

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

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

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

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

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

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

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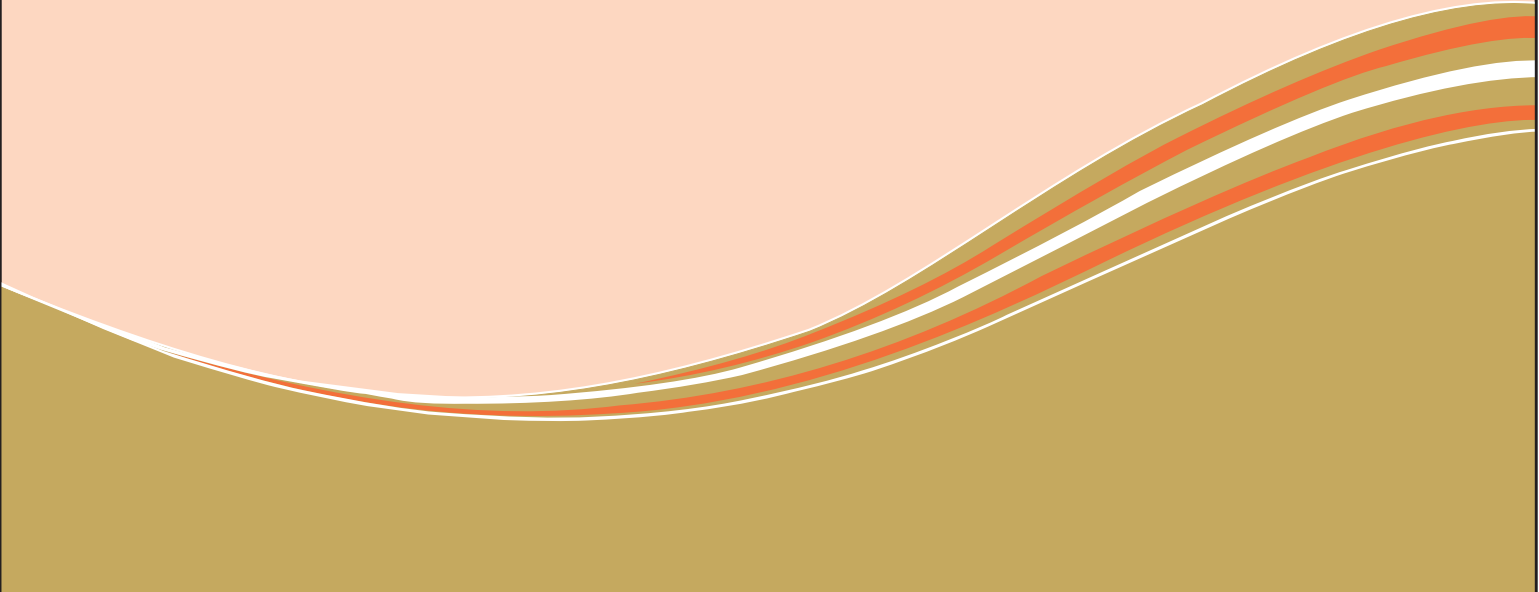
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[Quality services, innovative solutions and comprehensive risk cover]

OUR
VISION
OUR
VISION



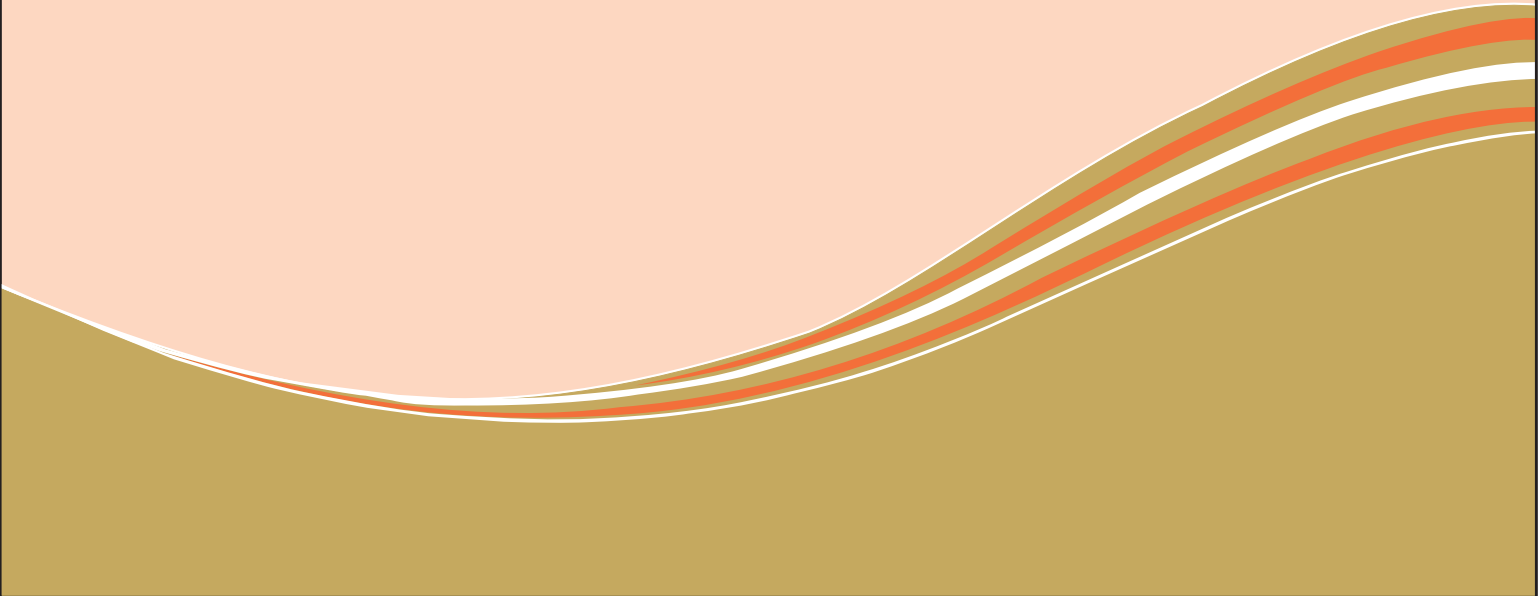


*To be amongst most trusted insurance security
of the country by providing protection to our
insured in most effective basis ensuring prosperity
for its stakeholders and growth with human
force.*



[Long term commitment to our valued clients]

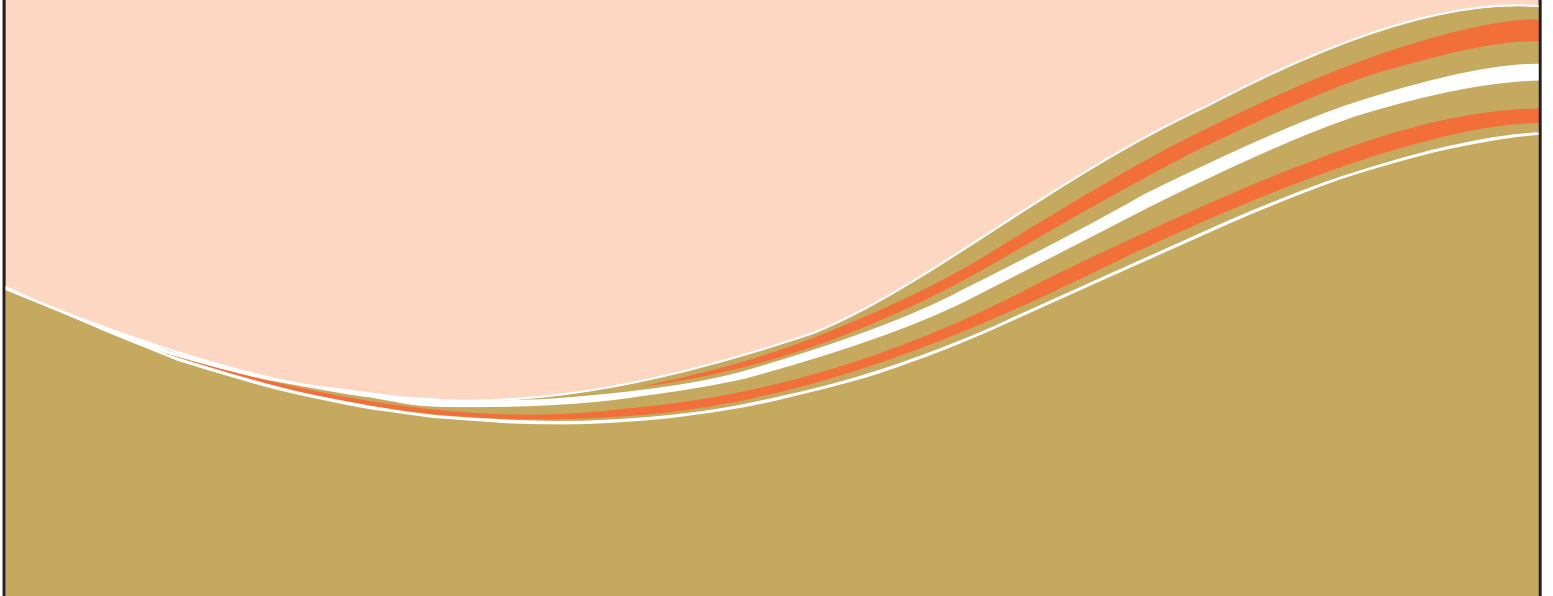
OUR
MISSION
OUR
MISSION



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

[Our team professionals ensure that quality is never compromised]

OUR
PEOPLE
OUR
PEOPLE



BOARD OF DIRECTORS



Chairman :

Chief Justice (R) Mian Mahboob Ahmad

Managing Director and Chief Executive Officer :

Naved Yunus

Director

Javed Yunus
Pervez Yunus
Maheen Yunus
Umeed Ansari
Ahsan Mehmood Alvi, FCA (England & Wales)
Tulu Javed Yunus, CPA

Company Secretary

Shabbir Ali Kanchwala

Legal Advisor

Khalid Law Associates

Auditors

Grant Thornton Anjum Asim Shahid Rahman Chartered Accountants

Tax Advisor

BDO Ebrahim & Co. Chartered Accountants
Afnan Tax Consultants

Shares Registrar

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

Registered Office :

27, Regal Plaza, Jinnah Road, Quetta.

