NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of East West Insurance Company Limited will be held on Friday, April 30, 2021, 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 Annual General Meeting of the Company held on May 29, 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, 2020.
3. To consider the appointment of Auditors for the year ending December 31, 2021 and fix their remuneration.
4. To approve the interim bonus issue as final distribution for the year ended December 31, 2020 announced on November 25, 2020 and already issued to the shareholders in the proportion of three ordinary shares for every twenty ordinary shares held i.e., 15%.
5. To consider other business with the permission of the chair.

By the order of the board

Shabbir Ali Kanchwala
Company Secretary
Karachi: 5th April, 2021.

Notes:

1. **PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS:**

   In view of the prevailing situation of Pandemic Covid-19, particularly in the wake of its second wave and concerning the well-being of the participants of the AGM, this General Meeting being conducted as per guidelines circulated by SECP vide its Circular No. 4 of 2021 dated 15th February 2021. Accordingly, the following arrangements have been made by the Company to facilitate the participation of the shareholders in the AGM through online video conference, either in-person or through appointed proxies.

   The shareholders are requested to please provide below information to our Company Secretary at e-mail address: shabbir.a.kanchwala@ewi.com.pk, at least 24 hours before the time of AGM i.e., latest by 11.30 am on April 29, 2021.

Folio /CDC Account No.	Name	CNIC No.	Cell No.	Email Address

   Upon receipt of the above information from shareholders the Company will send login details to their email address, which will enable them to join the said AGM through video conference on Friday April 30, 2021 at 11:30 AM.

2. 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.
3. 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 original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

b. In case of corporate entity, the Board of 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 requirement.

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.

4. The Share Transfer Books of the company will be closed from April 24,2021 to April 30, 2021, (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, by the close of business on April 23, 2021 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, has directed all companies to facilitate their members receiving annual financial statements and notice of annal general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.
In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.
Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is responsibility of member(s) to timely update the share registrar of any change in his (her /its / their) registered email address at the address of Company's Registrar.

7. **ELECTRONIC DIVIDEND MANADATE**

In accordance with the provision of Section 242 of Companies Act, 2017, it is mandatory for all listed company to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders.
In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company, website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi in case of physical shares

In case shares are held CDC, electronic, dividend mandate form must be directly submitted shareholder's brokers / participant / CDC account services as the case may be.
In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

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8. **SUBMISSION OF VALID CNIC / SNIC (MANDATORY)**

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi without any further delay.

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 CONFERENCING FACILITY**

Pursuant to the provision to the Companies Act, 2017 the member can also avail the video conferencing facility in this regard, please fill in the following and submit at registered address to the Company at least ten days prior to the date of meeting. If the Company receive consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

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-link facility.

11. **UNCLAIMED DIVIDEND**

As per the provision of Section 244 of the Companies Act, 2017 any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders, in case, no claim is lodged with the company in the given time, the Company will deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

12. **DEMAND POLL**

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143 and 144 of the Companies Act, 2017 and applicable clause of the Companies (Postal Ballot) Regulation 2018.

13. **AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON COMPANY'S WEBSITE**

The audited financial statement of the Company for the year ended December 31, 2020 have been available on the Company's website www.eastwestinsurance.com.pk

14. **DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry from in a manner as may be specified from the date notified by the Commission within a period not exceeding four years from the commencement of companies Act, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading or physical shares in not permitted as per existing regulation of Pakistan Stock Exchange.

DIRECTOR'S REPORT FOR THE YEAR 2020

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company we have the pleasure of presenting the 38th Annual Report and audited financial statements for the year ending December 31st, 2020.

Honorable shareholders, respected members of the Board of Directors and our dependable colleagues:

Assalam Alaikum.

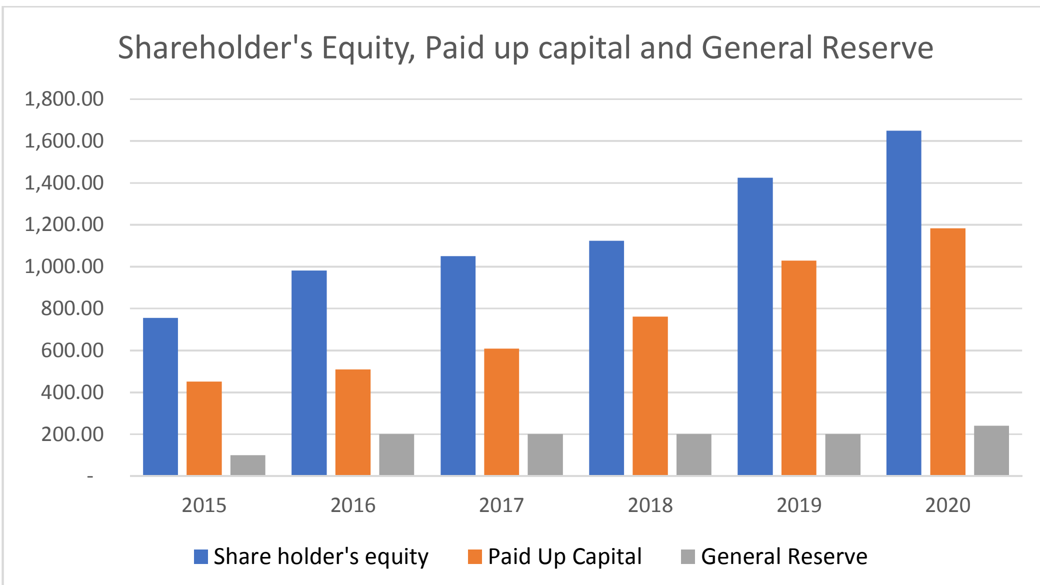
We welcome you all to the 38th Annual General Meeting of the company and express our humble gratitude to Almighty Allah for helping us in successfully closing the annual accounts for the year 2020 despite the challenging situation prevailing worldwide on account of this pandemic. By the grace of Almighty Allah giving us the wisdom and strength to successfully steer the affairs of the company in completing 38 years since its establishment. The success of the company is attributed to the invaluable guidance of our chairman, members of the Board of Directors, shareholders, valued clients and distinguished patrons. We thank them all and look forward to their continued support in future.

In our normal practice the Board of Directors approves the 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 the 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, management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

Yearly Performance

The company's gross written premium grew to PKR 3.675 billion showing an increase of 6.74% in comparison to the previous year. The net earned premium in the year 2020 was PKR 1.876 billion as against PKR 1.49 billion in the previous year thus showing a growth of 26%. The combined operating ratio (COR) for 2019 was 80%. With the increase in retained premium for 2020, the COR for 2020 is 64%. This, however, has not impacted profitability as shown below: -

Particulars	2020 (Rs./billion)	2019 (Rs./billion)	% Increase (decrease)
Gross Premium	3.68	3.44	6.7%
Net Premium	1.88	1.49	26.0%
Claims Paid	1.20	1.08	11.2%
U/W Profit	0.33	0.30	10.0%
Paid-up-capital	1.18	1.03	15.0%



Fire/Property Insurance

The company has underwritten gross premium of PKR 1.15 billion under fire/property portfolio showing an increase of 6% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 143 million.

Marine Insurance

Gross premium underwritten in our Marine Portfolio including Marine Hull was PKR 444 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 65 million.

Motor Insurance

The company wrote a premium of PKR 576 million against motor insurance including third party liability insurance. The growth over 2019 in this line of business is 6% with a profitability of 59.4 million.

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 2020 we have underwritten a total Engineering gross premium of PKR 1.116 billion through direct and facultative insurance in this portfolio.

Miscellaneous Accident

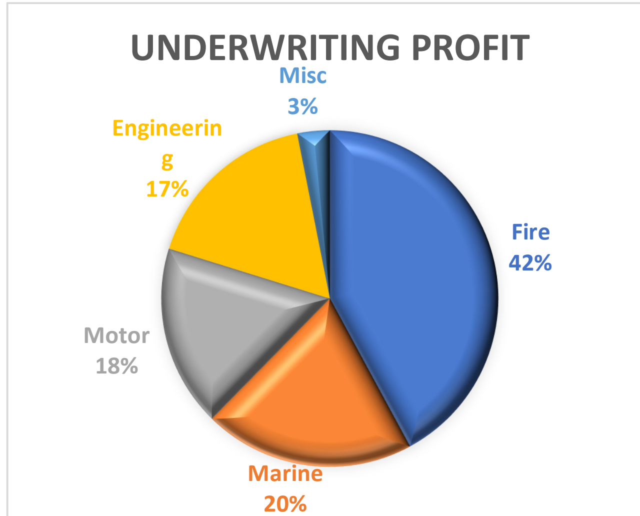
This line of business includes Personal Accident, Household Insurance, Burglary Insurance, Public liability, Cash in Safe and Transit Insurance. In addition, Workmen Compensation also covered under this portfolio.

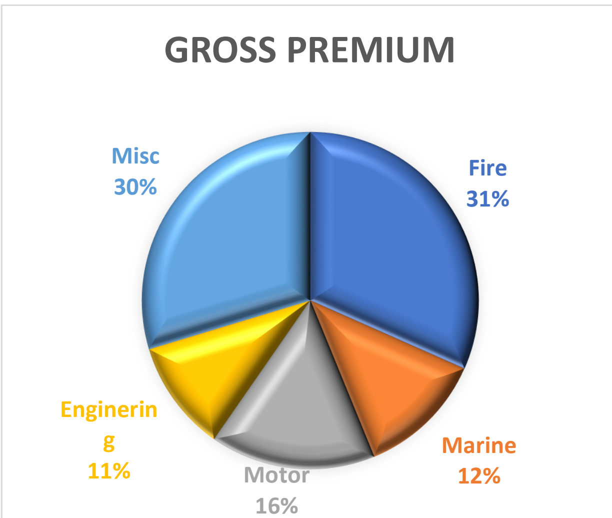
Travel and Health Insurance

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 visas 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.

Crop and Livestock

Your company participates in the Crop and Livestock insurance program promulgated by the State Bank of Pakistan. In the year 2020 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 2021 to generate additional 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 rating has been maintained in their latest annual review and this decision reflects the rating agency's confidence in our stability, reliability, and growth potential. We are confident that enhancement of our rating will continue to bring a positive impact on our performance and in addition to 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 a 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 2021.

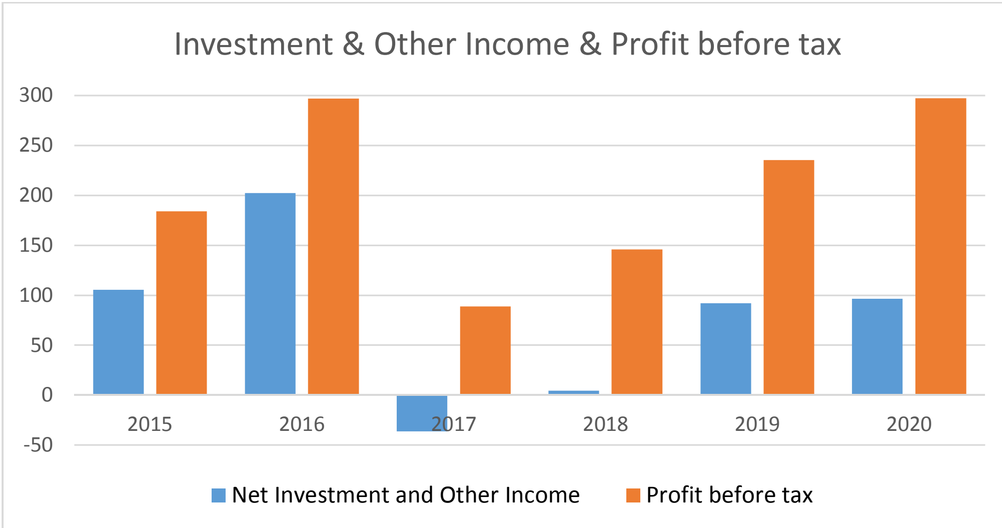
Capital, Solvency, and Shareholders' Fund

Your company is proud to report that while the regulator's minimum capital requirement for general insurers is 500 million, we continue to enhance our paid-up capital even after crossing the milestone of PKR one billion paid-up capital as of 2019. Despite the challenges faced this year, we have further raised our total paid-up capital by issuing 15% bonus shares during the year which now stands at Rs. 1.183 billion as of December 31st, 2020.

Investment Income

The emergence of the COVID-19 led to panic in financial markets where investors were concerned about the forward guidance concerning the economic fallout from the lockdowns imposed because of the pandemic. Central banks across the globe played a key role in the global economic recovery by slashing the key policy rates to spur into action the much needed economic growth engine.

In Pakistan, the financial markets had begun pricing in the COVID-19 threat and started crashing from the middle of March and bottomed out on March 25th. Our investment team was closely monitoring the market movements and had been building our equity portfolio with quality scripts trading at a fair discount and offering good dividend yield. Despite the market crash and the overall benchmark index falling by 27%, the value of our equity portfolio decreased by 11% and our overall investment portfolio posted a much more favorable albeit negative return of less than 1% for the quarter ended March 2020 as compared to the market. Going forward, as we were anticipating, the State Bank of Pakistan intervened and slashed the policy rate by 650 bps from March until May which diverted liquidity from fixed-income securities to equity securities pushing the benchmark index to record highs on consecutive quarter closings. Consequently our half-year investment income surged by 290% year-over-year as a result of timely reshuffling of our portfolio from fixed-income towards equities. As a result of our active portfolio management the investment income for 2020 improved by 261% over the 2019 performance.



Earnings Per Share

Profit after tax as compared to last year has significantly increased to Rs. 232.1 million. This resulted in improved EPS of PKR 1.96 as compared to last year's reported EPS of PKR 1.81.

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 principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, and compliance with laws and regulations.

Investment Committee

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping in view the 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 has formed the Ethics, Human Resource and Remuneration Committee, which is responsible for recommending introductions 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 maintains the 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 Settlement 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 disputed claims are 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 underwriting activities. It assesses 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 light of market developments. 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 targets. 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 that it maintains a predetermined level of cash and cash equivalents to ensure 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 and regularly monitoring change in interest rates where it has exposure.

Analysis of Performance Against Prior Forecasts

By the grace of Almighty Allah your company achieved the financial targets for 2020 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction. We have been in the industry for the last 38 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 years we have provided training to our employees both in-house and through institutions including Pakistan Insurance Institute programs to enhance and improve relevant skills. We believe this leads to greater customer satisfaction and increased trust.

Prospects in 2021

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

Management has devised the strategy for the year 2021 to deliver sustainable and profitable growth under the dynamic and competitive environment. We have earned gross premium of over three billion rupees in 2020 and we are confident in our ability to maintain a similar growth pattern in 2021.

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 a 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 and Environmental Impact

Every year, we perform an in-house Energy Conservation Audit which is benchmarked 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. Employees are encouraged to communicate through emails instead of physical letters in order to reduce paper consumption through printing and reuse paper where possible in order to reduce the environmental impact.

Relationships with Stakeholders

We strive to maintain a very positive and practical approach towards relations with various stakeholders 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 implementing and adhering to 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 according to the requirements of the regulator and the State Bank of Pakistan. The database includes information provided by the FATCA in order to do vigilant underwriting. By keeping the record of our customers, we update ourselves 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 facilities 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 to participate in sports and arrange matches of cricket, football and hockey. Besides sports the company also allows employees to arrange picnics at various 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. Our Statement of Ethics and Business Practices is 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	284,260
Profit from Window Takaful Operation	13,138
Profit before tax	297,399
Income tax Expenses	(66,024)
Profit after tax	231,375
Other comprehensive income / (Loss)	(7,911)
Total comprehensive income	**223,464**
Unappropriated profit at beginning of the year	259,964
Profit for the year	231,375
Issuance of bonus shares	(154,351)
Transfer to General Reserve	(240,000)
Unappropriated profit at the end of the year	**96,988**

Related Party Transactions

At each board meeting the Board of Directors approves the Company's transactions with associated companies or 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.

Statement of Directors Responsibilities

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

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) International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019. Any departure therefrom 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 is no material departure from the best practices of corporate governance, as detailed in the listing regulations; and

h) There are adequate Internal Financial Controls in place in the Company.

i) 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, 2020 was approximately PKR 45.7 million.

j) The statement of the pattern of shareholding of the Company as at 31 December, 2020 is included in the Report.

k) The total number of directors in the Board are eight (8) among which one is female director. Out of eight directors three are three independent directors, two Non-executive directors and three Executive directors.

l) Non-executive directors and Independent directors are paid meeting fee approved by the Board in accordance with the provisions of the articles. All other features of directors' remuneration are approved by the Board and set in the Directors' Remuneration Policy.

m) The names of persons who were also directors of the company disclosed in the Statement of Compliance is annexed .

<u>Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016</u>

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections of this Report.

Board / Sub-committee Members / Secretary	**Board**	**Audit**	**Ethics, HR & Remuneration**	**Investment**
	Committees Attendance			
	6	**4**	**1**	**12**
Chief Justice (R) Mian Mahboob Ahmad	3			
Mr. Naved Yunus	6			12
Mr. Javed Yunus	6	1		
Mr. Pervez Yunus	4			
Mr. Maheen Yunus	1			
Mr. Umeed Ansari	6	4	1	3
Mr. Ahsan Mehmood Alvi	6	4	1	12
Engr. Kazim Raza	3	2		1
Mr. Saad Yunus	5	3		9
Mazhar Zubair Abbasi	2			
Urooj Yunus Ansari	1			
Mr. Shabbir Ali Kanchwala			1	12
Mr. Johry Lal		4		
Zeeshan K Munshi				9
Saeed Ahmed				3
Mr. Adil Hussain			1	

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 reinsurance 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

To appoint Auditors for the Financial Year 2021 retiring Auditors M/s BDO Ebrahim & Co., Chartered Accountants in compliance with the Code of Corporate Governance, stand retired after completing five years of their services for the Company. The Boards of Directors upon the recommendation of the Audit Committee proposed the appointment of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants to be the statutory auditor for the financial year 2021.

APPRECIATION AND ACKNOWLEDGEMENT

We thank our valued clients and shareholders for their continued confidence which enabled us to progressively increase our market penetration in order to generate sizable 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 the Securities & Exchange Commission of Pakistan. Finally, we also acknowledge the hard work and dedication of our marketing teams, officers, and staff members for achieving the desired goals and objectives of the company and look forward to their continued support in the year 2021.

For and on behalf of the Board of Directors.

