

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

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

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

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



# CONTENTS



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

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

**07**  
Vision

**11**  
Mission

**15**  
Board of Directors

**16**  
Committees

**17**  
Board of Management

**19**  
Notice of Annual General Meeting

**20**  
Financial Highlights

**21**  
Chairman's Review

**23**  
Director's Report

**29**  
Statement of Compliance

**31**  
Review Report

**32**  
Statement of Compliance on Transfer Pricing

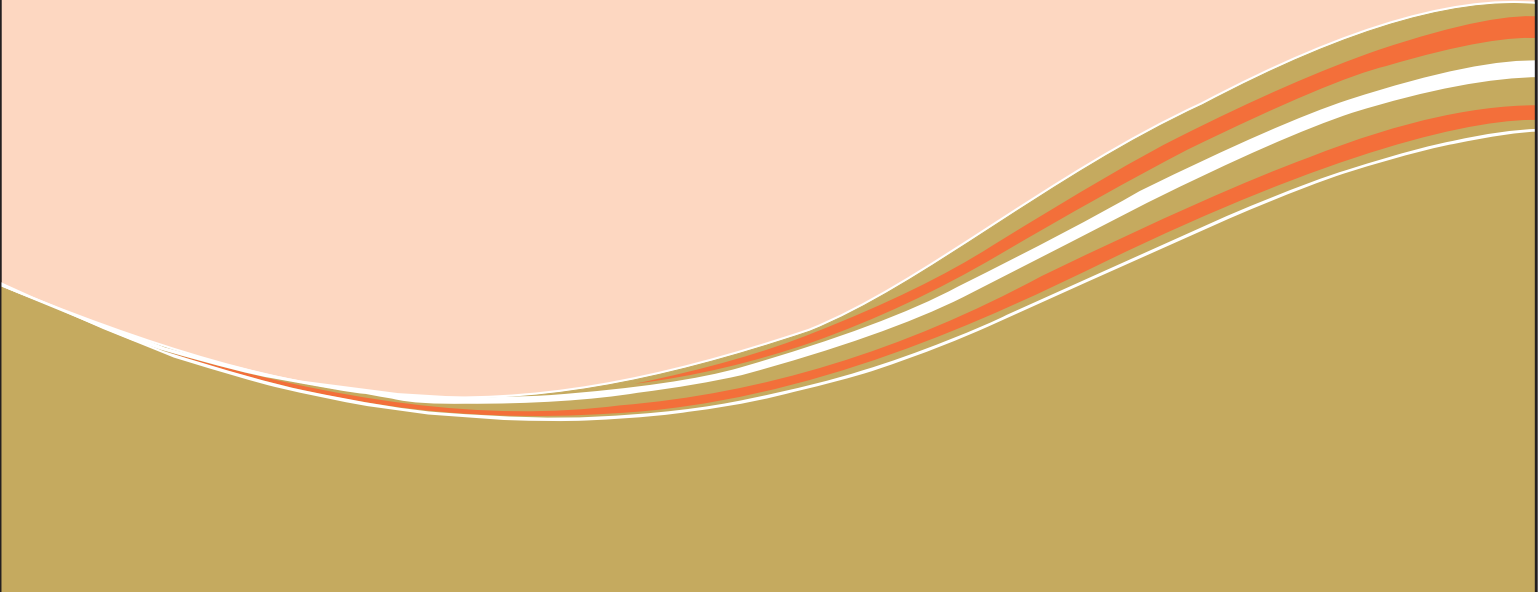
**35**  
Organizational Set-up

**49**  
Contents of Financial Statements



[ Quality services, innovative solutions and comprehensive risk cover ]

OUR  
VISION  
OUR  
VISION







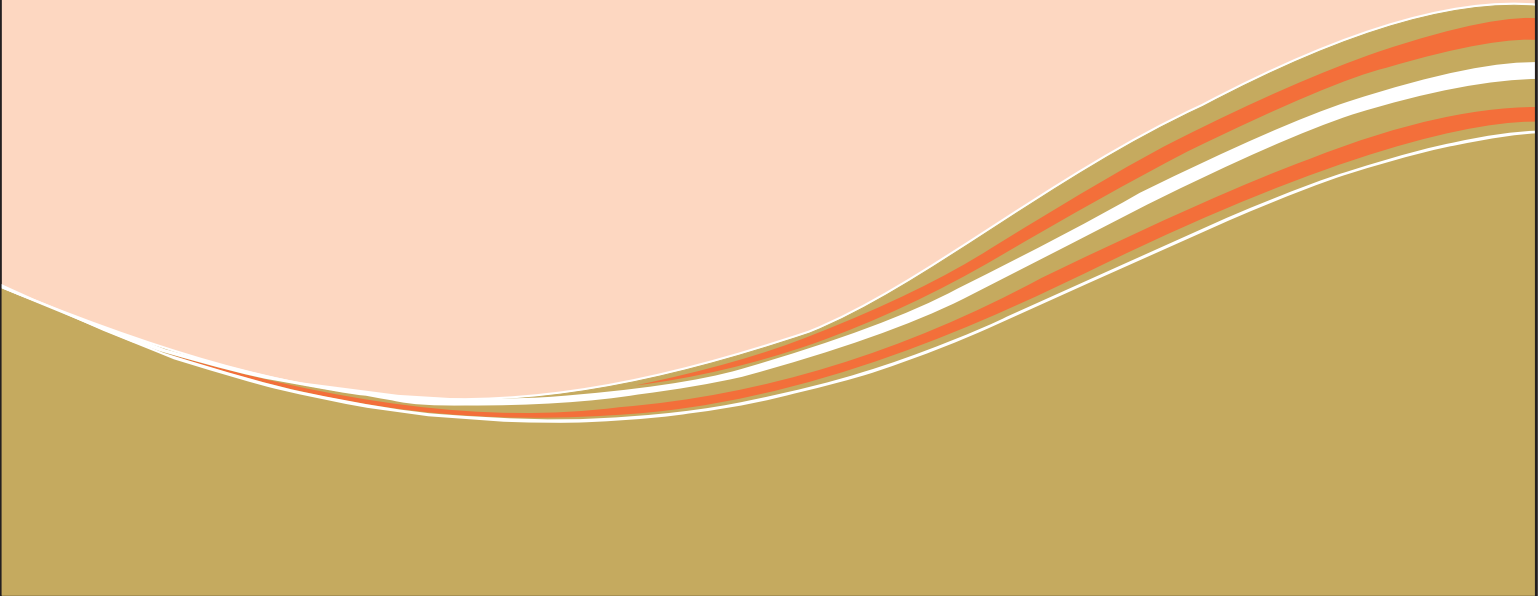
*To be amongst most trusted insurance security  
of the country by providing protection to our  
insured in most effective basis ensuring prosperity  
for its stakeholders and growth with human  
force.*





[ Long term commitment to our valued clients ]

OUR  
MISSION  
OUR  
MISSION



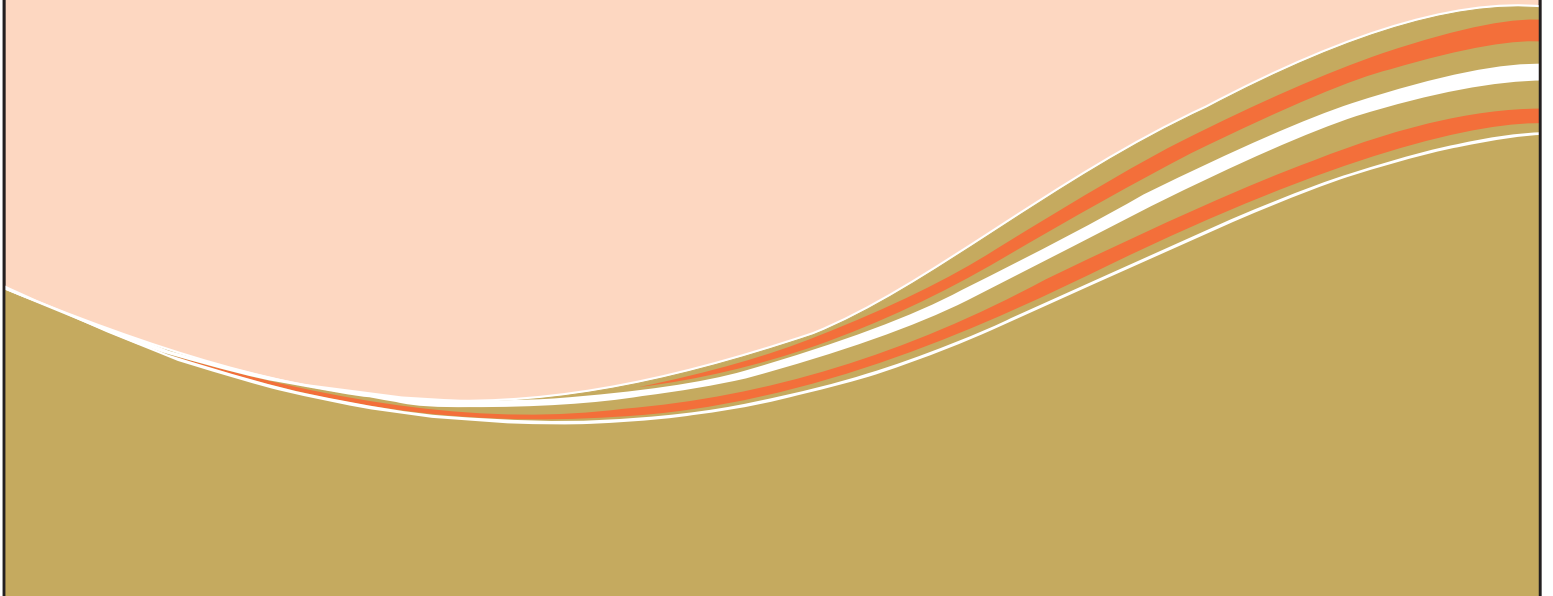


- *To ensure most effective management for sustained growth of the company.*
- *To provide reliable secure protection for the policyholders.*
- *To retain sound position of the company in industry while working with dedication & innovation.*
- *To maintain continuous pursuit for cost effectiveness, enhanced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



[ Our team professionals ensure that quality is never compromised ]

OUR  
PEOPLE  
OUR  
PEOPLE





# BOARD OF DIRECTORS



**Chairman :**

Chief Justice ( R ) Mian Mahboob Ahmad

**Managing Director & Chief Executive :**

Naved Yunus

**Director**

Javed Yunus  
Pervez Yunus  
Maheen Yunus  
A.K.M. Sayeed  
Tulu Javed Yunus

**Consultant / Advisor**

M. Jamaluddin

**Company Secretary**

Shabbir Ali Kanchwala

**Legal Advisor**

Khalid Law Associates

**Auditors**

Anjum Asim Shahid Rahman  
Chartered Accountants

**Tax Advisor**

BDO Ebrahim & Co.  
Afnan Tax Consultants

**Shares Registrar**

Bema Associates (Pvt) Ltd.  
515, EFU House, M.A.Jinnah Road,  
Karachi.

**Registered Office :**

27, Regal Plaza, Jinnah Road, Quetta.

**Head Office :**

410, EFU House, M. A. Jinnah Road, Karachi.

**IFS Rating : A - (Single A Minus) - Stable Outlook**

**Website : [www.eastwestinsurance.com.pk](http://www.eastwestinsurance.com.pk)**

**Bankers :**

Allied Bank Limited  
Askari Bank Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan Limited  
NIB Bank Limited  
Summit Bank Limited  
The Bank of Punjab Limited  
United Bank Limited

# COMMITTEES

## **Executive Committee :**

NAVED YUNUS	Chairman
JAVED YUNUS	Member
PERVEZ YUNUS	Member
SHABBIR ALI KANCHWALA	Member / Secretary
ENGR. KAZIM RAZA	Member

## **Audit Committee :**

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD	Chairman
MAHEEN YUNUS	Member
A.K.M. SAYEED	Member
ENGR. KAZIM RAZA	Member
JOHRY LAL, ACCA (UK)	Secretary

## **Underwriting Committee :**

PERVEZ YUNUS	Chairman
MAHEEN YUNUS	Member
ENGR. KAZIM RAZA	Member / Secretary

## **Claim Settlement Committee :**

NAVED YUNUS	Chairman
MAHEEN YUNUS	Member
SHABBIR ALI KANCHWALA	Member
MAZHARUDDIN	Member / Secretary

## **Reinsurance Committee :**

NAVED YUNUS	Chairman
JAVED YUNUS	Member
ENGR. KAZIM RAZA	Member
SYED ARSHAD ALI	Member / Secretary

## **Investment Committee :**

A.K.M. SAYEED	Chairman
NAVED YUNUS	Member
SHABBIR ALI KANCHWALA	Member
MUHAMMAD ZAMRAN	Member / Secretary

## **Human Resource Committee :**

JAVED YUNUS	Chairman
MAHEEN YUNUS	Member
SHABBIR ALI KANCHWALA	Member / Secretary
MIDHAT ANIS ANSARI	Member

# BOARD OF MANAGEMENT



**Managing Director & Chief Executive :**

NAVED YUNUS

**Executive Director (Marketing) :**

JAVED YUNUS

**Executive Director (Operation) :**

PERVEZ YUNUS

**Director Finance / Chief Financial Officer (CFO) :**

SHABBIR ALI KANCHWALA

**Director Operations :**

ENGR. KAZIM RAZA

**Director Development :**

UMEED ANSARI

MUHAMMAD FAYYAZ KHOKHAR

**Regional Director :**

SAJJAD ZAFAR

IFTIKHAR HUSSAIN

**General Managers:**

FAWAD AHMED KHOKAR  
JAWAD FAYYAZ KHOKHA  
IBRAR ELLAHI QURESHI  
JAN MUHAMMAD  
MUSHTAQ AHMED AWAN  
NASIHAT ALI KHAN  
AQEEL ANSARI  
MIR MUFFAKHAR ALI  
CH. M. JAWAD SADIQ ALI  
WAHEED-UL-HAQ SIDDIQUI  
IRFAN AFZAL MALIK  
MUHAMMAD ARIF ALI

**Executive Vice President:**

SYED M. AFZAL KARIM  
SHAH SAUD MIRZA (MARKETING)

**Senior Vice President:**

RAJA M. IQBAL AHMED

**Assistant Vice President:**

ZEESHAN FAISAL (Manager Health)

**Deputy General Managers:**

TARIQ MAHMOOD BUTT  
SYED SAJID ALI NAQVI  
MUNIR AHMED SHAKIR  
GEORGE JOHN  
MRS. RUBINA SHAHEEN  
M. YASIN SAJID  
SYED KHALIL AHMED

**Assistant General Managers:**

SHAHZAD AQIL  
MUHAMMAD AAMIR KHAN  
MUHAMMAD NAEEM AAMIR  
MANSOOR SHOAIB MIAN

**Chief Managers:**

SYED AZHAR AMIN HASHMI  
NAVEEN FELIX (MARKETING)  
SOHAIB MAJEED BUTT  
YUNUS SHAHEEN

**Regional Managers:**

MUHAMMAD SHARIF  
ASHIQ HUSSAIN SOMMRO  
TASWAR ELLAHI AWAN  
MALIK MUHAMMAD SALEEM  
QAZI RASHEED AHMED  
MOOSA IBRAHIM  
ASAD NAZIR BALOCH

**Manager & Zonal Managers:**

IFTIKHAR AHMED SHEIKH  
MAQBOOL-UR-REHMAN  
ZAHOR AHMED  
KASHIF FAROOQ BUTT  
MUHAMMAD RIAZ  
SHEIKH NAVEED AHMED

**Corporate Head:**

M. IQBAL FEROZE RIZVI

# NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the 30th Annual General Meeting of East West Insurance Company Limited (the Company) will be held on Saturday, March 30, 2013, at 9:30 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 March 31, 2012.
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, 2012.
3. To consider the appointment of Auditors for the year ending December 31, 2013 and fix their remuneration. The retiring Auditors M/s Anjum Asim Shahid Rahman Chartered Accountants, being eligible offer themselves for re-appointment.
4. To approve the interim bonus issue as final distribution for the year ended December 31, 2012 announced on December 3, 2012 and already issued to the shareholders in the proportion of one Ordinary share for every 10 ordinary shares held i.e. 10%.
5. To transact any other business of the Company with the permission of the Chairman.

By Order of the Board

**Shabbir Ali Kanchwala**  
Company Secretary  
Karachi: 7th March, 2013

## Notes:

1. The Share Transfer Books of the company will remain closed from March 29, 2013 to April 3, 2013, both days inclusive.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, Bema Associates (Private) Limited, 515, EFU House, M.A. Jinnah Road, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting.
3. Any individual Beneficial Owner of Central Depository Company, entitled to attend at this Meeting must bring his/her Computerized National Identity Card (CNIC) with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. The representative of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.
4. Change of address, if any, Should be notified immediately to the Company's Share Registrar aforesaid.
5. Members are requested to provide their e-mail address to enable the Company to send notices, financial statements etc. via e-mail.
6. Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same at the earliest.

