ANNUAL REPORT

EAST WEST LIFE
ASSURANCE COMPANY LIMITED

2010

In Memory of Our Founder Chairman

Founder Chairman of our group, 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 associated with the field of insurance in the Middle East. He returned to Pakistan in 1982 and founded East West Insurance Company Limited, our sister concern, in 1983. Throughout the remaining years of his life, he remained dedicated to development of East West. 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 Almighty Allah gifted him with such an outstanding success that the company became one of the largest insurance companies of Pakistan during his lifetime.

After taking East West Insurance Company Limited to such heights, it was his desire to develop an insurance company for the life assurance sector so that East West Group of Companies could cater to all insurance related needs of every Pakistani. Unfortunately, private life insurance companies were not allowed to operate in the country during his lifetime. However, when the government permitted operation of life insurance companies in the private sector, the sponsors of East West Insurance Company Limited immediately applied for a license and commenced operations of The Metropolitan Life Assurance Company of Pakistan Limited in March of 1993. In 2008, the company changed its name to East West Life Assurance Company Limited in order to give a unified look of a group with a substantial financial base and to service the best interest of policyholders as well as shareholders. Today, by the Grace of Allah, East West Group of Companies have become symbols of security for thousands of their policyholders and livelihood for their hundreds of hard-working personnel.

LATE MR. UNUS KHAN
Founder Chairman,
East West Group of Companies

Mr. Unus Khan was endowed with piety, simplicity, sincerity, diligence and affection. He will always be remembered for his selfless devotion to the cause of combining profound cultural values of the EAST with the modern technological developments of the WEST. In order to give perpetuity to the late Chairman of our group, 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.

Ameen!

EAST WEST LIFE
ASSURANCE COMPANY LIMITED

It's not only about service...

It's about care!

All of us dream the same dreams and start making plans accordingly, but life is never short of surprises.

Let **East West Life** take the worry out of your savings and insurance needs. Our comprehansive range of **life insurance, health insurance and investment solutions** let you protect your family while giving you real peace of mind.

A Member of East West Group of Companies

Registered and Supervised by the Securities and Exchange Commission of Pakistan

Head Office: 310-EFU House, 3rd Floor, M.A. Jinnah Road,
Karachi-74000, Pakistan. Tel: (021) 32311662/5, 32310904, 32310726
Fax: (021) 32311667, UAN: 111-EWL-111 (111-395-111)

E-mail: info@eastwestlifeco.com
www.eastwestlifeco.com

Contents

Company Introduction

East West Life Assurance Company Limited was established in the year 1992 at Quetta under the name of The Metropolitan Life Assurance Company of Pakistan Limited after the Federal Government's decision to allow privately owned life insurance companies to operate in the country. This was done to enable more and more Pakistani families to benefit from the protection and savings value of life insurance. The company commenced underwriting life insurance business in March of 1993 and made successful progress in the field of life and health insurance businesses both on the front of individual and corporate clients alike.

The authorized capital of our company is Rs. 600 million, out of which Rs. 500.454 million is currently paid-up. The large paid-up capital base allows us to better position ourselves to provide top-notch benefit and services to our individual and corporate clients.

The company's individual and corporate product-line offers security, flexibility and liquidity to the policyholders with higher investment returns. The company is also in the process of developing new individual and corporate products commensurate with the current investment, protection and other needs of the insured. Moreover, with increase in health insurance market potential, the company has established a separate health division to cater the needs of its growing clientage.

East West Life is a member of a large financial group, which includes our sister concern, specializing in general insurance business with over 80 branches throughout the country, M/s East West Insurance Company Limited. With joint paid-up capital of more than Rs. 751.8 million (increasing to at least Rs. 800 million) and worth in billions, the group, as a whole, has substantial resources to meet its financial requirements and obligations effectively. The group has a combined insurance business experience of nearly 45 years. Thus, we are fully aware of the service needs of insurance clients. We are making endeavors to make our group a one-stop solution for all insurance needs of an individual or corporate entity with a special focus on being the best service provider.

East West Life's Registered Office is in Quetta, while the operational Head Office is in Karachi. With a wide network of additional zonal and branch offices throughout the country, East West Life is equipped to render prompt and efficient service to its policyholders and to the field force. It should also be noted that we are a member of the Insurance Association of Pakistan (IAP) and our share is publicly traded at the Karachi Stock Exchange (KSE).

The company has group and individual life/health re-insurance arrangements with the world's leading re-insurers. The risk assumed by the company is reinsured with these financially sound reinsurers of international repute. Furthermore, all of our reinsurers are in the AA rating category indicating "very strong" capability to meet their financial commitments and comfortably fall within the secure range.

MEHFOOZ SARMAYA

Life takes you in many directions.

- Marriage
- Business ventures
- Grandchildren
- Retirement

And with each new pathway, your life insurance policy should accompany you at every step. Mehfooz Sarmaya Plan is specifically designed to respond to changing needs. In addition to flexible death benefits and premiums, the policy offers cash value growth potential. You can set the amount of each premium payment based on your policy's death benefit and financial objectives.

If the policy matures or you withdraw 100% of your cash value at an earlier age, you may choose one of the following options to receive your accumulated amount:

- Single Lump Sum
- Life Long Pension
- Combination of Lump Sum Payment and Life Long Pension

After two policy years have been completed and provided at least two full premiums have been paid, you can make withdrawals from your account value to meet your cash needs.

Benefits Payable on Death of Life Insured

On the death of the life insured (God forbid), provided the policy has not lapsed, the benefit payable will be either (i) or (ii), whichever is the higher amount:

(i) The sum insured in respect of the policy year in which the death took place

(ii) The Account Value in the policy year in which the death took place

Outstanding amounts due to us (if any) against loans given shall be deducted from any death benefit.

Sum Insured and Premium Amount Escalation

Starting from the beginning of the second policy year, the yearly premium (excluding premiums for supplementary contracts) and sum insured will automatically increase each year by 5%. This can be thought of as a cushion against inflation. The policyholder can opt not to increase the premium and sum insured in the beginning of any given policy year. If the policyholder exercises this right more than three times, then medical evidence would be necessary.

Account Value

The premium paid each year less any related expenses will be credited to your account. Cost of insurance, charges for management expenses and premium for any rider attached to your basic policy will be deducted. The amount in your account will be invested in secured investments. Your account will be credited with your share of investment income earned on the invested assets.

It should be noted here that the rate of increase in your account value is subject to the amount and timing of your premium payment and the investment income earned by the Company on the invested assets. Both of these variables are unpredictable in the long range.

Supplementary Riders

The following supplementary riders can be attached to the policy:

- Accidental Death Benefit (ADB)
- Accidental Indemnity Benefit (AIB)
- Family Income Benefit (FIB)
- Term Insurance Rider (TIR)
- Major Surgical Benefit Rider (MSB)

Policy Loans

After two policy years have been completed and provided at least two full premiums have been paid, you can take out a loan against the Net Cash Value of the policy. The amount of the loan will not be more than 90% of the said Net Cash Value.

Partial Termination

In this plan, it is possible to terminate a portion of the policy. The reduced policy will continue for the remaining term, all benefits and premiums being proportionately reduced.

Pension From an Age of Your Choice

If the policy matures or you withdraw 100% at an earlier age, you will have the option to take a pension from an age of your choice in lieu of the lump sum money. The rate of pension will be decided at the time of maturity according to the financial and other conditions ruling at that time. At the chosen maturity date, you can elect to take a portion of your net cash surrender value in lump sum and apply the rest towards pension.

SARMAYA GOLD

Sarmaya Gold is a single premium universal life product of choice when lump sum cash from a regular savings, business profits, an inheritance, an insurance payout, a gift or even a lottery windfall is to be invested together with life insurance coverage.

Sarmaya Gold is specifically designed to offer highest cash-value growth potential together with life insurance. In this policy, there is no ongoing premium commitment required, i.e. only one premium is enough for your policy to sustain and produce high cash values (more investment potential) for the full term of the policy.

You can set the amount of premium payment based on your policy's death benefit and financial objectives subject to a minimum premium depending on your age and choice of sum assured. The amount of single premium cannot be less than Rs.100,000. You can choose a sum assured from 5% to 100% of the amount of single premium.

After two policy years have been completed, you can make withdrawals from your account value to meet your cash needs. The policy will result in much higher cash values if no amount is taken out of the policy as withdrawal. Hence, it is in your best interest not to make withdrawal from your policy unless there is really a genuine need.

Benefits Payable on Natural Death of Life Insured

On natural death of the life insured (God forbid), provided the policy has not terminated, the benefit payable will be sum of (i) and (ii):

(i) The sum insured in respect of the policy year in which death (God forbid) took place.

(ii) The Account Value in the policy year in which the death (God forbid) took place.

Lump Sum Additional Premium

At any time during the term of the policy, you can pay additional lump sum premium in your account, which will increase the cash value. This additional premium can also be used to increase your sum assured, if you wish, after certain medical evidence.

Account Value

The premium paid less any related expenses will be credited to your account in the first year of the policy. Cost of insurance will be deducted each year. Any lump sum additional premium will be credited to your account. The amount in your account will be invested in secured investments. Your account will be credited each year with your share of investment income earned on the invested assets.

It should be noted here that the rate of increase in your account value is subject to the investment income earned by the Company on the invested assets, which cannot be predicted in the long range.

Partial Withdrawals

After two policy years have been completed and provided the policy has not terminated, you can make partial withdrawals, by providing a written request, against the Net Cash Value of the policy. The amount of the withdrawal can be such that there should be a minimum residual balance in the account to continue the policy. The minimum residual balance criteria are as follows:

(a) Minimum residual balance of a policy with initial premium between Rs. 100,000 and Rs. 299,999, should be equal to the initial single premium amount.

(b) Minimum residual balance of a policy with initial premium of Rs. 300,000 or above, should be at least Rs. 300,000.

The policy will result in much higher cash values if no amount is withdrawn from the policy. Hence, it is in your best interest not to make withdrawal from your policy unless there is really a genuine need.

Pension From an Age of Your Choice

If the policy matures or you withdraw 100% of your cash value at an earlier age, you will have the option to take a pension from an age of your choice in lieu of lump sum payment. The rate of pension will be decided at the time of maturity according to the financial and other conditions ruling at that time. At the chosen maturity date, you can elect to take a portion of your net cash surrender value in lump sum and apply the rest towards the pension.

SCHOLAR'S PLAN

As a parent, your child's future and ability to fulfill your child's dreams and aspirations is always your prime concern.

Today, providing a good education, establishing a professional career or even a modest wedding is expensive. Costs are increasing rapidly. Just imagine how much you will need when your child takes these important steps in life!

East West Life's Scholar's Plan gives:

(i) Invaluable financial support to your child.
(ii) A choice to customize an ideal plan for your child.
(iii) Multiple options for multiple benefits.

Our Scholar's Plan is designed to secure your child's future by giving your child (the beneficiary) a lump sum amount on maturity or in case of the payer's unfortunate demise early in the policy term. The premiums paid by you (less expenses and mortality charges) are invested by the company to provide excellent long-term returns.

Life has innumerable surprises in store for us. Parenthood is wonderful and it is such a stage, when you experience various emotions never thought possible. At the same time, parenthood also brings its own set of apprehensions and worries. What will your child grow up to be in the future? Will his/her future be as secure as you want it to be? Or more importantly, what can you do to make certain that his/her future is hassle–free and secure? Don't Worry! Now, by planning ahead, you have the ability to answer these questions to your satisfaction.

East West Life's Scholar's Plan is especially designed to enable you to provide for higher education of your child and take care of your future needs in these times of spiraling costs.

This universal life child protection policy can be purchased on the life of the father or mother (i.e. the "Payer" of the policy), to provide for marriage and/or education of their child. The payer can also be a grandparent, brother, sister, real uncle or aunt of the child. This plan provides for the financial well-being of the child while offering cash value growth potential.

Policy Maturity or Earlier Withdrawal

If the policy matures or 100% of the cash value is withdrawn at an earlier age, the policyholder will have to choose one of the following options to receive their accumulated amount:

- Single Lump Sum
- Life Long Pension
- Combination of Lump Sum Payment and Life Long Pension

Benefits Payable on Maturity of the Policy

On survival of the both lives insured, i.e. the payer and the child, up to the maturity date, the Net Cash Value shall be payable. The Net Cash Value will be the calculated Mathematical Reserve of the policy LESS outstanding amounts due to us for loans given (if any).

Benefits Payable on Death

God Forbid, if the payer dies before the maturity date, the premiums shall cease and the following benefits shall be payable:

(i) The Sum Insured or the Net Cash Value (whichever is higher) shall be payable on the maturity date of the policy. Sum Insured here means the sum insured at the time of death of the payer (God forbid).

(ii) 10% of initial sum insured (i.e. sum insured at policy issue) will be paid per year to the child from the date of death of adult life (God forbid) to the maturity date in monthly installments.

The first monthly payment shall fall due on the first day of the calendar month immediately after the date of death. The last monthly payment shall fall due on the first day of the calendar month immediately before the maturity date or when the payer would have turned 70.

Certain benefits are also payable in case of the child's death (God Forbid) during the Policy Period.

PERSONAL ACCIDENT

Accidents are the leading cause of death for people under the age of 40 and the 5th leading cause for people of all ages. Most people may not think about additional insurance in the event of an accident. Accident insurance can help pay family expenses in the event of serious injury, disability, hospitalization or death as a result of an accident (God forbid).

Personal Accident insurance is an affordable supplement to life insurance. Accident insurance is important because it can help close the coverage gaps left by other insurance coverage programs, which usually has Accident insurance limitations.

With East West Life's Personal Accident Policy, a small premium can protect you from major financial crisis in case of accident. Together with Accidental Death Benefit, our product also offers Accidental Dismemberment & Disability Coverage and Reimbursement of Accidental In-Hospital Expenses. Our unique three-tier policy provides financial protection from the following most unfortunate consequences of an accident:

- Death (God forbid),
- Hospital Expenses, and
- Disability.

The description of benefits under each tier is given below:

Accidental Death
In case of one's Accidental Death (God forbid), we will pay a lump sum amount to the designated nominee(s). This amount can be useful for the family's financial well-being.

In-Hospital Accidental Medical Expense
One of the major reasons for mental distress in case of hospitalization is heavy medical expenses. These expenses are increasing everyday and good medical services are becoming unreachable for normal middle class or even wealthy people. The medical expenses in case of hospitalization due to an accident are sudden and most of us are not prepared for such an expense. In case of an unfortunate event, you can always look towards East West Life. We can provide you with financial assistance when it is needed the most. By paying part of your accidental hospitalization expenses, we can share some of your distress. Total payment under this tier can be up to 20% of the principal sum assured.

Accidental Disability
Suffering a disabling accident can take a heavy toll on every aspect of your life. Our Accidental Disability Insurance will help you and your family financially with lump sum or monthly payment depending upon the nature of the accidental disability.

It provides coverage for dismemberment, loss of sight, hearing, speech, etc., along with permanent and temporary as well as total and partial disability caused by an accidental injury.

The Accidental Disability benefits are as follows:

Loss or Disability	Indemnity Benefit
Loss of Life	The Full Sum Insured
Loss of two or more Limbs	The Full Sum Insured
Total and irrecoverable loss of all sight in both Eyes	The Full Sum Insured
Total and irrecoverable loss of all sight in one Eye and loss of one Limb by amputation at or above Wrist or Ankle	The Full Sum Insured
Loss of one Limb by amputation at or above Wrist or Ankle	One-Half of the Sum Insured
Total and irrecoverable loss of sight in one Eye	One-Third of the Sum Insured
Loss of Thumb and Index finger of either hand by amputation at or above the metacarpophalangeal joints	One-Fourth of the Sum Insured
Temporary Total Disability (unable to perform duties of occupation)	Weekly Indemnity
Partial Disability (unable to perform major part of duties of occupation)	One-Fourth of the Weekly Indemnity
Permanent, total and continuous disability (unable to do employment for wage or engage in any occupation)	Annual payment of 10% of sum insured payable monthly

By Paying A Small Premium, You Can Secure Your Life From Major Aspects of Accidental Losses!

GUARANTEED INCOME POLICY

Life insurance provides a degree of financial protection against the certainty of death and can help survivors achieve specified financial objectives.

Accidents are sudden and can lead to financial crisis if you are not prepared. Accidents can cause sudden death or disability of the main earning member of the family, which can cause serious financial consequences for the family because of the great level of dependence on his or her earnings.

Need for Regular Income

Life assurance is needed to provide for long and short term income needs. In particular, these would include the need to pay installments of outstanding loans and/or mortgages; there would also be the need to provide a long term income for the surviving spouse and short term income for children or other dependants.

You can rely on our Guaranteed Income Policy to provide regular monthly income to you and your family to meet the basic necessities of life in case one dies (God Forbid) or becomes disabled by an accident. In addition to basic need of food, clothing and shelter, the income can also be used for education of your children and ever growing medical needs.

Providing a Regular Monthly Income

East West Life's Guaranteed Income Policy pays a guaranteed monthly income for 20 years in case of death (God forbid) or disablement due to accident while the policy is in force. The monthly income will continue at the level specified in the policy for 20 years following the accident. Rather than providing a lump sum payment, our Guaranteed Income Policy provides a regular monthly income for you and your dependants for 20 years following the claim.

This product is particularly attractive to those who like to know they have a regular monthly income and would rather not have to worry about complex investment decisions to make the most of a lump sum payout.

Triggering a Claim

This product can secure regular monthly income for you and your family in case of accidental losses. This policy will pay a guaranteed specified monthly income for 20 years in case of the following events:

- Loss of Life
- Loss of one or more limbs by amputation at or above wrist or ankle
- Total and irrecoverable loss of sight in both eyes.
- Loss of Speech
- Loss of Hearing in both ears
- Permanent, total and continuous disability preventing from engaging in any occupation.

You can choose at policy issue from a variety of monthly payments to be made at the time of claim according to your financial needs.

GROUP INSURANCE

We are providing group life insurance coverage for the employees of all types of organizations. We have a separate division for management of group life insurance schemes. This division is supervised by some of the most experienced professionals in this business. Some major highlights of our Group Life Insurance Schemes are given below:

We are providing the following benefits under the group life insurance policy:

(a) **Death Benefit**
Single life sum assured is paid under this benefit in case of death by any cause.

(b) **Accidental Death Benefit (ADB)**
Under this benefit, an additional life sum assured is paid in case of accidental death.

(c) **Accidental Total and Permanent Disability (TPD) Benefit**
Under this benefit, certain portion of the life sum assured is paid in case of accidental injuries.

(d) **Accidental Temporary Disability Benefit**
Under this benefit, fortnightly income payments are made for temporary accidental disablement.

(e) **Natural Total and Permanent Disability Benefit**
Under this benefit, certain portion of the life sum assured is paid in case of complete natural disability.

(f) **Natural Partial Disability Benefit**
Under this benefit, certain portion of the life sum assured is payable in case of partial natural disability.

