities	12	213,916	183,761
Term deposits	13	341,700	64,071
		1,239,093	1,073,308
Loans and other receivables	14	150,261	41,332
Insurance / reinsurance receivables	15	550,314	289,763
Reinsurance recoveries against outstanding claims	28	465,460	442,006
Deferred commission expense	29	328,921	172,216
Deferred taxation	16	-	11,899
Prepayments	17	578,016	624,193
Cash and bank	18	28,403	35,777
		3,536,366	2,897,656
Total assets of takaful operations		103,843	60,425
TOTAL ASSETS		3,640,209	2,958,081

	Note	2019	2018
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	19	1,029,007	762,227
Reserves	20	136,330	133,048
Unappropriated profit		259,965	228,564
TOTAL EQUITY		1,425,302	1,123,839
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	28	596,061	594,943
Unearned premium reserves	27	1,252,194	981,543
Unearned reinsurance commission	29	130,736	99,091
		1,978,991	1,675,577
Retirement benefit obligations		2,197	1,741
Liabilities against assets subject to finance lease	21	13,983	21,503
Deferred taxation	16	3,939	-
Premium received in advance	22	35,554	13,888
Insurance / reinsurance payables	23	18,638	12,714
Other creditors and accruals	24	91,287	77,956
Taxation - net	25	31,705	25,954
Total liabilities of takaful operations		38,613	4,909
TOTAL LIABILITIES		2,214,907	1,834,242
TOTAL EQUITY AND LIABILITIES		3,640,209	2,958,081
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
Net insurance premium	27	1,467,318	1,459,230
Net insurance claims	28	(642,479)	(633,992)
Net commission	29	(254,775)	(291,174)
Insurance claims and acquisition expenses		(897,254)	(925,166)
Management expenses	30	(285,317)	(263,265)
Underwriting results		284,742	270,799
Gain / (Loss) on investment	31	23,254	(9,220)
Rental income	32	4,840	6,438
Other income	33	63,999	6,952
Other expenses	34	(150,969)	(126,505)
Results of operating activities		225,866	148,464
Finance cost	35	(2,853)	(1,428)
Profit / loss before tax from window takaful operations - Operator's Fund		12,010	(920)
Profit before tax		235,023	146,116
Income tax expense	36	(51,177)	(13,724)
Profit after taxation		183,846	132,392
Earnings per share - basic and diluted (Restated)	37	1.81	1.30

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
Profit after tax		183,846	132,392
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
Unrealized gain / (loss) on available for sale investments - net of deferred tax		142	(58,071)
Reclassification of loss included in profit and loss account	7.1	3,140	-
		3,282	(58,071)
Total comprehensive income for the year		187,128	74,321

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 29th April, 2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Rupees in '000)

	Share capital	Reserves				
	Issued, subscribed and paid-up	General reserve	Unrealized loss on revaluation of available for sale investments	Total reserves	Unappropriated profit	Total
Balance as at January 01, 2018 (as reported)	609,782	200,000	(8,881)	191,119	248,617	1,049,518
Total comprehensive income for the year						
Profit after tax	-	-	-	-	132,392	132,392
Unrealized loss on revaluation of available for sale investments	-	-	(58,071)	(58,071)	-	(58,071)
	-	-	(58,071)	(58,071)	132,392	74,319
Issue of bonus shares (25 bonus shares for evey 100 shares held)	152,445	-	-	-	(152,445)	-
Balance as at December 31, 2018	**762,227**	**200,000**	**(66,952)**	**133,048**	**228,564**	**1,123,839**
Balance as at January 01, 2019	**762,227**	**200,000**	**(66,952)**	**133,048**	**228,564**	**1,123,839**
Total comprehensive income for the period						
Profit after tax	-	-	-	-	183,846	183,848
Unrealized loss on revaluation of available for sale investments	-	-	142	142	-	142
Reclassification of loss included in profit and loss account	-	-	3,140	3,140	-	3,140
	-	-	3,282	3,282	183,846	187,130
Issue of bonus shares (20 bonus shares for evey 100 shares held)	152,445	-	-	-	(152,445)	-
Issue of Right shares (15 right shares for every 100 shares held)	114,335	-	-	-	-	114,335
Balance as at December 31, 2019	**1,029,007**	**200,000**	**(63,670)**	**136,330**	**259,965**	**1,425,302**

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

CASH FLOWS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
OPERATING CASH FLOWS			
a) Underwriting activities			
Premium received		3,152,820	3,081,195
Reinsurance premium ceded		(1,602,106)	(1,708,215)
Claims paid		(983,422)	(912,411)
Reinsurance and other recoveries received		318,607	310,969
Commission paid		(735,849)	(594,092)
Commission received		355,303	303,024
Underwriting payments		(289,042)	(258,675)
Net cash generated from underwriting activities		216,311	221,795
b) Other operating activities			
Income tax paid		(31,506)	(34,335)
Other expenses paid		(120,432)	(98,835)
Other operating (payments) / receipt		(115,370)	(55,067)
Net cash used in other operating activities		(267,308)	(188,237)
Net cash generated from all operating activities		(50,997)	33,558
INVESTING ACTIVITIES			
Investment income received		23,332	10,526
Dividend received		41,258	26,892
Other income received		13,460	9,929
Payments for investments		(669,019)	(275,457)
Proceeds from disposal of investment		764,311	263,510
Fixed capital expenditures		(16,267)	(66,987)
Purchase of investment property		(6,555)	-
Proceeds from disposal of fixed assets		55,884	14,065
Net cash used in investing activities		206,404	(17,522)
FINANCING ACTIVITIES			
Loan received from director		40,346	279,344
Loan repaid to director		(29,916)	(279,477)
Received Right subscription money		114,335	-
Payment of finance lease rentals exclusing financial charges		(7,520)	(5,880)
Payment of finance lease		(2,397)	(897)
Net cash (used in) / generated from financing activities		114,848	(6,910)
Net cash increase in cash and cash equivalent		270,255	9,126
Cash and cash equivalents at beginning of the year		99,848	90,722
Cash and cash equivalents at end of the year		370,103	99,848

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

	Note	2019	2018
		(Rupees in '000)	
Reconciliation to profit and loss account			
Operating cash flows		**(50,997)**	33,558
Depreciation expense		**(25,621)**	(21,281)
Profit on disposal of fixed assets		**47,420**	4,940
Investment income		**15,561**	13,776
Dividend income		**41,258**	26,892
Loss on investment securities		**(47,190)**	(48,678)
Other income		**14,681**	14,681
Loss on takaful operations		**12,010**	(920)
Increase in assets other than cash		**539,821**	320,728
Decrease in operating liabilities		**(363,097)**	(211,304)
Profit after taxation		**183,846**	132,392

CASH AND CASH EQUIVALENTS

Cash for the purpose of statement of cash flows consist of:

	2019	2018
Cash and other equivalents	**128**	76
Current and other accounts	**28,275**	35,701
Deposits maturing within 12 months	**341,700**	64,071
	370,103	99,848

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 29th April, 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

East West Insurance Company Limited (the Company) was incorporated as a public limited company in the year 1983 under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business comprising of fire and property, marine, aviation and transport, motor and miscellaneous etc. The company commenced Window Takaful Operations (WTO) from May 08, 2018 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi. The Company operates through 3 (2017: 3) principal offices and 24 (2017: 24) branches in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements are prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Act, 2017, and Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

The Third and Fourth Schedules to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Third and Fourth Schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.

3.2 Functional and presentation currency

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures(and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became available during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

4.2 Standards / amendments that are effective in current year and relevant to the Company

IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IFRS 16	Leases	January 01, 2019

4.3 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 14	Regulatory Deferral Accounts	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

4.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commision of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at their fair values.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

5.1 Use of judgments and estimates

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premiums	6.2.2
- Premium due but unpaid - net	6.2.3
- Provision for outstanding claims (including IBNR)	6.3.1
- Premium deficiency reserve	6.7
- Useful life of property, plant and equipment	6.10
- Taxation (current and deferred)	6.17
- Impairment of asset	6.22
- Classification of insurance contracts	6.10
- Investment property life, residual value and depreciation method	
- Segment reporting	6.13
- Commission income unearned	6.6.2
- Reinsurance recoveries against outstanding claims	6.5
- Prepaid reinsurance premium ceded	6.4.2
- Deferred commission expense	6.6.1

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except otherwise stated.

6.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property
- Marine, aviation and transport
- Motor
- Miscellaneous

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

Fire and property damage

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, aviation and transport

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Miscellaneous

Other various types of insurance are classified in miscellaneous which mainly includes engineering, bond, hospitalization, accident and health insurance and travel insurances etc.

6.2 Premium

6.2.1 Premium income earned

Premium written (direct or facultative) under a policy is recognized as income over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

a) for direct business, evenly over the period of the policy;

b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and

c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of incidence of risk.

Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as income at the inception of the policy and a related asset is set up in respect of the premium receivable, notwithstanding the fact that some installments may not, by agreement between the insurer and the insured, be payable until later.

6.2.2 Provision for unearned premiums

Provision for unearned premiums represents the portion of premium written relating to the unexpired period of coverage, and is recognized as a liability. The liability is calculated as follows:

a) in the case of marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium written.

b) for the other classes / line of business, by applying the twenty-fourth method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year.

6.2.3 Premiums due but unpaid - net

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

6.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

6.3.1 Provision for outstanding claims (including IBNR)

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims.

6.4 Reinsurance contracts

Contracts (treaty and facultative) entered by the Company under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

6.4.1 Reinsurance expense

Reinsurance premium ceded (treaty and facultative) is recognised as an expense over the period of reinsurance from inception to which it relates to its expiry as follows:

a) for proportional reinsurance business, evenly over the period of the underlying policies.

b) for non-proportional reinsurance business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

6.4.2 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

6.5 Reinsurance recoveries against outstanding claims

Reinsurance recoveries receivable from reinsurers are recognized as an asset at the same time as and when the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

6.6 Commission

6.6.1 Commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognized in the profit and loss account as an expense in accordance with the pattern of recognition of premium revenue.

6.6.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

6.7 Premium deficiency reserve - (liability adequacy test)

At each balance sheet date, liability adequacy test is performed to ensure the adequacy of unearned premium. Where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses, including reinsurance expenses, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2019	2018
Fire and property damage	14%	22%
Marine, aviation and transport	23%	38%
Motor	13%	19%
Miscellaneous	7%	9%

Based on analysis of combined operating ratio for the expired period of each reportable segment, management is of opinion that there is no need to carry premium deficiency reserve in these financial statements.

6.8 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading, in which case transaction costs are charged to profit and loss account. Subsequently, these are recognized and classified into the following categories:

6.8.1 Held-to-Maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

6.8.2 Available-for-sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

6.8.3 Fair value through profit or loss - held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account, for the period in which it arises. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Company considers that available-for-sale investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

6.9 Employee benefits

Defined contribution plan

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10% of basic salary of the employees.

6.10 Property, plant and equipment

6.10.1 Owned assets

These are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation/amortization is charged to profit and loss account on reducing balance method using the following rates:

- Office premises	5%
- Furniture and fixture	10%
- Electric fittings and equipments	10%
- Computers	33.33%
- Office equipment	10%
- Vehicles	20%
- Computer software	30%

Full month's depreciation / amortization is charged in the month when assets become available for use and no depreciation is charged in the month of disposal.

The assets' residual values, useful life and method of depreciation / amortization are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognised as a separate part, as appropriate, only when it is possible that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account.

Gains or losses on disposal are included in profit and loss account.

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, in respect of item of fixed assets and intangible assets. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

6.10.2 Leased assets

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', and IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of January 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant impact of IFRS 16 due to either short term lease contracts or finance lease contracts.

The Company decided to apply recognition exemption to short term leases of office premises, as lessor can get these premises vacated by serving short notice.

6.10.3 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

6.11 Investment properties

Property held for the purpose of rental income and long-term capital appreciation is classified as investment property.

6.11.1 Initial recognition

Investment property is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

6.11.2 Measurement subsequent to initial recognition

Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any.

6.11.3 Depreciation

Depreciation is charged to profit and loss account in the same manner as owned fixed assets. Refer note 6.10.1.

6.12 Investment and other income

6.12.1 Dividend income and bonus shares

Dividend income is recognized when the right to receive the same is established.

Entitlement of bonus shares is recognized when the right to receive the same is established.

6.12.2 Interest income

Interest income is recognized on time proportion basis that takes into account effective yield on the assets.

6.12.3 Rental income

Rental income on investment properties is recognized as income on accrual basis.

6.12.4 Administrative surcharge

Administrative surcharge includes documentation and other holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of charges recovered by the Company from insurance contract Rs. 2,000 in case of motor and health, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

6.13 Segment reporting

The Company's operating business is organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Company has four major segments namely fire and property damage, marine, aviation and transport, motor and miscellaneous, as disclosed in note 6.1.

The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

6.14 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the balance-sheet include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

6.15 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

6.16 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

6.17 Taxation

6.17.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to be applied to the profit for the year, if entered. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessment finalized during the current year for such years.

6.17.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to be applied to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in statement of comprehensive income.

6.18 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

6.19 Management expenses

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at balance sheet date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other expenses.

6.20 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.21 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

(Rupees in '000)

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets				
Investments				
Equity securities				
Listed shares	Held for trading	Fair value through Profit and loss	75,258	75,258
Mutual funds	Held for trading	Fair value through Profit and loss	393,390	393,390
Listed shares	Available for sale	Fair value through Other comprehensive income	214,828	214,828
Debt securities				
Government Securities	Held to maturity	Amortised cost	182,586	182,586
Others	Available for sale	Fair value through Other comprehensive income	31,330	31,330
Term deposit receipts (TDRs)	Held to maturity	Amortised cost	341,700	341,700
Other receivables	Loans and receivables	Amortised cost	1,813	1,813
Insurance / reinsurance receivables	Loans and receivables	Amortised cost	550,314	550,314
Reinsurance recoveries against outstanding claims	Loans and receivables	Amortised cost	465,460	465,460
Cash at bank	Loans and receivables	Amortised cost	28,403	28,403
Financial Liabilities				
Outstanding claims including IBNR	Other financial liabilities	Amortised cost	596,061	596,061
Insurance / reinsurance payables	Other financial liabilities	Amortised cost	18,638	18,638
Other creditors and accruals	Other financial liabilities	Amortised cost	91,287	91,287

6.22 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment loss impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

6.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.24 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

6.25 Dividend and bonus shares

Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved. Dividend to shareholders is recognised as liability in the year in which it is approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

6.26 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

6.27 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

7 CHANGES IN ACCOUNTING POLICY

7.1 On January 01, 2019 the Company changed its accounting policy for the recognition, classification and measurement of Government Securities amounting to Rs. 158,918,816 to held to maturity on the basis of management's intention to hold the securities till their maturities, as required by the International Accounting Standards "IAS 39'. Previously, these investments were carried at fair value under available-for-sale investment category.

As per the revised accounting policy refer no. 6.8.1, losses amounting to Rs. 21,504,266 previously recognized in the other comprehensive income and accumulated in statement of changes in equity as reserve namely 'unrealised loss on revaluation of available for sale investment' is being amortized using the effective interest rate method over the remaining life of the held to maturity investment. Further, the difference between new amortized cost and maturity amount is being also amortized over the remaining life of the financial assets using the effective interest rate method and realized in the profit and loss account.

This change in accounting policy has been applied prospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error'.

Movement of reserve "unrealised loss on revaluation of avaliable for sale investment" due to recalssification:

	(Rupees in '000)
Opening reserve	-
Reserve of loss transfer due to reclassification	21,972
Reclassification of loss included in profit and loss account	
Maturity of investment	346
Amortization	2,794
	3,140
Closing reserve	18,832

8 PROPERTY AND EQUIPMENT

2019

Particulars	Cost					Depreciation					Written down value as at December 31, 2019	Depreciation rate (% per annum)
	As at January 1, 2019	Additions	Disposals / write offs	Transfer in / (out)	As at December 31, 2019	As at January 1, 2019	Depreciation for the year	Disposals / write offs	Transfer in / (out)	As at December 31, 2019		
Owned												
Office premises	62,083	-	-	-	62,083	10,476	2,580	-	-	13,056	49,027	5%
Furniture and fixtures	32,192	275	-	-	32,467	19,234	1,316	-	-	20,550	11,917	10%
Electric fittings and equipments	27,319	1,013	-	-	28,332	15,301	1,267	-	-	16,568	11,774	10%
Office equipments	8,800	291	-	-	9,091	6,447	247	-	-	6,694	2,397	10%
Motor vehicles	135,365	14,332	(12,797)	-	136,900	86,236	11,242	(9,955)	-	87,523	49,377	20%
Computers equipments	17,394	298	-	-	17,692	16,161	468	-	-	16,629	1,063	33.3%
Right of use asset												
Motor vehicles	27,383	58	-	-	27,441	1,369	5,491	-	-	6,860	20,581	20%
	310,536	16,267	(12,797)	-	314,006	155,224	22,601	(9,955)	-	167,870	146,136	

2018 (Rupees in '000)

Particulars	Cost: As at January 1, 2018	Cost: Additions	Cost: Disposals / write offs	Cost: Transfer in / (out)	Cost: As at December 31, 2018	Depreciation: As at January 1, 2018	Depreciation: Depreciation for the year	Depreciation: Disposals / write offs	Depreciation: Transfer in / (out)	Depreciation: As at December 31, 2018	Written down value as at December 31, 2018	Depreciation rate (% per annum)
Owned												
Office premises	62,083	-	-	-	62,083	7,760	2,716	-	-	10,476	51,607	5%
Furniture and fixtures	31,930	262	-	-	32,192	17,803	1,431	-	-	19,234	12,958	10%
Electric fittings and equipments	25,773	1,546	-	-	27,319	14,021	1,280	-	-	15,301	12,018	10%
Office equipments	8,604	196	-	-	8,800	6,188	258	-	-	6,447	2,353	10%
Motor vehicles	114,639	37,148	(16,422)	-	135,365	82,798	10,736	(7,298)	-	86,236	49,129	20%
Computers equipments	16,942	451	-	-	17,394	15,626	535	-	-	16,161	1,233	33.3%
	-	-	-	-		-	-	-				
Right of use asset	-	-	-	-		-	-	-				
Motor vehicles	-	27,383	-	-	27,383	-	1,369	-	-	1,369	26,014	20%
	259,971	66,986	(16,422)	-	310,536	144,196	18,325	(7,298)	-	155,224	155,312	

8.1 Detail of disposal of fixed assets

(Rupees in '000)

Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceed	Profit / (Loss) on disposal	Mode of disposal	Particular of purchaser
Motor Vehicles							
Honda Civic	1,411	1,342	69	953	884	Negotiations	Mr.Sardar Muhammad
Honda Civic	1,406	1,337	69	850	781	Negotiations	Mr.Aurangzeb Shaikh
Honda Civic	1,830	1,466	364	1,075	711	Negotiations	Mr.Ghulam Shabbir Channar
Suzuki	179	179	.061	100	100	Negotiations	Mrs.Azra
Nissan Sunny	401	400	1	211	210	Negotiations	Mr.Junaid Iftikhar
Daihatsu Mira	925	207	718	850	132	Negotiations	Mr.Muhammad Tahir
Toyota Corrola	1,605	805	800	1,250	450	Negotiations	Takaful Operator
Honda Civic	2,494	1,935	560	1,050	490	Negotiations	Takaful Operator
Honda Civic	1,888	1,740	148	1,260	1,112	Negotiations	Mr.Khurram Shahzad
Nissan Sunny	394	388	6	130	124	Negotiations	Mr.Moinuddin
Honda	59	56	2	15	13	Negotiations	Mr.Arshad Khan
Yamaha	130	31	99	100	1	Negotiations	Mr.Sardar Abdul Khalil
Ravi	37	35	2	20	18	Negotiations	Mr.Khurram Shahzad
Ravi	38	35	4	20	16	Negotiations	Mr.Khurram Shahzad
sub, Total	**12,797**	**9,956**	**2,842**	**7,884**	**5,042**		
INVESTMENT PROPERTIES & OFFICES PREMISES							
Shafiq Plaza	1,125	882	243	16,000	15,757	Negotiations	Takaful Operator
Bahadur Shah	6,698	3,984	2,714	12,000	9,286	Negotiations	Takaful Operator
Faisalabad	4,548	1,982	2,566	10,000	7,434	Negotiations	Takaful Operator
Business Centre	507	408	99	10,000	9,901	Negotiations	Takaful Operator
sub, Total	**12,878**	**7,256**	**5,622**	**48,000**	**42,378**		
2019	**25,675**	**17,212**	**8,464**	**55,884**	**47,420**		
2018	**16,422**	**7,298**	**9,125**	**14,065**	**4,940**		

	Note	2019	2018
		(Rupees in '000)	
9 INTANGIBLE ASSETS			
Computer software	9.1	492	703
Capital work in progress	9.2	705	705
		1,197	1,408
9.1 Net carrying value basis			
Opening net book value		703	1,004
Amortization charge		(211)	(301)
Closing net book value		492	703
Gross carrying value basis			
Cost		1,737	1,737
Accumulated amortization		(1,244)	(1,034)
Net book value		493	703
Amortization rate % per annum		30	30
9.2 Capital work in progress			
Balance as at December 31	9.2.1	705	705

9.2.1 This represents amount paid to the vendor for the development of computer software.

10. INVESTMENT PROPERTIES

2019 (Rupees in '000)

Particulars	Cost				Description				Written down value as at December 31, 2019	Depreciation rate (% per annum)
	As at January 1, 2019	Additions / Transfer in	Deletion / transfer out	As at December 31, 2019	As at January 1, 2019	Depreciation for the year / transfer in	on disposal	As at December 31, 2019		
Office premises	77,343	6,556	12,879	71,019	26,901	2,809	7,256	22,454	48,565	5%
	77,343	6,555	12,879	71,019	26,901	2,809	7,256	22,454	48,565	

2018 (Rupees in '000)

Particulars	Cost				Description				Written down value as at December 31, 2018	Depreciation rate (% per annum)
	As at January 1, 2018	Additions / Transfer in	Deletion / transfer out	As at December 31, 2018	As at January 1, 2018	Depreciation for the year / transfer in		As at December 31, 2018		
Office premises	77,343	-		77,343	24,246	2,655		26,901	50,442	5%
	77,343	-		77,343	24,246	2,655		26,901	50,442	

10.1 Revaluation was carried out by the Company in the month of February, 2019 and March, 2019. The valuation exercise was carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited and revalued market value is estimated at Rs. 172.50 million (2018: Rs. 216.70 million).