Head Office :

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

IFS Rating : A (Single A) Stable Outlook

Website : www.eastwestinsurance.com.pk

Bankers :

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

COMMITTEES

Executive Committee :

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

Audit Committee :

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

Underwriting Committee :

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

Claim Settlement Committee :

MAHEEN YUNUS	Chairman
SHABBIR ALI KANCHWALA	Member
UMEED ANSARI	Member
MAZHARUDDIN	Member / Secretary

Reinsurance Committee :

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

Investment Committee :

NAVED YUNUS	Chairman
AHSAN MEHMOOD ALVI, FCA (England & Wales)	Member
SHABBIR ALI KANCHWALA	Member
ZAMRAN AYUB	Member / Secretary

Human Resource Committee :

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
UMEED ANSARI	Member
SHABBIR ALI KANCHWALA	Member
ADIL HUSSAIN	Member / Secretary

BOARD OF MANAGEMENT



Managing Director and Chief Executive Officer:

NAVED YUNUS

Executive Director (Marketing) :

JAVED YUNUS

Executive Director (Operation) :

PERVEZ YUNUS

Director Finance / Chief Financial Officer (CFO) :

SHABBIR ALI KANCHWALA

Director Operations :

ENGR. KAZIM RAZA

Regional Directors :

SAJJAD ZAFAR

IFTIKHAR HUSSAIN

MUHAMMAD FAYYAZ KHOKHAR

JAN MUHAMMAD

General Managers:

FAWAD AHMED KHOKAR

JAWAD FAYYAZ KHOKHAR

IBRAR ELLAHI QURESHI

MUSHTAQ AHMED AWAN

NASIHAT ALI KHAN

AQEEL ANSARI

MIR MUFFAKHAR ALI

CH. M. JAWAD SADIQ ALI

WAHEED-UL-HAQ SIDDIQUI

MUHAMMAD ARIF ALI

M. YASIN SAJID

MRS. ROBINA SHAHEEN

TASAWAR ELLAHI AWAN



Deputy General Managers:

TARIQ MAHMOOD BUTT
SYED SAJID ALI NAQVI
MUNIR AHMED SHAKIR
GEORGE JOHN
SYED KHALIL AHMED
AWAIS IFTIKHAR

Assistant General Managers:

SHAHZAD AQEEL
MUHAMMAD AAMIR KHAN
MUHAMMAD NAEEM AAMIR

Chief Managers:

SYED AZHAR AMIN HASHMI
NAVEEN FELIX (MARKETING)

Regional Managers:

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

Manager & Zonal Managers:

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

Executive Vice President:

SYED M. AFZAL KARIM

Senior Vice President:

RAJA M. IQBAL AHMED
DR. SHAHERYAR AHMED

Assistant Vice President:

ZEESHAN FAISAL
AZHAR MAHMOOD

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the 32nd Annual General Meeting of East West Insurance Company Limited will be held on Friday, April 3, 2015, at 11:00 A.M at the Registered Office of the Company located at 27, Regal Plaza, Jinnah Road, Quetta, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting of the Company held on March 31, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2014.
3. To consider the appointment of Auditors for the year ending December 31, 2015 and fix their remuneration. The retiring Auditors Messrs. Anjum Asim Shahid Rahman Chartered Accountants, being eligible offer themselves for re-appointment.
4. To approve the interim dividend as final distribution for the year ended December 31, 2014 announced on August 26, 2014 and already paid to the shareholders @ ten percent (10%), that is Rupees one (Rs. 1/-) per ordinary share of rupees ten (10) each.
5. To approve the interim bonus issue as final distribution for the year ended December 31, 2014 announced on August 26, 2014 and already issued to the shareholders in the proportion of one ordinary share for every ten ordinary shares held i.e. 10%.

SPECIAL BUSINESS:

6. Investment in East West Life Assurance Company Limited

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

“RESOLVED the company be and is hereby authorized under Section 208 of the Companies Ordinance, 1984 to make long term equity investment not exceeding PKR 108 million (Rupees One Hundred eight million) by way of purchase of upto 6,000,000 Ordinary shares of East West Life Assurance Company Limited, an associated company, from time to time from the secondary market at the prevailing market price not exceeding PKR 18/- per share subject to compliance with all legal requirements.

By the order of the board

Shabbir Ali Kanchwala

Company Secretary
Karachi: 7th March, 2015.

Notes:

1. The Share Transfer Books of the company will remain closed from April 2, 2015 to April 6, 2015, both days inclusive. Transfers received in order at Company's Share Registrar, Bema Associates (Private) Limited, 515, EFU House, M.A. Jinnah Road, Karachi, at the close of business on April 1, 2015, to attend and vote at the Meeting.
2. A member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.
4. Beneficial owner of the shares registered in the name of Central Depository Company of Pakistan (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan.
 - A. **For Attending the Meeting**
 - a. In case of individuals, the account holder and/or sub account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
 - b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
 - B. **For Appointing Proxies**
 - a. In case of individuals, the account holder and/or sub account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.



- b. The proxy form shall be witnessed by two persons, whose names, address and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case corporate entity, the Board, resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the company.

5. Shareholders are request to notify immediately for any Change in their address.

6. Notices to Shareholders who have not provided CNIC:

The directives of the Securities and Exchange Commission of Pakistan contained in S.R.O.831(1)2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders of the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNIC's are advised to provide the attested copies of their CNICs (if not already provided) directly to our Share Registrar at the address herein above without any further delay.

7. Placement of Financial Statements

The Company placed the annual Audited Financial Statements for the year ended December 31, 2014, along with the Auditors and Directors Reports on the website: www.eastwestinsurance.com.pk

8. Mandate for E-DIVIDENDS for shareholders

In order to make the process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividend may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism in view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing mandate form duly filled in and signed.

9. Deduction of Income Tax form Dividend at Revised Rates

Pursuant to the provisions of the Finance Act, 2014 deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follow:

S. No.	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	10%
2	Non-Filers of Income Tax Return	15%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COPMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 3, 2015.

Investment In East West Life Assurance Company Limited

- a. The Board of Directors of the Company in their meeting held on March 7, 2015 resolved to make equity investment in the associated company, East West Life Assurance Company Limited, subject to the consent and approval of members under section 208 of the Companies Ordinance, 1984.
- b. East West Life Assurance Company Limited is an associated company by virtue of common directorship of Chief Justice (R) Mian Mahboob Ahmad, Mr. Naved Yunus, Mr. Javed Yunus, Mr. Pervez Yunus, Mr. Maheen Yunus and Mr. Umeed Ansari.
- c. East West Insurance Company Limited intends to acquire up to 6,000,000 ordinary shares from the secondary market at the prevailing market price not exceeding PKR 18 per share for an amount not exceeding PKR 108 million.
- d. Except for the common directorship as mentioned above, the directors, sponsors, majority shareholders of the company and their relatives have no vested interest, directly or indirectly, in East West life Assurance Company limited and the proposed investment therein, except to the extent of their/spouses/children, shareholdings in the investee company.

- e. East West Life Assurance has no interest in the Company except that it is an associated company of the East West insurance Company Limited. The directors, sponsors and majority shareholders of East West Life Assurance Company limited have no interest except to the extent of their/spouses/children, shareholdings, if any in the East West Insurance Company Limited.

The information required under Regulation 3 (1) (a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012 is as under:

S.No.	Description	Information Required
1	Name of associated company	East West life Assurance Co., Ltd.
2	Criteria for Associated relationship	Common directorship
3	Purpose, benefit and period of investment	Strategic long-term investment for the company and to earn dividend and capital appreciation in the long run
4	Maximum amount of investment	Upto PKR 108 Million
5	Maximum price at which securities to be acquired.	Upto PKR 18 per share
6	Maximum number of securities to be acquired	Upto 6,000,000 ordinary shares
7	Number of securities and percentage thereof held before and after the proposed investment.	Present shareholding: Nil shares Shareholding after the proposed investment 6,000,000 shares percentage after proposed investment: 10%
8	Average of the preceding 12 weekly average price of the security intended to be acquired.	PKR 18 (from December 1, 2014 to March 7, 2015)
9	Break-up value of securities intended to be acquired on the basis of the last audited financial statements.	PKR 3.88 per share as per audited financial statements.
10	Earnings per share of the associated company for the last 3 year	Dec. 31, 2014 PKR 0.49 Dec. 31, 2013 PKR 0.10 Dec. 31, 2012 PKR (0.15)
11	Source of funds from which securities will be acquired a) Justification for investment through borrowings b) Details of guarantee & assets pledged for obtaining such funds	Own funds The gains/returns/dividend are expected to higher than the cost of funds
12	Salient features of all agreements entered into with the associated company or associated undertakings or with the company with regards to the proposed investment.	Purchase of shares is from the secondary market. Therefore, this is not applicable
13	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company and the proposed transaction.	Except for the common directorship Chief Justice (R) Mian Mahboob Ahmad, Mr. Naved Yunus, Mr. Javed Yunus, Mr. Pervez Yunus, Mr. Maheen Yunus and Mr. Umeed Asnari, the directors, sponsors, majority shareholders of the company and their relative have no vested interest, directly or indirectly, in East West Life Assurance Co., Ltd., and the proposed investment therein, except to the extent of their/spouses/children, shareholding in the investee company.
14	Any other important details necessary for the members to understand the transaction	None
15	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely; (i) description of the project and its history since conceptualization; (ii) starting and expected dated of completion of work; (iii) time by which such project shall become commercially operational; and (iv) expected time by which the project shall start paying return on investment;	Not applicable

FINANCIAL HIGHLIGHTS

(Rupees in million)

	2014	2013	2012	2011	2010	2009
Gross Premium	1,419.87	1,124.30	855.72	673.32	562.50	631.82
Direct Premium	907.01	723.61	584.65	426.10	389.20	427.75
Net Premium	760.24	622.57	467.72	387.69	331.97	436.97
Investment & Deposits	774.05	580.54	391.18	278.08	222.77	275.04
Investment Income	97.17	100.91	36.78	31.36	32.02	(561.66)
Total Assets	1,398.95	1,075.99	835.35	713.96	633.64	660.48
Fixed Assets	103.28	104.66	102.81	110.74	124.84	114.98
Paid up Capital	401.50	365.00	331.82	301.65	251.38	228.53
Share holder's equity	664.91	559.29	466.10	398.04	338.16	329.71
General Reserve	100.00	100.00	100.00	75.00	77.20	100.20
Claims Paid	496.80	374.44	282.51	262.09	316.28	303.47
Net Claims	305.39	253.99	179.32	153.90	151.33	178.30
Claim paid / Gross premium %	34.99	33.30	33.01	38.93	56.23	48.03
Other Management Expenses	148.29	115.96	92.20	78.17	66.55	87.24
Other Management Exp./Gross premium %	10.44	10.31	10.77	11.61	11.83	13.81
Net Commission	167.09	135.72	83.25	73.81	68.64	82.16
Underwriting Profit	139.47	116.90	112.96	81.80	45.46	89.27
Profit / (Loss) before tax	171.77	149.58	84.25	47.87	15.55	(528.00)
Profit / (Loss) for the year	142.13	126.37	68.06	35.00	8.44	(537.12)
Dividend / Bonus	73.00	66.36	30.17	25.14	22.85	-
Break up value per share (Rupees)	16.56	15.32	14.05	13.21	13.45	14.03
Earning per share (Rupees)	3.54	3.46	2.05	1.14	0.34	(23.50)

CHAIRMAN'S REVIEW



It is indeed my pleasure to present the Annual Report and review of the business on behalf of the Board of Directors of the company for the year ended December 31, 2014.

At the outset, I want to express profound thanks to our shareholders for their continued support and goodwill for the company, which has enabled us to scale greater heights in performance and delivery of insurance services for our valued clients during the last 32 years.

Global Development

According to a survey, International Monetary Fund was optimistic regarding world economic growth in 2014. However, the pace of recovery was envisaged as weak and uneven. As anticipated the economic activity was spilled over in 2014 with average growth projected for 2015 around 4%. Economy of United States registered moderate growth in 2014 after stagnation in 2013 whereas; it is expected to grow at 3% for the year 2015. It is presumed that the progress in the European countries will generally be more modest as Euro-zone has started to improve after the difficult period of recession and it is expected that the growth rate would rise to 1.5% in 2015.

Emerging markets and developing economies have also shown modest growth over 5.1% in 2014 and may go up to 5.4% in 2015. Growth in China rallied strongly in 2014 due to acceleration in investments and expected to moderate slightly around 7.5% in 2014-15. Incidentally, we are likely to be benefited by the economic growth of China as Pakistan enters into a comprehensive plan to create a new economic corridor between the two nations. The corridor will serve as a driver for connectivity between South Asia and East Asia. Pakistan will be benefitted from key export markets which undoubtedly show a bright future for the country. The government of Pakistan is also committed to bring reforms to the real sector growth as well as to increase investments and savings to help in addressing the rising unemployment issue.