Director Chief Executive Officer

Karachi Dated:

سال2020 کے لئے ڈائریکٹر کی رپورٹ

اللہ سبحانہ و تعالیٰ کے لئے تمام تر حمد رحیم ہے

آپ کی کمپنی کے ڈائریکٹرز کی جانب سے ہمیں 38 ویں سالانہ رپورٹ پیش کرنے میں خوشی ہے اور 31 دسمبر 2020 کو ختم ہونے والے مالی بیانات کا آڈٹ کیا گیا۔

معزز حصص دار ، بورڈ آف ڈائریکٹرز کے معزز ممبران اور ہمارے قابل اعتماد ساتھیوں

السلام علیکم

اس کمپنی کی 38 ویں سالانہ جنرل میٹنگ میں ہم آپ سب کا خیر مقدم کرتے ہیں اور اس وبائی صورتحال کی وجہ سے دنیا بھر میں درپیش مشکل صورتحال کے باوجود سال 2020 کے سالانہ کھاتوں کو کامیابی کے ساتھ بند کرنے میں ہماری مدد کرنے پر اللہ تعالیٰ کا ہمت شکریہ ادا کرتے ہیں۔اللہ تعالیٰ کے فضل و کرم سے ہمیں کمپنی کے قیام کے 38 سال مکمل کرنے میں کامیابی کے ساتھ کمپنی کے امور کو کامیابی سے ہمکنار کرنے کی دانشمندی اور طاقت عطا فرمائے۔کمپنی کی کامیابی کا ذمہ دار ہمارے چیئرمین ، بورڈ آف ڈائریکٹرز کے ممبران ، حصص یافتگان ، قابل قدر مؤکلوں اور معزز سرپرستوں کی انمول رہنمائی ہے۔ہم ان سب کا شکریہ ادا کرتے ہیں اور آئندہ بھی ان کے مسلسل تعاون کے منتظر ہیں۔

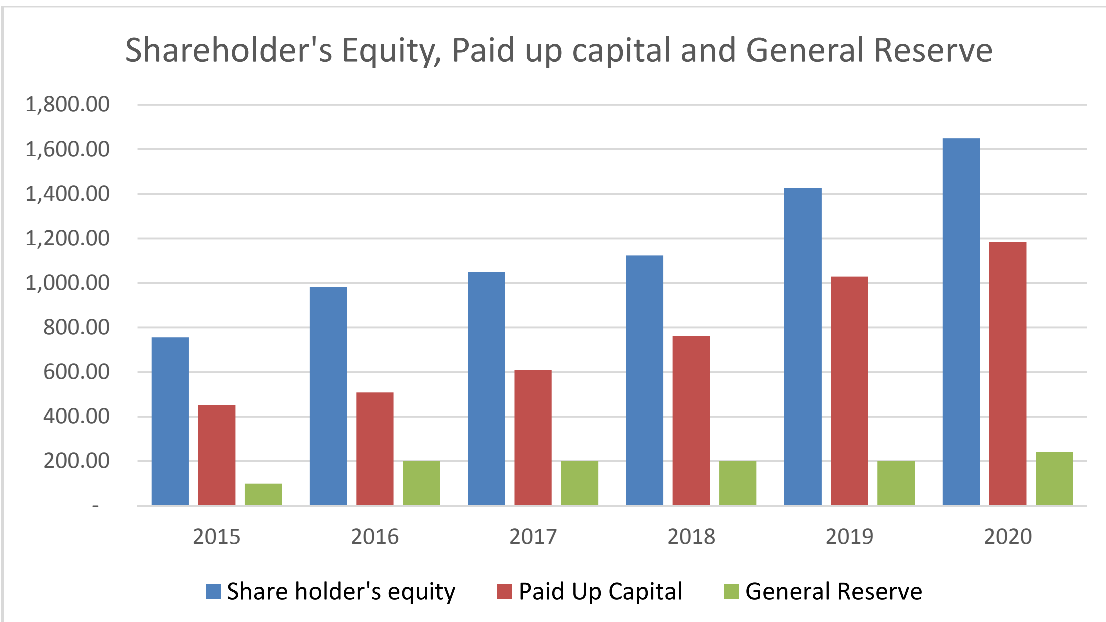
ہمارے عمومی عمل میں بورڈ آف ڈائریکٹرز سال کے آغاز میں اپنے قابل قدر مؤکلوں کے لئے کمپنی کی مصنوعات کو تحریری شکل میں بیچنے اور بیچنے میں آپریشنل اور مارکیٹنگ عملہ کو اپنانے اور پھیلانے کے لئے انتظامیہ کے لئے عملی حکمت عملی کو منظور کرتا ہے۔
دانشمندانہ انتظامیہ صنعت میں ہمارے پریمیم بیس اور پوزیشن کو مستحکم کرنے کے لئے حقیقی خط اور روح کی حکمت عملی پر عمل پیرا ایکویٹی پر منافع میں اضافے کے لئے منافع بخش equ ہے۔اس کے ساتھ ہی ، انتظامیہ ہمارے حصص یافتگان کے مفادات کے ل منصوبوں میں سرمایہ کاری کرتی رہتی ہے۔

سالانہ کارکردگی

کمپنی کا مجموعی تحریری پریمیم بڑھ کر 3.675 بلین پاکستانی روپے ہوگیا جو پچھلے سال کے مقابلہ میں 6.74 فیصد کا اضافہ دکھایا گیا ہے۔
سال 2020 میں خالص کمائی پریمیم 1.876 بلین پاکستانی روپے تھا جب کہ پچھلے سال میں 1.49 بلین پاکستانی روپے تھے اس طرح

اس میں 26 فیصد اضافہ ہوا ہے۔2019 کے لئے مشترکہ آپریٹنگ تناسب (سی او آر) 80٪ تھا۔2020 کے لئے برقرار پریمیم میں اضافے کے ساتھ، 2020 کے لئے سی او آر 64٪ ہے۔تاہم، اس نے منافع کو متاثر نہیں کیا جیسا کہ ذیل میں دکھایا گیا ہے :-

Particulars	**2020 (Rs./billion)**	**2019 (Rs./billion)**	**% Increase (decrease)**
Gross Premium	3.68	3.44	6.7%
Net Premium	1.88	1.49	26.0%
Claims Paid	1.20	1.08	11.2%
U/W Profit	0.33	0.30	10.0%
Paid-up-capital	1.18	1.03	15.0%



فائر / پراپرٹی انشورنس

کمپنی نے پاکستانی روپیہ 1.15 بلین کے مجموعی پریمیم کو آگ / پراپرٹی پورٹ فولیو کے تحت تحریر کیا ہے جو پچھلے سال کے مقابلہ میں 6 فیصد اضافہ ہے۔انشورنس، دعووں اور انتظامی اخراجات کی فراہمی کے بعد کمپنی نے پاکستانی روپیہ کو 143 ملین کا انڈرورٹنگ منافع حاصل کیا۔

میرین انشورنس

میرین ہل سمیت ہمارے میرین پورٹ فولیو میں لکھا ہوا مجموعی پریمیم 444 ملین پاکستانی روپیہ تھا۔انشورنس ، دعوؤں ، اور انتظامی اخراجات کی فراہمی کے بعد ، کمپنی نے 65 ملین پاکستانی روپے کا انڈرورٹنگ منافع حاصل کیا ہے۔

موٹر انشورنس

کمپنی نے موٹر انشورنس کے مقابلے میں تیسری پارٹی کے واجبات کی انشورنس سمیت 576 ملین پاکستانی روپیوں کا پریمیم تحریر کیا۔ کاروبار کی اس لائن میں 2019 سے زیادہ کی شرح نمو 6.4 فیصد ہے جس میں منافع 59.4 ملین ہے۔

انجینئرنگ اور بانڈ انشورنس

انشورنس کمپنیاں ترقیاتی منصوبوں پر عمل درآمد کے دوران حادثاتی نقصانات سے تحفظ فراہم کررہی ہیں۔ہماری کمپنی جاری ترقیاتی منصوبوں کو انشورنس کور فراہم کرنے کے لئے پاکستان انجینئرنگ کونسل اور متعدد دیگر سرکاری حکام کے ساتھ مستند طور پر رجسٹرڈ ہے۔اس سلسلے میں ہمارے قومی اور بین الاقوامی شہرت کے ٹھیکیداروں کے ساتھ انتہائی خوشگوار تعلقات ہیں جو اپنے منصوبوں پر عام طور پر ہم سے رابطہ کرتے ہیں۔منصوبوں کی انشورنیس کے علاوہ ، ہم مجوزہ منصوبوں کے ڈیزائن ، انشورنس کے لئے عام طور پر منصوبہ بندی اور تعمیراتی نگرانی کے لئے نامور مشاورین کو پیشہ ورانہ معاوضہ بیمہ بھی فراہم کرتے ہیں۔2020 کے دوران ہم نے براہ ارب کا مجموعی پریمیم حاصل کرلیا ہے۔ 1.116 پاکستانی روپیوں راست اور اجتماعی انشورنس کے ذریعہ

متفرق حادثہ

کاروبار کی اس لائن میں ذاتی حادثہ ، گھریلو بیمہ ، چوری کی انشورنس ، عوامی ذمہ داری ، کیش ان سیف اینڈ ٹرانزٹ انشورنس شامل ہیں۔اس کے علاوہ ، مزدور معاوضہ بھی اس پورٹ فولیو کے تحت آتا ہے۔

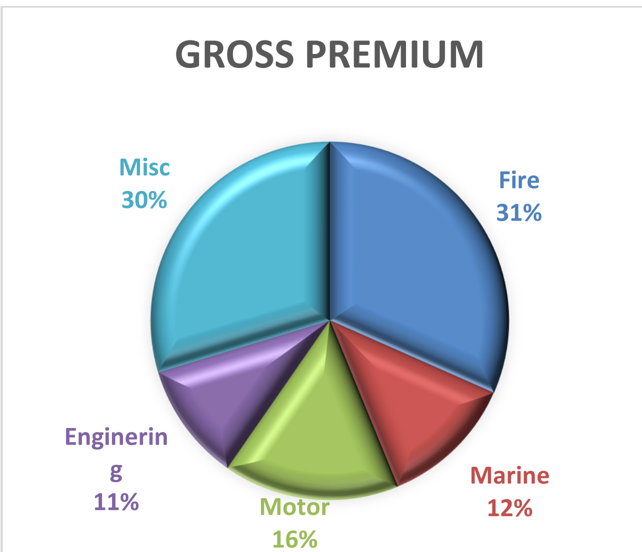
ٹریول اینڈ ہیلتھ انشورنس

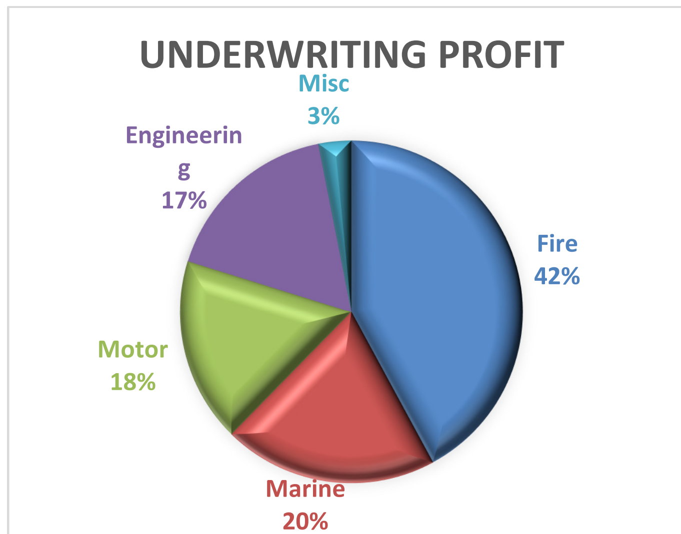
ایسٹ ویسٹ انشورنس کمپنی اسلام آباد اور ریجنل آفس (ساؤتھ) کراچی میں اپنے کارپوریٹ دفاتر کے ذریعہ ٹریول اینڈ ہیلتھ انشورنس بھی لکھتی ہے۔یہ پورٹ فولیو ہمارے ملک بھر میں شاخوں کے نیٹ ورک کے ذریعے مضبوطی سے فروغ پا رہا ہے۔اس کے علاوہ ، ہم مختلف مسافروں کی بھی حمایت کر رہے ہیں جنہیں پاکستان میں غیر ملکی مشنوں کے ذریعہ ویزا پروسیسنگ کے لئے ٹریول انشورنس کی

ضرورت ہوتی ہے۔ہم مختلف سفارتخانوں / قونصل خانے کے پینل میں شامل ہیں جو مسافروں کے لئے ویزا پر عملدرآمد کے لئے ہماری انشورنس پالیسیاں قبول کرتے ہیں۔

فصل اور مویشی

آپ کی کمپنی اسٹیٹ بینک آف پاکستان کے جاری کردہ فصل اور براہ راست اسٹاک انشورنس پروگرام میں شریک ہے۔سال 2020 میں کمپنی نے نجی اور تجارتی بینکوں کے ذریعہ دستیاب زیادہ سے زیادہ فوائد کو بروئے کار لاتے ہوئے فصل اور مویشیوں کی انشورنس کے اپنے پریمیم میں اضافہ کیا۔ہم اس پورٹ فولیو کے ذریعے زیادہ سے زیادہ پریمیم بنانے کے لئے 2021 میں اس جارحانہ تعاقب کو جاری رکھیں گے۔





کریڈٹ ریٹنگ

ہمیں اپنے اسٹیک ہولڈرز کو مطلع کرتے ہوئے خوشی ہے کہ جون 2019 میں پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے مستحکم آؤٹ لک کے ساتھ ہماری آئی ایف ایس ریٹنگ کو 'اے اے' مائنس (اے اے-) میں اپ گریڈ کیا۔اس درجہ بندی کو ان کے تازہ ترین سالانہ جائزہ میں برقرار رکھا گیا ہے اور یہ فیصلہ ہمارے استحکام ، وشوسنییتا اور نمو کی صلاحیت پر ریٹنگ ایجنسی کے اعتماد

کو ظاہر کرتا ہے۔ہمیں یقین ہے کہ ہماری درجہ بندی میں اضافے سے ہماری کارکردگی پر مثبت اثرات مرتب ہوں گے اور ہماری پریمیم آمدنی میں خاطر خواہ ترقی ہوگی۔

انشورنس انتظامات

عالمی انشورینس کی صنعت کے معیارات کو مدنظر رکھتے ہوئے ، ہم نے مقامی اور عالمی سطح پر معروف انشورنس کمپنیوں کی جانب سے مناسب انشورنس کوریج کو برقرار رکھا ہے۔اس مشق نے ہمارے آپریشنوں کو نمایاں طور پر تقویت بخشی ہے ، جس سے ہمیں یہاں تک کہ سب سے بڑے کارپوریٹ کلائنٹوں کے لئے بھی پالیسیوں میں بڑے حص .ے کی تحریر کرنے کی مالی قوت ملتی ہے۔اس کے نتیجے میں ، ہمارے پارٹنر انشورنس کمپنیوں نے بھی اپنے مکمل اطمینان کا اظہار کیا ہے اور آئندہ سال 2021 کے لئے اپنے معاہدوں کی تجدید کرنے پر اتفاق کیا ہے۔

دارالحکومت ، سالوینسی ، اور حصص داروں کا فنڈ

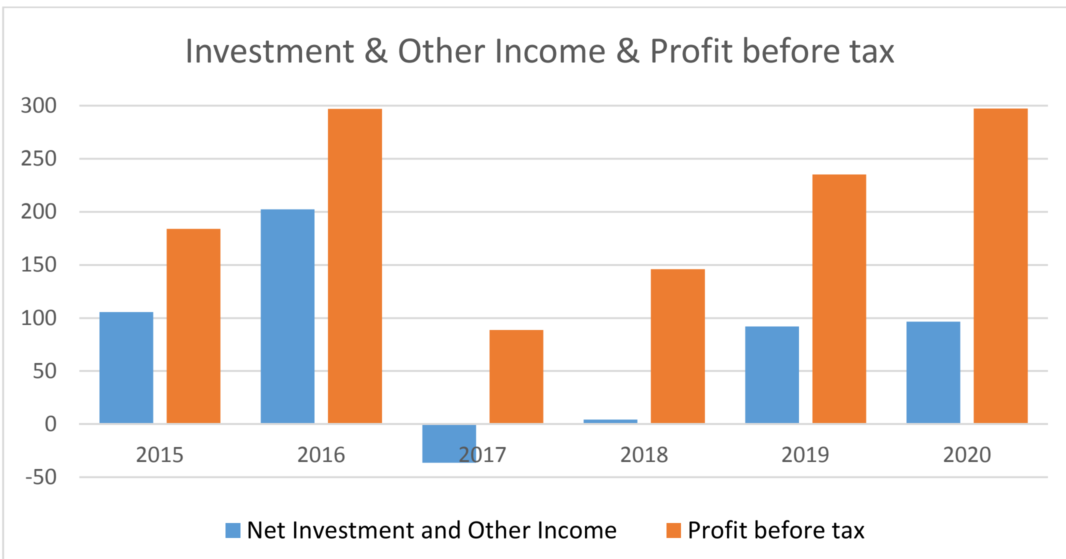
آپ کی کمپنی کو یہ اطلاع دینے پر فخر ہے کہ جبکہ عام انشورنس کمپنیوں کے لئے ریگولیٹر کی کم سے کم سرمایہ کی ضرورت 500 ملین ہے ، ہم 2019 تک ایک ارب پاکستانی روپے کی ادائیگی کی جانے والی سرمایے کو عبور کرنے کے بعد بھی اپنی ادائیگی شدہ سرمایہ کو بڑھانا جاری رکھیں گے۔چیلنجوں کے باوجود اس سال کا سامنا کرنا پڑا ، ہم نے سال کے دوران 15٪بونس حصص جاری کرکے اپنے کل ادائیگی کیپٹل کو بڑھایا ہے جو اب 500 روپے ہے۔31 دسمبر 2020 تک 1.183 ارب۔

سرمایہ کاری کی آمدنی

COVID-19 کے ظہور سے مالیاتی منڈیوں میں خوف و ہراس پھیل گیا جہاں سرمایہ کار وبائی امراض کی وجہ سے عائد لاک ڈاؤن سے معاشی خرابی سے متعلق آگے کی رہنمائی کے بارے میں فکر مند تھے۔دنیا بھر کے وسطی بینکوں نے معاشی نمو کے انتہائی ضروری انجن کو عملی جامہ پہنانے کے لئے کلیدی پالیسیوں کی شرحوں میں کمی کرکے عالمی معاشی بحالی میں کلیدی کردار ادا کیا۔

پاکستان میں ، کوویڈ 19 کے خطرے سے مالیاتی منڈیوں نے قیمتوں کا آغاز کیا تھا اور مارچ کے وسط سے ہی گرنا شروع ہو گیا تھا اور 25 مارچ کو باہر ہو گیا تھا۔ہماری سرمایہ کاری ٹیم مارکیٹ کی نقل و حرکت پر قریبی نگرانی کر رہی تھی اور مناسب رعایت پر معیاری

اسکرپٹ ٹریڈنگ کے ساتھ اپنا ایکویٹی پورٹ فولیو بنارہی تھی اور اچھی منافع بخش پیداوار کی پیش کش کرتی تھی۔مارکیٹ میں پیش آنے والے حادثے اور بینچ مارک انڈیکس میں 27 فیصد کی کمی کے باوجود ، ہمارے ایکوئٹی پورٹ فولیو میں 11 فیصد کی کمی واقع ہوئی ہے اور ہمارے مجموعی سرمایہ کاری کے پورٹ فولیو میں مارکیٹ کے مقابلے مارچ 2020 کو ختم ہونے والی سہ ماہی میں 1 فیصد سے بھی کم منفی واپسی ہوئی ہے۔آگے بڑھتے ہوئے ، جیسا کہ ہم توقع کررہے تھے ، اسٹیٹ بینک آف پاکستان نے مارچ سے مئی تک پالیسی کی شرح میں 650 بی پی ایس کی مداخلت کی اور اس میں کمی کردی جس نے فائنڈ انکم سیکیورٹیز سے لیکویڈیٹی کو ایکوئٹی سیکیورٹیز کی طرف موڑ دیا جس نے بینچ مارک انڈیکس کو مسلسل سہ ماہی کی بندش پر اونچائی ریکارڈ کرنے پر مجبور کیا۔اس کے نتیجے میں ہمارے پورٹ فولیو کی بروقت تغیرات کے ذریعہ ایکوئٹیوں کی طرف متوجہ آمدنی کے نتیجے میں ہمارے نصف سال کی سرمایہ کاری کی آمدنی میں سال بہ سال 290 فیصد اضافہ ہوا ہے۔ہمارے فعال پورٹ فولیو مینجمنٹ کے نتیجے میں 2020 میں سرمایہ کاری کی آمدنی میں 2019 کی کارکردگی کے دوران 261 فیصد اضافہ ہوا ہے۔



فی شیئر آمدنی

پچھلے سال کے مقابلہ میں ٹیکس کے بعد منافع میں نمایاں طور پر 232.1 ملین پاکستانی روپے تک اضافہ ہوا ہے۔اس کے نتیجے میں EPS پاکستانی روپے 1.96 کے مقابلے میں پاکستانی روپے 1.96 میں بہتر ہوا ہے۔

بورڈ کمیٹیاں

آپ کی کمپنی مندرجہ ذیل بورڈ کمیٹیوں کو برقرار رکھتی ہے۔

آڈٹ کمیٹی

بورڈ داخلی کنٹرول سسٹم کے موثر نفاذ کا ذمہ دار ہے جس میں کنٹرول کے طریقہ کار کی تعمیل بھی شامل ہے۔آڈٹ کمیٹی کو اندرونی آڈیٹر کے ذریعہ آپریشنل کنٹرولوں کی وافر مقدار کا جائزہ لینے اور خطرات کی نگرانی اور انتظام کرنے میں معاونت فراہم کی جاتی ہے تاکہ یہ مناسب یقین دہانی ہوسکے کہ اس طرح کا نظام کمپنی میں اطمینان بخش اور موثر طریقے سے چل رہا ہے اور کمپنی کے عمل کو آزادانہ اور معقول یقین دہانی فراہم کرنا۔داخلی آڈیٹرز کی اصولی ذمہ داری یہ ہے کہ to اہمیت دینے اور اس میں بہتری لانے کے ل آپریشنل کنٹرولز ، پالیسیوں اور طریقہ کار کے اطلاق میں مستقل مزاجی ، اور قوانین اور ضوابط کی تعمیل کو یقینی بنانے کے لئے وقتاً فوقتاً آڈٹ کروائیں۔

سرمایہ کاری کمیٹی

آپ کی کمپنی کے سرمایہ کاری کے پورٹ فولیو پر قابلیت رکھنے والے عملے کی نگرانی میں فعال طور پر نگرانی کی جاتی ہے۔واجبات کی مدت کو مدنظر رکھتے ہوئے ، آپ کی کمپنی کا سرمایہ کاری کا فلسفہ مضبوط نقد رقم پر مبنی ہے ، جس کی حمایت کے اضافی فنڈز کی دانشمندانہ سرمایہ کاری کے ذریعہ دعووں کی بروقت ادائیگی پر غور ہوتا ہے۔کمپنی کے پاس بورڈ کی سطح کی سرمایہ کاری کمیٹی ہے جو ماہانہ بنیاد پر سرمایہ کاری کے پورٹ فولیو کا جائزہ لینے کے لئے ملتی ہے۔کمیٹی کمپنی کے لئے سرمایہ کاری کی پالیسی تیار کرنے کی بھی ذمہ دار ہے۔

اخلاقیات ، انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے اخلاقیات ، انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے ، جو کمپنی کے اہم وسائل کے انتخاب ، تشخیص اور معاوضے کے ساتھ ساتھ کمپنی کی ہیومن ریسورس مینجمنٹ پالیسیوں میں تعارف اور تبدیلی کی سفارش کرنے کی بھی ذمہ دار ہے۔