# FINANCIAL HIGHLIGHTS

(Rupees in million)

	2012	2011	2010	2009	2008	2007
Gross Premium	855.72	673.32	562.50	631.82	614.07	502.24
Direct Premium	584.65	426.10	389.20	427.75	405.70	351.34
Net Premium	467.72	387.69	331.97	436.97	405.71	319.50
Investment & Deposits	391.18	278.55	222.77	275.04	881.65	593.51
Investment Income	36.78	31.83	32.02	(561.66)	255.15	330.00
Total Assets	835.35	714.42	633.64	660.48	1,273.32	963.68
Fixed Assets	58.20	110.74	124.84	114.98	102.61	64.74
Paid up Capital	331.82	301.65	251.38	228.53	228.53	172.85
Share holder's equity	466.08	398.51	338.16	329.71	866.84	644.08
General Reserve	100.00	75.00	77.20	100.20	100.20	100.20
Claims Paid	282.51	262.09	316.28	303.47	280.73	250.08
Net Claims	179.31	153.90	151.32	178.30	168.45	125.48
Management Expenses	92.20	78.17	66.54	87.24	82.98	65.07
Net Commission	83.25	73.81	68.64	82.16	73.94	75.48
Claim Ratio %	33.01	38.93	56.23	48.03	45.72	49.79
Management Expenses Ratio %	10.77	11.61	11.83	13.81	13.51	12.96
Underwriting Profit	112.96	81.80	45.46	89.27	80.33	53.47
Profit / (Loss) before tax	84.25	48.33	15.55	(528.00)	277.02	335.97
Profit / (Loss) after tax	68.04	35.22	8.43	(537.12)	265.83	326.26
Dividend / Bonus	30.17	25.14	22.85	-	98.75	37.58
Break up value per share (Rupees)	14.05	13.21	13.45	14.03	37.93	37.26
Earning per share (Rupees)	2.05	1.16	0.34	(23.50)	11.63	18.88

# CHAIRMAN'S REVIEW



On behalf of the Board of Directors, it is my privilege to present the 30th Annual Report of East West Insurance Company Limited for the financial year ending December 31st, 2012.

East West Insurance Company Limited completed its 30th year of operations and attained significant financial position in the industry and today recognized as a true professional underwriter amongst its valued clients. It is also considered a symbol of strength for its policyholders and a profitable venture for its shareholders. As chairman of the Board of Directors, I am confident that your company will maintain its steady pace and achieve further growth to cross greater heights in the coming years. What is more pleasing to me is that your company has retained its core values while adapting to the prevailing business environment around it.

After completing 30 years of business, EWI has now improved its position amongst its peers in the industry. Moreover, it is still exploring and learning new avenues of business and building a strong foundation for its future. More importantly it has mind of its own to discover and introduce fresh and new ideas of business development. I am proud to see the confidence of the management and its professional team in maintaining healthy growth combined with profitable earnings for its valued shareholders. It is also satisfying to note that EWI is taking the impact of vital regulatory changes that redefined the contours of underwriting after the introduction of new legislature by Insurance Division of SECP. I believe that structural changes were needed to safeguard the interest of the policyholders and the health of insurance industry. However, it was tough for the industry to adapt these changes in a short span of time. Despite these impediments, your company has successfully managed to underwrite gross premium above Rs. 855.00 million in 2012 showing a growth of over 27% compared to the premium income of 2011.

The appreciable performance has been achieved as a result of relentless focus and efforts that the management team has put in pursuing its strategy. The company has executed well on all aspects of its targeted goals designed to achieve during the course of year under review. The cost structure of the company has also been rationalized and a raft of cost containment initiatives has led to achieve the best expense ratios despite exorbitantly high cost of living. The company continues to be a strong security in terms of timely settlement of claims and its customer service features on workers front. There was also a huge focus on alignment of goals across the organization with regard to communication, leadership development and initiative that have led to strong improvement in the overall engagement of management team fully charged to take on the challenges in the coming years. The company is working on sustaining its outperformance in the industry by redefining its service strategy to further enhance the confidence of its valued customers.

## Economic Review

During the year 2012 the economic growth of Pakistan remained under pressure and achieved a marginal growth rate of 3.7% only. Resultantly, the government could not achieve its targeted goals. One of the major causes of decline in the growth rate was the power crisis that had knocked off at-least 2% from the economic growth rate. Although the government intends to solve the power crisis, yet due to political compulsions, it could not take remedial measures including raise in power tariff. Moreover, the upcoming elections in 2013 are also preventing government in making decisions in national economic interest. Nonetheless, the government admits that the progress in growth rate is extremely important to create jobs for new entrants and as medium term goal to achieve growth rate between 5% to 6%. It may also be mentioned that Pakistan has the lowest growth rate; compared to its regional peers during the year under review. India is expected to grow by 6.9% whereas Bangladesh and Sri Lanka are likely to achieve 5.9% and 7.5% growth respectively. In real terms per capita income of Pakistan has increased by 2.3% during the fiscal year ending June 2012 compared to last year. This shows an increase of per capita from US \$ 1258.00 to US \$ 1,372.00 in the year 2012.

While other economic indicators are painting a grimmer picture due to excessive borrowings to finance the deficit which is almost 80% higher than the year before. Investments have also declined from 13.1% to 12.5% which is the lowest in last five decades. Foreign investments have also dropped by 46.6%. Pakistan foreign exchange reserves have also dropped from US\$ 18 billion last year to US\$ 16.5 billion by July 2012. The rupee has also depreciated against US dollar hitting record lows to Rs.97.00 per dollar by December 31, 2012. The government however, is trying to implement austerity and a tight monetary policy to curb inflation, but was hampered in their efforts due to relatively slow rise in tax revenues, which causes the fiscal deficit to keep rising. The federal government income has also reduced to 30% as 65% to 70% resources are distributed to provinces under the 18th amendment in the constitution.

## Internal Security issues of Pakistan

Internal security holds pivotal place in the national security of a country. Pakistan is facing multi dimensional internal security crisis with extensive threats and challenges to its physical and human security mainly due to intolerance, extremism, militancy and terrorism.

Criminal corruption and social crimes further compound the problems. On the whole, these threats hamper prosperity of the people and progress of the state. The country is braving the worst form of terrorism. The society is divided into groups; foreign interventions are taking deep roots, extremism and intolerance are thriving and it seems that the writ of state is weakening. The requisite political will to stern the tide seems wanting and the rule of law has been the biggest casualty. The above stated security scenario poses serious threats to the economic activity in Pakistan. The investment is at its lowest level affecting badly the insurance and banking sectors. Pakistan needs to develop an internal security policy based on the good governance aimed at eradicating poverty and further set out in national strategies to promote investment. Pakistan faces enormous challenges in the years ahead. However, the people of Pakistan have shown remarkable resilience in addressing the challenges and there is high potential for reform and development in the country.

### **Our Performance**

East West Insurance Company Limited was established in 1983 with sole strategy to provide insurance services to small and mid-sized clients. Incidentally, this class of population in majority live in small towns, villages and hence, the management decided to open branches to penetrate the customers at their door steps. In doing so the company established nearly 100 branches all over Pakistan, whereas majority of them were based in the province of Punjab. Fortunately, the business environment in that era was extremely suitable for the investors both local and global. If you recall business activities were flourishing with opening of increased number of branches of banks and financial institutions to facilitate the investors. The privatization also played a positive role in the business activities as private banks and life insurance companies were also permitted to establish their business.

However, from 2008 onwards, the SME sector was badly affected by the increasing costs of electricity, gas and various other commodities. Resultantly, the business of this sector declined all over Pakistan in general and in particular the region of Punjab which was badly affected. Hence, we realized that our strategy to depend on SME sector now requires major changes and we must concentrate on corporate business to augment our premium income. In this regard our Islamabad region played a significant role with the professional guidance of head office and introduced corporate clients and large contracting firms working on highways and hydropower projects. As a result we successfully wrote large engineering risks adding attractive premium for your company.

In addition to engineering business in the miscellaneous portfolio, we also introduce Health and Travel insurance through our specialized branches in Islamabad and Karachi respectively. You should be pleased to know that our specialized branches directly approached the prospective clients and beside promoting good-will of the company, generated substantial premium under health and travel insurance programs. In 2013, under the same setup our plan is to open a specialized branch in Lahore which will cater our clients in Health and Travel Insurance.

### **Acknowledgement**

In the end I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose faith, cooperation and support over the years strengthened our relationship which played a vital role in improving our performance for the benefit of common men and national economy.

Once again the successful performance of the company could not have been achieved without the continued commitment and dedication of the management and staff of your company. On behalf of the members of Board of Directors, I would like to extend my gratitude to all of them.

Finally, I wish to record my appreciation to all my fellow Directors for their continuous assistance, support and guidance during the year 2012 and look forward for their co-operation during the year 2013. With this in mind, I anticipate that Inshallah the company would successfully face the challenges ahead.

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



**Chief Justice (Retd.)**  
**Mian Mahboob Ahmad**  
Chairman

Karachi Dated: 7th March, 2013

# DIRECTOR'S REPORT



The Board of Directors is pleased to present 30th Annual Report along-with audited accounts for the year ending 31st December 2012.

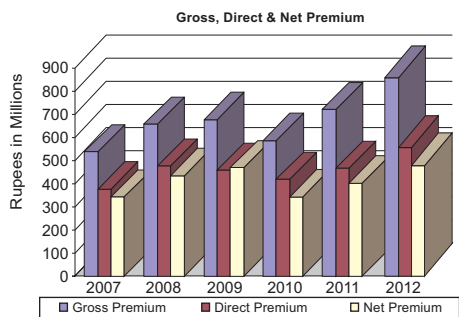
## General Insurance in Pakistan

General insurance industry in Pakistan has 29 companies registered by Securities and Exchange Commission of Pakistan under Insurance Ordinance 2000. Gross premium of the industry for the year 2011 was over Rs. 42 billion. Results for the underwriting year 2012 are under compilation. However, it is expected that premium of the industry will be increased by 10% to 15% in the year 2012.

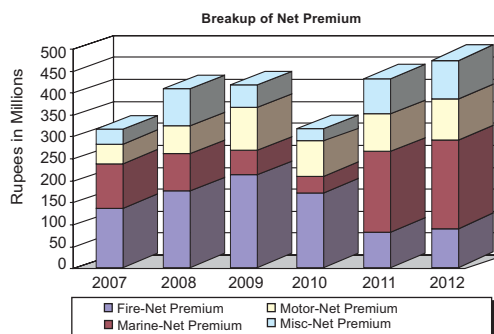
The general insurance industry has completed 12 years since abolition of tariff in the year 2000 under promulgation of new Insurance Ordinance. However, the rates are yet to stabilize which are constantly dwindling due to unhealthy competition in the market. Hence, the underwriting results have extremely thin margin, whereas the industry posts overall profit due to investment income. However, the low market penetration will keep fueling growth in overall premium collection and the trend in underwriting results should lead to price stabilization improving underwriting health of the insurance industry.

## Business Performance during the 2012

The business philosophy of your company is to maintain growth with profitability. Our gross premium grew from Rs. 673.32 million in 2011 to over Rs.855.72 million in the year 2012 showing a growth of over 27%. Our combined ratio has also improved by maintaining a tight grip on our acquisition costs and reduction in management expenses. The net earned premium during the year 2012 has also increased to Rs.467.72 million compared to year before showing a growth of over 21%. Resultantly, your company has successfully improved its position in the industry and management desires to pursue efforts for further growth in our business which stands for better risk and translates into improved profitability in the coming years.



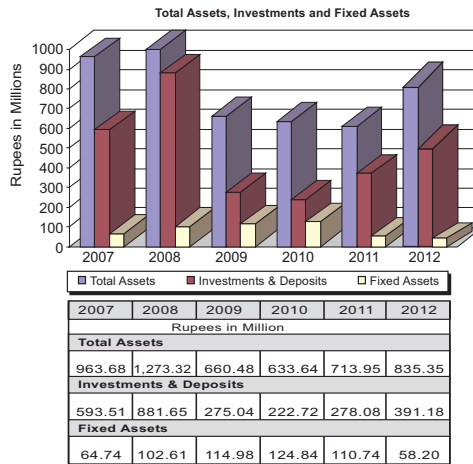
2007	2008	2009	2010	2011	2012
Rupees in Million					
<b>Gross Premium</b>					
502.24	614.07	631.81	562.50	673.32	855.72
<b>Direct Premium</b>					
351.34	443.84	427.75	389.20	426.10	584.65
<b>Net Premium</b>					
319.50	405.71	436.97	331.97	387.69	467.72



2007	2008	2009	2010	2011	2012
Rupees in Million					
<b>Fire</b>					
134.87	185.172	205.4	158.70	188.85	208.56
<b>Marine</b>					
74.26	73.99	59.97	43.99	39.29	61.22
<b>Motor</b>					
60.90	68.96	86.92	96.01	82.62	88.08
<b>Misc</b>					
49.47	77.60	84.62	33.27	76.93	109.86

## Investment Income

Considering the short term nature of our liabilities and risk tolerance level, we have kept major investment in short term ventures. We believe that reliance on capital market gains in view of the volatility of securities would be unsuitable to long term investments. Our investment philosophy guided by prudence and focused on investments in cash flow generating assets. Our investment income for the year under review was Rs. 37.78 million showing net increase of 17% compared to previous year.



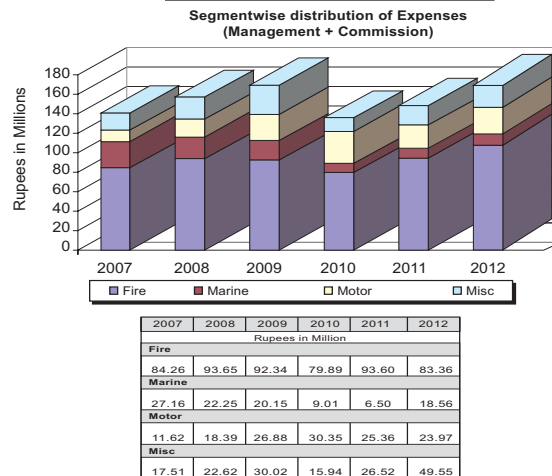
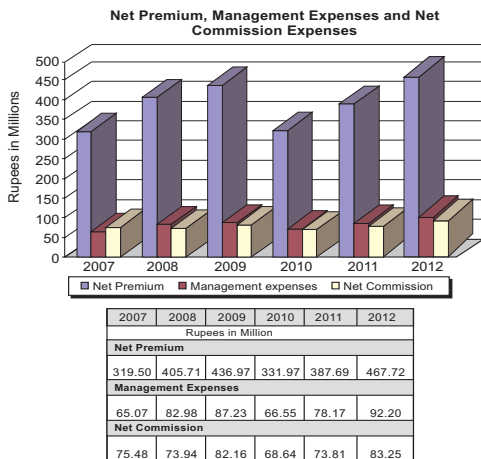
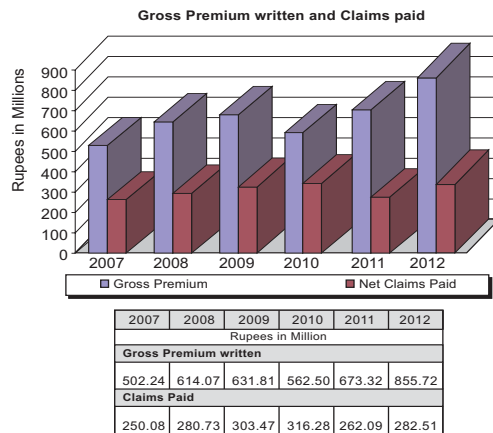
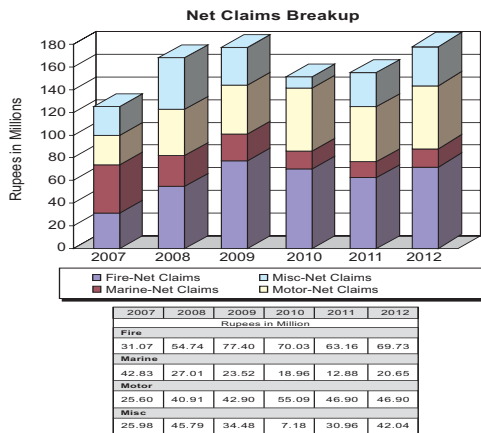
### Breakdown of Portfolios

The gross premium of Rs.855.72 million has been earned through underwriting various portfolios as under:

Fire	37%
Marine Aviation and Transport	14%
Motor	13%
Engineering and Bonds	20%
Miscellaneous, PA and Health	13%
Crops and Livestock	03%

### Underwriting Results

In the year 2012 your company recorded an underwriting profit of Rs.112.964 million.

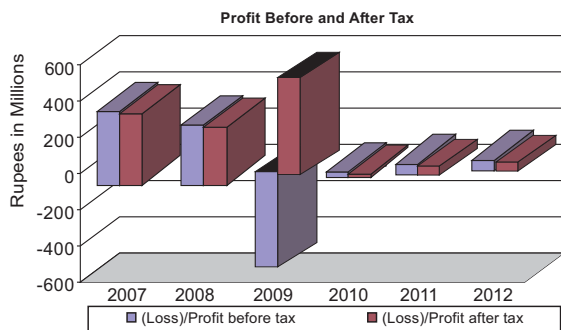


## Profit Before / After Tax

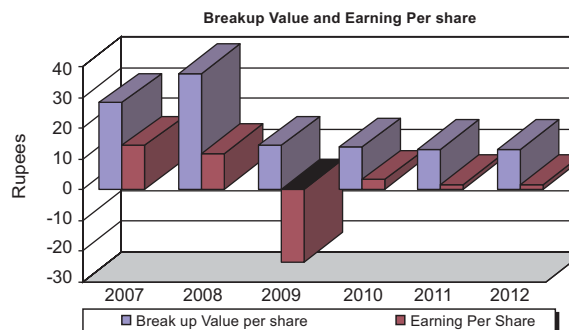
Profit before tax for the year 2012 was Rs.84.25 million as compared to Rs.47.87 million in the previous year. The profit after tax is Rs.68.04 million showing a net gain of 95.8%.