10.2 Rental income from investment property amounting to Rs. 7.7 million (2018: Rs. 9.09 million) has been recorded net of depreciation in profit and loss account i.e. Rs. 4.40 million (2018: Rs.6.44 million).

11 INVESTMENTS IN EQUITY SECURITIES

11.1 Investments - Held for Trading

(Rupees in '000)

	2019			2018		
	Cost	Impair-ment / Provision	Carrying Value	Cost	Impair-ment / Provision	Carrying Value
Listed securities						
Oil and Gas Development Company Limited	35,857	4,747	40,604	33,421	(7,143)	26,278
Kot Addu Power Company Limited	25	(9)	16	27	(2)	25
Fauji Fertilizer Company Limited	6,039	557	6,596	3,560	618	4,178
Silkbank Limited	2,625	(651)	1,974	3,318	(693)	2,625
Fauji Cement Company Limited	18	(5)	13	21	(3)	18
Pakistan Stock Exchange Limited	4,843	(389)	4,454	7,995	(3,152)	4,843
Habib Bank Limited	3,385	550	3,935	-	-	-
Bank Alfalah Limited	1,286	85	1,371	-	-	-
Lotte Chemical Pakistan Limited	1,417	(15)	1,402	-	-	-
Sui Northern Gas pipelines	727	35	762	-	-	-
Pakistan State Oil Co.,	2,357	115	2,472	-	-	-
Avanceon Limited	3,786	(31)	3,755	-	-	-
The Hub Power Limited	3,555	1,113	4,668	-	-	-
United Bank Limited	1,393	252	1,645	-	-	-
Nishat Mills Limited	1,254	338	1,592	-	-	-
	68,567	**6,692**	**75,259**	**48,342**	**(10,375)**	**37,967**
Mutual funds						
National Investment Trust Limited	-	-	-	224,278	(22,178)	202,100
MCB Cash Management Optimizer Fund	23,236	70	23,306	20,222	(225)	19,997
HBL Cash Fund (formerly PICIC Cash fund)	5,177	49	5,226	20,484	(528)	19,956
First Habib Cash Fund	20,040	27	20,067	20,180	(152)	20,028
ABL Cash Fund	13,196	24	13,220	10,137	(92)	10,045
NAFA Islamic Asset Allocation Fund	-	-	-	51,688	(2,388)	49,300
Pakistan Cash Management Fund	-	-	-	9,914	80	9,994
Askari Sovereign Cash Fund	-	-	-	30,428	(302)	30,126
Faysal Money Market Fund	19,055	731	19,786	19,789	307	20,096
UBL Liquidity Plus Fund	9,688	34	9,722	10,214	(246)	9,968
Atlas Money Market Fund	9,818	(133)	9,685	9,726	349	10,075
Al Ameen Islamic Asset Allocation Fund	-	-	-	20,190	77	20,267
JS Islamic fund	-	-	-	41,138	(3,818)	37,320
NAFA Stock fund	-	-	-	42,197	(3,239)	38,958
Meezan Islamic Fund	-	-	-	40,871	(4,902)	35,969
HBL Cash Fund	20,262	217	20,479	20,382	(402)	19,980
Alfalah GHP Money Market Fund	28,077	60	28,137	20,494	(389)	20,105
ABL Government Securities Fund	9,356	178	9,534	9,949	108	10,057
NIT Money Market (Saddar br,)	87,060	84	87,144	-	-	-
NIT Money Market (Clifton br,)	138,355	1,661	140,016	-	-	-
Al-Ameen Islamic Cash Fund	7,042	27	7,069	-	-	-
	390,362	**3,029**	**393,391**	**622,281**	**(37,940)**	**584,343**
	458,929	**9,721**	**468,650**	**670,623**	**(48,315)**	**622,308**

11.2 **Investments - Available for Sale** (Rupees in '000)

	2019			2018		
	Cost	**Impair-ment / Provision**	**Carrying Value**	**Cost**	**Impair-ment / Provision**	**Carrying Value**
Related party						
Listed Securities						
Askari Life Assurance Company Limited (note 12.3)	285,831	(3,817)	282,013	270,212	(65,943)	204,269
Others						
Listed Securities						
Agritech Limited	10,593	(142)	10,451	10,593	(55)	10,538
	296,424	(3,959)	292,464	280,805	(65,998)	214,807
Deficit on revaluation	-	-	(77,637)	-	-	(11,639)
	296,424	(3,959)	214,827	280,805	(65,998)	203,168
Total equity securities	**755,352**	**5,762**	**683,477**	**951,428**	**(114,313)**	**825,476**

11.3 This represents investment in associated undertaking.

12 INVESTMENTS IN DEBT SECURITIES

	2019			2018		
	Cost	**Impair-ment / Provision**	**Carrying Value**	**Cost**	**Impair-ment / Provision**	**Carrying Value**
Held to Maturity (Note 12.1)						
Government securities						
Pakistan Investment Bonds	141,643	-	141,643	145,430	(21,782)	123,648
GoP Ijara Sukuk	-		-	20,046	278	20,324
T - Bills	40,943	-	40,943	14,947	-	14,947
	182,586	-	182,586	180,423	(21,504)	158,919
Available for sale (Note 12.1)						
Others						
Term Finance Certificates	13,040	2,690	15,730	10,000	3,040	13,040
Corporate Sukuk	12,270	3,330	15,600	10,000	2,270	12,270
	25,310	6,020	31,330	20,000	5,310	25,310
Deficit on revaluation	-	-	-	-	-	(468)
	207,896	**6,020**	**213,916**	**200,423**	**(16,194)**	**183,761**

12.1 **Investment in debt securities - held to maturity**

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2019
Pakistan Investment Bonds (Note 12.1.1)					
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000	998
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000	3,988
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000	4,965
5 Years Pakistan Investment Bond	2020	13.40%	Half yearly	1,000	997
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,537
3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000	20,671
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,540
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000	13,615
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000	9,187
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000	29,794

(Rupees in '000)

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2019
Treasury Bills					
3 Months Treasury Bill	2020	7.45%	On maturity	42,000	40,943
Available for sale					
Term Finance Certificates					
JS Bank	Perpetuity	(6M Kibor + 2.25%)	Half yearly	10,000	15,730
Corporate Sukuks					
Dubai Islamic Bank	Perpetuity	(3M Kibor + 1.75%)	Monthly	10,000	15,600
					213,918

Investment in debt securities - available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2018
Pakistan Investment Bonds (Note 12.1.1)					
10 Years Pakistan Investment Bond	2021	13.25%	Half yearly	1,000	973
10 Years Pakistan Investment Bond	2021	11.50%	Half yearly	4,000	4,043
10 Years Pakistan Investment Bond	2022	12.68%	Half yearly	5,000	4,907
5 Years Pakistan Investment Bond	2020	7.70%	Half yearly	1,000	1,017
10 Years Pakistan Investment Bond	2026	8.00%	Half yearly	20,000	20,809
3 Years Pakistan Investment Bond	2019	5.80%	Half yearly	5,000	5,017
10 Years Pakistan Investment Bond	2026	7.80%	Half yearly	20,000	21,019
10 Years Pakistan Investment Bond	2026	7.87%	Half yearly	10,000	10,498
10 Years Pakistan Investment Bond	2026	7.87%	Half yearly	10,000	10,515
10 Years Pakistan Investment Bond	2026	7.87%	Half yearly	10,000	10,515
20 Years Pakistan Investment Bond	2024	9.25%	Half yearly	15,000	15,461
20 Years Pakistan Investment Bond	2024	9.26%	Half yearly	10,000	10,293
10 Years Pakistan Investment Bond	2022	11.55%	Half yearly	30,000	30,363
GoP Ijarah Sukuks					
3 Years GoP Ijarah Sukuk	2019	4.40%	Half yearly	20,000	20,046
Treasury Bills					
6 Months Treasury Bill	2019	7.45%	On maturity	15,000	14,947
Term Finance Certificates					
JS Bank	Perpetuity	(6M Kibor + 2.225%)	Half yearly	10,000	10,000
Corporate Sukuks					
Dubai Islamic Bank	Perpetuity	(3M Kibor + 1.75%)	Monthly	10,000	10,000
					200,423

12.1.1 The amount of Pakistan Investment Bonds includes Rs. 105 million (2018: Rs. 81 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.

	Note	2019	2018
		(Rupees in '000)	
13 INVESTMENTS IN TERM DEPOSITS			
Deposits maturing within 12 months	13.1	**341,700**	64,071

13.1 These represent Term Deposit Receipts (TDRs) in local currency carrying interest rates ranging from 7.20% to 13.90% per annum (2018: 3.50% to 6.00% per annum).

	Note	2019	2018
14 LOANS AND OTHER RECEIVABLES			
Unsecured - considered good			
Accrued investment income		**6,560**	3,752
Advances	14.1	**132,360**	26,405
Deposits		**9,528**	6,362
Other receivables		**1,813**	4,813
		150,261	41,332

14.1 This represents advances in the normal course of business which do not carry any interest / mark-up.

	Note	2019	2018
15 INSURANCE / REINSURANCE RECEIVABLES			
(Unsecured - considered good)			
Due from insurance contract holders		**252,943**	138,582
Provision for impairment of receivables from insurance contract holders	15.1	**(5,765)**	(7,115)
Premium written off		**(1,973)**	(1,286)
		245,205	130,181
Due from other insurers / reinsurers		**305,109**	159,582
		550,314	289,763
15.1 Movement of provision for doubtful debts			
Opening balance		**(7,115)**	-
Charge during the year		**(8,962)**	(7,758)
Reversal during the year		**10,312**	643
		(5,765)	(7,115)
16 DEFERRED TAXATION			
Deferred tax asset / (liability) arising in respect of:			
accelerated depreciation on fixed assets		**(29,125)**	(16,203)
investments		**25,427**	27,347
leased assets		**(1,913)**	(1,308)
provision for doubtful debts		**1,672**	2,063
	16.1	**(3,939)**	11,899
16.1 Balance at beginning of the year		**11,899**	(14,845)
Reversal during the year			
in respect of effect of change in tax rate		**-**	148
in respect of temporary differences arising during the year		**(15,838)**	26,596
		(15,838)	26,744
Balance at the end of the year		**(3,939)**	11,899
17 PREPAYMENTS			
Prepaid reinsurance premium ceded		**577,141**	622,853
Prepaid rent		**643**	1,073
Others		**232**	267
		578,016	624,193

	Note	(Rupees in '000) 2019	2018
18 CASH AND BANK			
Cash and cash equivalents			
Cash in hand		**125**	7
Policy and revenue stamps, bond papers		**3**	70
		128	77
Cash at bank			
Current account		**17,159**	26,052
Saving account	18.1	**11,116**	9,648
		28,275	35,700
		28,403	35,777

18.1 These include interest bearing accounts carrying interest rates ranging from 5% to 10% (2018: 5% to 10%) per annum.

19 ORDINARY SHARE CAPITAL

19.1 Authorized share capital

2019	2018		2019	2018
----No. of shares ----				
120,000,000	100,000,000	Ordinary shares of Rs. 10 each	**1,200,000**	1,000,000

19.1.1 Authorized share capital has been increased to meet the minimum paid-up capital requirement as required under section 28 of Insurance Ordinance 2000.

19.2 Issued, subscribed and paid-up share capital

2019	2018		2019	2018
Number of Shares				
17,788,310	6,354,899	Ordinary shares of Rs.10 each, fully paid in cash	**177,883**	63,549
85,112,395	69,867,846	Ordinary shares of Rs.10 each, issued as fully paid bonus shares	**851,124**	698,678
102,900,705	76,222,745		**1,029,007**	762,227

	2019	2018
20 RESERVES		
General reserve	**200,000**	200,000
Unrealized loss on revaluation of available for sale investments	**(63,670)**	(66,952)
	136,330	133,048
21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Current portion	**8,513**	7,693
Non-current portion	**5,470**	13,810
	13,983	21,503

(Rupees in '000)

21.1 Liabilities against assets subject to finance lease

Description	2019			2018		
	Minimum lease payment	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Not later than one year	10,081	1,568	8,513	9,574	1,881	7,693
Later than one year and not later than five years	5,789	319	5,470	15,059	1,249	13,810
Over five years	-	-	-	-	-	-
	15,870	**1,887**	**13,983**	24,633	3,130	21,503

22 PREMIUM RECEIVED IN ADVANCE

Premium received in advance	22.1	**35,554**	13,888

22.1 This includes cash margin (bond) received from policy holders amounting to Rs. 34.632 million (2018: Rs. 10.957 million).

23 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers	**18,638**	12,714

24 OTHER CREDITORS AND ACCRUALS

Sundry creditors		18,885	22,871
Commission payable		15,951	16,661
Federal excise duty		2,740	2,077
Federal insurance fee		782	2,737
Workers' Welfare Fund		29,988	25,284
Withholding tax		4,950	3,494
Unclaimed dividend		31	31
Due to directors	24.1	17,960	4,801
		91,287	77,956

24.1 This represents unsecured and interest free loan obtained from directors of the Company.

25 TAXATION - NET

Provision for income tax	**46,260**	36,915
Less: Advance tax	**(14,555)**	(10,961)
	31,705	25,954

26 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at statement of financial position date (2018: Nil).

27 NET INSURANCE PREMIUM

Written gross premium	**3,246,178**	3,107,161
Unearned premium reserves - opening	**981,543**	754,295
Unearned premium reserves - closing	**(1,252,194)**	(981,543)
Premium earned	**2,975,527**	2,879,913
Less: Reinsurance premium ceded	1,462,502	1,616,904
Prepaid reinsurance premium ceded - opening	622,853	426,632
Prepaid reinsurance premium ceded - closing	(577,141)	(622,853)
Reinsurance expense	1,508,214	1,420,683
	1,467,313	1,459,230

(Rupees in '000)

	Note	2019	2018

28 NET INSURANCE CLAIMS EXPENSE

	Note	2019	2018
Claims paid		983,422	912,411
Outstanding claims (including IBNR) - closing		596,061	594,943
Outstanding claims (including IBNR) - opening		(594,943)	(660,415)
Claims expense		984,540	846,939
Less: Reinsurance and other recoveries received		318,607	310,968
Reinsurance and other recoveries in respect of outstanding claims - closing		465,460	442,006
Reinsurance and other recoveries in respect of outstanding claims - opening		(442,006)	(540,027)
Reinsurance and other recoveries revenue		342,061	212,947
		642,479	633,992

28.1 Claim development

	2015	2016	2017	2018	2019
At end of accident year	18,899	47,499	15,086	9,431	1,373
one year later	18,513	47,268	8,367	9,399	-
two years later	18,440	46,031	7,610	-	-
three years later	18,408	46,031	-	-	-
four years later	12,172	-	-	-	-
Current estimate of current claims	12,172	46,031	7,610	9,399	1,373
Cumulative payments to date	9,746	4,985	5,754	-	-
Liability recognized in balance sheet	**2,426**	**41,046**	**1,856**	**6,193**	**1,373**

29 NET COMMISSION

	Note	2019	2018
Commission paid or payable		735,139	598,586
Deferred commission expense - opening		172,216	146,599
Deferred commission expense - closing		(328,921)	(172,216)
Net commission		578,434	572,969
Less: Commission received or recoverable		355,304	303,022
Unearned reinsurance commission - opening		99,091	77,864
Unearned reinsurance commission - closing		(130,736)	(99,091)
Commission from reinsurers		323,659	281,795
		254,775	291,174

30 MANAGEMENT EXPENSES

	Note	2019	2018
Employee benefit cost	30.1	122,573	114,565
Office repairs and maintenance		7,193	8,506
Vehicle running expenses		68,072	55,528
Traveling expenses		46,708	44,319
Electricity, gas and water		8,478	7,623
Printing and stationery		7,656	7,537
Office rent		5,296	4,546
Entertainment		12,163	14,991
Postage, telegram and telephone		4,644	4,360
Advertisement and publicity		1,470	293
Rent, rates and taxes		85	96
Miscellaneous		978	901
		285,317	263,265

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
30.1 Employee benefit cost			
Salaries, allowance and other benefits		120,085	112,380
Charges for post employment benefit		2,488	2,185
		122,573	114,565

	Note	2019	2018
31 GAIN / LOSS ON INVESTMENT			
Income from equity securities			
Held for trading			
Dividend income		41,258	26,892
Loss on disposal of securities		(56,911)	(365)
		(15,653)	26,527
Income from debt securities			
Held to Maturity			
Return on debt securities			
Pakistan Investment Bonds	31.1	14,818	-
GoP Ijara Sukuk		224	-
Treasury Bills		178	-
		15,220	-
Available for sale			
Return on debt securities			
Pakistan Investment Bonds		-	9,489
GoP Ijara Sukuk		-	2,600
Treasury Bills		-	1,385
Term Finance Certificates		1,417	14
Corporate Sukuk		1,382	27
		2,799	13,515
Return on term deposits		12,761	262
Net unrealized gains / losses on investments at fair value through profit or loss (held for trading)		9,721	(48,314)
		24,848	(8,010)
Investment related expenses		(1,594)	(1,210)
		23,254	(9,220)

	2019	2018
31.1 Pakistan Investment Bonds		
Return on Pakistan Investment Bonds	17,612	-
Amortization of unrealized loss due to reclassification from available for sale to held to maturity	(2,794)	-
	14,818	-

	2019	2018
32 RENTAL INCOME		
Rental income	7,649	9,093
Less : Depreciation	(2,809)	(2,655)
	4,840	6,438

	2019	2018
33 OTHER INCOME		
Return on bank balances	2,779	1,365
Profit on disposal of fixed assets	47,420	4,940
Reversal of bad debts	10,312	643
Others	3,488	4
	63,999	6,952

(Rupees in '000)

		Note	2019	2018
34	**OTHER EXPENSES**			
	Employee benefit cost	34.1	56,819	44,677
	Office repairs and maintenance		14,976	10,300
	Vehicle running expenses		11,316	13,372
	Auditors' remuneration	34.3	1,315	1,364
	Remuneration of directors and executives	38	12,465	12,410
	Legal and professional charges		2,618	2,534
	Depreciation and amortization	9 & 10	22,812	18,626
	Subscription and membership		6,776	5,530
	Annual supervision fee		2,016	2,016
	Bad debt expense	15	1,973	1,286
	Provision for doubtful debt	15.1	8,962	7,759
	Rent, rates and taxes		1,691	913
	Electricity, gas and water		670	371
	Postage, telegram and telephone		1,614	1,730
	Workers Welfare Fund		4,704	2,982
	Others		242	635
			150,969	126,505
34.1	**Employee benefit cost**			
	Salaries, allowance and other benefits		55,203	43,376
	Charges for post employment benefit		1,616	1,301
			56,819	44,677

		Unaudited	Audited
34.2	**Employees' provident fund**	**Unaudited**	**Audited**
	Size of the fund	72,081	60,529
	Number of members	120	122
	Cost of investment made	38,589	37,581
	Percentage of investment made	54%	62%
	Fair value of investment	44,830	41,119

34.2.1 The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees.

		2019	2018
34.3	**Auditors' remuneration**		
	Audit fee	700	848
	Half yearly review	272	265
	Out of pocket expenses	343	251
		1,315	1,364
35	**FINANCE COST**		
	Bank charges	456	531
	Lease finance charges	2,397	897
		2,853	1,428
36	**INCOME TAX EXPENSE**		
	For the year		
	Current	46,260	36,915
	Deferred	13,920	(1,665)
		60,180	35,250

	Note	(Rupees in '000) 2019	2018
For the prior year(s)	36.1		
Current		**(9,003)**	(24,526)
Prior -		-	3,000
		(9,003)	(21,526)
		51,177	13,724

36.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2019 have been submitted to the authorities. Amount of Rs. 9.003 million (2018: Rs. 21.525 million) represents excess liability recorded in the books of the Company as compared to tax return.