مینجمنٹ کمیٹیاں

کارپوریٹ گورننس کے حصے کے طور پر ، آپ کی کمپنی مندرجہ ذیل چار مینجمنٹ کمیٹیاں برقرار رکھے گی جو ہر سہ ماہی میں کم از کم ایک بار ملتی ہیں۔

انڈررائٹنگ کمیٹی

انڈررائٹنگ کمیٹی آپ کی کمپنی کی انڈررائٹنگ پالیسی بناتی ہے۔یہ مختلف قسم کے انشورنس خطرات کا اندازہ کرنے کے معیار کو طے کرتا ہے اور مختلف انشورنس کورز کی پریمیم پالیسی طے کرتا ہے۔کمیٹی خطے اور کاروباری شعبوں اور دیگر متعلقہ عوامل کی بنیاد پر خطرہ جمع کرنے کے سلسلے میں کمپنی کی انڈررائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتی ہے۔

دعوے تصفیے کی کمیٹی

یہ کمیٹی کمپنی کے دعووں کو طے کرنے کی پالیسی وضع کرتی ہے۔یہ کمپنی کے دعووں کی پوزیشن کی نگرانی کرتی ہے اور یقینی بناتی ہے کہ مناسب دعووں کے ذخائر کو برقرار رکھا جائے۔خاص طور پر توجہ کا دعوی اہم دعوؤں کے معاملات یا واقعات پر کی جاتی ہے جو دعووں کی ایک سیریز کو جنم دیتے ہیں۔دعوؤں کی تصفیہ کرنے والی کمیٹی ان حالات کا تعین کرتی ہے جس کے تحت متنازعہ دعووں کو اس کے دائرے میں لایا جائے اور فیصلہ کیا جائے کہ اس طرح کے تنازعات سے نمٹنے کے لئے کس طرح کام کیا جائے۔یہ دھوکہ دہی کے دعووں کے مقدمات سے نمٹنے کے اقدامات پر عمل درآمد کی نگرانی کرتا ہے۔کمیٹی کمپنی کے نئے قائم کردہ شکایات کے کاموں کی بھی نگرانی کرتی ہے۔

انشورنس اور کونٹینسینس کمیٹی

یہ کمیٹی اس بات کو یقینی بناتی ہے کہ کمپنی کی تحریری سرگرمیوں کے لئے مناسب انشورنس انتظامات کیے جائیں۔یہ ان کی عمل درآمد سے قبل تجدید شدہ انشورنس انتظامات کا جائزہ لیتا ہے ، وقتا فوقتا انتظامات کا جائزہ لیتے ہیں اور شریک انشائینس کاروں کی رضامندی کے تابع ہوتے ہیں ، مارکیٹ میں ہونے والی پیشرفت کی روشنی میں ان انتظامات میں مناسب ایڈجسٹمنٹ کرتے ہیں۔یہ مستقبل کے حوالہ کے لئے انشورنس پروگرام کی تاثیر کا بھی جائزہ لیتے ہیں۔

رسک مینجمنٹ اینڈ کمپلائنس کمیٹی

رسک مینجمنٹ اور تعمیل کمیٹی کمپنی کے رسک مینجمنٹ فنکشن کی سرگرمیوں کی نگرانی کرے گی اور جوک رسک مینجمنٹ فنکشن کے دائرے میں آنے والے ممکنہ خطرات کو کم کرنے کے لئے بورڈ کو مناسب سفارشات دے گی۔

خطرات کی مختلف اقسام کا انتظام کرنا

آپ کی کمپنی خطرے کے انتظام کو قدر کی اصلاح کے ایک ذریعہ کے طور پر جانتی ہے اور ہمارے کاروبار کو برقرار رکھنے میں داخلی کنٹرول اور رسک مینجمنٹ کی اہمیت کو تسلیم کرتی ہے جو اندرونی اور بیرونی ذرائع سے پیدا ہونے والے کثیر الجہتی خطرات کے سامنے ہے۔

حصص یافتگان کی قیمت کو تخلیق کرنے اور برقرار رکھنے کے اپنے مقاصد اور کمپنی کی حکمت عملیوں کے کامیاب نفاذ کے ل، کمپنی کو خطرات کی پہچان اور انتظام کو لازمی طور پر دیکھا جاتا ہے۔کمپنی کو درپیش اصل خطرات مندرجہ ذیل ہیں۔

معاشی اور سیاسی خطرہ

کامیاب کاروباری سرگرمیوں کے لئے معاشی اور سیاسی استحکام بہت ضروری ہے۔تاہم ، ہمارے ملک میں معاشی ، سیاسی اور مالی منڈی میں اتار چڑھاؤ کی وجہ سے کاروباری اہداف کا حصول بہت مشکل ہوتا ہے۔آپ کی کمپنی ہمیشہ اس طرح کے خطرے سے نمٹنے کے لئے مضبوط لکھاوٹ کے لئے کوشاں ہے۔

انشورنس رسک

انشورنس معاہدے کے تحت خطرہ اس بات کا امکان ہے کہ بیمہ واقعہ واقع ہو اور اس کے نتیجے میں ہونے والے دعوے کی رقم کی غیر یقینی صورتحال۔انشورنس رسک کے سلسلے میں بنیادی رسک کنٹرول کا پیمانہ تیسری پارٹی کو انشورنس کے ذریعے خطرات کی منتقلی ہے۔

قرض کا خطرہ

کریڈٹ رسک وہی ہے جہاں کمپنی اپنے مقروضوں سے بازیافت کرنے میں ناکام رہتی ہے۔کمپنی اس خطرے کو محتاط انڈرورٹ رائٹنگ کے ذریعہ ، کسٹمر اور ان کی مالی طاقت کو جاننے کے ساتھ اور اس کے کریڈٹ نمائش کی بھی چوکسی نگرانی کے ذریعہ انتظام کرتی ہے۔

لیکویڈیٹی رسک

لیکویڈیٹی کا خطرہ وہ خطرہ ہے جس کی وجہ سے کمپنی کو اپنی مالی ذمہ داریوں کو پورا کرنے میں دشواری کا سامنا کرنا پڑے گا۔لیکویڈیٹی کو سنبھالنے کے لئے کمپنی کا نقطہ نظر یہ یقینی بنانا ہے کہ وہ نقد اور نقد مساوات کی پہلے سے طے شدہ سطح کو برقرار رکھتا ہے تاکہ معمولی اور تناو دونوں شرائط کے تحت ناقابل قبول نقصانات اٹھائے یا کمپنی کی ساکھ کو پہنچنے والے نقصان کو پہنچائے بغیر ، اس کی ذمہ داریوں کو پورا کرنے کے لئے خاطر خواہ لیکویڈیٹی کو یقینی بنائے۔

شرح سود کا خطرہ

سود کی شرح کا خطرہ یہ خطرہ ہے کہ منڈی کے سود کی شرحوں میں تبدیلیوں کی وجہ سے مالی وسائل کی مناسب قیمت یا مستقبل کے نقد بہاؤ میں اتار چڑھاؤ آجائے گا۔ کمپنی سود کی شرحوں میں تبدیلی کی تنقیدی اور باقاعدگی سے نگرانی کرکے اس خطرے کا انتظام کرتی ہے جہاں اس کی نمائش ہوتی ہے۔

پیش گوئی کے خلاف کارکردگی کا تجزیہ

اللہ تعالٰی کے فضل و کرم سے آپ کی کمپنی نے صنعت میں اپنی پوزیشن برقرار رکھنے کے لئے 2020 کے مالی اہداف حاصل کرلئے۔ کمپنی کا خیال ہے کہ اس کی طاقت صارفین کے اعتماد اور اطمینان میں ہے۔ہم پچھلے 38 سالوں سے اس صنعت میں ہیں اور ہمیں یقین ہے کہ ہمارا وجود خدمت کے معیار ، گاہکوں کی اطمینان اور ملازمین کی حوصلہ افزائی پر مبنی ہے جہاں مینجمنٹ نے ہمیشہ بہتری کے لئے ضروری اقدامات اٹھائے ہیں۔سالوں کے دوران ہم اپنے ملازمین کو اندرون ملک اور پاکستان انشورنس انسٹی ٹیوٹ پروگراموں سمیت تربیت فراہم کرتے ہیں جس میں متعلقہ صلاحیتوں کو بڑھانا اور بہتر بنانا ہے۔ہمیں یقین ہے کہ اس سے زیادہ سے زیادہ صارفین کی اطمینان اور اعتماد میں اضافہ ہوتا ہے۔

2021میں امکانات

ہماری کارکردگی اس بات کی نشاندہی کرتی ہے کہ ہم نے صارفین کے اطمینان کو زیادہ سے زیادہ کرنا ، انڈرائٹنگ کے نتائج کو بہتر بنانا ، اور منافع اور حصص یافتگان کی ایکویٹی کو بڑھانے کے لئے اوورہیڈ اخراجات پر قابو پانے کے انتظامی مقاصد کو حاصل کیا ہے۔

مینجمنٹ نے متحرک اور مسابقتی ماحول کے تحت پائیدار اور منافع بخش نمو کی فراہمی کے لئے سال 2021 کے لئے حکمت عملی وضع کی ہے۔ہم نے 2020 میں مجموعی طور پر تین ارب روپے سے زیادہ کا پریمیم حاصل کیا ہے اور ہم پراعتماد ہیں کہ 2021 میں بھی اسی طرح کی نمو کو برقرار رکھا جائے گا۔

کمپنی کا مقصد انفارمیشن ٹکنالوجی کے وسائل میں اضافہ کرنا ہے تاکہ صارفین سے ہماری خدمات کو مزید بہتر بنانے کے لئے سسٹم اور عمل سے بہترین ممکنہ تعاون حاصل کیا جاسکے۔

کارپوریٹ ذمہ داری

اگرچہ انشورنس انڈسٹری فطرت کے امکانی خطرات سے بچنے کے قابل نہیں ہوسکتی ہے ، لیکن ہم ماحولیاتی خطرات کو سنبھالنے اور ان کی موافقت کرنے میں مؤکلوں کی تعلیم اور ان کی مدد کرنے کے لئے ایک اچھی پوزیشن میں ہیں۔

معاشرے کو انتہائی واقعات کی بڑھتی ہوئی تعدد اور اس کی شدت سے نمٹنے کے لئے انشورنس کمپنیوں کی رسک مینجمنٹ کی مہارت بہت اہم ہوگی۔ابھرتی ہوئی آب و ہوا کے خطرات انشورنس کمپنیوں کو پالیسی ہولڈرز کو نقصان پر قابو پانے اور روک تھام کے بارے میں تعلیم دینے کا موقع بھی فراہم کرتے ہیں۔

خطرے سے متعلق امور پر ایک قابل اعتماد آواز کے طور پر ، ہم پالیسی سازوں کے ساتھ اتھارٹی کے ساتھ بات کرنے کے قابل ہیں اور ماحولیاتی تبدیلی کے اسباب اور اثرات کو کم سے کم کرنے کے لئے تخلیقی مصنوعات اور خدمات تیار کرنے کا موقع فراہم کرسکتے ہیں۔ہمارا پائیداری وژن موسمیاتی تبدیلیوں کی موافقت اور تخفیف کی وکالت پر توجہ مرکوز کرنا ، اور ابھرتے ہوئے خطرات سے نمٹنے کے لئے اپنے مؤکلوں کے ساتھ مل کر کام کرنا ہے۔

توانائی کے تحفظ اور ماحولیاتی اثر

ہر سال ، ہم ایک گھر میں توانائی کے تحفظ کا آڈٹ کرتے ہیں جس کی نشاندہی ماہانہ رپورٹوں کے ذریعہ کی جاتی ہے۔اس طرح ، ہم اپنے توانائی کے تحفظ پر کڑی نگاہ رکھتے ہیں۔ہمارے دفاتر میں استعمال ہونے والی تمام برقی اشیاء توانائی کے موافق ہیں۔تمام ائر

کنڈیشنگ یونٹ انورٹرز ہیں اور لائٹنگ سسٹم ایل ای ڈی بلب پر مبنی ہیں جو لنچ بریک کے دوران بند کردیئے جاتے ہیں۔ماحولیاتی اثرات کو کم کرنے کے لئے ملازمین کو طباعت کے ذریعے کاغذی کھپت کو کم کرنے اور جہاں ممکن ہو کاغذ کو دوبارہ استعمال کرنے کے لئے جسمانی خطوط کے بجائے ای میل کے ذریعے بات چیت کرنے کی ترغیب دی جاتی ہے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

بہت مثبت اور عملی نقطہ نظر کو برقرار رکھنا ہے very ہم کوشش کرتے ہیں کہ مختلف اسٹیک ہولڈروں کے ساتھ تعلقات کے ل انضباطی حکام یعنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) ، فیڈرل بورڈ آف ریونیو (ایف بی آر) ، reg خصوصا اسٹیٹ بینک آف پاکستان (ایس بی پی) ، دیگر انشورنس کمپنیاں ، انشورنس کمپنی ، اور انشورنس ایسوسی ایشن آف پاکستان (آئی اے پی)۔

کمپنی سکریٹری تنظیم کو اپنے اعلی پیشہ ورانہ معیار پر قائم رکھنے کے لئے تمام قابل اطلاق قوانین ، ضوابط اور کنونشنوں پر عمل درآمد اور ان کی پابندی کا ذمہ دار ہے۔

اپنے صارفین (کے وائی سی) کو جانیں

ہم اپنے ڈیٹا بیس میں اپنے صارفین کی ریگولیٹر اور اسٹیٹ بینک آف پاکستان کی ضروریات کے مطابق تفصیلی معلومات کو برقرار رکھتے ہیں۔ڈیٹا بیس میں چوکس انڈرائٹنگ کرنے کے لئے ایف اے ٹی سی اے کے ذریعہ فراہم کردہ معلومات شامل ہیں۔اپنے صارفین کا ریکارڈ رکھتے ہوئے ، ہم اپنے گاہکوں کی ساکھ اور مارکیٹ میں ان کی خیر سگالی کے ساتھ خود کو اپ ڈیٹ کرتے ہیں۔

خصوصی افراد کی ملازمت

کمپنی صنف اور جسمانی معذوریوں سے قطع نظر ایک مساوی موقع آجر ہے۔

پیشہ ورانہ حفاظت اور صحت

کام کے احاطے کے اندر مختلف مقامات پر آگ بجھانے والے اوزار لگائے گئے ہیں۔مزید یہ کہ کمپنی کے ہیڈ آفس اور برانچوں میں ابتدائی طبی امداد کی سہولت ہے۔ہیلتھ انشورنس کا احاطہ کرنے والے کمپنی کے ملازمین کو ملک کے معروف اسپتالوں کے ذریعہ کوریج فراہم کی جاتی ہے۔

کھیلوں کی سرگرمیاں

کمپنی ملازمین کو کھیلوں میں حصہ لینے اور کرکٹ ، فٹ بال اور ہاکی کے میچوں کا اہتمام کرنے کی ترغیب دیتی ہے۔کمپنی کھیلوں کے علاوہ کراچی اور ملک کے دیگر حصوں میں ملازمین کو مختلف جگہوں پر پکنک کا انتظام کرنے کی بھی اجازت دیتی ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات اور کاروباری طریقوں کے بیان کو اپنایا ہے۔تمام ملازمین کو مطلع کیا جاتا ہے اور انہیں کاروباری اور ضوابط کے سلسلے میں طرز عمل کے اصولوں پر عمل پیرا ہونا ضروری ہے۔اخلاقیات اور کاروباری طریقوں سے متعلق ہمارا بیان سالمیت ، وقار ، فضیلت کی ثقافت اور مؤکلوں ، ہم عمروں اور عوام کے ساتھ اخلاقی سلوک پر مبنی ہے۔

دوسرے اسٹیک ہولڈرز کے ساتھ تعلقات

*آپ کی کمپنی کے ساتھ اچھے تعلقات برقرار رکھنا جاری ہے

*اس کے ملازمین بہتر کام کا ماحول فراہم کرکے

*اعتماد پیدا کرنے اور معیاری خدمات کی فراہمی کے ذریعہ اس کے مؤکل

*مناسب مارکیٹ کے طریقوں میں اس کے حریف

*کاروباری طبقہ ایماندارانہ اور منصفانہ سلوک کے ذریعے

*مسابقتی مارکیٹ سسٹم کے ساتھ مفت انٹرپرائز کو فروغ دینے اور قابل اطلاق قوانین کی تعمیل کے ذریعے حکومت؛ اور

عمومی طور پر معاشرے کو محفوظ اور صحت مند کام کی جگہ فراہم کرنے اور ملازمین کو اپنی صلاحیتوں کو بہتر بنانے کا موقع فراہم کرنے کے ذریعے۔

تخصیصات

	PKR in '000
Profit before tax from General Insurance Operation	284,260
Profit from Window Takaful Operation	13,138
Profit before tax	297,399
Income tax Expenses	(66,024)
Profit after tax	231,375
Other comprehensive income / (Loss)	(7,911)
Total comprehensive income	**223,464**
Unappropriated profit at beginning of the year	259,964
Profit for the year	231,375
Issuance of bonus shares	(154,351)
Transfer to General Reserve	(240,000)
Unappropriated profit at the end of the year	**96,988**

پارٹی سے متعلق معاملات

ہر بورڈ میٹنگ میں بورڈ آف ڈائریکٹرز متعلقہ کمپنیوں یا متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتے ہیں۔متعلقہ فریقوں کے ساتھ انجام پانے والے سارے لین دین بازو کی لمبائی کی بنیاد پر ہیں۔

کارپوریٹ گورننس کے کوڈ کی تعمیل

ضابطہ کارپوریٹ گورننس کے تقاضوں کی تعمیل ریگولیٹری حکام نے کی ہے۔اس بارے میں ایک بیان اس رپورٹ کے ساتھ وابستہ ہے۔

ڈائریکٹرز کی ذمہ داریوں کا بیان

کوڈ آف کارپوریٹ گورننس کے مالیاتی رپورٹنگ فریم ورک کی تعمیل میں ، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں

کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالی بیانات اس کی امور کی منصفانہ حیثیت ، اس کے آپریشن ، نقد بہاؤ اور ایکویٹی میں تبدیلی کا نتیجہ پیش کرتے ہیں۔

کمپنی کی طرف سے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔

مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلوں پر مبنی ہوتا ہے۔

مالی بیانات کی تیاری کے سلسلے میں پاکستان میں بطور بین الاقوامی اکاؤنٹنگ معیارات پر عمل پیرا ہے۔بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ بورڈ جنہیں کمپنیز ایکٹ ، 2017 (IFRS) کے ذریعہ جاری کردہ اکاؤنٹنگ معیارات اور اس طرح کے بین الاقوامی مالیاتی رپورٹنگ معیارات کے تحت مطلع کیا گیا ہے ، انشورنس آرڈیننس 2000 ، ایس ای سی (انشورنس) کمپنیوں ایکٹ ، 2017 کے تحت جاری کردہ ہدایات اور ہدایات قواعد ، 2017 ، تکافل قواعد ، 2012 اور جنرل تکافل اکاؤنٹنگ ریگولیشنز 2019۔اس کے بعد کسی بھی طرح کی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔

اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔

کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی اہلیت پر کوئی خاص شبہات نہیں ہیں۔

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہے ، جیسا کہ لسٹنگ کے ضوابط میں تفصیل ہے۔اور

کمپنی میں کافی اندرونی مالی کنٹرول موجود ہیں۔

پچھلے چھ سالوں کے لئے اہم آپریٹنگ اور مالی اعداد و شمار کو الحاق کیا گیا ہے۔

پرووڈنٹ فنڈ کی سرمایہ کاری کی مالیت 31 دسمبر 2020 تک ان کے غیر آڈٹ شدہ کھاتوں پر مبنی ہے جو لگ بھگ 45.7 ملین پاکستانی روپے تھی۔

دسمبر 2020 کو کمپنی کے حصص یافتگی کے انداز کے بیان کو رپورٹ میں شامل کیا گیا ہے۔ 31

بورڈ میں کل ہدایت کاروں کی تعداد آٹھ (8) ہے جن میں ایک خاتون ڈائریکٹر ہے۔آٹھ ڈائریکٹرز میں سے تین تین آزاد ڈائریکٹر ، دو نان ایگزیکٹو ڈائریکٹر اور تین ایگزیکٹو ڈائریکٹر ہیں۔

نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو بورڈ نے آرٹیکل کی دفعات کے مطابق منظور شدہ میٹنگ فیس ادا کی ہے۔ڈائریکٹرز کے معاوضے کی دیگر تمام خصوصیات بورڈ کے ذریعہ منظور شدہ ہیں اور ڈائریکٹرز کی معاوضے کی پالیسی میں مرتب کی گئی ہیں۔

بیان کے مطابق تعمیل میں انکشاف کردہ کمپنی کے ڈائریکٹر بھی تھے۔

کمپنیز ایکٹ 2017 کے سیکشن 227 اور کارپوریٹ کوڈ کے تحت دیگر معلومات

گورننس برائے بیمہ کار ، 2016۔

کمپنیز ایکٹ ، 2017 کے سیکشن 227 کے تحت درکار دیگر معلومات پیٹرن آف شیئر ہولڈنگ کے تحت (اس کے ڈائریکٹرز اور ایگزیکٹوز کے ذریعہ کمپنی کے حصص میں تجارت) ، اندرونی کنٹرول فریم ورک ، مالیاتی پوزیشن اور کارکردگی ، رسک اور مواقع اور پائیداری سیکشن کے تحت انکشاف کیا گیا ہے۔اس رپورٹ کی