(g) **Diagnosis of Terminal Illness**
Within this coverage, 50% of sum assured is payable at the time of diagnosis of terminal illness. Remaining 50% of sum assured will be payable at the time of death provided that our group policy remains in force with the policyholder.

(h) **Post Retirement Benefit**
Under this benefit, the group life coverage is extended to retiring employees provided that the policy stays in force with us on a continuous basis.

(i) **Bereaved Family Benefit**
Under this benefit, in case of death of any employee, we will pay a certain amount and/or percentage of the basic sum assured for miscellaneous expenses related to a person's death and / or burial.

These benefits are provided to all types of establishments at extremely competitive premium rates. Moreover, free sum assured, i.e. sum assured without medical examination, is allowed quite generously and profit sharing for group life contracts of 3 years or more is provided.

Group Life Insurance of Finance Scheme Borrowers

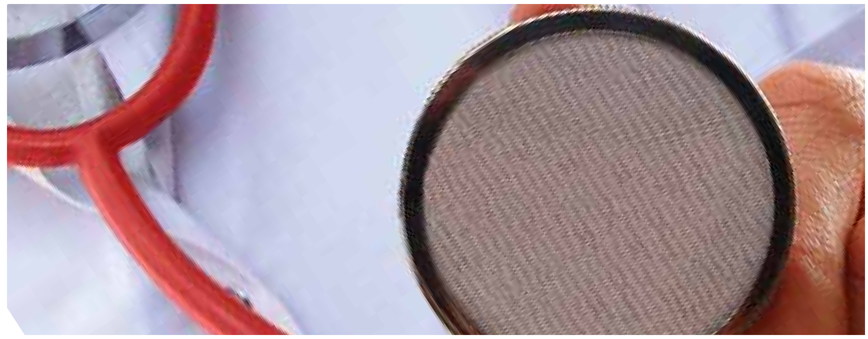
We are also providing death coverage to borrowers of all types of finance schemes, including:

- Consumer–Related Finance Schemes
- Home Finance Schemes
- Agricultural Finance Schemes, etc...

- Flexible age limits are usually provided to the borrowers according to the criteria of the finance scheme(s).
- High Sum Assured amounts are provided as per the requirement of the finance scheme(s).
- The following benefits are available for the borrowers as an add-on to the main policy:
  - Accidental Total and Permanent Disability Benefit, and
  - Natural Total and Permanent Disability Benefit.

Claim settlement is very prompt and polite (within 24 hours in most cases) in both our normal group life insurance scheme and group life coverage for finance scheme borrowers.

HEALTH INSURANCE



Our company is an active member in the healthcare insurance sector. We have an independent division for management of the group health insurance business. This division is supervised by some of the most well-trained and experienced healthcare professionals in the industry. Some major highlights of our group health insurance scheme are given below:

The group health insurance policy is broken-up into the following three major sections:

(a)**Hospitalization Insurance:**
This section provides coverage for hospital stays due to sickness or accidental injuries. Eligible hospitalization expenses include:
- Daily room & board charges.
- Medicines & drugs.
- Consultant's fees.
- Surgeon's fees.
- Blood & Oxygen supplies.
- Anesthetist's fees.
- Diagnostic tests.
- Daycare surgeries/procedures.
- Specialized investigations.
- Operation Theater charges.
- Miscellaneous charges (ambulance charges, plaster casts, physiotherapy, etc.)

Besides this, we also provide coverage for the following expenses:

i. Charges for pre-hospitalization diagnostic services, which includes specialized investigations (such as Endoscopy, Angiography, Lithotripsy, Hernia, MRT, CT Scan, etc.), specialist's fees for consultation, diagnostic x-ray and laboratory tests.

ii. Charges for post-hospitalization treatment incurred after discharge from hospital.

iii.Hospitalization charges for pre-existing conditions.

(b)**Maternity Insurance:**
This section provides coverage to female employees or spouse of male employees for hospital stay as a result of pregnancy, which includes normal birth, caesarean surgery or multiple births. Eligible maternity expenses are identical to those listed in the hospitalization insurance section along with miscarriage (on doctor's advice or accidental) and baby's nursing care.

Beside this, charges for pre-hospitalization diagnostic services and post-hospitalization treatment are also covered within maternity insurance along with circumcision expenses for baby boys. Further, separate hospitalization coverage for newborn babies is allowed from the date of birth.

(c)**Major Medical Expense Insurance:**
This coverage is provided under the Hospitalization Insurance section, which will be used in case the hospitalization limit is fully utilized and funds are remaining in the annual major medical benefit limit.

Besides the benefits listed above, the following highlights of the health insurance scheme are important to note:

- Benefits included in the group health policy are very generous and customizable to meet the needs of our corporate client. Coverage is provided to all employees of the client, their spouses, parents and children.

- Our group health policy does not restrict the covered individual to visit only panel listed hospitals or laboratories. The patient is free to visit ANY hospital and laboratory. Moreover, we have several hospitals on our panel throughout the country, which allows our clients to get treatment without payment. We are continuously in the process of enlisting additional hospitals and laboratories on our panel in all major cities of the country.

- OPD Treatment under the company's optional "Stay-Healthy" plan is also available, under which employees and their dependents can obtain healthcare services from hundreds of panel consultants, laboratories and pharmacies on credit basis.

- We offer optional Electronic Funds Transfer (EFT) service for reimbursement claim payments and SMS alerts during hospitalization and claim processing.

- Most importantly, we offer prompt and polite claim payment service.

Board of Directors and Company Information

Chairman
Chief Justice (R) Mian
Mahboob Ahmad

Managing Director and Chief Executive
Maheen Yunus, CPCU

Directors
A. K. M. Sayeed
Javed Yunus
Pervez Yunus
Naved Yunus
Omar P. Yunus

Company Secretary
Sohail Nazeer

Appointed Actuary
Shujat Siddiqui, MA, FIA, FPSA

Consulting Actuaries
Akhtar & Hasan (Private) Limited

Legal Advisor
Mirza Hafeez-ur-Rehman

Auditor
Anjum Asim Shahid Rahman
Chartered Accountants

Share Registrar
Bema Associates (Private) Limited
515 EFU House, M. A. Jinnah Road,
Karachi, Pakistan.
Phone: (021) 32316087
Fax: (92-21) 32316187

Registered Office
28 Regal Plaza, M. A. Jinnah Road,
Quetta.
Phone: (081) 2822913, 2821397
Fax: (92-81) 2821460

Head Office
310 EFU House, 3rd Floor,
M. A. Jinnah Road,
Karachi, Pakistan.
Phone: (021) 32311662/5,
32310726, 32310904,
32310375, 32315723
Fax: (92-21) 32311667

Universal Access Number (UAN)
111-EWL-111 (111-395-111)
Karachi, Lahore and
Rawalpindi / Islamabad

Website
www.eastwestlifeco.com

E-Mail
info@eastwestlifeco.com

Management and Bankers

Managing Director and Chief Executive
Maheen Yunus, CPCU

Chief Financial Officer (CFO) and Company Secretary
Sohail Nazeer

General Managers
Muhammad Javed
Usman A. Hashmey

Zonal Heads
Raja Gustasab Khan
Sheikh Khalid Mehmood

Chief Medical Officer (CMO)
Dr. Muhammad Aslam, MBBS, MD (USA), FCCPS (Part 1)

Medical Officers
Dr. Tahir Iqbal, MBBS
Dr. Syed Kashif Hamid, MBBS
Dr. Khalid Hassan, MBBS

Deputy General Managers
Nadeem Akhtar
Nauman Mughal
Aqeel Ansari

Assistant General Managers
Tanveer Iqbal
Naveed Ashraf
Anjum Ghazali
Kashif Naeem
Sana-ul-Haq Hashmi

Bankers
Allied Bank Limited
Summit Bank Limited
MCB Bank Limited
The Bank of Punjab
Habib Bank Limited
Faysal Bank Limited
Askari Bank Limited
NIB Bank Limited
Bank Al-Habib Limited
JS Bank Limited
The Karakuram Co-Operative Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Mybank Limited
Barclays Bank PLC, Pakistan
Network Microfinance Bank Ltd.
Citibank N. A. Pakistan

Committees

Executive Committee
Pervez Yunus
Maheen Yunus, CPCU
Naved Yunus
Javed Yunus
Sohail Nazeer, Secretary

Audit Committee
Chief Justice (R) Mian Mahboob Ahmad
Naved Yunus
Pervez Yunus
A. K. M. Sayeed
Nadeem Akhtar, Secretary

Underwriting Committee
Pervez Yunus
A. K. M. Sayeed
Javed Yunus
Shahnaz Perveen, Secretary

Claim Committee
Javed Yunus
Naved Yunus
A. K. M. Sayeed
Kashif Naeem, Co-Secretary
Saleha Usman, Co-Secretary

Reinsurance Committee
Naved Yunus
Maheen Yunus, CPCU
A. K. M. Sayeed
Sana-ul-Haq Hashmi, Secretary

Our Mission, Vision and Principle Values

Our Vision

Our vision is to be the number one provider of wide-ranging insurance solutions to all of Pakistan, a goal we will attain while observing the principle values that have served us well since inception.

Our Mission

To provide high quality, competitive insurance products and services through qualified, professional and committed salespersons.

To maintain financial strength for the benefit of our corporate and individual insurers, shareholders, agents/salespersons and employees.

To earn and protect public trust of the communities where we live and work by supporting good works and contributing to charities.

To create a challenging environment and develop a sense of accomplishment for our employees through tools and training to achieve personal growth and contribute to our organization.

To serve the nation by increasing the rate of literacy through our East West Life Educational Security Schemes for children and their parents.

To provide the right solutions that are in tune with our customer's needs, while facing up to the emerging challenges in the industry.

To help individuals and families financially realize their hopes and dreams and be there when they need us most.

To develop awareness of insurance need, build confidence in the insurance industry and also to develop the concept of saving.

To innovate and develop ideas to design new products for our valued corporate and individual clients to effectively meet their ever-changing needs.

Our Principle Values

- **S**afety and Security through expansion, development and profitability.
- **E**xceptional and flexible product-line to meet the needs of our clients.
- **R**espect and consideration for our policyholders, agents and employees.
- **V**ision as well as action to achieve our mission.
- **I**ntegrity and honesty in every aspects of our organization.
- **C**ommunity improvement through participation.
- **E**xcellent service.

Chairman's Review

It is my privilege to place before you, on behalf of the Board of Directors of East West Life Assurance Company Limited, the 18th Annual Report together with the audited financial statements of the company for the year ended December 31st, 2010.

THE ECONOMY

After the global economic downturn in 2008, Pakistan's economic performance improved steadily expecting GDP growth rate of 3.3% for the 2009 – 2010 fiscal year. Some important gains were also made in stabilizing the macro economy of the country resulting in reduced inflation, contained government borrowings, contraction in external imbalances and increase in remittances from abroad. The rising trend in the economy was evident at the beginning of the 2010 – 2011 fiscal year showing further improvement by achieving 4% growth rate in GDP.

While the country was going through this economic revival, it faced a natural disaster of floods in July/August of 2010. The floods effected huge areas all over Pakistan and, at one time, almost 1/5th of total land area of Pakistan was inundated. Resultantly, approximately 1,800 people lost their lives and half a million became homeless, whereas, the estimated losses of properties are expected to be in billions of rupees. The power infrastructure of Pakistan also took a severe blow from the floods creating big hurdles in the growth of industrial sector. In short, the floods have significantly thwarted the macro economic activity resulting in drastic reduction in GDP growth rate of 4% recorded prior to the floods. While it is likely to improve in 2011 (provided that the government has consistency and its policies are public-oriented and no further calamities overtake the country), it may take many years before it could return to its realistic figure. Moreover, even though the floods are now over, the rehabilitation of the displaced persons and infrastructure would be a challenging task for the government to face.

Growth of insurance industry is linked directly with the economic activities in the country. The prevailing downturn in economy would further slowdown the growth prospects of the insurance industry. Heightened competition and subdued growth prospects within the insurance sector are also affecting the overall premium income of the industry. The insurance penetration in Pakistan continues to remain lowest in the region, even less than India and Sri Lanka. Hence, there is a great potential for growth, which can only be realized by enhancing public awareness. In this regard, joint efforts of all parties involved in the industry could play a vital role.

COMPANY'S FINANCIAL PERFORMANCE

In 2010, your company has reached some important targets in its financial results, including:

- Paid-Up Capital reached Rs. 500.456 million with Authorized Capital of Rs. 600 million,
- Total Statutory Fund Income increased by nearly 18% to reach Rs. 190 million,
- Gross Premium Income crosses Rs. 250 million for the first time in the company's history,
- Balance of Statutory Fund reaches nearly Rs. 214 million for the first time as well, and
- The company's overall renewal premium has grown by an impressive 60% from Rs. 21.1 million in the previous year compared to Rs. 33.7 million in 2010 primarily due to the excellent performance of the individual life marketing field force.

During 2010, with the grace of Almighty Allah, the results of your company have improved significantly as compared to the previous year. In this regard, some highlights are as follows:

- Excess of Income over Claims and Expenditure figure combined for both shareholders' and statutory funds has turned around by more than Rs. 269.5 million. Specifically, there was a loss of Rs. 263.6 million last year versus a positive result of Rs. 5.9 million in 2010. Even when the equity-related losses/gains are removed from both 2009 and 2010 figures, we still see an improvement of more than Rs. 46.1 million in this regard.
- The combined shareholders' and statutory funds earning per share has also turned around by Rs. 6.19 per share.
- Net premium income has increased by almost 19% from Rs. 154.5 million in 2009 to Rs. 183.7 million during the year being presented.
- As a result of extensive efforts by the company, its management expenses have reduced by approximately 22% or Rs. 28.7 million, which is a sizable figure resulting in extensive improvements.

Chairman's Review

- In 2010, the company achieved a gain on sale of investment in the amount of Rs. 18.5 million (after including net impairments) against loss of almost Rs. 205 million in 2009 as a result of impairments and disinvestment in shares. In this regard, by achieving such excellent results in the current difficult economic environment, the company's investment decision makers deserve appreciation.

Despite the improved results, the company is still focusing on improving net claim results and control expenses even further while keeping in view that operational/underwriting profitability is the key to future success rather than investment related gains, which are unpredictable.

FUTURE PROSPECTS OF THE COMPANY

In view of the improved results in 2010, the company is focusing on continuing and expanding the activities primarily responsible for the turnaround. This includes efforts to further reduce management as well as administrative expenses, additional modifications in the field force compensation package to manage acquisition costs, expansion of marketing personnel under close supervision, use of new business procurement channels (such as bancassurance), enhancement of Human Resource mobilization as well as utilization, promotion of a professional environment and corporate culture, necessary modification of departmental structures to maximize efficiency and enhancement of investment management tools.

Moreover, the focus of the company's management will be on the following areas for the future:

- Information Technology (IT) will be used to introduce value-added services with view of customer services and business expansion.
- Steps are being taken to expand business volumes further, especially within the company's group/ corporate health portfolio, as this is necessary for achievement of positive results within corporate-related statutory funds of the company.
- After some success, the company is planning to expand the commission-based branch office model in certain areas with close and strict monitoring at every level of the organization.
- The budget developed within the company will be expanded to be more detailed so that business procurement and expense management can be better controlled from bottom-up within the organization.

With a view to maximize returns for policyholders and shareholders of the company, the management's job in 2011 is to further improve financial results of the entity. The board is certain that, despite the bleak economic conditions being presently experienced in the country, the company's performance can improve if the management keeps a stringent focus on customer-services, timely as well as friendly claim payment service, new business procurement opportunities, introduction of new/unique products in the marketplace and expenditure management.

ACKNOWLEDGEMENT

Before concluding my review, I would like to avail this opportunity to express my deep gratitude to The Ministry of Commerce, Government of Pakistan, and the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and assistance to the management in running the affairs of the company in a prudent manner.

My thanks also to the competent and dedicated officers, staff and field force of the company for the outstanding contribution made by them towards its development and growth. Their pledge to ethical standards, client service and hard work has helped our company emerge and maintain its position as a significant member amongst private sector life insurers.

Moreover, I would also like to acknowledge the assistance of Insurance Association of Pakistan (IAP) for their support and invaluable representation of our industry. I also place on record my deep gratitude to the company's dedicated policyholders and corporate clients for their continued support and confidence.

Lastly, my thanks and appreciation to the thousands of our shareholders, whose dedication for the company is a source of encouragement for us to make East West Life a strong and dependable financial organization and a symbol of security for the marketplace.

May Almighty Allah bless us all (Ameen).

On behalf of the Board of Directors,

CHIEF JUSTICE (R)
MIAN MAHBOOB AHMAD
Chairman

Karachi, March 8th, 2011

Directors' Report to the Shareholders

It gives pleasure to the Directors of your company to present their report along with the Accounts and Auditors' Report for the year ended December 31st, 2010.

PRINCIPAL ACTIVITY

The Company is actively engaged in life and health insurance business. We extend individual life insurance and group/corporate life, accidental and health insurance to companies all over Pakistan.

OPERATING RESULTS

By the grace of Almighty Allah, the results of your company have drastically improved during 2010 as compared to the previous year. Specifically, our overall income less claims/expenditures figure has turnaround by more than Rs. 269.5 million from a loss exceeding Rs. 263.6 million in 2009 to a positive figure of nearly Rs. 5.9 million in 2010. Accordingly, the earning per share from combined shareholders' and statutory funds has also turned around by Rs. 6.19 per share, which is an excellent achievement for the company. Such results have been possible primarily due to net premium increase of nearly 19% along with a management expense reduction of approximately 22%. It is interesting to note that even when the impact of the equity-related losses or gains (net impairment as well as realized gains/losses) is removed from the company's results, the bottom-line figures (pre-tax and without including impact of policyholders' liabilities) have still improved by more than Rs. 46.1 million, which shows the overall enhancement in the company's operating performance. This remarkable achievement also points at the efforts of the organization's field personnel, officers, executives and staff members in accurately implementing the company's strategies and plans.

After accounting for the investment-related losses of almost Rs. 205 million in 2009 due to impairment on equity and disinvestment in shares, the company, in 2010, achieved a gain on sale of investments to the tune of more than Rs. 18.5 million after accounting for net impairments. This turnaround of more than Rs. 223.3 million is a noteworthy achievement for the company's investment committee members as well as fund managers. The management of your company is very confident that such achievements in the investment portfolio will continue in the future.