36.2 Relationship between accounting profit and tax expense is as follows

	2019	2018
Accounting profit before tax	**235,023**	146,116
Applicable tax rate	**29%**	30 %
Tax at the above rate	**68,157**	43,835
Effect of deductions not allowed	**(3,831)**	(1,787)
Effect of rental income	-	(1,099)
Effect of deferred tax	**13,920**	(1,665)
Effect of dividend income	**(5,776)**	(4,034)
Effect of prior year reversal	**(9,003)**	(21,526)
Effect of transfer of immoveable property	**(12,290)**	-
Provision for taxation	**51,177**	13,724

37 EARNING PER SHARE

	Note	2019	2018
Net profit after tax for the year		**183,846**	132,392
Weighted average number of ordinary shares outstanding		**101,527,719**	101,472,956
Basic and diluted earnings per share (Rupees)	37.1	**1.81**	1.30

37.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share. The corresponding earnings per share has been adjusted on account of issuance of bonus and right shares.

(Rupees in '000)

38 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	**2019**	2018	**2019**	2018
Managerial remuneration	**3,312**	3,312	**5,040**	5,040	**12,833**	9,521
Bonus	-	-	-	-	**1,927**	1,375
House rent	**1,488**	1,488	**2,160**	2,160	**12,547**	9,679
BOD Meeting fee	-	-	**705**	650	-	-
	4,800	4,800	**7,905**	7,850	**27,307**	20,575
Number of persons	**1**	**1**	**6**	**7**	**7**	**5**

38.1 In addition to the above, the Chief Executive, Directors and Executives of the Company are provided with Company maintained cars and medical reimbursement at actual up to a maximum of one basic salary, where applicable.

39 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices. Transactions with related parties including remuneration to key management personnel are as follows:

Nature of Transaction	Related with the Company	(Rupees in '000) 2019	2018
Loan received from directors			
Javed Yunus	Director	4,896	3,025
Naveed Yunus	Director	35,450	275,319
Pervez Yunus	Director	-	1,000
Loan repaid to directors			
Javed Yunus	Director	5,696	2,090
Naveed Yunus	Director	24,221	276,637
Pervez Yunus	Director	-	750
Purchase of shares			
Askari Life Assurance Co. Ltd.	Associated undertaking	15,619	89,062
East West Holding Co. Ltd.	Associated undertaking	84,962	-
Issue of bonus shares and right shares at market value			
Chief Justice (R) Mian Mahboob Ahmad	Director	55	91
Naved Yunus	Director	272,237	159,448
Ambreen Naved Yunus	Other related party	159,700	181,433
Javed Yunus	Director	186,669	174,392
Rubina Javed Yunus	Other related party	335,482	111,815
Pervez Yunus	Director	227,860	172,377
Samina Pervez Yunus	Other related party	73,065	112,701
Maheen Yunus	Director	355,716	189,735
Shamiala Maheen Yunus	Other related party	86,946	144,894
Samad Maheen Yunus	Other related party	59,239	98,720
Anum Maheen Yunus	Other related party	61,038	101,719
Umeed Ansari	Director	20	34
Ahsan Mahmood Alvi	Director	18	31
Kazim Raza	Director	17	28
Remuneration Paid			
Naveed Yunus	Director	4,800	4,800
Javed Yunus	Director	3,600	3,600
Pervez Yunus	Director	3,600	3,600
Chief Justice (R) Mian Mahboob Ahmad	Director	170	170
Umeed Ansari	Director	150	150
Ahsan Mahmood Alvi	Director	180	180
Kazim Raza	Director	150	150
Shabbir Ali Kanchwala	Chief financial officer	2,700	2,700

39.1 Year end balances

	2019	2018
Receivable from related parties	-	-
Payable to related parties	18,173	5,014

(Rupees in '000)

40 SEGMENT REPORTING

40.1 Following are the segment assets, liabilities, revenue and expenses of the Company:

2019

Segment current year	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscella-neous	Total
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	1,016,254	397,527	471,479	1,360,918	3,246,178
Gross direct premium	221,184	151,797	211,784	1,160,458	1,745,223
Facultative inward premium	785,012	239,846	250,302	164,893	1,440,053
Administrative surcharge	10,058	5,884	9,393	35,567	60,902
	1,016,254	**397,527**	**471,479**	**1,360,918**	**3,246,178**
Written gross premium	1,016,254	397,527	471,479	1,360,918	3,246,178
Unearned premium reserves - opening	285,590	52,097	139,382	504,474	981,543
Unearned premium reserves - closing	(362,733)	(54,466)	(197,528)	(637,467)	(1,252,194)
Premium earned	939,111	395,158	413,333	1,227,925	2,975,527
Reinsurance premium ceded	(465,667)	(149,160)	(89,473)	(758,202)	(1,462,502)
Prepaid reinsurance premium ceded - opening	(133,642)	(26,410)	(47,912)	(414,889)	(622,853)
Prepaid reinsurance premium ceded - closing	129,520	9,616	43,295	394,710	577,141
Reinsurance expense	(469,789)	(165,954)	(94,090)	(778,381)	(1,508,214)
Net insurance premium	469,322	229,204	319,243	449,544	1,467,313
Commission income	132,869	32,058	18,753	139,979	323,659
Net underwriting income	602,191	261,262	337,996	589,523	1,790,972
Insurance claims paid	(230,561)	(144,267)	(170,904)	(437,690)	(983,422)
Outstanding claims (including IBNR) - opening	119,062	23,801	35,342	416,738	594,943
Outstanding claims (including IBNR) - closing	(103,892)	(16,741)	(36,921)	(438,507)	(596,061)
Insurance claims expenses	(215,391)	(137,207)	(172,483)	(459,459)	(984,540)
Reinsurance and other recoveries received	110,254	66,300	22,064	119,989	318,607
Reinsurance and other recoveries in respect of outstanding claims - opening	(56,041)	(4,248)	(8,164)	(373,553)	(442,006)
Reinsurance and other recoveries in respect of outstanding claims - closing	54,542	4,381	10,432	396,105	465,460
Insurance claims recovered from reinsures	108,755	66,433	24,332	142,541	342,061
Net claims	(106,636)	(70,774)	(148,151)	(316,918)	(642,479)
Commission expense	(255,088)	(85,966)	(92,211)	(145,169)	(578,434)
Management expense	(91,259)	(44,568)	(62,076)	(87,414)	(285,317)
Net insurance claims and expenses	(452,983)	(201,308)	(302,438)	(549,501)	(1,506,228)
Underwriting results	149,208	59,954	35,558	40,022	284,742
Gain/(Loss) on investment					23,254
Rental income					4,840
Other income					63,999
Other expenses					(150,969)
Finance cost					(2,853)
Profit before tax from takaful operations					12,010
Profit before tax					**235,023**
Segment assets	695,040	339,438	472,783	665,752	2,173,013
Unallocated assets					1,467,196
					3,640,209
Segment liabilities	662,666	323,628	450,761	634,741	2,071,796
Unallocated liabilities					143,111
					2,214,907

2018 (Rupees in '000)

Segment prior year	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscellaneous	Total
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	983,896	386,646	474,100	1,262,520	3,107,161
Gross direct premium	312,333	203,826	216,213	1,039,135	1,771,507
Facultative inward premium	656,755	176,536	247,728	194,696	1,275,715
Administrative surcharge	14,808	6,284	10,159	28,689	59,939
	983,896	**386,646**	**474,100**	**1,262,520**	**3,107,161**
Written gross premium	983,896	386,646	474,100	1,262,520	3,107,161
Unearned premium reserves - opening	273,841	30,364	94,264	355,826	754,295
Unearned premium reserves - closing	(285,590)	(52,097)	(139,382)	(504,474)	(981,543)
Premium earned	972,147	364,913	428,982	1,113,872	2,879,913
Reinsurance premium ceded	(527,365)	(145,369)	(136,842)	(807,329)	(1,616,904)
Prepaid reinsurance premium ceded - opening	(125,475)	(17,361)	(23,083)	(260,713)	(426,632)
Prepaid reinsurance premium ceded - closing	133,642	26,410	47,912	414,889	622,853
Reinsurance expense	(519,198)	(136,320)	(112,013)	(653,153)	(1,420,683)
Net insurance premium	452,949	228,593	316,969	460,719	1,459,230
Commission income	129,649	29,404	18,483	104,261	281,797
Net underwriting income	582,598	257,997	335,452	564,980	1,741,027
Insurance claims paid	(264,063)	(114,744)	(138,830)	(394,774)	(912,411)
Outstanding claims (including IBNR) - opening	166,102	30,559	26,028	437,726	660,415
Outstanding claims (including IBNR) - closing	(119,062)	(23,801)	(35,342)	(416,738)	(594,943)
Insurance claims expenses	(217,023)	(107,986)	(148,144)	(373,786)	(846,939)
Reinsurance and other recoveries received	126,494	40,865	27,942	115,668	310,969
Reinsurance and other recoveries in respect of outstanding claims - opening	(103,652)	(15,180)	(15,087)	(406,109)	(540,027)
Reinsurance and other recoveries in respect of outstanding claims - closing	56,040	4,248	8,164	373,553	442,006
Insurance claims recovered from reinsures	78,882	29,933	21,019	83,112	212,948
Net claims	(138,141)	(78,053)	(127,124)	(290,674)	(633,992)
Commission expense	(237,100)	(77,617)	(112,763)	(145,490)	(572,971)
Management expense	(81,718)	(41,241)	(57,185)	(83,120)	(263,265)
Net insurance claims and expenses	(456,959)	(196,911)	(297,072)	(519,284)	(1,470,228)
Underwriting results	125,640	61,086	38,378	45,696	270,799
Gain/(Loss) on investment					(9,220)
Rental income					6,438
Other income					6,952
Other expenses					(126,505)
Finance cost					(1,428)
Loss before tax from takaful operations					(920)
Profit before tax					**146,116**
Segment assets	541,338	273,202	378,821	550,623	1,743,984
Unallocated assets					1,214,097
					2,958,081
Segment liabilities	529,885	267,422	370,807	538,974	1,707,088
Unallocated liabilities					127,154
					1,834,242

40.2 The management of the Company has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

(Rupees in '000)

41 MOVEMENT IN INVESTMENTS

	Available for sale	Held to Maturity	Fair value through profit and loss	Total
As at January 01, 2019	386,929	-	622,308	1,009,237
Additions	15,619	60,753	708,484	784,856
Disposals (sale and redemptions exclusing net realised gains)	6,020	(39,992)	(871,863)	(905,835)
Fair value net gains (excluding net realised gains)	(3,959)	-	9,721	5,762
Reclassified to held to Maturity investment	(158,451)	158,451	-	-
Effect of reclassification	-	345	-	345
Effect of amortization	-	3,028	-	3,028
As at December 31, 2019	**246,158**	**182,585**	**468,650**	**897,393**

42 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

42.1 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting, where necessary, with appropriate measures that are translated without delay into underwriting guidelines if required.

The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

42.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business as at the balance sheet date:

Class of business	2019				2018			
	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	17%	38%	29%	35%	20%	41%	29%	42%
Marine, aviation and transport	3%	10%	5%	7%	4%	13%	6%	7%
Motor	6%	20%	16%	23%	6%	18%	14%	26%
Miscellaneous	74%	32%	50%	35%	70%	28%	51%	25%
Total	100%	100%	100%	100%	100%	100%	100%	100%

42.1.2 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

42.1.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

42.1.4 Claims development

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 29.1. All amounts are presented in gross numbers before reinsurance.

42.1.5 Sensitivity analysis

The insurance claims provision is sensitive to the above key assumptions. The analysis below is performed for possible movements in key assumptions, with all other assumptions held constant, showing the impact on liabilities and revenue account.

(Rupees in '000)

December 31, 2019	Rate	Impact on gross liabilities	Impact on revenue account
Current claims	+10%	98,454	(98,454)
	-10%	(98,454)	98,454

(Rupees in '000)

42.2 Reinsurance risk

An analysis of gross amount due from other insurers and reinsurers recognized by the rating of the entity from which it is due is as follows:

Rating	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets
A or above (including PRCL)	305,109	465,460	577,141
	305,109	**465,460**	**577,141**

42.3 Financial risk

42.3.1 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2019 is the carrying amount of the financial assets as set out below:

	2019	2018
Nature of financial assets		
Investments		
Equity securities	**683,477**	825,476
Debt securities	**213,916**	183,761
Term deposits	**341,700**	64,071
	1,239,093	1,073,308
Loans and other receivables	**17,901**	14,927
Insurance / reinsurance receivables	**550,314**	289,763
Reinsurance recoveries against outstanding claims	**465,460**	442,006
Cash and bank	**28,276**	35,701
	2,301,044	1,855,705

Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default. The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

(Rupees in '000)

Name of banks	Rating Short term	Long term	Rating agency	2019	2018
Cash at bank					
Allied Bank of Pakistan	A-1+	AAA	PACRA	2,767	498
Askari Bank Limited	A-1+	AA+	PACRA	3	1,261
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	3	3
Bank Alfalah Limited	A-1+	AA+	PACRA	4	5
BankIslami Pakistan Limited	A1	A+	PACRA	1	-
The Bank of Punjab	A-1+	AA	PACRA	217	39
Dubai Islamic Bank	A-1+	AA	JCR-VIS	26	7
Faysal Bank Limited	A-1+	AA	PACRA	5,569	10,195
Habib Metropolitan Bank	A-1+	AA+	PACRA	16	11
Habib Bank Limited	A-1+	AAA	JCR-VIS	3	2
MCB Bank Limited	A-1+	AAA	PACRA	119	104
National Bank of Pakistan	A-1+	AAA	PACRA	10	60
Soneri Bank Limited	A-1+	AA-	PACRA	1,630	1,521
Summit Bank Limited	Suspended		JCR-VIS	6,163	5,439
Sindh Bank Limited	A-1	A+	JCR-VIS	1	1
United Bank Limited	A-1+	AAA	JCR-VIS	159	1,297
The Punjab Provincial Bank	Not available			6	6
JS Bank Limited	A-1+	AA-	PACRA	554	1,775
MCB Bank Limited (Formerly NIB Bank Limited)	A-1+	AAA	PACRA	8	8
The Karakoram Cooperative Bank	Not available			2,334	1,702
Zarai Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	8,683	11,767
				28,276	**35,701**
Term deposit certificates					
JS Bank Limited	A1+	AA-	PACRA	250,000	-
Summit Bank Limited	Suspended		JCR-VIS	47,000	36,900
Dubai Islamic Bank	A-1+	AA-	JCR-VIS	10,000	-
MCB Bank Limited	A1+	AAA	PACRA	200	300
Faysal Bank Limited	A1+	AA	PACRA	-	10,071
The Karakoram Cooperative Bank	Not available			14,500	16,800
Bank Islami Limited	Not available			20,000	-
				341,700	**64,071**

Impaired assets

The impairment provision is written-off when the Company expects that it cannot recover the balance due. During the year, receivables of Rs. 5.765 million (2018: Rs. 7.115) were impaired and provided for. The movement in provision for doubtful debts account is shown in note 15.1.

42.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In the case of the Company, the liquidity level remained on satisfactory level during the year and Company did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities including estimated interest payments on an undiscounted cashflow basis:

(Rupees in '000)

	2019			
	Carrying amount	Contractual cash flows	Upto one year	Greater than one year
Non-derivative Financial liabilities				
Outstanding claims including IBNR	596,061	596,061	139,982	456,079
Insurance / reinsurance payables	18,638	18,638	18,638	-
Other creditors and accruals	52,828	52,828	52,828	-
Liabilities against assets subject to finance lease	13,983	15,870	8,513	7,357
	681,510	**683,397**	**219,961**	**463,436**

	2018			
	Carrying amount	Contractual cash flows	Upto one year	Greater than one year
Non-derivative Financial liabilities				
Outstanding claims including IBNR	594,943	594,943	86,038	508,905
Insurance / reinsurance payables	12,714	12,714	12,714	-
Other creditors and accruals	44,364	44,364	39,005	5,359
Liabilities against assets subject to finance lease	21,503	24,633	9,574	15,059
	673,524	**676,654**	**147,331**	**529,323**

42.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities. This can be due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risks: price risk, interest rate risk and currency risk.

42.3.4 Price risk

Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets.

The table below summarizes the Company's equity price risk as of December 31, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. The results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetcal price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
December 31, 2019	**683,477**	**10% increase**	**751,825**	**48,527**	**68,348**
		10% decrease	**615,129**	**(48,527)**	**(68,348)**
December 31, 2018	825,476	10% increase	908,024	57,783	82,548
		10% decrease	742,928	(57,783)	(82,548)

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	(Rupees in '000)	
	Carrying amount	
	2019	2018
Fixed rate instruments		
Financial assets	**624,965**	207,575
Variable rate instruments		
Financial assets	**42,446**	34,958

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit before tax		Total Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2019				
Sensitivity	**424**	**(424)**	**301**	**(301)**
As at December 31, 2018				
Sensitivity	350	(350)	245	(245)

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

The Company's policy refrains from the holding of interest bearing instruments that induce the average effective duration of the fixed interest portfolio to pass the benchmark of the average duration.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani rupees.

43 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Company are as follows:

- To be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- Maintain strong rating and to protect the Company against unexpected events;
- Availability of adequate capital at reasonable cost so as to enable the Company to expand; and
- Achieve low cost of capital with appropriate mix of capital elements.