Board / Sub-committee Members / Secretary	Board	Audit	Ethics, HR & Remuneration	Investment
	Committees Attendance			
	6	4	1	12
Chief Justice (R) Mian Mahboob Ahmad	3			
Mr. Naved Yunus	6			12
Mr. Javed Yunus	6	1		
Mr. Pervez Yunus	4			
Mr. Maheen Yunus	1			
Mr. Umeed Ansari	6	4	1	3
Mr. Ahsan Mehmood Alvi	6	4	1	12
Engr. Kazim Raza	3	2		1
Mr. Saad Yunus	5	3		9
Mazhar Zubair Abbasi	2			
Urooj Yunus Ansari	1			
Mr. Shabbir Ali Kanchwala			1	12
Mr. Johry Lal		4		
Zeeshan K Munshi				9
Saeed Ahmed				3
Mr. Adil Hussain			1	

انشورنس آرڈیننس ، 2000

* جیسا کہ انشورنس آرڈیننس 2000 کے تحت درکار ہے اور اس کے تحت تیار کردہ قواعد ، ڈائریکٹرز اس کی تصدیق کرتے ہیں

ان کی رائے میں اور اس بیان کے ساتھ منسلک فارم میں طے شدہ کمپنی کے سالانہ قانونی اکاؤنٹس کے بارے میں ان کا بہترین یقین
انشورنس آرڈیننس کے تحت تیار کیا گیا ہے اور کسی بھی قواعد کے تحت تیار کیا گیا ہے۔

کمپنی نے سال میں ہر وقت آرڈیننس کی دفعات اور ادائیگی شدہ سرمایے ، سالوینسی اور دوبارہ انشورنس انتظامات سے متعلق تشکیل -
دیئے گئے قوانین کی تعمیل کی ہے۔اور

جیسا کہ بیان کی تاریخ تک ، کمپنی مذکورہ بالا کے تحت آرڈیننس کی دفعات اور وہاں وضع کردہ قواعد کے مطابق ہے۔ -

آڈیٹر

کوڈ آف کارپوریٹ گورننس کی تعمیل میں چارٹرڈ اکاؤنٹنٹس ، میسرز بی ڈی او ابراہیم اینڈ کمپنی ، مالی سال 2021 کے لئے مالی سال 2021 کے لئے آڈیٹرز کی تقرری کے لئے ، کمپنی کے لئے اپنی خدمات کے پانچ سال مکمل کرنے کے بعد ریٹائرڈ کھڑے ہوں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے مالی سال 2021 کے لئے میسرز کرو حسین چودھری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو قانونی آڈیٹر بنانے کی تجویز پیش کی۔

تعریفی اور علمی انتظام

ہم اپنے قابل قدر مراجعین اور شیئر ہولڈررز کے ان کے اعتماد کے لئے شکریہ ادا کرتے ہیں جس نے ہمیں قابل ذکر پریمیم ریونیو پیدا اپنے مارکیٹ میں آہستہ آہستہ اضافہ کیا۔ ہم اپنی ذمہ داریوں کو نبھانے میں قابل قدر تعاون کے لئے اپنے progress کرنے کے ل انشورنس کمپنیوں اور دلالوں کا بھی شکریہ ادا کرتے ہیں۔

ہم انشورنس ڈویژن آف سیکیورٹیز ایکسچینج کمیشن آف پاکستان کے تعاون اور پیشہ ورانہ مدد کے لئے بھی اپنی تعریف ریکارڈ کرنا چاہتے ہیں۔ آخر میں ، ہم کمپنی کے مطلوبہ اہداف اور مقاصد کے حصول کے لئے اپنی مارکیٹنگ ٹیموں ، افسران ، اور عملے کے ممبروں کی سخت محنت اور لگن کو بھی تسلیم کرتے ہیں اور سال 2021 میں ان کی مستقل حمایت کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

۵ اپریل ۲۰۲۱

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST WEST INSURANCE COMPANY LIMITED

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, 2020, 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, 2020 and of the profit and total 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 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.	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. • 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, 2020 total investment amount is Rs. 1,076.762 million. The valuation of these investments is made using different valuation techniques as disclosed in note 41 along with notes 9, 10 and 11 to the financial statements. The Company's accounting policy and movement in the year in the investments balances are disclosed in notes 5.8 and 38 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 procedures related to 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 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

S. No	Key audit matters	How the matter was addressed in our audit
		Furthermore, we assessed adequacy of the respective disclosure relating to investments as disclosed in the financial statements.
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 25 to the financial statements, outstanding claims including IBNR amounting to Rs. 652.587 as at December 31, 2020. 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 judgement 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. Determination of IBNR involves complex and subjective judgements 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.

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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 profit and loss account, 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.

KARACHI

DATED:

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		-----------------Rupees in ' 000-----------------	
ASSETS			
Property and equipment	6	128,693	146,136
Intangible assets	7	1,049	1,197
Investment properties	8	47,612	48,565
Investments			
Equity securities	9	816,976	683,477
Debt securities	10	259,786	213,916
Term deposit receipts	11	385,045	341,700
		1,461,807	1,239,093
Loans and other receivables	12	127,512	150,261
Insurance / reinsurance receivables	13	732,305	550,314
Re-insurance recoveries against outstanding claims	25	455,666	465,460
Deferred commission expense	26	290,582	328,921
Prepayments	14	566,324	578,016
Cash and bank	15	26,722	28,403
		3,838,273	3,536,366
Total assets of takaful operations		123,004	103,843
TOTAL ASSETS		3,961,277	3,640,209
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	16	1,183,358	1,029,007
Reserves		368,419	136,330
Unappropriated profit		96,989	259,965
TOTAL EQUITY		1,648,766	1,425,302
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	25	652,587	596,061
Unearned premium reserves	24	1,223,128	1,252,194
Unearned reinsurance commission	26	125,919	130,736
		2,001,634	1,978,991
Retirement benefit obligations		3,698	2,197
Premium received in advance	17	62,543	35,554
Insurance / reinsurance payables	18	17,122	18,638
Other creditors and accruals	19	109,169	91,287
Lease liabilities	20	5,375	13,983
Deferred taxation	21	5,717	3,939
Taxation - net	22	65,252	31,705
TOTAL LIABILITIES		2,270,510	2,176,294
Total liabilities of takaful operations		42,001	38,613
TOTAL EQUITY AND LIABILITIES		3,961,277	3,640,209
CONTINGENCIES AND COMMITMENTS	23		

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

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**DIRECTOR**	**CHAIRMAN**	**CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----------------Rupees in ' 000----------------	
Net insurance premium	24	1,852,506	1,467,313
Net insurance claims	25	(817,827)	(642,479)
Net commission	26	(364,478)	(254,775)
Insurance claims and acquisition expenses		(1,182,305)	(897,254)
Management expenses	27	(339,426)	(285,317)
Underwriting results		330,776	284,742
Investment income	28	84,025	23,254
Rental income	29	56	4,840
Other income	30	12,483	63,999
Other expenses	31	(141,434)	(150,969)
Results of operating activities		285,906	225,866
Finance cost	32	(1,645)	(2,853)
Profit before taxation from window takaful operations - Operator's Fund		13,138	12,010
Profit before taxation		297,399	235,023
Income tax expense	33	(66,024)	(51,177)
Profit after taxation		231,375	183,846
Earnings per share - basic and diluted (Restated)	34	1.96	1.55

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		---------------Rupees in ' 000----------------	
Profit after taxation		231,375	183,846
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss account			
Unrealized (loss) / gain on available for sale investments - net of deferred tax		(10,527)	142
Reclassification of loss included in profit and loss account		2,616	3,140
		(7,911)	3,282
Total comprehensive income for the year		223,464	187,128

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

--------------Rupees in ' 000---------------

	Share capital	Reserves				
	Issued, subscribed and paid-up capital	General reserve	Unrealized loss on revaluation of available for sale investments	Total reserves	Unappropriated profit	Total
Balance as at January 01, 2019	762,227	200,000	(66,952)	133,048	228,564	1,123,839
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	183,846	183,846
Other comprehensive income	-	-	3,282	3,282	-	3,282
	-	-	3,282	3,282	183,846	187,128
Issue of bonus shares (20 bonus shares for every 100 shares held)	152,445	-	-	-	(152,445)	-
Issue of Right shares (15 right shares for every 100 shares held)	114,334	-	-	-	-	114,334
Balance as at December 31, 2019	1,029,007	200,000	(63,670)	136,330	259,965	1,425,302
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	231,375	231,375
Other comprehensive loss	-	-	(7,911)	(7,911)	-	(7,911)
	-	-	(7,911)	(7,911)	231,375	223,464
Transfer to general reserve	-	240,000	-	240,000	(240,000)	-
Issue of bonus shares (20 bonus shares for every 100 shares held)	154,351	-	-	-	(154,351)	-
Balance as at December 31, 2020	1,183,358	440,000	(71,581)	368,419	96,989	1,648,766

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

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**DIRECTOR**	**CHAIRMAN**	**CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		---------------Rupees in ' 000---------------	
OPERATING CASH FLOWS			
a) Underwriting activities			
Premium received		3,267,512	3,152,820
Reinsurance premium ceded		(1,589,126)	(1,602,106)
Claims paid		(1,081,697)	(983,422)
Reinsurance and other recoveries received		330,189	318,607
Commission paid		(700,405)	(735,849)
Commission received		384,454	355,303
Underwriting payments		(309,028)	(289,042)
Net cash flow from underwriting activities		301,899	216,311
b) Other operating activities			
Income tax paid		(33,513)	(31,506)
Management and administrative expenses paid		(115,449)	(120,432)
Other operating receipts / (payments)		6,175	(115,370)
Net cash flow used in other operating activities		(142,787)	(267,308)
Total cash flow generated from / (used in) all operating activities		159,112	(50,997)
INVESTING ACTIVITIES			
Investment income received		42,136	23,332
Dividend received		44,412	41,258
Other income received		5,518	13,460
Payments for investments		(832,416)	(669,019)
Proceeds from disposal of investment		646,742	764,311
Fixed capital expenditures		(2,881)	(16,267)
Purchase of investment property		(1,500)	(6,555)
Proceeds from disposal of fixed assets		3,940	55,884
Total cash flow (used in) / generated from investing activities		(94,049)	206,404
FINANCING ACTIVITIES			
Loan received from director		24	40,346
Loan repaid to director		(38)	(29,916)
Received Right subscription money		-	114,335
Payment of financial charges		(9,845)	(9,917)
Total cash flow (used in) / generated from financing activities		(9,858)	114,848
Net cash increase in cash and cash equivalents		55,205	270,255
Cash and cash equivalents at beginning of the year		370,103	99,848
Cash and cash equivalents at end of the year		425,308	370,103

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		---------------Rupees in ' 000---------------	
Reconciliation to profit and loss account			
Operating cash flows		159,112	(50,997)
Depreciation expense		(22,096)	(25,410)
Amortization expense		(148)	(211)
Profit on disposal of fixed assets		3,261	47,420
Investment income		33,641	15,561
Dividend income		44,412	41,258
Loss on investment securities		(1,580)	(47,190)
Other income		5,871	14,681
Profit on takaful operations		13,138	12,010
Decrease in assets other than cash		(118,580)	539,821
Increase in operating liabilities		114,343	(363,097)
Profit after taxation		231,375	183,846
CASH AND CASH EQUIVALENTS			
Cash for the purpose of statement of cash flows consist of:		14	128
Cash and other equivalents		26,708	28,275
Saving accounts		385,045	341,700
Deposits maturing within 12 months		411,767	370,103

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

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**DIRECTOR**	**CHAIRMAN**	**CHIEF FINANCIAL OFFICER**

1 LEGAL 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.

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 (2019: 3) principal offices and 25 (2019: 24) branches in Pakistan.

2 BASIS OF PREPARATION

2.1 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 of IFRS differ from 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.

In accordance with the requirement of Circular 25 of 2015, total assets, total liabilities and profit of Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements. A separate set of financial statements of General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Functional and presentation currency

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

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

3.1 Standards / amendments that are effective in current year and 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)
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 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	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	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

3.1.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts-Applying IFRS 9 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 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.

IFRS 9 defines the terms “principal” as being the fair value of the financial asset at initial recognition, and the “interest” as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The table below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets

	December 31, 2020			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
	----------------------------------Rupees in'000----------------------------			
Financial assets				
Investments				
Equity securities *	816,976	(5,774)	-	-
Debt securities *	-	-	259,786	(11,330)
Term deposit receipts *	-	-	385,045	-

Loans and other receivable *	-	-	23,731	-
Reinsurance recoveries against outstanding claims	-	-	455,666	-
Insurance / reinsurance receivables *	-	-	732,305	-
Cash at bank *	14	-	26,708	-
Window takaful operations- Operator's fund	-	-	59,395	-
	816,990	(5,774)	1,942,636	(11,330)

* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

	December 31, 2020									
	Gross carrying amount of financial assets that pass SPPI test									
	AAA	AA+	AA-	AA	A-1+	A-1	A+	A	Suspended	Not rated
	-----Rupees in'000-----									
Cash at bank	12,860	33	2,385	3,488	-	-	764	3	3,070	4,106
Investments										
Debt securities	239,786	-	20,000	-	-	-	-	-	-	-
Term deposit receipts	5,080	-	270,000	-	-	-	-	-	79,965	30,000
Loans and other receivable	-	-	-	-	-	-	-	-	-	23,731
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	-	455,666
Window takaful operations-Operator's fund	-	-	-	-	25,590	553	-	-	6,414	59,362
	257,726	33	292,385	3,488	25,590	553	764	3	89,449	572,865

Effective date (annual periods beginning on or after)

3.2 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

3.3 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:

IFRS 4	Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IAS 39	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

		Effective date (annual periods beginning on or after)
Annual improvements to IFRSs (2018 – 2020) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

3.4 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 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.

4 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.

4.1 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	5.2.2
- Premium due but unpaid - net	5.2.3
- Provision for outstanding claims (including IBNR)	5.3.1
- Prepaid reinsurance premium ceded	5.4.2
- Reinsurance recoveries against outstanding claims	5.5
- Premium deficiency reserve	5.7
- Deferred commission expense	5.6.1
- Commission income unearned	5.6.2
- Classification of insurance contracts	5.10
- Investment property life, residual value and depreciation method	5.11
- Segment reporting	5.13
- Taxation (current and deferred)	5.17
- Impairment of asset	5.21

5 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 unless otherwise stated.

5.1 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.

5.2 Premium

5.2.1 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.

5.2.2 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.

5.2.3 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.

5.3 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.

5.3.1 Provision for outstanding claims (including IBNR)

The Company recognizes liability in respect of all claims incurred upto the reporting 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.

5.4 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.

5.4.1 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.

5.4.2 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.

5.5 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.

5.6 Commission

5.6.1 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.

5.6.2 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.

5.7 Premium deficiency reserve - (liability adequacy test)

At each reporting 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

	2020	**2019**
Fire and property damage	13%	14%
Marine, aviation and transport	45%	23%
Motor	8%	13%
Engineering	16%	5%
Miscellaneous	22%	11%

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.

5.8 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:

5.8.1 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.

5.8.2 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.

5.8.3 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

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.

5.9 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.

5.10 Property and equipment

5.10.1 Owned assets

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

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

Depreciation is calculated on reducing balance method at the rates specified in note 7 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

5.10.2 Right-of-use-asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease

5.10.3 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.

5.11 Investment properties

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

5.11.1 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.

5.11.2 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.

5.11.3 Depreciation

Depreciation is charged to profit and loss account in the same manner as owned fixed assets. Refer note 5.10.1.

5.12 Investment and other income

5.12.1 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.

5.12.2 Interest income

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

5.12.3 Rental income

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

5.12.4 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.

5.13 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.

5.14 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 statement of financial position 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.

5.15 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.

5.16 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.

5.17 Taxation

5.17.1 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.

5.17.2 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.

5.18 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.

5.19 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 reporting 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.

5.20 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.

5.21 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.

5.22 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.

5.23 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.

5.24 Dividend and bonus shares

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

5.25 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.

5.26 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.

6 PROPERTY AND EQUIPMENT

Particulars	2020									
	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation rate (% per annum)
	As at January 01, 2020	Additions	Disposals	As at December 31, 2020	As at January 01, 2020	Depreciation for the year	Disposals	As at December 31, 2020		
	Rupees in'000									
Owned										
Office premises	62,083	-	-	62,083	13,056	2,451	-	15,507	46,576	5%
Furniture and fixtures	32,467	-	-	32,467	20,550	1,192	-	21,742	10,725	10%
Electric fittings and equipments	28,332	137	-	28,469	16,558	1,185	-	17,743	10,726	10%
Office equipments	9,091	89	-	9,180	6,694	242	-	6,936	2,244	10%
Motor vehicles	136,900	2,540	(7,870)	131,570	87,523	9,798	(7,190)	90,131	41,439	20%
Computers equipments	17,692	115	-	17,807	16,629	382	-	17,011	796	33%
Right of use assets										
Motor vehicles	27,441	-	-	27,441	6,860	4,394		11,254	16,187	20%
	314,006	2,881	(7,870)	309,017	167,870	19,643	(7,190)	180,324	128,693	

Particulars	2019									
	Cost				Depreciation				Written down value as at December 31, 2019	Depreciation rate (% per annum)
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Depreciation for the year	Disposals	As at December 31, 2019		
	Rupees in'000									
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	1,257	-	16,558	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%
Right of use assets										
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	

6.1 Detail of disposal of fixed assets

Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit on disposal	Mode of disposal	Particulars of purchaser
	Rupees in'000						
Motor Vehicles							
Toyota Corrola	1039	1006	33	210	177	Negotiations	Mr.Muhammad Sajid
Honda Civic	1974	1785	188	1035	847	Negotiations	Mr.Khurram Shahzad
Toyota Corrola	1060	973	87	800	713	Negotiations	Mr.Sahib
Suzuki/Cultus	742	696	46	400	354	Negotiations	Mr. Liaqat Ali
Toyota Corrola	1529	1372	158	600	442	Negotiations	Mr.Mazhar Abbas
Nissan Sunny	273	271	3	100	97	Negotiations	Mr.Muhammad Awais
Suzuki/Cultus	753	703	49	400	351	Negotiations	Mr.Abu-Baker Usama
Toyota Corrola	500	384	116	395	279	Negotiations	Mr.Muhammad Shafiq Ahmed
Total - 2020	7,870	7,190	680	3,940	3,261		
2019	25,675	17,212	8,464	55,884	47,420		

		Note	2020	2019
			Rupees in'000	
7	**INTANGIBLE ASSETS**			
	Computer software	7.1	344	492
	Capital work in progress	7.2	705	705
			1,049	1,197
7.1	**Net carrying value basis**			
	Opening net book value		492	703
	Amortization charge		(148)	(211)
	Closing net book value		344	492
	Gross carrying value basis			
	Cost		1,737	1,737
	Accumulated amortization		(1,393)	(1,245)
	Net book value		344	492
	Amortization rate % per annum		30	30
7.2	**Capital work in progress**			
	Balance as at December 31	7.2.1	705	705

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

8 INVESTMENT PROPERTIES

Particulars	2020									
	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation rate (% per annum)
	As at January 1, 2020	Additions / transfer in	Deletion / transfer out	As at December 31, 2020	As at January 1, 2020	Depreciation for the year / transfer in	on disposal	As at December 31, 2020		
	Rupees in'000									
Office premises	71,019	1,500	-	72,519	22,454	2,453	-	24,907	47,612	5%
	71,019	1,500	-	72,519	22,454	2,453	-	24,907	47,612	

Particulars	2019									
	Cost				Depreciation				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		
	Rupees in'000									
Office premises	77,343	6,555	(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	

8.1 Revaluation was carried out by the Company in the month of February, 2020 and July, 2020. 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. 47.612 million (2019: Rs. 172.50 million).

8.2 Rental income from investment property amounting to Rs. 0.059 million (2019: Rs. 7.648 million) has been recorded net of depreciation in profit and loss account i.e. Rs. 0.057 million (2019: Rs.4.840 million).