Below you will find a financial comparison of several key figures between the year 2010 and 2009 for shareholders' and statutory funds combined:

All Amounts in Rupees	2010	2009
Net Premium Income	183,761,428	154,488,668
Investment Income	34,126,030	(191,904,242)
Total Net Income	217,887,458	(37,415,574)
Net Claims Expense	109,356,851	94,895,323
Net Management Expense	102,655,202	131,351,382
Total Claims and Expenditures	212,012,053	226,246,705
Excess of Income Over Claims and Expenditures	5,875,405	(263,662,279)
Movement in Policyholders' Liability	(54,636,597)	(37,742,264)
Tax Expense	(2,052,165)	(1,236,232)
Net (Loss) for the Year	(50,813,357)	(302,640,775)

As explained above, the key reasons for the improvement in the company's result is three-fold. Firstly, the net premium income has improved by nearly 19% from almost Rs. 154.5 million to more than Rs. 183.76 million. Secondly, the strict expense control strategy implemented by the company's management for the last couple of years is starting to bear fruit as the net management expenses have reduced by approximately 22% from Rs. 131.35 million to Rs. 102.65 million in 2010. Thirdly and the final primary reason for improved results is a turnaround of more than Rs. 226 million in investment income principally due to decrease of equity-related impairment and realized losses to the tune of Rs. 223.3 million. Although your management is pleased with the turnaround in the company's results, steps are still being implemented to improve net claim losses by analyzing and modifying, where necessary, the premium rates as well as underwriting standards. Moreover, despite improvement in investment results, the management is still in-line with the view that operational/underwriting profits are by far more important instead of reliance on erratic/volatile investment income for improved results.

Directors' Report to the Shareholders

FINANCIAL PERFORMANCE

The results of our company's exceptional accomplishments are evident in a comparison of the following key figures for 2010 versus 2009, which are indicative of its performance for the year under review:

	2010	2009	% Chg.
Paid-Up Capital	Rs. 500,456,000	Rs. 454,960,000	10.0%
Total Statutory Fund Income	Rs. 190,678,544	Rs. 161,807,373	17.8%
Total Individual Life Renewal Premium	Rs. 33,731,741	Rs. 21,103,667	59.8%
Total Gross Premiums	Rs. 250,053,689	Rs. 235,769,465	6.1%
Total Group Health-Related Premium	Rs. 86,870,912	Rs. 68,790,610	26.3%
Statutory Fund Management Expenses	Rs. 80,692,137	Rs. 107,978,026	-25.3%
Total Gross Claims	Rs. 162,347,316	Rs. 165,142,667	-1.7%
Shareholders' Fund After Tax Profit/(Loss)	Rs. 3,193,684	(Rs. 223,832,535)	N/A
Net Cash Flows from All Activities	Rs. 76,411,466	(Rs. 36,126,056)	N/A
Total Assets	Rs. 403,873,781	Rs. 348,315,824	16.0%
Balance of Statutory Fund	Rs. 213,985,666	Rs. 162,256,110	31.9%
Profit & Loss Account Earning Per Share	Rs. 0.07	(Rs. 5.41)	N/A

- The paid-up capital of the company was increased by 10% during the year under review from Rs. 454.96 million to Rs. 500.456 million exceeding the minimum requirement of our regulator, Securities and Exchange Commission of Pakistan (SECP).

- The statutory fund income of the company increased further in 2010 from Rs. 161.8 million to almost Rs. 190.7 million, which is an increase of nearly Rs. 28.9 million or 17.8%. This income growth is imperative in achieving sufficient volume to produce profitability within the company's statutory funds.

- The company's total individual life renewal premium base has increased by nearly 60% from Rs. 21.1 million to more than Rs. 33.7 million, which shows the excellent growth of our portfolio and importance being given to persistency achievement.

- Reasonable growth in the company's gross premiums have been achieved in 2010 from Rs. 235 million to over Rs. 250 million for the very first time in the company's history. The gain is mainly due to notable increases in the company's group health premium base.

- The company continued its noteworthy growth of corporate/ group health insurance premium during 2010 by attaining level of almost Rs. 86.9 million as compared to Rs. 68.8 million in the previous year, which is remarkable increase exceeding 26% over the previous year. This growth has been maintained due to tireless efforts of our marketing personnel and continuous penetration within large clientage base.

- The management's relentless efforts to control excessive costs in the company have resulted in exceptional reduction of statutory fund management expenses by more than 25% in 2010 to Rs. 80.7 million from a large figure of nearly Rs. 108 million in 2009. The main reason for this reduction is a decrease exceeding 41% in the company's business acquisition costs.

- Although our premium base continues to increase at a reasonable pace exceeding 6% in 2010, it is pleasing to note that the gross claims of the company have come under control with a reduction of nearly 2%. This has been achieved as a result of implementation of strict underwriting policies, which will continue in the coming years so as to achieve further decreases and net claim figure improvement.

- The after tax net income in the Profit and Loss account pertaining to the shareholders' fund has turned around in 2010 by more than Rs. 227 million primarily due to reduction in equity-related impairment as well as realized losses to the tune of Rs. 223.3 million.

- It is pleasing to note that the company's cash flows have improved drastically in 2010 through a turnaround of more than Rs. 112.5 million from a negative cash flow in 2009 amounting to Rs. 36.1 million to a positive cash flow in 2010 in the amount of Rs. 76.4 million.

Directors' Report to the Shareholders

- The total assets of your company, indicating its net worth, have increased by 16% in 2010 from Rs. 348.3 million to nearly Rs. 403.9 million. Even when the effect of the paid-up capital enhancement is removed from this increase, we notice that the total assets have still swelled by more than Rs. 10 million.

- The company's balance of statutory fund continued to increase in 2010 by nearly 32% from Rs. 162.2 million to almost Rs. 214 million, which is an increase of over Rs. 51.7 million. The growth in this fund points towards the expansion of our portfolio as well as investments.

- The profit and loss account earning per share indicating affect on pure shareholders' equity has turned around by Rs. 5.48 per share from a loss of Rs. 5.41 per share in 2009 to a positive figure of Rs. 0.07 per share in the year under review.

We feel it is important to highlight the several "firsts" that your company has achieved in its financial results during 2010, which are given below:

- Total Paid-Up Capital crosses Rs. 500 million (while Authorized Capital reached Rs. 600 million),
- Total Statutory Fund Income goes above Rs. 190 million,
- Gross Premium Income crosses Rs. 250 million, and
- Balance of Statutory Fund reaches nearly Rs. 214 million.

The management of the company would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan (SECP) for the vital part that the regulator plays in uplifting the image of the life as well as entire insurance industry including their unwavering efforts to improve corporate governance.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is mindful of its responsibilities as established by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the following statements are given:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from 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, inter-alia, the following:
  - An audit committee has been 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. Further, the committee discusses the actions to be taken in areas of concern with the relevant executive directors.

  - An organization structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.

  - Business strategies agreed to divisional level are approved by the Board. In addition, there is an annual budgeting and strategic planning process. Financial forecast are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in the business environment.

The principal features of control framework include:

- Evaluation and approval procedures for major capital 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 and variance from budgets and quarterly forecasts.

- Review of the group's health, safety, environment contingency management processes and other significant policies.

Directors' Report to the Shareholders

- There are no doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the Karachi Stock Exchange (Guarantee) Limited.
- The key operating and financial data for the last six years is annexed.
- The statement of shareholding in the Company as December 31st, 2010 is included with the Report.
- The value of investment in the Provident Fund based on the audited accounts as at December 31st, 2010 is Rs. 7,535,008.
- 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.

BOARD MEETINGS

- During the year, four (4) meetings of the Board of Directors were held and attendance position was as under:

Serial No.	Name of Director	Number of Meetings Attended
01	Chief Justice (R) Mian Mahboob Ahmad	04 out of 04
02	Mr. Maheen Yunus, CPCU	04 out of 04
03	Mr. A. K. M. Sayeed	03 out of 04
04	Mr. Naved Yunus	04 out of 04
05	Mr. Pervez Yunus	04 out of 04
06	Mr. Javed Yunus	04 out of 04
07	Mr. Omar P. Yunus	03 out of 04

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

FUTURE OUTLOOK

It has become clear in 2010 that use of stable policies is necessary to reduce costs as well as achieve growth in the individual life and group/corporate insurance business. In view of such realization, the company's management is taking significant steps, including the following, to take the organization forward in 2011 and beyond keeping in view the competitive business environment as well as global economic pressures:

- To achieve growth and profitability, it is imperative that the efforts made in the past to reduce management expenses continue tirelessly. Therefore, it is expected that the company will implement policies to reduce expenses further in 2011 and beyond.
- The individual life field force compensation package and structure will be modified with assistance of Consulting Actuary to achieve a fair and attractive system for the field with the view to manage business acquisition expenses within reasonable levels.
- Expansion of sales force structure and monitoring strategy by the talented executives will continue so as to maintain enhanced inflow of premium from the company's individual life plans.
- Efforts will be undertaken to enter into bancassurance business agreements with prestigious banking institutions to expand the company's premium base and take advantage of this extremely efficient as well as cost effective marketing tool.
- Human Resources department with assistance of its committee will modify and enhance (where necessary) its efforts to appoint knowledgeable and capable personnel for all areas of the company, especially sales/marketing team, to maximize results/profitability.
- Promote a professional environment in the company's based on basic principles of ethics and growth.
- Enhance and modify (where necessary) the departmental structure in order to achieve early processing of professionalized underwriting with assistance and co-ordination of available skilled managers and staff.
- The company will also enhance the role of the company's investment committee (in conjunction with the executive committee) and the fund manager to further improve the company's investment strategy in line with the latest circumstances being experienced in the business marketplace.

Directors' Report to the Shareholders

Besides taking these concrete steps in 2011, the company will, as always, continue its focus on further increasing its corporate portfolio with regards to both group life and health insurance. Although the results in 2010 have improved, the management of the company feels that the challenge of permanent and long-term betterment still remains. In this regard, the company will keep its concentration on further growth of its premium base within all business areas through existing as well as new marketing channels, drastic improvement in persistency figures especially related to 2nd year recoveries, continued efforts to reduce operating/ management expenses and upgrading of customer-oriented services. In this regard, few areas where the management will focus their attention in the future are given below:

- Using the company's Information Technology (IT) department to bring value-added services to our clients, such as mobile alert facility, online policy information availability, etc.
- After some success in this regard, the company will further develop small commission-based units in several areas of the country with strict control and monitoring from concerned zonal office and the company's head office.

In view of the global and local adverse economic situation, your management is confident that focus on the above targets will result in overall improvement of the financial results while developing an enhanced corporate culture within the organization. The company is keenly concentrated on our targets/direction, which, we are certain, will be mutually beneficial for the policyholders and shareholders of the entity.

AUDIT COMMITTEE
The Boards' Audit Committee comprises of the following members;

1. Chief Justice (R) Mian Mahboob Ahmad
2. Naved Yunus
3. Pervez Yunus
4. A. K. M. Sayeed
5. Nadeem Akhtar, Secretary

STATEMENT OF ETHICS AND BUSINESS PRACTICES
The Board has adopted the statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

MATERIAL CHANGES
There have been no material changes since December 31, 2010 and the Company has not entered into any commitment, which would affect its financial position at that date.

DIVIDEND
In the light of the adverse environment in the economic sector of the country, the Directors feel that no dividend can be declared for the year ended December 31, 2010.

PATTERN OF SHAREHOLDING
The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and Code of Corporate Governance is enclosed.

AUDITORS
The appointment of Auditors for the financial year 2011 and fix their remuneration, retiring auditors M/s Anjum Asim Shahid Rahman (Chartered Accountants), in compliance with the Code of Corporate Governance, stand retired after completing five years of their services for the company. M/s BDO Ebrahim & Company (Chartered Accountants), being proposed for appointment by the Board of Directors on recommendation of Audit Committee.

ACKNOWLEDGEMENT
The directors would like to take this opportunity to extend their gratitude to the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and support to the company's management. The board would also like to thank The Ministry of Commerce and Government of Pakistan for their efforts in uplifting the insurance industry in the country.

The directors also wish to record their indebtedness for the extraordinary efforts of the able officers, staff and field force of the company towards its development and growth. Their constant dedication to high ethical standards, client service and hard work has made your company an important member among the private sector life insurers. In this regard, the company's management wishes to recognize, in particular, the efforts of (late) Mr. S. M. Hassan, our capable and dedicated executive at Lahore who passed away in September, 2010. Mr. Hassan's untiring efforts, loyalty and commitment to his work have made our Lahore operations one of the best in the country. His presence will be sorely missed by all of the company's executives, officers and staff members. May Almighty Allah rest his soul in eternal peace (Ameen!).

Further, the board would like to record their appreciation to the Insurance Association of Pakistan (IAP) for their guidance, support and invaluable representation of our industry. The board also wishes to sincerely thank the company's loyal policyholders and corporate clients for their constant confidence and encouragement in our organization.

Finally, thanks to the thousands of our shareholders, whose loyalty and dedication for the company is a source of encouragement for us to make East West Life a strong and dependable financial organization and a symbol of security for the marketplace.

For and on behalf of the Board of Directors,

Maheen Yunus, CPCU
Managing Director and Chief Executive

Key Financial Data for the Last Six Years

All Amounts in Rupees	2010	2009	2008	2007	2006	2005
REVENUE ACCOUNT						
Premium - Net of Reinsurance	183,761,428	154,488,668	107,753,058	90,298,899	69,249,291	52,468,839
Interest and Other Income	34,126,030	(191,904,242)	84,419,832	110,087,312	38,095,855	9,028,903
	217,887,458	(37,415,574)	192,172,890	200,386,211	107,345,146	61,497,742
Claims Less Reinsurance	109,356,851	94,895,323	78,077,944	67,192,925	35,863,541	19,962,543
Net Commission and Acquisition Cost	37,817,904	66,544,967	31,370,922	4,606,722	4,138,179	8,713,122
Other Administrative Cost	64,837,298	64,806,415	57,421,498	38,605,582	32,727,824	29,815,578
Movement in Policyholders' Liabilities	54,636,597	37,742,264	10,527,788	9,437,814	19,271,905	20,478,524
Profit/(Loss) Before Tax	(48,761,192)	(301,404,543)	14,774,738	80,543,168	15,343,697	(17,472,025)
Provision for Taxation	(2,052,165)	(1,236,232)	(812,697)	(903,444)	(881,995)	(295,320)
Profit/(Loss) After Tax	(50,813,357)	(302,640,775)	13,962,041	79,639,724	14,461,702	(17,767,345)
BALANCE SHEET						
Investments	194,145,942	197,559,818	376,890,401	198,874,547	159,430,672	87,230,942
Other Assets	167,156,454	100,490,640	139,663,343	276,034,339	106,663,512	139,033,778
Fixed Assets	42,571,385	50,265,366	46,610,645	26,386,792	7,725,734	7,092,083
	403,873,781	348,315,824	563,164,389	501,295,678	273,819,918	233,356,803
Issued, Subscribed and Paid-Up Capital	500,456,000	454,960,000	413,600,000	352,000,000	200,000,000	200,000,000
Advance Against Equity	-	-	-	-	16,000,000	-
Accumulated Surplus/(Deficit)	(353,497,796)	(305,591,480)	1,741,055	20,333,028	(60,529,376)	(76,498,427)
Balance of Statutory Fund	213,985,666	162,256,110	119,822,086	111,940,284	103,725,150	85,960,593
Other Liabilities	42,929,911	36,691,194	28,001,248	17,022,366	14,624,144	23,894,637
	403,873,781	348,315,824	563,164,389	501,295,678	273,819,918	233,356,803

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the shareholders of East West Life Assurance Company Limited will be held on Tuesday, March 29th, 2011 at 04:30 pm at Pasni Hall of Sarena Hotel, Zarghoon Road, Quetta, to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting (EOGM) held on October 1st, 2010.

2. To receive, consider and adopt the Audited Accounts for the year ended December 31st, 2010 alongwith Directors' and Auditors' Report thereon.

3. To appoint Auditors for the financial year 2011 and fix their remuneration.

4. To transact any other business that may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Sohail Nazeer
Company Secretary

Karachi
March 8th, 2011

NOTES:

(a) The Share Transfer Books of the Company will remain closed from March 29th, 2011 to April 4th, 2011 (both days inclusive). No application for transfer of shares will be entertained during this period.

(b) A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received in the office of the Company's Share Registrar not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

(c) CDC account/sub-account holders are requested to bring their original Computerized National Identity Cards, Accounts/Sub-Account Number and Participant's ID Number in the Central Depositary Company (CDC) for identification purpose when attending the meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

(d) Shareholders are requested to promptly notify the office of the Company's Share Registrar, in case of any change in their addresses.

Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2010

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

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors. At present, the Board includes four non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.

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

4. No casual vacancy occurred in the Board of Directors during the period under review.

5. The company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the company.

6. The Board has developed a vision/mission statement and overall corporate strategy of the company. A complete record of particulars 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 been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meeting 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 alongwith agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged one orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and 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 requirement of the Code 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 shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the Code.

Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2010

15. The Board has formed an executive committee. It comprises of five members of whom three are non-executive members including Chairman of the committee.

16. The Board has formed an underwriting committee. It comprises of four members of whom two are non-executive directors including Chairman of the committee.

17. The Board has formed a claim committee. It comprises of five members of whom two are non-executive directors including Chairman of the committee.

18. The Board has formed a re-insurance committee. It comprises of four members of whom one is a non-executive director being Chairman of the committee.

19. The Board has formed an audit committee. It comprises of five members of whom two are non-executive directors.

20. The meeting of the audit committee were held once in every quarter prior to approval of interim and final results of the company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

21. The Board has set up an effective internal audit function who are considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

22. Detail of related party transactions are placed before the Board and Audit Committee on compliances of the sub-regulation (xiii-a) of Listing Regulations 35 of The Karachi Stock Exchange (Guarantee) Limited.

23. 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 the shares of the company and that the firm and all its partners are in compliance with International Federation of Accountant Guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

24. 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 Accountant guidelines in this regard.

25. We confirm that all other material principles contained in the Code have been complied with.

Maheen Yunus, CPCU
Managing Director and Chief Executive

Statement of Compliance with the Best Practices On Transfer Pricing

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

On behalf of the Board of Directors

Maheen Yunus, CPCU
Managing Director and Chief Executive

Karachi: March 8th, 2011

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance prepared by the Board of Directors of East West Life Assurance Company Limited ('the Company') to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange and Code of Corporate Governance applicable to listed insurance companies, issued by the Securities and Exchange Commission of Pakistan.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance 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 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 statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii-a) of The Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires 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 placed 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, 2010.