Pakistan's Economy

Reflecting some improvement in electricity supply that fascinate increased industrial production growth in the gross domestic products reached an estimated 4.1% in fiscal year 2014 as against 3.7% in 2013. Reforms initiated by the government helped improve economic conditions during the year. Renewed support from development partners and income of US \$ 2 billion through Eurobond issue helped to stabilize the currency and rebuild the foreign exchange reserves from very low level. Continuation of economic reforms and efforts to improve the security environment would further improve business confidence and help to revive private investments. The Asian Development Bank outlook for FY 2015 projected growth rate of 4.2%. However even concentrated reforms will need several years to overcome the shortfall of electricity, gas and energy resources to effect the change needed to lift structural constraints and growth.

It is encouraging to note that the economy has taken the turn around on account of following serious economic agenda and striving sincerity to implement it. Early positive results particularly stabilizing foreign exchange reserves, depreciation of exchange rate, stability in price, exceptional increase in remittances, historical height of Karachi Stock Exchange, auction of 3G/4G licenses reinforce this view. The international financial institutions are also acknowledging and appreciating the positive signs of improvements in national economy.

The government is following austerity measures that have not been easy to make. These measures are although very painful, yet government had to resort to politically unpopular decisions in the best interest of the country to change the direction of its economy.

Insurance Industry

The insurance industry of Pakistan has shown perceptible change in the market dynamics since liberalization and reforms after promulgation of Insurance Ordinance 2000. However, it still requires lot of efforts to consolidate the growth and development of the industry in an orderly and sustainable manner. Notwithstanding the marginal improvement in insurance penetration and density, the industry largely remains under-penetrated. The market today is primarily dependent on tax incentives and mandatory buying for sales. There is very little customer pull, which will come from increasing awareness along-with increase in disposable income. However, in the long run,

the insurance industry is still poised for a strong growth as the domestic economy would steadily grow leading to rise in per capita and thus disposable income.

The insurance industry plays an important role in the financial system by providing indemnification of financial risks in the economy and also serves as an institutional investor to the capital and money market instruments. The size of our insurance industry is relatively small in proportion to its GDP. The size of insurance business also depends on the nature of insurance markets, regulating environment, accounting procedures and financial development.

According to insurance industry statistics, modest growth has been achieved in the industry during the last few years. However, the growth could have been much higher had there been a better awareness of general public towards the adverse nature of risk and its consequence. Although, the regulatory authority under the control of Commissioner of Insurance in SECP is taking praiseworthy initiatives to reform the insurance market, still insurance education and awareness programs are much needed for dissemination to general public through electronic and print media.

Our Company

East West Insurance Company Limited is a profitable, well capitalized and resilient insurer of Pakistan. Our success is built on dedication of our field staff and a combination of financial and underwriting discipline, customer centricity and operational excellence. We maintain our momentum in an increasingly volatile economic and social environment. Our strategy is designed to deliver profitable growth by leveraging the strength of our business making the best use of our resources to maintain our reputation as a trusted security.

Amidst challenging business environment in the country with competitive market within the insurance sector, we were able to extract a credible business earning of PKR 1.419 billion with a net premium income of PKR 760.242 million. Despite ever dwindling rates of premium giving extremely limited choice of risk selection, it is difficult to maintain steady progressive position in the industry. However with due consideration of prudent underwriting, we have been successful in earning underwriting profit for the company.

Sound and Prudent Management

Securities and Exchange Commission of Pakistan introduced regulations for Sound and Prudent Management in 2012 in order to promote sound corporate governance to encourage the Board of Directors and management for effectively utilizing their respective authorities. The rules were applicable to Chief Executive Officer, Principal Officers, directors and key personnel of insurance companies. Since the company pays special attention in compliance with the law and legal system, the management formed various management committees which include the HR Committee, Underwriting Committee, Claims Committee, Reinsurance Committee, Audit Committee and Executive Committee who regularly convene meetings to monitor the performance in respective areas of operations.

Investment Portfolio

Prudent investment also plays a significant role in the earning of an insurance company. However, it requires a professional team to monitor this portfolio in order to take the best utilization through investments in profitable ventures. Earlier in 2013 the management of the company introduced investment policy with the approval of Board of Directors. Investment Committee now frequently hold meetings to review the status of investment portfolio in accordance with the laid down principles in various sectors including government securities, corporate TFC's, mutual funds, and reputable stocks in accordance with the guidelines and rules/regulations permitted under the law. It is encouraging to note that during the year 2014 the equity/investment ratio of the company has incredibly improved with an investment income of PKR 97.173 million.

Benefits to Shareholders

The benefits of profitable results are also passed on to the valued shareholders in terms of dividend and/or bonus shares with the approval of Board of Directors. In closing of half yearly accounts for the year 2014, 10% cash dividend and 10% bonus shares were offered to the shareholders. I hope this gesture had been appreciated and endorsed by the majority of the shareholders. Based on the profitable results for the year 2014, the Board of Directors may consider further dividend/bonus shares to shareholders.

Acknowledgement

Before I close, I would like to place on record my deep appreciation and gratitude for the support we have received from Insurance Division of SECP, Karachi Stock Exchange, Insurance Association of Pakistan, Commercial Banks, and Financial Institutions and last but not the least our numerous stakeholders.

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

I also take opportunity to express my appreciation to our discerning customers, business associates for their support and inspiration. I sincerely thank my fellow directors for their wisdom and guidance in steering the company as a prudent insurer of the industry.

Finally, I would like to convey my deepest acknowledgement to our shareholders for their continued support and trust which has strengthened the company to its present glory.

With this in mind, I anticipate that Inshallah company will successfully face the challenges ahead bringing prospective improvement in overall business results in the year 2015.

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



Chief Justice (Retd.)
Mian Mahboob Ahmad
Chairman

Karachi Dated: 7th March, 2015

DIRECTOR'S REPORT

The Directors of East West Insurance Company Limited have pleasure in presenting the 32nd Annual Report along with audited statement of accounts for the financial year ended December 31st, 2014

Overview of Insurance Industry

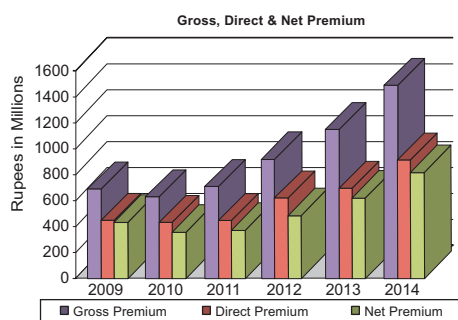
Insurance Industry of Pakistan is relatively small in size compared to international standards. Although, it has the potential for expansion, however, it lacks trained and experience manpower to support the industry to provide adequate protection to its clients. The overall results of the insurance industry for the year 2014 are in the process of compilation and we expect an increase of around 10% in gross premium to exceed Rs.150 billion mark. Major contribution towards this figure is from public sector insurance companies.

It is encouraging to note that despite dwindling of premium rates under competitive market particularly in motor and marine insurance portfolios, the premium of the non-life insurance is progressively increasing. It will be further augmented as general insurance companies are now allowed to open window for Takaful insurance. We are also considering to underwrite Takaful Insurance in future to supplement the premium income of the company.

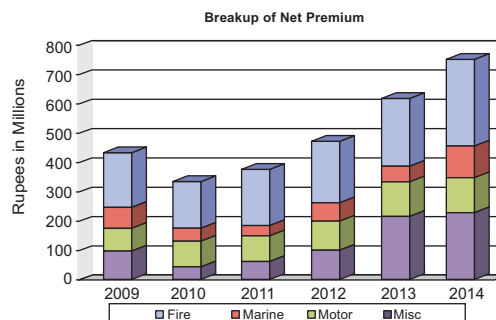
Our Performance

Despite unhealthy economic conditions and extremely disappointing law and order situation, the company by the grace of Almighty Allah has earned gross premium of PKR 1.419 billion thus showing an increase of approximately 26.29% compared to previous year. Net premium revenue has also increased to Rs.760.242 million. With due consideration of claims and other expenses, pre-tax profit of the company has increased to Rs.171.768 million thus giving increase of 15.61% compared to previous year. The investment income during the year 2014 has also made valuable contribution towards overall profitability. Summarized results of the company for year 2014 are as tabulated below giving comparison with previous year to view the operational efficiency of the company through the dedicated efforts of management and its professional team:

Particular	2014 (Rs/million)	2013 (Rs/million)	% increase (decrease)
Gross Premium	1,419.87	1,124.29	26.29
Net Premium	760.24	622.57	22.11
Claims Paid	496.80	374.44	32.68
U/W Profit	139.47	116.90	19.31
Paid-up-Capital	401.50	365.00	10.00

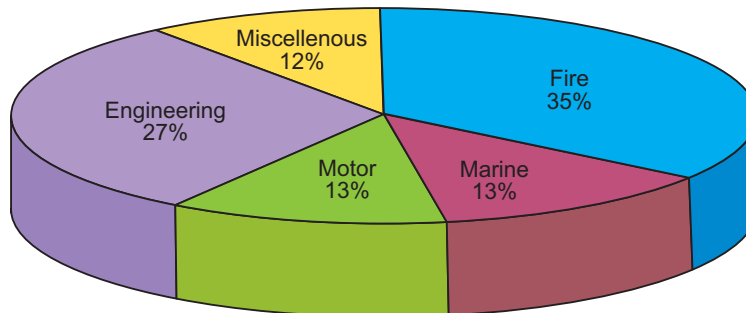


2009	2010	2011	2012	2013	2014
Rupees in Million					
Gross Premium					
631.82	562.50	673.32	855.72	1,124.30	1419.87
Direct Premium					
427.75	389.20	426.10	584.65	723.61	907.01
Net Premium					
436.97	331.97	387.69	467.72	622.57	760.24



2009	2010	2011	2012	2013	2014
Rupees in Million					
Fire					
205.4	158.70	188.85	208.56	224.49	299.11
Marine					
59.97	43.99	39.29	61.22	67.48	105.85
Motor					
86.92	96.01	82.62	88.08	106.10	121.49
Misc					
84.76	33.27	76.93	109.86	224.50	233.80

Gross Premium Break up



Class wise Premium

Fire/Property Insurance

The company underwritten gross premium of PKR 503.94 million under fire insurance portfolio showing increase of 30.83% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 62.23 million thus showing increase of 21.42% compared to year before.

Marine Insurance

Gross premium underwritten in Marine Portfolio including Marine Hull was PKR 187.63 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 30.57 million. Despite limited premium income, this portfolio has shown a better performance compared to other classes of business.

Motor Insurance

Motor portfolio contributes around 13% of income towards gross premium. Motor underwriting has inherent risks of losses particularly due to total loss of vehicles through accidents and or theft/snatching etc. Having said that motor portfolio provides substantial cash flow with limited profitability. In 2014 we have underwritten gross premium of PKR 177.81million with marginal underwriting profit of PKR 17.34 million.

Engineering Insurance

Insurance companies are providing protection against accidental losses during execution of development projects. Our company is duly registered with Pakistan Engineering Council and various other government authorities for providing insurance cover to ongoing development projects. In this regard we have extremely cordial relations with contractors of national and international repute who normally approach us for seeking insurance on their projects.

Beside insurance of projects, we also provide Professional Indemnity insurance to reputed consultants for their design, planning and construction supervision of proposed projects. During 2014 we have underwritten gross premium of PKR 376.983 million through direct and facultative insurance in this class of business.

Miscellaneous Accident

Personal Accident Insurance was first introduced in England in 1845 following the invention of steam engine. This class of Insurance developed rapidly following the promulgation of the Act in 1900, and is now widely purchased all over the world.

The deteriorating law & order situation in the country in general and in metropolitan cities in particular has resulted in increased demand for this type of Insurance. As a result, people tend to insure themselves against variety of risks. This includes Personal Accident, Household Insurance, Burglary Insurance, Public liability, Cash in Safe and Transit Insurance & Workmen Compensation. In the year 2014 we have underwritten gross premium of PKR 6.258 million in this portfolio.