44 FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

Carrying amount of assets measured under historical cost convention approximates their fair value. Further, fair value of certain assets measured under present value convention is not determinable. Hierarchy of fair value levels is disclosed as under:

		(Rupees in '000)	
		2019	
	Fair value measurement using		
	Level 1	Level 2	Level 3
Fair value - amounts for disclosure purposes			
Investment properties		48,565	-
Investment - available for sale	214,827	-	-
	214,827	**48,565**	**-**
Investment - held for trading	**468,650**	**-**	**-**
		2018	
	Fair value measurement using		
	Level 1	Level 2	Level 3
Fair value - amounts for disclosure purposes			
Investment properties	-	50,442	-
Investment - available for sale	203,168	183,761	-
	203,168	**234,203**	**-**
Investment - held for trading	**622,308**	**-**	**-**

	2019
	Rupees in '000

45 STATEMENT OF SOLVENCY

ADMISSIBLE ASSETS	
Cash and bank deposits	
Cash and other equivalents	128
Current and other accounts	28,275
Deposits maturing within 12 months	341,700
	370,103
Investments	
Government Securities	182,586
Marketable securities	510,105
Term Finance Certificates	31,330
	724,021

	2019 Rupees in '000
Investment Properties	48,565
Current assets - others	
Premium due but unpaid	217,422
Amount due from other insurers/reinsurers	305,109
Prepaid reinsurance premium ceded	577,141
Loans and other receivables	6,560
Deferred commission expense	328,921
Admissible assets of Takaful Operation	67,429
Reinsurance recoveries against outstanding claims	465,460
Prepayments	875
Advances, deposits and receivable	143,701
	2,112,618
Fixed Assets	
Office premises	49,027
Total admissible assets	**3,304,334**
INADMISSIBLE ASSETS	
Marketable securities	173,372
Inadmissible assets of Takaful Operation	36,415
Premium due but unpaid	27,782
Furniture and fixtures	11,917
Electric fittings and equipments	11,774
Computers	1,063
Office equipment	2,397
Vehicles	69,958
Computer software	492
Capital workin progress	705
Total inadmissible assets	335,875
Total assets	**3,640,209**
LIABILITIES	
Outstanding claims including IBNR	596,061
Unearned premium reserves	1,252,194
Unearned reinsurance commission	130,736
Retirement benefit obligations	2,197
Deferred taxation	3,939
Premium received in advance	35,554
Insurance / reinsurance payables	18,638
Other creditors and accruals	91,287
Liabilities against assets subject to finance lease	13,983
Taxation - provision less payment	31,705
Total liabilities of takaful operations	38,613
Total liabilities	**2,214,907**
Total net admissible assets	**1,089,427**

		(Rupees in '000)	
		2019	**2018**
46	**NUMBER OF EMPLOYEES**		
	Number of employees at the end of the year	155	135
	Average number of employees	150	133

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 29, 2020 by the Board of Directors of the Company.

48 GENERAL

i) Figures have been rounded off to the nearest Pak rupee unless otherwise stated.

ii) Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

PATTERN OF SHARE HOLDINGS

**HELD BY THE SHAREHOLDERS OF
EAST WEST INSURANCE COMPANY LIMITED
AS AT DECEMBER 31, 2019**

No. of Shareholders	Shareholding Range		Shareholdings	Percentage
29	1	200	4,068	0.0040
166	201	1,000	35,819	0.0348
4	1,001	2,000	4,862	0.0047
2	2,001	4,000	7,556	0.0073
1	4,001	5,000	4,395	0.0043
4	5,001	15,000	31,500	0.0306
8	15,001	20,000	140,957	0.1370
10	20,001	25,000	217,996	0.2119
5	25,001	30,000	132,876	0.1291
1	30,001	35,000	30,464	0.0296
4	35,001	40,000	148,342	0.1442
6	40,001	45,000	253,062	0.2459
5	45,001	95,000	256,024	0.2488
2	95,001	1,500,000	1,596,693	1.5517
1	1,500,001	2,600,000	1,869,215	1.8165
2	2,600,001	4,000,000	6,696,657	6.5079
6	4,000,001	5,000,000	26,387,612	25.6438
2	5,000,001	6,500,000	11,292,583	10.9743
2	6,500,001	7,500,000	14,000,128	13.6055
5	7,500,001	8,500,000	39,789,896	38.6682
265			102,900,705	100.0000

Categories of Shareholders	Number	Share Held	Percentage
CEO,Directors and their spouses and minor children	14	61,453,993	59.7216
Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba	2	8,501,725	8.2621
Individual	249	32,944,987	32.0163
Total	**265**	**102,900,705**	**100.0000**

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
Associated Company			
M/s. Askari Life Assurance Co., Ltd.	1	5,509	0.0054
M/s. East West Holding Company Ltd.	1	8,496,216	8.2567
CEO, Directors, their Spouses and Minor Children			
Chief Justice (R) Mian Mahboob Ahmed	1	3,698	0.0036
Javed Yunus	1	7,941,823	7.7179
Pervez Yunus	1	7,737,441	7.5193
Naved Yunus	1	6,997,456	6.8002
Maheen Yunus	1	7,689,351	7.4726
Umeed Ansari	1	1,376	0.0013
Ahsan Mahmood Alvi	1	1,250	0.0012
Mirza Kazim Raza	1	1,136	0.0011
Ambreen N. Yunus	1	7,925,065	7.7017
Rubina J. Yunus	1	4,531,500	4.4038
Samina P. Yunus	1	4,628,617	4.4981
Shamaila M. Yunus	1	5,872,086	5.7066
Samad M. Yunus	1	4,000,826	3.8880
Anum M. Yunus	1	4,122,368	4.0062
Individual	**249**	**32,944,987**	**32.0163**
Total	**265**	**102,900,705**	**100.0000**

Windows Takaful Operations

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONTENTS

SHARIAH ADVISOR REPORT

to the Board of Directors

FOR THE YEAR ENDED DECEMBER 31, 2019

الحمدالله رب العلمين والصلاة والسلام على سيدالانبيا ء والمرسلين محمد النبى الامى وعلى اله وصحبه اجمعين وبعد.

We have reviewed the accompanying financial statements of East West Insurance Company Limited Window Takaful Operation (hereafter referred as "The Operator") for the year ended 31 December 2019.

We acknowledge that as a Shariah Advisor of the Operator, it is Shariah Department's responsibility to ensure that the financial arrangements, contracts and transactions under taken by the Operator with its participants and stakeholders are compliant with the requirements of Shariah rules and principles. During the year, the Shariah Advisor visited the premises regularly to provide Shariah assistance in day to day activities.

As per the charter of the Operator it is mandatory on the management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all actives of the Company. The prime responsibility for ensuring Shariah compliance of the Operator's operations thus lies with the managements.

To form our opinion as expressed in this report, we have reviewed all types of business transactions of the Operator during the year 2019. Based on above, we are of the view that under Takaful Rule 2012.

I. The financial arrangements products and transactions entered into by the Operator and the Waqf, as the case may be for the year ended December 31, 2019 are incompliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Advisor.

II. The Operator strived to identify new investment avenues and opted different available options that delivered excellent results. During the year management continuously consulted with the Shariah advisor on the matters and market practices relating to investment activities. The investment avenues and locations selected by the investment manager were periodically reviewed by the Shariah Department and are found Shariah compliant and in conformity with the Shariah guidelines issued by the Shariah Advisor.

III. The Shariah Department has provided Basic Takaful training to the staff of the window Takaful operations. Meanwhile, the mandatory training on Takaful Concept and practices was also organized for executive level & sales staff as well.

IV. The Operator should more focus towards enhancing the skills and knowledge for the all staff of Window Takaful related to the Shariah structure of the company and on Takaful Concept and practices. The Operator should organize the more sessions for executive level & sales staff as well around the country.

V. Consequently, we have found that the company is in accordance with the Shariah principals with respect to all transactions

May Allah bless us with the best Tawfeeq to achieve this precious tasks and best to us with success in this world and in the world hereafter and forgive us for our mistakes . A'ameen.

Mufti Sajjad Ashraf Usmani
Shariah Advisor

East West Insurance Company Ltd.
Window Takaful Operations

MANAGEMENTS STATEMENTS OF COMPLIANCE

with Shariah Rules and Principles

The financial arrangements, contracts and transactions, entered into by the Window Takaful Operation of the East West Insurance Company ("the Company") for the year ended 31 December 2019 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

1. The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/Shariah Advisor and the Board of Directors have been implemented.

2. The Company has ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management;

3. All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operation are in accordance with the policies approved by Shariah Advisor:

4. The assets and liabilities of Window Takaful Operations (Participant's Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules. 2012: and

5. Rule 10 (1) (k) of Takaful Rule 2012 which states that an operator shall ensure that in case of general takaful each Participant Takaful Fund, at all times, has admissible assets in excess of its liabilities. Operator had funded shortfall of PTF's assets over liabilities by way of actual transfer of funds as Qard-e-Hasna to Participants Takaful Fund's bank account in compliance of Rule 20 (1) Takaful Rule 2012, accordingly. PTF has admissible assets in excess of its liabilities.

This has been duly confirmed by the Shariah Advisor of the Company.

NAVED YUNUS
Chief Executive Officer

Karachi Dated: April 29, 2020

INDEPENDENT REASONABLE ASSURANCE REPORT

to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

Introduction

We were engaged by the Board of Directors of East West Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2019, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. The procedures performed included:

- Evaluated the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shari'ah advisor's guidelines;

- Evaluated the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;

- Tested for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

- Reviewed the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2019 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our conclusion, the annexed statement, for the year ended December 31, 2019, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

BDO Ebrahim & Co.,
Chartered Accountants
Engagement Partner: Zulfikar Ali Causer

Karachi Dated: 29th April, 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS (the Operator), which comprise the statement of financial position as at December 31, 2019, and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31,2019 and of the profit and other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

BDO Ebrahim & Co.,
Chartered Accountants

Karachi Dated: 29th April, 2020

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Rupees in '000)

	Note	December 31, 2019 Operator's Fund	December 31, 2019 Participant's Takaful Fund	December 31, 2019 Aggregate	December 31, 2018 Operator's Fund	December 31, 2018 Participant's Takaful Fund	December 31, 2018 Aggregate
ASSETS							
Property and equipment	7	11,949	-	11,949	-	-	-
Investment property - at cost	8	37,100	-	37,100	-	-	-
Investments	9	-	-	-	50,000	-	50,000
Qard-e-Hasna to PTF	10	18,150	-	18,150	6,000	-	6,000
Accrued investment income		-	5	5	130	3	133
Takaful / retakaful receivables	11	-	78,473	78,473	-	8,771	8,771
Taxation - net	12	386	15	401	122	-	122
Deferred wakala expense	21	-	31,701	31,701	-	4,109	4,109
Deferred commission expense	23	19,571	-	19,571	1,673	-	1,673
Receivable from PTF		16,233	-	16,233	1,800	-	1,800
Prepayments	13	438	44,455	44,893	-	366	366
Cash and bank	14	16	812	828	700	511	1,211
TOTAL ASSETS		**103,843**	**155,461**	**259,304**	**60,425**	**13,760**	**74,185**
EQUITY AND LIABILITIES							
Operator's fund							
Statutory fund	15	50,000	-	50,000	50,000	-	50,000
Accumulated surplus / (losses)		11,090	-	11,090	(920)	-	(920)
		61,090	-	61,090	49,080	-	49,080
Ceded money		-	500	500	-	500	500
Accumulated surplus / (losses)		-	9,441	9,441	-	(5,556)	(5,556)
		-	9,941	9,941	-	(5,056)	(5,056)
Qard-e-Hasna	10	-	18,150	18,150	-	6,000	6,000
LIABILITIES							
Underwriting provisions							
Outstanding claims		-	-	-	-	-	-
Unearned contribution reserve	19	-	86,424	86,424	-	10,821	10,821
Unearned retakaful rebate	22	-	7,319	7,319	-	37	37
		-	93,743	93,743	-	10,858	10,858
Takaful / Re-takaful payable		-	15,193	15,193	-	-	-
Unearned wakala fee	21	31,701	-	31,701	4,109	-	4,109
Contribution received in advance		-	2,457	2,457	-	-	-
Payable to OPF		-	15,733	15,733	-	1,300	1,300
Other creditors and accruals	16	6,912	244	7,156	800	658	1,458
Payable to East West Insurance Company Limited	17	4,140	-	4,140	6,436	-	6,436
TOTAL LIABILITIES		**42,753**	**127,370**	**170,123**	**11,345**	**12,816**	**24,161**
TOTAL EQUITY AND LIABILITIES		**103,843**	**155,461**	**259,304**	**60,425**	**13,760**	**74,185**
CONTINGENCIES AND COMMITMENTS	18						

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	December 31, 2019	For the period from May 08, 2018 to December 31, 2018
		(Rupees in '000)	
Participants' Takaful Fund			
Revenue Account			
Net takaful contribution	19	66,841	(2,201)
Net takaful claims	20	(14,765)	(835)
Wakala expense	21	(44,855)	(2,546)
Direct expenses		(3)	(1)
Retakaful rebate	22	7,703	24
Underwriting results		14,921	(5,559)
Investment income	25	76	3
Surplus / (deficit) for the year / period		**14,997**	**(5,556)**
Operator's Fund			
Revenue Account			
Wakala fee	21	44,855	2,546
Commission expense	23	(25,950)	(1,122)
Management expenses	24	(5,620)	(2,579)
Operating results		13,285	(1,155)
Investment income	25	2,745	1,315
Rental income		232	-
Other expenses	26	(4,252)	(1,080)
Profit / (loss) for the year / period		**12,010**	**(920)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	December 31, 2019	For the period from May 08, 2018 to December 31, 2018
			(Rupees in '000)
Participants' Takaful Fund			
Surplus / (deficit) for the year / period		14,997	(5,556)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year / period		**14,997**	**(5,556)**
Operator's Fund			
Profit / (loss) for the year / period		12,010	(920)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year / period		**12,010**	**(920)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 29th April, 2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Rupees in '000)

	Operator's Fund		
	Statutory Fund	Accumulated Losses	Total
Contribution made during the period	50,000	-	50,000
Total comprehensive income for the period			
Loss for the period	-	(920)	(920)
Other comprehensive income	-	-	-
	-	(920)	(920)
Balance as at December 31, 2018	**50,000**	**(920)**	**49,080**
Total comprehensive income for the year			
Profit for the year	-	12,010	12,010
Other comprehensive income	-	-	-
	-	12,010	12,010
Balance as at December 31, 2019	**50,000**	**11,090**	**61,090**

	Participant's Fund		
	Statutory Fund	Accumulated Losses	Total
Ceded money	500	-	500
Total comprehensive income for the period			
Deficit for the period	-	(5,556)	(5,556)
Other comprehensive income	-	-	-
	-	(5,556)	(5,556)
Balance as at December 31, 2018	**500**	**(5,556)**	**(5,056)**
Total comprehensive income for the year			
Surplus for the year	-	14,997	14,997
Other comprehensive income	-	-	-
	-	14,997	14,997
Balance as at December 31, 2019	**500**	**9,441**	**9,941**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chairman　　Chief Executive Officer　　Director　　Director　　Chief Financial Officer

Karachi Dated : 29th April, 2020

CASH FLOWS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

(Rupees in '000)

	For the year ended December 31, 2019			For the period from May 08, 2018 to December 31, 2018
	Operator's Fund	Participant's Takaful Fund	Aggregate	Aggregate
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	146,106	146,106	8,575
Retakaful contribution paid	-	(99,803)	(99,803)	(9,092)
Claims paid	-	(98,069)	(98,069)	(835)
Retakaful and recoveries received	-	83,304	83,304	-
Commission paid	(39,535)	-	(39,535)	(2,518)
Retakaful rebate received	-	14,985	14,985	60
Wakala fee received	72,447	-	72,447	6,655
Wakala fee paid	-	(72,447)	(72,447)	(6,655)
Net cash generated from / (used in) takaful activities	**32,912**	**(25,924)**	**6,988**	**(3,810)**
(b) Other operating activities				
Income tax paid	(264)	(15)	(279)	(122)
Direct expenses paid	-	(3)	(3)	(1)
Other expenses paid	(3,001)	-	(3,001)	(1,080)
Management expenses paid	(3,821)	-	(3,821)	(2,056)
Other operating receipts	(17,167)	14,019	(3,148)	6,594
Net cash generated from other operating activities	(24,253)	14,001	(10,252)	3,335
Net cash generated from / (used in) operating activities	**8,659**	**(11,923)**	**(3,264)**	**(475)**
INVESTMENT ACTIVITIES				
Profit / return received on investments	3,107	74	3,181	1,186
Addition to plant and equipment	(50,300)	-	(50,300)	-
Addition to investments	(20,000)	-	(20,000)	-
Proceeds from disposal of investment	20,000	-	20,000	-
Qard-e-Hasna to PTF	(12,150)	-	(12,150)	(6,000)
Net cash (used in) / generated from investing activities	**(59,343)**	**74**	**(59,269)**	**(4,814)**
FINANCING ACTIVITIES				
Contribution to the Operator's fund	-	-	-	50,000
Ceded money	-	-	-	500
Qard-e-Hasna from OPF	-	12,150	12,150	6,000
Net cash generated from financing activities	-	12,150	12,150	56,500
Net (decrease) / increase in cash and cash equivalents	(50,684)	301	(50,383)	51,211
Cash and cash equivalents at beginning of the year / period	50,700	511	51,211	-
Cash and cash equivalents at end of the year / period	**16**	**812**	**828**	**51,211**

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

(Rupees in '000)

	For the year ended December 31, 2019			For the period from May 08, 2018 to December 31, 2018
	Operator's Fund	Participant's Takaful Fund	Aggregate	Aggregate
Reconciliation to profit and loss account:				
Operating cash flows	8,659	(11,923)	(3,264)	(475)
Depreciation	(1,251)	-	(1,251)	-
Return on deposits	3,107	74	3,181	1,186
Increase in assets other than cash	32,904	141,400	174,304	16,975
Increase in liabilities	(31,409)	(114,554)	(145,963)	(24,162)
Profit / (loss) for the year / period	**12,010**	**14,997**	**27,007**	**(6,476)**
Attributed to:				
Operator's Fund			12,010	(920)
Participants' Takaful Fund			14,997	(5,556)
			27,007	**(6,476)**
CASH AND CASH EQUIVALENTS				
Cash at bank	16	812	828	1,211
Term deposits	-	-	-	50,000
	16	**812**	**828**	**51,211**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 29th April, 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 East West Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 08, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

1.2 For the purpose of carrying on the takaful business, the Operator has formed a Participants' Takaful Fund (PTF) on April 06, 2018 under the Waqf deed with the ceded money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Operator is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

3 BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through Insurance Rules, 2017, and SECP Circular no 25 of 2015 dated July 09, 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

3.1 Statement of compliance

3.1.1 These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulation and SECP Takaful Rules, 2012.

In case requirements differ, the provision of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting regulations, 2017 and SECP Takaful Rules, 2012, shall prevail. Total assets, total liabilities and profit or loss of the Window Takaful Operations of the Operator's referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Operator's functional currency. All financial statements presented in Pak Rupees have been rounded to nearest Rupees, unless otherwise stated.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amendments that are effective in current year and not relevant to the Operator

The Operator has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures(and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

4.2 Standards / amendments that are effective in current year and relevant to the Operator

IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018

The impact of its adoption or classification and measurement is not considered material on these financial statements.

4.3 Amendments not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 14	Regulatory Deferral Accounts	July 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

4.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

The Operator expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect on theses financial statements in the period of initial application.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except otherwise stated.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

5.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies.

Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. In particular, judgements and estimates made by the management in the application of approved accounting standards, as applicable in Pakistan, that involve a high degree of complexity or assumptions and are significant to these financial statements are as follows:

	Note
- Determining the residual values, depreciation method and useful lives of property and equipment	6.1
- Determining the residual values, depreciation method and useful lives of investment property at cost	6.2
- Unearned contribution reserve	6.5.2
- Contribution due but unpaid - net	6.5.3
- Provision for outstanding claims (including IBNR)	6.6.1
- Unearned retakaful rebate	6.9.2
- Retakaful recoveries against outstanding claims	6.8
- Classification of takaful contracts	6.4
- Prepaid Retakaful contribution ceded	6.7.2
- Segment reporting	6.14
- Impairment of assets	6.22
- Deferred commission expense	6.9.1
- Allocation of management expenses	6.19

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

6.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the note 7 to the financial statements.