Anjum Asim Shahid Rahman

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Karachi
Date: March 8th, 2011

Independent Auditors' Report to the Members of East West Life Assurance Company Limited

We have audited the annexed financial statements comprising of:

(i) Balance Sheet;
(ii) Profit and Loss Account;
(iii) Statement of Changes in Equity;
(iv) Statement of Cash Flows;
(v) Revenue Account;
(vi) Statement of Premiums;
(vii) Statement of Claims;
(viii) Statement of Expenses; and
(ix) Statement of Investment Income;

of East West Life Assurance Company Limited ('the Company') as at December 31, 2010 together with the notes forming part thereof for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved 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 above said statements. An audit also includes assessing the accounting policies used and significant estimates made by 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;

(b) the financial statements together with the notes thereon have been drawn up 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, 2010 in accordance with approved accounting standards as applicable in Pakistan and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(d) the apportionment of assets, liabilities, revenues and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and

(e) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Anjum Asim Shahid Rahman

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Karachi
Date: March 8th, 2011

Balance Sheet

As At December 31, 2010

Figures in Rupees

	Notes	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Share Capital and Reserves							
Authorized Share Capital							
60,000,000 (2009: 50,000,000) Ordinary Shares of Rs.10 Each		**600,000,000**	—	—	—	**600,000,000**	500,000,000
Issued, Subscribed and Paid Up Share Capital	6	500,456,000	—	—	—	500,456,000	454,960,000
Accumulated Deficit	7	(353,497,796)	—	—	—	(353,497,796)	(305,591,480)
Net Shareholders' Equity		**146,958,204**	—	—	—	**146,958,204**	**149,368,520**
Balance of Statutory Fund [Including Policyholders' Liabilities 2010: Rs. 211.6 Million (2009: Rs. 156.9 Million)]		—	**32,605,918**	**151,721,525**	**29,658,223**	**213,985,666**	**162,256,110**
Deferred Liabilities							
Outstanding Gratuity	8	**9,055**	**81,495**	—	—	**90,550**	**90,550**
Creditors and Accruals							
Outstanding Claims	9	—	5,113,967	1,220,975	2,094,456	8,429,398	6,793,542
Premiums Received in Advance	10	—	—	11,171,513	—	11,171,513	6,774,282
Amount Due to Other Insurers / Reinsurers	11	—	6,516,252	1,813,543	—	8,329,795	5,826,610
Accrued Expenses	12	1,378,857	4,409,451	4,334,749	399,139	10,522,196	12,486,105
Agent's Balances	13	—	224,283	1,688,582	100,349	2,013,214	3,659,263
Taxation - Net		1,163,835	—	—	—	1,163,835	—
Other Creditors and Accruals	15	185,275	585,653	149,132	175,925	1,095,985	947,417
		2,727,967	**16,849,606**	**20,378,494**	**2,769,869**	**42,725,936**	**36,487,219**
Other Liabilities							
Unclaimed Dividend Payable		**113,425**	—	—	—	**113,425**	**113,425**
TOTAL LIABILITIES		**2,850,447**	**49,537,019**	**172,100,019**	**32,428,092**	**256,915,577**	**198,947,304**
TOTAL EQUITY AND LIABILITIES		**149,808,651**	**49,537,019**	**172,100,019**	**32,428,092**	**403,873,781**	**348,315,824**
CONTINGENCIES AND COMMITMENT	16						

The annexed notes 1 to 35 form an integral part of these Financial Statements.

Figures in Rupees

	Notes	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Cash and Bank Deposits							
Cash in Hand		—	2,936	21,721	—	24,657	24,992
Current and Other Accounts		6,112,690	12,085,287	49,090,660	15,868,191	83,156,828	29,745,027
Deposits Maturing Within 12 Months	17	—	3,000,000	50,000,000	—	53,000,000	30,000,000
		6,112,690	**15,088,223**	**99,112,381**	**15,868,191**	**136,181,485**	**59,770,019**
Loans Secured Against Life Insurance Policies	5.24	—	**4,975,195**	**2,573,676**	—	**7,548,871**	**8,424,813**
Unsecured Advances To Employees		**100,828**	**803,428**	—	**100,028**	**1,004,284**	**1,038,801**
Investment	18						
Government Securities		67,124,091	17,399,972	63,002,683	10,402,013	157,928,759	148,328,165
Other Fixed Income Securities		—	—	4,454,731	—	4,454,731	5,356,827
Listed Equities and Mutual Funds		31,762,452	—	—	—	31,762,452	32,368,841
Investment in Associate		—	—	—	—	—	11,505,985
		98,886,543	**17,399,972**	**67,457,414**	**10,402,013**	**194,145,942**	**197,559,818**
Current Assets - Other							
Premiums Due But Unpaid		—	10,346,179	1,083,277	5,644,626	17,074,082	21,662,251
Taxation-Net		—	—	—	—	—	212,040
Prepayments		675,000	—	140,249	—	815,249	1,449,847
Sundry Receivables	19	—	884,768	1,511,690	405,365	2,801,823	2,852,479
Investment Income Accrued		981,372	39,254	221,332	7,869	1,249,827	4,693,758
Stationery		480,833	—	—	—	480,833	386,632
		2,137,205	**11,270,201**	**2,956,548**	**6,057,860**	**22,421,814**	**31,257,007**
Fixed Assets	20						
Tangible							
Furniture, Fixtures, Office Equipment and Vehicles		41,854,231	—	—	—	41,854,231	50,265,366
Intangible							
Software		717,154	—	—	—	717,154	—
		42,571,385	—	—	—	**42,571,385**	**50,265,366**
TOTAL ASSETS		**149,808,651**	**49,537,019**	**172,100,019**	**32,428,092**	**403,873,781**	**348,315,824**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD	MAHEEN YUNUS, CPCU	A. K. M. SAYEED	JAVED YUNUS
Chairman	Managing Director & Chief Executive	Director	Director

Profit and Loss Account

For The Year Ended December 31, 2010

Figures in Rupees

	Notes	December 31, 2010	December 31, 2009
Investment Income Not Attributable to Statutory Funds			
Return on Government Securities		4,831,432	4,820,776
Return on Other Fixed Income Securities and Deposits		290,663	327,803
Amortization of Discount/Premium Relative to Par		1,875,580	985,702
Dividend Income		148,422	1,632,744
		7,146,097	**7,767,025**
Gain/(Loss) on Sale of Investments	18.5	19,173,620	(125,580,434)
Provision For Impairment - Available For Sale (Net)	18.3.1	(606,389)	(79,222,070)
Net Investment Income/(Loss)		**25,713,328**	**(197,035,479)**
Other Revenue:			
Gain on Sale of Fixed Asset	20.3	1,495,586	14,232
Total Investment Income/(Loss) and Other Revenue		**27,208,914**	**(197,021,247)**
Expenses Not Attributable to Statutory Funds	21	(21,963,065)	(23,373,356)
Share of Loss in Associate	18.4	—	(2,201,700)
Profit/(Loss) Before Tax		**5,245,849**	**(222,596,303)**
Tax Expense	23	(2,052,165)	(1,236,232)
Profit/(Loss) After Tax		**3,193,684**	**(223,832,535)**
Earnings/(Loss) Per Share - Basic and Diluted	24	**0.07**	**(5.41)**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD	MAHEEN YUNUS, CPCU	A. K. M. SAYEED	JAVED YUNUS
Chairman	Managing Director & Chief Executive	Director	Director

Statement of Changes in Equity

For The Year Ended December 31, 2010

Figures in Rupees

	Share Capital	Share Deposit Money	Net Accumulated Surplus: Accumulated Surplus/ (Deficit)	Net Accumulated Surplus: Capital Contributed to Statutory Funds	Net Accumulated Surplus: Net Accumulated Surplus/(Deficit)	Total
Balance as at January 01, 2009	413,600,000	—	117,861,481	(116,120,426)	1,741,055	415,341,055
Total Comprehensive Loss for the Year Ended December 31, 2009						
Loss for the Year	—	—	(223,832,535)	—	(223,832,535)	(223,832,535)
Transactions With Owners Recorded Directly in Equity						
Capital Contributed to Statutory Funds	—	—	—	(83,500,000)	(83,500,000)	(83,500,000)
Share Deposit Money Received	—	41,360,000	—	—	—	41,360,000
Right Shares Issued During the Year	41,360,000	(41,360,000)	—	—	—	—
Balance as at December 31, 2009	**454,960,000**	—	**(105,971,054)**	**(199,620,426)**	**(305,591,480)**	**149,368,520**
Total Comprehensive Income for the Year Ended December 31, 2010						
Profit for the Year	—	—	3,193,684	—	3,193,684	3,193,684
Transactions With Owners Recorded Directly In Equity						
Capital Contributed to Statutory Fund	—	—	—	(51,100,000)	(51,100,000)	(51,100,000)
Share Deposit Money Received	—	45,496,000	—	—	—	45,496,000
Right Share Issued During the Year	45,496,000	(45,496,000)	—	—	—	—
Balance as at December 31, 2010	**500,456,000**	—	**(102,777,370)**	**(250,720,426)**	**(353,497,796)**	**146,958,204**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director & Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Statement of Cash Flows

For The Year Ended December 31, 2010

Figures in Rupees

	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Operating Cash Flows						
a) Underwriting Activities						
Premium Received	—	98,729,747	72,156,824	89,028,460	259,915,031	241,894,534
Net Reinsurance Premium Paid	—	(4,982,457)	(865,355)	—	(5,847,812)	(1,725,130)
Claims Paid	—	(71,892,888)	(9,058,870)	(71,985,453)	(152,937,211)	(163,486,162)
Surrenders Paid	—	—	(7,774,249)	—	(7,774,249)	(1,418,420)
Commissions Paid	—	(4,072,942)	(19,522,530)	(3,645,377)	(27,240,849)	(26,812,186)
Net Cash From Underwriting Activities	**—**	**17,781,460**	**34,935,820**	**13,397,630**	**66,114,910**	**48,452,636**
b) Other Operating Activities						
Income Tax Paid	(676,290)	—	—	—	(676,290)	(994,391)
General Management Expenses Paid	(15,396,197)	(15,659,192)	(33,246,198)	(12,146,878)	(76,448,465)	(98,328,046)
Net Cash (Used In) Other Operating Activities	**(16,072,487)**	**(15,659,192)**	**(33,246,198)**	**(12,146,878)**	**(77,124,755)**	**(99,322,437)**
Total Cash From/(Used In) All Operating Activities	**(16,072,487)**	**2,122,268**	**1,689,622**	**1,250,752**	**(11,009,845)**	**(50,869,801)**
Investment Activities						
Profit/Return Received	6,586,231	1,652,943	5,956,316	436,594	14,632,084	26,672,654
Dividend Received	148,422	—	—	—	148,422	232,110
Payments for Investments	(23,615,080)	(14,000,000)	(65,390,410)	(8,300,000)	(111,305,490)	(115,680,913)
Proceeds From Disposal of Investments	37,488,982	17,000,000	81,524,253	—	136,013,235	73,152,631
Proceed From Disposal of Fixed Assets	3,705,000	—	—	—	3,705,000	—
Fixed Capital Expenditure	(1,267,940)	—	—	—	(1,267,940)	(10,992,737)
Total Cash From/(Used In) Investing Activities	**23,045,615**	**4,652,943**	**22,090,159**	**(7,863,406)**	**41,925,311**	**(26,616,255)**
Financing Activities						
Share Capital Issued	45,496,000	—	—	—	45,496,000	41,360,000
Transfer Of Reserve Due to Conversion	—	(178,546)	178,546	—	—	—
Capital Contribution From Shareholder Fund	(51,100,000)	7,000,000	35,800,000	8,300,000	—	—
Total Cash From/(Used In) Financing Activities	**(5,604,000)**	**6,821,454**	**35,978,546**	**8,300,000**	**45,496,000**	**41,360,000**
Net Cash Inflow/(Outflow) From All Activities	**1,369,128**	**13,596,665**	**59,758,327**	**1,687,346**	**76,411,466**	**(36,126,056)**
Cash At The Beginning of the Year	4,743,562	1,491,558	39,354,054	14,180,845	59,770,019	95,896,075
Cash at the End of the Year	**6,112,690**	**15,088,223**	**99,112,381**	**15,868,191**	**136,181,485**	**59,770,019**

Figures in Rupees

	Aggregate December 31, 2010	Aggregate December 31, 2009
Reconciliation to Profit and Loss Account		
Operating Cash Flows	(11,009,845)	(50,869,801)
Depreciation and Amortization Expense	(6,752,507)	(7,380,605)
Shares of Loss In Associate	—	(2,201,700)
Investment Income	34,583,997	(110,712,583)
Dividend Received	148,422	232,110
Provision For Impairment in The Value of Available for Sale Investments	(606,389)	(79,222,070)
Increase/(Decrease) in Assets Other Than Cash	(6,301,721)	(6,031,776)
Increase In Liabilities Other Than Running Finance	(60,875,314)	(46,454,350)
Deficit In Statutory Funds	54,007,041	78,808,240
Profit/(Loss) After Taxation	**3,193,684**	**(223,832,535)**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD	MAHEEN YUNUS, CPCU	A. K. M. SAYEED	JAVED YUNUS
Chairman	Managing Director & Chief Executive	Director	Director

Revenue Account

For The Year Ended December 31, 2010

Figures in Rupees

	Notes	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Income						
Premiums Less Reinsurances		25,804,589	67,284,326	90,672,513	183,761,428	154,488,668
Net Investment Income		1,531,166	5,027,780	358,170	6,917,116	7,318,705
Total Net Income		27,335,755	72,312,106	91,030,683	190,678,544	161,807,373
Claims and Expenditures						
Claims, Including Bonuses, Net of Reinsurance Recoveries		20,795,500	16,029,894	72,531,457	109,356,851	94,895,323
Management Expenses Less Recoveries		14,120,217	50,658,657	15,913,263	80,692,137	107,978,026
Total Claims and Expenditures		34,915,717	66,688,551	88,444,720	190,048,988	202,873,349
Excess/(Deficit) of Income Over Claims and Expenditures		**(7,579,962)**	**5,623,555**	**2,585,963**	**629,556**	**(41,065,976)**
Add: Policyholders' Liabilities at Beginning of the Year		30,648,143	110,085,106	16,209,063	156,942,312	119,200,048
Policyholders' Liabilities Transfer To Other Statutory Fund		(178,546)	178,546	—	—	—
Less: Policyholders' Liabilities At End of the Year	25	31,367,057	151,132,060	29,079,792	211,578,909	156,942,312
Deficit		**(8,477,422)**	**(35,244,853)**	**(10,284,766)**	**(54,007,041)**	**(78,808,240)**
Movement in Policyholders' Liabilities		897,460	40,868,408	12,870,729	54,636,597	37,742,264
Transfer From Shareholders' Fund						
Capital Contribution From Shareholders' Fund	14	7,000,000	35,800,000	8,300,000	51,100,000	83,500,000
Balance of Statutory Fund At Beginning of the Year		33,364,426	110,119,424	18,772,260	162,256,110	119,822,086
Balance of Statutory Fund Transfer Due to Conversion		(178,546)	178,546	—	—	—
Balance of Statutory Fund at End of Year		**32,605,918**	**151,721,525**	**29,658,223**	**213,985,666**	**162,256,110**
Represented By:	14					
Capital Contributed By Shareholders' Fund		123,220,426	100,700,000	26,800,000	250,720,426	199,620,426
Accumulated Deficit		(121,981,565)	(100,110,535)	(26,221,569)	(248,313,669)	(194,306,628)
		1,238,861	589,465	578,431	2,406,757	5,313,798
Policyholders' Liabilities	25	31,367,057	151,132,060	29,079,792	211,578,909	156,942,312
Balance of Statutory Fund		**32,605,918**	**151,721,525**	**29,658,223**	**213,985,666**	**162,256,110**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director & Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Statement of Premiums

For The Year Ended December 31, 2010

Figures in Rupees

	Statutory Funds			Aggregate December 31, 2010	Aggregate December 31, 2009
	Ordinary Life	Universal Life	Accident & Health		
Gross Premiums					
Regular Premium Individual Policies*					
First Year	—	25,173,013	3,801,601	28,974,614	35,827,997
Second Year Renewal	—	15,182,922	—	15,182,922	7,979,972
Subsequent Year Renewal	—	18,548,819	—	18,548,819	13,123,695
Single Premium Individual Policies	—	10,340,250	—	10,340,250	2,463,250
Group Policies	90,136,172	—	86,870,912	177,007,084	176,374,551
Total Gross Premiums	**90,136,172**	**69,245,004**	**90,672,513**	**250,053,689**	**235,769,465**
Less: Reinsurance Premiums Ceded					
On Individual Life First Year Business	—	(635,655)	—	(635,655)	(632,457)
On Individual Life Second Year Business	—	(811,742)	—	(811,742)	(244,425)
On Individual Life Renewal Business	—	(513,281)	—	(513,281)	(289,463)
On Group Policies	(64,331,583)	—	—	(64,331,583)	(80,114,452)
Total Reinsurance Premium Ceded	**(64,331,583)**	**(1,960,678)**	**—**	**(66,292,261)**	**(81,280,797)**
Net Premiums	**25,804,589**	**67,284,326**	**90,672,513**	**183,761,428**	**154,488,668**

*Individual policies are those underwritten on an individual basis and includes joint life policies underwritten as such.