Travel and Health Insurance

East West Insurance Company is also underwriting Travel and Health insurance through its corporate offices in Islamabad and Regional Office (South) Karachi. This portfolio is robustly growing through our countrywide network of branches. In addition we are also supporting various travelers who require travel insurance for processing VISA by foreign missions in Pakistan. Incidentally, we are enlisted on the panel of various embassies/consulates who accept our insurance policies to process VISAS for travelers. In 2014, we have underwritten gross premium of PKR 74.48 million.

Crop & Livestock Insurance

Agriculture continues to maintain its status as the single largest sector of the national economy in supporting GDP. Moreover, majority of population of the country lives in rural areas and are directly or indirectly dependent on agriculture for their livelihood.

Crop farming is to a large extent weather dependent and hence requires insurance protection against floods, drought, untimely rains, hailstorm etc. East West Insurance Company is pioneer in Crop Insurance and our proposed idea of Catastrophic Insurance is widely adopted by a number of insurance companies with adequate reinsurance support from international reinsurers.

Livestock is also a part of agricultural industry of Pakistan and plays a significant role in the rural economy of Pakistan. Livestock produce is rapidly growing in the country as its demand is increasing with the growth of population of Pakistan. East West Insurance is proud to have been involved with Livestock insurance right from the beginning and is one of the leading insurers with valuable experience in this field. The company provides comprehensive all risk insurance cover for animals against disease or accidental loss of life due to fire, lightning, snakebite and calving.

In 2014 we have underwritten gross premium of PKR 33.197 million under Crop & Livestock portfolio.

Liability Insurance

Liability portfolio contributes around 5% of income to our gross premium. This portfolio grew rapidly due to increased activities of foreign companies and contracting firms operating in Pakistan. In 2014 we have underwritten gross premium of PKR 59.57 million.

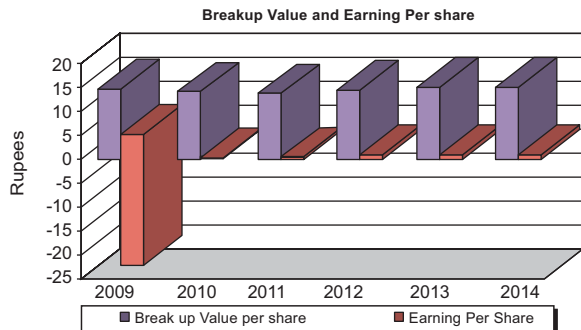
Credit Rating

Credit rating of East West Insurance Company Limited is conducted by Pakistan Credit Rating Agency (PACRA) for the year 2014-15. Based on their assessment, PACRA has awarded credit rating 'A' with stable outlook for the year under review with due consideration of the following salient features:

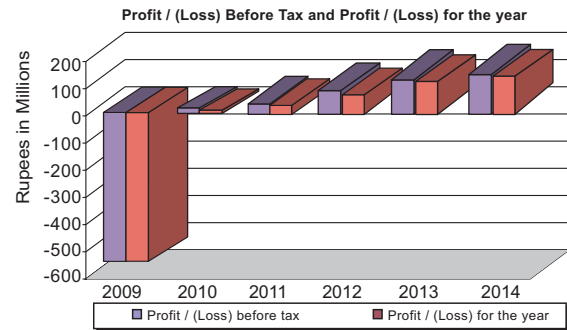
- Appreciable growth in premium income
- Strong financial reserves/base
- Prudent management strategy
- Enhanced liquidity to equity ratio
- Strong risk absorption

Reinsurance Arrangements

The international reinsurance market remains stable during 2014. However due to small size and low GDP penetration, top class world renowned reinsurers from Europe has discontinued its direct support to Pakistan insurance industry. Beside poor law and order situation and economic conditions, remark difference in exchange rates between rupee and hard currencies have also made it less attractive for European reinsurers to maintain their presence in Pakistan. The increasing losses of natural hazard such as floods, earthquake and excessive rains have also discouraged the reinsurers to support the insurance industry.



2009	2010	2011	2012	2013	2014
Rupees					
Break up value					
14.03	13.45	13.21	14.05	15.32	16.56
Earning per share					
(23.50)	0.34	1.14	2.05	3.46	3.54

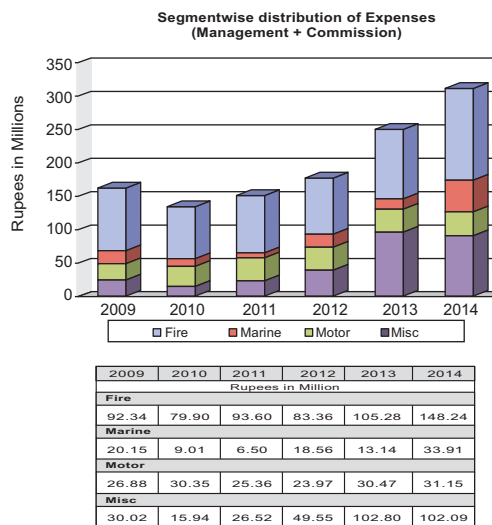
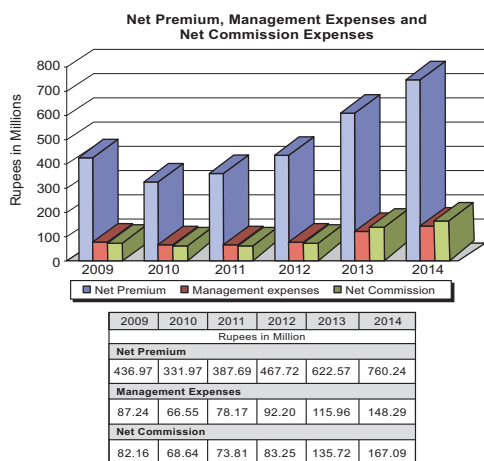


2009	2010	2011	2012	2013	2014
Rupees in Million					
Profit/(Loss) before tax					
(528.00)	15.55	47.87	84.25	148.58	171.77
Profit/(Loss) for the year					
(537.12)	8.43	35.00	68.06	126.37	142.13

Considering the above stated reasons, the reinsurers now support the industry through non-proportional treaties. Since 2012 we are also maintaining non-proportional treaties under the lead of 'A' rated reinsurers. Keeping reasonable retention on our own account, the results during the last three years are extremely positive as most of the claims are paid by the company under net account. In view of the profitable results and our goodwill in the international reinsurance market, we have successfully renewed our underwriting capacity for the year 2015.

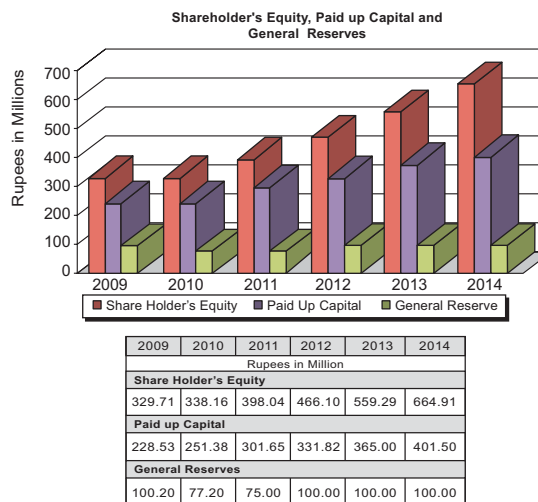
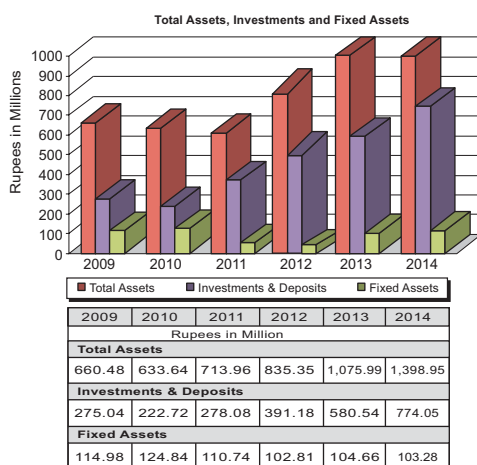
Human Resource

The success of a company is judged by the caliber of its workforce. EWI is committed to development of its employee and ensures that suitable skills are developed at all levels for improved efficiency. The management also pays special attention for training at all levels and nominates officers and staff for training courses in Pakistan and abroad to give them suitable exposure in their respective fields of operations. Beside training courses, officers are also deputed for international seminars and workshops for suitable exposure.



Financial Results

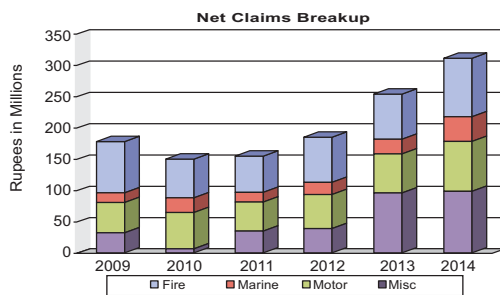
In the year 2014 the company recorded an underwriting profit of PKR 139.47 million. Profit before tax for the year 2014 was PKR 171.77 million as compared to PKR 148.58 million in the previous year. The profit after tax is PKR 142.13 million showing a net gain of 12.47%. The profitable returns have also increased the earning per share in the year 2014. Incidentally it was PKR 3.15 in the year 2013 whereas on 31st December, 2014 the earning per share stands at PKR 3.54.



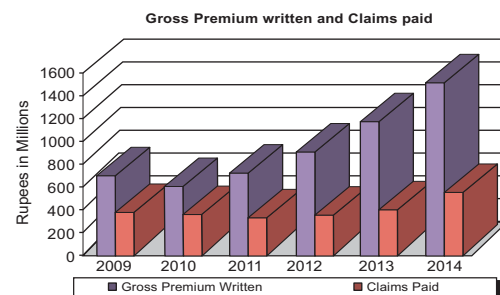
Solvency Margin

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

Apart from income of the company, most controlled expenses also play a vital role to support financial health of the company. Hence, it is extremely important to keep a check on un-prudent expenses to avoid unnecessary drain of funds. However, despite best efforts and austerity, it is extremely difficult to cut down on management expenses under the overall inflationary trend in the market. Reduction in expenses could also endanger the competence of HR and quality of service resulting in decline in the income of the company. The bottom line is the optimal expense which justifies the quality as well as quantum of our premium income.



Year	2009	2010	2011	2012	2013	2014
Rupees in Million						
Fire	77.40	70.04	63.16	69.73	67.96	88.64
Marine	23.52	18.96	12.88	20.65	31.26	41.36
Motor	42.90	55.09	46.90	46.90	59.62	73.00
Misc	33.14	7.18	30.96	42.04	95.15	102.39



Year	2009	2010	2011	2012	2013	2014
Rupees in Million						
Gross Premium written	631.82	562.50	673.32	855.72	1,124.30	1,419.87
Claims Paid	303.47	316.28	262.09	282.51	374.44	496.80

The Board of Directors

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

Chairman's Review

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

Appreciation and Acknowledgement

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

We would also like to record our appreciation for the cooperation and professional support by the Insurance Divisions of Securities Exchange Commission of Pakistan. Finally, we also acknowledge the hard-work and dedication of our marketing teams, marketing staff, officers and staff members for achieving the desired goals and objectives of the company and look forward for their continued support in the year 2015.