9 INVESTMENTS IN EQUITY SECURITIES

9.1 Investments - Held for Trading

	2020			2019		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
	Rupees in'000					
Listed securities						
Oil and Gas Development Company Limited	46,110	(10,798)	35,313	35,857	4,747	40,604
Kot Addu Power Company Limited	16	(2)	14	25	(9)	16
Fauji Fertilizer Company Limited	6,435	618	7,053	6,039	557	6,596
Silk Bank Limited	1,974	294	2,268	2,625	(651)	1,974
Fauji Cement Company Limited	13	5	18	18	(5)	13
Pakistan Stock Exchange Limited	4,454	835	5,289	4,843	(389)	4,454
Habib Bank Limited	6,785	159	6,945	3,385	550	3,935
Bank Alfalah Limited	1,371	(311)	1,060	1,286	85	1,371
Lotte Chemical Pakistan Limited	-	-	-	1,417	(15)	1,402
Sui Northern Gas pipelines	-	-	-	727	35	762
Pakistan State Oil Company	2,430	799	3,230	2,357	115	2,472
Avanceon Limited	-	-	-	3,786	(31)	3,755
The Hub Power Limited	3,734	(561)	3,173	3,555	1,113	4,668
United Bank Limited	3,831	(55)	3,776	1,393	252	1,645
Nishat Mills Limited	-	-	-	1,254	338	1,592
Pakistan Oilfied limited	10,218	1,644	11,862	-	-	-
Pakistan Petroleum Limited	6,472	(149)	6,323	-	-	-
MCB	4,049	583	4,632	-	-	-
Bata Pakistan Limited	270	36	306	-	-	-
	98,162	(6,900)	91,261	68,567	6,692	75,259
Mutual funds						
MCB Cash Management Optimizer Fund	50,320	36	50,356	23,236	70	23,306
HBL Cash Fund (formerly PICIC Cash fund)	10,226	24	10,251	5,177	49	5,226
Habib Cash Fund	20,067	149	20,216	20,040	27	20,067
ABL Cash Fund	50,234	165	50,399	13,196	24	13,220
Faysal Money Market Fund	10,089	6	10,095	19,055	731	19,786
UBL Liquidity Plus Fund	50,001	117	50,118	9,688	34	9,722
Atlas Money Market Fund	-	-	-	9,818	(133)	9,685
HBL Cash Fund	40,479	45	40,524	20,262	217	20,479
Alfalah GHP Money Market Fund	-	-	-	28,077	60	28,137
ABL Government Securities Fund	-	-	-	9,356	178	9,534
NIT Money Market (Saddar br,)	137,421	(1,498)	135,923	87,060	84	87,144
NIT Money Market (Clifton br,)	116,448	(1,569)	114,880	138,355	1,661	140,016
NAFA Money Market fund	20,000	35	20,035		-	-
Al-Ameen Islamic Cash Fund	-	-	-	7,042	27	7,069
	505,285	(2,490)	502,795	390,362	3,029	393,391
	603,447	(9,390)	594,056	458,929	9,721	468,650

9.2 Investments - Available for Sale

	2020			2019		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
Related party						
Listed Securities						
Askari Life Assurance Company Limited (note 9.3)	290,306	3,350	293,656	285,831	(3,817)	282,013
Others						
Listed Securities						
Agritech Limited	10,593	266	10,860	10,593	(142)	10,451
	300,899	3,616	304,516	296,424	(3,959)	292,464
Deficit on revaluation	-	-	(81,596)	-	-	(77,637)
	300,899	3,616	222,920	296,424	(3,959)	214,827
Total equity securities	904,346	(5,774)	816,976	755,353	5,762	683,477

9.3 This represents investment in associated undertaking.

10 INVESTMENTS IN DEBT SECURITIES

'Rupees in'000

	2020				2019			
	Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / Provision	Surplus on revaluation	Carrying value
Held to maturity (note 10.1)								
Government securities								
Pakistan Investment Bonds	188,066	-	-	188,066	141,643	-	-	141,643
Treasury Bills	51,720	-	-	51,720	40,943	-	-	40,943
	239,785	-	-	239,786	182,585	-	-	182,586
Available for sale (note 10.1)								
Others								
Term Finance Certificate	15,730	(5,730)	-	10,000	13,040	-	2,690	15,730
Corporate Sukuk	15,600	(5,600)	-	10,000	12,270	-	3,330	15,600
	31,330	(11,330)	-	20,000	25,310	-	6,020	31,330
	271,115	(11,330)	-	259,786	207,895	-	6,020	213,916

10.1 Investments in debt securities - held to maturity and available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2020
Related party					
Held to maturity					
Government securities					
Pakistan Investment Bonds (Note 10.2)					
3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000	21,512
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000	3,995
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000	4,978
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,979
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000	999
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,984
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000	13,881
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000	9,361
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000	29,868
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
					188,066
Treasury Bills					
3 Months Treasury Bill	2021	7.05%	On maturity	52,000	51,720
					239,785
Available for sale					
Corporate Sukuks (Note 10.3)					
Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Quarterly	10,000	10,000
Others (Note 10.3)					
Term Finance Certificates					
JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000	10,000
					20,000
					259,785

Name of investment	Maturity year
Related party	
Held to maturity	
Government securities	
Pakistan Investment Bonds (Note 10.2)	
3 Years Pakistan Investment Bond	2021
5 Years Pakistan Investment Bond	2020
10 Years Pakistan Investment Bond	2021
10 Years Pakistan Investment Bond	2021
10 Years Pakistan Investment Bond	2022
10 Years Pakistan Investment Bond	2026
10 Years Pakistan Investment Bond	2022
10 Years Pakistan Investment Bond	2026
10 Years Pakistan Investment Bond	2026
10 Years Pakistan Investment Bond	2026
10 Years Pakistan Investment Bond	2026
20 Years Pakistan Investment Bond	2024
20 Years Pakistan Investment Bond	2024
Treasury Bills	
3 Months Treasury Bill	2020
Available for sale	
Corporate Sukuks	
Dubai Islamic Bank	Perpetuity
Others	
Term Finance Certificates	
JS Bank Limited	Perpetuity

'Rupees in'000

December 31, 2020	Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2019
	Related party					
	Held to maturity					
	Government securities					
	Pakistan Investment Bonds (Note 10.2)					
21,512						
3,995	3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000	20,671
4,978	5 Years Pakistan Investment Bond	2020	13.40%	Half yearly	1,000	997
16,979	10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000	998
999	10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000	3,988
16,984	10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000	4,965
8,328	10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,537
8,328	10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000	29,794
8,328	10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,540
13,881	10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
9,361	10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
29,868	10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,117
14,842	20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000	13,615
14,842	20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000	9,187
14,842						141,643
188,066						
	Treasury Bills					
51,720	3 Months Treasury Bill	2020	7.45%	On maturity	42,000	40,943
239,785						182,586
	Available for sale					
	Corporate Sukuks					
10,000	Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Monthly	10,000	15,600
	Others					
	Term Finance Certificates					
10,000	JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000	15,730
20,000						31,330
259,785						213,916

10.2 These include PIB's amounting to Rs. 119.91 million (2019: PIB's amounting to Rs. 105 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

10.3 Term Finance Certificate and Corporate Sukuk

	No. of certificates		Face value	Value of certificate	
	2020	2019		2020	2019
JS Bank Limited	100	100	100	10,000	10,000
Dubai Islamic Bank	2000	2000	5	10,000	10,000
	2,100	2,100		20,000	20,000

	Note	2020	2019
11 INVESTMENT IN TERM DEPOSIT RECEIPTS			
Deposits maturing within 12 months - local currency	11.1	385,045	341,700

11.1 These represents Term Deposit Receipts (TDRs) with commercial banks carrying markup ranging from 7.20% to 13.90% (2019: 7.50% to 13.90%).

	Note	2020	2019
		Rupees in'000	
12 LOANS AND OTHER RECEIVABLES			
Unsecured - considered good			
Accrued investment income		5,530	6,560
Advances	12.1	103,781	132,360
Deposits		15,564	9,528
Other receivables		2,637	1,813
		127,512	150,261

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

13 INSURANCE / REINSURANCE RECEIVABLES

	Note	2020	2019
(Unsecured - considered good)			
Due from insurance contract holders		479,067	252,943
Provision for impairment of receivables from insurance contract holders	13.1	(2,414)	(5,765)
Premium written off		(3,426)	(1,973)
		473,227	245,205
Due from other insurers / reinsurers		259,078	305,109
		732,305	550,314

13.1 Movement of provision for doubtful debts

	Note	2020	2019
Opening balance		5,765	7,115
Charge during the year		-	8,962
Reversal during the year	30	(3,351)	(10,312)
		2,414	5,765

14 PREPAYMENTS

	Note	2020	2019
Prepaid reinsurance premium ceded	24	565,678	577,141
Prepaid rent		415	643
Others		231	232
		566,324	578,016

15 CASH AND BANK

	Note	2020	2019
		'Rupees in'000	
Cash and cash equivalents			
Cash in hand		12	125
Policy stamps		2	3
		14	128
Cash at bank			
Current account		20,753	17,206
Saving account	15.1	5,955	11,069
		26,708	28,275
		26,722	28,403

15.1 This represents interest bearing accounts carrying interest rates ranging from 4.10% to 8.20% (2019: 5% to 10%) per annum.

16 ORDINARY SHARE CAPITAL

16.1 Authorized share capital

2020	2019		2020	2019
-------Number of shares-------				
120,000,000	120,000,000	Ordinary shares of Rupees 10 each	1,200,000	1,200,000

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

16.2 Issued, subscribed and paid up share capital

2020	2019		2020	2019
-------Number of shares-------				
17,788,310	17,788,310	Ordinary shares of Rupees 10 each fully paid in cash	177,883	177,883
100,547,500	85,112,395	Ordinary shares of Rs.10 each, issued as fully paid bonus	1,005,475	851,124
118,335,810	102,900,705		1,183,358	1,029,007

	Note	2020	2019
		'Rupees in'000	

17 PREMIUM RECEIVED IN ADVANCE

Premium received in advance		62,543	35,554

17.1 This includes cash margin (bond) received from policy holders amounting to Rs. 61.979 million (2019: Rs. 34.632 million).

18 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers		17,122	18,638

19 OTHER CREDITORS AND ACCRUALS

	Note	2020	2019
Sundry creditors		18,485	18,885
Commission payable		30,957	15,951
Federal excise duty		4,858	2,740
Federal insurance fee		3,235	782
Workers' Welfare Fund		36,057	29,988
Withholding tax		6,888	4,950
Unclaimed dividend		31	31
Due to directors	19.1	8,657	17,960
		109,169	91,287

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

20 LEASE LIABILITIES

		2020	2019
Lease liabilities recongnized as on January 1		13,983	21,503
Interest accrued		1,237	2,397
Less: Repayment of lease liabilities		(9,845)	(9,917)
		5,375	13,983

20.1 Break up of lease liabilities

		2020	2019
Current portion		5,375	8,513
Non-current portion		-	5,470
		5,375	13,983

Maturity analysis - contractual undiscounted cash flows: 'Rupees in'000

Description	2020			2019		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Not later than one year	5,553	178	5,375	10,081	1,567	8,513
Later than one year and not later than five years	-	-	-	5,789	320	5,470
Over five years	-	-	-	-	-	-
	5,553	178	5,375	15,870	1,887	13,983

20.2 When measuring lease liabilities, the Company discounted lease payments using 3 months KIBOR plus 1.5% ranging from 8.22% to 15.06% (2019: 12.01% to 15.39%) per annum.

	Note	2020	2019
21 DEFERRED TAXATION			
Deferred tax liability / (asset) arising in respect of:			
Provision for doubtful debts		(700)	(1,672)
Accelerated tax depreciation		28,850	28,900
Amortization		(231)	225
Lease liabilities		3,135	1,913
Unrealised gain on available for sale investments		(25,337)	(25,427)
		5,717	3,939
21.1 Balance at beginning of the year		3,939	(11,899)
Reversal during the year in respect of temporary differencec arising during the year		1,778	15,838
Balance at the end of the year		5,717	3,939

22 TAXATION - NET

	2020	2019
Provision for income tax	80,626	46,260
Less: Advance tax	(15,374)	(14,555)
	65,252	31,705

23 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at statement of financial position date (2019: Nil).

	Note	2020	2019
24 NET INSURANCE PREMIUM			'Rupees in'000
Written gross premium		3,468,545	3,246,178
Unearned premium reserve - opening		1,252,194	981,543
Unearned premium reserve - closing		(1,223,128)	(1,252,194)
Premium earned		3,497,611	2,975,527
Less: Reinsurance premium ceded		1,633,641	1,462,502
Prepaid reinsurance premium ceded - opening		577,141	622,853
Prepaid reinsurance premium ceded - closing		(565,678)	(577,141)
Reinsurance expense		1,645,104	1,508,214
		1,852,506	1,467,313

25 NET INSURANCE CLAIMS EXPENSE

	Note	2020	2019
Claim paid		1,081,697	983,422
Outstanding claims including IBNR - opening		(596,061)	(594,943)
Outstanding claims including IBNR - closing	25.1	652,587	596,061
Claim expense		1,138,223	984,540
Less: Reinsurance and other recoveries received		330,189	318,607
Reinsurance and other recoveries in respect of outstanding claims - opening		(465,460)	(442,006)
Reinsurance and other recoveries in respect of outstanding claims - closing		455,666	465,460
Reinsurance and other recoveries revenue		320,396	342,061
		817,827	642,479

25.1		2020	2019
	Outstanding claims	604,227	557,331
	Incurred but not reporting claims	48,360	38,731
		652,587	596,061

25.2 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

Accident year	**2016 & prior years**	**2017**	**2018**	**2019**	**2020**	**Total**
	----------	----------	----------	**Rupees**	----------	----------
Estimate of ultimate claims cost:						
At the end of accident year	533,832	432,042	91,124	108,698	197,058	1,362,753
One year later	418,202	366,282	89,899	107,090	-	981,472
Two years later	413,796	368,422	78,321	-	-	860,539
Three years later	413,622	356,638	-	-	-	770,260
Four years later	412,781	-	-	-	-	412,781
Current estimate of cumulative claims	412,781	356,638	78,321	107,090	197,058	1,151,888
Cumulative payment to date	(252,709)	(93,739)	(57,826)	(95,027)	-	(499,301)
Liability recognized in statement of financial position	160,072	262,898	20,495	12,064	197,058	652,587

		Note	2020	2019
26	**NET COMMISSION EXPENSE**		'Rupees in'000	
	Commission paid or payable		715,410	735,139
	Deferred commission expense - opening		328,921	172,216
	Deferred commission expense - closing		(290,582)	(328,921)
	Net commission		753,749	578,434
	Less: Commission received or recoverable		384,454	355,304
	Unearned reinsurance commission - opening		130,736	99,091
	Unearned reinsurance commission - closing		(125,919)	(130,736)
	Commission from reinsurers		389,271	323,659
			364,478	254,775
27	**MANAGEMENT EXPENSES**			
	Employee benefits cost	27.1	141,280	122,573
	Office repairs and maintenance		7,643	7,193
	Vehicle running expense		83,107	68,072
	Travelling expense		58,281	46,708
	Electricity, gas and water		8,619	8,478
	Printing and stationery		8,389	7,656
	Office rent		5,841	5,296
	Entertainment		18,746	12,163
	Postage, telegrams and telephones		5,203	4,644
	Advertisement and publicity		356	1,470
	Rent, rates and taxes		272	85
	Miscellaneous		1,689	978
			339,426	285,317
27.1	**Employee benefits cost**			
	Salaries, allowance and other benefits		138,211	120,085
	Charges for post employment benefits		3,068	2,488
			141,280	122,573
28	**INVESTMENT INCOME**			
	Income from equity securities			
	Held for trading			
	Dividend income		44,412	41,258
	Gain / (loss) on disposal of securities		7,810	(56,911)
			52,222	(15,653)

	Note	2020	2019
		'Rupees in'000	
Income from debt securities			
Held to Maturity			
Return on debt securities			
Pakistan Investment Bonds	28.1	15,450	14,818
GoP Ijara Sukuk		-	224
Treasury Bills		87	178
		15,537	15,220
Available for sale			
Term Finance Certificates		1,258	1,417
Corporate Sukuk		1,177	1,382
		2,436	2,799
Return on term deposits		25,058	12,761
Net unrealized (losses) / gains on investments at fair value through profit or loss (held for trading)		(9,390)	9,721
		85,862	24,848
Investment related expenses		(1,837)	(1,594)
		84,025	23,254

28.1 Pakistan Investment Bonds

Return on Pakistan Investment Bonds	15,453	17,612
Amortization of unrealized loss due to reclassification from available for sale to held to maturity	(3)	(2,794)
	15,450	14,818

29 RENTAL INCOME

Rental income	59	7,649
Less : Depreciation	(3)	(2,809)
	56	4,840

30 OTHER INCOME

Return on bank balances	2,305	2,779
Profit on disposal of fixed assets	3,261	47,420
Reversal of bad debts	3,351	10,312
Others	3,566	3,488
	12,483	63,999

31 OTHER EXPENSES

	Note	2020	2019
Employee benefits cost	31.1	55,058	56,819
Office repairs and maintenance		11,634	14,976
Vehicle running expense		11,666	11,316
Auditors' remuneration	31.3	1,744	1,315

	Note	2020	2019
			'Rupees in'000
Remuneration of directors and executives	35	14,355	12,465
Legal and professional charges		1,890	2,618
Depreciation	6	22,094	22,601
Amortisation	7	148	211
Subscription and membership		7,074	6,776
Annual supervision fee		3,698	2,016
Bad debt expense	13	3,426	1,973
Provision for doubtful debt	13.1	-	8,962
Rent, rates and taxes		468	1,691
Electricity, gas and water		476	670
Postage, telegram and telephone		1,347	1,614
Workers Welfare Fund		6,069	4,704
Others		287	242
		141,434	150,969

31.1 Employee benefits cost

	2020	2019
Salaries, allowance and other benefits	49,923	55,203
Charges for post employment benefits	5,135	1,616
	55,058	56,819

31.2 Employees' provident fund

	December 31, 2020 Unaudited	December 31, 2019 Audited
Size of the fund	82,305	71,610
Number of members	120	120
Cost of investment made	45,718	38,589
Percentage of investment made	56%	54%
Fair value of investment	49,391	39,780

31.2.1 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. The investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.

	Note	2020	2019
		'Rupees in'000	

31.3 Auditors' remuneration

Audit fee		1,102	700
Half yearly review fee		297	272
Other services		81	-
Out-of-pocket expenses		264	343
		1,744	1,315

32 FINANCE COST

Bank charges		408	456
Lease finance charges		1,237	2,397
		1,645	2,853

33 INCOME TAX EXPENSE

For the year			
Current		80,626	46,260
Prior	33.1	(13,567)	(9,003)
Deferred		(1,035)	13,920
		66,024	51,177

33.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2020 have been submitted to the authorities. Amount of Rs. 13.567 million (2019: Rs. 9.003 million) represents excess liability recorded in the books of the Company as compared to tax return.

33.2 Relationship between accounting profit and tax expense is as follows

Accounting profit before tax		297,399	235,023
Tax @ 29%		86,246	68,157
Effect of prior year reversal		(13,567)	(9,003)
Effect of dividend income		(6,218)	(5,776)
Effect of deductions not allowed		(11,693)	(3,831)
Effect of deferred tax		(1,035)	13,920
Others		12,291	(12,290)
Provision for taxation		66,024	51,177

		Note	2020	2019
34	**EARNINGS PER SHARE -**			'Rupees in'000
	Profit after tax for the year		231,375	183,846
	Weighted average number of ordinary shares outstanding (Numbers)		118,335,810	118,335,810
	Basic and diluted earnings per share (Rupees)	34.1	1.96	1.55

34.1 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.

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	3,312	3,312	6,095	5,040	14,524	12,833
Rent and house maintenance	-	-	-	-	2,156	1,927
Utilities	1,488	1,488	3,045	2,160	13,796	12,547
Meeting fee	-	-	580	705	-	-
	4,800	4,800	9,720	7,905	30,476	27,307
Number of persons	1	1	6	6	7	7

35.1 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.