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director &
Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Statement of Claims

For The Year Ended December 31, 2010

Figures in Rupees

	Statutory Funds				
	Ordinary Life	Universal Life	Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Gross Claims					
Claims Under Individual Policies					
By Death	—	2,694,638	—	2,694,638	1,594,094
By Insured Event Other Than Death	—	—	—	—	19,500
By Maturity	—	5,556,507	—	5,556,507	3,065,699
By Surrender	—	7,774,249	—	7,774,249	1,418,420
Bonus in Cash	—	4,500	—	4,500	14,025
Total Gross Individual Policy Claims	**—**	**16,029,894**	**—**	**16,029,894**	**6,111,738**
Claims Under Group Policies					
By Death	72,456,592	—	—	72,456,592	97,399,728
By Insured Event Other Than Death	1,329,373	—	72,531,457	73,860,830	61,631,201
Total Gross Group Policy Claims	**73,785,965**	**—**	**72,531,457**	**146,317,422**	**159,030,929**
Total Gross Claims	**73,785,965**	**16,029,894**	**72,531,457**	**162,347,316**	**165,142,667**
Less: Reinsurance Recoveries					
On Group Life Claims	(52,990,465)	—	—	(52,990,465)	(70,247,344)
Net Claims	**20,795,500**	**16,029,894**	**72,531,457**	**109,356,851**	**94,895,323**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director &
Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Statement of Expenses

For The Year Ended December 31, 2010

Figures in Rupees

	Note	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
Acquisition Costs						
Remuneration To Insurance Intermediaries on Individual Policies:						
Commission on First Year Premiums		—	11,631,035	912,384	12,543,419	17,678,653
Commission on Second Year Premiums		—	2,137,269	—	2,137,269	773,604
Commission on Subsequent Renewal Premiums		—	924,452	—	924,452	776,370
Commission on Single Premiums		—	2,253,404	—	2,253,404	61,581
Other Benefits to Insurance Intermediaries		—	605,689	—	605,689	128,318
Group Policies:						
Commission		4,297,225	—	2,833,342	7,130,567	7,574,254
		4,297,225	17,551,849	3,745,726	25,594,800	26,992,780
Branch Overhead:						
Salaries, Allowances and Other Benefits		—	8,351,634	—	8,351,634	22,833,032
Other Operational Costs		—	8,700,799	—	8,700,799	22,833,146
		—	17,052,433	—	17,052,433	45,666,178
Other Acquisition Cost						
Policy Stamps		17,560	59,360	44,550	121,470	216,785
Total Acquisition Cost		**4,314,785**	**34,663,642**	**3,790,276**	**42,768,703**	**72,875,743**
Administration Expenses						
Salaries and Other Benefits		5,196,277	10,269,483	5,850,000	21,315,760	18,177,677
Travelling Expenses		681,908	250,948	627,371	1,560,227	937,289
Auditors Remuneration	22	204,416	81,766	122,649	408,831	332,953
Actuary's Fees		780,000	240,000	180,000	1,200,000	1,200,000
Medical Fees		395,806	593,709	—	989,515	1,462,680
Advertisements		626,850	206,430	275,240	1,108,520	3,660,346
Printing and Stationary		999,278	785,769	288,115	2,073,162	2,563,993
Operating Lease Rentals		199,334	184,977	739,908	1,124,219	759,929
Staff Welfare		1,049,668	1,302,546	1,563,055	3,915,269	3,980,160
Postage, Telegram and Telephone		474,031	720,083	576,066	1,770,180	1,372,379
Electricity and Gas		500,615	343,424	303,021	1,147,060	1,179,105
Newspaper and Periodicals		7,879	3,200	2,600	13,679	14,917
Entertainment Expense		969,896	242,064	201,720	1,413,680	1,041,866
Repair and Maintenance		36,379	37,794	75,588	149,761	357,534
Insurance		138,453	—	885,000	1,023,453	580,953
Stamps		27,440	—	—	27,440	14,766
Consultancy Charges		226,975	202,400	105,600	534,975	663,585
Bank Charges		274,711	206,033	68,678	549,422	767,175
Miscellaneous Expense		1,840,385	450,319	258,376	2,549,080	2,365,752
		14,630,301	16,120,945	12,122,987	42,874,233	41,433,059
Gross Management Expenses		**18,945,086**	**50,784,587**	**15,913,263**	**85,642,936**	**114,308,802**
Less: Commission From Reinsurers		(4,824,869)	(125,930)	—	(4,950,799)	(6,330,776)
Net Management Expenses		**14,120,217**	**50,658,657**	**15,913,263**	**80,692,137**	**107,978,026**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD	MAHEEN YUNUS, CPCU	A. K. M. SAYEED	JAVED YUNUS
Chairman	Managing Director & Chief Executive	Director	Director

Statement of Investment Income

For The Year Ended December 31, 2010

Figures in Rupees

	Statutory Funds			Aggregate December 31, 2010	Aggregate December 31, 2009
	Ordinary Life	Universal Life	Accident & Health		
Investment Income					
On Government Securities	1,181,467	2,977,012	239,349	4,397,828	3,922,415
On Other Fixed Income Securities and Deposits	100,867	1,495,952	68,411	1,665,230	1,657,524
Dividend Income	—	—	—	—	—
Amortization of Premium	—	(19,116)	—	(19,116)	(18,978)
Amortization of Discount	248,832	570,932	50,410	870,174	772,496
Other Income	—	3,000	—	3,000	—
	1,531,166	**5,027,780**	**358,170**	**6,917,116**	**6,333,457**
Gain on Sale of Investments	—	—	—	—	985,248
Net Investment Income	**1,531,166**	**5,027,780**	**358,170**	**6,917,116**	**7,318,705**

The annexed notes 1 to 35 form an integral part of these Financial Statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director & Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Notes to the Financial Statements

For The Year Ended December 31, 2010

1 STATUS AND NATURE OF BUSINESS

East West Life Assurance Company Limited (the company) was incorporated in Pakistan on August 18, 1992 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on Karachi Stock Exchange. The company commenced life insurance operations on February 22, 1993 after registration with Controller of Insurance on February 14, 1993. The addresses of its registered and principal office are 57 Regal Plaza, M.A. Jinnah Road, Quetta and 310 EFU House, M.A. Jinnah Road Karachi, respectively. The company is engaged in life insurance business. In accordance with the requirements of Insurance Ordinance, 2000. The company has established shareholders' fund and following statutory funds in respect of its each class of life insurance business:

- o Ordinary Life,
- o Universal Life, and
- o Accident and Health.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and the Rules. In case the requirements differ, the provisions or directives under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and the Rules, shall prevail. Since company does not have any comprehensive income to report for the year ended December 31, 2010 and comparative period, a statement of comprehensive income has not been made.

3.1 New/Revised Standards and Interpretations to Existing Standards Effective From Current Period or Early Adopted But Not Relevant to the Company

The following standards (revised or amended) and interpretations became effective for the current financial period or early adopted, but are either not relevant or do not have any material effect on the financial statements of the company:

- o IFRS 2 (Amendments) "Share-based Payments - Group cash-settled share-based payment transactions"
- o IFRS 5 (Amendments) "Non-current Assets Held for Sale and Discontinued Operations"
- o Amendments to IAS 1 "Presentation of Financial Statements"
- o Amendments to IAS 7 "Statement of Cash Flows"
- o IAS 27 (Amended) "Consolidated and Separate Financial Statements"
- o IAS 27 (as revised in 2008) "Consolidated and Separate Financial Statements"
- o IAS 28 (as revised in 2008) "Investments in Associates"

- o IFRIC 15 "Agreement for Construction of Real Estate"
- o IFRIC 17 "Distributions of Non-cash Assets to Owners"

The application of improvements to IFRSs issued in 2009 has not had any material effect on amounts reported in these financial statements.

3.2 The Following Standards, Amendments and Interpretations of Approved Accounting Standards will be Effective for Accounting Periods Beginning on or After January 01, 2011 or Later:

IFRS 9 'Financial instruments' introduces new requirements for the classification and measurement of financial assets and financial liabilities and for their derecognition. While the International Accounting Standards Board has prescribed the effective date period beginning on or after January 1, 2013 with earlier application permitted, the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan have still not notified its effective date for adoption locally. As a result, there will be no impact on the company's financial statement till IFRS 9 is notified.

IAS 12 Deferred Tax: Tax Recovery of Underlying Assets (Amendments to IAS 12). The amendment to IAS 12 is effective for annual periods beginning on or after January 01, 2012. Earlier application is permitted. The limited scope amendments are relevant only when an entity elects to use the fair value model for measurement in IAS 40 Investment Property. The amendments introduce a rebuttable presumption that in such circumstances, an investment property is recovered entirely through sale.

IAS 24 (Revised), 'Related party disclosures' (effective for annual periods beginning on or after January 01, 2011) - The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This amendment will result in some changes in disclosures.

IAS 32 (Amendment) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after February 01, 2010) – 'Classification of rights issues' - The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

IFRIC 13 (Amendment) 'Customer Loyalty Programmes' (effective from annual periods on or after January 01, 2011). The amendment clarifies that the fair value of award credits take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. This amendment will have no impact on the company's financial statement.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 01, 2010) – This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This amendment will have no impact on the company's financial statement.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. This amendment is not likely to have any impact on the company's financial statements.

Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 01, 2011. The amendments include list of events or transactions that require disclosure in the financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

4 BASIS OF MEASUREMENT

The 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Use of Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000, the Securities and Exchange Commission Rules and the Companies Ordinance, 1984, requires management the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year are disclosed in the followings notes:

1	Provision for Compensated Absences	(Note 5.3)
2	Claims (IBNR)	(Note 5.4)
3	Policyholders' Liabilities	(Note 5.5)
4	Taxation	(Note 5.6)
5	Useful Life of Depreciable / Amortizable Assets	(Note 5.9)
6	Impairment of Assets	(Note 5.11)
7	Reinsurance recoveries against outstanding claims	(Note 5.4)

5.2 Statutory Funds

The company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues and expenses of the company are referable to respective statutory fund, Wherever, these are not referable to statutory funds, these are allocated to the shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on fair and equitable basis and in accordance with the written advice of the appointed actuary.

Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the company on the balance sheet date as required by section 50 of the Insurance Ordinance, 2000.

5.3 Staff Retirement 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.

Accumulated Compensated Absences

The company make provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees, estimated on the basis of actuarial valuation carried out by the company's actuary. Latest actuarial valuation was carried out as at December 31, 2010. For detail of basis of assumptions taken by the actuary refer note 12.

5.4 Claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date and includes amounts in relation to unpaid reported claims, claims incurred but not reported and expected claims settlement cost. Claims where intimation of the event giving rise to the claim is received are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the appointed actuary and are included in the policyholders' liabilities.

Experience refund of premium calculated by appointed actuary is included in outstanding claims. Experience refund of premium receivable from reinsurers is included in the reinsurance recoveries of claim.

Claim recoveries receivable from the reinsurers are recognized at the same time as the claim which give rise to the right of recovery and are measured at the amount expected to be recovered.

5.5 Policyholders' Liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. In determining the value both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the company underwrites.

5.6 Income Tax Expense

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws of taxation on income. The charge for the current tax is calculated using the rate enacted or substantively enacted at the balance sheet date.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for the taxation purposes. A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The company's deferred tax computation gives rise to deferred tax asset of Rs. 8.9 million (2009: Rs. 10.2 million) which has not been recognised in these financial statements.

5.7 Investments

Classification

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rate are classified as available for sale. Investments acquired principally for the purpose of generating a profit from short-term fluctuation in price are classified as held for trading. Investments with fixed or determinable payments and fixed maturity where the company has positive intent and ability to hold to maturity are classified as held-to-maturity.

Initial Recognition

All investments are initially recognized at fair value including the transaction costs except held for trading investments which are recognized at fair value. All purchases and sales of investments which require delivery within time frame established by the regulations or market convention are accounted for at the settlement date. Settlement date is the date that an asset is delivered to or by the company.

Subsequent Measurement

Investments classified as held-to-maturity are subsequently measured at amortised cost, taking into account any discount or premium on acquisition using the effective interest method.

Available for sale investments are measured at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with Securities and Exchange Commission (Insurance) Rules, 2002 and is recognized as provision due to impairment in the value of investment. Any change in the provision for impairment in the value of investment held for sale is recognized in profit and loss/revenue account in which it arises.

Investments held for trading are subsequently measured at their fair values and the difference is taken to respective profit and loss/revenue accounts in which it arises.

Fair / Market Value Measurement

For investments in government securities fair/market value is determined by reference to quotation obtained from Reuters page (PKRV). For investments in quoted marketable securities, fair/market value is determined by reference to stock exchange quoted market price at the close of business on balance sheet date. The fair /market value of the term finance certificates are determined by the average rates quoted by brokers.

Impairment of 'Available for Sale' Equity Investments

The company determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the company evaluates, among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational/financial cash flow.

5.8 Investments in Associates

Investment in associates is valued using equity method.

5.9 Fixed Assets

Tangible Assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on the reducing balance method at rates mentioned in note 20.1.

Depreciation on additions and disposals during the year is charged from the month of addition to the month of disposal, when parts of an item of asset have different useful lives, they are accounted for as separate item in fixed assets.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other expenses are charged to income during the financial year in which they are incurred.

Depreciation rates and method are reviewed at each balance sheet date and adjusted, if required.

Gains or losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account currently.

Intangible Assets

These include computer software and are recorded initially at cost and subsequently carried at cost less any accumulated amortization and any accumulated impairment losses, if any.

These are amortized over their useful lives and amortization is charged to income using the straight line method (Refer note 20.2).

Capital Work-in-Progress

Capital work-in-progress is stated at cost less impairment losses (if any).

5.10 Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

5.11 Impairment

The carrying amount of each asset is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

5.12 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

5.13 Insurance Contract

Insurance contracts are those contracts where the company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

5.14 Revenue Recognition

Premium

Individual life first year premiums are recognized once related policies have been issued against receipt of premium. Individual life renewal premiums are recognized upon receipt of premium and acceptance by the company.

Group life premiums are recognized as and when due.

Single premiums are recognized once the related policies are issued against the receipt of premium.

Accident and Health

Group accident and health premiums are recognized as and when due. In respect of certain group policies, the company continues to provide cover even if the premium is received after the grace period.

Dividend Income

Dividend income is recognized when right to receive such income is established.

Interest/Mark-Up Income

Interest/Mark-up income on securities is recognized using effective interest method. Income on bank deposits is recognized on accrual basis.

5.15 Amount Due From (To) Other Insurers / Reinsurers

It is net amount receivable (payable) against recovery of claims, reinsurance commissions receivable and premiums ceded to reinsurers and claims payable or premiums receivables from other insurers. These are recognised at fair value.

5.16 Reinsurance Premiums Ceded

For reinsurance contracts operating on a proportional basis, or for which the term of the reinsurance contract is directly referable to the term of the underlying policy(ies), premium ceded to reinsurers is recognised as liability at the same point at which the premium of the underlying policy(ies) is recognised as revenue. At the same point premium ceded is recognised as expense over the period of reinsurance. Reinsurance premiums ceded not yet recognised are recognised as prepayments and are disclosed in "amount due from (to) other insurers / reinsurers".

5.17 Acquisition Cost

These are cost incurred in acquiring insurance policies, maintained such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commission and other expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except the commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

5.18 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instruments and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition or financial asset or financial liabilities is included in the profit and loss or revenue account currently, as the case may be.

5.19 Off-Setting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.20 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

5.21 Foreign Currencies

Transactions in foreign currencies are translated into reporting currency at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences are included in the income currently.

5.22 Dividend and Appropriation to Reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by actuary or allowed by Insurance Ordinance, 2000 are recognized in the year in which these are declared/approved.

5.23 Premium Due but Unpaid

These are initially recognized at fair value. Provision for impairment on premium receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of receivable.

5.24 Loan Secured Against Life Insurance Policies

Cash Loan

The company provides loans to their policyholders on the basis of payment of premium for three consecutive years. The maximum limit of disbursement is 80 percent of the surrender value and carries a mark-up rate determine by the company from time to time.

Auto Paid-Up Loan

These non-interest bearing loans are available to policyholder of the company to the extent of cash value built in their policies.

5.25 Level of Precision

Figures in these financial statements have been rounded to the nearest rupee.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2010	2009		2010	2009
Number of Shares			Rupees	Rupees
		Ordinary Shares of Rs.10 each Fully Paid in Cash		
50,045,600	45,496,000		500,456,000	454,960,000

6.1 Reconciliation of Issued, Subscribed and Paid-Up Share Capital

	2010	2009
	Number of Shares	
Number of Shares at Beginning of the Year	45,496,000	41,360,000
Right Shares Issued During the Year	4,549,600	4,136,000
Number of Shares at End of the Year	**50,045,600**	**45,496,000**

6.2 Rights Shares Issued During the Year

The company in its extraordinary general meeting held on October 01, 2010, announced issuance of 10% right shares, which were exercised on December 28, 2010.

6.3 Capital Management Policies and Procedures

The company's capital management objectives are:

- to comply with the minimum paid-up capital requirement prescribed by SECP
- to ensure the company's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing its insurance premium commensurately with the level of risk.

The company's objective in capital management is to maintain a balance between shareholders' capital to overall financing and statutory funds to the investments. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amounts of dividends paid to shareholders and issue new shares. Further, the company ensures to comply with all the regulatory requirements regarding capital and its management.

Capital requirements applicable to the company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Minimum capital requirement for the company as required by circular no. 03 of 2007 dated April 10, 2007 is Rs. 500 million (2009: Rs. 450 million).

7 **ANALYSIS OF ACCUMULATED (DEFICIT)/ SURPLUS AS SHOWN IN BALANCE SHEET**

	Note	2010 Rupees	2009 Rupees
Accumulated Surplus In Statement of Changes In Equity Ignoring Effect of Capital Transfers At Start of Year		(105,971,054)	117,861,481
Add: (Loss)/Surplus in Profit and Loss Account for the Year		3,193,684	(223,832,535)
Accumulated (Deficit) in Statement of Changes In Equity Ignoring Effect of Capital Transfers at End of Year		**(102,777,370)**	**(105,971,054)**
Less: Accumulated Net Capital Transferred in Statutory Funds	14	(250,720,426)	(199,620,426)
Total Accumulated (Deficit)/Surplus as Shown in Balance Sheet		**(353,497,796)**	**(305,591,480)**

8 **DEFERRED LIABILITIES - GRATUITY PAYABLE**

Unfunded Gratuity Scheme for the permanent employees of the company had been discontinued since 2003. Outstanding balance represents the liability of the company pertaining to the employees rendered their services at the time of discontinuation and allowed the members to withdraw their balances at the time of completion/termination of their employment. Consequently, no further charge and contribution has been accounted for since then.

	2010 Rupees	2009 Rupees
9 OUTSTANDING CLAIMS		
Opening Balance	6,793,542	6,555,457
Add: Claims Incurred During the Year	162,347,316	165,142,667
Less: Claims Paid During the Year	(160,711,460)	(164,904,582)
Closing Balance	**8,429,398**	**6,793,542**
10 PREMIUMS RECEIVED IN ADVANCE		
Opening Balance	6,774,282	4,813,577
Add: Received During the Year	77,443,836	68,267,384
Less: Adjusted During the Year	(73,046,605)	(66,306,679)
Closing Balance	**11,171,513**	**6,774,282**

			2010 Rupees	2009 Rupees
11	**AMOUNT DUE TO OTHER INSURERS / REINSURERS**			
	Opening Balance		5,826,610	4,133,750
	Add: Premiums Ceded During The Year		66,292,261	81,280,797
	Amount Received During The Year		—	1,490,110
			66,292,261	82,770,907
	Less: Claims Recoveries During The Year		(52,990,465)	(70,247,344)
	Commission Recoveries During The Year		(4,950,799)	(6,330,776)
	Amount Paid During The Year		(5,847,812)	(4,499,927)
			(63,789,076)	(81,078,047)
	Closing Balance		**8,329,795**	**5,826,610**
12	**ACCRUED EXPENSES**			
	Salary and Other Benefits Payable		2,092,517	2,854,750
	Compensated Absences Payable	12.1	1,505,628	1,691,672
	Other Accrued Expenses		6,924,051	7,939,683
			10,522,196	**12,486,105**

12.1 This includes provision made against accumulated compensation absences are on the basis of actuarial assumptions taken by company's actuary.