APPROPRIATIONS: (Rupees in '000)

The working results of the company for the year 2014 are as under:

Profit before tax	171,768
Less: Taxation	(29,641)
Profit for the year	142,127
Add: Balance brought forward from previous year	94,283
Amount available for appropriation	236,410
Interim cash dividend 10%	(36,500)
Issuance of bonus shares 10%	(36,500)
Balance carried forward	163,410

Corporate and Financial Reporting Framework

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
 - Proper books of accounts of the company have been maintained.
 - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
 - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure therefrom has been adequately disclosed.
 - The system of internal control is sound in design and has been effectively implemented and monitored. The Board is ultimately responsible for the company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss. The process used by the Board to review the effectiveness of system of internal control include, 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, and discusses the actions to be taken in areas of concern with the relevant executive directors.
 - An organizational structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.
 - The Board has approved the business strategies for the divisional level. In addition, there is an annual budgeting and strategic planning process. Financial forecasts are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in business 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.
 - Review of the group's health, safety, environment contingency management processes and other significant policies.
- There are no significant doubts upon the company's ability to continue as a going concern.
 - There has been no material departure from the best practices of the Pakistan Institute of Corporate Governance (PICG).
 - The value of investment in the provident Fund based on the un-audited accounts as at 31st Dec. 2014 is Rs.24,150,598/-.
 - There has been no undisclosed 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 / Sub-Committee Members / Secretary	Board Meetings	Audit Committee	Underwriting Committee	Reinsurance Committee	Claims Committee	Investment Committee	H.R. Committee
No of Meeting held	04	04	04	04	04	13	04
ATTENDANCE							
Chief Justice (R) Mian Mahboob Ahmad	04	-	-	-	-	-	-
Mr. Naved Yunus	04	-	-	04	-	13	-
Mr. Javed Yunus	03	-	-	-	-	-	-
Mr. Pervez Yunus	03	-	04	-	-	-	-
Mr. Maheen Yunus	04	04	04	04	04	-	-
Mr. Tulu Javed Yunus	01	-	-	-	-	-	-
Mr. Umeed Ansari	04	04	-	-	04	-	04
Mr. Ahsan Mehmood Alavi	03	04	-	-	-	10	04
Engr. Kazim Raza (Alternate Director in place of Mr. Tulu Javed Yunus)	03	03	04	04	-	-	-
Mr. Shabbir Ali Kanchwala	-	-	-	-	04	13	04
Mr. Johry Lal	-	04	-	-	-	-	-
Mr. Mazhar uddin	-	-	-	-	04	-	-
Syed Arshad Ali	-	-	-	04	-	-	-
Mr. A.K.M. Sayeed	-	-	-	-	-	03	-
Mr. Ismail Ibrahim	-	-	-	-	-	13	-
Mr. Muhammad Shareef	-	-	04	-	-	-	-
Mr. Adil Hussain	-	-	-	-	-	-	04

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

Insurance Ordinance, 2000

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

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

Auditors

The present auditors M/s Anjum Asim Shahid Rahman (Chartered Accountants) retire and being eligible, have offered themselves for reappointment. The external auditors, hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the audit Committee, the Board of Directors, has recommended the appointment of M/s. Anjum Asim Shahid Rahman (Chartered Accountants) as auditor of the company for the year 2015, at a fee to be mutually agreed.

Pattern of Shareholding

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

Gratitude

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

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

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

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

For and on behalf of the Board of Directors.



NAVED YUNUS

Managing Director &
Chief Executive Officer

Karachi Dated: 7th March, 2015

STATEMENT OF COMPLIANCE



WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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

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

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committees have been formed and advised to the committees for compliance.
17. The Board has formed a HR and Remuneration Committee. It comprises of three members. During the year four meetings were held.
18. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final result, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Karachi Stock Exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.
24. The Board has been updated with respect to amendment in various relevant regulations.
25. The Board has formed an underwriting committee and it comprises of three members.
26. The Board has formed an executive committee and it comprises of six members.
27. The Board has formed a claim committee and it comprises of four members.
28. The Board has formed a re-insurance committee and it comprises of four members.
29. The Board has formed an investment committee and it comprises of four members.



NAVED YUNUS
Managing Director &
Chief Executive Officer

Karachi Dated: 7th March, 2015

REVIEW REPORT



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of East West Insurance Company Limited for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No.35 of Karachi Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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, 2014.