36 TRANSACTIONS WITH RELATED PARTIES

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	Nature of relationship with the Company	2020	2019
Loan received from directors			
Javed Yunus	Director	5,620	4,896
Naveed Yunus	Director	18,400	35,450

Nature of Transaction	Nature of relationship with the Company	2020	2019
		'Rupees in'000	
Loan repaid to directors			
Javed Yunus	Director	3,920	5,696
Naveed Yunus	Director	33,655	24,221
Purchase of shares			
Askari Life Assurance Company Limited	undertaking	4,475	15,619
Issue of bonus shares and right shares at market value			
Chief Justice (R) Mian Mahboob Ahmad	Director	49	55
Naved Yunus	Director	93,689	272,237
Ambreen Naved Yunus	Other related party	106,109	159,700
Javed Yunus	Director	58,852	186,669
Rubina Javed Yunus	Other related party	108,154	335,482
Pervez Yunus	Director	103,596	227,860
Samina Pervez Yunus	Other related party	61,973	73,065
Maheen Yunus	Director	-	355,716
Shamiala Maheen Yunus	Other related party	-	86,946
Samad Maheen Yunus	Other related party	-	59,239
Anum Maheen Yunus	Other related party	-	61,038
Umeed Ansari	Director	18	20
Ahsan Mahmood Alvi	Director	17	18
Kazim Raza	Director	-	17
Saad Yunus	Director	63,453	-
Urooj Yunus Ansari	Director	41,270	-
Mazhar Zubair Abbasi	Director	6	-
East West Holding Co., Ltd	Associated undertaking	114,244	84,962
Askari Life Assurance Co., Ltd	Associated undertaking	74	-
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	145	170
Umeed Ansari	Director	175	150
Ahsan Mahmood Alvi	Director	180	180
Kazim Raza	Director	85	150
Shabbir Kanchwala	Chief financial officer	-	2,700

36.1 Year end balances

	2020	2019
Payable to related parties	8,657	18,173

37 SEGMENT REPORTING

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

Segment current year	Fire and property damage	Marine, aviation & transport	Motor	Engineering	Miscellaneous	Total
	2020					
	Rupees in'000					
Premium receivable (inclusive of gross direct premium,facultative inward premium and administrative surcharge)						
and administrative surcharge)	1,075,685	415,237	512,370	1,078,327	386,927	3,468,545
Gross direct premium	228,733	188,275	205,798	957,999	343,751	1,924,556
Facultative inward premium	836,592	218,864	300,788	109,744	39,379	1,505,367
Administrative surcharge	10,360	8,097	5,784	10,583.68	3,798	38,623
	1,075,685	415,237	512,370	1,078,327	386,927	3,468,546
Written gross premium	1,075,685	415,237	512,370	1,078,327	386,927	3,468,545
Unearned premium reserves - opening	362,733	54,466	197,528	439,393	198,073	1,252,194
Unearned premium reserves - closing	(361,271)	(71,683)	(222,249)	(402,466)	(165,460)	(1,223,128)
Premium earned	1,077,148	398,020	487,649	1,115,254	419,540	3,497,611
Reinsurance premium ceded	(522,608)	(189,483)	(89,948)	(720,335)	(111,267)	(1,633,641)
Prepaid reinsurance premium ceded - opening	(129,520)	(9,616)	(43,295)	(359,901)	(34,809)	(577,141)
Prepaid reinsurance premium ceded - closing	171,486	27,890	37,021	288,530	40,750	565,678
Reinsurance expense	(480,642)	(171,209)	(96,221)	(791,705)	(105,327)	(1,645,104)
Net insurance premium	596,506	226,811	391,427	323,549	314,213	1,852,507
Commission income	139,900	41,739	21,227	160,233	26,173	389,271
Net underwriting income	736,406	268,550	412,654	483,782	340,386	2,241,778
Insurance claims paid	(285,090)	(99,837)	(202,867)	(314,660)	(179,242)	(1,081,697)
Outstanding claims (including IBNR) - opening	103,892	16,741	36,921	387,420	51,087	596,061
Outstanding claims (including IBNR) - closing	(104,633)	(38,287)	(27,233)	(421,316)	(61,119)	(652,587)
Insurance claims expenses	(285,831)	(121,382)	(193,179)	(348,557)	(189,274)	(1,138,223)
Reinsurance and other recoveries received	120,890	48,187	27,284	133,827	-	330,189
Reinsurance and other recoveries in respect of outstanding claims - opening	(54,542)	(4,381)	(10,432)	(367,227)	(28,878)	(465,460)
Reinsurance and other recoveries in respect of outstanding claims - closing	58,984	6,271	9,364	355,506	25,541	455,666
Insurance claims recovered from reinsures	125,333	50,078	26,216	122,107	(3,337)	320,395
Net claims	(160,498)	(71,304)	(166,963)	(226,450)	(192,611)	(817,828)
Commission expense	(327,890)	(85,136)	(124,604)	(137,556)	(78,562)	(753,749)
Management expense	(109,295)	(41,557)	(71,720)	(59,282)	(57,572)	(339,426)
Net insurance claims and expenses	(597,683)	(197,997)	(363,287)	(423,288)	(328,745)	(1,911,003)
Underwriting result	138,723	70,553	49,367	60,494	11,641	330,775
Net investment income						84,025
Rental income						56
Other income						12,483
Other expenses						(141,434)
Finance costs						(1,645)
Profit from Window Takaful Operation						13,138
Profit before tax						297,398
Segment assets	712,352	274,982.40	339,307	714,101	256,235	2,296,977
Un-allocated assets						1,664,300
Total assets						3,961,277
Segment liabilities	658,490	254,191	313,652	660,107	236,861	2,123,301
Un-allocated liabilities						189,211
Total liabilities						2,312,511

Segment prior year	Fire and property damage	Marine, aviation & transport	Motor	Engineering	Miscellaneous	Total
	2019					
	Rupees in'000					
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	1,016,254	397,527	471,479	969,913	391,006	3,246,178
Gross direct premium	221,184	151,797	211,784	827,046	333,412	1,745,223
Facultative inward premium	785,012	239,846	250,302	117,518	47,376	1,440,053
Administrative surcharge	10,058	5,884	9,393	25,348	10,219	60,902
	1,016,254	397,527	471,479	969,913	391,006	3,246,178
Written gross premium	1,016,254	397,527	471,479	969,913	391,006	3,246,178
Unearned premium reserves - opening	285,590	52,097	139,382	426,978	77,496	981,543
Unearned premium reserves - closing	(362,733)	(54,466)	(197,528)	(439,393)	(198,073)	(1,252,194)
Premium earned	939,110	395,157	413,333	957,497	270,430	2,975,527
Reinsurance premium ceded	(465,667)	(149,160)	(89,473)	(699,356)	(58,848)	(1,462,503)
Prepaid reinsurance premium ceded - opening	(133,642)	(26,410)	(47,912)	(363,636)	(51,253)	(622,853)
Prepaid reinsurance premium ceded - closing	129,520	9,616	43,295	359,901	34,809	577,141
Reinsurance expense	(469,789)	(165,954)	(94,090)	(703,091)	(75,292)	(1,508,215)
Net insurance premium	469,322	229,204	319,244	254,406	195,138	1,467,312
Commission income	132,869	32,058	18,752	130,067	9,912	323,658
Net underwriting income	602,191	261,262	337,996	384,473	205,050	1,790,970
Insurance claims paid	(230,561)	(144,267)	(170,904)	(249,947)	(187,743)	(983,422)
Outstanding claims (including IBNR) - opening	119,062	23,801	35,342	361,142	55,596	594,943
Outstanding claims (including IBNR) - closing	(103,892)	(16,741)	(36,921)	(387,420)	(51,087)	(596,061)
Insurance claims expenses	(215,391)	(137,207)	(172,483)	(276,225)	(183,235)	(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	(56,040)	(4,248)	(8,164)	(343,081)	(30,472)	(442,006)
Reinsurance and other recoveries in respect of outstanding claims - closing	54,542	4,381	10,432	367,227	28,878	465,460
Insurance claims recovered from reinsures	108,756	66,433	24,332	144,135	(1,594)	342,061
Net claims	(106,635)	(70,774)	(148,151)	(132,090)	(184,828)	(642,479)
Commission expense	(255,088)	(85,965)	(92,211)	(80,775)	(64,394)	(578,433)
Management expense	(91,259)	(44,568)	(62,076)	(49,469)	(37,944)	(285,316)
Net insurance claims and expenses	(452,982)	(201,307)	(302,439)	(262,334)	(287,166)	(1,506,228)
Underwriting results	149,209	59,955	35,557	122,139	(82,116)	284,742
Net investment income						23,254
Rental income						4,840
Other income						63,999
Other expenses						(150,969)
Finance costs						(2,853)
Profit from Window Takaful Operation						12,010
Profit before tax						235,023
Segment assets	695,040	339,438	472,782	376,762	288,988	2,173,011
Un-allocated assets						1,467,198
Total assets						3,640,209
Segment liabilities	662,666	323,628	450,761	359,213	275,528	2,071,796
Un-allocated liabilities						143,111
Total liabilities						2,214,907

38 MOVEMENT IN INVESTMENTS

	Available for sale	Held to Maturity	Held for Trading	Total
	---------------------------------------Rupees in'000	------------------------------------		
As at January 01, 2019	386,929	-	622,308	1,009,237
Additions	15,619	60,753	708,483	784,855
Disposals (sale and redemptions)	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	-	-
Maturity of investment	-	345	-	345
Effect of amortization	-	3,028	-	3,028
	(140,771)	182,586	(153,659)	(111,845)
As at December 31, 2019	246,158	182,586	468,649	897,392
Additions	4,475	96,232	671,882	772,590
Disposals (sale and redemptions)	-	(42,021)	(537,084)	(579,105)
Fair value net gains (excluding net realised gains)	(7,714)	-	(9,390)	(17,104)
Maturity of investment	-	2,989	-	2,989
	(3,239)	57,200	125,408	179,370
As at December 31, 2020	242,919	239,786	594,057	1,076,762
	20,222,920	239,785,281	594,056	1,076,762
	(19,980,001)	(239,545,495)	1	-

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company's activities expose it to a variety of insurance and financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to insurance and financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

39.1 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.

39.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, 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 reporting date:

Class of business	2020				2019			
	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	16%	23%	30%	29%	17%	38%	29%	35%
Marine, aviation and transport	6%	16%	6%	7%	3%	9%	4%	7%
Motor	4%	9%	18%	28%	6%	20%	16%	23%
Engineering	65%	33%	33%	17%	65%	15%	35%	12%
Miscellaneous	9%	18%	14%	19%	9%	17%	16%	24%
Total	100%	100%	100%	100%	100%	100%	100%	100%

39.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

Class	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
			2020	2019
	---Rupees in'000---			
Fire and property damage	5,983	5,551	432	241
Marine, aviation and transport	2,499	2,003	496	308
Motor	995	99	896	377
Engineering	470,624	470,624	-	-
Miscellaneous	6,947	6,907	40	247
	487,048	485,184	1,864	1,174

39.1.3 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the reporting 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.

39.1.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR is that the Company's future claim development will follow similar market pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which reporting pattern will not apply in future. The judgment includes external factors such as 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.

39.1.5 Claim 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 26.2. All amounts are presented in gross numbers before reinsurance.

39.1.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders's equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	Rupees in'000		Rupees in'000	
10% increase in loss				
Fire and property damage	(16,050)	(10,664)	(11,395)	(7,571)
Marine, aviation and transport	(7,130)	(7,077)	(5,063)	(5,025)
Motor	(16,696)	(14,815)	(11,854)	(10,519)
Engineering	(13,756)	(8,078)	(9,766)	(5,735)
Miscellaneous	(19,261)	(18,483)	(13,675)	(13,123)
	(72,893)	(59,116)	(51,753)	(41,973)

	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	Rupees in'000		Rupees in'000	
10% decrease in loss				
Fire and property damage	16,050	10,664	11,395	7,571
Marine, aviation and transport	7,130	7,077	5,063	5,025
Motor	16,696	14,815	11,854	10,519
Engineering	13,756	8,078	9,766	5,735
Miscellaneous	19,261	18,483	13,675	13,123
	72,893	59,116	51,753	41,973

39.2 Financial risk

39.2.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

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

Rupees in'000

	2020			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Non-derivative				
Financial liabilities				
Outstanding claims including IBNR	652,587	652,587	197,058	455,529
Insurance / reinsurance payables	17,122	17,122	17,122	-
Other creditors and accruals	58,130	58,130	58,130	-
Lease liability	5,375	5,375	5,375	-
	733,215	733,215	277,685	455,529

	2019			
	Carrying amount	Contractual cash flows	Upto one year	More 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	52,827	52,827	52,827	-
Lease liability	13,983	13,983	8,513	5,470
	681,509	681,509	219,960	461,549

39.2.2 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Company manages this mismatchment through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

	2020							
	Effective yield / interest rate	Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
		Rupees in'000						
Financial assets								
Investments								
Equity securities		-	-	-	-	816,976	816,976	816,976
Debt securities	7.25% to 15.73%	26,506	181,560	208,066	51,720	-	51,720	259,786
Term deposits	7.20% to 13.90%	385,045	-	385,045	-	-	-	385,045
		411,552	181,560	593,111	51,720	816,976	868,696	1,461,807
Loan and other receivables		-	-	-	23,731	-	23,731	23,731
Insurance / reinsurance receivables		-	-	-	732,305	-	732,305	732,305
Reinsurance recoveries against outstanding claims		-	-	-	455,666	-	455,666	455,666
Cash and bank	4.10% to 8.20%	5,955	-	5,955	14	-	14	5,969
		417,507	181,560	599,067	1,263,437	816,976	2,080,413	2,679,479

	2020							
	Effective yield / interest rate	Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
		Rupees in'000						
Financial liabilities								
Outstanding claims including IBNR	-	-	-	-	652,587	-	652,587	652,587
Insurance / reinsurance payables	-	-	-	-	17,122	-	17,122	17,122
Other creditors and accruals	-	-	-	-	58,130	-	58,130	58,130
Lease liability	8.22% to 15.06%	5,375	-	5,375	-	-	-	5,375
		5,375	-	5,375	727,839	-	727,839	733,214
On balance sheet gap (a)		412,132	181,560	593,692	535,597	816,976	1,352,573	1,946,265
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		412,132	181,560	593,692				
Cumulative interest rate sensitivity gap		412,132	181,560					

	2019							
	Effective yield / Interest rate	Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
		Rupees in'000						
Financial assets								
Investments								
Equity securities		-	-	-	-	683,477	683,477	683,477
Debt securities	7.25% to 13.40%	997	172,973	173,970	40,943	-	40,943	214,913
Term deposits	7.50% to 13.90%	341,700	-	341,700	-	-	-	341,700
		342,697	172,973	515,670	40,943	683,477	724,420	1,240,090
Loan and other receivables		-	-	-	17,901	-	17,901	17,901
Insurance / reinsurance receivables		-	-	-	550,314	-	550,314	550,314
Reinsurance recoveries against outstanding claims		-	-	-	465,460	-	465,460	465,460
Cash and bank	5% to 10%	11,069	-	11,069	128	-	128	11,197
		353,766	172,973	526,739	1,074,746	683,477	1,758,223	2,284,962
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,018,435	-	2,018,435	2,018,435
Insurance / reinsurance payables		-	-	-	219,575	-	219,575	219,575
Other creditors and accruals		-	-	-	52,827	-	52,827	52,827
Lease liability	12.01% to 15.39%	8,513	5,470	13,983	-	-	-	13,983
		8,513	5,470	13,983	2,290,837	-	2,290,837	2,304,820
On balance sheet gap (a)		345,253	167,503	512,756	(1,216,091)	683,477	(532,614)	(19,858)
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		345,253	167,503	512,756				
Cumulative interest rate sensitivity gap		345,253	167,503					

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

	Carrying amount	
	2020	2019
	Rupees in'000	
Fixed rate instruments		
Financial assets	573,111	624,984
Variable rate instruments		
Financial assets	25,955	42,446

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis of variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss account 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, 2020				
Sensitivity	260	(260)	184	(184)
As at December 31, 2019				
Sensitivity	424	(424)	301	(301)

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.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market.

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, 2020 and 2019 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	Hypothetical 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, 2020	816,976	10% increase	898,674	58,005	81,698
		10% decrease	735,278	(58,005)	(81,698)
December 31, 2019	683,477	10% increase	751,825	48,527	68,348
		10% decrease	615,129	(48,527)	(68,348)

c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

39.2.3 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	2020	2019
Nature of financial assets	**Rupees in'000**	
Investments		
Equity securities	816,976	683,477
Debt securities	259,786	213,916
Term deposits	385,045	341,700
	1,461,807	1,239,093
Loans and other receivables	23,731	17,901
Insurance / reinsurance receivables	732,305	550,314
Reinsurance recoveries against outstanding claims	455,666	465,460
Bank balances	26,708	28,275
	2,700,218	2,301,043

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance

The age analysis of due from insurance contract holders from other than related parties is as follows:

Upto 3 months	423,673	217,422
3 to 6 months	47,140	22,018
6 to 12 months	4,828	11,530
Above 12 months	3,426	1,973
	479,067	252,943

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:

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Rupees in'000

Name of banks	Rating		Rating agency	2020	2019
	Long term	Short term			
Cash at bank					
Allied Bank Limited	AAA	A1+	PACRA	1,150	2,767
Askari Bank Limited	AA+	A1+	PACRA	11	3
AlBaraka Bank (Pakistan) Limited	A	A1	PACRA	3	3
Bank Alfalah Limited	AAA	-	PACRA	4	4
BankIslami Pakistan Limited	A+	A1	PACRA	2	1
The Bank of Punjab	AA	A1+	PACRA	66	217
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	6	26
Faysal Bank Limited	AA	A1+	PACRA	3,423	5,569
Habib Metropolitan Bank	AA+	A1+	PACRA	23	16
Habib Bank Limited	AAA	A-1+	JCR-VIS	14	3
MCB Bank Limited	AAA	A1+	PACRA	2,950	119
National Bank of Pakistan	AAA	A1+	PACRA	10	10
Soneri Bank Limited	AA-	A1+	PACRA	496	1,047
Summit Bank Limited	Suspended		JCR-VIS	3,070	6,163
Sindh Bank Limited	A+	A-1	JCR-VIS	761	584
United Bank Limited	AAA	A-1+	JCR-VIS	2,954	159
The Punjab Provincial Bank	Not available			778	6
JS Bank Limited	AA-	A1+	PACRA	1,883	554
MCB Bank Limited (Formerly NIB Bank Limite	AAA	A1+	PACRA	8	8
The Karakoram Cooperative Bank	Not available			3,327	2,334
Zarai Taraqiati Bank Limited	AAA	A-1+	JCR-VIS	5,770	8,683
				26,708	28,276
Term deposit certificates					
JS Bank Limited	AA-	A1+	PACRA	250,000	250,000
Summit Bank Limited	Suspended		JCR-VIS	79,965	47,000
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	20,000	10,000
MCB Bank Limited	AAA	A1+	PACRA	80	200
Allied Bank Limited	AAA	A1+	PACRA	5,000	-
The Karakoram Cooperative Bank	Not available			10,000	14,500
Bank Islami Limited	Not available			20,000	20,000
				385,045	341,700

40 CAPITAL RISK MANAGEMENT

The Company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and

To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	2020										
	Carrying amount							Fair value			
	Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees in'000 ----------							---------- Rupees in'000 ----------			
Financial assets measured at fair value											
Investments											
Equity securities	-	222,920	594,056	-	-	-	816,976	222,920	-	-	222,920
Debt securities	-	20,000	-	-	-	-	20,000	-	10,000	10,000	20,000
Financial assets not measured at fair value											
Investments											
Debt securities	239,786	-	-	-	-	-	239,786	-	-	-	-
Term deposits	-	-	-	-	385,045	-	385,045	-	-	-	-
Loans and other receivable*	-	-	-	127,512	-	-	127,512	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	732,305	-	-	732,305	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	455,666	-	-	455,666	-	-	-	-
Cash and bank balance*	-	-	-	-	26,722	-	26,722	-	-	-	-
	239,786	242,920	594,056	1,315,483	411,767	-	2,804,013	222,920	10,000	10,000	242,920
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(652,587)	(652,587)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(17,122)	(17,122)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(58,130)	(58,130)	-	-	-	-
Lease liability	-	-	-	-	-	(5,375)	(5,375)	-	-	-	-
	239,786	242,920	594,056	1,315,483	411,767	(733,214)	2,070,798	222,920	10,000	10,000	242,920

	2019										
	Carrying amount							Fair value			
	Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in'000							Rupees in'000			
Financial assets measured at fair value											
Investments											
Equity securities	-	214,827	468,650	-	-	-	683,477	683,477	-	-	683,477
Debt securities	-	31,330	-	-	-	-	31,330	31,330	-	-	31,330
Financial assets not measured at fair value											
Investments											
Debt securities	182,586	-	-	-	-	-	182,586	-	-	-	-
Term deposits	-	-	-	-	341,700	-	341,700	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	784,409,117	-	-	784,409,117	-	-	-	-
Loans and other receivable*	-	-	-	79,782,914	-	-	79,782,914	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	33,671,939	-	-	33,671,939	-	-	-	-
Cash and bank balance*	-	-	-	-	66,870,278	-	66,870,278	-	-	-	-
	182,586	246,157	468,650	897,863,970	67,211,978	-	965,973,341	714,807	-	-	714,807
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(2,018,435,227)	(2,018,435,227)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(219,575,469)	(219,575,469)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(10,694,382)	(10,694,382)	-	-	-	-
Lease liability	-	-	-	-	-	(13,983)	(13,983)	-	-	-	-
	182,586	246,157	468,650	897,863,970	67,211,978	(2,248,719,060)	(1,282,745,719)	714,807	-	-	714,807

* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

42 FAIR VALUE OF NON FINANCIAL ASSET

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

Fair value measurement of investment property is based on the valuation carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

Valuation techniques used to derive level 2 fair values

Fair value of freehold land and investment property was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes, such as location and size of the land. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

43 STATEMENT OF SOLVENCY

	2020
	Rupees in'000
ASSETS	
Property and equipment	
Office premises	46,576
Furniture and fixtures	10,725
Electric fittings and equipments	10,726
Office equipments	2,244
Motor vehicles	41,439
Computers equipments	796
Right to use assets	16,187
	128,693
Investment Properties	47,612
Investments	
Equity securities	816,976
Debt securities	259,786
Term deposit receipts	385,045
	1,461,807
Loans and other receivables	127,512

	2020
	Rupees in'000
Current assets - others	
Insurance / reinsurance receivables	732,305
Re-insurance recoveries against outstanding claims	455,666
Deferred commission expense	290,582
Prepayments	566,324
Cash and bank	26,722
	2,071,599
Total assets	3,837,224
Total assets of takaful operations	123,004
Total assets	3,960,228
Inadmissible Assets	
Marketable securities	222,920
Advances	103,781
Premium due but unpaid	79,897
Furniture and fixtures	10,725
Electric fittings and equipments	10,726
Computers	796
Office equipment	2,244
Vehicles	41,439
Vehicles - Operators' Fund	675
Qard-e-Hasna	18,150
Receivable from PTF	41,212
Computer software	344
Capital working progress	705
Total inadmissible assets	533,613
Total admissible assets	3,426,615
LIABILITIES	
Underwriting Provisions	
Outstanding claims including IBNR	652,587
Unearned premium reserves	1,223,128
Unearned reinsurance commission	125,919
	2,001,634
Retirement benefit obligations	3,698
Premium received in advance	62,543
Insurance / reinsurance payables	17,122
Other creditors and accruals	109,169
Lease liabilities	5,375
Deferred taxation	5,717

	2020 Rupees in'000
Taxation - net	65,252
Total Liabilities	2,270,510
Total liabilities of takaful operations	42,001
Total Liabilities	2,312,511
Total net admissible assets	1,114,104

Minimum Solvency Requirement (higher of following)

Method A - u/s 36(3)(a)	50,000
Method B - u/s 36(3)(b)	383,444
Method C - u/s 36(3)(c)	205,357
	383,444
Excess in Net Admissible Assets over Minimum Requirements	730,660

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

45 NUMBER OF EMPLOYEES

	2020	2019
Number of employees at the end of the year	151	155
Average number of employees	153	150

46 CORRESPONDING FIGURES

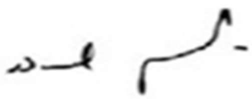
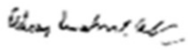
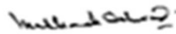
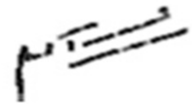
Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ____________ by the Board of Directors of the Company.