## Earning Per Share

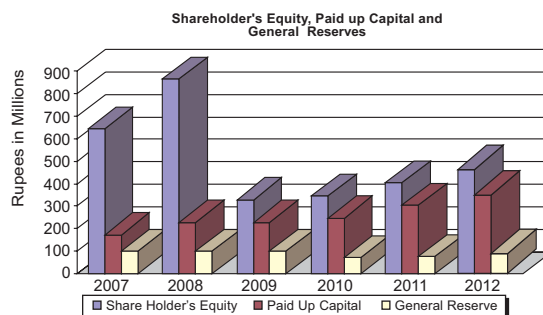
The profitable returns have also increased our earning per share in the year 2012. Incidentally it was Rs.1.14 in the year 2011 whereas on 31st December, 2012 our earning per share stands at Rs.2.05.



2007	2008	2009	2010	2011	2012
Rupees in Million					
<b>Profit/(Loss) before tax</b>					
335.97	277.02	(528.00)	15.55	48.33	84.25
<b>Profit/(Loss) after tax</b>					
326.26	265.83	(537.12)	8.43	35.22	68.04



2007	2008	2009	2010	2011	2012
Rupees					
<b>Break up value</b>					
28.18	37.93	14.39	13.45	13.20	14.05
<b>Earning per share</b>					
18.88	11.63	(23.50)	0.34	1.16	2.05



2007	2008	2009	2010	2011	2012
Rupees in Million					
<b>Share Holder's Equity</b>					
644.08	866.84	329.71	338.16	398.04	466.08
<b>Paid up Capital</b>					
172.85	228.53	228.53	251.38	301.65	331.82
<b>General Reserves</b>					
100.20	100.20	100.20	77.20	75.00	100.00

## Company Liabilities and Expenses

The Directors of your company continuously review the overall liabilities of the company to compare them with potential assets. You should be pleased to know that your company has adequate provisions to maintain our financial status so as to attract both corporate and individual clients who are always in search of sound and reliable securities.

Apart from income of the company, expenses also play a vital role to support financial health of the company. Hence, it is extremely important to keep a check on the expenses to avoid unnecessary drain of funds. However, despite best efforts and austerity, it is extremely difficult to make a compromise on management expenses under the overall inflationary trend in the market. Reduction in expenses could also endanger the quality of service resulting in decline in the income of your company. The bottom line is the optimal expense which justifies the quality as well as quantity of our premium income. Keeping a rational control the management expenses have posted on to Rs.92.175 million in 2012.

## Reinsurance Arrangement

The continued security risk combined with slowdown in economy and devaluation of rupee has also declined the interest of re-insurers in our market. Moreover the severity of losses of past few years also discourages the participation of re-insurers and some of them have even decided to withdraw support from 2013 onwards. Despite such factors, your company has successfully concluded reinsurance treaties on favorable terms for the year 2013 through the panel of world renowned 'A' rated reinsurance companies. However, there is a major change in the treaty structure which has changed from proportional to non-proportional excess of loss agreements. The change in treaty structures gives us an improved capacity which in turn would certainly enhance our premium portfolio.

## Human Resource

Manpower plays vital role in the development and progress of an organization. Keeping this importance in mind, the management of your company pays special attention to its employees. The competency and dedicated experience are also the secrets behind the success of a company. Hence, our HR department is constantly committed for adding value to precious assets of its manpower.

Special attention is also paid on their training requirements to keep them abreast with the changing environment and technologies. Besides, providing on job training, the company also encourages educational opportunities to its employees. In this way the quality of human resource is maintained to support the business strategy of the company.

The senior management is also provided opportunity to attend seminars in Pakistan and abroad to maintain one to one relationship with international reinsurers, brokers and others who could benefit and support the company in its business promotion.

## IFS Rating

Considering our performance upto 3rd Quarter 2012, Pakistan Credit Rating Agency (PACRA) has reviewed our credit rating to (A-) Single A minus with positive outlook. We expect that our credit rating would be up-graded to 'A' by the time our results for underwriting year 2012 are published.

## External Auditors

In 2011 the Board of Directors on the recommendations of Audit Committee appointed M/s. Anjum Asim Shahid Rehman, Chartered Accountants who are listed in category 'A' of SECP. The external auditors have satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). They confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP. The external auditors have not been appointed for any other services except statutory audit as required under the law. They have also offered their services for the year 2013.

## The Board of Directors

The Board was actively involved during the year in performing its duties as required under the law and the Memorandum and Articles of Association of the company. Their ultimate objective was to safe-guard the interest of the shareholders, increasing profitability and with ultimate goal to promote the good-will of the company. As required by the regulators the Board has perfect combination of executive and non-executive Directors in which we have three non-executive Directors. All the Directors represent diverse fields/professions and possess necessary qualifications to deal with business matters as required by SECP for good governance. The Directors on the Board are fully aware of their powers, duties and liabilities under the Companies Ordinance 1984, the Code of Corporate Governance, Memorandum and Articles of Associations and Listing Regulations.

## Chairman's Review

The Chairman's review included in this report gives comprehensive scenario on the overall performance of your company during the year and its prospects for the future. The Directors fully endorsed the views of the Chairman and would like to follow the guidance for growth and prosperity of the company in years ahead.

## Appreciation and Acknowledgement

Your company performance during the year would not have been possible without passion, commitment and hard-work of the management and employees. On behalf of the BOD, we wish to place our thanks and sincere appreciation for continuous support from all the stakeholders. We also acknowledge the support of the SECP and in particular Commissioner of Insurance for his continued guidance and patronage. On behalf of the Board of Directors we thank our policyholders, intermediaries and reinsurers for reposing their faith in the company and we are confident of continuing to share our success with all of them.

## APPROPRIATIONS

The working results of the company for the year 2012 are as under:

	(Rupees in '000)
Profit before tax	84,251
Less: Taxation	(16,194)
Profit for the year	68,057
Add: Balance brought forward from previous year	21,388
Amount available for appropriation	89,445
Issuance of bonus shares 10%	(30,165)
Transfer to general reserve	(25,000)
Balance carried forward	34,280

## Corporate and Financial Reporting Framework

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
  - Proper books of accounts of the company have been maintained.
  - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure therefrom has been adequately disclosed.
  - The system of internal control is sound in design and has been effectively implemented and monitored. The Board is ultimately responsible for the company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss. The process used by the Board to review the effectiveness of system of internal control include, interalia, the following;
    - An audit committee has ben formed. The audit committee has written terms of reference and reports to the Board. It reviews the approach adopted by the company's internal audit department and the scope of and the relationship with the external auditors. It also receives reports from the internal audit department and the external auditors on the system of internal control and any material control weaknesses that have been identified, and discusses the actions to be taken in areas of concern with the relevant executive directors.
    - An organizational structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.
    - The Board has approved the business strategies for the divisional level. In addition, there is an annual budgeting and strategic planning process. Financial forecasts are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in business enviroment.
- The principal features of control framework include:
- Evaluation and approval procedures for major captial expenditure and other transactions.
  - Regular reporting and monitoring of financial performance of the divisions, and the group as a whole, using operating statistics and monthly management accounts which highlight key performance indicators.
  - Review of the group's health, safety, environment contingency management processes and other significant policies.
- There are no significant doubts upon the company's ability to continue as a goinig concern.
  - There has been no material departure from the best practices of the Pakistan Institute of Corporate Governance (PICG).

- An orientation course organized by Pakistan Institute of Corporate Governance (PICG) and Association of Chartered Certified Accountants (ACCA) Pakistan was arranged by the board for its Directors to apprise them of their duties and responsibilities.
- The value of investment in the provident Fund based on the un-audited accounts as at 31st Dec. 2012 is Rs. 21,952,254/-.
- There has been no trading during the year in the shares of the company carried out by the directors, CEO, CFO, Company secretary and their spouses and minor children.
- During the year, five (5) meetings of the Board of Directors were held and attendance position was as under.

Sr. No.	Name of Directors	No. of Meetings Attended
01.	Chief Justice (R) Mian Mahboob Ahmad	04
02.	Mr. Naved Yunus	04
03.	Mr. Javed Yunus	05
04.	Mr. Pervez Yunus	05
05.	Mr. Maheen Yunus	04
06.	Mr. A.K.M. Sayeed	04
07.	Mr. Kazim Raza (Alternate Director in place of Mr. Tulu Javed Yunus)	05

Leave of absence was granted to director who could not attend the Board meetings.

#### **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 the annual statutory accounts of the Company set out in the forms 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 the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

#### **Auditors**

The present auditors M/s Anjum Asim Shahid Rahman Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors, hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the audit Committee, the Board of Directors, has recommended the appointment of M/s. Anjum Asim Shahid Rahman Chartered Accountants as auditor of the company for the year 2013, at a fee to be mutually agreed.

#### **Pattern of Shareholding**

The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and code of corporate Governance is enclosed.

#### **Gratitude**

I avail this opportunity to offer gratitude and respect for the departed soul of founder chairman late Unus Khan (May Allah rest his soul in eternal peace) for establishing this company on sound footing and by his able guidance in the initial years of its existence, by the determination making EWI a strong financial institution with integrity and honesty as its slogan and providing a symbol of security for this company and for all the personnel attached with the company.

Thanks are also due and accordingly extended with an appreciation to the Securities Exchange Commission of Pakistan in general and in particular to its insurance wing and all its dedicated staff for affording guidance to the company. On my own behalf and on behalf of Board of Directors, I would like to place on record enormous respect and appreciation for the hard working team of Executives, Regional Directors, General Managers, Branch Managers and field staff and hard working office staff at the Head Office, Principal Offices, Regional Offices and Branches for their dedication and devotion and honesty in discharge of their respective duties.

My Special thanks to the shareholders of your company who gave placed their utmost confidence in the professional management team of the company so that the company could attain further soundness, financial strength and integrity unequalled by anyone else.

In the end I thank you all for sparing your valuable time and affording me a patient hearing. I pray to Almighty Allah for your good health and prosperity in future and also for growth of this institution. For and on behalf of the Board of Directors



**NAVED YUNUS**  
Managing Director & Chief Executive  
Karachi Dated: 7th March, 2013

# STATEMENT OF COMPLIANCE



## WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in regulation No. 35 of the listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes four non-executive directors.

Category	Names
Independent Directors	Chief Justice (R) Mian Mahboob Ahmad and Mr. A.K.M. Sayeed
Executive Directors	Mr. Naved Yunus, Mr. Javed Yunus and Mr. Pervez Yunus
Non-Executive Directors	Mr. Maheen Yunus and Mr. Tulu Javed Yunus

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company.
3. All the resident directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the current year.
5. The company has prepared a "Code of Conduct", however it is in the finalization stage which will simultaneously be signed by the board of directors.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particular of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and condition of employment of the CEO, and other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and in his absence by a director elected by the board for this purpose and the board met at least once in every quarter during the year. Written notices of the Board meetings along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. Board of directors comprised of seven directors out of which four directors have obtained "Orientation Course" organised by ACCA Pakistan & Pakistan Institute of Corporate Governance and two other directors are experienced and educated enough that exempted them from certification course.
10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration terms and conditions of employment as determined by the CEO.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of five members, of whom three are non-executive directors and the chairman of the audit committee is non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committees have been formed and advised to the committees for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of four members. As the committee is newly developed in current year no meetings of the committee occurred.
18. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final result, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Karachi. Stock Exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.
24. The Board has been updated with respect to amendment in various relevant regulations.
25. The Board has formed underwriting committee and it comprises of three members.
26. The Board has formed an executive committee and it comprises of five members.
27. The Board has formed a claim committee and it comprises of four members.
28. The Board has formed a re-insurance committee and it comprises of four members.
29. The Board has formed an investment committee and it comprises of four members.



**NAVED YUNUS**  
Managing Director & Chief Executive

Karachi Dated: 7th March, 2013

# REVIEW REPORT



## TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2012 prepared by the Board of Directors of **East West Insurance Company Limited** (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed and the CCG applicable to listed Insurance Companies issued under S.R.O. 568(1)/2003, by SECP.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

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

Further, listing Regulations of the Karachi Stock Exchange require the Company to place before the board of directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately place before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2012.

Anjum Asim Shahid Rahman  
Chartered Accountants  
Engagement Partner: Muhammad Shaukat Naseeb