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

Karachi Dated: 7th March, 2015

STATEMENT OF COMPLIANCE

with the Best Practices on Transfer Pricing

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

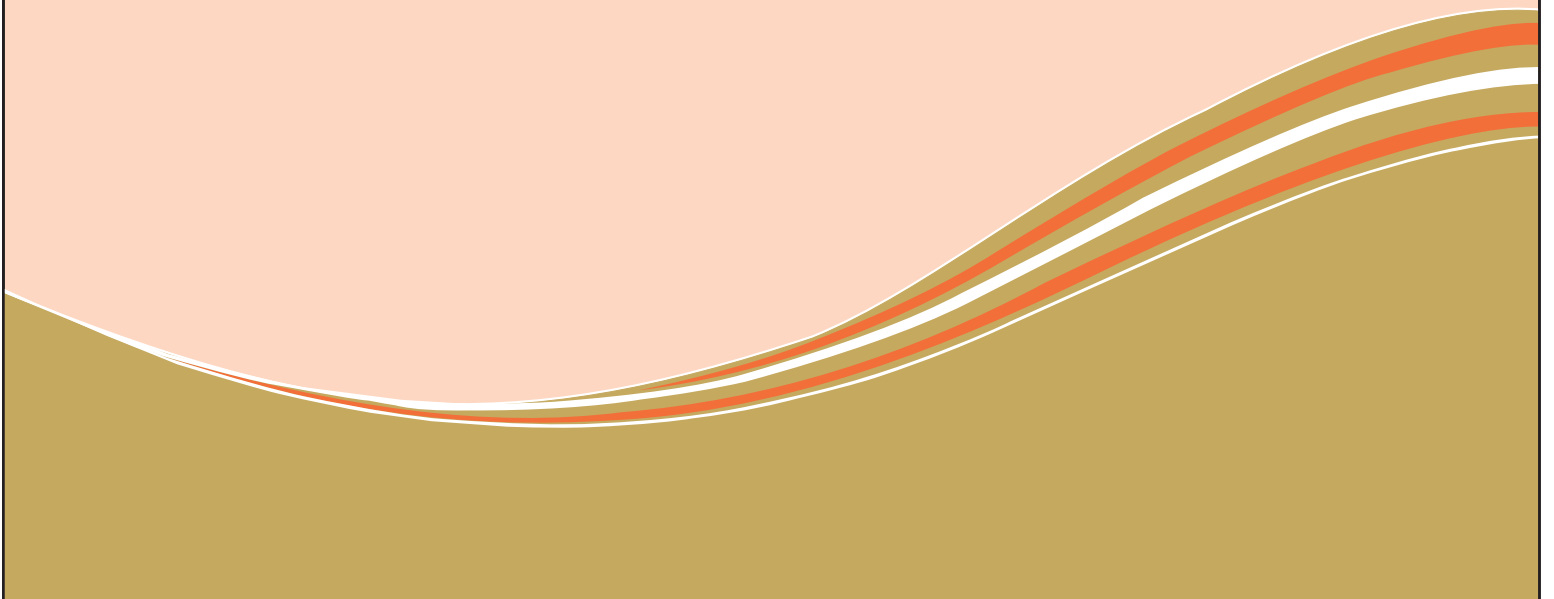


NAVED YUNUS
Managing Director &
Chief Executive Officer

Karachi Dated: 7th March, 2015

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

OUR SERVICES



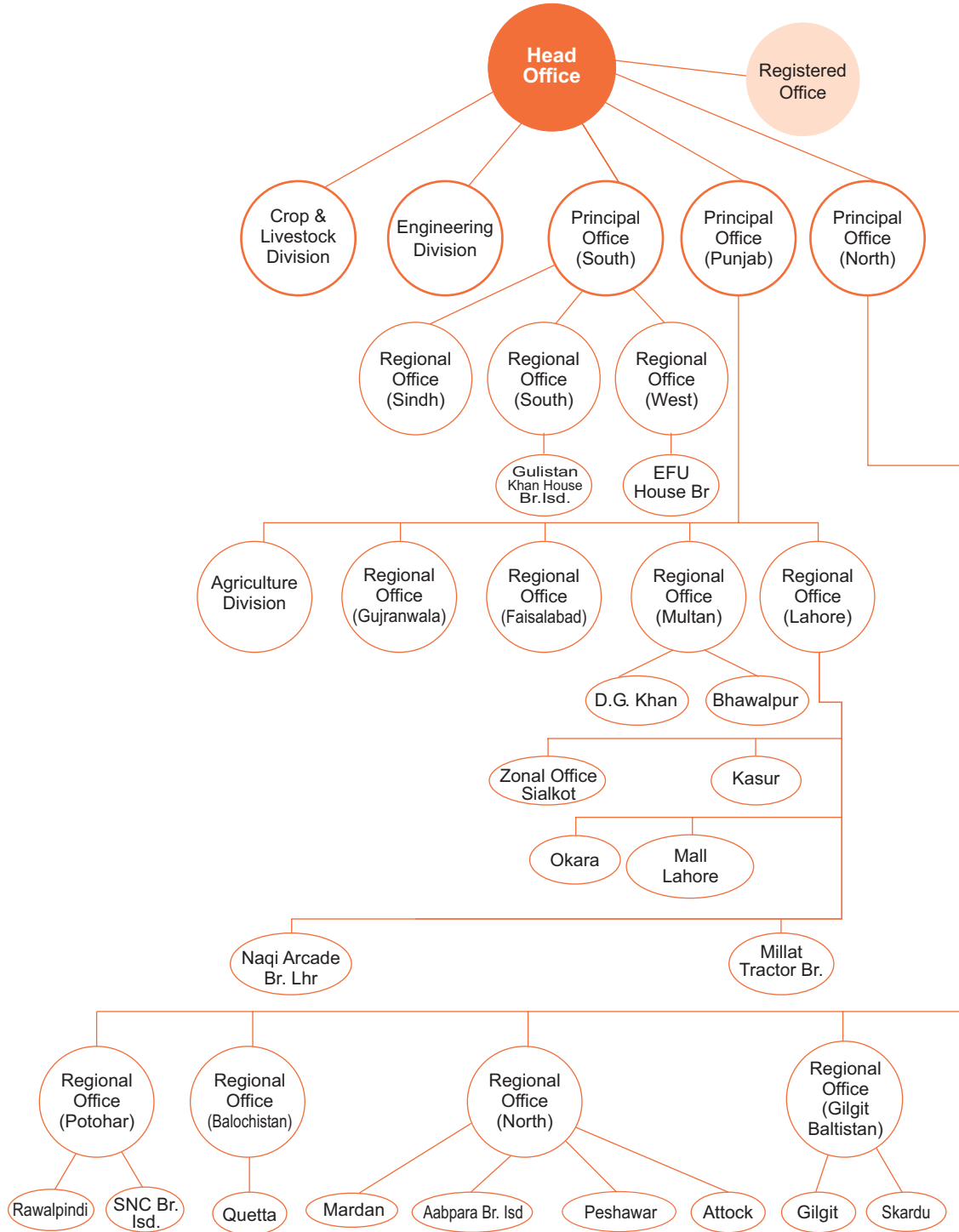
ORGANIZATIONAL SET-UP



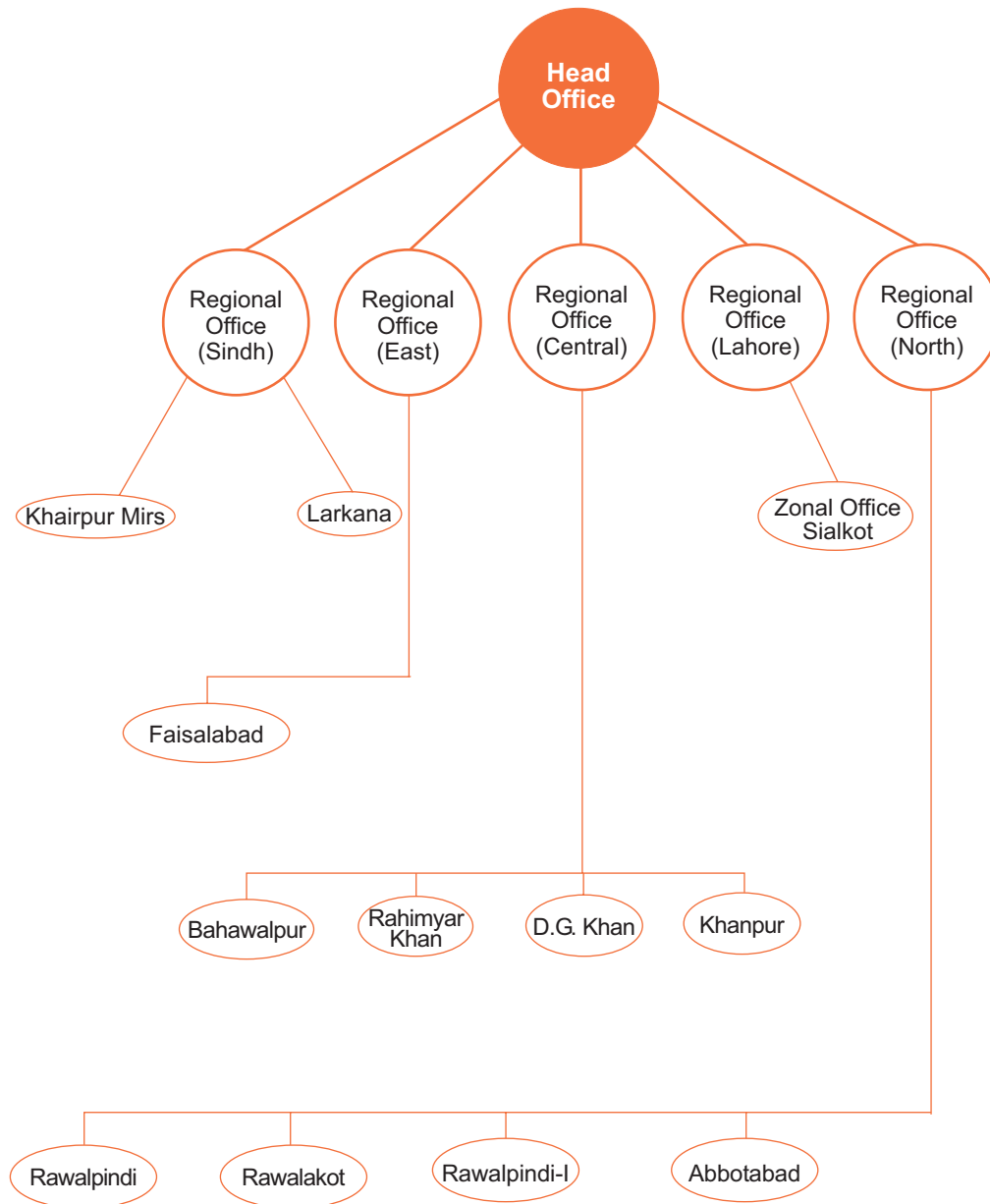
- A. Company Offices & Branch Network**

- B. Agencies Network**

COMPANY OFFICES & BRANCH NETWORK

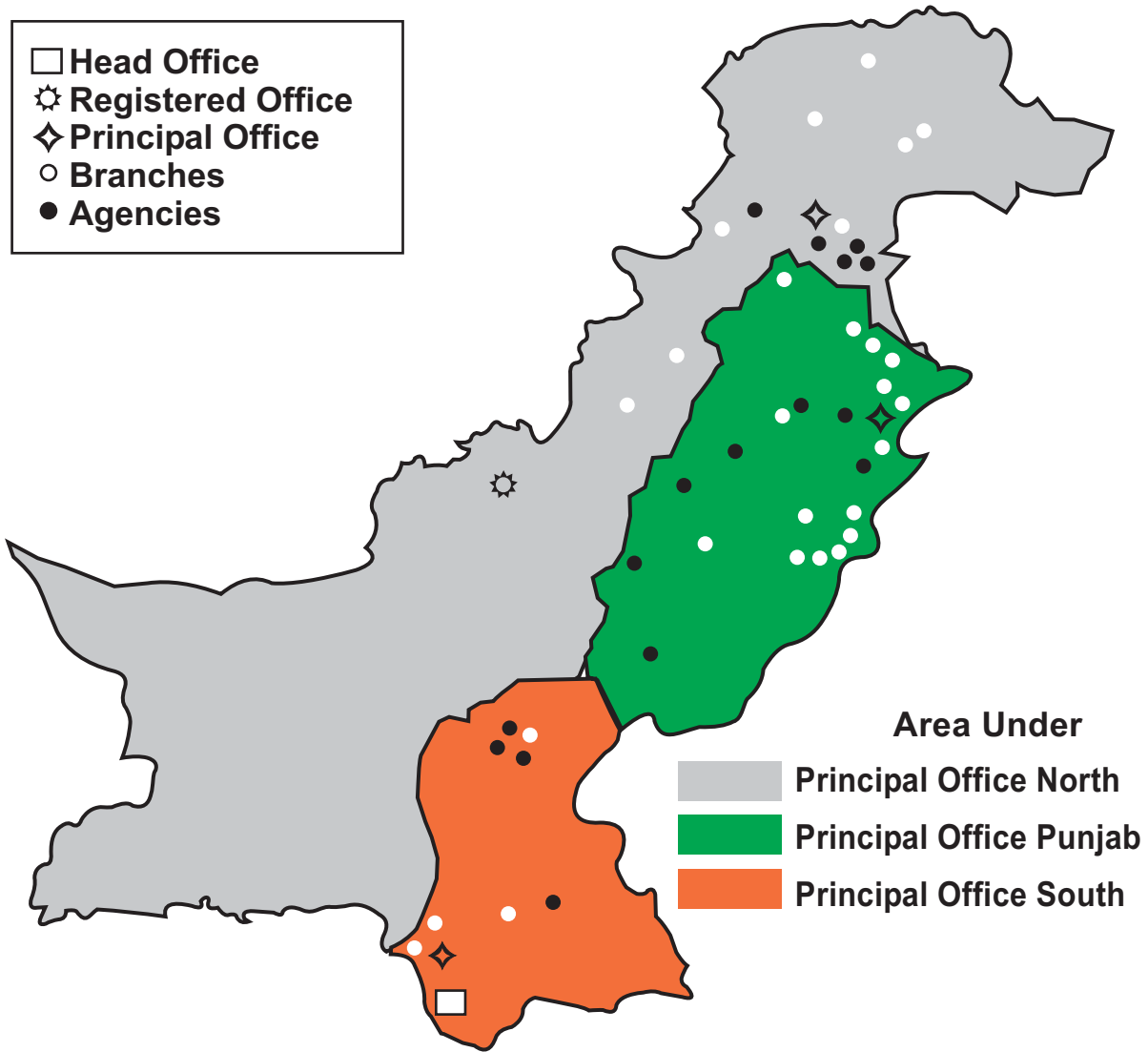


AGENCIES NETWORK





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



COMPANY OFFICES & BRANCHES



REGISTERED OFFICE	27, Regal Plaza, Jinnah Road, Quetta. Tel : (081) 2822913, 2821397 Telefax: (081) 2821460
HEAD OFFICE	410-414, EFU House M. A. Jinnah Road, Karachi. Tel : (021) 32313304-11 Telefax: (021) 32310851, 32311904 Website: www.eastwestinsurance.com.pk E Mail : ewire@cyber.net.pk E Mail : info@eastwestinsurance.com.pk
PRINCIPAL OFFICES	
NORTH	Al-Asghar Plaza, 20, Blue Area, F-6, Islamabad. Tel : (051) 2276663-5 Telefax: (051) 2822207 E Mail : ewi.isd@dal.net.pk
PUNJAB	1st Floor, Naqi Arcade, 71-Shahrah-e-Quaid-e-Azam, Lahore. Tel : (042) 36306573, 36370703, 36375553 Telefax: (042) 36361479, 36368849 E Mail : ewins@brain.net.pk
SOUTH	410, EFU House M. A. Jinnah Road, Karachi Tel : (021) 32314832 Telefax: (021) 32200128

SPECIALIZED DIVISIONS UNDER HEAD OFFICE

CROP DIVISION	410 EFU House, M.A Jinnah Road, Karachi. Tel : (021) 32313304-11 Fax : (021) 32311904
ENGINEERING DIVISION	410-414, EFU House M.A. Jinnah Road, Karachi. Tel : (021) 32314832 Fax : (021) 32200128

BRANCH OFFICES UNDER PRINCIPAL OFFICE (SOUTH) KARACHI

REGIONAL OFFICE (WEST)	403, Business Centre, Mumtaz Hassan Road Off, I.I Chundrigar Road Karachi. Tel : (021) 32426352 Fax : (021) 32426349	Karachi City
REGIONAL OFFICE (SOUTH)	B-1 Shafeeq Plaza, 255/A, Sarwar Shaheed Road, Karachi. Tel : (021) 35381403, 35681424, 35621690-3 Fax : (021) 35621700 E Mail : cwiros@hotmail.com cwiros@eastwestinsurance.com.pk	Karachi City
GULISTAN KHAN HOUSE BRANCH	Office # 303, 3rd Floor, Gulistan Khan House, Fazal-e-Haq Road, Blue Area, Islamabad. Tel : (051) 2802491-4 Fax : (051) 2802490	Islamabad Rawalpindi

BRANCH OFFICES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

REGIONAL OFFICE (SINDH)	House No. C-217, Naseem Nagar, Qasimabad, Hyderabad Cantt. Cell : (0301) 3527060	Sindh (Except Karachi.) Hyderabad Tando Jam Mohammad, Matiari
EFU House Branch	515, EFU House, M. A. Jinnah Road, Karachi. Tel : 021-32316087 Fax : 021-32316187	Karachi City
PRINCIPAL OFFICE (NORTH)	Al-Asghar Plaza, 20, Blue Area, F-6 Islamabad Tel : (051) 2276663-5 Fax : (051) 2822207	Frontier & Baluchistan Regions
ISLAMABAD AABPARA BRANCH	Flat No. 4, Block No. 2, Pervez Market, G-6/1-1, New Aabpara, Islamabad. Tel : (051) 2602889 Fax : (051) 2602889	Islamabad Rawalpindi
PESHAWAR	8th Floor, State Life Building 34, The Mall, Peshawar Cantt. Tel : (091) 5276438-9, 5273933, 5276439 Telefax: (091) 5273513	(Khyber Pakhtoon Khwah)
ATTOCK	F-37, Sheikh Zaffar Plaza Mandi Chowk, Attock City. Tel : (057) 2611726	Attock Fateh Jang Pindi Gheb.
REGIONAL OFFICE (POTOHAR)	12-D, SNC Center, 4th Floor, Office No 2, Fazal-e-Haq Road, Blue Area, Islamabad Tel : (051) 2201696 Fax : (051) 2201231	Islamabad Rawalpindi
REGIONAL OFFICE (GILGIT - BALTISTAN)	Shahrah-e-Quaid-e-Azam Zulfiqar Abad Jutial Gilgit. Tel : (05811) 455279 Fax : (05811) 455232	Gilgit Diamer Skardu
REGIONAL OFFICE (BALUCHISTAN)	27 Regal Plaza, M.A.Jinnah Road Quetta . Tel : (081) 2822913, 2821397 Telefax: (081) 2821460	Baluchistan Except Coastal Belt Quetta Chaman Ziarat, Khuzdar