In respect of addition and disposal during the year, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

Subsequent costs are included in the asset's carrying amount or recognised separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

6.2 Investment property - at cost

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the statement of profit or loss in the year of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Operator accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 8 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

Rental income from investment property that is leased to a third party under an operating lease is recognised in profit and loss account on a straight-line basis over the lease term.

6.3 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Operator and Participants' financial assets and financial liabilities.

(Rupees in '000)

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
OPERATOR'S FUND				
Financial assets				
Qard-e-Hasna to PTF	Loans and receivables	Amortised cost	18,150	18,150
Accrued investment income	Loans and receivables	Amortised cost	-	-
Cash at bank	Loans and receivables	Amortised cost	16	16
Receivable from PTF	Loans and receivables	Amortised cost	16,233	16,233
Financial Liabilities				
Other creditors and accruals	Other financial liabilities	Amortised cost	6,913	6,913
PARTICIPENTS' TAKAFUL FUND				
Financial assets				
Accrued investment income	Loans and receivables	Amortised cost	5	5
Takaful / retakaful receivable	Loans and receivables	Amortised cost	78,473	78,473
Cash at bank	Loans and receivables	Amortised cost	812	812
Financial Liabilities				
Qard-e-Hasna from Operator	Other financial liabilities	Amortised cost	18,150	18,150
Outstanding claims	Other financial liabilities	Amortised cost	-	-
Takaful / Re-takaful payable	Other financial liabilities	Amortised cost	15,193	15,193
Payable to Operator's Fund	Other financial liabilities	Amortised cost	15,733	15,733
Other creditors and accruals	Other financial liabilities	Amortised cost	244	244

As on reporting dates the fair value of the Operator's financial assets are not significantly different from their carrying amounts.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

6.4 Takaful contracts

Takaful contracts are based on the principles of Wakala. Takaful contracts so agreed usually inspire concept of Tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of Takaful Operator is of the management of the PTF. At the initial stage of the setup of the PTF, the Takaful Operator makes payment as ceded money to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful Operator.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts that can be categorised into:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and property damage

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

Motor

Motor takaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Miscellaneous

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

6.5 Contribution

6.5.1 Contribution income earned

Contribution written under a policy is recognized as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

a) for takaful business, evenly over the period of the policy;

b) for proportional retakaful business, evenly over the period of underlying retakaful policies; and

c) for non-proportional retakaful business, on inception of the retakaful contract in accordance with the pattern of retakaful service.

Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of incidence of risk.

Where contribution for a policy is payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

6.5.2 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the Insurance Rules, 2017.

6.5.3 Contribution due but unpaid - net

Contribution due but unpaid under takaful contracts is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

6.6 Claims expense

Takaful claims are charged to PTF and include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the takaful contracts.

6.6.1 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a Takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date, in accordance with SECP circular no. 9 of 2016. For estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

6.7 Retakaful contracts

6.7.1 Retakaful expense

Contribution ceded is recognized as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

a) for proportional retakaful business, evenly over the period of the underlying policies;

b) for non-proportional retakaful business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, retakaful contribution is recognized as expense in accordance with the pattern of incidence of risk.

6.7.2 **Prepaid retakaful contribution ceded**

The portion of retakaful contribution ceded not recognized as an expense as at year end is recognized as prepaid retakaful contribution ceded. Unrecognized portion is determined in the same manner as for unearned contribution reserve.

6.8 **Retakaful recoveries against outstanding claims**

Claims recoveries receivable from retakaful operator are recognized as an asset at the same time as the claims, which give rise to the right of recovery, are recognized as a liability and are measured at the amount expected to be received.

6.9 **Commission**

6.9.1 **Commission expense**

Commission expense incurred in obtaining and recording policies is deferred and is recognized in the profit and loss account as an expense in accordance with the pattern of recognition of takaful contribution revenue.

6.9.2 **Rebate from retakaful operators**

Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.

6.10 **Wakala and Mudarib fee**

The Operator manages the general takaful operations for the participants and charges 40% for fire and property, 40% for marine, aviation and transport, 35% for motor, 35% for miscellaneous and 20% for health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

The Operator also manages the Participants' investment as Mudarib and charges 50% of the investment / deposit income earned by the PTF as Mudarib's share.

6.11 **Takaful surplus**

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

6.12 **Qard-e-Hasna**

Qard-e-Hasna (interset free loan) is provided by Operators' Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

6.13 **Revenue recognition**

6.13.1 **Participants' takaful fund**

6.13.1.1 **Contribution**

The revenue recognition policy for contributions is given under note 6.5.1.

6.13.1.2 **Rebate from retakaful operators**

The revenue recognition policy for rebate from Re-takaful operators is given under note 6.9.2.

6.13.2 **Operator's fund**

The revenue recognition policy for wakala fee is given under note 6.10.

6.13.3 **Participants' takaful fund / Operator's fund**

6.13.3.1 **Investment income**

Profit on investments, return on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

6.14 **Segment reporting**

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 6.4.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

6.15 **Financial instruments**

Financial assets and financial liabilities are recognized when the Operator becomes a party to the contractual provisions of the instrument and derecognized when the Operator loses control of contractual rights that comprise the financial assets and, in the case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the profit or loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, accrued investment income, takaful / retakaful receivables, receivable from PTF, cash and bank deposits, payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

6.16 **Off setting of financial asset and financial liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Operator intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

6.17 **Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

6.18 **Taxation**

The profit of the Operator is taxed as part of total profit of the East West Insurance Company Limited as the Operator is not separately registered for tax purposes.

6.19 **Management expenses**

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

6.20 **Creditors, accruals and provisions**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Operator.

Provisions are recognised when the Operator / PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions will be reviewed at each statement of financial position date and will be adjusted to reflect the current estimate.

6.21 **Receivables and payables related to Takaful contracts**

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

6.22 **Impairment**

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

6.23 **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash at bank in current and saving account, cash in hand, stamps in hand and bank deposits.

7 PROPERTY AND EQUIPMENT

2019 (Rupees in '000)

Particulars	Cost				Accumulated Depreciation				Written down value	Depreciation rate %
	As at January 1, 2019	Additions during the year	Transfer to investment property	As at December 31, 2019	As at January 1, 2019	Depreciation for the year	Transfer to investment property	As at December 31, 2019		
Office Premises	-	48,000	(38,000)	10,000	-	783	(700)	83	9,917	5%
Vehicles	-	2,300	-	2,300	-	268	-	268	2,032	20%
	-	50,300	(38,000)	12,300	-	1,051	(700)	351	11,949	

(Rupees in '000)

	2019 Operator's Fund	2019 Participant's Takaful Fund	2019 Aggregate	2018 Aggregate
8 INVESTMENT PROPERTIES - AT COST				
Cost	38,000	-	38,000	-
Less: accumulated depreciation	(900)	-	(900)	-
	37,100	-	37,100	-
Balance as at January 01, 2019	-	-	-	-
Transfer from property and equipment	38,000	-	38,000	-
Depreciation charge:				
upto the date of transfer	(700)		(700)	
upto year end	(200)	-	(200)	-
Carrying amount as at December 31, 2019	37,100	-	37,100	-
The carrying amount as at December 31, 2019 is aggregate of:				
Cost	38,000	-	38,000	-
Accumulated depreciation	(900)	-	(900)	-
	37,100	-	37,100	-
Rate of depreciation (%)	5%			

8.1 This represents office premises owned by the Operator. These investments properties are acquired on an arms length transaction and recorded as per cost model defined in IAS 40. All of these properties are rented out and income generated since its purchase date is Rs. 232,000/-. The fair value of investment is same as the cost since we purchased it recently, however, we are carrying it at cost model due to the difficulties of identifying sale of the similar type of properties recently.

8.2 Depreciation on this property is calculated using reducing balance method @5% calculated on written down value (WDV) of the property.

8.3 Forced sale value of the investment property is assessed at Rs. 38 million.

8.4 The depreciation on investment property measured at WDV is charged to other expenses.

(Rupees in '000)

	2020	2021-2024	After 2024
8.5 The minimum lease payments receivable under non-cancellable operating leases	2,292	11,701	3,691

	Note	2019 Operator's Fund	2019 Participant's Takaful Fund	2019 Aggregate	2018 Aggregate
9 INVESTMENTS					
Deposits maturing within 12 months	9.1	-	-	-	50,000

9.1 This represented term deposits in local currency carrying profit rates Nil for this year (2018: 4.13% to 7.80% per annum).

10 QARD-E-HASNA TO PTF

In accordance with the Takaful Rules, 2012, if at any point in time, assets in Participants' Takaful Fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator's Fund. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants. Further, if there is deficit in a Participants' Takaful Fund for three consecutive years, the Operator is required to submit a report to the Commission within 30 days of the submission of the regulatory returns under section 46(1) of the Ordinance explaining the reasons thereof.

	2019	2018
Balance as at January 01	6,000	-
Transferred from OPF during the year	12,150	6,000
Returned by PTF during the year	-	-
Closing balance as at December 31	18,150	6,000

	Note	2019 Operator's Fund	2019 Participant's Takaful Fund	2019 Aggregate	2018 Aggregate
11 TAKAFUL / RE-TAKAFUL RECEIVABLES					
(Unsecured - considered good)					
Due from Takaful contract holders		-	44,600	44,600	4,065
Due from other Takaful / Re-takaful operators		-	33,873	33,873	4,706
		-	78,473	78,473	8,771
12 TAXATION - NET					
Advance tax		386	15	401	122
13 PREPAYMENTS					
Prepaid retakaful contribution ceded		-	44,455	44,455	366
Other prepayments		438	-	438	-
		438	44,455	44,893	366

(Rupees in '000)

	Note	2019 Operator's Fund	2019 Participant's Takaful Fund	2019 Aggregate	2018 Aggregate
14 CASH AND BANK					
Cash at bank					
Current accounts		1	-	1	2
PLS accounts	14.1	15	812	827	1,209
		16	812	828	1,211

14.1 These represent profit and loss sharing accounts carrying profit rates ranging from 7% to 10% (2018: 3.75% to 7.27%) per annum.

15 STATUTORY FUND

Amount of Rs. 50 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank'.

	Note	2019 Operator's Fund	2019 Participant's Takaful Fund	2019 Aggregate	2018 Aggregate
16 OTHER CREDITORS AND ACCRUALS					
Salaries payable		179	-	179	330
Staff provident fund		185	-	185	108
Federal excise duty		-	-	-	564
Commission payable		4,591	-	4,591	277
Federal insurance fee		-	-	-	43
Withholding tax payable		46	-	46	73
Accrued expenses		1,911	244	2,155	63
		6,912	244	7,156	1,458

17 PAYABLE TO EAST WEST INSURANCE COMPANY LIMITED

This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.

18 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019.

	Note	December 31, 2019	For the period from May 08, 2018 to December 31, 2018
19 NET TAKAFUL CONTRIBUTION			
Written gross contribution		196,670	17,346
Unearned contribution reserve (opening)		10,821	-
Unearned contribution reserve (closing)		(86,424)	(10,821)
Contribution earned		121,067	6,525
Less:			
Re-takaful contribution ceded		98,315	9,092
Prepaid retakaful contribution ceded (opening)		366	-
Prepaid retakaful contribution ceded (closing)		(44,455)	(366)
Retakaful expense		54,226	8,726
		66,841	(2,201)

		Note	December 31, 2019	For the period from May 08, 2018 to December 31, 2018
			(Rupees in '000)	
20	**NET TAKAFUL CLAIMS**			
	Claims paid or payable		98,069	835
	Less: Retakaful and other recoveries received		(83,304)	-
			14,765	**835**
21	**WAKALA EXPENSE**			
	Gross wakala fee		72,447	6,655
	Deferred wakala expense (Opening)		4,109	-
	Deferred wakala expense (Closing)		(31,701)	(4,109)
			44,855	**2,546**
22	**RETAKAFUL REBATE**			
	Retakaful rebate received or recoverable		14,985	61
	Unearned retakaful rebate (opening)		37	-
	Unearned retakaful rebate (closing)		(7,319)	(37)
			7,703	**24**
23	**COMMISSION EXPENSE**			
	Commission paid or payable		43,848	2,795
	Deferred commission expense		(17,898)	(1,673)
			25,950	**1,122**
24	**MANAGEMENT EXPENSES**			
	Salaries, allowances and employees benefits	24	4,734	2,339
	Office rent and maintenance		72	16
	Motor vehicle running expense		245	148
	Printing and stationary		92	3
	Postage and telegram		11	2
	Utility expenses		200	57
	Repair and maintenance		19	10
	Computer related expenses		-	4
	Service charges		247	-
			5,620	**2,579**

24.1 These include Rs. 0.05 million and Rs. 0.065 million (2018: Rs. 0.163 million and Rs. 0.068 million) in respect of bonus and provident fund respectively.

25	**INVESTMENT INCOME**			
	Participants' Takaful fund			
	Return on PLS accounts		152	3
	Less: Modarib share on return on PLS accounts		(76)	-
			76	**3**
	Operator's Fund			
	Return on PLS accounts		317	897
	Return on mutual fund		286	-
	Return on term deposits		2,066	418
			2,669	1,315
	Add: Modarib share on return on PLS saving accounts		76	-
			2,745	**1,315**

(Rupees in '000)

26	OTHER EXPENSES	Note	December 31, 2019	For the period from May 08, 2018 to December 31, 2018
	Salaries, allowances and employees benefits	26.1	1,053	668
	Shariah registrar fees		1,228	324
	Auditor's remuneration	26.2	605	59
	Depreciation expenses		1,252	-
	Bank charges		2	4
	Staff welfare expenses		106	24
	Newspaper and periodicals		6	1
			4,252	1,080

26.1 These include Rs. 0.008 million and Rs. 0.024 million (2018: Rs. 0.013 million and Rs. 0.009 million) in respect of bonus and provident fund respectively.

26.2 Auditor's remuneration

	2019	2018
Annual audit fee	441	59
Interim review fee	100	-
Out of pocket expense	35	-
Sind sales tax	29	-
	605	59

27 RELATED PARTY TRANSACTIONS

The Operator has related party comprise of the associates, subsidiary company, directors, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Detail of related parties transactions with balances are as follows:

(Rupees in '000)

Nature of Transaction	Relationship with the Company	Basis of Relationship	2019	2018
Loan received from East West Insurance Company Limited	Window Takaful Operator	Management Company	-	6,436
Loan paid from East West Insurance Company Limited			(2,296)	-
Payment received from East West Insurance Company as statutory receipt	Window Takaful Operator	Management Company	-	50,000
Remuneration Paid				
Syed Arif Hussain	Head of Window Takaful Operation	Key Management Personal	974	1,350
Sajjad Usmani	Shariah Advisor	Key Management Personal	1,228	324
Abdul Hakeem Siddiqui	Head of Window Takaful Operation	Key Management Personal	639	-
Staff retirement benefits	Head of Window Takaful Operation	Key Management Personal	75	108
Takaful Operator -East West Insurance Company Limited	Purchase/ Transfer in Office Premises	Management Company	10,000	-
Takaful Operator -East West Insurance Company Limited	Purchase / Transfer in Investment Property	Management Company	38,000	-
Takaful Operator -East West Insurance Company Limited	Purchase/ Transfer in Motor Vehicles	Management Company	2,300	-

(Rupees in '000)

	Nature of Transaction	Relationship with the Company	Basis of Relationship	2019	2018
27.1	**Year end balances**				
	Receivable from related parties				
	Payable to related parties				
	East West Insurance Company Limited			4,140	6,436
	Staff retirement benefits			185	108
	Key management personal			179	312
				4,504	**6,856**

28 SEGMENT REPORTING

28.1 Following are the segment assets, liabilities, revenue and expenses of the Operator's Takaful fund:

(Rupees in '000)

Operator's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscella-neous	Total
	---------------------- December 31, 2019 ----------------------				
Gross wakala fee	28,017	9,071	24,626	10,733	72,447
Unearned wakala fee - opening	2,568	80	1,406	55	4,109
Unearned wakala fee - closing	(12,141)	(2,480)	(10,686)	(6,394)	(31,701)
Wakala fee earned	18,444	6,671	15,346	4,394	44,855
Commission paid / payable	(16,672)	(5,798)	(14,961)	(6,417)	(43,848)
Deferred commission expense - opening	(1,292)	(29)	(328)	(24)	(1,673)
Deferred commission expense - closing	7,588	1,731	6,520	3,732	19,571
Commission expense	(10,376)	(4,096)	(8,769)	(2,709)	(25,950)
Management expenses	(2,310)	(836)	(1,923)	(551)	(5,620)
Underwriting results	5,758	1,739	4,654	1,133	13,285
Investment income					2,745
Rental income					232
Other expenses					(4,252)
Profit before taxation for the year					**12,010**
Segment Assets	7,588	1,731	6,520	3,732	19,571
Unallocated Assets					84,272
					103,843
Segment Liabilities	12,141	2,480	10,686	6,394	31,701
Unallocated Liabilities					11,052
					42,753

(Rupees in '000)

Operator's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscella-neous	Total
	---------- December 31, 2018 ----------				
Gross wakala fee	4,574	174	1,805	102	6,655
Unearned wakala fee - closing	(2,568)	(80)	(1,406)	(55)	(4,109)
Wakala fee earned	2,006	94	399	47	2,546
Commission paid / payable	(2,189)	(73)	(490)	(43)	(2,795)
Deferred commission expense - closing	1,292	29	328	24	1,673
Commission expense	(897)	(44)	(162)	(19)	(1,122)
Management expenses	(2,032)	(95)	(404)	(48)	(2,579)
Underwriting results	(923)	(45)	(167)	(20)	(1,155)
Investment income					1,315
Other expenses					(1,080)
Loss before taxation for the period					**(920)**
Segment Assets	1,318	62	262	31	1,673
Unallocated Assets					58,752
					60,425
Segment Liabilities	3,236	152	644	76	4,108
Unallocated Liabilities					7,237
					11,345

28.2 Following are the segment assets, liabilities, revenue and expenses of the Participants' Takaful fund:

Participants' Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscella-neous	Total
	---------- December 31, 2019 ----------				
Written gross contribution including administrative surcharge	70,042	22,677	70,361	33,590	196,670
Gross written contribution	70,042	22,677	70,361	33,590	196,670
Unearned contribution reserve - opening	6,419	201	4,016	185	10,821
Unearned contribution reserve - closing	(30,355)	(6,200)	(30,570)	(19,339)	(86,424)
Contribution earned	46,106	16,678	43,847	14,436	121,067
Re-takaful contribution ceded	36,304	14,782	26,335	20,894	98,315
Prepaid Retakaful contribution ceded - opening	366	-	-	-	366
Prepaid Retakaful contribution ceded - closing	(12,828)	(4,569)	(14,020)	(13,038)	(44,455)
Retakaful expense	23,842	10,213	12,315	7,856	54,226
Net takaful contribution	22,264	6,465	31,532	6,580	66,841
Retakaful rebate	3,548	1,532	1,445	1,178	7,703
Net underwriting income	25,812	7,997	32,977	7,758	74,544
Net claims	(2,168)	(3,044)	(6,959)	(2,603)	(14,765)
Wakala fee	(18,444)	(6,671)	(15,346)	(4,394)	(44,855)
Direct expenses	(3)	-	-	-	(3)
Net insurance claims and expenses	(20,615)	(9,715)	(22,296)	(6,997)	(59,623)
Underwriting results	5,197	(1,718)	10,681	761	14,921
Investment income					76
Surplus for the year					**14,997**
Segment Assets	58,886	21,302	56,003	18,438	154,629
Unallocated Assets					832
					155,461
Segment Liabilities	42,421	15,346	40,344	13,283	111,394
Unallocated Liabilities					15,976
					127,370

(Rupees in '000)

Participants' Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscella-neous	Total
	---------------------- December 31, 2018	----------------------			
Written gross contribution including administrative surcharge	11,435	435	5,156	320	17,346
Gross written contribution	11,435	435	5,156	320	17,346
Unearned contribution reserve	(6,419)	(201)	(4,016)	(185)	(10,821)
Contribution earned	5,016	234	1,140	135	6,525
Re-takaful contribution ceded	6,435	206	2,451	-	9,092
Prepaid Retakaful contribution ceded	(366)	-	-	-	(366)
Less: Retakaful expense	6,069	206	2,451	-	8,726
Net takaful contribution	(1,053)	28	(1,311)	135	(2,201)
Retakaful rebate	24	-	-	-	24
Net underwriting income	(1,029)	28	(1,311)	135	(2,177)
Net claims	-	-	(835)	-	(835)
Wakala fee	(2,006)	(94)	(399)	(47)	(2,546)
Direct expenses	(1)	-	-	-	(1)
Net insurance claims and expenses	(2,007)	(94)	(1,234)	(47)	(3,382)
Underwriting results	(3,036)	(66)	(2,545)	88	(5,559)
Investment income					3
Deficit for the period					**(5,556)**
Segment Assets	10,183	475	2,313	275	13,246
Unallocated Assets					514
					13,760
Segment Liabilities	8,347	389	1,896	226	10,858
Unallocated Liabilities					1,958
					12,816

28.3 **Management has allocated indirect management expenses to underwriting business on the basis of net takaful contribution under individual business as per the stated accounting policy of the Operator.**

29 FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Operator include investments, accrued investment income, takaful / retakaful receivable, receivable from PTF and cash and bank. Financial liabilities of the Operator include payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values, except for non-trading investments, which are stated at cost.