Karachi Dated: 7th March, 2013

# STATEMENT OF COMPLIANCE

## with the Best Practices on Transfer Pricing

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

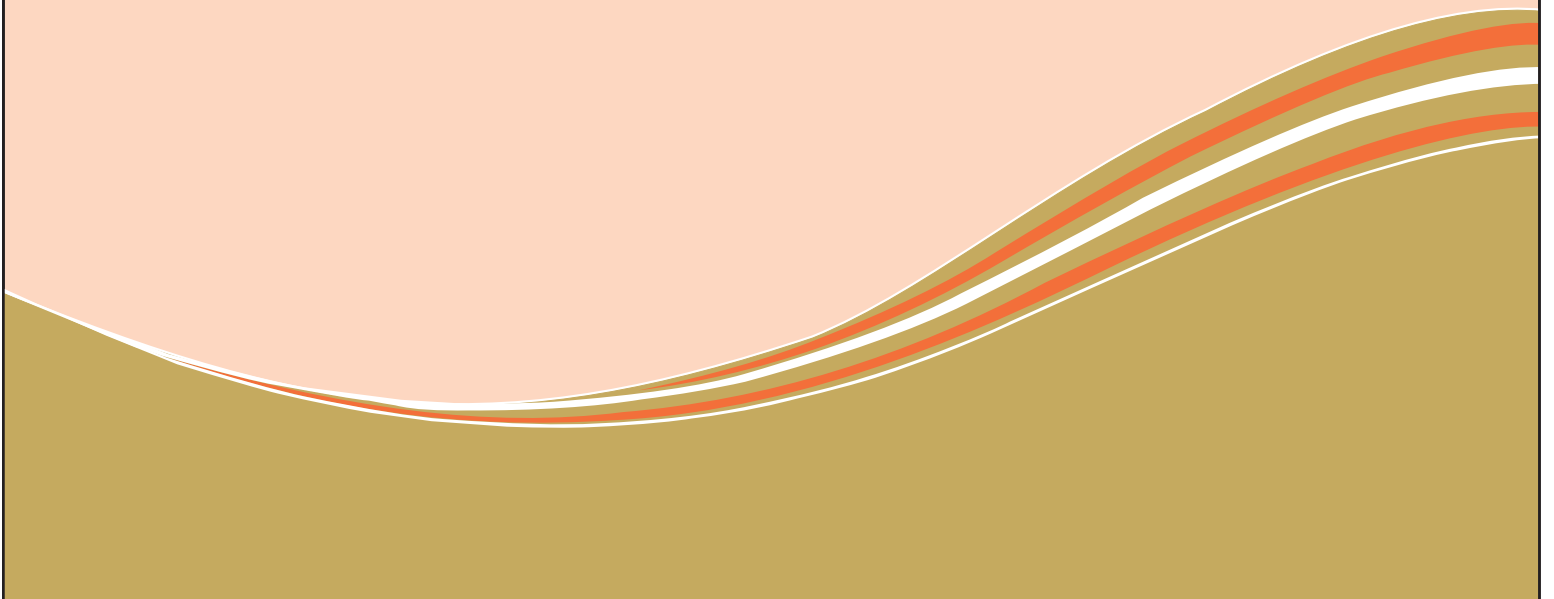


**NAVED YUNUS**  
Managing Director & Chief Executive

Karachi Dated: 7th March, 2013

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

# OUR SERVICES



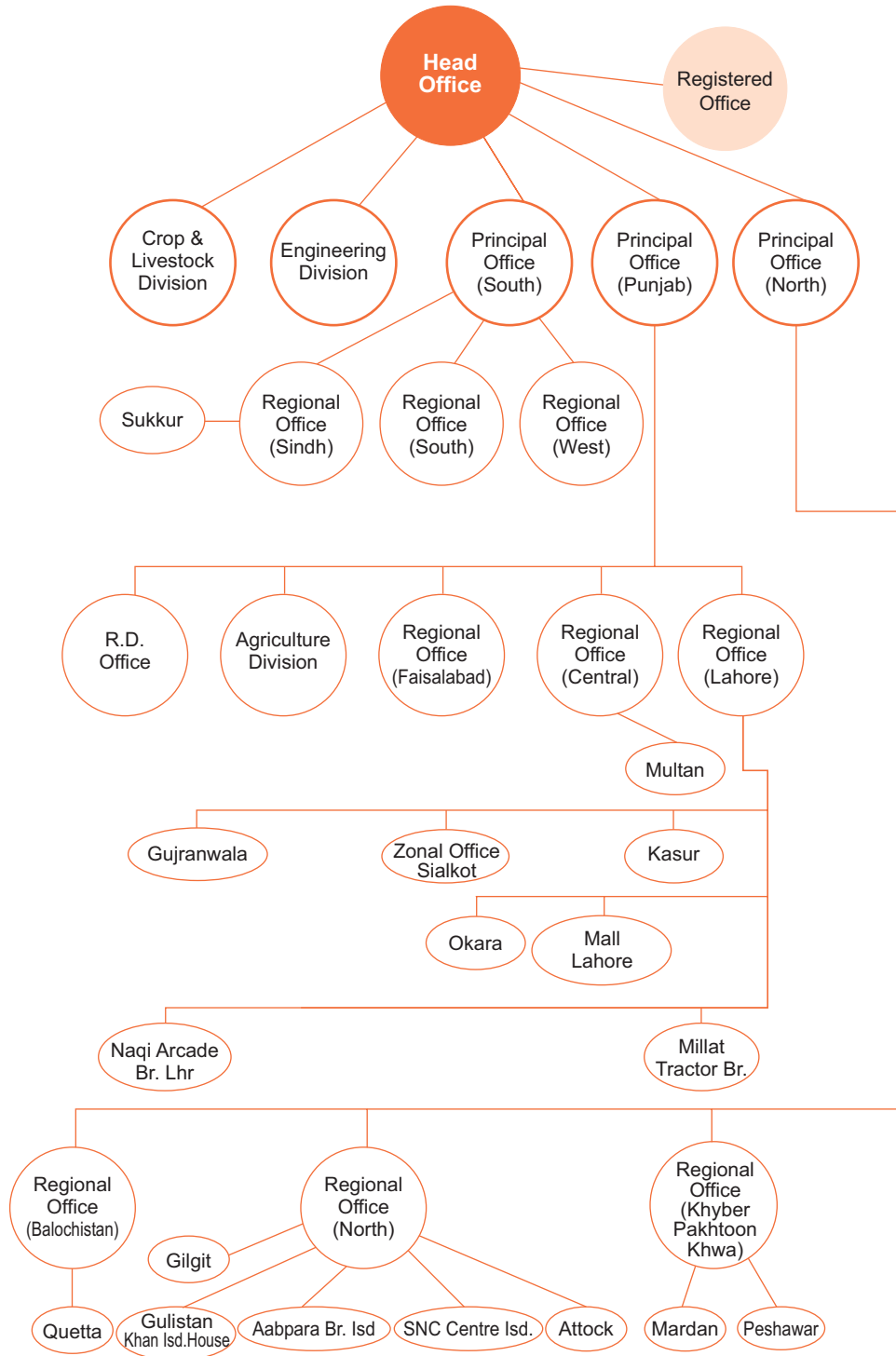


# ORGANIZATIONAL SET-UP

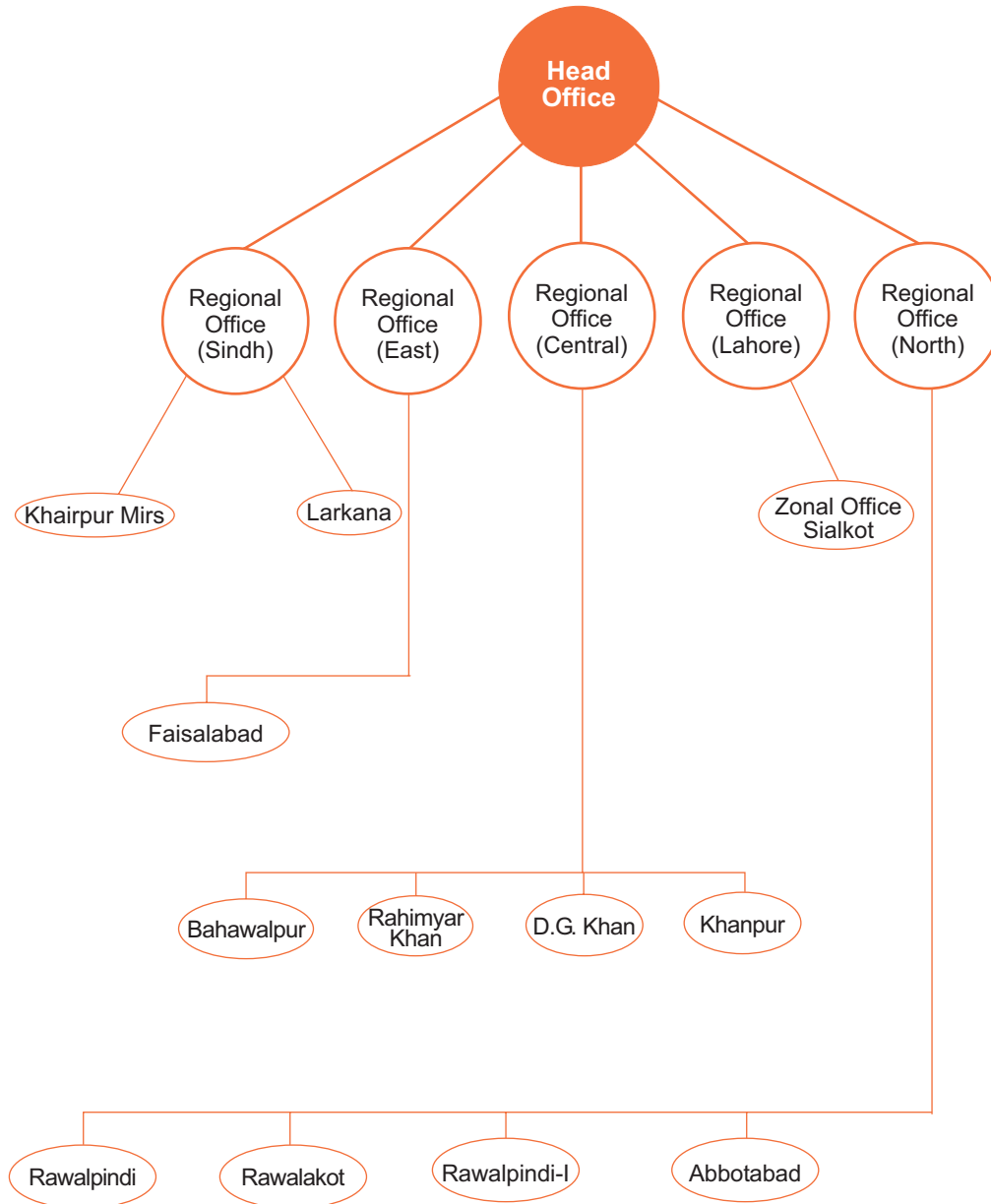


- A. Company Offices & Branch Network**
  
- B. Agencies Network**

# COMPANY OFFICES & BRANCH NETWORK

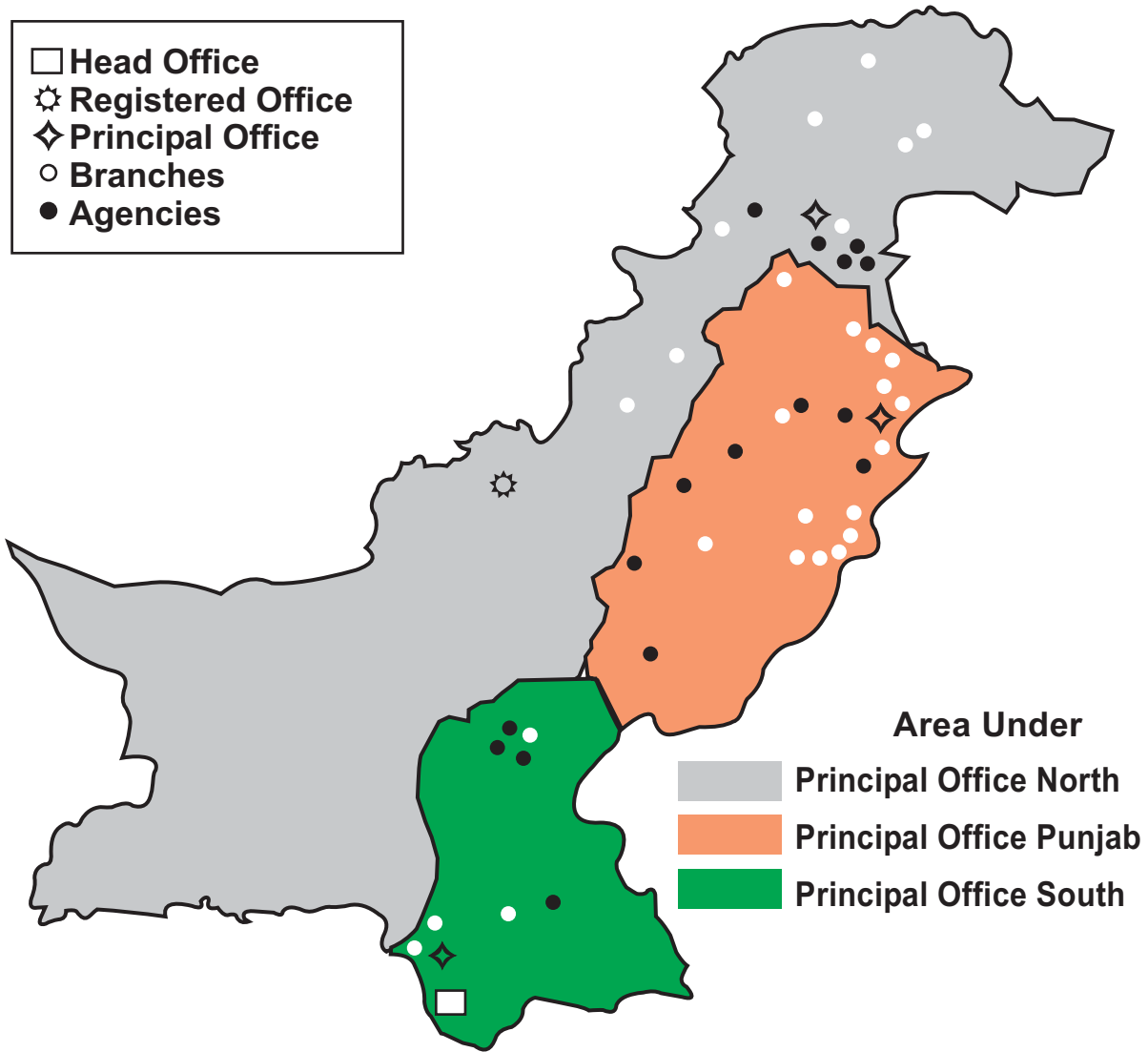


# AGENCIES NETWORK





- Head Office
- ⊛ Registered Office
- ◇ Principal Office
- Branches
- Agencies



## COMPANY OFFICES & BRANCHES



<b>REGISTERED OFFICE</b>	27, Regal Plaza, Jinnah Road, Quetta. Tel : (081) 2822913, 2821397 Telefax: (081) 2821460
<b>HEAD OFFICE</b>	410-414, EFU House M. A. Jinnah Road, Karachi. Tel : (021) 32313304-11 Telefax: (021) 32310851, 32311904 Website: <a href="http://www.eastwestinsurance.com.pk">www.eastwestinsurance.com.pk</a> E Mail : <a href="mailto:ewire@cyber.net.pk">ewire@cyber.net.pk</a> E Mail : <a href="mailto:info@eastwestinsurance.com.pk">info@eastwestinsurance.com.pk</a>
<b>PRINCIPAL OFFICES</b>	
<b>NORTH</b>	20, Blue Area, F-6, Islamabad. Tel : (051) 2276663-5 Telefax: (051) 2822207 E Mail : <a href="mailto:ewi.isd@dal.net.pk">ewi.isd@dal.net.pk</a>
<b>PUNJAB</b>	31-35, Naqi Arcade, 71-Shahrah-e-Quaid-e-Azam, Lahore. Tel : (042) 36306573-89, 36170371-3, 36375553 Telefax: (042) 36368841, 32406401 E Mail : <a href="mailto:ewins@brain.net.pk">ewins@brain.net.pk</a>
<b>SOUTH</b>	410, EFU House M. A. Jinnah Road, Karachi-2. Tel : (021) 32314832 Telefax: (021) 32200128
<b>REGIONAL OFFICES</b>	
<b>NORTH</b>	20, Blue Area, F-6, Islamabad. Tel : (051) 2276663-5 Telefax: (051) 2822207 E Mail : <a href="mailto:ewi.isd@dal.net.pk">ewi.isd@dal.net.pk</a>
<b>LAHORE</b>	31-35, Naqi Arcade, 71-Shahrah-e-Quaid-e-Azam, Lahore. Tel : (042) 36306573-89, 36170371-3, 36375553 Telefax: (042) 36361479 E Mail : <a href="mailto:ewins@brain.net.pk">ewins@brain.net.pk</a>
<b>CENTRAL</b>	Ghaffar Plaza Bohra Street, Multan Cantt. Tel : (061) 4512502, 4587112, 4514300 Telefax: (061) Fax : 4514859
<b>SINDH</b>	House No. C-217, Naseem Nagar, Qasimabad, Hyderabad Cell : (0301) 3527060
<b>SOUTH</b>	B-1, Shafeeq Plaza, Sarwar Shaheed Road, Karachi. Tel : (021) 35681403, 35681424, 35621690-3 Telefax: (021) 35685122 E Mail : <a href="mailto:cwiros@hotmail.com">cwiros@hotmail.com</a>
<b>WEST</b>	403, Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi. Tel : (021) 32426352 Telefax: (021) 32426349
<b>BALUCHISTAN</b>	27, Regal Plaza, Jinnah Road, Quetta. Tel : (081) 2822913, 2821397 Telefax: (081) 2821460
<b>KHYBER PAKHTOONKHTWA</b>	8th Floor, State Life Building 34, The Mall, Peshawar Cantt. Tel : (091) 5276438-9, 5273933 Telefax: (091) 5273513

## SPECIALIZED DIVISIONS UNDER HEAD OFFICE

**CROP DIVISION** 410 EFU House,  
M.A Jinnah Road, Karachi.  
Tel : (021) 32313304-11  
Fax : (021) 32311904

**ENGINEERING DIVISION** 410-414, EFU House  
M.A. Jinnah Road, Karachi.  
Tel : (021) 32314832  
Fax : (021) 32200128

## BRANCH OFFICES UNDER PRINCIPAL OFFICE (SOUTH) KARACHI

**REGIONAL OFFICE (WEST)** 403, Business Centre,  
Mumtaz Hassan Road Karachi. Karachi  
City  
Off, I.I Chundrigar Road Karachi.  
Tel : (021) 32426352  
Fax : (021) 32426349

**REGIONAL OFFICE (SOUTH)** B-1 Shafeeq Plaza,  
Sarwar Shaheed Road, Karachi. Karachi  
City  
Tel : (021) 35381403, 35681424, 35621690-3  
Fax : (021) 35685122  
E Mail : cwiros@hotmail.com

**HYDERABAD** House No. C-217, Naseem Nagar,  
Qasimabad, Hyderabad Cantt. Sindh (Except Karachi.)  
Hyderabad  
Cell : (0301) 3527060 Tando Jam Mohammad,  
Matiari

**EFU House Branch** 515, EFU House,  
M. A. Jinnah Road, Karachi. Karachi  
City  
Tel : 021-32316087  
Fax : 021-32316187

## BRANCH OFFICES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

**PRINCIPAL OFFICE ISLAMABAD** Al-Asghar Plaza, 20, Blue Area,  
F-6 Islamabad Frontier &  
Baluchistan  
Tel : (051) 2276663-5 Regions  
Fax : (051) 2822207

**ISLAMABAD, SNC BRANCH** 12-D, SNC Center, 4th Floor,  
Office No 2, Fazal-e-Haq Road, Islamabad  
Rawalpindi  
Blue Area, Islamabad  
Tel : (051) 2201696  
Fax : (051) 2201231

**ISLAMABAD AABPARA BRANCH** Flat No. 4, Block No. 2,  
Pervez Market, Islamabad  
Rawalpindi  
G-6/1-1, New Aabpara,  
Islamabad.  
Tel : (051) 2602889  
Fax : (051) 2602889

**GULISTAN KHAN HOUSE** Office # 303, 3rd Floor,  
Gulistan Khan House, Islamabad  
Rawalpindi  
Fazal-e-Haq Road,  
Blue Area, Islamabad.  
Tel : (051) 2802491-2  
Fax : (051) 2802490



<b>ATTOCK</b>	F-37, Sheikh Zaffar Plaza Mandi Chowk, Attock City. Tel : (057) 2611726	Attock Fateh Jang Pindi Gheb.
<b>GILGIT</b>	Shahrah-e-Quaid-e-Azam Zulfiqar Abad Jutial Gilgit. Tel : (05811) 455279 Fax : (05811) 455232	Gilgit Diamer Skardu
<b>REGIONAL OFFICE (BALOCHISTAN)</b>	27-28 Regal Plaza, M.A.Jinnah Road Quetta . Tel : (081) 2822913, 2821397 Telefax : (082) 2821460	Baluchistan Except Coastal Belt Quetta Chaman Ziarat, Khuzdar
<b>REGIONAL OFFICE KHYBER PAKHTOON KHWA</b>	8th floor, State Life Building 34, The Mall, Peshawar Cantt. Tel : (091) 5276438, 5273933, 5276439 Telefax : (091) 5273513	Khyber Pakhtoon Khwa

#### **BRANCH OFFICES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.**

<b>PRINCIPAL OFFICE (LAHORE)</b>	31-35, Naqi Arcade, 1st Floor, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573-89, 36375553, 36170371-3, 36370703 Fax : (042) 36368841 E-mail : ewins@brain.net.pk	
<b>R.D. OFFICE</b>	31-35, Naqi Arcade, 1st Floor, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573-89, 36375553, 36170371-3, 36370703 Fax : (042) 36361479 E-mail : ewins@brain.net.pk	Lahore City
<b>AGRI DIVISION</b>	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573-89, 36375553, 36170371-3, 36370703 Fax : (042) 32406401 Mobile : 0321-4684044, 0300-8446573	Lahore City
<b>NAQI ARCADE BRANCH</b>	31-35, Naqi Arcade, 1st Floor, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573-89, 36375553, 36170371-3, 36370703 Fax : (042) 36361479 E-mail : ewins@brain.net.pk	Lahore City
<b>REGIONAL OFFICE</b>	31-35, Naqi Arcade, 1st Floor, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573-89, 36375553, 36170371-3, 36370703 Fax : (042) 36361479	Lahore City

**MALL  
BRANCH**

31-35, Naqi Arcade, 1st Floor,  
71-Shahrah-e-Quaid-e-Azam, Lahore.  
Tel : (042) 36170371-3, 36306573/89  
(042) 36375553, 36370703  
Fax : (042) 36361479

Lahore City

**NAQI ARCADE  
BRANCH-II**

31-35, Naqi Arcade, 1st Floor,  
71-Shahrah-e-Quaid-e-Azam, Lahore.  
Tel : (042) 36170371-3, 36306573/89  
(042) 36375553, 36370703  
Fax : (042) 36361479