BRANCH OFFICES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

PRINCIPAL OFFICE (LAHORE)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 36375553, 36370703 Fax : (042) 36361479, 36368849 E-mail: ewins@brain.net.pk	
AGRI DIVISION	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 36375553, 36370703 Fax : (042) 36361479, 36368849	Punjab
REGIONAL OFFICE (LAHORE)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 36375553, 36370703 Fax : (042) 36361479, 36368849	Lahore City
MILLAT TRACTOR BRANCH	Millat Tractor Limited, Sheiakpura Road, Lahore. Tel : (042) 37910319 Mobile : 0321-4680436 UAN : 111-200-786 Ext. 446	Lahore
KASUR	Opp. Jamia Masjid Noor, Railway Road, Kasur Tel : (0492) 770732 Mobile : (0300) 6599688	Kasur Chunain Bhai Pheru Pattoki Raiwand Kahra
OKARA	M.A. Jinnah Road, Okara. Tel : (0442) 550324, 522388 Fax : (0442) 522388 Mobile : 0321-6950324	Okara Depalpur Basirpur Renala Khurd
REGIONAL OFFICE: GUJRANWALA	Trust Plaza Block "C", G.T. Road, Gujranwala. Tel : (055) 3846106 Fax : (055) 3846107	Gujranwala Wazirabad Gujrat Lalamusa Kamoke
ZONAL OFFICE SIALKOT	Al-Rehman Centre, Defence Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270	Sialkot Dorka Navowal Shakar Garh



**REGIONAL OFFICE
FAISALABAD**

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

Faisalabad
Jaranwala
Samundri
Gojra Jhang

**REGIONAL OFFICE
MULTAN**

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

Southern Punjab
Multan
Khanewal
Muzaffargarh
Layyah

BAHAWALPUR

02-Rainbow Shopping Centre,
Chowk Sraiki,
Bahawalpur.
Tel : (062) 2875183
Mobile : (0300) 6825874

Bahalpur
Ahmedpur East
Yazman
Lodhran
Duniyapur

D.G. KHAN

House No. 389-C, Khayban-e-Sarwar,
Dera Ghazi Khan,
Tel : (0642) 470671
Mobile : (0333) 6477885

D. G. Khan
Taunsa Sharif, Alipur,
Jampur, Rajanpur,
Kot Mithan.

AGENCIES UNDER PRINCIPAL OFFICE (SOUTH), KARACHI

KHAIRPUR MIRS	524, Mohallah Tappali Street Khairpur Mirs. Tel : (0243) 552275	Khairpur Mirs, Gambat Ranipur, Kotdigi Pacca Chang, Nara Thari Mirwah Mehrabpur
LARKANA	Near Lal Bungalow, Farooq Ali Street, Dari Mohalla, Larkana. Tel : (074) 4045582, 4045753 Mob : 0300-3411750	Larkana, Jacobabad, Shahdad Kot, Kandh Kot, Kamber, Warrah, Thul, Miro Khan, Naukot, Naudero

AGENCIES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

RAWALPINDI-I	Plaza No.98, 2nd Floor, Near Bank Al-Falah, Civic Centre, Bahria Town, Rawalpindi. Cell : (0300-) 5550053	Islamabad Rawalpindi
RAWALPINDI-II	55/A, Malik Plaza, Room # 8, 2nd Floor, Bank Road, Rawalpindi Cantt. Tel : (051) 5564173 Cell : 0333-5583342	Islamabad Rawalpindi
ABBOTTABAD	Dr. Sher Afzal Plaza The Mall, Abbottabad. Cell : 0301-8704094	Abbottabad Mansehra Kohistan
MARDAN	Bank Road, Mardan. Tel : (0937) 867639	Mardan
SKARDU-I	Near Yadhar Chowk, Neal Bazar, Skardu.	Skardu
HUNZA	Aliabad, Main Bazar, Hunza.	Hunza

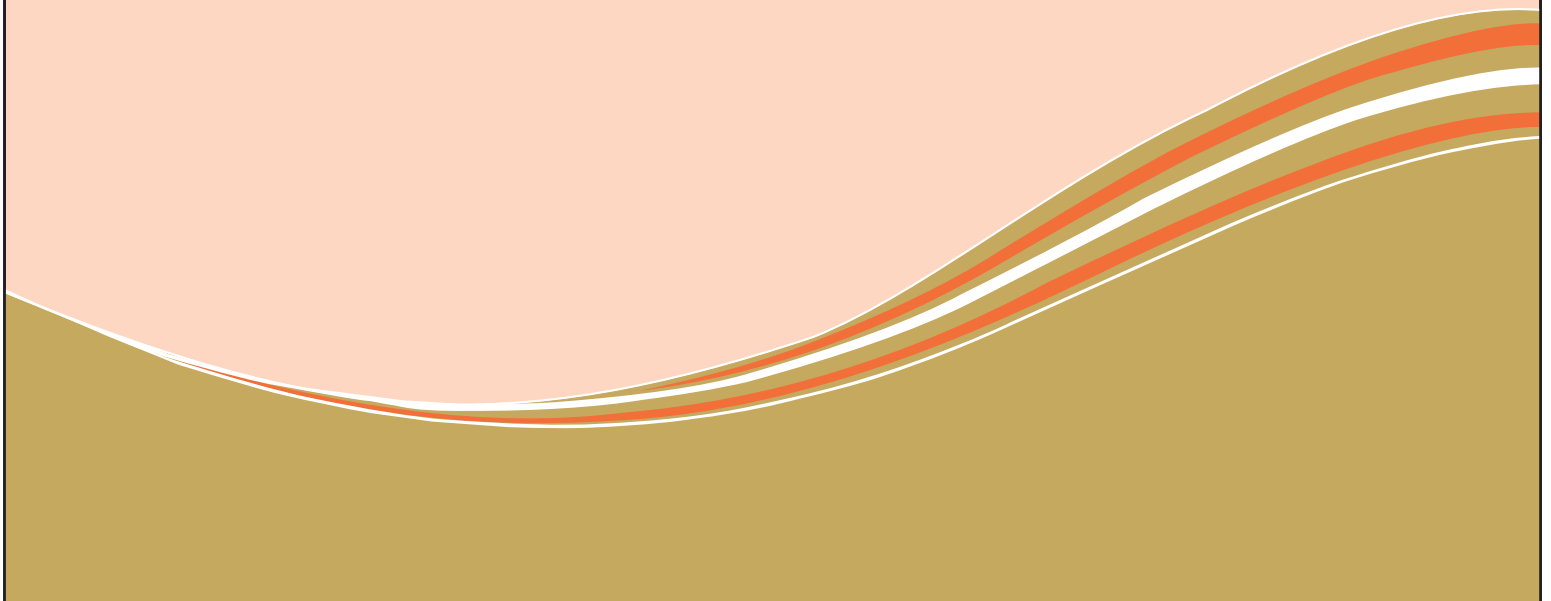


MUZAFFARABD	Village Kamar Bandi, Muzafarbad (A.K.)	Muzafarbad.
RAWALAKOT (A.K)	Village Kina Parrat, Rawalakot Distt. Poonch (A.K)	Rawalakot (A.K) Bagh Poonch.
GILGIT	Zulfiqarabad Jutial Gilgit	Gilgit Diامر Skardu.
MIRPUR (A.K)	92-G-I, Part Hall Road, Mirpur (A.K)	Mirpur (A.K)
SKARDU - II	Jawad Glass House New Bazar, Skardu	Skardu.
KOTLI (A.K)	H.No.157/C, Lane No.5D, Lalazar, Kotli (A.K)	Kotli (A.K)

AGENCIES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

ZONAL OFFICE SIALKOT	Al-Rehman Centre, Defence Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270	Sialkot
BAHAWALPUR	02-Rainbow Shopping Centre, Chowk Sraiki, Bahawalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahawalpur Ahmedpur East Yazman Lodhran Duniyapur
D.G.KHAN	House No. 389-C, Khyaban-e-Sarwar. Dera Ghazi Khan Tel : (0642) 470671 Mobile : (0333) 6477885	D. G. Khan Taunsa Sharif, Alipur, Jampur, Rajanpur, Kot Mithan
KHANPUR	44-Old Ghallah Mandi, Khanpur. Tel : (068) 72834, 71236	Khanpur Liaquatpur Sadiqabad, R.Y. Khan
RAHIM YAR KHAN	28/A, Block-X, Scheme # 3, Gulshan-e-Iqbal, Rahim Yar Khan, Mobile : 0331-7533210	Rahim Yar Khan

FINANCIAL
STATEMENTS
FINANCIAL
STATEMENTS



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INDEPENDENT AUDITORS' REPORT



We have audited the annexed financial statements comprising of:

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

of **East West Insurance Company Limited** (the Company) as at December 31, 2014 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 International Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn upon in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2014 and of its profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with the International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

Karachi Dated: 7th March, 2015

BALANCE SHEET

AS AT DECEMBER 31, 2014

		(Rupees in '000)	
	Note	2014	2013
SHARE CAPITAL AND RESERVES			
Authorised share capital	6.1	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up share capital	6.2	401,502	365,002
Retained earnings		163,410	94,283
General reserves		100,000	100,000
Total share holder's equity		664,912	559,285
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		208,377	200,935
Provision for unearned premium		285,227	211,060
Commission income unearned		64,052	31,969
Total underwriting provision		557,656	443,964
Deferred Liabilities			
Deferred Taxation	7	13,073	11,261
Creditors and Accruals			
Premium received in advance	8	23,594	2,099
Amount due to other insurers / reinsurers	9	47,131	1,319
Taxation - provision less payments		32,324	21,042
Others creditors and accruals	10	55,736	33,800
		158,785	58,260
Other Liabilities			
Due to Directors	11	4,527	3,217
TOTAL LIABILITIES		734,041	516,702
TOTAL EQUITY AND LIABILITIES		<u>1,398,953</u>	<u>1,075,987</u>
CONTINGENCIES AND COMMITMENTS	12		

		(Rupees in '000)	
	Note	2014	2013
ASSETS			
Cash and bank deposits			
Cash and other equivalents		149	116
Current and other accounts		37,832	6,579
Deposits maturing within 12 months		44,500	29,125
Cash and bank deposits	13	82,481	35,820
Investments	14	679,402	503,063
Investment properties	15	50,149	48,356
Current assets - others			
Premium due but unpaid - net	16	28,654	30,048
Amount due from other insurers / reinsurers	17	51,166	56,520
Reinsurance recoveries against outstanding claims		136,226	149,427
Accrued investment income	18	1,778	2,261
Deferred commission expense		40,386	21,799
Prepaid reinsurance premium ceded		226,472	146,607
Prepayment and others	19	394	425
Advances, deposits and receivables	20	48,645	25,355
		533,721	432,442
Fixed assets			
Tangible			
Office premises	21	6,830	7,189
Furniture and fixtures		6,887	7,530
Electric fittings and equipments		7,793	8,381
Computers equipments		1,270	1,433
Office equipment		2,843	2,619
Vehicles		27,504	29,154
		53,127	56,306
Intangible			
Computer software		73	-
TOTAL ASSETS		<u>1,398,953</u>	<u>1,075,987</u>

The annexed notes 1 to 34 form an integral part of these financial statements.


Chairman


Managing Director &
Chief Executive Officer


Director


Director

Karachi Dated : 7th March, 2015

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Fire and property damage	Marine, aviation and transport	Motor
Revenue account				
Net premium revenue		299,106	105,845	121,492
Net claims		(88,636)	(41,364)	(73,000)
Other management expenses	22	(58,724)	(19,560)	(24,082)
Net commission		(89,512)	(14,350)	(7,069)
		62,234	30,571	17,341
Underwriting results				
Investment income - net				
Rental income - net of depreciation	15.3			
Other income	23			
General and administrative expenses	24			
Workers Welfare Fund				
Profit before tax				
Provision for taxation	25			
Profit for the year				

PROFIT AND LOSS FOR THE YEAR ENDED

Profit and loss appropriation account

Balance at beginning of the year

Profit for the year

Issuance of interim cash dividend: 10% (2013: 10%)

Issuance of bonus shares: 10% (2013: 10%)

Balance unappropriated profit at end of the year

Earnings per share - basic and diluted (refer note 32)

The annexed notes 1 to 34 form an integral part of these financial statements.