As at December 31, 2019 **(Rupees in '000)**

Operator's Fund	Note	Effective yield / Profit rate	Profit bearing: Maturity within one year	Profit bearing: Maturity after one year	Profit bearing: Sub Total	Non-profit bearing: Maturity within one year	Non-profit bearing: Maturity after one year	Non-profit bearing: Sub Total	Total
Financial assets									
Accrued investment income			-	-	-	-	-	-	-
Receivable from PTF			-	-	-	16,233	-	16,233	16,233
Cash and bank	14	6.27% - 11%	15	-	15	1	-	1	16
			15	-	15	16,234	-	16,234	16,249
Financial liabilities									
Other creditors and accruals	16		-	-	-	6,867	-	6,867	6,867
Payable to East West Insurance Company Limited	17		-	-	-	4,140	-	4,140	4,140
			-	-	-	11,007	-	11,007	11,007
On balance sheet gap			15	-	15	5,227	-	5,227	5,242

As at December 31, 2019 **(Rupees in '000)**

Participant's Fund	Note	Effective yield / Profit rate	Profit bearing: Maturity within one year	Profit bearing: Maturity after one year	Profit bearing: Sub Total	Non-profit bearing: Maturity within one year	Non-profit bearing: Maturity after one year	Non-profit bearing: Sub Total	Total
Financial assets									
Accrued investment income			-	-	-	5	-	5	5
Takaful / retakaful receivables	11		-	-	-	78,473	-	78,473	78,473
Cash and bank	14	6.27% - 11%	812	-	812	-	-	-	812
			812	-	812	78,478	-	78,478	79,290
Financial liabilities									
Payable to OPF			-	-	-	15,733	-	15,733	15,733
Other creditors and accruals	16		-	-	-	244	-	244	244
			-	-	-	15,977	-	15,977	15,977
On balance sheet gap			812	-	812	62,501	-	62,501	63,313

As at December 31, 2018 **(Rupees in '000)**

Operator's Fund	Note	Effective yield / Profit rate	Profit bearing: Maturity within one year	Profit bearing: Maturity after one year	Profit bearing: Sub Total	Non-profit bearing: Maturity within one year	Non-profit bearing: Maturity after one year	Non-profit bearing: Sub Total	Total
Financial assets									
Investments	7	4.13% - 7.80%	50,000	-	50,000	-	-	-	50,000
Accrued investment income			-	-	-	130	-	130	130
Receivable from PTF			-	-	-	1,800	-	1,800	1,800
Cash and bank	12	3.75% - 7.27%	698	-	698	2	-	2	700
			50,698	-	50,698	1,932	-	1,932	52,630
Financial liabilities									
Other creditors and accruals	14		-	-	-	774	-	774	774
Payable to East West Insurance Company Limited	15		-	-	-	6,436	-	6,436	6,436
			-	-	-	7,210	-	7,210	7,210
On balance sheet gap			50,698	-	50,698	(5,278)	-	(5,278)	45,420

As at December 31, 2018 (Rupees in '000)

Participant's Fund	Note	Effective yield / Profit rate	Profit bearing			Non-profit bearing			Total
			Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
Financial assets									
Accrued investment income			-	-	-	3	-	3	3
Takaful / retakaful receivables	9		-	-	-	8,771	-	8,771	8,771
Cash and bank	12	3.75% - 7.27%	511	-	511	-	-	-	511
			511	-	511	8,774	-	8,774	9,285
Financial liabilities									
Payable to OPF			-	-	-	1,300	-	1,300	1,300
Other creditors and accruals	14		-	-	-	4	-	4	4
			-	-	-	1,304	-	1,304	1,304
On balance sheet gap			511	-	511	7,470	-	7,470	7,981

30 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are discussed below

30.1 Takaful risk

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is that the occurrence of the covered events and the severity of reported claims. The Operator's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

The primary risk control measure in respect of the Takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy re-takaful arrangements and proactive claim handling procedures.

The Operator class wise major risk exposure is as follows:

Fire and property damage
Marine, aviation and transport
Motor
Miscellaneous

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Retakaful is used to manage takaful risk. Although the Operator has retakaful arrangements, it does not, however, discharge the Operator's liability and thus a credit risk exposure remains with respect to retakaful ceded to the extent that any retakaful operator may be unable to meet its obligations under such retakaful arrangements. The Operator minimizes such credit risk by entering into retakaful arrangements with retakaful operators having good credit ratings, which are reviewed on a regular basis. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Claims development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

30.1.1 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant. Sensitivity analysis is not presented as there is no claim payable by the Operator as at the reporting date.

30.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fail to meet the obligation under the retakaful agreements.

	2019		
Rating	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets
A or above (including PRCL)	33,873	-	44,455

	2018		
Rating	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets
A or above (including PRCL)	4,706	-	366

30.3 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge an obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

30.3.1 Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2019 is the carrying amount of the financial assets as set out below:

(Rupees in '000)

	December 31, 2019		
	Operator's Fund	Participant's Fund	Aggregate
Investments	-	-	-
Accrued investment income	-	5	5
Takaful / retakaful receivables	-	78,473	78,473
Receivable from PTF	16,233	-	16,233
Cash and bank	16	812	828
	16,249	79,290	95,539

	December 31, 2018		
	Operator's Fund	Participant's Fund	Aggregate
Investments	50,000	-	50,000
Accrued investment income	130	3	133
Takaful / retakaful receivables	-	8,771	8,771
Receivable from PTF	1,800	-	1,800
Cash and bank	700	511	1,211
	52,630	9,285	61,915

30.3.2 Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Operator's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the banks with which Operator has balances can be assessed with reference to external credit ratings as follows:

(Rupees in '000)

December 31, 2019

Name of banks	Rating Short term	Long term	Rating agency	Operator's Fund	Participant's Fund	Aggregate
Cash at bank						
Summit Bank Limited	Suspended		JCR-VIS	0.3	0.1	0.3
Dubai Islamic Bank	A-1	AA-	JCR-VIS	2	510	512
Bank Islami	A1	A+	PACRA	2	300	302
Meezan Bank	A-1+	AA+	JCR-VIS	12	2	14
				16	812	828
Term deposits						
Summit Bank Limited	Suspended		JCR-VIS	-	-	-
Dubai Islamic Bank	A-1	AA-	JCR-VIS	-	-	-
Bank Islami	A1	A+	PACRA	-	-	-
				-	-	-

(Rupees in '000)

December 31, 2018

Name of banks	Rating Short term	Long term	Rating agency	Operator's Fund	Participant's Fund	Aggregate
Cash at bank						
Summit Bank Limited	Suspended		JCR-VIS	7	-	7
Dubai Islamic Bank	A-1	AA+	JCR-VIS	3	2	5
Bank Islami	A1	A+	PACRA	484	507	991
Meezan Bank	A-1+	AA+	JCR-VIS	206	2	208
				700	**511**	**1,211**
Term deposit						
Summit Bank Limited	Suspended		JCR-VIS	10,000	-	10,000
Dubai Islamic Bank	A-1	AA+	JCR-VIS	20,000	-	20,000
Bank Islami	A1	A+	PACRA	20,000	-	20,000
				50,000	-	**50,000**

30.4 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, receivables of Rs. Nil were provided for or impaired.

30.5 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

(Rupees in '000)

December 31, 2019

Operator's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Other creditors and accruals	6,867	6,867	6,867	-
Payable to East West Insurance Company Limited	4,140	4,140	4,140	-
	11,007	**11,007**	**11,007**	-

(Rupees in '000)

December 31, 2018

Operator's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Other creditors and accruals	774	774	774	-
Payable to East West Insurance Company Limited	6,436	6,436	6,436	-
	7,210	**7,210**	**7,210**	-

(Rupees in '000)

Participant's Fund	December 31, 2019 Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Payable to OPF	15,733	15,733	15,733	-
Other creditors and accurals	244	244	244	-
	15,977	**15,977**	**15,977**	**-**

(Rupees in '000)

Participant's Fund	December 31, 2018 Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Payable to OPF	1,300	1,300	1,300	-
Other creditors and accurals	4	4	4	-
	1,304	**1,304**	**1,304**	**-**

30.6 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

30.6.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

30.6.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from Term Deposits. The information about the exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

(Rupees in '000)

	December 31, 2019 Operator's Fund	Participant's Fund	Aggregate
Fixed rate instruments			
Financial assets	-	-	-
	-	-	-
Variable rate instruments			
Financial assets	15	812	827
	15	812	827

	(Rupees in '000)		
	December 31, 2018		
	Operator's Fund	Participant's Fund	Aggregate
Fixed rate instruments			
Financial assets	50,000	-	50,000
	50,000	**-**	**50,000**
Variable rate instruments			
Financial assets	698	511	1,209
	698	**511**	**1,209**

Sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in profit rates at reporting date would not affect profit and loss account.

Sensitivity analysis for variable rate instruments

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts and term deposits, the profit rate on which range between 5.5% to 9.6% (2018: 4.13% to 7.8%) per annum.

An increase of 100 basis points in profit rates would have increased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

				(Rupees in '000)
	Loss for the period		Total Equity	
Operator's Fund	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2019 Sensitivity	0.2	(0.2)	0.2	(0.2)
As at December 31, 2018 Sensitivity	7	(7)	7	(7)

	Deficit for the period		Total Equity	
Participants' Fund	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2019 Sensitivity	8	(8)	8	(8)
As at December 31, 2018 Sensitivity	5	(5)	5	(5)

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Operator monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Operator's policy requires the management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Operator's portfolio is a measure of the sensitivity of the fair value of the Operator's fixed profit securities to changes in market profit rates.

The Operator's policy refrains from holding profit bearing instruments that induce the average effective duration of the fixed profit portfolio to pass the benchmark of the average duration.

30.6.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operator is not exposed to any such risk.

31 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

32 STATEMENT OF SOLVENCY

	Note	2019 Participants' Takaful Fund	2018 Participants' Takaful Fund
		(Rupees in '000)	
ASSETS			
Accrued Investment Income		5	3
Takaful / retakful receivable		78,473	8,771
Taxation deducted at source		15	-
Deferred Wakala expense		31,701	4,109
Prepayments		44,455	366
Bank balances		812	511
		155,461	**13,760**
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000			
Takaful / retakful receivable		(28,018)	(932)
Total admissible assets		127,443	12,828
LIABILITIES			
PTF Underwriting provisions			
Unearned contribution reserve		(86,424)	(10,821)
Unearned retakaful rebate		(7,319)	(37)
Contribution received in advance		(2,457)	-
Payable to OPT		(15,733)	(1,300)
Takaful/retakaful payables		(15,193)	-
Other creditors and accruals		(244)	(658)
Total liabilities		(127,370)	(12,816)
Total net admissible assets		**73**	**12**

33 FAIR VALUE OF FINANCIAL INSTRUMENT

The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on Apirl 29, 2020 by the Board of Directors of the Operator.

35 EVENT AFTER REPORTING DATE

On March 11, 2020, the World Health Organisation has declared COVID-19 (the virus) a global 'pandemic'. With the growing number of cases in Pakistan the Provincial Governments and the Federal Government of Pakistan have provided various directions and are taking measures to respond to the virus. The ongoing situation may have an impact on the operations and financial condition of the Operator. The extent of the spread of the virus and its potential impact on the Operator is undeterminable at the date these financial statements were approved and authorised for issue. However, the management and the Board of Directors of the Operator continue to monitor the developing situation.

36 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer

Karachi Dated : 29th April, 2020

FORM OF PROXY

37th Annual General Meeting

I/We____

of____

in the district of

being a member of EAST WEST INSURANCE COMPANY LIMITED, hereby appoint:

____

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on Thursday May 28, 2020 at 11:30 a.m. at the Registered Office of the Company at 27, Regal Plaza, Jinnah Road, Quetta and at any adjournment thereof.

Witness:

1. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC or passport No. ____________________

Please affix rupee five revenue stamp

2. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC or passport No. ____________________

Signature of Member

Please quote folio number

IMPORTANT : This instrument appointing a proxy, duly completed, must received at the Company's Share Registrar, THK Associates (Pvt) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, not later than 48 hours before the time of holding the meeting.

پراکسی فارم

۳۷ واں سالانہ عام اجلاس

پراکسی فارم

میں/

ہم____

ساکن

بحثیت ممبر ایسٹ ویسٹ انشورنس کمپنی لمیٹڈ بذریعہ ہذا مسممی:

ساکن

کو یا انکی عدم دستیابی کی صورت میں مسممی

ساکن

کواپنی/ہماری جانب سے پراکسی مقرر کررہا/رہی ہوں تاکہ وہ پیر ۲۸ مئی ۲۰۲۰ بوقت ۱۱:۳۰ بجے دوپہر منعقد ہونے والے ۳۷ واں سالانا اجلاس عام یا اس کے کسی بہی التواء میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔
کمپنی رجسٹرڈ آفس۲۷ ،ریگل پلازہ، جناح روڈ، کوئٹہ

1. گواہ:

دستخط

نام

پتہ

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

ریونیو اسٹیمپ

2. گواہ:

دستخط

نام

پتہ

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

براہ مہربانی فولیو نمبر کا حوالہ

اراکین کے دستخط

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع THK ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، پہلی منزل، ۴۰-سی، بلاک۶، پی۔ ای۔ سی۔ ایچ۔ ایس کراچی میں اجلاس کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرادیا جائے۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے انشورنس ڈویژن کے تعاون اور پیشہ ورانہ حمایت کیلئے ان کے شکر گزار ہیں۔ آخر میں ہم کمپنی کے مطلوبہ اہداف اور مقاصد کو حاصل کرنے کیلئے اپنی مارکٹنگ ٹیموں، مارکٹنگ عملے، افسران اور عملے کے اراکین کی توجہ اور محنت کو بھی تسلیم کرتے ہیں اور سال 2020 مین ان کی مسلسل حمایت کے منتظر ہیں۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکیٹیو آفیسر

ڈائریکٹر

کراچی 29 اپریل 2020ء

آڈیٹرز

موجودہ آڈیٹر میسرز بی ڈی او، ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے سبکدوش ہونے کے بعد دوباری تقرری حاصل کرنے کیلیئے پیشکش کی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ پروگرام کے تحت بیرونی آڈیٹر کی ریٹنگ تسلی بخش ہے۔ آڈٹ کمپنی کی تجویز کے ذریعے بورڈ آف ڈائریکٹرز نے بی ڈی او ابراہیم اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو بطور کمپنی کا آڈیٹرز تقرری برائے سال 2020ء کیلیئے باہمی رضامندی سے سفارش کی ہے۔

قابل ستائش اور اعتراف

ہم اپنے قابل قدر گاہکوں اور حصص یافتگان کے مسلسل تعاون اور اعتماد کے مشکور ہیں جس نے ہمیں بہتر طور پر مارکیٹ میں اپنی رسائی بڑھانے کے قابل بنایا تاکہ بھرپور پریمیم آمدنی حاصل کی جاسکے۔ ہم اپنے ری انشوررز اور بروکرز کی ہماری ذمہ داری کی انجام دہی میں قابل قدر اعانت کے بھی شکر گذار ہیں۔

انشورنس آرڈیننس 2000

جیسا کہ انشورنس آرڈیننس 2000 اور قوانین کے زیر انتظام ضروری ہے ڈائریکٹرز تصدیق کرتے ہیں۔

☆ ان کی رائے اور یقین کے تحت کمپنی کے سالانہ قانونی حسابات مذکورہ گوشوارے کے ساتھ منسلک فارم انشورنس آرڈیننس اور اس کے تحت دیگر قوانین کے مطابق تیار کئے گئے ہیں۔

☆ کمپنی نے ہمہ وقت ادا شدہ سرمایہ ادائے قرض کی حیثیت (سالوینسی) اور ری انشورنس سے متعلقہ قوانین اور آرڈیننس کے مطابق میں سال بھر عمل کیا۔

☆ گوشوارے کی تاریخ تک، کمپنی نے مذکورہ بالا قوانین اور آرڈیننس کے زیر انتظام احکامات کی تعمیل جاری رکھی۔

بورڈ/سب کمیٹی ممبران/سیکریٹری	بورڈ	آڈٹ	اخلاقیات، ہیومن ریسورسس اور معاوضہ	سرمایہ کاری
	6	4	4	12
	کمپنی حاضری			
چیف جسٹس (ر) میاں محبوب	4	-	-	-
جناب نوید یونس	6	–	–	12
جناب جاوید یونس	5	3	–	–
جناب پرویز یونس	6	–	–	–
جناب ماہین یونس	2	–	–	–
جناب امید انصاری	5	3	4	12
جناب احسن محمود علوی	6	4	4	12
انجینئر کاظم رضا	6	4	–	–
جناب شبیر علی کانچ والا	–	–	4	12
جناب جوہری لعل	–	4	–	–
جناب محمد سعید احمد	–	–	–	12
جناب عادل حسین	–	–	4	–

ڈائریکٹرز اور اراکین کی غیر حاضری کی منظوری دی جا چکی ہے جو اجلاس میں شرکت نہیں کر سکتے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کی تمام تر معلومات کو شفاف انداز میں واضح کرنے کے ساتھ اس کے امور کے نتائج نقد کی آمد ورفت اور ایکویٹی میں تبدیلیاں شامل ہیں۔

b) کمپنی کی جانب سے حسابات کی کتابیں قواعد وضوابط کے تحت تیار کی گئی ہیں۔

c) مناسب اکاؤنٹنگ پالیسیاں مالیاتی گوشوارے اور اکاؤنٹنگ اندازوں کی تیاری کیلئے مسلسل اپنائی جاتی ہیں جو موزوں اور محتاط اندازوں پر مبنی ہوں۔

d) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (IFRS)، جیسا کہ پاکستان میں نافذ العمل ہے کہ تحت مالیاتی گوشوارے تیار کیئے جاتے ہیں اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کردیا جاتا ہے۔

e) داخلی کنٹرول کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عمل درآمد کے ساتھ اس کی نگرانی بھی کی جاتی ہے۔

f) کمپنی کی اس صلاحیت پر کسی قسم کے شک وشبہات نہیں کہ یہ چلتا ہوا ادارہ ہے۔

g) کارپوریٹ گورننس کا بہترین طریقہ کار پر جیسا کہ لسٹنگ ریگولیشنز میں درج ہے میں کسی قسم کا ٹھوس انحراف نہیں کیا گیا۔

h) گذشتہ چھ سال کے نمایاں آپریٹنگ فنانشل اعداد وشمار منسلک ہیں۔

I) پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت جو 31 دسمبر 2019ء تک کے غیر آڈٹ شدہ حسابات پر مبنی تھی تقریباً 72 ملین روپے تھی۔

j) کمپنی کی 31 دسمبر 2019ء تک شیئر ہولڈنگ صورتحال کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