The main assumptions used for actuarial valuation are as under:

Principal Actuarial Assumption	**2010**	**2009**
	.... Percentage	**.................**
Discount Factor Used Per Annum	14.50%	12.75%
Expected Increase In Eligible Pay Per Annum	14.50%	12.75%
	.... Rupees	**.....................**
Movement In Payable to Accumulated Compensation Absences		
Opening Balance	1,691,672	1,052,314
(Reversal)/Charge During the Year	(186,044)	639,358
Closing Balance	**1,505,628**	**1,691,672**

		2010 Rupees	2009 Rupees
13	**AGENT'S BALANCES**		
	Opening Balance	3,659,263	3,478,669
	Add: Incurred During the Year	25,594,800	26,992,780
	Less: Paid During the Year	(27,240,849)	(26,812,186)
	Closing Balance	**2,013,214**	**3,659,263**

14 MOVEMENTS IN EQUITY OF STATUTORY FUNDS

	Note	Statutory Funds			Aggregate	Aggregate
		Ordinary Life	Universal Life	Accident & Health	December 31, 2010	December 31, 2009
		Rupees.				
Policyholders' Liabilities						
Balance at Beginning of the Year		30,648,143	110,085,106	16,209,063	156,942,312	119,200,048
Policyholders' Liabilities Transfer Due to Conversion		(178,546)	178,546	—	—	—
Increase During the Year		897,460	40,868,408	12,870,729	54,636,597	37,742,264
Balance at End of the Year	25	**31,367,057**	**151,132,060**	**29,079,792**	**211,578,909**	**156,942,312**
Capital Contributed By Shareholders' Fund						
Balance at the Beginning of the Year		116,220,426	64,900,000	18,500,000	199,620,426	116,120,426
Capital Contributed During the Year		7,000,000	35,800,000	8,300,000	51,100,000	83,500,000
Balance at End of the Year		**123,220,426**	**100,700,000**	**26,800,000**	**250,720,426**	**199,620,426**
Accumulated Deficit						
Balance at the Beginning of the Year		(113,504,143)	(64,865,682)	(15,936,803)	(194,306,628)	(115,498,388)
Deficit Allocated in Respect of the Year		(8,477,422)	(35,244,853)	(10,284,766)	(54,007,041)	(78,808,240)
Balance at End of the Year		**(121,981,565)**	**(100,110,535)**	**(26,221,569)**	**(248,313,669)**	**(194,306,628)**

15 OTHER CREDITORS AND ACCRUALS

	Shareholders' Fund	Statutory Funds			Aggregate	Aggregate
		Ordinary Life	Universal Life	Accident & Health	December 31, 2010	December 31, 2009
	Rupees					
Sundry Creditors	156,090	493,400	125,640	148,213	923,343	758,666
Provident Fund Payable	29,185	92,253	23,492	27,712	172,642	188,751
	185,275	**585,653**	**149,132**	**175,925**	**1,095,985**	**947,417**

16 CONTINGENCIES AND COMMITMENT

There are no contingencies and commitment at balance sheet date (2009: Nil).

17 DEPOSITS MATURING WITHIN 12 MONTHS

	Shareholders' Fund	Statutory Funds			Aggregate	Aggregate
		Ordinary Life	Universal Life	Accident & Health	December 31, 2010	December 31, 2009
	Rupees					
Term Deposit Receipts						
Mybank Limited	—	3,000,000	50,000,000	—	53,000,000	15,000,000
Network Micro Finance Bank Limited	—	—	—	—	—	15,000,000
	—	**3,000,000**	**50,000,000**	**—**	**53,000,000**	**30,000,000**

17.1 These deposits carry interest at the rate of 5% to 12% (2009: 5% to 11%) per annum.

18 INVESTMENTS

	Notes	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
		Rupees					
Government Securities	18.1	67,124,091	17,399,972	63,002,683	10,402,013	157,928,759	148,328,165
Other Fixed Income Securities	18.2	—	—	4,454,731	—	4,454,731	5,356,827
Listed Equities and Mutual Fund	18.3	31,762,452	—	—	—	31,762,452	32,368,841
Investment in Associate	18.4	—	—	—	—	—	11,505,985
		98,886,543	**17,399,972**	**67,457,414**	**10,402,013**	**194,145,942**	**197,559,818**

18.1 Government Securities

Held-to-Maturity	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
10 Years Pakistan Investment Bonds	5,000,000	—	—	—	5,000,000	5,000,000
10 Years Pakistan Investment Bonds	—	—	2,999,656	—	2,999,656	2,999,553
10 Years Pakistan Investment Bonds	—	—	587,583	—	587,583	583,094
10 Years Pakistan Investment Bonds	17,034,001	—	—	—	17,034,001	16,483,346
10 Years Pakistan Investment Bonds	6,388,432	10,399,972	23,615,444	2,102,013	42,505,861	41,486,495
10 Years Pakistan Investment Bonds	15,826,682	—	—	—	15,826,682	15,794,504
10 Years Pakistan Investment Bonds	1,962,353	—	—	—	1,962,353	1,957,376
10 Years Pakistan Investment Bonds	3,632,915				3,632,915	—
Treasury Bills	17,279,708	7,000,000	35,800,000	8,300,000	68,379,708	64,023,797
	67,124,091	**17,399,972**	**63,002,683**	**10,402,013**	**157,928,759**	**148,328,165**

The particulars of investments are as follows:

Held-to-Maturity	Amounts in Rupees	Maturity	Principal Repayment	Coupon Percentage	Coupon Payment
10 Years Pakistan Investment Bonds	5,000,000	April 2014	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	2,999,656	April 2014	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	587,583	October 2013	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	32,860,683	May 2016	On Maturity	9.6%	Semi-Annually
10 Years Pakistan Investment Bonds	42,505,861	June 2012	On Maturity	11%	Semi-Annually
10 Years Pakistan Investment Bonds	1,962,353	August 2018	On Maturity	12%	Semi-Annually
10 Years Pakistan Investment Bonds	3,632,915	July 2020	On Maturity	12%	Semi-Annually
Treasury Bills	68,379,708	March 2011	On Maturity	11.5%	On Maturity
	157,928,759				

The company has deposited 10 years Pakistan Investment Bonds amounting to Rs. 50.53 million (2009 : Rs. 46.25 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

18.2 Other Fixed Income Securities

	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
	Rupees					
Held-to-Maturity						
Term Finance Certificate						
Pakistan Mobile Communication Limited	**—**	**—**	**4,454,731**	**—**	**4,454,731**	**5,356,827**

The particulars of investments are as Follows:

	Number of Certificates	Maturity	Tenor	Rate of Return	Profit Payment
Term Finance Certificate					
Pakistan Mobile Communication Limited	1,060	2013	7 Years	12.46%	Half Yearly

18.3 Listed Equities and Mutual Funds

	Notes	Shareholders' Fund	Statutory Funds Ordinary Life	Universal Life	Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
		Rupees					
Available for Sale							
Listed Equities		11,011,731	—	—	—	11,011,731	65,162,411
Mutual Funds		21,357,110	—	—	—	21,357,110	46,428,500
Less: Provision for Impairment Net of Reversals	18.3.1	(606,389)	—	—	—	(606,389)	(79,222,070)
		31,762,452	**—**	**—**	**—**	**31,762,452**	**32,368,841**

18.3.1 This includes provision for impairment of Rs. 5,017,097 (2009: Rs. 79,222,070) and reversal of impairment of Rs. 4,410,708 (2009: Nil). Due to recognition of impairment loss, the carrying values are equal to the market value.

18.4 Investment in Associate

Name of Associate	Chief Executive	Place of Incorporation	Proportion and Nature of Ownership Interest	Principal Activity
East West Insurance Company Limited	Mr. Naved Yunus	Pakistan	0.41% Due to Common Directorship	General Insurance

Summarized financial information in respect of associate based on latest available unaudited financial statements is set out below:

	2010 Rupees	2009 Rupees
Total Assets	—	661,692,001
Total Liabilities	—	332,140,647
Net Assets	—	329,551,354
Revenue - Net	—	436,967,795
(Loss) / Profit for the Year	—	(537,283,767)
Movement In Investment In Associate		
Initial Investment	11,505,985	14,665,507
Less: Movement in Investment During the Year	(11,505,985)	(855,105)
Add: Share of Profit in Associate	—	(2,201,700)
Less: Dividend Received	—	(102,717)
Net Investment in Associate	**—**	**11,505,985**

18.5 During the year, company has disposed off entire investment in associates amounting to Rs.11,505,985 at Rs. 30,679,605, resulting in gain of Rs. 19,173,620.

19 SUNDRY RECEIVABLES

	Shareholders' Fund	Statutory Funds: Ordinary Life	Statutory Funds: Universal Life	Statutory Funds: Accident & Health	Aggregate December 31, 2010	Aggregate December 31, 2009
	Rupees					
Advance for Expenses	—	—	862,274	—	862,274	709,679
Deposits	—	884,768	649,416	405,365	1,939,549	2,142,800
	—	**884,768**	**1,511,690**	**405,365**	**2,801,823**	**2,852,479**

20 FIXED ASSETS

20.1 Tangible Assets

	Furniture and Fixture	Office Equipment	Computers Equipments	Vehicle Equipment	Vehicle	Total
	Rupees					
At January 01, 2009						
Cost	36,428,946	10,743,955	3,787,326	637,010	13,426,006	65,023,243
Accumulated Depreciation	8,486,576	4,006,638	2,000,542	154,863	3,804,204	18,452,823
Net Book Value	27,942,370	6,737,317	1,786,784	482,147	9,621,802	46,570,420
Year Ended December 31, 2009						
Opening Net Book Value	27,942,370	6,737,317	1,786,784	482,147	9,621,802	46,570,420
Additions	1,760,635	1,619,880	482,322	64,300	7,476,290	11,403,427
Disposals						
Cost	—	19,900	—	—	390,790	410,690
Depreciation	—	3,318	—	—	39,272	42,590
	—	16,582	—	—	351,518	368,100
Depreciation Charge	2,861,804	808,394	606,584	54,109	3,009,490	7,340,381
Closing Net Book Value	26,841,201	7,532,221	1,662,522	492,338	13,737,084	50,265,366
At December 31, 2010						
Cost	38,189,581	12,343,935	4,269,648	701,310	20,511,506	76,015,980
Accumulated Depreciation	11,348,380	4,811,714	2,607,126	208,972	6,774,422	25,750,614
Net Book Value	26,841,201	7,532,221	1,662,522	492,338	13,737,084	50,265,366
Year Ended December 31, 2010						
Opening Net Book Value	**26,841,201**	**7,532,221**	**1,662,522**	**492,338**	**13,737,084**	**50,265,366**
Additions	**283,250**	**61,750**	**37,825**	—	—	**382,825**
Disposals						
Cost	—	620,000	—	52,500	3,411,161	4,083,661
Depreciation	—	431,921	—	13,176	1,429,150	1,874,247
	—	188,079	—	39,324	1,982,011	2,209,414
Depreciation Charge	2,699,520	743,244	501,593	48,171	2,592,018	6,584,546
Closing Net Book Value	**24,424,931**	**6,662,648**	**1,198,754**	**404,843**	**9,163,055**	**41,854,231**
At December 31, 2010						
Cost	38,472,831	11,785,685	4,307,473	648,810	17,100,345	72,315,144
Accumulated Depreciation	14,047,900	5,123,037	3,108,719	243,967	7,937,290	30,460,913
Net Book Value	**24,424,931**	**6,662,648**	**1,198,754**	**404,843**	**9,163,055**	**41,854,231**
Rate of Depreciation	**10%**	**10%**	**30%**	**10%**	**20%**	

20.2 Intangible Assets

	Cost				Accumulated Amortization			Net Book Value As At December 31, 2010	Useful Life
	As At January 01, 2010	Additions	Disposal	As At December 31, 2010	As At January 01, 2010	For the Year	As At December 31, 2010		
	Rupees								
Computer Software	—	885,115	—	885,115	—	167,961	167,961	717,154	1 Year
December 2009	160,900	—	—	160,900	120,675	40,225	160,900	—	

20.3 Details of Disposal of Fixed Assets - By Negotiation

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Particulars of Purchasers
Generator	620,000	431,921	188,079	300,000	111,921	Mr. Nisar Ahmed
Hyundai Santro (LED-8225)	738,190	259,843	478,347	560,000	81,653	Mr. Asad Jamil
Honda City (AGG-834)	278,000	32,433	245,567	650,000	404,433	Mr. Jam Naeem Ahmed
Suzuki Baleno (AKF-534)	774,000	493,516	280,484	500,000	219,516	Mr. Farhan Farooq
Honda City (AGK-656)	278,000	41,700	236,300	630,000	393,700	Mr. Farhan Farooq
Suzuki Mehran (LRG-4462)	297,500	177,731	119,769	215,000	95,231	Mr. Saleem Khan
Suzuki Cultus (LED-9033)	708,471	271,878	436,593	600,000	163,407	Mr. Imran Akhter
Suzuki Mehran (LEB-7494)	389,500	165,225	224,275	250,000	25,725	Mr. Islam Badshah
	4,083,661		2,209,414	3,705,000	1,495,586	

		Note	2010 Rupees	2009 Rupees
21	**EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS**			
	Salary and Other Benefit		8,367,727	7,913,861
	Staff Welfare		781,527	808,161
	Traveling		401,517	244,949
	Advertisement		137,620	452,114
	Telephone		288,033	405,787
	Electricity		202,014	312,343
	Entertainment		363,097	—
	Vehicle Maintenance		1,322,676	1,695,502
	Insurance to Vehicles		730,676	823,488
	Fees and Subscription		500,000	75,000
	Professional And Consultancy		180,000	180,000
	Supervision Fees		291,360	699,221
	Professional Tax		123,650	226,950
	Depreciation	20.1	6,584,546	7,340,380
	Amortization	20.2	167,961	40,225
	Auditor Remuneration	22.1	408,831	332,954
	Brokerage Commission		—	101,041
	Operating Lease Rentals		184,977	831,141
	Printing and Stationery		261,923	313,022
	IAP Membership Fees		96,656	75,000
	Underwriting Commission		454,960	413,600
	Miscellaneous Expenses		113,314	88,617
			21,963,065	**23,373,356**

The above expenses represent allocation in accordance with the advice of the appointed actuary.

		Note	2010 Rupees	2009 Rupees
22	**AUDITORS` REMUNERATION**			
	Audit Fee		400,000	400,000
	Half Yearly Review		75,000	75,000
	Others		175,000	50,000
	Out of Pocket Expenses		167,662	140,907
			817,662	**665,907**

22.1 Allocation of the Auditors' Remuneration is as follows:

	Note	2010	2009
Expense Not Attributable to Statutory Funds	21	408,831	332,954
Administration Expenses - Ordinary Life Business		204,416	166,476
Administration Expenses - Universal Life Business		81,766	66,591
Administration Expenses - Accidental And Health Business		122,649	99,886
		408,831	332,953
		817,662	**665,907**

	2010 Rupees	2009 Rupees
23 TAXATION		
Current	2,052,165	1,236,232

23.1 Relationship Between Tax Expense and Accounting Profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the company's tax computation gives rise to a tax loss. Provision for current year income tax consists of tax on government securities.

24 EARNINGS / (LOSS)PER SHARE - Basic and Diluted

	2010 Rupees	2009 Rupees
Profit / (Loss) for the Year - Rupees	3,193,684	(223,832,535)
Weighted Average Number of Ordinary Shares	45,533,394	41,382,663
Earnings / (Loss) Per Share - Rupees	0.07	(5.41)

Earnings per share for the year ended December 31, 2009 has not been restated as no bonus element raised due to issue of right shares during the year.

25 POLICYHOLDERS' LIABILITIES AS PER ACTUARY

	Statutory Funds						
	Ordinary Life		Universal Life	Accident & Health		Aggregate December 31, 2010	Aggregate December 31, 2009
	Individual	Group		Individual	Group		
	Rupees						
Gross of Reinsurance							
Actuary Liability Relating to Future Events	17,570,798	38,695,352	154,666,460	2,710,981	25,518,811	239,162,402	179,140,696
Provision for Outstanding Reported Claims Payable Over the Period Exceeding Twelve Months	1,413,868	—	—	—	—	1,413,868	1,615,689
Provision for Claims Incurred But Not Reported (IBNR)	100,000	4,207,395	204,948	250,000	600,000	5,362,343	8,450,354
Total	**19,084,666**	**42,902,747**	**154,871,408**	**2,960,981**	**26,118,811**	**245,938,613**	**189,206,739**
Net of Reinsurance							
Actuary Liability Related to Future Events	17,570,798	11,077,879	150,932,060	2,710,981	25,518,811	207,810,529	152,216,623
Provision for Outstanding Reported Claims Payable Over the Period Exceeding Twelve Months	1,413,868	—	—	—	—	1,413,868	1,615,689
Provision for Claims Incurred but Not Reported (IBNR)	100,000	1,204,512	200,000	250,000	600,000	2,354,512	3,110,000
Total	**19,084,666**	**12,282,391**	**151,132,060**	**2,960,981**	**26,118,811**	**211,578,909**	**156,942,312**

26 REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVE

	2010		2009	
	Chief Executive	Directors	Chief Executive	Directors
	Rupees			
Managerial Remuneration (Including Bonus)	828,000	—	931,500	—
Directors' Fee	—	500,000	—	500,000
Chairman's Honorarium	—	60,000	—	60,000
House Rent Allowance	372,000	—	372,000	—
Utilities	608,398	—	535,406	—
Retirement Benefits	165,600	—	165,600	—
Reimbursement of Expenses	2,307,261	—	1,881,636	—
	4,281,259	**560,000**	**3,886,142**	**560,000**
Number of Person(s)	1	2	1	2

Certain employees are provided with free use of company maintained cars.

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of East West Insurance Company Limited (Associated Company), directors of the company, key management personnel, associated undertakings, entities with common directors, statutory funds and employees' funds. Following are the balances and transactions with related parties:

	2010			2009		
	Directors	Key Management Personnel	Associated Companies & Common Directorship	Directors	Key Management Personnel	Associated Companies & Common Directorship
	Rupees					
Balances						
Premium Receivable	—	—	564,786	—	—	114,786
Amount Due From Associate Undertaking	—	—	—	—	—	—
Investment	—	—	3,781,330	—	—	62,841,398
Transactions						
Premium Received	—	—	2,125,120	—	—	1,020,000
Premium Paid	—	—	730,676	—	—	823,488
Claims Paid	—	—	2,826,423	—	—	2,011,999
Dividend Received	—	—	—	—	—	—
Investments						
Sales	—	—	11,505,985	—	—	—
Purchases	—	—	—	—	—	—
Underwriting Commission	—	—	454,960	—	—	413,600

28 BUSINESS SEGMENTS

A segment is a distinguishable component of the company that is engaged in business activities from which the company earns revenues and incurs expenses and its results are regularly reviewed by the company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment. The company accounts for segment reporting using the classes or business as specified under the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 as the reporting format based on the company's practice of reporting to the management on the same basis.

The company's reportable segments under IFRS 8 are as follows:

a) Statutory Funds

Ordinary Life

The ordinary life segment provides life assurance coverage to individuals under conventional policies issued by the company. It also provides life insurance coverage to members of business enterprises, corporate entities and common interest groups under life insurance schemes issued by the company.

Universal Life

Universal life segment provides life assurance coverage to individuals under universal life policies issued by the company.

Accident and Health

Accident and health business segment provides health coverage to individuals, members of enterprises, corporate entities and common interest groups under health insurance scheme issued by the company.

b) Shareholders' Fund

Assets, liabilities, expenses and revenues that are not attributable to other segments are managed under shareholder's fund.