Lahore City

**MILLAT TRACTOR  
BRANCH**

Millat Tractor Limited,  
Sheiakpura Road,  
Lahore.  
Tel : (042) 37910319  
Mobile : 0321-4684036  
UAN : 111-200-786 Ext. 446

Lahore City

**KASUR**

Opp. Jamia Masjid Noor,  
Railway Road,  
Kasur  
Tel : (0492) 770732  
Mobile : (0300) 6599688

Kasur  
Chunain  
Bhai Pheru  
Pattoki  
Raiwand  
Kahan Nau

**ZONAL OFFICE  
SIALKOT**

Al-Rehman Centre,  
Defence Road,  
Sialkot.  
Tel : (052) 3240271-3  
Fax : (052) 3240270

Sialkot

**OKARA**

M.A. Jinnah Road,  
Okara.  
Tel : (0442) 522388  
Fax : (0442) 522388  
Mobile : 0321-6950324

Okara  
Depalpur  
Basirpur  
Renala Khurd

**GUJRANWALA**

Trust Plaza Block "C", G.T. Road,  
Gujranwala.  
Tel : (055) 3846106  
Fax : (055) 3846106

Gujranwala  
Wazirabad  
Gujrat  
Lalamusa  
Kamoke

**FAISALABAD**

2nd Floor, Room No. 1,  
Pakistan Market, Katchery Bazar,  
Faisalabad.  
Tel : (041) 2413043, 4011231  
Fax : (041) 2628471

Faisalabad  
Jaranwala  
Samundri  
Gojra Jhang

**REGIONAL OFFICE  
(MULTAN)**

Ghaffar Plaza, Bohra Street,  
Multan Cantt.  
Tel : (061) 4512502, 4587112, 4514300  
Fax : (061) 4514859

Southern Punjab  
Multan  
Khanewal  
Muzaffargarh

**AGENCIES UNDER PRINCIPAL OFFICE (SOUTH), KARACHI****KHAIRPUR MIRS**

524, Mohallah Tappali Street  
Khairpur Mirs.  
Tel : (0243) 552275

Khairpur Mirs, Gambat  
Ranipur, Kotdigi  
Pacca Chang, Nara  
Thari Mirwah  
Mehrabbpur

**LARKANA**

Near Lal Bungalow,  
Farooq Ali Street,  
Dari Mohalla, Larkana.  
Tel : (074) 4045582, 4045753  
Mob : 0300-3411750

Larkana, Jacobabad,  
Shahdad Kot, Kandh Kot,  
Kamber, Warrach, Thul,  
Miro Khan, Naukot,  
Naudero

## AGENCIES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

<b>RAWALPINDI-I</b>	Office # 3, 17 Zobi Plaza, Commercial Area, Chaklala Scheme-III Rawalpindi Cantt. Tel : (051) 5593433 Fax : (051) 5590119	Islamabad Rawalpindi
<b>RAWALPINDI-II</b>	55/A, Malik Plaza, Room # 8, 2nd Floor, Bank Road, Rawalpindi Cantt. Tel : (051) 5564173 Cell : 0333-5583342	Islamabad Rawalpindi
<b>ABBOTABAD</b>	Dr. Sher Afzal Plaza The Mall, Abbotabad. Cell : 0301-8704094	Abbotabad Mansehra Kohistan
<b>MARDAN</b>	Bank Road, Mardan. Tel : (0937) 867639	Mardan
<b>RAWALAKOT (AK)</b>	C/o Manager S.M.E Bank Limited Near G.P.O.C.M.H Road, Rawalkot (AK). Res : (058710) 43681	Rawalakot AK Bagh Poonch

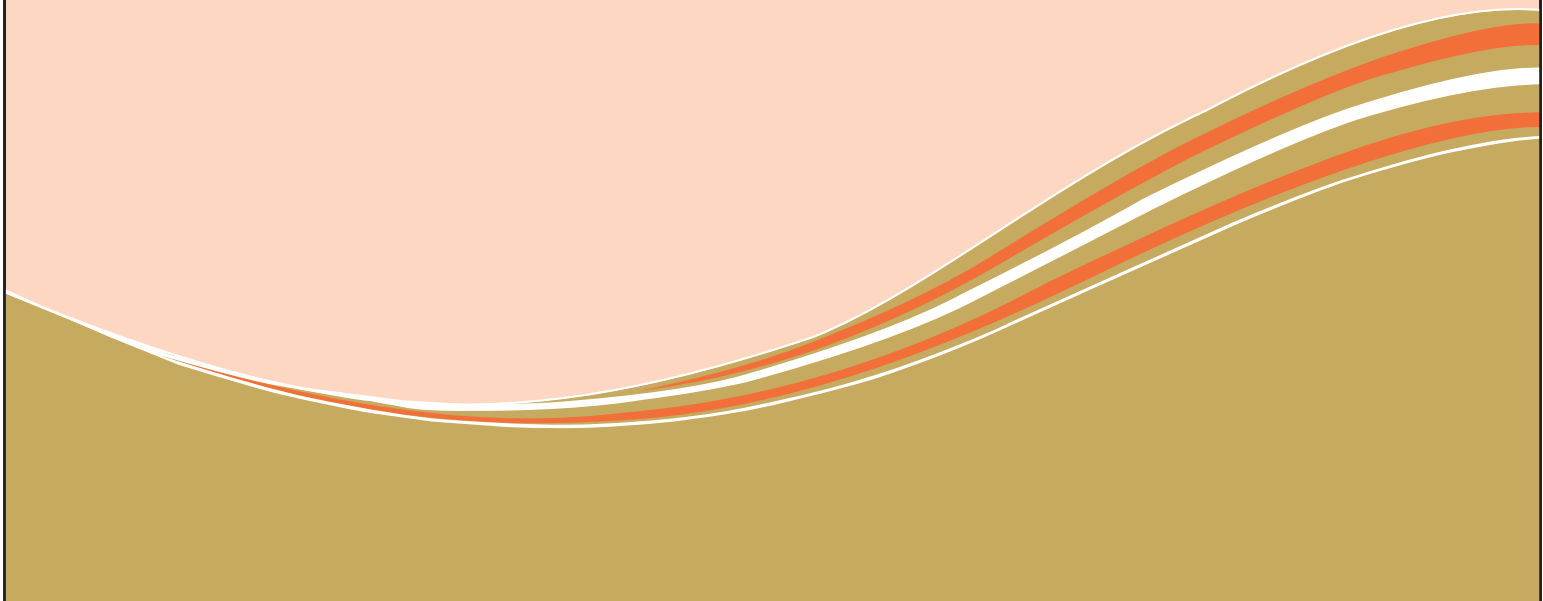


## AGENCIES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

<b>ZONAL OFFICE SIALKOT</b>	Al-Rehman Centre, Defence Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270	Sialkot
<b>BAHAWALPUR</b>	02-Rainbow Shopping Centre, Chowk Sraiki, Bahawalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahawalpur Ahmedpur East Yazman Lodhran Duniyapur
<b>D.G.KHAN</b>	House No. 389-C, Khyaban-e-Sarwar. Dera Ghazi Khan Tel : (0642) 470671 Mobile : (0300) 6781423	D. G. Khan Taunsa Sharif, Alipur, Jampur, Rajanpur, Kot Mithan
<b>KHANPUR</b>	44-Old Ghallah Mandi, Khanpur. Tel : (068) 72834, 71236	Khanpur Liaquatpur Sadiqabad, R.Y. Khan
<b>RAHIM YAR KHAN</b>	28/A, Block-X, Scheme # 3, Gulshan-e-Iqbal, Rahim Yar Khan, Mobile : 0305-4624072	Rahim Yar Khan



FINANCIAL  
STATEMENTS  
FINANCIAL  
STATEMENTS





# CONTENTS



**51**  
Auditor's Report

**52**  
Balance Sheet

**54**  
Profit and  
Loss Account

**56**  
Statement of  
Comprehensive Income

**57**  
Statement of  
Changes in Equity

**58**  
Statement of  
Cash Flows

**60**  
Statement of  
Premiums

**61**  
Statement of  
Claims

**62**  
Statement of  
Expenses

**63**  
Statement of  
Investment Income

**64**  
Notes to the  
Financial Statements

**92**  
Pattern of  
Shares Holding

**93**  
Form of Proxy



# AUDITORS' REPORT



We have audited the annexed financial statements comprising of:

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

of **East West Insurance Company Limited** (the Company) as at December 31, 2012 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors / Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn upon in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2012 and of its profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with the International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Anjum Asim Shahid Rahman  
Chartered Accountants  
Engagement Partner: Muhammad Shaukat Naseeb

Karachi Dated: 7th March, 2013

# BALANCE SHEET


AS AT DECEMBER 31, 2012

		(Rupees in '000)	
	Note	2012	2011
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		<u>500,000</u>	<u>500,000</u>
50,000,000 (2011:50,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital	5	331,820	301,655
<b>Reserves and Retained earning</b>			
Retained earnings		34,280	21,388
General reserves		100,000	75,000
<b>TOTAL SHARE HOLDER'S EQUITY</b>		<b>466,100</b>	<b>398,043</b>
<b>LIABILITIES</b>			
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		118,926	54,819
Provision for unearned premium		186,967	199,546
Commission income unearned		11,163	15,645
<b>Total underwriting provision</b>		<b>317,056</b>	<b>270,010</b>
<b>Deferred Taxation</b>	6	2,879	4,254
<b>Creditors and Accruals</b>			
Premium received in advance	7	1,922	626
Amount due to other insurers/reinsurers	8	3,085	9,785
Taxation - provision less payments		19,078	8,166
Current portion of obligations under finance lease	9	1,348	1,842
Others creditors and accruals	10	21,910	18,110
		<b>47,343</b>	<b>38,529</b>
<b>Borrowings</b>			
Obligations under finance lease	9	-	1,348
<b>Other Liabilities</b>			
Due to Directors - unsecured and interest free		1,974	1,771
<b>TOTAL LIABILITIES</b>		<b>369,251</b>	<b>315,912</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>835,352</b>	<b>713,955</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes from 1 to 32 form an integral part of these financial statements.

		(Rupees in '000)	
	Note	2012	2011
<b>ASSETS</b>			
<b>Cash and Bank Deposits</b>			
Cash and other equivalents		117	59
Current and other accounts		25,326	17,969
Deposits maturing within 12 months		36,761	34,546
Total cash and bank deposits	12	62,204	52,573
<b>Investments</b>	13	309,801	243,535
<b>Investment Properties</b>	14	44,616	-
<b>Other assets</b>			
Premium due but unpaid - net	15	36,770	37,086
Amount due from other insurers / reinsurers	16	52,554	39,739
Accrued investment income	17	1,862	2,474
Reinsurance recoveries against outstanding claims		94,829	46,568
Deferred commission expense		34,112	22,373
Prepaid reinsurance premium ceded		122,873	139,896
Advance, deposits and receivables	18	16,961	18,338
Prepayments and others	19	571	630
		360,532	307,104
<b>Fixed Assets - tangible</b>			
Office premises		7,568	54,930
Furniture and fixtures		7,657	6,768
Electric fittings and equipments		4,566	4,951
Computers		1,622	2,059
Office equipment		2,558	2,462
Vehicles		32,079	36,886
Assets subject to finance lease		2,149	2,687
Total fixed assets	20	58,199	110,743
<b>TOTAL ASSETS</b>		<u>835,352</u>	<u>713,955</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
 CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD  
 Chairman

  
 NAVED YUNUS  
 Managing Director & Chief Executive

  
 MAHEEN YUNUS  
 Director

  
 A.K.M. SAYEED  
 Director

Karachi Dated : 7th March, 2013

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Fire and property damage	Marine, aviation and transport	Motor
<b>Revenue account</b>				
Net premium revenue		208,563	61,220	88,081
Net claims		(69,726)	(20,650)	(46,901)
Management expenses	21	(41,111)	(12,068)	(17,362)
Net commission		(42,252)	(6,494)	(6,605)
<b>Underwriting results</b>		<b>55,474</b>	<b>22,008</b>	<b>17,213</b>
Net investment income				
Other income	22			
General and administrative expenses	23			
Workers welfare fund (WWF)				
<b>Profit before tax</b>				
<b>Taxation</b>	24			
<b>Profit for the year</b>				

## PROFIT AND LOSS FOR THE YEAR ENDED

### Profit and loss appropriation account

Balance at beginning of the year  
 Profit for the year  
 Issuance of bonus shares:10% (2011: 10%)  
 Add: Transferred (to) / from general reserve

### Balance unappropriated at the end of the year

Earnings per share - basic and diluted (refer note 30)

The annexed notes from 1 to 32 form an integral part of these accounts.

(Rupees in '000)

Miscellaneous	Treaty	Aggregate 2012	Aggregate 2011
109,860	-	467,724	387,685
(42,038)	1	(179,314)	(153,899)
(21,655)	-	(92,196)	(78,173)
(27,899)	-	(83,250)	(73,810)
<b>18,268</b>	<b>1</b>	<b>112,964</b>	<b>81,803</b>
		<b>36,777</b>	<b>31,364</b>
		<b>4,172</b>	<b>4,365</b>
		<b>(67,942)</b>	<b>(68,684)</b>
		<b>(1,720)</b>	<b>(977)</b>
		<b>(28,713)</b>	<b>(33,932)</b>
		<b>84,251</b>	<b>47,871</b>
		<b>(16,194)</b>	<b>(13,121)</b>
		<b>68,057</b>	<b>34,750</b>

## APPROPRIATION ACCOUNT DECEMBER 31, 2012

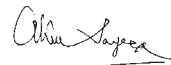
21,388	9,576
68,057	34,750
(30,165)	(25,138)
(25,000)	2,200
<b>34,280</b>	<b>21,388</b>
<b>2.05</b>	<b>1.05</b>



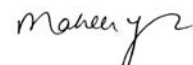
CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD  
Chairman



NAVED YUNUS  
Managing Director & Chief Executive



A.K.M. SAYEED  
Director



MAHEEN YUNUS  
Director

Karachi Dated : 7th March, 2013

# STATEMENT OF COMPREHENSIVE INCOME

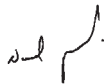
FOR THE YEAR ENDED DECEMBER 31, 2012

	(Rupees in '000)	
	2012	2011
Profit for the year	68,057	34,750
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>68,057</b>	<b>34,750</b>

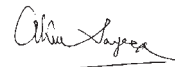
The annexed notes from 1 to 32 form an integral part of these financial statements.



CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD  
Chairman



NAVED YUNUS  
Managing Director & Chief Executive



A.K.M. SAYEED  
Director



MAHEEN YUNUS  
Director

Karachi Dated : 7th March, 2013

# STATEMENT OF CHANGES IN EQUITY



FOR THE YEAR ENDED DECEMBER 31, 2012

(Rupees in '000)

	Issued, subscribed and paid up capital	General Reserve	Retained earnings	Total shareholders' equity
Balance as at January 01, 2011	251,379	77,200	9,576	338,155
<b>Total comprehensive income for the year ended December 31, 2011</b>	-	-	34,750	34,750
<b>Transactions with owners</b>				
Transfer from general reserve	-	(2,200)	2,200	-
Issue of bonus shares (10%)	25,138	-	(25,138)	-
Issue of right shares (10%)	25,138	-	-	25,138
Balance as at December 31, 2011	301,655	75,000	21,388	398,043
<b>Total comprehensive income for the year ended December 31, 2012</b>	-	-	<b>68,057</b>	<b>68,057</b>
<b>Transactions with owners</b>				
Transfer to general reserve	-	25,000	(25,000)	-
Issue of bonus shares (10%)	30,165	-	(30,165)	-
<b>Balance as at December 31, 2012</b>	<b>331,820</b>	<b>100,000</b>	<b>34,280</b>	<b>466,100</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

# STATEMENT OF CASH FLOWS

FORM GC

FOR THE YEAR ENDED DECEMBER 31, 2012

		(Rupees in '000)	
	Note	2012	2011
<b>Operating Cash Flows</b>			
(a) Underwriting activities			
Premium received		857,330	655,259
Reinsurance premium paid		(403,065)	(277,881)
Claims paid		(282,506)	(262,091)
Reinsurance and other recoveries received		119,037	106,633
Commission paid		(118,416)	(87,212)
Commission received		18,945	23,534
Underwriting payments		(143,497)	(138,517)
Net cash from underwriting activities		47,828	19,725
(b) Other operating activities			
Income tax paid		(6,657)	(2,278)
Other operating receipts / (payments)		1,436	(8,670)
Net cash used in other operating activities		(5,221)	(10,948)
<b>Total cash from all operating activities</b>		<b>42,607</b>	<b>8,777</b>
<b>Investing activities</b>			
Profit/return received		10,347	11,298
Other income received		1,668	775
Payment for investments		(472,489)	(240,334)
Proceeds from disposal of investments		433,265	209,138
Fixed capital expenditure	20	(8,325)	(6,472)
Proceeds from disposal of fixed assets		5,517	8,750
<b>Total cash used in investing activities</b>		<b>(30,017)</b>	<b>(16,845)</b>
<b>Financing activities</b>			
Amount received against issue of right shares		-	25,138
Loan received from directors - unsecured and interest free		4,606	6,252
Loan repaid to directors - unsecured and interest free		(5,724)	(6,443)
Payment of finance lease		(1,841)	(4,429)
<b>Total cash (used in) / from financing activities</b>		<b>(2,959)</b>	<b>20,518</b>
<b>Net increase in cash and cash equivalent</b>		<b>9,631</b>	<b>12,450</b>
Cash and cash equivalent at the beginning of the year		52,573	40,123
<b>Cash and cash equivalent at the end of the year</b>	12	<b>62,204</b>	<b>52,573</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