تشخیص

PKR in '000

جنرل انشورنس امور سے قبل از ٹیکس منافع	223,013
ونڈ دو تکافل آپریشن کا منافع	12,010
قبل از ٹیکس منافع	235,023
منہا انکم ٹیکس اخراجات	(51,177)
بعد از ٹیکس منافع	183,846
دیگر منافع جات	3,282
کل آمدنی	187,128
سال کے آغاز کا غیر مختص منافع	228,564
سالانہ منافع	183,846
بونس شیئر کا اجراء	(152,445)
سال کے اختتام کا غیر مختص منافع	259,965

متعلقہ فریق سے لین دین

بورڈ آف ڈائریکٹرز ہر اجلاس میں مشترکہ کمپنیوں / متعلقہ فریقین کے ساتھ لین دین کی منظوری دیتا ہے۔

متعلقہ فریقین کے ساتھ کیا جانے والا تمام لین دین بلا معاوضہ بنیاد پر ہوتا ہے۔

بورڈ آف کارپوریٹ گورننس کی تعمیل

ریگولیٹری اتھارٹی کی جانب سے مقررہ کارپوریٹ گورننس کی ضروریات پر باقاعدگی سے عمل درآمد کیا جاتا ہے۔ اس کے موثر ہونے کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

کھیلوں کی سرگرمیاں

کمپنی کھیلوں میں حصہ لینے اور کرکٹ، فٹبال اور ہاکی میچز کے انتظامات کرانے کے لئے ملازمین کی حوصلہ افزائی کرتی ہے۔ کھیلوں کے علاوہ کمپنی نے ملازمین کو کراچی اور ملک کے دیگر حصوں میں پر کشش مقامات پر پکنک کا بندوبست کرنے کی بھی اجازت دی ہے۔

کاروباری اخلاقیات اور بدعنوانی کے اقدامات

بورڈ نے کاروباری اخلاقیات کے معیاری طریقوں کو اپنایا ہے جس سے ملازمین کو مطلع کیا گیا ہے اور ان پر لازم ہے کہ وہ قواعد وضوابط کی مد میں ان اصولوں کو اپنائیں۔ صداقت، وقار کے ساتھ گاہکوں سے نمٹنا، اخلاقی طریقے کے معیار پر مبنی ہے۔

دیگر اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی تعلقات برقرار رکھتی ہے:

☆ اچھے کام کرنے والے ملازمی کے ساتھ انہیں کام کرنے کا بہترین ماحول فراہم کرکے۔

☆ اپنے گاہکوں کے ساتھ اعتماد قائم کرنے اور انہیں معیاری خدمات فراہم کرکے۔

☆ جائز پیشہ وارانہ عمل کے ذریعے کاروباری مریضوں کے ساتھ۔

☆ ایمانداری اور منصفانہ کام کرنے کے ذریعے کاروباری کمیونٹی کے ساتھ۔

☆ حکومت کے ساتھ ادارے کو مارکیٹ کے نظام کے ساتھ فروغ دینے اور قابل اطلاق قوانین کی تعمیل کے ساتھ۔

☆ عمومی طور پر معاشرے کے ساتھ محفوظ اور صحت مند جگہ فراہم کرنے اور ملازمین کو اپنی صلاحیتوں کو فروغ دینے کا موقع فراہم کرنے کے ذریعے۔

اسٹیک ہولڈرز کے ساتھ کمپنی کے تعلقات

ہم مختلف اسٹیک ہولڈرز کے ساتھ اپنے تعلقات میں بہت مثبت اور عملی نقطہ نظر رکھتے ہیں۔ مثلاً سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، فیڈرل بورڈ آف ریوینیو (FBR)، اسٹیٹ بینک آف پاکستان (SBP)، دیگر انشورنس کمپنیاں، ری انشورنس کمپنیاں اور انشورنس ایسوسی ایشن آف پاکستان (IAP)۔

کمپنی سیکریٹری تمام قابل اطلاق قوانین، قواعد اور معاہدوں کے اطلاق اور نفاذ کے ذمہ دار ہیں تاکہ ادارے کو اعلیٰ پیشہ وارانہ معیار پر رکھا جائے۔

گاہک کے بارے میں معلومات (KYC)

ہم اپنے ڈیٹابیس میں ہمارے گاہک کی تفصیلی معلومات کو KYC کے تحت برقرار رکھتے ہیں۔ اپنے ڈیٹا بیس میں ہم FATCA سے حاصل شدہ معلومات بھی شامل کرتے ہیں تاکہ محتاط انڈر رائٹنگ کرسکیں۔ ہمارے گاہکوں کے ریکارڈ کو برقرار رکھنے کے ذریعے ہم اپنے گاہکوں کی ساکھ اور مارکیٹ میں ان کی شہرت کے بارے میں خودکو اپ ڈیٹ رکھتے ہیں۔

خصوصی افراد کا روزگار

کمپنی جنس اور جسمانی معذوری سے قطع نظر مساوات کی بنیاد پر روزگار فراہم کرتی ہے۔

پیشہ وارانہ حفاظت اور صحت

آگ بجھانے والے آلات کو دفتری مقامات پر نصب کیا گیا ہے۔ مزید یہ کہ کمپنی کے ہیڈ آفس اور شاخوں میں ابتدائی طبی امداد کی سہولت موجود ہے۔ ہیلتھ انشورنس ہسپتال کی فراہمی کا احاطہ کرتا ہے۔ ملازمین کو کمپنی کی جانب سے ہیلتھ انشورنس فراہم کی گئی ہے جس کے تحت ملک کے مستند ہسپتالوں سے علاج کرایا جاسکتا ہے۔

توانائی کا تحفظ

ہر سال ہم اپنے دفتری توانائی کے تحفظ کا آڈٹ کراتے ہیں جو ماہانہ رپورٹوں پر مبنی ہوتا ہے۔ اس طرح ہم اپنے توانائی کے تحفظ پر کڑی نظر رکھتے ہیں۔ ہمارے بجلی کے آلات توانائی دوست ہیں۔ تمام ائیر کنڈیشنز انورٹر ہیں اور روشنی کا انتظام ایل ای ڈی بلب کے تحت ہے جو کہ لنچ کے وقفے کے دوران بند کر دیئے جاتے ہیں۔

ماحولیاتی اثرات

کمپنی ہمارے قابل قدر گاہکوں سے متعلق مختلف خطرات کے خلاف تحفظ فراہم کرتی ہے۔ ہمارے تجربہ کار لوگوں کی ٹیم ہمارے گاہکوں کو پیشہ وارانہ رہنمائی فرہام کرتی ہے تاکہ تجارت اور صنعت کیلیئے صحت مند ماحول پیدا ہو۔

اگرچہ چند دہائیوں میں انشورنس کی صنعت کمپیوٹر انفارمیشن ٹیکنالوجی کے خصوصی استعمال پر بہت انحصار کرتی ہے۔ پھر بھی انسانی مداخلت کی طرف سے اس بات کی نگرانی کی جارہی ہے کہ اس سے کوئی مضر ماحولیاتی اثرات مرتب نہ ہوں۔

صارفین کے تحفظ کے اقدامات

گاہکوں کے اعتماد کو حاصل کرنے پر زور دینا ہماری ترجیح ہے۔ نئے آنے والوں کو انسانی وسائل کے شعبے کے ذریعے ہماری پالیسیوں کے بارے میں آگاہی دی جاتی ہے۔ ہم اپنے گاہکوں کی ملکیت کا تحفظ فراہم کرتے ہیں اور نتیجے میں ان کے اثاثوں کی حفاظت میں اضافہ ہوتا ہے اور ملک کی معاشی اور ساتھ ہی ہمارے کاروبار کی ترقی میں مدد ملتی ہے۔ ہم بخوشی یہ بھی گذارش کرتے ہیں کہ ہم اپنے موجودہ گاہکوں کو تسلی بخش خدمات پر انحصار کرتے ہوئے ان کی سفارش پر نئے گاہکوں کی توجہ اپنی طرف متوجہ کرتے ہیں۔

2020ءمیں امکانات

ہماری کارکردگی یہ نشاندہی کرتی ہے کہ ہم نے گاہک کے اطمینان کو بڑھانے، انڈر رائٹنگ نتائج میں بہتری لانے، انتظامی اخراجات میں کمی کریں تاکہ منافع اور حصص یافتگان کی ایکویٹی میں اضافہ ہونے سے انتظامی مقاصد حاصل ہوں۔

انتظامیہ نے 2020ء کیلئے منافع بخش ترقی کو مسابقتی ماحول کے ساتھ تبدیل کرنے کی حکمت عملی تیار کی ہے۔ ہم نے 2019ء میں 3 بلین روپے سے زائد مجموعی پریمیم حاصل کیا اور ہمیں 2020ء میں بھی اس ترقی کو برقرار رکھنے کا یقین ہے۔

کمپنی کا مقصد انفارمیشن ٹیکنالوجی کے ذرائع میں مزید اضافہ کرنا ہے تاکہ اس سسٹم سے بہترین معاونت حاصل ہو اور گاہکوں کی خدمت کو مزید بہتر بنایا جاسکے۔

کارپوریٹ ذمہ داری

جبکہ انشورنس کی صنعت فطرت کے ممکنہ خطرات سے بچنے کی اہل نہیں ہوسکتی تاہم ہم موسمی خطرات سے بچاؤ کے انتظامات میں گاہکوں کی تربیت اور مدد کرنے کی اچھی پوزیشن میں ہیں۔

بیمہ کاروں کے خطرات کے انتظامات میں مہارت شدید حادثات میں بڑھتی ہوئی شرح اور شدت سے نمٹنے کیلئے سماج کی مدد میں اہم کردار ادا کرسکتی ہے۔ موسمی خطرات بھی بیمہ کاروں کو موقع فراہم کرتے ہیں کہ وہ اس سے بچاؤ اور نقصان کم کریں۔ خطرات کے مسائل میں قابلِ اعتماد آواز کے طور پر ہم حکام اور پالیسی سازوں سے بات کرسکتے ہیں اور انہیں موقع فراہم کرسکتے ہیں تاکہ وہ ماحولیاتی تبدیلی کی وجوہات اور اثرات کو کم کرنے کے لئے مصنوعات اور خدمات پیش کریں۔ ہمارا نقطہء نظر یہ ہے کہ ہم ماحولیاتی تبدیلی کی روک تھام اور تحقیق کیلئے وکالت پر توجہ مرکوز کریں اور ہمارے گاہکوں کے ساتھ ابھرتے ہوئے خطرات سے نمٹنے کیلئے کام کریں۔

کریڈٹ کے خطرات

کریڈٹ کا خطرہ یہ ہے کہ جہاں کمپنی دہندگان سے بازیاب کرنے میں ناکام رہے۔ محتاط انڈررائٹنگ گاہک اوراس کی مالی طاقت کو جاننے اور کریڈٹ کی نگرانی رکھتے ہوئے اس خطرے سے بچا جاسکتا ہے۔

لکویڈٹی کے خطرات

یہ وہ خطرہ ہے جس کے تحت کمپنی کو اس کی مالی ذمہ داریاں پوری کرنے میں دشواری کا سامنا کرنا پڑے۔ اس خطرے سے بچنے کیلئے کمپنی کا نقطہ نظر یہ ہونا چاہیئے کہ وہ جس حد تک ہوسکے اس امر کو یقینی بنائے کہ ہمہ وقت کمپنی کے پاس اتنے وسائل موجود ہوں تاکہ جب بھی کشیدہ یا معمول کے حالات میں مالی ذمہ داری جب واجب الادا ہو تو اس کے کمپنی کی ساکھ کو برقرار رکھتے ہوئے پورا کرسکے۔

شرح منافع کے خطرات

یہ وہ خطرہ ہے جس کے تحت مالی انسٹرومنٹ کی قدر میں مارکیٹ میں شرح منافع کی ردو بدل کی وجہ سے اتار چڑھاؤ پیدا ہو۔ اس خطرے سے شرح منافع کی ردو بدل پر کڑی نظر رکھ کر نمٹا جاسکتا ہے۔

ادارے کی کارکردگی اظہارات کے مطابق رہی/ بڑھ گئی/کم رہی کا تجزیہ

اللہ تعالیٰ کے فضل وکرم سے آپکی کمپنی نے انڈسٹری میں اپنی حیثیت کو برقرار رکھتے ہوئے 2019ء کے مالیاتی اہداف حاصل کئے۔ کمپنی اس بات پر یقین رکھتی ہے کہ اس کی طاقت گاہک کے اطمینان اور بھروسے میں ہے۔ ہم اس صنعت میں گذشتہ سینتیس (37) سال سے ہیں اور ہم پرعزم ہیں ہمارا وجود معیاری خدمات کی بنیاد پر ہے، گاہک کا اعتماد اور ملازمین کی حوصلہ افزائی بطور اہم پہلو ہیں، جنہیں انتظامیہ نے ہمیشہ بہتر بنانے کیلئے ضروری اقدامات کئے ہیں۔ پورے سال ہم نے اپنے ملازمین کو دفتری اور دیگر اداروں کے ذریعے تربیت فراہم کی ہے جس میں PII پروگرام بھی شامل ہیں تاکہ وہ مہارت کو مزید بہتر بنائیں۔ اس سے گاہکوں کے بھروسے اور اعتماد میں مزید اضافہ ہوتا ہے۔

رِسک مینجمنٹ اور کمپلائنس کمیٹی

رسک مینجمنٹ اور کمپلائنس کمیٹی کمپنی کے خطرات کے نظم ونسق کی سرگرمیوں کی نگرانی کرتی ہے اور بورڈ کو خطرات کے بندوبست کے امور میں آنے والے ممکنہ خطرات کو کم کرنے کیلئے مناسب سفارشات پیش کرتی ہے۔

مختلف اقسام کے خطرات کا انتظام

آپ کی کمپنی خطرات کے انتظام کو اصلاح کی نظر سے دیکھتی ہے۔ کمپنی کاروباری تسلسل کو برقرار رکھنے میں داخلی کنٹرول اور خطرے کے انتظام کی اہمیت کو بھی تسلیم کرتی ہے اور یہ کاروباری ثقافت کا لازمی حصہ سمجھا جاتا ہے جو اندرونی اور بیرونی ذرائع سے پیدا ہونے والے کثیر نوعیت کے خطرات سے متعلق ہے۔

خطرے کی شناخت اور انتظام کو مشترکہ طور پر دیکھا جاتا ہے کمپنی کی حکمت عملی کے کامیاب عمل درآمد کو برقرار رکھنے کے لئے مندرجہ ذیل خطرات کا سامنا کرنا پڑسکتا ہے۔

معاشی اور سیاسی خطرات

کامیاب کاروباری سرگرمیوں کے لئے معاشی اور سیاسی استحکام بہت اہم ہے۔ تاہم ہمارے ملک میں معاشی، سیاسی اور مالی مارکیٹ میں عدم استحکام کاروباری ہدف حاصل کرنا مشکل بناتا ہے۔ آپ کی کمپنی ہمیشہ اس طرح کے خطرات سے نمٹنے کیلئے مضبوط انڈر رائٹنگ کی کوشش کرتی ہے۔

انشورنس کے خطرات

انشورنس معاہدہ جس خطرے کیلئے ہوا ہے یہ بات ممکن ہے کہ کسی بھی وجہ سے وہ ظاہر ہوجائے اور اس کے نتیجے میں ہونے والے کلیم کی رقم غیر یقینی ہوتی ہے اسے کنٹرول کرنے کے لئے اوّلین قدم یہ ہے کہ رسک کا تبادلہ کسی تیسرے فریق کو ری انشورنس کے ذریعے کردیا جائے۔

انڈر رائٹنگ کمیٹی

انڈر رائٹنگ کمیٹی آپ کی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔ یہ مختلف قسم کے انشورنس خطرات کا جائزہ لینے کے معیار کو طے کرتی ہے اور متعدد انشورنس تحفظ پریمیم پالیسی مرتب کرتی ہے۔ کمیٹی خطے اور کاروباری شعبوں اور دیگر متعلقہ عوامل کی بنیاد پر خطرات میں اضافے کے سلسلے میں کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتی ہے۔

کلیم کمیٹی

یہ کمیٹی کمپنی کے کلیمز کو طے کرنے کی پالیسی وضع کرتی ہے۔ یہ کمپنی کے کلیمز کی پوزیشن کی نگرانی کرتی ہے اور اس امر کو یقینی بناتی ہے کہ کلیمز کیلئے مناسب ذخائر کو برقرار رکھا جائے۔ خاص نوعیت کے کلیمز کے کیس یا ایسے واقعات جن کی بدولت کلیمز کا ایک مخصوص سلسلہ شروع ہوجانے پر خصوصی توجہ دی جاتی ہے۔ اس کی نگرانی بھی مذکورہ کمیٹی کی ذمہ داری ہے۔ کلیم سیٹلمینٹ کمیٹی ایسے حالات کا بھی تعین کرتی ہے۔ جن کے تحت کلیمز کا تنازعہ اس کے علم میں لایا گیا ہو اور فیصلہ کرتی ہے کہ ایسے کلیمز کے تنازعات سے کیسے نمٹا جائے۔ یہ دھوکہ دہی پر مبنی کلیمز کے کیس سے نمٹنے کیلئے بھی اقدامات کی نگرانی کرتی ہے۔ کمیٹی کمپنی کے نئے قائم کردہ شکایتی فنکشن کی بھی نگرانی کرتی ہے۔

انشورنس اور کو انشورنس کمیٹی

یہ کمیٹی اس امر کو یقینی بناتی ہے کہ کمپنی کے انشورنس کے کاروبار کی ری انشورنس کے لئے مناسب انتظامات کئے گئے ہیں۔ یہ مجوزہ ری انشورنس کے معاہدوں سے قبل ان کا مشاہدہ کرتی ہے، وقتاً فوقتاً کیئے جانے والے انتظامات کا جائزہ لیتی ہے اور شرکت کرنے والے ری انشوررز سے اتفاق رائے حاصل کرنے کی ذمہ دار ہوتی ہے۔ اس کے علاوہ مارکیٹ کی ترقی کی روشنی میں ان انتظامات کیلئے موضوع ترین اقدامات کرتی ہے۔ مستقبل کیلئے ری انشورنس پروگرام کے مؤثر ہونے کی جانچ بھی کرتی ہے۔

آڈٹ کمیٹی

داخلی کنٹرول کے ایک مستحکم نظام کے موثر نفاذ بشمول کنٹرول کے تمام طریقہ کار پر عمل درآمد کی ذمہ داری بورڈ کی ہے۔ آڈٹ کمیٹی کو انتظامی کنٹرول کے موزوں ہونے کے جائزے اور ممکنہ خطرات پر نظر رکھنے اور ان کو سنبھالنے میں انٹرنل آڈیٹر کی معاونت حاصل ہے تاکہ کمپنی کی وقعت میں اضافہ ہو اور کمپنی کے امور میں غیر جانبدار یقین دہانی میسر رہے۔ انٹرنل آڈیٹر کی بنیادی ذمہ داری وقتاً فوقتاً آپریشنل کنٹرول کی موزونیت آڈٹ کرنا، پالیسیوں اور طریقہ کار کے نفاذ کو متواتر جانچتے رہنا، قوانین اور ضوابط سے مطابقت کو برقرار رکھنے دینا ہے۔

انویسٹمنٹ کمیٹی

آپ کی کمیٹی کا پورٹ فولیو اور اس کی نگرانی قابل ہاتھوں میں ہے۔ حالات کے پیشِ نظر آپ کی کمپنی کی سرمایہ کاری کی پالیسی نقد کے حصول کیلئے ہے جس کے پاس اپنا زائد فنڈ موجود ہے جو کہ بروقت کلیم کی ادائیگی کیلئے موزوں ہے۔ کمپنی کے پاس بورڈ کی سطح پر ایک سرمایہ کاری کی کمیٹی ہے جو کہ انویسٹمنٹ پورٹ فولیو کا جائزہ لینے کیلئے سہ ماہی کی بنیاد پر اجلاس بلاتی ہے۔ کمیٹی کمپنی کی سرمایہ کاری کی پالیسی مرتب کرنے کی بھی ذمہ دار ہے۔