All segments assets, liabilities, income and expenses are allocable to reportable segments. Assets and liabilities of each segment are disclosed in balance sheet while expenses and revenues of shareholder's fund are presented in profit and loss account and that of other segments are presented in revenue account.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	2010			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
Assets	Rupees			
Cash in Hand	24,657	—	—	24,657
Current and Other Accounts	83,156,828	—	—	83,156,828
Deposits Maturing Within 12 Months	53,000,000	—	—	53,000,000
Loans Secured Against Life – Insurance Policies	7,548,871	—	—	7,548,871
Unsecured Advances to Employees	1,004,284	—	—	1,004,284
Government Securities	—	—	157,928,759	157,928,759
Other Fixed Income Securities	—	—	4,454,731	4,454,731
Listed Equities and Mutual Funds	—	31,762,452	—	31,762,452
Investment In Associate	—	—	—	—
Premiums Due But Unpaid	17,074,082	—	—	17,074,082
Sundry Receivables	2,801,823	—	—	2,801,823
Investment Income Accrued	1,249,827	—	—	1,249,827
	165,860,372	**31,762,452**	**162,383,490**	**360,006,314**

	2010		
	Others	At Fair Value Through Profit and Loss	Total
Liabilities	Rupees		
Outstanding Gratuity	—	90,550	90,550
Outstanding Claims	—	8,429,398	8,429,398
Amount Due To Other Insurers / Reinsurers	—	8,329,795	8,329,795
Accrued Expenses	—	10,522,196	10,522,196
Agent's Balances	—	2,013,214	2,013,214
Other Creditors And Accruals	—	1,095,985	1,095,985
	—	**30,481,138**	**30,481,138**

	2009			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
Assets	.... Rupees			
Cash in Hand	24,992	—	—	24,992
Current and Other Accounts	29,745,027	—	—	29,745,027
Deposits Maturing Within 12 Months	30,000,000	—		30,000,000
Loans Secured Against Life – Insurance Policies	8,424,813	—	—	8,424,813
Unsecured Advances To Employees	1,038,801	—	—	1,038,801
Government Securities	—	—	148,328,165	148,328,165
Other Fixed income Securities	—	—	5,356,827	5,356,827
Listed Equities And Mutual Funds	—	32,368,841	—	32,368,841
Investment in Associate	11,505,985	—	—	11,505,985
Premiums Due But Unpaid	21,662,251	—	—	21,662,251
Sundry Receivables	2,852,479	—	—	2,852,479
Investment Income Accrued	4,693,758	—	—	4,693,758
	109,948,106	**32,368,841**	**153,684,992**	**296,001,939**

	2009		
	Others	At Fair Value Through Profit and Loss	Total
Liabilities	.... Rupees		
Outstanding Gratuity	—	90,550	90,550
Outstanding Claims	—	6,793,542	6,793,542
Amount Due To Other Insurers / Reinsurers	—	5,826,610	5,826,610
Accrued Expenses	—	12,486,105	12,486,105
Agent's Balances	—	3,659,263	3,659,263
Other Creditors And Accruals	—	947,417	947,417
	—	29,803,487	29,803,487

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is primarily exposed to credit risk, liquidity risk and market risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall risk arising from the company's financial assets and liabilities are limited. The company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The board of directors has overall responsibility for establishing and oversight of company's risk management framework. The board is also responsible for developing the company's risk management policies.

30.1 Credit Risk and Concentration of Credit Risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economics, political and other conditions. Concentration of credit risk indicate the relative sensitivity of the company's performance to developments effecting a particular industry.

The company manages its credit risk by monitoring credit exposure, limiting transaction with specific counter party and continually assessing the credit worthiness of counter parties. Management considers that all the financial assets that are neither past due nor impaired are of good credit quality. The maximum exposure of the company to credit risk at reporting date without taking account any collateral held or other credit enhancements is as:

	2010 Rupees	2009 Rupees
Cash and Cash Equivalent		
Cash in Hand	24,657	24,992
Current and Other Accounts	83,156,828	29,745,027
Deposits Maturing Within 12 Months	53,000,000	30,000,000
Loans and Receivables		
Loans Secured Against Life Insurance Policies	7,548,871	8,424,813
Unsecured Advances to Employees	1,004,284	1,038,801
Premiums Due But Unpaid	17,074,082	21,662,251
Investment Income Accrued	1,249,827	4,693,758
Sundry Receivables	2,801,823	2,852,479
Held-to-Maturity Financial Assets		
Investment	162,383,490	153,684,992
	328,243,862	**252,127,113**

The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating. Company did not hold any collateral against above assets except 'loans secured against life insurance policies' that are secured against reserve balance of the policyholders. There is no impairment against past due balances as they relate to a number of policyholders and other insurers/reinsurers for whom there is no recent history of defaults.

The age analysis of receivables that are due but not impaired is as follow:

	2010 Rupees	2009 Rupees
Upto One Year	21,765,488	22,371,930
More Than One Year	7,913,399	10,567,613
	29,678,887	**32,939,543**
Sector Wise Analysis of Premium Due But Unpaid is as follow:		
Financial Institutions	7,311,570	17,053,759
Transport and Communication	2,302,135	—
Food and Beverages	2,015,831	1,866,667
Engineering	—	144,585
Auto and Allied	182,319	100,000
Others	5,262,227	2,497,240
	17,074,082	**21,662,251**

30.2 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulties 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 stressed 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 impact of netting agreements:

Financial Assets and Liabilities

Year 2010

	Effective Interest Rate	Exposed to Interest Rate Risk									Non Interest Bearing Financial Instrument
		Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		Rupees									
On Balance Sheet											
Financial Assets											
Cash in Hand		24,657	—	—	—	—	—	—	—	—	24,657
Current and Other Accounts	5% To 6%	83,156,828	83,156,828	—	—	—	—	—	—	—	—
Deposits Maturing Within 12 Months	5% to 11%	53,000,000	53,000,000	—	—	—	—	—	—	—	—
Loans Secured Against Life Insurance Policies		7,548,871	—	—	—	—	—	—	—	—	7,548,871
Unsecured Advances to Employees		1,004,284	—	—	—	—	—	—	—	—	1,004,284
Investment	8% to 12%	194,145,942	—	68,379,708	—	42,505,861	5,042,314	7,999,656	38,455,951	—	31,762,452
Premiums Due But Unpaid		17,074,082	—	—	—	—	—	—	—	—	17,074,082
Investment Income Accrued		1,249,827	—	—	—	—	—	—	—	—	1,249,827
Sundry Receivables		2,801,823	—	—	—	—	—	—	—	—	2,801,823
		360,006,314	**136,156,828**	**68,379,708**	—	**42,505,861**	**5,042,314**	**7,999,656**	**38,455,951**	—	**61,465,996**
Financial Liabilities											
Deferred Liabilities - Gratuity		90,550	—	—	—	—	—	—	—	—	90,550
Outstanding Claims		8,429,398	—	—	—	—	—	—	—	—	8,429,398
Amounts Due to Other Insurer and Reinsurer		8,329,795	—	—	—	—	—	—	—	—	8,329,795
Accrued Expenses		10,522,196	—	—	—	—	—	—	—	—	10,522,196
Agent's Balances		2,013,214	—	—	—	—	—	—	—	—	2,013,214
Other Creditors and Accruals		1,095,985	—	—	—	—	—	—	—	—	1,095,985
		30,481,138	—	—	—	—	—	—	—	—	**30,481,138**
On Balance Sheet Gap		**329,525,176**	**136,156,828**	**68,379,708**	—	**42,505,861**	**5,042,314**	**7,999,656**	**38,455,951**	—	**30,984,858**

Year 2009

	Effective Interest Rate	Exposed to Interest Rate Risk									Non Interest Bearing Financial Instrument
		Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		Rupees									
On Balance Sheet											
Financial Assets											
Cash in Hand		24,992	—	—	—	—	—	—	—	—	24,992
Current and Other Accounts	5% To 6%	29,745,027	29,745,027	—	—	—	—	—	—	—	—
Deposits Maturing Within 12 Months	5% to 6%	30,000,000	30,000,000	—	—	—	—	—	—	—	—
Loans Secured Against Life Insurance Policies		8,424,813	—	—	—	—	—	—	—	—	8,424,813
Unsecured Advances to Employees		1,038,801	—	—	—	—	—	—	—	—	1,038,801
Investment	8% to 10%	197,559,818	—	—	64,023,797	—	41,486,495	13,939,474	34,235,226	—	43,874,826
Premiums Due But Unpaid		21,662,251	—	—	—	—	—	—	—	—	21,662,251
Amount Due From Associated Undertaking		—	—	—	—	—	—	—	—	—	—
Investment Income Accrued		4,693,758	—	—	—	—	—	—	—	—	4,693,758
Sundry Receivables		2,852,479	—	—	—	—	—	—	—	—	2,852,479
		296,001,939	59,745,027	—	64,023,797	—	41,486,495	13,939,474	34,235,226	—	82,571,920
Financial Liabilities											
Deferred Liabilities - Gratuity		90,550	—	—	—	—	—	—	—	—	90,550
Outstanding Claims		6,793,542	—	—	—	—	—	—	—	—	6,793,542
Amounts Due to Other Insurer and Reinsurer		5,826,610	—	—	—	—	—	—	—	—	5,826,610
Accrued Expenses		12,486,105	—	—	—	—	—	—	—	—	12,486,105
Agent's Balances		3,659,263	—	—	—	—	—	—	—	—	3,659,263
Other Creditors and Accruals		947,417	—	—	—	—	—	—	—	—	947,417
		29,803,487	—	—	—	—	—	—	—	—	**29,803,487**
On Balance Sheet Gap		**266,198,452**	**59,745,027**	—	**64,023,797**	—	**41,486,495**	**13,939,474**	**34,235,226**	—	**52,768,433**

30.3 Market Risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, activities, supply and demand of securities and liquidity in the market. The company is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

30.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to changes in market interest rates through its investment in other fixed income securities of Rs. 4,454,731 (2009: Rs. 5,356,827). Management considers that fluctuation in market interest rate will have no significant impact.

30.5 Fair Value Sensitivity Analysis for Fixed Rate Instrument

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

30.6 Other Price Risk

The company is not exposed to this risk.

31 FAIR VALUE OF FINANCIAL ASSETS

The fair value of all other financial assets and financial liabilities is estimated to approximate their carrying value.

32 INSURANCE RISK

32.1 Insurance Contract

The company issues contracts that are classified as insurance contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the company. Company classifies its contracts (policies) into group life, group accident and health, individual life and individual accident and health business. None of the contracts of the company contains discretionary participation feature. Company also offers some supplementary benefits attached in the form of riders with individual life contracts.

32.2 General Terms the Insurance Contracts Issued by the Company are as follows:

32.2.1 Group Policies

Group Life

The group life policies are generally one year renewable term insurance contracts. In most of the cases they provide group coverage to the employees of an employer. Group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. In many cases, supplementary coverage is also provided which may include accidental or natural disability benefits and additional accidental death benefit.

Under the group life insurance policies, in most cases, the insured event is either death due to any cause. In case of supplementary coverage, the insured event can include accidental death or disability or natural disability.

All the group insurance contracts are non participatory and have no cash value. Company has its own market personnel to sell group policies.

Group Health

The group health policies of the company provide covered against accidental death, disability, sickness and critical illness. These are generally one year renewable term insurance contracts which are non participatory and have no cash value. In most of the cases, they provide group coverage to the employees of an employer. Company has its own market personnel to sell these polices.

32.2.2 Individual Policies

Individual Conventional Life Products

The company stopped selling conventional type business since 2007. All enforce conventional policies were converted to universal life policies. Hence, in conventional life business, there are only non-participating paid-up conventional policies.

Individual Accident and Health Products

The company, in its accidental and health statutory fund, offers two individual one-year renewable term non-participating accidental products which provide covered against accidental death, disability, sickness and critical illness. These products are distributed through in-house agency of the company.

Universal Life Products

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the 'Universal Life Fund'.

Particulars of insurance contracts provided by the company under Universal Life are as follow:

Type of Insurance Contracts	Insurance Risks	Type of Customers	Insured Events	Method Used to Distribute
Mehfooz Sarmaya Plan	Mortality Risk, Investment Risk	From Age 18 to Age 60 Years (in Good Health)	Death	In-House Agency
Sarmaya Gold Plan (Single Premium)	Mortality Risk, Investment Risk, Accidental Death Risk	From Age 18 to Age 60 Years (in Good Health)	Death	In-House Agency
Scholar's Plan	Mortality Risk of Payer and Child, Investment Risk	Children From Age 1 to Age 17 With Related Payer From Age 18 to 60 (in Good Health)	Death	In-House Agency

The following riders are offered by the company which can be added to its periodic premiums Universal Life products:

1. Accidental Death Benefit
2. Accidental Indemnity Benefit
3. Term Insurance Rider
4. Major Surgery Benefit
5. Family Income Benefit Rider

32.2.3 Policyholders' Liabilities

The general principles adopted in the valuation of policyholders' liabilities for various classes of business and the reasons for adopting them are described below:

Group Policies

The liability in respect of group life and accidental and health insurance, and riders of all types, was set using the unearned premium method. Unearned premium reserve is held for that portion of premium which has not yet accrued at balance the sheet date. Due provision was made for claims Incurred But Not Reported ("IBNR") by analyzing claims incurred after the valuation date till the reporting date and past pattern of claim intimation lag from the date of occurrence of claim. The company also holds a premium deficiency reserve which reflects the view of the appointed actuary regarding the eventual loss ratio expected under group insurance contracts duly accounting for the IBNR provisions.

Individual Accidental Policies

The liability in respect individual accidental policies was set using the unearned premium method as described above for group business.

Individual Conventional Life Policies

The liability under individual conventional life assurances is calculated by deducting from the present value of the sums assured, ninety percent of the present value of the net premiums. Net premiums are calculated under the modified preliminary term method, to be the level net premiums on the valuation basis plus adjustments to allow for the first year expenses at 5% of net premiums for each year of the premium paying term (e.g. 50% for a term of 10 years), limited to 100% for a term of 20 years or more. EFU (1961-66) Mortality Table and a valuation interest rate of 3.75% are used for valuation of liabilities. As at the balance sheet date (valuation date), all conventional policies are either paid-up or are in benefit stage where the premiums have been ceased.

Individual Universal Life Policies

The liability for universal life business was calculated by summing up individual mathematical reserves of the policies. The mathematical reserves as at the valuation date were calculated individually in accordance with the bases outlined in the policy document. LIC (1994-96) Mortality Table is used as the base for deducting mortality charges. Suitable provisions were made for the unexpired mortality charges, expense charges, unexpired linked riders and investment income to be credited to each policy account in respect of the period from the policy anniversary date of the said calendar year up to the valuation date.

32.3 Liability Adequacy Test

The adequacy of liability held by the company has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based upon the results of this test the appointed actuary considers that the liability being kept by the company is adequate.

32.4 For the Frequency and Severity of Claims

In individual life business, the frequency and severity of claims is restricted because of underwriting strategies which does not permit higher sum assureds to higher age groups. Secondly, high sum assureds are reinsured. The mortality risk is well diversified because the insureds are spread all over Pakistan where the company has established branches.

In group life business, the number of groups and number of life insureds are enough to treat the business as well diversified. Hence, frequency of claims is controlled through diversification. The severity of claims is restricted due to reinsurance and requirement of medical underwriting for high sum assured insureds in the groups.

In group health business, the frequency and severity of claims is controlled through proper claim investigation processes and pacts between panel hospitals and the company. The severity is also controlled through upper limits on claims and exclusions of some high expense diseases. Additional premium is charged per thousand of a limit which covers some dread diseases.

However, the frequency can be affected in case there is a variation in the mortality rates experienced by the group of lives insured by the company. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

32.5 Accounting Estimates and Judgments

Mortality and Morbidity Experience

Mortality table based on experience of Indian Life Insured with some adjustments is used to value group life business. This assumption varies due to the volume of the group and nature of industry to which that group belongs.

Group health business is valued on the table of rates developed by the appointed actuary based on historical experience of the company. The assumptions vary due to change in medical inflation rates.

Persistency Rates for Long Term Individual Policies

The valuation of individual conventional paid up policies has been carried out using 100% persistency (i.e. the liabilities contain no recognition of lapses) as per the guidelines of SECP.

Expense Levels and Inflation

The following assumptions are used to value unexpired expenses for periodic premium individual Universal Life products:

a) 97% of the first year expense charge (90% of premium) occurs on the day of issuance of policy. The remaining 3% is reserved for unexpired term proportionately;

b) 30% of the second year expense charge (15% of premium) occurs on the first anniversary of the policy. The remaining 70% is reserved for unexpired term proportionately;

c) For group life and health, the basic premium is loaded 10% to 15% to cover administration expenses, excluding commission expense which is separately factored in. In group health, the assumption of average hospitalization expense per day is updated periodically based of medical inflation rates; and

d) In individual accidental policies, around 40% of premium is allocated to expenses and commission payments.

Investment Returns

The valuation of individual conventional paid-up policies has been carried out using 3.75% discount rate assumption as per the guidelines of SECP. The account values of universal life policies depends upon historical investment returns earned on these policies. Hence, the liability incorporates investment return distributed to the policyholder up to the valuation date. Due provision is made for unexpired investment income. The future investment returns are not sensitive to the liability as at the valuation date in respect of universal life policies.

Tax

There is no major impact of taxes on valuation of liabilities, future benefit payments and premium receipts.

32.6 Process Used to Decide on Assumptions

The assumptions are used only to value Individual Conventional Paid up Policies. These assumptions are fixed according to the SECP guidelines.

Mortality Assumption:	EFU (1961-1966) Table
Interest Rate:	3.75% per Annum
Expenses and Persistency:	No Explicit Assumptions

No assumptions have been made to value Universal Life Policyholders' Liabilities since the liabilities are based on actual account values as at the valuation date, i.e. Retrospective valuation method has been used.

32.7 Sources of Uncertainty in Estimation of Future Benefit Payments and Premium Receipts

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income. Likewise, unexpected changes in surrenders and lapses could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behaviour include, market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

32.8 Process for Estimation of IBNR and its Provisioning Mechanism

Due provision was made for IBNR claims by analyzing claims incurred after the valuation date till the reporting date. The claims actually intimated in January 2011 and February 2011 which pertains to calendar year 2010 were taken as IBNR reserve after adjusting the amount for unreported claims pertaining to 2010. For adjustment, the history of lags between the date of claim occurrence (e.g. death) and date of intimation was analyzed. The lag factors were developed and applied to total claims.