		(Rupees in '000)	
	Note	2012	2011
<b>Reconciliation to the profit and loss account</b>			
Operating cash flows		42,607	8,777
Depreciation expense	14 & 20	(13,239)	(15,414)
Profit on disposal of fixed assets	20.2	2,503	3,590
Investment income		10,347	11,298
Gain on disposal of investment securities		14,240	22,310
Other income		1,668	775
Reversal / (provision) of impairment in value of available for sale investment		12,801	(2,067)
Increase in assets other than cash		53,428	30,187
Increase in operating liabilities		(56,298)	(24,706)
<b>Profit for the year</b>		<b>68,057</b>	<b>34,750</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

# STATEMENT OF PREMIUMS

FORM GD

FOR THE YEAR ENDED DECEMBER 31, 2012

Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2012 Net premium revenue	2011 Net premium revenue
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	318,621	53,894	30,437	342,078	127,836	36,968	31,289	133,515	208,563	188,849
Marine, aviation and transport	116,853	9,935	17,661	109,126	52,584	8,984	13,662	47,906	61,220	39,286
Motor	107,739	19,755	22,177	105,317	15,399	7,369	5,532	17,236	88,081	82,623
Miscellaneous	312,505	115,962	116,692	311,775	187,730	86,575	72,390	201,915	109,860	76,927
<b>Sub-total</b>	<b>855,717</b>	<b>199,546</b>	<b>186,967</b>	<b>868,296</b>	<b>383,549</b>	<b>139,896</b>	<b>122,873</b>	<b>400,572</b>	<b>467,724</b>	<b>387,685</b>
<b>Treaty - proportional</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand-total</b>	<b>855,717</b>	<b>199,546</b>	<b>186,967</b>	<b>868,297</b>	<b>383,549</b>	<b>139,896</b>	<b>122,873</b>	<b>400,572</b>	<b>467,724</b>	<b>387,685</b>

Note: The Company does not underwrite business outside Pakistan

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

# STATEMENT OF CLAIMS

FORM GE



FOR THE YEAR ENDED DECEMBER 31, 2012


Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2012 Net claims expense	2011 Net claims expense
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	105,829	35,655	42,293	112,467	42,657	31,683	31,767	42,741	69,726	63,163
Marine, aviation and transport	56,018	8,984	9,889	56,923	38,405	8,096	5,963	36,272	20,650	12,875
Motor	52,085	4,030	6,489	54,544	7,745	1,474	1,372	7,643	46,901	46,901
Miscellaneous	68,574	6,150	60,255	122,679	30,229	5,315	55,727	80,641	42,038	30,960
<b>Sub-total</b>	<b>282,506</b>	<b>54,819</b>	<b>118,926</b>	<b>346,613</b>	<b>119,036</b>	<b>46,568</b>	<b>94,829</b>	<b>167,297</b>	<b>179,315</b>	<b>153,899</b>
Treaty - proportional	(1)	-	-	(1)	-	-	-	-	(1)	-
<b>Grand-total</b>	<b>282,505</b>	<b>54,819</b>	<b>118,926</b>	<b>346,612</b>	<b>119,036</b>	<b>46,568</b>	<b>94,829</b>	<b>167,297</b>	<b>179,314</b>	<b>153,899</b>

Note: The Company does not underwrite business outside Pakistan

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

# STATEMENT OF EXPENSES

FORM GF

FOR THE YEAR ENDED DECEMBER 31, 2012

Business underwritten inside Pakistan


(Rupees in '000)

Class of business	Commission paid or payable	Deffered Commission		Net Commission expense	Other management expenses	Underwriting expenses	Commission from reinsurance	Net underwriting expense 2012	Net underwriting expense 2011
		Opening	Closing						
Direct and facultative									
Fire and property damage	42,126	9,993	11,618	40,501	41,111	81,612	(1,751)	83,363	93,600
Marine, aviation and transport	15,382	1,262	2,266	14,378	12,068	26,446	7,884	18,562	6,502
Motor	12,668	2,607	6,659	8,616	17,362	25,978	2,011	23,967	25,360
Miscellaneous	48,241	8,511	13,570	43,182	21,655	64,837	15,283	49,554	26,521
<b>Sub-total</b>	<b>118,417</b>	<b>22,373</b>	<b>34,112</b>	<b>106,677</b>	<b>92,196</b>	<b>198,373</b>	<b>23,427</b>	<b>175,446</b>	<b>151,983</b>
Treaty - proportional	-	-	-	-	-	-	-	-	-
<b>Grand-total</b>	<b>118,417</b>	<b>22,373</b>	<b>34,112</b>	<b>106,677</b>	<b>92,196</b>	<b>198,373</b>	<b>23,427</b>	<b>175,446</b>	<b>151,983</b>

Note: The company does not underwrite business outside Pakistan

\*Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

# STATEMENT OF INVESTMENT INCOME FORM GG




FOR THE YEAR ENDED DECEMBER 31, 2012

(Rupees in '000)

	2012	2011
<b>Income from non-trading investment</b>		
<b>Available-for-sale</b>		
Dividend income	64	319
Return on government securities	5,812	3,185
Return on other fixed income securities and deposits	4,535	7,509
Amortisation of premium and discount - net	(152)	597
	<u>10,259</u>	<u>11,610</u>
<b>Gain on sale of non-trading investment</b>		
Available-for-sale	14,240	22,310
<b>Reversal / (Diminution) in value of investment</b>	12,801	(2,067)
Less: Investment related expenses	(523)	(489)
<b>Net investment income</b>	<u><u>36,777</u></u>	<u><u>31,364</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

  
 CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD  
 Chairman

  
 NAVED YUNUS  
 Managing Director & Chief Executive

  
 A.K.M. SAYEED  
 Director

  
 MAHEEN YUNUS  
 Director

Karachi Dated : 7th March, 2013

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

## 1. THE COMPANY AND ITS OPERATION

East West Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1983 under the Companies Act, 1913 (now the Companies Ordinance, 1984), and the shares of Company are quoted on the Karachi Stock Exchange. The Company is engaged in the general insurance business and operates through 52 (2011:55) branches in Pakistan. The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at M.A. Jinnah Road, E.F.U. House (Qamar House) 4th Floor.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

### 2.1 Functional and Presentation Currency

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

### 2.2 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of SRO 938 issued by the SECP in December 2002, the Insurance Ordinance 2000, the requirements of the Companies Ordinance, 1984, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. In case of requirement differs the provision & directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) rules 2002 shall prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "available for sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements. Subsequent valuation to the initial recognition at cost, of "available for sale investments" is done accordance with SECP directive as mentioned in note 4.8.2.

### 2.3 Adoption of new standards, amendments and interpretations of existing standards and forthcoming requirements.

#### 2.3.1 Adoption of new and amended standards and interpretations

The following standards, amendments and interpretations of approved standards became effective during the year. Adoption of these revised standards did not have any material effect on the financial performance or position of the Company other than enhanced disclosures in certain cases:

- IFRS 7 "Financial Instruments: Disclosures"
- IFRS 8 "Operating Segments"
- IAS 29 "Financial Reporting in Hyperinflationary Economies"
- IAS 33 "Earnings Per Share"
- IFRIC 4 "Determining whether an Arrangement contains a Lease"
- IFRIC12 "Service Concession Agreements"

The application of above standards, interpretations has no material effect on financial statements of the Company other than enhanced disclosures.

#### 2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after the dates specified below:

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if

certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments have no impact on financial statements of the Company.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The interpretation have no impact on financial statements of the Company.

### 3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

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

#### 3.1 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 estimate about carrying values of

assets and liabilities that are not readily apparent from other sources.

Significant areas requiring the management to use estimates in these financial statements relate to provision for outstanding claims including claims incurred but not reported (IBNR), impairment of assets, premium deficiency reserves, provision for income taxes, classification of investments, impairment, recoveries from reinsurers, staff retirement benefits and useful lives of assets and methods of depreciation.

### **Judgments**

In the process of applying the Company's accounting policies, management has made following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

#### *Classification of investments*

As the Company's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available-for-sale.

#### *Impairment of investments*

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amount, of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

### **Estimates**

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

- Provision for unearned premiums (note 4.2.2)
- Premium due but unpaid - net (note 4.2.3)
- Provision for outstanding claims (including IBNR) (note 4.3)
- Premium deficiency reserve (note 4.7)
- Useful life of fixed assets (note 4.10)
- Taxation (note 4.18)

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 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 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.

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 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.

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

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

## **4.2 Premium**

### **4.2.1 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.

Administrative surcharge on direct business is recognized as income at the time the policies are written.

### **4.2.2 Provision for unearned premium**

Provision for unearned premium 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 return.

- 
- b) for the other classes/line of business, by applying the twenty-fourth method as specified in the Securities and Exchange Commission (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

#### **4.2.3 Premium due but unpaid - net**

Premium 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.

#### **4.3 Claims**

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.

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

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

#### **4.4 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 for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

##### **4.4.1 Reinsurance expense**

Reinsurance 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, premium is recognized as expense in accordance with the pattern of incidence of risk.

##### **4.4.2 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 determine accordingly as provision for unearned premium.

#### **4.5 Reinsurance recoveries against outstanding claims**

Claims recoveries receivable from reinsurers 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.

#### **4.6 Commissions**

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. 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 premiums.

#### **4.7 Premium deficiency reserve**

As per Securities and Exchange Commission (Insurance) Rules, 2002 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 expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of

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. In management's opinion the amount carried for unearned premium is sufficient to meet this requirement.

#### 4.8 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. Subsequently, these are recognized and classified into the following category.

##### 4.8.1 Trade and settlement date accounting

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

##### 4.8.2 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 stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O 938 issued by the Securities and Exchange Commission of Pakistan in December, 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments. Section 16 (1) (a) of the SECP Insurance Rules for available for sale - fixed income investments redeemable at a given date and where the cost is different from the redemption value, require such difference to be amortised uniformly between the date of acquisition and the date of maturity.

##### 4.8.3 Fair value through profit or loss - held for trading

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

##### 4.8.4 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.

#### 4.9 Employees 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.

Prior to the provident fund, the Company maintained an unfunded gratuity scheme for permanent employees which amount shall be drawn upon by the employees of the Company.

#### 4.10 Operating fixed assets and depreciation

##### 4.11 Owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income on reducing balance method using the following rates:

Office premises on leasehold land	5%
Furniture and fixture	10%
Electric fittings and equipments	10%
Computers	33.33%
Office equipment	10%
Vehicle owned and leased	20%

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

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

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

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

#### **4.11.2 Leased**

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term.

#### **4.11.3 Capital work in progress**

Capital work in progress represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work in progress is stated at cost.

#### **4.12 Investment properties**

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

##### **4.12.1 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.

##### **4.12.2 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.

##### **4.12.3 Depreciation**

Depreciation is charged to profit and loss in the same manner as owned fixed assets. (note 4.10).

#### **4.13 Investment and other income**

##### **4.13.1 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 by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof which is in accordance with the requirement of Institute of Chartered Accountants of Pakistan Technical Release-15.

#### 4.13.2 Interest income

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

#### 4.13.3 Expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at balance sheet date. Bad debts are written off to the profit and loss account when identified.

#### 4.14 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, marine, motor and miscellaneous.

##### 4.14.1 Fire

The perils covered under this segment include damages by fire, riot and strike, explosion, earthquake, atmospheric damages, floods, electrical fluctuation impact and other coverage.

##### 4.14.2 Marine

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transport.

##### 4.14.3 Motor

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

##### 4.14.4 Miscellaneous

Miscellaneous insurance provides cover against burglary, loss of cash in safe and in transit, personal accident, engineering losses and other coverage.

#### 4.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss for the period in which it arises.

#### 4.16 Off setting of financial asset and financial liabilities

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

#### 4.17 Transfer pricing policy

Transactions with related parties of the Company mainly consist of entering into the insurance contracts. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties, without exceptions.

#### 4.18 Taxation

##### 4.18.1 Current

Provision for current taxation is based on taxable income taking into account applicable tax credits and exemptions available, if any.

##### 4.18.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary difference 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 apply 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 income statement, except in the case of items credited or charged to equity in which case it is included in equity.

#### **4.19 Foreign currencies**

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

#### **4.20 Management expenses**

Management expenses are allocated to all classes of business in proportion to the net premium income of the year.

#### **4.21 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 estimate.

#### **4.22 Impairment**

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

#### **4.23 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary 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.

#### **4.24 Cash and cash equivalents**

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

#### **4.25 Dividend and bonus shares**

Dividend to shareholders is recognised as liability in the year in which it is declared. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is declared.

#### **4.26 Fair Value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, difference may arise between the carrying values and the fair values estimates.

The carrying value of the financial instruments reported in the financial statements approximates their fair value except that investments have a higher market value as stated in note 13.4.

#### **4.27 General**

- i) Figures have been rounded off to the nearest rupee.
- ii) Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

## 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		(Rupees in '000)		
2012	2011	Note	2012	2011
<b>Number of Shares</b>				
<b>6,354,899</b>	6,354,899	Ordinary shares of Rs.10 each fully paid in cash	<b>63,549</b>	63,549
<b>26,827,130</b>	23,810,582	Ordinary shares of Rs.10 each issued as fully paid bonus share	<b>268,271</b>	238,106
<u><b>33,182,029</b></u>	<u>30,165,481</u>		<u><b>331,820</b></u>	<u>301,655</u>

## 6 DEFERRED TAXATION

Deferred tax (liabilities) / assets arising in respect of:				
- Accelerated depreciation on fixed assets			<b>14,591</b>	6,099
- Liability against assets subject to finance lease			<b>(472)</b>	(1,726)
- Provision for due but unpaid			<b>(166)</b>	(119)
- Minimum Tax			<b>(3,320)</b>	-
- Tax losses			<b>(7,754)</b>	-
			<u><b>2,879</b></u>	<u>4,254</u>

## 7. PREMIUM RECEIVED IN ADVANCE

Premium received in advance	7.1	<u><b>1,922</b></u>	<u>626</u>
-----------------------------	-----	---------------------	------------

7.1 This includes cash margin (Bond) received from policy holder amounting to Rs.0.626 million (2011: Rs. 0.626 million).

## 8 AMOUNT DUE TO OTHER INSURERS / REINSURERS

Foreign reinsurers		<b>1,057</b>	9,344
Local reinsurers / coinsurers		<b>2,028</b>	441
		<u><b>3,085</b></u>	<u>9,785</u>

## 9. OBLIGATION UNDER FINANCE LEASE

Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	2012		2011	
	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
----- (Rupees in '000) -----				
Due within one year	1,433	1,348	2,246	1,842
Due after one year but within three years	-	-	1,433	1,348
Total minimum lease payments	1,433	1,348	3,679	3,190
<b>Less:</b>				
Amount representing finance charges	(85)	-	(489)	-
Present value of minimum lease payments	1,348	1,348	3,190	3,190
<b>Less:</b>				
Current portion shown under- Current Liabilities	1,348	(1,348)	1,842	1,842
	-	-	1,348	1,348

The Company has entered into leasing arrangements with leasing companies for vehicles. Lease rentals are payable on monthly basis and include finance charges at rates ranging from 7.9% to 17% per annum (2011: 7.9% to 17% p.a.) which have been used as discounting factor. The Company has the option to purchase the vehicles upon completion of lease period and has the intention to exercise such option.

	Note	(Rupees in '000)	
		2012	2011
<b>10 OTHER CREDITORS AND ACCRUALS</b>			
Federal Excise Duty		1,425	1,091
Federal Insurance Fee		1,068	1,146
Withholding tax		1,380	3,322
Sundry creditors-others		15,341	11,574
Workers Welfare Fund		2,696	977
		<b>21,910</b>	<b>18,110</b>
<b>11 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingencies or commitments as at the balance sheet date (2011:nil)			
<b>12 CASH AND OTHER EQUIVALENTS</b>			
Cash in hand		9	1
Policy stamps		108	58
		117	59
<b>Current and other account with banks</b>			
Current accounts and others	12.1	25,326	17,968
Deposits with banks maturing within 12 months	12.2	36,761	34,546
		<b>62,204</b>	<b>52,573</b>

**12.1** These include interest bearing accounts carrying interest rates 5% to 10% (2011: 0.5% to 11%) per annum.

**12.2** These represents Term Deposit Receipts (TDRs) in local currency carrying interest rates of 5% to 11% per annum (2011: 3% to 10.01% per annum).