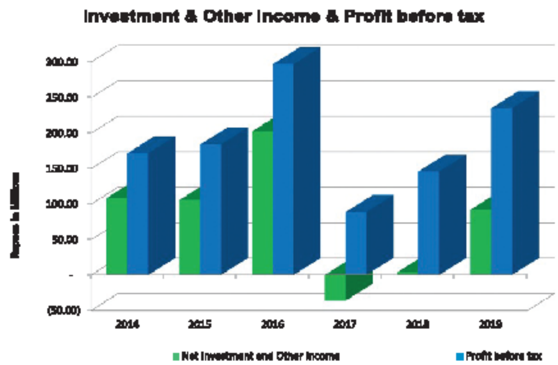
ضابطہ اخلاق، ہیومن ریسورس اور ریمیونیریشن کمیٹی

بورڈ نے اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے جو کسی کے انسانی وسائل انتظامیہ کی پالیسیوں میں متعارف کرانے اور کمپنی کے اہم افسران کے انتخاب، تشخیص اور مشاہرے کے تعارف اور تبدیلی کے بارے میں بورڈ کو تجویز دیتی ہے۔

انتظامی کمیٹیاں

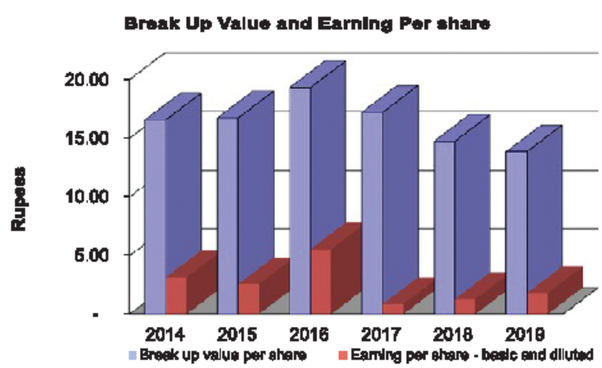
کارپوریٹ گورنینس کے بطور، آپ کی کمپنی کی 4 درجِ ذیل انتظامی کمیٹیاں بھی ہیں جو ہر سہ ماہی میں میٹنگ کرتی ہیں:

رہے تھے تاہم ان کی بہترین کاوش کے باوجود ملک میں مالی استحکام کو بہتر بنانے میں ناکام رہے۔سرمایہ کاری کی آمدنی میں کمی کی ایک اور وجہ ایکویٹی مارکیٹ اور مربوط باہمی فنڈز کی مسلسل کمی تھی۔ بدقسمتی سے ملک میں معاشی دباؤ اور سست مالی استحکام کی وجہ سے اسٹیٹ بینک آف پاکستان نے نئے سرمایہ کاروں کی حوصلہ افزائی کیلئے رعایتی شرح کو بڑھا کر منافع کی شرح میں اضافہ کر دیا ہے۔جس کے نتیجے میں، ایکویٹی کی طلب میں نمایاں کمی واقع ہوئی ہے اور ہم نے بہتر منافع سے سیکیورٹیز کے حق میں ناقص ایکویٹی اسٹاک کو ترک کرنے کا فیصلہ کیا ہے۔



آمدنی فی حصہ/(EARNING PER SHARE)

بعد از ٹیکس منافع رواں سال بہت بہتر رہا جو کہ 183.85 ملین روپے ریکارڈ کیا۔جس کے نتیجے میں EPS بہتر ہو کر 1.81 روپے ہو گیا جو گذشتہ سال اس کے برخلاف 1.74 روپے ریکارڈ کیا گیا تھا۔



بورڈ کمیٹیز

آپ کی کمپنی مندرجہ ذیل بورڈ کمیٹیوں کو برقرار رکھتی ہے۔

کی عکاسی کرتا ہے۔ ہمیں یقین ہے کہ ہماری درجہ بندی میں اضافہ سے ہماری کارکردگی پر مثبت اثرات مرتب ہوں گے۔ اور ہماری پریمیم آمدنی میں خاطر خواہ اضافہ ہوگا۔

ری انشورنس کا انتظام

عالمی انشورنس انڈسٹری کے معیارات کو مدنظر رکھتے ہوئے ہم نے مقامی اور عالمی سطح پر ری انشورنس تحفظ کو برقرار رکھا ہے۔ اس عمل نے ہمارے آپریشنز کو نمایاں تقویت بخشی ہے۔ جس سے بڑے کارپوریٹ کلائنٹس کی پالیسیوں میں نمایاں حصہ ریکارڈ کرنے میں ہمیں مالی استحکام حاصل ہوا ہے۔ جس کے نتیجے میں پارٹنر ری انشوررز نے بھی مکمل اطمینان کا اظہار کیا ہے اور آئندہ سال 2020ء کیلئے ہمارے معاہدوں کی تجدید پر اتفاق کیا ہے۔

سرمایہ، Solvency، شراکت داری، فنڈز۔

آپ کی کمپنی کو یہ پیش کرنے پر فخر ہے کہ جبکہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے عمومی بیمہ دہندہ کے لئے کم از کم سرمایہ کی حد 500 ملین مقرر کی ہے جبکہ ہم نے اپنے ادا شدہ سرمائے میں اضافہ کیا جو کہ دسمبر 2018 میں 762 ملین روپے تھا اور دسمبر 2019 میں 1.029 بلین روپے ہو چکا ہے۔

مزید براں، ہم بخوشی اپنے حصص یافتگان کو مطلع کرتے ہیں کہ سال 2019ء کے دوران آپ کی کمپنی نے 20 فیصد بونس شیئرز اور 15 فیصد رائٹ شیئرز کا اجراء کیا۔ آپ کی کمپنی کی انتظامیہ ادا شدہ سرمایہ کی تکمیل جاری رکھے گی تاکہ حصص یافتگان کی ایکویٹی کیلئے سرمایہ کاری میں مجموعی پریمیم کی بھرپور آمدنی کو برقرار رکھا جاسکے۔

سرمایہ کاری کی آمدنی

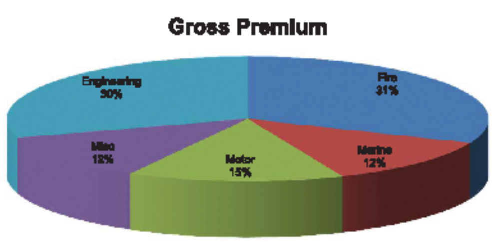
سال 2019ء کے دوران ملک میں جغرافیائی سیاسی اور اقتصادی صورتحال کی وجہ سے ہماری سرمایہ کارانہ آمدنی کمپنی کے کل سرمایہ کاری کے تناسب سے کم رہی۔ ہم نئی حکومت کے اقتدار سنبھالنے کے بعد بہتری کی توقع کر

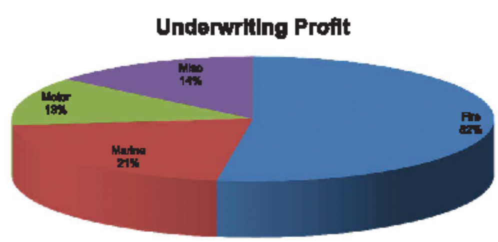
سفر اور صحت کا بیمہ

ایسٹ ویسٹ انشورنس کمپنی نے اسلام آباد میں واقع اپنے کارپوریٹ آفس اور ریجنل آفس (جنوبی) کراچی کے ذریعے سفری اور صحت انشورنس کا ضمانتی بیمہ بھی کر رہا ہے۔ یہ پورٹ فولیو ملک بھر میں ہماری شاخوں کے ذریعے بڑھ رہا ہے۔ اس کے علاوہ ہم مختلف مسافروں کی معاونت کر رہے ہیں۔ جنھیں پاکستان میں غیر ملکی مشن کی جانب سے ویزا کاروائی کیلئے ٹریول انشورس درکار ہے۔ ہمارا متعدد قونصل/ سفارت خانوں کے پینل میں اندراج ہے جو مسافروں کے ویزا پروسیسنگ کیلئے ہماری بیمہ پالیسیاں منظور کرتے ہیں۔ 2019ء میں ہم نے 163 ملین روپے کا مجموعی پریمیم ریکارڈ کیا۔

فصل اور مویشیوں /Live Stocks کا بیمہ

آپ کی کمپنی اسٹیٹ بینک آف پاکستان کی جانب سے پیش کردہ فصل اور لائیو اسٹاک پروگرام میں حصہ لیتی ہے۔ سال 2019ء میں کمپنی نے نجی اور تجارتی بینکوں کے ذریعے دستیاب فوائد کو بروئے کار لاتے ہوئے کراپس اور لائیو اسٹاک انشورنس کے پریمیم میں اضافہ کیا۔ ہم مذکورہ پورٹ فولیو میں زائد پریمیم کی حصولی کے لئے 2020ء میں بھی یہی کارکردگی جاری رکھیں گے۔





کریڈٹ ریٹنگ

ہمیں اپنے اسٹیک ہولڈرز کو مطلع کرتے ہوئے خوشی ہے کہ ماہِ جون 2019ء میں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے مستحکم نتائج کی بدولت ہماری IFS ریٹنگ اے اے منفی (-AA) پچھلے سال کی نسبت بلند درجے پر کردی ہے۔ یہ فیصلہ ہمارے استحکام، بھروسے اور نمو کی صلاحیت پر ریٹنگ ایجنسی کے اعتماد

موٹر بیمہ

کمپنی نے موٹر انشورنس، تھرڈ پارٹی اور لائیبلیٹی بیمہ کے مد میں 471 ملین روپے کا پریمیم ریکارڈ کیا۔ تاہم جعلی کمپنیوں کی موجودگی کی وجہ سے جائز کمپنیاں آمدنی سے محروم ہو رہی ہیں۔ سیکیوریٹیز ایکسچینج کمیشن آف پاکستان کو مفاد عامہ میں غیر رجسٹرڈ کمپنیوں کے خلاف مناسب اقدام کرنے چاہئیں۔

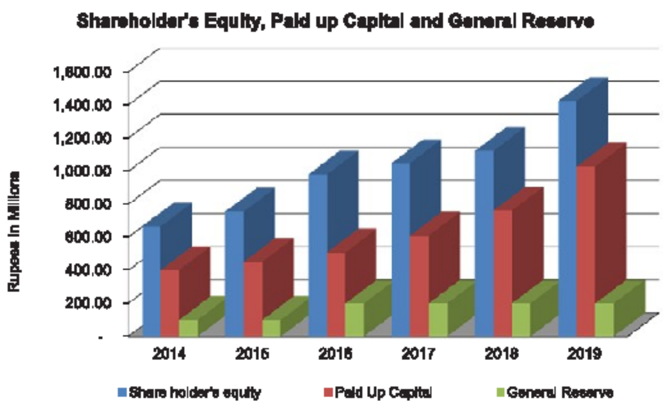
انجینئرنگ بیمہ

انشورنس کمپنیاں ترقیاتی منصوبوں کے عمل کے دوران حادثاتی نقصانات کے خلاف تحفظ فراہم کر رہی ہیں۔ ہماری کمپنی پاکستان انجینئرنگ کونسل اور متعدد دیگر سرکاری محکموں کے ساتھ باقاعدہ رجسٹرڈ ہے تاکہ جاری شدہ منصوبوں پر انشورنس فراہم کر سکے۔ اس سلسلے میں ہمارے قومی اور بین الاقوامی کنٹریکٹرز کے ساتھ انتہائی دیرینہ تعلقات ہیں جو عمومی طور پر مذکورہ منصوبوں پر انشورنس میں دلچسپی کیلئے ہم سے رجوع کرتے ہیں۔ ان منصوبوں کی انشورنس کے علاوہ ہم ان کے مجوزہ منصوبوں کے ڈیزائن، پلاننگ اور تعمیراتی نگرانی کیلئے نامور کنسلٹنٹس کو پیشہ وارانہ ہرجانہ بیمہ بھی فراہم کرتے ہیں۔ 2019ء کے دوران ہم نے اس مد میں براہِ راست اور اختیاری بیمہ کے ذریعے 1.03 بلین روپے کا مجموعی پریمیم ریکارڈ کریا۔

متفرق حادثے

ملک میں قانون کی بدتر صورتحال بالخصوص میٹروپولیٹن شہروں میں اس قسم کی انشورنس کی مانگ میں اضافے کی وجہ ہے۔ نتیجے میں لوگ مختلف قسم کے لاحق خطرات کے لئے انشورنس حاصل کرنا چاہتے ہیں۔ جس میں ذاتی حادثہ، گھریلو بیمہ، چوری کی انشورنس، عوامی واجبات، نقدی نقل و حرکت انشورنس شامل ہیں۔ اس کے علاوہ مزدوروں کا معاوضہ مذکورہ پورٹ فولیو میں شامل ہیں۔ سال 2019ء میں ہم نے اس پورٹ فولیو میں 96 ملین روپے کا مجموعی پریمیم ریکارڈ کیا۔

وضاحتیں	2019 روپے بلین میں	2018 روپے بلین میں	شرح فیصد اجافہ/ (کمی)
مجموعی پریمیم	3.25	3.11	4.5 فیصد
خالص پریمیم	1.47	1.46	0.6 فیصد
اداشدہ کلیمز	0.98	0.91	7.8 فیصد
انڈر رائٹنگ منافع	0.29	0.27	7.4 فیصد
اداشدہ سرمایہ	1.03	0.76	35.5 فیصد



آگ / جائیداد کا بیمہ

کمپنی نے آگ اور جائیداد پورٹ فولیو کے تحت 1.016 بلین روپے کی انڈر رائٹنگ کی جو گزشتہ سال کے مقابلے میں 3.29 فیصد اضافہ ہے۔ ری انشورنس، کلیم اور انتظامی اخراجات کیلئے رقم مختص کرنے کے بعد کمپنی نے 149 ملین روپے کی آمدنی حاصل کی۔

سمندری بیمہ

میرین پورٹ فولیو میں ریکارڈ کیا گیا مجموعی پریمیم بشمول میرین Hull 397 ملین روپے تھا۔ ری انشورس کلیم اور انتظامی اخراجات کو مختص کرنے بعد کمپنی کو 60 ملین روپے کی آمدنی حاصل ہوئی۔ چھوٹی پریمیم آمدنی کے باوجود مذکورہ پورٹ فولیو نے کاروبار کی دوسری کلاسوں کی نسبت بہتر کارکردگی ظاہر کی ہے۔

پاکستان میں انشورنس انڈسٹری خطے میں اپنے احباب کی نسبت چھوٹی ہے تاہم ملک میں سکیورٹی کی صورتحال میں مجموعی تبدیلی نے اس کے تصور کو بدل دیا ہے جو جائیداد انشورنس کی طلب میں اضافے کی شرح کو ظاہر کرتی ہے۔ متاثر کن ترقی بھی تقسیم ذرائع کی توسیع سے منسوب ہے جیسے کہ بینک انشورنس۔ تاہم اس سلسلے میں ہمیں بینکوں سے ممکنہ حمایت حاصل نہیں ہوئی۔ جبکہ ونڈو تکافل آپریشنز کامیابی سے منظم ہیں اور پریمیم آمدنی بالخصوص موٹر انشورنس میں نمایاں ترقی فراہم کر رہی ہے۔ جس کا سہرہ انشورنس ایسوسی ایشن آف پاکستان کو جاتا ہے جنہوں نے سیکیورٹیز ایکسچینج کمیشن آف پاکستان کو ونڈو تکافل آپریشنز کے آغاز کی تجویز دی جس سے پریمیم آمدنی کو مزید فروغ ملا۔ آپ کو یہ جان کو خوشی ہوگی کہ ہم نے آپ کی کمپنی کی سینئر انتظامیہ کی سطح پر ایک قابل اور تجربہ کار افسر کی زیر نگرانی ونڈو تکافل آپریشن بھی قائم کیا ہے۔ ونڈو تکافل مکمل طور پر سرگرم ہے اور ہمیں یقین ہے کہ مذکورہ پورٹ فولیو کے تحت معقول زر تعاون حاصل کر لیں گے جو قومی اور باہمی طور پر بین الاقوامی ری تکافل کمپنیز کی جانب سے مناسب طریقے سے محفوظ ہوگا۔

سالانہ کارکردگی

کمپنی کے مجموعی پریمیم میں 3.25 بلین روپے تک اضافہ ہوا۔ جس میں گذشتہ سال کی نسبت 4.5 فیصد کا اضافہ دیکھا گیا۔ سال 2019 میں خالص پریمیم آمدنی 1.47 بلین روپے رہی۔ اس کے برخلاف گذشتہ سال 1.46 بلین روپے تھا جو کہ شرح میں 0.6 فیصد اضافہ ظاہر کرتا ہے۔ نقصانات اور انتظامی اخراجات کا مشترکہ تناسب 54 فیصد رہا جو کہ مارکیٹ کے حساب سے انتہائی مسابقتی ہے۔ اور قدرتی آفات کے باوجود ہماری انتظامیہ کی مہارتوں پر ہماری مضبوط توجہ کو فروغ دینے کا اشارہ ہے۔ زیر جائزہ سال کے دوران آپ کی کمپنی بھرپور آمدنی ریکارڈ کرنے اور منافع مالی ضمانتوں کو کم کیے بغیر نقصانات کو برداشت کرنے کی صلاحیت کا مظاہرہ کرنے کے قابل ہوگئی۔ جس سے حسب ذیل بہترین نتائج حاصل ہوئے۔

ڈائریکٹر کی رپورٹ

سب تعریفیں اللہ کے لیئے ہیں، جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

آپ کی کمپنی کے ڈائریکٹران کی جانب سے میں 37 سینتیسویں سالانہ رپورٹ اور مورخہ 31 دسمبر 2019ء کو ختم ہونے والی آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں نہایت خوشی محسوس کر رہا ہوں۔

محترم حصص یافتگان بورڈ آف ڈائریکٹرز کے معزز ارکان اور میرے قابل اعتماد ساتھیو:

اسلام علیکم!

میں کمپنی کے 37 سینتیسویں سالانہ اجلاس عام میں آپ کا خیر مقدم کرتا ہوں۔ اللہ تعالیٰ کا تہہ دل سے مشکور ہوں کہ 2019ء کے سالانہ حسابات کی کامیابی سے تکمیل کی۔ اللہ تعالیٰ کے فضل و کرم سے عطا کردہ حکمت اور صلاحیت سے کمپنی نے اپنے قیام کے 37 سال کامیابی کے ساتھ مکمل کر لیئے ہیں۔ کمپنی کی کامیابی کا زمرہ ہمارے چیئرمین، بورڈ آف ڈائریکٹرز کے اراکین، حصص یافتگان، قابل قدر گاہک اور ممتاز شکراء کی نوازش اور قابل قدر رہنمائی سے منسوب ہے۔ میں ان سب کا شکریہ ادا کرتا ہوں اور مستقبل میں بھی ان کے مسلسل تعاون کا منتظر ہوں۔

عمومی معمول کے تحت بورڈ آف ڈائریکٹرز نے سال کے آغاز میں ہمارے معزز گاہکوں کو کمپنی کی مصنوعات فروخت کرنے کیلیئے انتظامیہ کو بااختیار کیا اور آپریشنل اور مارکیٹنگ عملے کو تحریری طور پر معلومات کے فروغ کیلیئے حکمت عملی کی منظوری دے دی تھی۔ محتاط حکمت عملی پر عمل کرتے ہوئے ہمارے پریمیم کی بنیاد اور انڈسٹری میں کاروباری ساخت کو مستحکم کرنے میں عمل پیراں ہیں۔ اس کے ساتھ ہی انتظامیہ ہمارے حصص یافتگان کے مفادات کیلیئے ایکویٹی پر منافع میں اضافے کیلیئے منافع بخش منصوبوں میں سرمایہ کاری کی خواہاں ہے۔

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