32.9 Sensitivity Analysis

Variables	Change in Variable	Change in Liability 2010	Change in Liability 2009
a) Long Term Insurance With Fixed Guaranteed Terms ***(Individual Life Conventional Paid Ups)***			
Worsening of Mortality and/or Morbidity Rates FOR Risk Policies	5% 10%	13,729 27,318	13,869 27,605
Variables			
Improvement of Mortality Rates for Annuities	N/A	N/A	N/A
Worsening of Persistency Rates for Long Term Individual Policies	No Assumption of Persistency in Estimating Policyholders' Liability		
Increase in Expense Levels and Inflation	No Assumption of Expenses on Estimating Policyholders' Liability		
Decrease in investment returns	The Discount Rate of 3.75% p.a. is fixed by SECP.		

b) Long Term Insurance Contracts Without Fixed Terms
(Individual Life Universal Life)

The policyholders' liability in respect of individual Universal Life business is based on accumulated account value with provision for unexpired charges. The liability does not have any explicit underlying assumptions and do not contain any uncertain item. Therefore, no sensitivity analysis is required.

32.9.10 Claim Development

Development of claims against insurance contracts issued is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year.

32.9.11 Management of Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of resulting claim. By the very nature of the contract the risk is random and unpredictable. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under contracts.

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposure are managed by having documented underwriting limits and criteria. Adequate reinsurance is arranged to mitigate the effect of potential loss to the company for large insured events. Further, the company adopts the strict claim review policies including active management and prompt perusing of the claims, regular detail review of claims handling procedures and frequent investigation of false claims to review the insurance risk.

The underwriter's freedom to underwrite is paramount. Therefore, the underwriter will have the discretion to decline, reduce, or modify the proposal or cut out a rider even if the case appears to be acceptable. Those risk subject to a higher than normal mortality are said to be sub-standard or impaired risk as their chances of surviving from year to year are impaired. Such lives are either accepted only with extra premium or with some restriction, or postponed or declined as the merits of individual case warrant. Free cover limit in case of group insurance business is set with the consulation of the appointed actuaries on case to case basis.

The insurance law has laid down some minimum criteria for insurance risk management, which is mandatory for all insurers. This includes guidance regarding minimum capital requirement for insurers, requirement to submit a financial condition report on an annual basis, minimum reserving basis for the financial condition report, minimum solvency requirements and requirement to match the currency of assets and liabilities. Also, the law lays down certain restrictions on the assets that may be counted as admissible assets, prescribes guidelines for valuation of assets and liabilities, prescribes reinsurance arrangements and prescribes guidelines for investment of funds. Strategy of the company to manage insurance risk meets the regulatory requirements in this regard in addition to internal company specific practices.

32.9.12 Other Risks

The company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the company level and identifies and describes the processes and strategy of management to manage these risks.

Expense Risk

The risk that the company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the company to adjust its pricing in time to account for higher than expected expenses

Lapse Risk

The risk the company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The company places tremendous emphasis on quality customer services and retention of clients by making persistency standard an integral part of the sales force culture. It has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the company culture and is an integral part of the monitoring of the sales force performance and remuneration.

Surrenders Risk

The reserving basis used by the company does not assume any surrenders. However, the company ensures that the reserves kept by it for each policy is more than its surrender value. This ensures that the company does not suffer any adverse impact in case any policies are surrendered.

Catastrophe Risk

The business of the company is spread in different geographical areas of the country. However, the insurance penetration rate in the country is very low. This means for any localized segment of the population only a small proportion of the people would be covered under life insurance. The proportion covered by the company policies is expected to be even smaller. As a result, any localized catastrophic event is not expected to have any significant impact on the company.

The situation is a bit different on the group insurance side where there is a higher concentration of risk because by its very nature this business often covers a large number of persons located within a restricted geographical area, such as a building or a factory premises. This risk is somewhat mitigated due to the presence of reinsurance cover for the individual and group policies. In addition, the premium rates of the company are signed to adequately cater for this risk. Premium deficiency reserve held by the company for its group business provides an extra layer of security against this risk.

Operational Risk or Pricing Risk

The company utilizes industry recognized underwriting practices to ensure that only standard risks are written on standard rates. Any sub-standard risks identified during the underwriting process are charged suitable extra premiums. This ensures fair and equitable treatment between various risk categories and helps in keeping its standard rates competitive by the insurance industry standards. This practice also protects the company against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium is automatically charged commensuration with such risk.

33 REINSURANCE RISK

Reinsurance ceded do not relieve the company from its obligation to policyholder and as a result the company remains liable for the portion outstanding claims reinsured to the extend that reinsurer fails to meet the obligation under the reinsurance agreement.

In order to minimize the financial exposure arising from large claims, the company, in normal course of business, enters into agreement with other reinsurers.

In order to manage this risk, the company obtains reinsurance cover only from companies with sound financial health. The company has reinsurance arrangements with "A" rated companies, Hannover Re and Mapfre Re, to cover the individual policies and group life insurance policies. There is no reinsurance assets shown as on December 31, 2010 (2009: Nil) balance sheet. The amount of Rs. 8,112,922 shows an amount due to reinsurance as on December 31, 2010 (2009: Rs. 5,826,610).

The detail summaries of reinsurance contracts of the company are as follows:

Name of the Reinsurer	Treaty Structure	Participation Share	Rating	Territorial Scope	Risk Covered
Hannover Rueckvericherunf AG	Quota Share	50%	"A"	Pakistan	Group Life Insurance Portfolio of Assumed: Basic Death and Accidental Death Dread Disease / Critical Hospitalization Total Permanent and Partial Disability
Hannover Rueckvericherunf AG	Surplus	Sum Assured above 200,000	"A"	Pakistan	Individual Life Insurance Portfolio of Assumed: Basic Death
Mapfre Re (Compania De Reaseguros, S.A)	Quota Share	25%	"A"	Pakistan	Group Life Insurance Portfolio of Assumed: Basic Death Accidental Death Dread Disease / Critical Hospitalization Total Permanent and Partial Disability

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on March 8th, 2011 by the Board of Directors of the Company.

35 SUBSEQUENT EVENT

There is no event subsequent to the balance sheet date that requires adjustment or disclosure in these financial statements.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman

MAHEEN YUNUS, CPCU
Managing Director &
Chief Executive

A. K. M. SAYEED
Director

JAVED YUNUS
Director

Statement of Directors

(As per the requirement of Section 46(6) and
Section 52(2) of the Insurance Ordinance, 2000)

Section 46(6)

(a) In our opinion the annual statutory accounts of East West Life Assurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;

(b) East West Life Assurance Company Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and

(c) As at December 31st, 2010 East West Life Assurance Company Limited continues to be in compliance with provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements

Section 52(2)c

(d) In our opinion, each statutory fund of East West Life Assurance Company Limited complies with the Solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2002.

CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD Chairman	**MAHEEN YUNUS, CPCU** Managing Director & Chief Executive	**A.K.M. SAYEED** Director	**JAVED YUNUS** Director

Statement by the Appointed Actuary

(As per the requirement of Section 52(2) (a) & (b)
of Insurance Ordinance, 2000)

In my opinion

(a) the policyholders' liabilities in the balance sheet of East West Life Assurance Company Limited as at December 31, 2010 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

(b) each statutory fund of East West Life Assurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000.

Karachi
Date: March 8th, 2011

Shujat Siddiqui, MA, FIA, FPSA
Appointed Actuary

Pattern of Holding of the Shares

Held by the Shareholders of East West Life Assurance Company Limited
As At December 31, 2010

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage
68	1	100	5,118	0.0102
564	101	500	263,607	0.5267
134	501	1,000	121,713	0.2432
167	1,001	5,000	472,009	0.9432
39	5,001	10,000	293,029	0.5855
18	10,001	15,000	228,743	0.4571
5	15,001	20,000	91,920	0.1837
5	20,001	25,000	118,100	0.2360
4	25,001	30,000	111,850	0.2235
1	30,001	35,000	34,401	0.0687
2	35,001	40,000	75,504	0.1509
1	40,001	45,000	44,000	0.0879
1	45,001	50,000	45,056	0.0900
2	55,001	60,000	117,599	0.2350
1	65,001	70,000	67,030	0.1339
1	80,001	85,000	83,419	0.1667
1	85,001	90,000	85,500	0.1708
1	100,001	105,000	101,000	0.2018
1	110,001	115,000	112,500	0.2248
1	285,001	290,000	288,673	0.5768
1	325,001	330,000	330,000	0.6594
1	360,001	365,000	362,198	0.7237
1	405,001	410,000	409,053	0.8174
1	425,001	430,000	426,525	0.8523
1	470,001	475,000	472,198	0.9435
1	575,001	580,000	579,695	1.1583
1	920,001	925,000	922,264	1.8428
1	1,025,001	1,030,000	1,026,015	2.0502
1	1,395,001	1,400,000	1,395,960	2.7894
1	1,910,001	1,915,000	1,911,050	3.8186
1	2,185,001	2,190,000	2,189,734	4.3755
1	2,290,001	2,295,000	2,293,329	4.5825
1	2,645,001	2,650,000	2,649,970	5.2951
1	3,240,001	3,245,000	3,240,297	6.4747
1	3,605,001	3,610,000	3,606,080	7.2056
1	3,995,001	4,000,000	3,998,643	7.9900
1	21,470,001	21,475,000	21,471,818	42.9045
1,034			**50,045,600**	**100.0000**

Shareholders	Number	Shares Held	Percentage
CEO, Directors and their Spouses and Minor Children	12	35,672,087	71.2792
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	2	3,607,080	7.2076
Individuals	1,020	10,766,433	21.5132
Total	**1,034**	**50,045,600**	**100.0000**

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Associated Company			
M/s East West Insurance Company Limited	1	3,606,080	7.2056
Other Company			
National Development Finance	1	1,000	0.0020
NIT & ICP			
ICP A/c. Mr. Yasin	1	100	0.0002
ICP A/c. Mst. Nasima	1	400	0.0008
ICP A/c. Mr. Mohammad Ashfaq	1	100	0.0002
ICP A/c. Mr. Zafar	1	100	0.0002
ICP A/c. Haji Sher Afqhan	1	400	0.0008
SHAREHOLDING 10%			
Naved Yunus	1	21,471,818	42.9045
CEO, Directors, their Spouses and Minor Children			
Maheen Yunus, CPCU	1	579,695	1.1583
Javed Yunus	1	362,198	0.7237
Pervez Yunus	1	472,198	0.9435
Omer P. Yunus	1	2,189,734	4.3755
Chief Justice (R) Mian Mahboob Ahmed	1	6,255	0.0125
A. K. M. Sayeed	1	3,553	0.0071
Rubina Yunus	1	409,053	0.8174
Samina Yunus	1	2,649,970	5.2951
Ambreen Yunus	1	288,673	0.5768
Shamaila Yunus	1	3,998,643	7.9900
Samad Yunus	1	3,240,297	6.4747
Individuals	1,015	10,765,333	21.5110
Total	**1,034**	**50,045,600**	**100.0000**

EAST WEST LIFE
ASSURANCE COMPANY LIMITED

It's not only about giving solutions...

It's about customized solutions!

All of us have aspirations for the future and start making plans appropriately, but life may have something else in store for us.

Let **East West Life** take the worry out of your saving and life insurance needs. Our comprehensive range of life insurance and investment products like **Mehfooz Sarmaya, Scholar's Plan, Sarmaya Gold, Personal Accident** and **Guaranteed Income** policies let you protect your family while giving you real peace of mind.

A Member of East West Group of Companies

Registered and Supervised by the Securities and Exchange Commission of Pakistan

Head Office: 310-EFU House, 3rd Floor, M.A. Jinnah Road,
Karachi-74000, Pakistan. Tel: (021) 32311662/5, 32310904, 32310726
Fax: (021) 32311667, UAN: 111-EWL-111 (111-395-111)

E-mail: info@eastwestlifeco.com
www.eastwestlifeco.com

Branch Network

Karachi
1 – 3 Mezanine Floor Al Huq Terrace,
Plot No. ZC-4, Block No. 6, Scheme 24,
Gulshan-e-Iqbal, Karachi.
Tel.:(021) 34977127, (0347) 2414622,
(0312) 2670448
E-Mail: gulshan.khi@eastwestlifeco.com

Hyderabad
Office # 13, 1st Floor, Shelter Shopping
Mall, Saddar Cantt., Hyderabad.
Tel.: (022) 3030913/5, 2915804, 2785001
Fax: (022) 2785002
E-Mail: sheltermall.hyd@eastwestlifeco.com

Lahore
Zonal Office*
2nd Floor, Naqi Arcade,
71, Shahrah-e-Quaid-e-Azam, Lahore.
Tel.: (042) 36280181, 36370717
Fax: (042) 36370711
UAN: 111-EWL-111 (111-395-111)
E-Mail: lahore.zone@eastwestlifeco.com

Bahawalpur
2nd Floor, Shahab Plaza, One Unit Chawk,
Bahawalpur.
Tel.: (062) 2285488

Sahiwal
1st Floor, Mansha Plaza, Lahore
Commercial Centre, Near General Bus
Stand, G. T. Road, Sahiwal.
Mobile: (0322) 7854248

Multan
2nd Floor, Ghaffar Plaza, Bohra Street,
Multan Cantt., Multan.
Tel.: (061) 4504345, 4504346,
Fax: (061) 4504348
E-Mail: ghaffarplaza.mul@eastwestlifeco.com

Sialkot
1st Floor, Yazdani Autos,
Opposite M. F. Elahi Building,
Kashmir Road, Sialkot.
Tel.: (052) 4297420

Sambrial
1st Floor, Habib Bank Limited,
G.T. Road, Sambrial, District: Sialkot.
Mobile: (0333) 8604563

Muzaffargarh
House No. 315, Imran Colony
D.G. Khan Road, Muzaffargarh.
Mobile: (0302) 6951501

Vehari
48-C, Mashallah Market, Vehari.
Tel.: (067) 3361409

Gujranwala
Office No.15, Data Market, Near Railway
Station, Opposite Sangam Cinema, G.T.
Road, Gujranwala.
Tel.: (055) 3857592

Layyah
1st Floor of Khan Plaza,
Main Choubara Road,
Layyah.
Tel.: (060) 6410371

Depalpur
Flat No. 1, 1st Floor, Bahadur Market,
Katchery Road, Depalpur, District Okara.
Mobile: (0345) 7543525

Islamabad
Office No. 40, 3rd Floor, Rose One Plaza,
I-8 Markaz, Islamabad.
Tel.: (051) 4862438, 4862471-2

Rawalpindi
Zonal Office*
55-A, Bank Road, Rawalpindi Cantt.
Rawalpindi.
Tel.: (051) 5514322, Fax: (051) 5564809
UAN: 111-EWL-111 (111-395-111)
E-Mail: rawalpindi.zone@eastwestlifeco.com

Gujrat
Near Grid Station/Police Chowk,
Sargodha Road, Gujrat.
Tel.: (053) 3538067, 3535658
E-Mail:
sargodharoad.guj@eastwestlifeco.com

Choa Saiden Shah
Ali Haider Market, Dalwal Road,
Choa Saiden Shah, District Chakwal.
Mobile: (0344) 5989960

Chakwal
1st Floor, Bait-ul-Mukarram Masjid,
Talagang Road, Chakwal.
Tel.: (0543) 553226

Talagang
3rd Floor, Bhatti Plaza, Palace Hotel,
Chakwal Road, Talagang.
Mobile: (0300) 5814289

Branch Network

Jhelum
F-1, 3rd Floor Shabbir Plaza,
Shandar Chowk, Jhelum.
Tel.: (0544) 263261, 720631,
Fax: (0544) 720631

Pind Dadan Khan
Village Karyala Jalab, P. O. Dharyala Jalab,
Teh. Pind Dadan Khan, District: Jhelum.
Tel.: (0458) 430588

Kharian
Al Fazal Plaza, Dinga Road,
Kharian, District Gujrat.
Tel.: (0537) 532255, Fax: (0537) 532266

Havelian
Railway Road, Main Bazar, Havelian.
Tel.: (0992) 810323, 810896

Gujar Khan
Flat No. 1, Ghani Plaza, 2nd Floor,
G.T. Road, Gujar Khan.
Tel.: (0513) 510697

Pindi Gheb
Gulf Plaza, Bhanora Chowk, Pindi Gheb.
Tel.: (0572) 350608

Haripur
Fazal Plaza, G.T. Road, Haripur.
Tel.: (0995) 612065, 665449

Muzafarabad (Azad Kashmir)
Flat No. 4, Azam Plaza, Opp.: PSO Petrol
Pump, Chehla Neelum Road,
Muzaffarabad (A.K.).
Mobile: (0300) 9111787

Mirpur (Azad Kashmir)
1st Floor, 23 Ayub Plaza, Mian
Muhammad Road, Mirpur (Azad Kashmir).
Tel.: (058610) 35491, 92898

Bhimber (Azad Kashmir)
Ch. Barkat Plaza, Samahni Road,
Bhimber (A.K.).
Tel.: (058650) 43551

Rawalakot (Azad Kashmir)
Near C.M.H., Rawalakot (A.K.)
Tel.: (058710) 43554

Peshawar
Zonal Office*
Room No. 1 & 2, 1st Floor, Sughra Building,
8-Saddar Road, Opp. State Bank of Pakistan,
Peshawar Cantt., Peshawar.
Tel.: (091) 5284725, Fax: (091) 5273874
E-Mail: peshawar.zone@eastwestlifeco.com

Swabi
Adda Flying Coach for Peshawar, Swabi.
Tel.: (0938) 222051

Note: *Besides the company's head office (stated on page number 10), corporate (group life and group health) insurance services are also offered at the above individual life sales offices marked with an asterisk (*).*

Quote Folio No.__________

FORM OF PROXY

18th Annual General Meeting

I/We ____

of ____

in the district of ____

being a member of East West Life Assurance Company Limited, hereby appoint ______________

______________________ of ______________________________

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 18th Annual General Meeting of the Company to be held on Tuesday, March 29th, 2011 at 04:30 p.m. at Pasni Hall of Serena Hotel, Zarghoon Road, Quetta, and at any adjournment thereof.

Signed this________ day of ___________ 2011

1) Witness :

Signature ____________________

Name ____________________

Address ____________________

CNIC No. ____________________

Passport No. ____________________

Please
affixe Rupees Five
Revenue Stamp

2) Witness :

Signature ____________________

Name ____________________

Address ____________________

CNIC No. ____________________

Passport No. ____________________

____

Signature of Member

IMPORTANT: This instrument appointing a proxy, duly completed, must received at the Registered Office of the Company at 28, Regal Plaza, M. A. Jinnah Road, Quetta, not later than 48 hours before the time of holding the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

EAST WEST LIFE
ASSURANCE COMPANY LIMITED

Registered Office
28 Regal Plaza, M. A. Jinnah Road, Quetta.
Tel. Off.: (081) 2822913, 2821397
Fax: (92-81) 2821460
E-Mail: registered.office@eastwestlifeco.com

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here

EAST WEST LIFE
ASSURANCE COMPANY LIMITED

Head Office:
310-EFU House, 3rd Floor, M.A. Jinnah Road,
Karachi-74000, Pakistan.
Tel: (021) 32311662/5, 32310904, Fax: (92-21) 32311667
UAN: 111-EWL-111 (111-395-111)
E-Mail: info@eastwestlifeco.com
Website: www.eastwestlifeco.com