				(Rupees in '000)	
13 INVESTMENTS	Note	2012		2011	
<b>Available-for-sale</b>					
Marketable securities	13.1	191,957		152,430	
Term finance certificates	13.2	42,179		44,267	
Government securities	13.3	63,016		48,308	
Reversal / (provision) for diminution in value of investment - net		12,801		(2,067)	
Net (amortization of premium)/capitalization of discount		(152)		597	
		<b>309,801</b>		<b>243,535</b>	

### 13.1 Details of investments quoted

2012	2011			
----No. of shares / units----				
2,205	2,205	Packages Limited	102	102
4,400	4,400	Pakistan Tobacco Company Limited	57	57
818	818	Ibrahim Fibers Limited	8	8
500	500	Kot Addu Power Company Limited	15	15
945,412	945,412	JS Large Capital Fund	44,207	41,789
16,000	16,000	AL Abbas Cement Industries Limited	40	110
15,000	15,000	Samba Bank Limited	22	50
69	69	Orix leasing Pakistan	1	1
8,000	8,000	Kohinoor Energy Limited	126	215
2,250	2,250	Apna Microfinance Bank Limited	11	6
308,841	308,841	Fauji Cement Company Limited	1,019	1,902
1,500	1,500	Maqbool Textile Limited	11	18
2,530	2,530	United Distributor Pakistan Limited	15	15
572	572	Oil and Gas Development Co. Limited	87	97
1,545,890	1,413,063	The Bank of Khyber	7,631	6,203
3,606,080	3,606,080	East West Life Assurance Co. Limited *	6,130	10,458
500,000	500,000	NIB Bank Limited	865	1,495
174	145	Habib Bank Limited	16	16
201,489	98,644	Askari Sovereign Cash Fund	20,242	10,000
202,126	204,724	Pakistan Cash Management Fund	10,126	10,000

2012		2011		(Rupees in '000)	
---No. of shares / units---				2012	2011
<b>Investments – Available for sale</b>					
202,156	100,582	MCB Cash Management optimizer		20,250	10,000
200,207	97,002	HBL Money Market Fund		20,245	10,000
-	99,411	IGI Money Market Fund		-	10,000
101,092	100,035	Lakson Money Market Fund		10,118	10,000
100,035	98,726	JS Cash Fund		-	10,000
100,901	-	PICIC Cash Fund		10,123	-
101,142	-	First Habib Cash Fund		10,122	-
20,079	-	Atlas Money Market Fund		10,131	-
2,023,711	998,732	ABL Cash Fund		20,237	10,000
-	102,690	UBL Liquid Plus Fund		-	10,000
				<b>191,957</b>	<b>152,430</b>

### 13.2 Term Finance Certificates - at amortised cost

United Bank Limited	10,478	10,414
Orix Leasing Pakistan Limited	-	1,665
Azgard Nine Limited	17,106	17,123
Engro Fertilizer Limited (November 2007)	9,980	9,984
Engro Fertilizer Limited (December 2009)	4,641	5,060
	<b>42,205</b>	<b>44,246</b>
Impact of net (capitalization of discount) / amortization of premium	(26)	20
	<b>42,179</b>	<b>44,266</b>

### 13.3 Government securities

Pakistan Investment Bonds	32,469	28,285
Government of Pakistan Ijara Sukuk	30,370	20,641
	<b>62,839</b>	<b>48,926</b>
Impact of net amortization of premium/(capitalization of discount)	178	(618)
	<b>63,017</b>	<b>48,308</b>
Impairment of investment - net	12,801	(2,067)
	<b>309,801</b>	<b>243,5</b>

13.4 The fair value of available for sale investments is Rs.323,559,076/- (2011: Rs. 249,607,828/-). Available for sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) as required by the Securities and Exchange Commission rules, 2002. However, the International Accounting Standard (IAS-39) Financial Instruments: Recognition and Measurement requires the these instruments should be measured at fair value. Had these investments been measured at fair value, their carrying values as at December 31, 2012 would have been higher by Rs. 13,742,806/- (2011: Rs.4,005,655) and consequently shareholder's equity increased by the same amount.

13.5 Government securities	Tenure	Maturity	Principal repayment	Coupon percentage	Coupon payment	2012 (Rupees in '000)	2011
10 Years Pakistan Investment Bond	10	May 2016	On maturity	9.6%	Semi-annually	8,866	8,843
10 Years Pakistan Investment Bond	10	May 2016	On maturity	9.6%	Semi-annually	8,824	8,793
10 Years Pakistan Investment Bond	10	June 2012	On maturity	11%	Semi-annually	-	1,009
10 Years Pakistan Investment Bond	10	April 2014	On maturity	8%	Semi-annually	937	898
10 Years Pakistan Investment Bond	10	October 2013	On maturity	8%	Semi-annually	3,948	3,922
10 Years Pakistan Investment Bond	10	August 2021	On maturity	12%	Semi-annually	4,106	-
10 Years Pakistan Investment Bond	10	December, 2021	On maturity	12%	Semi-annually	937	-
5 Years Pakistan Investment Bond	5	October 2013	On maturity	11.5%	Semi-annually	4,850	4,820
3 Years Ijara Sukuk	3	March 2014	On maturity	10.3%	Semi-annually	20,335	20,641
3 Years Ijara Sukuk	3	December 2014	On maturity	13.7%	Semi-annually	10,035	-
						<b>62,838</b>	<b>48,926</b>

**13.5.1** Pakistan Investment Bonds having a face value of Rs.36.0 million (2011: Rs.31.0 million) are placed with State Bank of Pakistan in compliance with Section 29 of the Insurance Ordinance, 2000 except Ijara Sukuk which is placed with JS Bank Limited.

**13.6 Other fixed income securities**

(Rupees in '000)

Term Finance Certificate	Tenure	Maturity	Number of certificates	Rate of return	Profit payment	2012	2011
United Bank Limited	8 years	March 2013	2,100	9.49%	Semi-annually	10,478	10,414
Azgard Nine Limited	7 years	September 2012	5,000	6 month kibar + 2.40 %	Semi-annually	3,531	17,123
Orix Leasing Limited	7 years	May 2012	2,000	6 month kibar + 1.50 %	Semi-annually	-	1,665
Engro Fertilizer	8 years	November 2015	2,000	6 month kibar + 1.55 %	Semi-annually	9,980	9,984
Engro Fertilizer	7 years	December 2016	1,000	6 month kibar + 2.40 %	Semi-annually	4,641	5,060
						<u>28,630</u>	<u>44,246</u>

**13.7** Repayment of principal of Azgard Nine Limited, Term Finance Certificate has been rescheduled as to maturity on September, 2017.

**14. INVESTMENT PROPERTIES**

PARTICULARS	Note	Rate %	2012						Written Down Value as at December 31, 2012
			COST			DEPRECIATION			
			As at January 01, 2012	Additions/ (Deletion) or Transfer in/ (Transfer out)	As at December 31, 2012	As at January 01, 2012	Transfer in/ (out)/Charge for the year	As at December 31, 2012	
----- (Rupees in '000) -----									
Office premises	20.1	5	-	51,430	51,430	-	6,814	6,814	44,616

**14.1** Investment Properties comprises of four properties having market value of 128.87 million as on December 31, 2012 (2011: nil). The valuation has been carried out by independent valuers M/s. Intikhab Alam & Co., M/s. Pakistan System Registerar (SMC - Private) Limited and M/s. Reliance Surveyors Company (Private) Limited.

	Note	2012	2011
<b>15 PREMIUM DUE BUT UNPAID - Unsecured</b>			
Considered good		37,449	38,080
Considered doubtful	15.1	474	849
		<u>37,923</u>	<u>38,929</u>
Provision for doubtful debts		(474)	(849)
Written off during the year	23	(679)	(994)
		<u>36,770</u>	<u>37,086</u>
<b>15.1 Movement of provision for bad debts</b>			
Opening balance		849	339
Reversal during the year		(849)	(339)
Charge during the year		474	849
		<u>474</u>	<u>849</u>

(Rupees '000)

	Note	2012	2011
<b>16. AMOUNT DUE FROM OTHER INSURERS / REINSURERS - Unsecured</b>			
Considered good			
- Foreign reinsurers		25,024	10,493
- Local reinsurers/coinsurers		27,530	29,246
		<u>52,554</u>	<u>39,739</u>
<b>17. ACCRUED INVESTMENT INCOME</b>			
Term deposit receipts		44	92
Government securities		1,409	1,918
Term finance certificates		409	464
		<u>1,862</u>	<u>2,474</u>
<b>18. ADVANCES, DEPOSITS AND RECEIVABLES</b>			
Advances		14,807	15,552
Deposits		910	844
Other receivables		1,244	1,942
		<u>16,961</u>	<u>18,338</u>
<b>19. PREPAYMENTS</b>			
Prepaid rent		228	282
Others		343	348
		<u>571</u>	<u>630</u>

**20. FIXED ASSETS - TANGIBLE**

2012

PARTICULARS	Owned						Sub total	Leased	Total
	Office Premises	Furniture and fixture	Electric fitting and equipment	Computers	Office equipment	Vehicles		Vehicles	
<b>(Rupees in '000)</b>									
<b>COST</b>									
As at January 1, 2012	64,803	18,536	13,706	13,977	6,976	109,469	227,467	4,748	232,215
Additions	-	1,635	115	307	363	5,905	8,325	-	8,325
Deletion	(51,429)	-	-	-	-	(13,027)	(64,456)	-	(64,456)
Transfer in/(Transfer out)	-	-	-	-	-	-	-	-	-
As at December 31, 2012	<u>13,374</u>	<u>20,171</u>	<u>13,821</u>	<u>14,284</u>	<u>7,339</u>	<u>102,347</u>	<u>171,336</u>	<u>4,748</u>	<u>176,084</u>
<b>ACCUMULATED DEPRECIATION</b>									
As at January 1, 2012	9,873	11,768	8,755	11,918	4,514	72,583	119,411	2,061	121,472
Charge for the year	398	746	500	743	267	7,698	10,353	537	10,890
Disposal / Transfer out	(4,465)	-	-	-	-	(10,013)	(14,478)	-	(14,478)
As at December 31, 2012	<u>5,806</u>	<u>12,514</u>	<u>9,255</u>	<u>12,661</u>	<u>4,781</u>	<u>70,268</u>	<u>115,286</u>	<u>2,599</u>	<u>117,884</u>
Written down value as at December 31, 2012	<u>7,568</u>	<u>7,657</u>	<u>4,566</u>	<u>1,622</u>	<u>2,558</u>	<u>32,079</u>	<u>56,050</u>	<u>2,149</u>	<u>58,199</u>
Rate %	5	10	10	33.33	10	20		20	

2 0 1 1

PARTICULARS	Owned						Sub total	Leased	Total
	Office Premises	Furniture and fixture	Electric fitting and equipment	Computers	Office equipment <sup>0</sup>	Vehicles		Vehicles	
<b>(Rupees in '000)</b>									
<b>COST</b>									
As at January 1, 2011	65,503	17,798	13,625	13,529	6,780	100,574	217,809	21,632	239,441
Additions	-	737	81	448	196	5,010	6,472	-	6,472
Deletion	(700)	-	-	-	-	(12,998)	(13,698)	-	(13,698)
Transfer in / (Transfer out)	-	-	-	-	-	16,884	16,884	(16,884)	-
As at December 31, 2011	64,803	18,535	13,706	13,977	6,976	109,470	227,467	4,748	232,215
<b>ACCUMULATED DEPRECIATION</b>									
As at January 1, 2011	7,404	11,040	8,202	11,002	4,253	65,421	107,322	7,276	114,598
Change for the year	2,900	728	553	917	261	9,383	14,742	672	15,414
Disposal	(431)	-	-	-	-	(2,221)	(2,652)	(5,886)	(8,538)
As at December 31, 2011	9,873	11,768	8,755	11,919	4,514	72,583	119,412	2,062	121,474
Written down value as at December 31, 2011	54,930	6,767	4,951	2,058	2,462	36,887	108,055	2,686	110,741
Rate %	5	10	10	33.33	10	20	-	20	

**20.1** Office premises having cost amounting to Rs. 51.429 million has been reclassified to Investment Property along with accumulated depreciation thereon (note 14).

## 20.2 Detail of disposal of fixed assets

S. No.	Particular of asset	Cost	Accumulated depreciation	Book value	Sales proceed	Gain/(Loss) on disposal	Mode of disposal	Particular of purchaser
<b>MOTOR VEHICLES</b>								
1	Suzuki Cultus	726	498	228	223	(5)	Negotiations	Mr. Muhammad Ashraf
2	Suzuki Cultus	705	517	188	184	(4)	Negotiations	Mr. Mirza M. Umair Akhtar
3	Suzuki Cultus	724	529	195	191	(4)	Negotiations	Mr. M. Siddique Choudhry
4	Suzuki Cultus	661	352	309	302	(7)	Negotiations	Mr. Tanveer Abbas
5	Toyota Corolla	1,300	1,075	225	600	375	Negotiations	Mr. Samiullah Baig
6	Honda City	861	734	126	219	93	Negotiations	Mr. Imran Akhtar
7	Suzuki Mehran	711	631	79	138	58	Negotiations	Mr. Imran Akhtar
8	Toyota Corolla	1,133	927	206	358	152	Negotiations	Mr. Imran Akhtar
9	Toyota Corolla	1,263	902	362	628	266	Negotiations	Mr. Imran Akhtar
10	Honda Civic	895	738	158	887	729	Negotiations	Mr. Imran Akhtar
11	Toyota Corolla	1,003	737	266	675	409	Negotiations	Mr. M. Shehzad
12	Toyota Corolla	1,037	742	296	750	454	Negotiations	Mr. M. Shehzad
	<b>Sub Total</b>	<b>11,020</b>	<b>8,381</b>	<b>2,639</b>	<b>5,155</b>	<b>2,516</b>		
<b>MOTOR CYCLES</b>								
1	Honda	37	37	-	-	-	Negotiations	Mr. M. Shehzad
2	Yamaha	39	39	-	-	-	Negotiations	Mr. M. Shehzad
3	Honda	37	37	-	-	-	Negotiations	Mr. M. Shehzad
4	Ravi	37	29	8	8	-	Negotiations	Mr. M. Shehzad
5	Yamaha	32	32	-	-	-	Negotiations	Mr. M. Shehzad
6	Ravi	36	28	8	7	(1)	Negotiations	Mr. M. Shehzad
7	Metro	38	37	1	1	-	Negotiations	Mr. M. Shehzad
8	Honda	53	35	18	1	(1)	Negotiations	Mr. M. Shehzad
9	Honda	75	68	7	7	-	Negotiations	Mr. M. Shehzad
10	Honda	75	68	7	7	-	Negotiations	Mr. M. Shehzad
11	Ravi	38	24	14	13	(1)	Negotiations	Mr. M. Shehzad
12	Ravi	39	29	10	9	(1)	Negotiations	Mr. M. Shehzad
	<b>Balance carried forward</b>	<b>537</b>	<b>464</b>	<b>74</b>	<b>70</b>	<b>(4)</b>		

S. No.	Particular of asset	Cost	Accumulated depreciation	Book value	Sales proceed	Gain/(Loss) on disposal	Mode of disposal	Particular of purchaser
<b>Balance brought forward</b>		<b>537</b>	<b>464</b>	<b>74</b>	<b>70</b>	<b>(4)</b>		
13	Yamaha	69	32	37	35	(2)	Negotiations	Mr. M. Shehzad
14	Honda	59	37	22	21	(1)	Negotiations	Mr. M. Shehzad
15	Ravi	39	29	10	9	(1)	Negotiations	Mr. M. Shehzad
16	Honda	68	56	12	11	(1)	Negotiations	Mr. M. Shehzad
17	Ravi	36	28	8	8	-	Negotiations	Mr. M. Shehzad
18	Ravi	37	29	8	8	-	Negotiations	Mr. M. Shehzad
19	Ravi	39	29	10	9	(1)	Negotiations	Mr. M. Shehzad
20	Honda	57	35	22	21	(1)	Negotiations	Mr. M. Shehzad
21	Honda	61	37	24	23	(1)	Negotiations	Mr. M. Shehzad
22	Honda	56	52	3	3	-	Negotiations	Mr. M. Shehzad
23	Honda	68	63	5	5	-	Negotiations	Mr. M. Shehzad
24	Honda	71	63	8	7	(1)	Negotiations	Mr. M. Shehzad
25	Honda	56	41	15	14	(1)	Negotiations	Mr. M. Shehzad
26	Honda	69	61	8	7	(1)	Negotiations	Mr. M. Shehzad
27	Honda	53	38	15	14	(1)	Negotiations	Mr. M. Shehzad
28	Honda	59	37	22	21	(1)	Negotiations	Mr. M. Shehzad
29	Honda	53	44	9	9	-	Negotiations	Mr. M. Shehzad
30	Yamaha	31	31	-	-	-	Negotiations	Mr. M. Shehzad
31	Ravi	37	29	8	7	(1)	Negotiations	Mr. M. Shehzad
32	Honda	71	63	8	7	(1)	Negotiations	Mr. M. Shehzad
33	Honda	53	38	15	14	(1)	Negotiations	Mr. M. Shehzad
34	Honda	59	58	1	1	-	Negotiations	Mr. M. Shehzad
35	Honda	53	44	9	9	-	Negotiations	Mr. M. Shehzad
36	Honda	69	63	6	6	-	Negotiations	Mr. M. Shehzad
37	Ravi	38	30	8	8	-	Negotiations	Mr. M. Shehzad
38	Suzuki	16	16	-	1	1	Negotiations	Mr. Ghulam Din
39	Honda	24	24	-	2	2	Negotiations	Mr. Jay Kumar
40	Yamaha	33	33	-	5	5	Negotiations	Mr. Ansar Mehmood
41	Ravi	37	29	8	7	(1)	Negotiations	Mr. M. Shehzad
<b>Sub Total</b>		<b>2,007</b>	<b>1,632</b>	<b>375</b>	<b>362</b>	<b>(13)</b>		
<b>Grand Total</b>		<b>13,027</b>	<b>10,013</b>	<b>3,014</b>	<b>5,517</b>	<b>2,503</b>		
2011		13,698	8,539	5,160	8,750	3,590		

		(Rupees in '000)	
	Note	2012	2011
<b>21 MANAGEMENT EXPENSES</b>			
Salaries and allowances		34,046	33,933
Office rent		4,025	4,072
Travelling and hotel		802	284
Conveyance charges		779	290
Travelling and conveyance		4,264	2,983
Petrol		14,924	11,257
Vehicle tax		208	55
Tracker security system		439	164
Entertainment		1,029	794
Printing and stationary		3,165	1,879
Postage and telegram		852	656
Vehicle maintenance		9,658	8,612
Repairs and maintenance		2,039	1,118
Electricity		5,159	4,149
Newspapers and periodicals		96	87
E.O.B.I		734	632
Telephone and trunk calls		2,478	2,748
Gas charges		786	467
Computer maintenance		1,663	837
Medical		3,640	2,161
Extra duty		828	538
Water charges		178	142
S.E.S.S.I		145	119
Miscellaneous		259	191
Brokerage and commission		-	5
		<b>92,196</b>	<b>78,173</b>
<b>22 OTHER INCOME</b>			
Gain on sale of fixed assets	20.2	2,503	3,590
Rental income		423	395
Reversal of bad debts provision	15.1	849	339
Others		397	41
		<b>4,172</b>	<b>4,365</b>