48 GENERAL

Figures have been rounded off to the nearest Pakistan rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER | **DIRECTOR** | **DIRECTOR** | **CHAIRMAN** | **CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE CO., LTD.
WINDOW TAKAFUL OPERATIONS

SHARIAH ADVISOR REPORT TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

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 2020.

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 artives of the Company. The prime responsibility for ensuring Shariah comcliance 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 2020. 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, 2020 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 bestow us with success in this world and in the word hereafter and forgive us for our mistakes. A'ameen.

Mufti Sajjad Ashraf Usmani
Shariah Advisor
East West Insurance Company
Ltd.
Window Takaful Operations

EAST WEST INSURANCE CO., LTD.
WINDOW TAKAFUL OPERATIONS

STATEMENT OF COMPLIANCE WITH THE SHARIAH 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 2020 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. During the year there was no need of transfer of funds as Qard-e-Hasna because PTF has admissible assets in excess of its liabilities. Therefore there was not any change in balance of Qard-e-Hasna.

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

NAVED YUNUS
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EAST WEST INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS)

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, 2020, 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 the Operator's affairs as at December 31,2020 and of the profit and total comprehensive income, the changes in equity 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.

S. No	**Key audit matters**	**How the matter was addressed in our audit**
1.	**PROMULGATION OF GENERAL TAKAFUL ACCOUNTING REGULATIONS, 2019**	
	General Takaful Accounting Regulations, 2019 was promulgated on January 1, 2019 which introduced certain new requirements including changes in presentation format, accounting and disclosures with respect to	Our procedures included the following: • We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Operator.

S. No	Key audit matters	How the matter was addressed in our audit
	preparation of financial statements by Takaful operator. The General Takaful Accounting Regulations, 2019 forms an integral part of the statutory financial reporting framework applicable to the Company. In view of the significant changes in accounting and disclosures, we consider it as a key audit matter. Refer to note 5.1 to the financial statements.	• We assessed the design and operation of its internal controls over financial reporting and filing of financial statements. • We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for any indication of non-compliance. • We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of General Takaful Accounting Regulations, 2019.

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.

KARACHI

DATED:

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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, 2020, 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, 2020 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, 2020, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

KARACHI

DATED: April 05, 2021

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT DECEMBER 31, 2020

	Note	Operator's Fund 2020	Operator's Fund 2019	Participant's Takaful Fund 2020	Participant's Takaful Fund 2019
		--Rupees, 000--		--Rupees, 000--	
ASSETS					
Property and equipment	6	11,047	11,949	-	-
Investment property	7	35,245	37,100	-	-
Qard-e-Hasna to PTF	8	18,150	18,150	-	-
Takaful / Retakaful receivables	9	-	-	82,028	78,473
Deferred wakala fee	22	-	-	31,668	31,701
Receivable from PTF	10	41,212	16,233	-	-
Accrued investment income	11	1	-	14	5
Taxation - payments less provision	12	17	386	6	15
Deferred commission expense	24	17,075	19,571	-	-
Prepayments	13	226	438	45,758	44,455
Cash and bank	14	31	16	20,879	812
TOTAL ASSETS		123,004	103,843	180,353	155,461
EQUITY AND LIABILITIES					
Operator's fund					
Statutory fund	15	50,000	50,000	-	-
Accumulated profit		24,228	11,090	-	-
Total Operaters Fund		74,228	61,090	-	-
Participants' takaful fund					
Cede money		-	-	500	500
Accumulated surplus		-	-	15,105	9,441
Balance of Participants' Takaful Fund		-	-	15,605	9,941
Qard-e-Hasna	8	-	-	18,150	18,150
LIABILITIES					
PTF Underwriting provisions					
Outstanding claims including IBNR	21	-	-	-	-
Unearned contribution reserves	20	-	-	86,087	86,424
Reserve for unearned retakaful rebate	23	-	-	6,805	7,319
		-	-	92,892	93,743
Unearned wakala fee	22	31,668	31,701	-	-
Contribution received in advance		-	-	1,955	2,457
Takaful / Re-takaful payable	16	-	-	10,131	15,193
Other creditors and accruals	17	10,333	6,912	908	244
Payable to OPF	10	-	-	40,712	15,733
Payable to East West Insurance Company Limited	18	6,775	4,140	-	-
TOTAL LIABILITIES		48,776	42,753	146,598	127,370
TOTAL EQUITY AND LIABILITIES		123,004	103,843	180,353	155,461
CONTINGENCIES AND COMMITMENTS	19				

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**DIRECTOR**	**CHAIRMAN**	**CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		-------------------Rupees, 000--------------	
PARTICIPANT'S TAKAFUL FUND			
Contributions earned	20	129,431	76,212
Less: Contributions ceded to retakaful	20	(105,818)	(54,226)
Net contributions revenue		23,613	21,986
Retakaful rebate earned	23	14,945	7,703
Net underwriting income		38,558	29,689
Net claims - reported / settled - IBNR	21	(32,921)	(14,765)
Other direct expenses		-	(3)
Surplus before investment income		5,637	14,921
Investment income	26	27	76
Surplus transferred to accumulated surplus		5,664	14,997
Operator's Fund			
Wakala fee	22	77,383	44,855
Commission expense	24	(46,793)	(25,950)
General, administrative and management expenses	25	(18,822)	(9,267)
		11,768	9,638
Modarib's share of PTF investment income	26	28	76
Investment income	26	12	2,669
Direct expenses	27	(992)	(605)
Rental income		2,322	232
Profit before taxation		13,138	12,010
Taxation		-	-
Profit after taxation		13,138	12,010

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	Rupees, 000	
PARTICIPANTS' TAKAFUL FUND		
Surplus for the year	5,664	14,997
Other comprehensive income	-	-
Total comprehensive income for the year	5,664	14,997
OPERATOR'S FUND		
Profit after taxation	13,138	12,010
Other comprehensive income	-	-
Total comprehensive income for the year	13,138	12,010

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**DIRECTOR**	**CHAIRMAN**	**CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN EQUITY AND PARTICIPANT'S TAKAFUL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operator's Fund		
	Statutory Fund	Accumulated profit	Total
	---------------------Rupees, 000----------------		
Balance as at January 1, 2019	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
Balance as at January 1, 2020	50,000	11,090	61,090
Total comprehensive income for the year			
Profit for the year	-	13,138	13,138
Other comprehensive income	-	-	-
	-	13,138	13,138
Balance as at December 31, 2020	50,000	24,228	74,228

	Participants' Fund		
	Cede Money	Accumulated Surplus	Total
	---------------------Rupees, 000----------------		
Balance as at January 1, 2019	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
Balance as at January 1, 2020	500	9,441	9,941
Total comprehensive income for the year			
Surplus for the year	-	5,664	5,664
Other comprehensive income	-	-	-
	-	5,664	5,664
Balance as at December 31, 2020	500	15,105	15,605

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operator's Fund		Participant's Takaful Fund	
	2020	2019	2020	2019
	--------------------Rupees, 000---------------		--------------------Rupees, 000---------------	
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	197,358	146,106
Retakaful contribution paid	-	-	(107,121)	(99,803)
Claims paid	-	-	(120,550)	(98,069)
Retakaful and recoveries received	-	-	87,629	83,304
Commission paid	(42,158)	(39,535)	-	-
Retakaful rebate received	-	-	14,431	14,985
Wakala fee received	77,350	72,447	-	-
Wakala fee paid	-	-	(77,350)	(72,447)
Modarib share received	28	76	-	-
Modarib share paid	-	-	(28)	(76)
Net cash flow from takaful activities	35,220	32,988	(5,631)	(26,000)
(b) Other operating activities				
Income tax paid	369	(264)	9	(15)
General and other expenses paid	1,765	(3,001)	-	(3)
Other operating payments	(17,540)	(3,821)	-	-
Other operating receipts	(22,132)	(17,167)	25,643	14,019
Net cash flow from other operating activities	(37,538)	(24,253)	25,652	14,001
Total cash flow from all operating activities	(2,318)	8,735	20,021	(11,999)
INVESTMENT ACTIVITIES				
Profit / return received on investments	11	2,799	46	150
Proceeds from investment properties	2,322	232	-	-
Addition to plant and equipment	-	(50,300)	-	-
Addition to investments	-	(20,000)	-	-
Proceeds from disposal of investment	-	20,000	-	-
Qard-e-Hasna to PTF	-	(12,150)	-	-
Total cash flow from investing activities	2,333	(59,419)	46	150
FINANCING ACTIVITIES				
Contribution to the Operator's fund	-	-	-	-
Ceded money	-	-	-	-
Qard-e-Hasna from OPF	-	-	-	12,150
Total cash flow from financing activities	-	-	-	12,150
Total cash flow from all activities	15	(50,684)	20,067	301
Cash and cash equivalents at beginning of the year	16	50,700	812	511
Cash and cash equivalents at end of the year	31	16	20,879	812
Reconciliation to profit and loss account:				
Operating cash flows	(2,318)	8,735	20,021	(11,999)
Depreciation	(2,757)	(1,251)	-	-
Return on deposits	11	2,799	46	150
Rental income	2,322	232		
Increase in assets other than cash	21,903	32,902	4,825	141,401
Increase in liabilities	(6,023)	(31,407)	(19,228)	(114,555)
Profit before taxation	13,138	12,010	5,664	14,997
Attributed to:				
Operator's Fund	13,138	12,010	-	-
Participants' Takaful Fund	-	-	5,664	14,997
	13,138	12,010	5,664	14,997

CHIEF EXECUTIVE OFFICER **DIRECTOR** **DIRECTOR** **CHAIRMAN** **CHIEF FINANCIAL OFFICER**

1 LEGAL 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 Participant's 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.

1.3 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.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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, SECP Takaful Rules, 2012 and General Takaful Accounting Regulation 2019.

In case requirements of IFRS differ from, the provision of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulation, 2019 shall prevail.

These financial statements have been prepared in line with the format issued by the SECP through the General Takaful Accounting Regulation 2019, vide SRO 1416(1)/2019 dated November 20, 2019.

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

2.1 Basis of measurement

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

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

2.2 Functional and presentation currency

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

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

3.1 Standards / amendments that are effective in current year and 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:

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 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	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	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

3.1.1 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.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms 'principal' as being the fair value of the financial asset at initial recognition, and the 'interest' as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets

	December 31, 2020			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
	----------------------------------Rupees----------------------------------			
Financial assets - Operator's Fund				
Qard-e-Hasna to Participants' Takaful Fund *	-	-	18,150	-
Receivable from PTF *	-	-	41,212	-
Cash at bank *	-	-	31	-
Accrued investment income*	-	-	1	-
	-	-	59,394	-

	December 31, 2020			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
	----------------------------------Rupees----------------------------------			

Financial assets - Participant's Takaful Fund				
Takaful / retakaful receivables *	-	-	82,028	-
Cash at bank *	-	-	20,879	-
Accrued investment income*			14	
	-	-	102,921	-

* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

	December 31, 2020			
	Gross carrying amount of financial assets that pass SPPI test			
	A-1+	**A1**	**Suspended**	**Not rated**
	---Rupees---			
Operator's fund				
Qard-e-Hasna to Participants' Takaful Fund	-	-	-	18,150
Receivable from PTF	-	-	-	41,212
Cash at bank	24	1	6	-
Accrued investment income	1	-	-	-
	25	1	6	59,362
Participant's Takaful Fund				
Takaful / retakaful receivables	-	-	-	82,028
Cash at bank	20,509	356	-	-
Accrued investment income	14	-	-	-
	20,523	356	-	82,028

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 Participant's financial assets and financial liabilities.

OPERATOR'S FUND	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rupees)	New carrying amount under IFRS 9 (Rupees)
Financial assets				
Qard-e-Hasna to PTF	Loans and receivables	Amortised cost	18,150	18,150
Accrued investment income	Loans and receivables	Amortised cost	1	1
Cash at bank	Loans and receivables	Amortised cost	31	31
Receivable from PTF	Loans and receivables	Amortised cost	41,212	41,212
Financial Liabilities				
Other creditors and accruals	Other financial liabilities	Amortised cost	10,333	10,333
PARTICIPENTS' TAKAFUL FUND				
Financial assets				
Accrued investment income	Loans and receivables	Amortised cost	14	14
Takaful / retakaful receivable	Loans and receivables	Amortised cost	82,028	82,028
Cash at bank	Loans and receivables	Amortised cost	20,879	20,879
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	10,131	10,131
Payable to Operator's Fund	Other financial liabilities	Amortised cost	40,712	40,712
Other creditors and accruals	Other financial liabilities	Amortised cost	908	908

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.

3.2 Standards / amendments that are effective in current year and not relevant to the Operator

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

Effective date (annual periods beginning on or after)

IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020

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 (2018 – 2020) Cycle:

IFRS 41	Agriculture	January 01, 2020

3.3 Standards / 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:

IFRS 4	Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IAS 39	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022

		Effective date (annual periods beginning on or after)
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023

IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

3.4 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.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with the requirements of accounting and reporting 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 amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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	5.3
- Determining the residual values, depreciation method and useful lives of investment property at cost	5.4
- Classification of takaful contracts	5.5
- Unearned contribution reserve	5.6.2
- Contribution due but unpaid - net	5.6.3
- Provision for outstanding claims (including IBNR)	5.7.1
- Prepaid Retakaful contribution ceded	5.8.2
- Retakaful recoveries against outstanding claims	5.9
	Note
- Deferred commission expense	6.1
- Unearned retakaful rebate	6.2
- Segment reporting	6.7
- Allocation of management expenses	6.12
- Impairment of assets	6.15

5 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 stated in note 5.1.

5.1 General Takaful Accounting Regulations, 2019

The Securities and Exchange Commission of Pakistan vide SRO 1416 (1) 2019 dated November 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Operator has changed the format for the preparation and presention of these financial statements to comply with the requirment of these regulations. The application of these regulation for the purpose of preparation and presentation of the financial statements are effective from January 01, 2020. Accordingly, corresponding figures have been presented in accordance with the new regulations. However, the change had no impact on the profit and loss of Operators' Fund, surplus of the Participants' Takaful Fund or their respective fund balances. Significant changes in the statement of financial position and profit and loss account are given in note 5.2 of these financial statements.

5.2 Changes in presentation and disclosure of financial statements

As per General Takaful Accounting Regulations, 2019 ("the Regulations"), the presentation and disclosure requirements of the financial statements was changed for general and window takaful operators for accounting periods commencing on or after January 1, 2020. Accordingly, with effect from January 01, 2020 the format prescribed in the Regulation has been adopted, and changes to the presentation and disclosures in the financial statements have been applied.

Key changes in the prescribed Annexure include a change in the presentation of assets or liabilities in the statement of financial position. Disaggregation of underwriting results and other elements of the profit and loss account. Other than these, there have also been certain changes in the nomenclature of various elements of the financial statements. These do not have any financial impact on the profitability and opening retained earnings. Some of the key changes resulting from the change in accounting policy, as aforementioned, on the prior year the financial statements has been summarized below:

5.2.1 Statement of financial position

Serial no.	New Classification and presentation	Previous classification and presentation	December 31, 2019
1	Taxation - payment less provision	Taxation - net	386

5.2.2 Profit and loss account

1	Classified and deducted from "Gross contribution earned" in the notes as	Disclosed separately in the profit and loss account for PTF as Wakala expense.	44,855
2	Separately disclosed in the profit and loss account for PTF, as "Contributions ceded to Retakaful".	Deducted from contribution earned under "Net Contribution Revenue" in the profit and loss account for PTF, as "Retakaful expense".	54,226
3	Separately disclosed in the profit and loss account for PTF / OPF, as "Modarib's share of investment income".	Classified under "Investment (loss) / income" in the profit and loss account for PTF / OPF.	76
4	Classified under "General,administrative and management" expenses of OPF.	Classified under "Other expenses" in the profit and loss account of OPF.	6,211

5.3 Property and equipment

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

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the note 6 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.

5.4 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, if any.

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 of profit and loss account 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 profit or loss account using the reducing balance method applying the rates specified in the note 7 to these financial statements. 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 profit and loss account 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.

5.5 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 Operator is of 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.

5.6 Contribution

5.6.1 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.

5.6.2 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 reporting 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 General Takaful Accounting Regulation, 2019.

5.6.3 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.

5.7 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.

5.7.1 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto the reporting 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 reporting 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.

5.8 Retakaful contracts

5.8.1 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.

5.8.2 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.

5.9 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 COMMISSION

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 takaful contribution revenue.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

6.6 Revenue recognition

6.6.1 Participant's takaful fund

6.6.1.1 Contribution

The revenue recognition policy for contributions is given under note 5.6.1.

6.6.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from Re-takaful operators is given under note 6.2.

6.6.2 Operator's fund

The revenue recognition policy for wakala fee is given under note 6.3.

6.6.3 Participant's takaful fund / Operator's fund

6.6.3.1 Investment income

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

6.7 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, Insurance Rules, 2017, General Takaful Accounting Regulations 2019, 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 5.5.

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.

6.8 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 and 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.

6.9 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.

6.10 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.

6.11 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.

6.12 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.

6.13 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 reporting date and will be adjusted to reflect the current estimate.

6.14 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 reporting 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.

6.15 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.

6.16 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.

6 PROPERTY AND EQUIPMENT

--------------------Rupees, 000---------------

	December 31, 2020									
	Cost				Accumulated depreciation					
	As at January 1, 2020	Additions during the year	Transfer to investment property	As at December 31, 2020	As at January 1, 2020	Depreciation for the year	Transfer to investment property	As at December 31, 2020	Written down value	Depreciation rate %
	Rupees									
Office Premises	10,000	-	-	10,000	83	496	-	579	9,421	5%
Vehicles	2,300	-	-	2,300	268	406	-	674	1,626	20%
	12,300	-	-	12,300	351	902	-	1,253	11,047	

	December 31, 2019									
	Cost				Accumulated depreciation					
	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	Written down value	Depreciation rate %
	Rupees, 000									
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	

7 INVESTMENT PROPERTY

--------------------Rupees, 000---------------

	December 31, 2020									
	Cost				Accumulated depreciation					
	As at January 1, 2020	Additions during the year	Transfer to investment property	As at December 31, 2020	As at January 1, 2020	Depreciation for the year	Transfer to investment property	As at December 31, 2020	Written down value	Depreciation rate %
	------- Rupees -------									
Office Premises	38,000	-	-	38,000	900	1,855	-	2,755	35,245	5%
	38,000	-	-	38,000	900	1,855	-	2,755	35,245	

	December 31, 2019									
	Cost				Accumulated depreciation					
	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	Written down value	Depreciation rate %
	------- Rupees,000 -------									
Office Premises	-	38,000		38,000	-	200	700	900	37,100	5%
	-	38,000	-	38,000	-	200	700	900	37,100	

7.1 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 in the year 2020 is Rs. 2.322 million (2019: 0.232 million). This investment property is kept at cost model due to difficulties of identifying sale of similar type of properties recently.

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

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

7.4 Depreciation on investment property measured at WDV is charged to other expenses.

	2021	2022-2025	After 2025
7.5 The minimum lease payments receivable under non-cancellable operating leases	2,554	13,039	4,113

8 QARD-E-HASNA

In accordance with the Takaful Rules, 2012, if at any point in time, assets in Participant's Takaful Fund (PTF) 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 Insurance Ordinance explaining the reasons thereof.