		(Rupees in '000)	
23 GENERAL AND ADMINISTRATIVE EXPENSES	Note	2012	2011
Salaries and allowances		26,114	22,198
Directors remuneration		4,374	4,374
Office rent		1,275	1,027
Rent rates and taxes		100	107
Advertisement and publicity		171	246
Subscription and renewals		2,857	2,213
Bonus to staff		6,312	5,176
Staff welfare		1,485	1,232
Legal and professional charges		1,416	1,063
Finance cost		369	1,197
Group insurance		-	150
Share registrar fees		120	120
Provident fund employer's contribution		2,328	2,202
Property taxes		125	144
Conference meeting		92	208
Auditor's remuneration	23.1	968	658
Professional taxes		192	277
Filing and license fee		22	34
Inspection fee		76	56
Court charges		63	142
Depreciation	14 & 20	13,239	15,414
CDC charges		1	23
Office maintenance		1,535	1,819
Coolie and cartage		75	81
Insurance		-	502
Bank charges		480	571
Miscellaneous charges		-	696
Consultation fee		3,000	1,500
Bad debt written off	15	679	994
Provision for bad debt expenses	15.1	474	4,260
		67,942	68,684
<b>23.1 Auditor's remuneration</b>			
Audit fee		500	500
Half yearly review		90	75
Other services		175	-
Out of pocket expenses		204	83
		969	658

#### 23.2 Remuneration of Chief Executive Directors and other executives

	Chief Executive		Directors		Executive	
	2012	2011	2012	2011	2012	2011
Rupees '000)						
Managerial remuneration	912	912	1,680	1,680	6,825	5,023
House rent	408	408	720	720	5,315	3,773
Meeting fee	20	25	770	770	-	-
	1,340	1,345	3,170	3,170	12,140	8,796
<b>Number of Persons</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>7</b>

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

24 TAXATION	Note	(Rupees in '000)	
		2012	2011
Current		(19,850)	(8,709)
Prior year		2,281	(158)
Deferred		1,375	(4,254)
Net charge for the year		<u>(16,194)</u>	<u>(13,121)</u>

24.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2012 have been submitted to the authorities.

24.2 Relationship between accounting profit and tax expense is as follows

Accounting profit before tax	84,251	47,871
Applicable tax rate	35%	35%
Tax at the above rate	(29,488)	(16,755)
- effect of other income and expenses	8,623	(4,614)
- effect of exempt income / capital gains	3,489	7,909
- effect of rental, commission and dividend income	143	180
- effect on minimum tax	3,320	-
- effect of prior year reversal	(2,281)	158
<b>Provision for taxation</b>	<u>(16,194)</u>	<u>(13,121)</u>

25 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 determined under "Comparable uncontrolled price method". Transactions with related parties including remuneration to key management personnel are as follows:

Loan received from directors	4,606	6,252
Loan repaid to directors	5,724	6,443
Remuneration to key management personnel	4,440	4,440
Insurance paid/accrued	-	150
Issue of Bonus Shares	10,671	9,376
Issue of Right Shares	-	9,376

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and cash equivalents, deposits, investments and receivables. Financial liabilities of the Company include payables, accrued liabilities (to policyholders, insurance and reinsurance companies and other parties) and dividends payable.

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

## 26.1 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. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under such contracts is that the occurrence of the insured events and the severity of reported claims. The Company'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 Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts the most significant risk arises from fire.

Underwriting and retention policies and procedures and limits 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 via 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.

### Claims Development

	(Rupees in '000)	
Estimate of ultimate claims costs:	2012	2011
At end of event year	<u>346,612</u>	<u>233,491</u>
Current estimate of cumulative claims	<u>54,819</u>	<u>83,419</u>
Cumulative payments to date	<u>282,506</u>	<u>262,091</u>
Liability recognized in the statement of financial position	<u>118,926</u>	<u>54,819</u>

### Sensitivity Analysis

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

December 31, 2012

	Change in Claims Assumption	Impact on gross liabilities	Impact on revenue account
Current claims	+10%	34,661	(34,661)
	-10%	(34,661)	34,661

## 26.2 Credit risk

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

### Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements as at December 31, 2012 is the carrying amount of the financial assets as set out below:

Nature of financial assets	Note	(Rupees in '000)	
		2012	2011
Cash and bank equivalents	12	62,204	52,573
Term Finance Certificate	13.2	42,205	44,247
Government securities	13.3	62,838	48,926
Premiums due but unpaid	15	36,770	37,086
Amounts due from other insurers/reinsurers	16	52,553	39,738
Advance, deposits and receivables	18	16,961	18,338
Accrued investment income	17	1,862	2,474
		<u>275,393</u>	<u>243,382</u>

### Concentration of Credit Risk

Concentration is the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Concentration of risks arises 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.

General provision is made for receivables according to the Company's policies. 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 Company's banks balances can be assessed with reference to external credit ratings as follows:

Name of banks	Rating		Rating Agency	(Rupees in '000)	
	Short term	Long term		2012	2011
	Allied Bank of Pakistan	A1+		AA	PACRA
Askari Bank Limited	A1+	AA+	PACRA	538	1,859
Al Baraka Bank (Pakistan) Ltd	A2	A	PACRA	79	5
Bank Alfalah Limited	A1+	AA	PACRA	2	4
The Bank of Punjab	A1+	AA-	PACRA	81	781
Dubai Islamic Bank	A1	A	JCR-VIS	10	5
Faysal Bank Limited	A1+	AA	PACRA	4,228	624
Habib Metropolitan Bank	A1+	AA+	PACRA	211	254
Habib Bank Limited	A-1	AA+	JCR-VIS	2	29
Industrial Development Bank Ltd.				107	51
KASB Bank Limited	A2	A-	PACRA	11	43
MCB Bank Limited	A1+	AA+	PACRA	1,147	477
National Bank of Pakistan	A1+	AAA	JCR-VIS	94	144
Samba Bank Limited	A1	A+	JCR-VIS	2	116
Soneri Bank Limited	AA-	A1+	PACRA	592	469
Summit Bank Limited	A2	A	JCR-VIS	15,920	9,016
United Bank Limited	A1+	AA+	JCR-VIS	659	508
JS Bank Limited	A1	A	PACRA	4	1,865
The Punjab Provincial Bank	-	-	-	4	7
The Karakoram Cooperative Bank	-	-	-	219	27
NIB Bank Limited	A1+	AA+	PACRA	130	1,050
				<b>25,326</b>	<b>17,969</b>

Term deposit certificates	Rating		Rating Agency	2012	2011
	Short term	Long term			
Allied Bank of Pakistan	AA	A1+	PACRA	300	100
Faysal Bank Limited	AA	A1+	PACRA	3,066	3,046
JS Bank Limited	A	A1	PACRA	1,000	1,000
Summit Bank Limited	A	A-2	JCR-VIS	10,095	15,800
MCB Bank Limited	AA+	A1+	PACRA	-	1,400
NIB Bank Limited	AA+	A1+	PACRA	20,000	12,000
The Karakoram Cooperative Bank	-	-	-	2,300	1,200
				<b>36,761</b>	<b>34,546</b>

### 26.3 Impaired assets

During the year no assets have been impaired other than those disclosed in the respective notes to the financial statements.

### 26.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

In the case of the Company, the liquidity level of Company remained on satisfactory level during the year and Company did not face any difficulty for generation of liquidity.

	2012				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Over one year
<b>Non-derivative Financial liabilities</b>					
Creditors and accruals	21,910	21,910	8,910	2,017	5,467
Obligation under finance lease	1,348	1,433	1,433	-	-
Provision for outstanding claim (including IBNR)	118,926	118,926	71,285	19,984	27,657
Due to directors	1,974	1,974	1,519	210	245
	<b>144,158</b>	<b>144,243</b>	<b>83,147</b>	<b>22,211</b>	<b>33,369</b>
2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Over one year
<b>Non-derivative Financial liabilities</b>					
Creditors and accruals	18,110	18,110	14,991	1,612	1,507
Obligation under finance lease	3,190	3,679	1,123	1,123	1,433
Provision for outstanding claim (including IBNR)	54,819	54,819	10,742	7,047	37,030
Due to directors	1,771	1,771	1,089	210	472
	<b>77,890</b>	<b>78,379</b>	<b>27,945</b>	<b>9,992</b>	<b>40,442</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at December 31.

## 26.5 Market risk

### Market price risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company manages the market risk by monitoring exposure on related securities by following internal risk management policies.

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

The table below summarizes the Company's equity price risk as of December 31, 2012 and 2011 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. Indeed, 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, 2012	323,559,076	10% increase	355,915	-	-
		10% decrease	291,203	-	-
December 31, 2011	249,607,828	10% increase	274,569	-	-
		10% decrease	224,647	-	-

\* As per requirements of Insurance Ordinance 2000, equities are stated at cost. Therefore change in market value does not affect shareholders' equity and profit and loss account.

## Risk management

The Company's policy is to manage price risk through diversification and selection of finance instruments within specified limits.

### 26.6 Interest rate risk

Interest rate risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from leasing asset and TFC's. At the balance sheet date the interest rate profile of the Company's interest - bearing financial instruments is;

	(Rupees in '000) Carrying amount	
	2012	2011
<b>Fixed rate instruments</b>		
Financial assets	91,468	93,172
Financial liabilities	1,348	3,190
<b>Variable rate instruments</b>		
Financial assets	18,152	33,833
Financial Liabilities	-	-

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>As at Decembr 31, 2012</b>				
Cash flow sensitivity	182	182	182	182
<b>As at December 31, 2011</b>				
Cash flow sensitivity	338	338	338	338

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

#### Risk Management / mitigation

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 this 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 changes in market interest rates.

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

### Reinsurance Risk

(Rupees in '000)

Rating	Amount due from Reinsurers	Reinsurance Recoveries Against Outstanding Claims	Other Reinsurance Assets
A or Above (including PRCL)	52,553	94,829	122,873
BBB			
Other			

### 26.7 Foreign currency risk

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

## 27 FINANCIAL INSTRUMENTS

(Rupees in '000)

Note	Effective Interest rate		Interest/mark-up bearing			Non-interest bearing			2012	2011	
	2012	2011	Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total			
<b>Financial assets</b>											
Cash and other equivalent	12	0.5%-11%	0.5%-15%	36,761	-	36,761	25,443	-	25,443	62,204	52,573
Investments	13	8% - 16%	8% - 17.22	10,478	80,990	91,468	218,333	-	218,333	309,801	243,535
Premium due but unpaid	15	-	-	-	-	-	36,770	-	36,770	36,770	37,086
Amount due from other insurers and re-insurers	16	-	-	-	-	-	52,553	-	52,553	52,553	39,738
Reinsurance recoveries and outstanding claims	-	-	-	-	-	-	94,829	-	94,829	94,829	49,568
Accrued Investment income	17	-	-	-	-	-	1,862	-	1,862	1,862	2,474
Advances, deposits and receivables	18	-	-	-	-	-	16,961	-	16,961	16,961	18,337
				47,239	80,990	128,229	446,751	-	446,751	574,980	443,311
<b>Financial liabilities</b>											
Due to directors	-	-	-	-	-	-	1,974	-	1,974	1,974	1,771
Provision for outstanding claims	-	-	-	-	-	-	118,926	-	118,926	118,926	54,819
Amount due to other insurers and re-insurers	8	-	-	-	-	-	3,085	-	3,085	3,085	9,785
Other creditors and accruals	10	-	-	-	-	-	21,910	-	21,910	21,910	18,110
Obligation under finance lease	9	7.9%-17.24%	7.9%-19.56%	1,348	-	1,348	-	-	-	1,348	3,190
				1,348	-	1,348	145,895	-	145,895	147,243	87,675
<b>On balance sheet gap</b>				45,891	80,990	126,881	300,856	-	300,856	427,737	355,636

### 27.1 Fair value of financial assets and liabilities

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

## 28 SEGMENT REPORTING

	(Rupees in '000)									
	Fire and Property Damage		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Segment assets	165,996	182,184	60,878	64,914	56,130	40,278	162,810	110,873	445,815	398,879
Unallocated corporate assets									389,537	315,076
									<u>835,352</u>	<u>713,955</u>
Segment liabilities	120,420	181,665	44,163	66,991	40,719	68,628	118,109	87,360	323,411	411,644
Unallocated corporate liabilities									45,840	32,301
Consolidated total liabilities									<u>369,251</u>	<u>443,945</u>
Capital expenditure	3,259	2,966	1,116	1,053	1,082	462	2,868	1,991	8,325	6,472
Depreciation	4,929	7,094	1,808	2,508	1,667	1,100	4,835	1,353	13,239	15,343

## 29 CAPITAL MANAGEMENT

### Objectives, policies and processes for managing capital:

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

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



		(Rupees in '000)	
		2012	2011
		Note	Restated
<b>30</b>	<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>		
	Profit for the year	68,057	34,750
		<b>Number of Shares</b>	
	Weighted average number of shares	<u>33,182,029</u>	<u>33,182,029</u>
	Basic and diluted earnings per share (EPS)	30.1 <u>2.05</u>	<u>1.05</u>


**30.1** No figure for diluted earnings per share has been presented as the Company has not issued any instruments which have an impact on earning per share when exercised.

**31 NUMBER OF EMPLOYEES**

	Number of employees at the end of the year	<u>153</u>	<u>164</u>
--	--	------------	------------

**32 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue in accordance with a resolution of the Board of Director on March 07, 2013.

  
**CHIEF JUSTICE (R)MIAN MAHBOOB AHMAD**  
 Chairman

  
**NAVED YUNUS**  
 Managing Director & Chief Executive

  
**A.K.M. SAYEED**  
 Director

  
**MAHEEN YUNUS**  
 Director

Karachi Dated : 7th March, 2013

## PATTERN OF SHARE HOLDINGS

### HELD BY THE SHAREHOLDERS OF EAST WEST INSURANCE COMPANY LIMITED AS AT DECEMBER 31, 2012

No. of Shareholders	Shareholding Range		Shareholdings	Percentage
	From	To		
19	1	1,000	5531	0.0167
140	1,001	2,000	208,053	0.6270
19	2,001	3,000	50,532	0.1523
11	3,001	4,000	39,431	0.1188
2	4,001	5,000	9,201	0.0277
122	5,001	10,000	692,456	2.0868
1	10,001	15,000	13,484	0.0406
1	15,001	25,000	21,887	0.0660
1	600,001	650,000	647,132	1.9502
1	650,001	700,000	669,046	2.0163
1	1,100,001	1,200,000	1,118,224	3.3700
2	1,500,001	1,600,000	3,171,838	9.5589
2	1,600,001	1,700,000	3,300,865	9.9477
2	1,900,001	2,000,000	3,929,482	11.8422
1	2,000,001	2,100,000	2,011,159	6.0610
2	2,100,001	2,200,000	4,242,401	12.7852
1	2,300,001	2,400,000	2,308,373	6.9567
3	2,500,001	2,600,000	7,638,641	23.0204
1	3,100,001	3,200,000	3,104,293	9.3553
<b>332</b>			<b>33,182,029</b>	<b>100.0000</b>

Categories of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor childrens	11	19,455,503	58.6327
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	1	2,000	0.0060
Individual	320	13,724,526	41.3613
<b>Total</b>	<b>332</b>	<b>33,182,029</b>	<b>100.0000</b>

Information as required under the code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
<b>Associated Company</b>			
M/s. East West Life Assurance Co., Ltd.	1	2,000	0.0060
<b>CEO, Directors, their Spouses and Minor Childrens</b>			
Chief Justice (R) Mian Mahboob Ahmed	1	1,343	0.0040
Naved Yunus	1	2,112,155	6.3654
Javed Yunus	1	2,563,938	7.7269
Pervez Yunus	1	2,534,308	7.6376
Maheen Yunus	1	1,963,061	5.9160
Tulu Yunus	1	2,540,395	7.6559
A. K. M. Sayeed	1	819	0.0025
Ambreen Yunus	1	2,308,373	6.9567
Rubina Yunus	1	1,643,915	4.9542
Samina Yunus	1	1,656,950	4.9935
Shamaila Yunus	1	2,130,246	6.4199
<b>Individual</b>	<b>320</b>	<b>13,724,526</b>	<b>41.3613</b>
<b>Total</b>	<b>332</b>	<b>33,182,029</b>	<b>100.0000</b>

# FORM OF PROXY



## 30th Annual General Meeting

I/We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_  
being a member of EAST WEST INSURANCE COMPANY LIMITED, hereby appoint:

\_\_\_\_\_

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Saturday March 30, 2013 at 9:30 a.m. at the Registered Office of the Company at 27, Regal Plaza, Jinnah Road, Quetta and at any adjournment thereof.

Witness:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
NIC or passport No. \_\_\_\_\_

**Please  
affix rupee five  
revenue stamp**

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
NIC or passport No. \_\_\_\_\_

Signature of Member

Please quote folio number

**IMPORTANT :** This instrument appointing a proxy, duly completed, must be received at the Company's Share Registrar, Bema Associates (Pvt) Limited, 515, EFU House, M.A. Jinnah Road, Karachi, not later than 48 hours before the time of holding the meeting.