	2020	2019
Balance as at January 01,	18,150	6,000
Transferred from OPF during the year	-	12,150
Returned by PTF during the year	-	-
Closing balance as at December 31,	18,150	18,150

9 TAKAFUL / RE-TAKAFUL RECEIVABLES

Due from takaful participant holders	24,752	44,600
Less: provision for impairment of receivables from takaful participant holders	-	-
	24,752	44,600
Due from other re-takaful operators	57,276	33,873
Less: provision for impairment of receivables from takaful participant holders	-	-
	82,028	78,473

10 RECEIVABLE FROM PTF / PAYABLE TO OPF

	Operator's Fund		Participants Takaful Fund	
	2020	2019	2020	2019
	------------------Rupees,000----------------		------------------Rupees,000----------------	
Modarib fee	28	76	(28)	(76)
Other receivable / payable	41,184	16,157	(40,684)	(15,657)
	41,212	16,233	(40,712)	(15,733)

11 ACCRUED INVESTMENT INCOME

Income accrued on savings account	1	-	14	5

12 TAXATION - PAYMENTS LESS PROVISION

Advance tax	17	386	6	15

		Operator's Fund		Participants Takaful Fund	
		2020	2019	2020	2019
		---Rupees,000---		---Rupees,000---	

13 PREPAYMENTS

Prepaid retakaful contribution ceded		-	-	45,758	44,455
Other prepayments		226	438	-	-
		226	438	45,758	44,455

14 CASH AND BANK

Cash at bank					
Current accounts		1	1	-	-
PLS accounts	14.1	30	15	20,879	812
		31	16	20,879	812

14.1 These represent profit and loss sharing accounts carrying profit rates ranging from 5% to 10% (2019: 7% to 10%) 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'.

16 TAKAFUL / RETAKAFUL PAYABLE

Due to other takaful / re-takaful	10,131	15,193

17 OTHER CREDITORS AND ACCRUALS

	Operator's Fund		Participants Takaful Fund	
	2020	2019	2020	2019
	---Rupees,000---		---Rupees,000---	
Salaries payable	926	179	-	-
Staff provident fund	397	185	-	-
Commission payable	6,730	4,591	-	-
Withholding tax payable	83	46	-	-
Accrued expenses	2,197	1,911	908	244
	10,333	6,912	908	244

18 PAYABLE TO EAST WEST INSURANCE COMPANY

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

19 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020.

		Note	Participants Takaful Fund 2020	2019
			--------------------Rupees,000----------------	
20	**NET TAKAFUL CONTRIBUTION**			
	Written gross contribution		206,477	196,670
	Wakala fee	22	(77,383)	(44,855)
	Contribution net of wakala fee		129,094	151,815
	Unearned contribution reserve - (opening)		86,424	10,821
	Unearned contribution reserve - (closing)		(86,087)	(86,424)
	Contribution earned		129,431	76,212
	Less:			
	Re-takaful contribution ceded		107,121	98,315
	Prepaid retakaful contribution ceded - (opening)		44,455	366
	Prepaid retakaful contribution ceded - (closing)		(45,758)	(44,455)
	Retakaful expense		105,818	54,226
	Net contribution		23,613	21,986
21	**NET TAKAFUL CLAIMS**			
	Claims paid		120,550	98,069
	Outstanding claims including IBNR - (opening)		-	-
	Outstanding claims including IBNR - (closing)		-	-
	Claim expense		120,550	98,069
	Less: Retakaful and other recoveries received		(87,629)	(83,304)
			32,921	14,765
22	**WAKALA EXPENSE**			
	Gross wakala fee		77,350	72,447
	Deferred wakala expense - (opening)		31,701	4,109
	Deferred wakala expense - (closing)		(31,668)	(31,701)
	Deferred wakala expense		77,383	44,855

22.1 The operator manages the general takaful operations for the participants' and charges 40% for fire, 35% for motor, 40% for marine and 35% for miscellaneous classes, of gross contribution including adminstrative surcharges as wakala fee against the services.

			2020	2019
23	**RETAKAFUL REBATE**			
	Retakaful rebate received or recoverable		14,431	14,985
	Unearned retakaful rebate - (opening)		7,319	37
	Unearned retakaful rebate - (closing)		(6,805)	(7,319)
			14,945	7,703

	Note	Participants Takaful Fund 2020	2019
		--------Rupees,000--------	

24 COMMISSION EXPENSE

		2020	2019
Commission paid or payable		44,297	43,848
Deferred commission expense - (opening)		19,571	1,673
Deferred commission expense - (closing)		(17,075)	(19,571)
		46,793	25,950

25 MANAGEMENT EXPENSES

	Note	2020	2019
Employees benefits	25.1	12,351	5,786.00
Staff welfare expenses		35	106.00
Depreciation expenses		2,757	1,252.00
Office rent and maintenance		1,996	72.00
Motor vehicle running expense		188	245.00
Printing and stationary		5	92.00
Postage and telegram		3	11.00
Utility expenses		260	200.00
Repair and maintenance		23	19.00
Computer related expenses		3	-
Service charges		-	247.00
Newspaper and periodicals		1	7.00
Shariah registrar fees		1,200	1,228.00
Bank charges		-	2.00
		18,822	9,267

25.1 These include Rs. 0.63 million and Rs. 0.3 million (2019: Rs. 0.058 and Rs. 0.089 million) in respect of bonus and provident fund respectively.

	Operator's Fund 2020	2019	Participants Takaful Fund 2020	2019
	----Rupees,000----		----Rupees,000----	

26 INVESTMENT INCOME

	Operator's Fund 2020	Operator's Fund 2019	Participants Takaful Fund 2020	Participants Takaful Fund 2019
Income from equity securities				
- Dividend income	-	286	-	-
Income from term deposits				
- Return on term deposits	-	2,066	-	-
Return on bank balances				
- Return on PLS saving Accounts	12	317	-	-
Total investment income	12	2,669	-	-
Return on bank balances				
- Return on PLS saving Accounts	-	-	55	152
Less: Investment related expenses	-	-	(28)	(76)
	12	2,669	27	76

		Note	Participants Takaful Fund 2020	Participants Takaful Fund 2019
			---------------------Rupees,000	-----------------
27	**DIRECT EXPENSES**			
	Auditor's remuneration	27.2	992	605
			992	605
27.2	**Auditor's remuneration**			
	Annual audit fee		782,000	441
	Interim review fee		100,000	100
	Out of pocket expense		54,100	35
	Sind sales tax		55,608	29
			991,708	605

28 RELATED PARTY TRANSACTIONS

The Operator has related parties comprise of the associates, 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:

	Relationship with the Company	Basis of Relationship	2020	2019
			-----------------Rupees, 000	------------
Loan received from East West Insurance Company Limited	Window Takaful Operator	Management Company	2,635	
Loan paid to East West Insurance Company Limited				2,296
Remuneration paid				
Syed Arif Hussain	Head of Window Takaful Operation	Key Management Personal	-	974
Sajjad Usmani	Shariah Advisor	Key Management Personal	1,200	1,228
Abdul Hakeem Siddiqui	Head of Window Takaful Operation	Key Management Personal	957	639
Staff retirement benefits	Head of Window Takaful Operation	Key Management Personal	-	75
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

28.1 Year end balances

Payable to related parties

	2020	2019
East West Insurance Company Limited	6,775	4,140
Staff retirement benefits	-	185
Key management personal	307	179
	7,082	4,504

29 SEGMENT REPORTING

29.1 Operator's Fund

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	December 31, 2020					
	Rupees, 000					
Wakala fee earned	30,719	12,244	20,608	12,938	874	77,383
Commission expense	(18,760)	(8,010)	(12,185)	(7,402)	(436)	(46,793)
Management expenses	(7,471)	(2,978)	(5,013)	(3,147)	(213)	(18,822)
Underwriting results	4,488	1,256	3,410	2,389	225	11,768
Mudarib's share of PTF investment income						28
Direct expenses						(992)
Investment income						12
Rental income						2,322
Profit before taxation for the year						13,138
Corporate segment assets	6,427	1,259	6,555	2,612,479	221,168	17,075
Corporate unallocated assets						105,929
Total assets						123,004
Corporate segment liabilities	10,707	1,618	12,569	6,198	576	31,668
Corporate unallocated liabilities						17,108
Total liabilities						48,776

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	December 31, 2019					
	Rupees,000					
Wakala fee earned	18,444	6,671	15,346	2,716	1,678	44,855
Commission expense	(10,376)	(4,096)	(8,769)	(1,807)	(902)	(25,950)
Management expenses	(3,811)	(1,378)	(3,170)	(561)	(347)	(9,267)
	4,257	1,197	3,407	348	429	9,638
Mudarib's share of PTF investment income						76
Direct expenses						(605)
Investment income						2,669
Rental income						232
Profit before taxation for the year						12,010
Corporate segment assets	7,588	1,731	6,520	3,440	292	19,571
Corporate unallocated assets						84,272
Total assets						103,843
Corporate segment liabilities	12,141	2,480	10,686	5,845	549	31,701
Corporate unallocated liabilities						11,052
Total liabilities						42,753

29.2 Participants' Takaful Fund

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	December 31, 2020					
	Rupees,000					
Written gross contribution including administrative surcharge	73,212	28,456	64,261	37,972	2,576	206,477
Gross direct contribution	9,711	7,744	18,508	20,499	106	56,568
Facultative inward contribution	63,075	20,338	44,836	16,776	2,470	147,495
Administrative surcharge	426	374	917	697	-	2,414
Wakala Fee	(30,719)	(12,244)	(20,608)	(12,938)	(874)	(77,383)
Contribution earned	46,075	18,365	38,272	24,027	2,692	129,431
Retakaful expense	36,569	22,057	19,494	25,914	1,784	105,818
Net takaful contribution	9,506	(3,692)	18,778	(1,887)	908	23,613
Retakaful rebate earned	5,450	3,308	2,731	3,188	268	14,945
Net underwriting income	14,956	(384)	21,509	1,301	1,176	38,558
Takaful claims	(48,858)	(21,341)	(20,492)	(25,253)	(4,606)	(95,297)
Takaful claims recovered from retakaful	38,353	16,313	9,027	21,655	2,281	65,974
Net claims	(10,505)	(5,028)	(11,465)	(3,598)	(2,325)	(32,921)
Direct expenses	-	-	-	-	-	-
Surplus/(Deficit) before investment income	4,451	(5,412)	10,044	(2,297)	(1,149)	5,637
Investment income						55
Modarib's share of investment income						(28)
Surplus transferred to accumulated surplus						5,664
Corporate segment assets	56,763	22,625	47,150	29,600	3,316	159,454
Corporate unallocated assets						20,899
Total assets						180,353
Segment Liabilities	37,370	14,895	31,041	19,488	2,183	104,978
Unallocated Liabilities						41,620
						146,598

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	December 31, 2019					
	Rupees,000					
Written gross contribution including administrative surcharge	70,042	22,677	70,361	24,350	9,240	196,670
Gross direct contribution	20,370	8,062	15,369	7,079	6,489	57,369
Facultative inward contribution	48,746	14,213	54,264	16,917	2,407	136,547
Administrative surcharge	926	402	728	354	344	2,754
Wakala fee	(18,444)	(6,671)	(15,346)	(2,716)	(1,678)	(44,855)
Contribution earned	27,663	10,007	28,501	5,044	4,997	76,212
Contribution ceded	(23,842)	(10,213)	(12,315)	(5,247)	(2,609)	(54,226)
Net contibution revenue	3,821	(206)	16,186	(203)	2,388	21,986
Retakaful rebate earned	3,548	1,532	1,445	787	391	7,703
Net underwriting income	7,369	1,326	17,631	584	2,779	29,689
Takaful claims	(30,292)	(36,087)	(15,273)	(2,284)	(14,133)	(98,069)
Takaful claims recovered from retakaful	28,123	33,043	8,323	2,163	11,652	83,304
Net claims	(2,169)	(3,044)	(6,950)	(121)	(2,481)	(14,765)
Direct expenses	(3)	-	-	-	-	(3)
Surplus/(Deficit) before investment income	5,197	(1,718)	10,681	463	298	14,921
Investment income						152
Modarib's share of investment income						(76)
Surplus transferred to accumulated surplus						14,997
Corporate segment assets	58,886	21,302	56,003	10,235	8,203	154,629
Corporate unallocated assets						832
Total assets						155,461
Corporate segment liabilities	42,421	15,346	40,344	7,373	5,910	111,394
Corporate unallocated liabilities						15,976
Total liabilities						127,370

30 FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Operator include 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.

Operator's Fund	Note	Effective yield / Profit rate	As at December 31, 2020						
			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	
			Rupees,000						
Financial assets									
Qard-e-Hasna to PTF			-	-	-	-	18,150	18,150	18,150
Accrued investment income	11		-	-	-	1	-	1	1
Receivable from PTF	10		-	-	-	41,212	-	41,212	41,212
Cash and bank	14	5% - 10%	30	-	30	1	-	1	31
			30	-	30	41,214	18,150	59,364	59,394
Financial liabilities									
Other creditors and accruals	17		-	-	-	10,250	-	10,250	10,250
Payable to East West Insurance Company Limited	18		-	-	-	6,775	-	6,775	6,775
			-	-	-	17,025	-	17,025	17,025
On balance sheet gap			30	-	30	24,189	18,150	42,339	42,369

Participants' Fund	Note	Effective yield / Profit rate	As at December 31, 2020						
			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	
			Rupees,000						
Financial assets									
Accrued investment income	11		-	-	-	14	-	14	14
Takaful / retakaful receivables	9		-	-	-	82,028	-	82,028	82,028
Cash and bank	14	5% - 10%	20,879	-	20,879	-	-	-	20,879
			20,879	-	20,879	82,042	-	82,042	102,921
Financial liabilities									
Payable to OPF	10		-	-	-	40,712	-	40,712	40,712
Other creditors and accruals	17		-	-	-	908	-	908	908
			-	-	-	41,620	-	41,620	41,620
On balance sheet gap			20,879	-	20,879	40,422	-	40,422	61,301

Operator's Fund	Note	Effective yield / Profit rate	As at December 31, 2019						
			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	
			Rupees,000						
Financial assets									
Qard-e-Hasna to PTF			-	-	-	-	18,150	-	18,150
Accrued investment income			-	-	-	-	-	-	-
Receivable from PTF			-	-	-	16,233	-	16,233	16,233
Cash and bank	14	7% - 10%	15	-	15	1	-	1	16
			15	-	15	16,234	18,150	16,234	34,399
Financial liabilities									
Other creditors and accruals	17		-	-	-	6,912	-	6,912	6,912
Payable to East West Insurance Company Limited	18		-	-	-	4,140	-	4,140	4,140
			-	-	-	11,052	-	11,052	11,052
On balance sheet gap			15	-	15	5,182	-	5,182	23,347

Participants' Fund	Note	Effective yield / Profit rate	As at December 31, 2019						
			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	
			Rupees,000						
Financial assets									
Accrued investment income	11		-	-	-	5	-	5	5
Takaful / retakaful receivables	10		-	-	-	78,473	-	78,473	78,473
Cash and bank	14	7% - 10%	812	-	812	-	-	-	812
			812	-	812	78,478	-	78,478	79,290
Financial liabilities									
Payable to OPF	10		-	-	-	15,733	-	15,733	15,733
Other creditors and accruals	17		-	-	-	244	-	244	244
			-	-	-	15,977	-	15,977	15,977
On balance sheet gap			812	-	812	62,501	-	62,501	63,313

31 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

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

31.1 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

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.

31.1.1 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.

31.2 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.

	2020			2019		
Rating	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets
A or above (including PRCL)	57,276	-	45,758	33,873	-	44,455

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

31.3 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.

31.3.1 Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	Operator's Fund		Participants Takaful Fund	
	2020	2019	2020	2019
	Rupees,000		Rupees,000	
Accrued investment income	1	-	14	5
Takaful / retakaful receivables	-	-	82,028	78,473
Receivable from PTF	41,212	16,233	-	-
Cash and bank	31	16	20,879	812
	41,244	16,249	102,921	79,290

31.3.2 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 is assessed with reference to external credit ratings as follows:

Name of the bank	Rating		Rating agency	Operator's Fund		Participants' Fund	
	Short term	Long term		2020	2019	2020	2019
				----------Rupees, 000----------		----------Rupees, 000----------	
Cash at bank							
Summit Bank	Suspended		JCR-VIS	6	-	-	-
Dubai Islamic Bank	A-1+	AA	JCR-VIS	12	2	20,507	510
Bank Islami	A1	A+	PACRA	1	2	356	300
Meezan Bank	A-1+	AA+	JCR-VIS	12	12	2	2
				31	16	20,865	812

31.4 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.

31.5 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:

Operator's Fund	December 31, 2020			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	----------Rupees, 000----------			
Financial liabilities				
Other creditors and accruals	10,250	10,250	10,250	-
Payable to East West Insurance Company Limited	6,775	6,775	6,775	-
	17,025	17,025	17,025	-

Operator's Fund	December 31, 2019			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	----------Rupees, 000----------			
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	-

Participants' Fund	December 31, 2020			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	----------Rupees, 000----------			

Participants' Fund	December 31, 2020			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	---Rupees, 000---			
Financial liabilities				
Payable to OPF	40,712	40,712	40,712	-
Other creditors and accruals	908	908	908	-
	41,620	41,620	41,620	-

Participants' Fund	December 31, 2019			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
	---Rupees, 000---			
Financial liabilities				
Payable to OPF	15,733	15,733	15,733	-
Other creditors and accruals	244	244	244	-
	15,977	15,977	15,977	-

31.6 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.

31.6.1 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 Operator does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

31.6.2 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 reprising or maturity dates whichever is earlier is as follows:

	Operator's Fund		Participants Takaful Fund	
	2020	2019	2020	2019
	---Rupees, 000---		---Rupees, 000---	
Fixed rate instruments				
Financial assets	-	-	-	-
	-	-	-	-
Variable rate instruments				
Financial assets	31	16	20,879	812
	31	16	20,879	812

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 4.1% to 8.2% (2019: 5.5% to 9.6%) 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.

Operator's Fund	Profit / (loss) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	----------Rupees, 000----------			
As at December 31, 2020				
Sensitivity	0.3	(0.3)	0.3	(0.3)
As at December 31, 2019				
Sensitivity	0.2	(0.2)	0.2	(0.2)

Participants' Fund	Surplus / (deficit) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	----------Rupees----------			
As at December 31, 2020				
Sensitivity	209	(209)	209	(209)
As at December 31, 2019				
Sensitivity	8	(8)	8	(8)

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 account.

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.

31.6.3 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.

32 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.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 amounts 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 IMPACT OF COVID-19 ON THE BUSINESS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Operator's financial condition or results of operations except those disclosed in notes to the financial statements.

35 NUMBER OF EMPLOYEES

	2020	2019
Number of employees at the end of the year	16	2
Average number of employees	16	7

36 CORRESPONDING FIGURES

The corresponding figures have been reclassified or re-arranged, wherever considered necessary, to comply with the requirements of General Takaful Accounting, Regulations 2019. Accordingly, no other significant re-classification or re-arrangement have been made during the period, except for those disclosed in note 5.2.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ____________ by the Board of Directors of the Operator.

38 GENERAL

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

DIRECTOR	DIRECTOR	CHIEF EXECUTIVE OFFICER	CHAIRMAN	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCR CO., LIMITED
Pattern of Shareholdings
As At December 31, 2020

Number of Shareholders	Shareholdings From		To	Share Held	Percentage
26	1		200	3,022	0.0009
181	201		1,000	45,300	0.0151
4	1,001		2,000	6,050	0.0170
2	2,001		5,000	8,688	0.0197
4	5,001		7,000	23,490	0.0270
1	7,001		15,000	14,913	0.0317
2	15,001		20,000	38,219	0.0436
13	20,001		25,000	290,427	0.1344
4	25,001		30,000	113,673	0.1699
4	30,001		35,000	123,273	0.2084
1	35,001		40,000	35,033	0.2194
3	40,001		45,000	128,685	0.2596
11	45,001		95,000	585,443	0.4425
1	95,001		1,500,000	127,646	0.4824
2	1,500,001		3,000,000	3,858,146	1.6878
8	3,000,001		6,000,000	37,890,522	13.5264
2	6,000,001		8,000,000	12,986,469	17.5839
4	8,000,001		9,000,000	33,840,954	28.1572
3	9,000,001		10,000,000	28,215,857	36.9730
276				**118,335,810**	**100.0000**

Categories Of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor children	12	54,728,761	46.2488
Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba	2	9,818,890	8.2975
Individual	262	53,788,159	45.4538
Total	**276**	**118,335,810**	**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	6,335	0.0054
M/s. East West Holding Company Ltd.	1	9,812,555	8.2921
CEO, Directors, their Spouses and Minor Children			
Chief Justice (R) Mian Mahboob Ahmed	1	4,252	0.0036
Javed Yunus	1	5,054,842	7.7179
Pervez Yunus	1	8,898,056	7.5193
Naved Yunus	1	8,047,073	6.8002
Saad Yunus	1	5,450,034	4.6056
Umeed Ansari	1	1,582	0.0013
Ahsan Mahmood Alvi	1	1,437	0.0012
Urooj Yunus Ansari	1	3,544,774	2.9955
Mazhar Zubair Abbasi	1	500	0.0005
Ambreen N. Yunus	1	9,113,823	7.7017
Rubina J. Yunus	1	9,289,479	4.4038
Samina P. Yunus	1	5,322,909	4.4981
Individual	262	53,788,159	45.4538
Total	**276**	**118,335,810**	**100.0000**