(Rupees in '000)

Miscellaneous	Treaty	Aggregate 2014	Aggregate 2013
233,799	-	760,242	622,572
(102,386)	-	(305,386)	(253,987)
(45,926)	-	(148,292)	(115,960)
(56,161)	-	(167,092)	(135,723)
29,326	-	139,472	116,902
		97,173	100,907
		6,062	2,563
		5,530	1,924
		(72,996)	(70,721)
		(3,473)	(2,996)
		32,296	31,677
		171,768	148,579
		(29,641)	(22,212)
		142,127	126,367

APPROPRIATION ACCOUNT DECEMBER 31, 2014

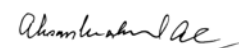
94,283	34,280
142,127	126,367
(36,500)	(33,182)
(36,500)	(33,182)
163,410	94,283
3.54	3.15



Chairman


Managing Director &
Chief Executive Officer


Director



Director

Karachi Dated : 7th March, 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	(Rupees in '000)	
	2014	2013
Profit for the year	142,127	126,367
Other comprehensive income		
- items that may be reclassified to profit and loss account in future	-	-
- items that will never be reclassified to profit and loss account	-	-
Total comprehensive income for the year	142,127	126,367

The annexed notes 1 to 34 form an integral part of these financial statements.



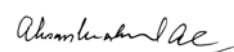
Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

STATEMENT OF CHANGES IN EQUITY



FOR THE YEAR ENDED DECEMBER 31, 2014

(Rupees in '000)

	Issued, subscribed and paid-up capital	Retained earnings	General eeserve	Total shareholders' equity
Balance as at January 01, 2013	331,820	34,280	100,000	466,100
Profit for the year	-	126,367	-	126,367
Other comprehensive income	-	-	-	-
Transactions with owners				
First interim 10% dividend	-	(33,182)	-	(33,182)
Issue of bonus shares (10%)	33,182	(33,182)	-	-
Balance as at December 31, 2013	365,002	94,283	100,000	559,285
Profit for the year	-	142,127	-	142,127
Other comprehensive income	-	-	-	-
Transactions with owners				
First interim 10% dividend	-	(36,500)	-	(36,500)
Issue of 10% bonus shares	36,500	(36,500)	-	-
Balance as at December 31, 2014	401,502	163,410	100,000	664,912

The annexed notes 1 to 34 form an integral part of these financial statements.


Chairman


Managing Director &
Chief Executive Officer


Director


Director

Karachi Dated : 7th March, 2015

STATEMENT OF CASH FLOWS

FORM GC

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	(Rupees in '000)	
		2014	2013
Operating Cash Flows			
Underwriting activities			
Premium received		1,442,760	1,131,195
Reinsurance premium paid		(614,161)	(507,098)
Claims paid		(496,798)	(374,436)
Reinsurance and other recoveries received		212,056	147,860
Commission paid		(281,766)	(187,820)
Commission received		128,170	85,216
Underwriting payments		(192,711)	(164,700)
Net cash from underwriting activities		197,550	130,217
Other operating activities			
Income tax paid		(16,547)	(11,865)
Other operating (payments) / receipts		(23,260)	(8,247)
Net cash used in other operating activities		(39,807)	(20,112)
Total cash from all operating activities		157,743	110,105
Investing activities			
Profit/return received		10,797	9,948
Dividend received		2,952	627
Other income received		11,040	3,997
Payment for investments		(2,441,221)	(969,082)
Proceeds from disposal of investments		2,348,789	865,753
Fixed capital expenditure	21	(7,131)	(8,016)
Fixed capital expenditure on investment property	15	(4,432)	(6,032)
Proceeds from disposal of fixed assets		4,258	794
Total cash used in investing activities		(74,948)	(102,011)
Financing activities			
Dividend paid		(36,500)	(33,182)
Loan received from directors		455	5,710
Loan repaid to directors		(89)	(5,658)
Payment of finance lease		-	(1,348)
Total cash used in financing activities		(36,134)	(34,478)
Net increase / (decrease) in cash and cash equivalent		46,661	(26,384)
Cash and cash equivalent at the beginning of the year		35,820	62,204
Cash and cash equivalent at the end of the year	13	82,481	35,820

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

		(Rupees in '000)	
	Note	2014	2013
Reconciliation to the profit and loss account			
Operating cash flows		157,743	110,105
Depreciation expense	15 & 21	(11,808)	(11,897)
Profit on disposal of fixed assets	23	3,191	490
Investment income		7,405	9,948
Dividend received		2,952	627
Gain on disposal of investment securities		87,300	86,413
Other income		11,040	3,997
Reversal of impairment in value of available-for-sale investment		-	3,520
Increase in 'current assets - other' other than cash		101,279	71,910
Decrease in operating liabilities		(216,975)	(148,746)
Profit for the year		142,127	126,367

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

STATEMENT OF PREMIUMS

FORM GD

FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Premium				Reinsurance				Net premium revenue 2014	Net premium revenue 2013
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	503,944	42,646	83,151	463,439	206,003	18,907	60,577	164,333	299,106	224,489
Marine, aviation and transport	187,632	23,404	15,872	195,164	93,206	5,204	9,091	89,319	105,845	67,481
Motor	177,805	23,353	37,249	163,909	52,232	8,810	18,625	42,417	121,492	106,104
Miscellaneous	550,490	121,657	148,955	523,192	313,886	113,686	138,179	289,393	233,799	224,498
Sub-total	1,419,871	211,060	285,227	1,345,704	665,327	146,607	226,472	585,462	760,242	622,572
Treaty - proportional	-	-	-	-	-	-	-	-	-	-
Grand-total	1,419,871	211,060	285,227	1,345,704	665,327	146,607	226,472	585,462	760,242	622,572

Note: The Company does not underwrite business outside Pakistan

The annexed notes 1 to 34 form an integral part of these financial statements.



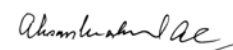
Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

STATEMENT OF CLAIMS

FORM GE



FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

(Rupees in '000)


Class of business	Claims				Reinsurance / recoveries				Net claims expense 2014	Net claims expense 2013
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue		
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	164,394	51,307	56,259	169,346	87,852	37,818	30,676	80,710	88,636	67,957
Marine, aviation and transport	73,139	6,658	11,436	77,917	35,181	5,090	6,462	36,553	41,364	31,258
Motor	89,416	8,141	8,714	89,989	15,789	-	1,200	16,989	73,000	59,618
Miscellaneous	169,849	134,828	131,968	166,989	73,234	106,519	97,888	64,603	102,386	95,154
Sub-total	496,798	200,934	208,377	504,241	212,056	149,427	136,226	198,855	305,386	253,987
Treaty - proportional	-	-	-	-	-	-	-	-	-	-
Grand-total	496,798	200,934	208,377	504,241	212,056	149,427	136,226	198,855	305,386	253,987


Note: The Company does not underwrite business outside Pakistan

The annexed notes 1 to 34 form an integral part of these financial statements.


Chairman


Managing Director &
Chief Executive Officer


Director


Director

Karachi Dated : 7th March, 2015

STATEMENT OF EXPENSES

FORM GF

FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Commission expenses			Net Commission expense	Other management expenses	Underwriting expenses	Reinsurance commission income			Net underwriting expense 2014	Net underwriting expense 2013	
	Commission paid or payable	Deffered Commission					Reinsurance commission	Commission income unearned				Commission from reinsurance
		Opening	Closing					Opening	Closing			
Direct and facultative												
Fire and property damage	134,468	8,306	15,487	127,287	58,724	186,011	44,028	6,145	12,398	37,775	148,236	105,278
Marine, aviation and transport	30,195	1,582	2,572	29,205	19,560	48,765	18,352	1,041	4,538	14,855	33,910	13,136
Motor	17,166	1,954	2,715	16,405	24,082	40,487	9,524	2,472	2,660	9,336	31,151	30,474
Miscellaneous	99,936	9,957	19,612	90,281	45,926	136,207	56,265	22,311	44,456	34,120	102,087	102,795
Sub-total	281,765	21,799	40,386	263,178	148,292	411,470	128,169	31,969	64,052	96,086	315,384	251,683
Treaty - proportional	-	-	-	-	-	-	-	-	-	-	-	-
Grand-total	281,765	21,799	40,386	263,178	148,292	411,470	128,169	31,969	64,052	96,086	315,384	251,683

Note: The company does not underwrite business outside Pakistan

The annexed notes 1 to 34 form an integral part of these financial statements.



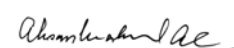
Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

STATEMENT OF INVESTMENT INCOME FORM GG



FOR THE YEAR ENDED DECEMBER 31, 2014

	(Rupees in '000)	
	2014	2013
Income from trading investment		
Loss on revaluation of investment classified as held for trading	(3,392)	-
Income from non-trading investment		
Available-for-sale		
Dividend income	2,952	627
Return on government securities	7,158	6,360
Return on other fixed income securities and deposits	3,089	4,214
Amortization of premium and discount - net	637	413
	<u>13,836</u>	<u>11,614</u>
Gain on sale of non-trading investment		
Available-for-sale	87,300	86,413
Reversal of impairment in investment	-	3,520
Less: Investment related expenses	(571)	(640)
Investment income - net	<u><u>97,173</u></u>	<u><u>100,907</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1 THE COMPANY AND ITS OPERATION

East West Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1983 under the Companies Act, 1913. The shares of Company are quoted on the Karachi Stock Exchange. The Company is engaged in the general insurance business and operates through 52 (2013: 52) united branches in Pakistan. The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at M.A. Jinnah Road, 4th Floor, E.F.U. House (Qamar House), Karachi .

2 BASIS OF PREPARATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002.

2.1 Functional and presentation currency

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

3 STATEMENT OF COMPLIANCE

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

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) “Financial Instruments: Recognition and Measurement” in respect of valuation of “available for sale investments”. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements. Subsequent valuation to the initial recognition at cost, of “available for sale investments” is done accordance with SECP directive as mentioned in note 5.9.2.

3.1 Standards, amendments and interpretations to the published standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning)
Amendments to IFRS 10, IFRS 12 and IAS 27- Exception from consolidation for 'investment entries'	01 January 2014
Amendments to IAS 32 'Financial instruments: Presentation, offsetting financial assets and financial liabilities	01 January 2014
Amendments to IAS 36, Impairment of assets, recoverable amount disclosures for non-financial asstes	01 January 2014
Amendments to IAS 39 'Financial instruments; Recognition and measurement' noavtion of derivatives and continuation of hedge accounting	01 January 2014
IFRIC 21, 'Levies'	01 January 2014

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

- 3.2** Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB Effective date (annual periods beginning on or after)
Amendments to IAS 19 'Employee benefits on defined benefit plans	01 July 2014
Amendments to IFRS 2, 'Share based payments'	01 July 2014
IFRS 3, 'Business combinations	01 July 2014
IFRS 8, 'Operating segments	01 July 2014
IAS 16, 'Property plant and equipment and IAS 38, 'Intangible assets'	01 July 2014
IFRS 3 'Business combinations'	01 July 2014
IFRS 13, Fair Value Measurement	01 July 2014
IAS 40, 'Investment property	01 July 2014
IAS 24, 'Related party disclosures'	01 July 2014

- 3.3** In November 2012, the SECP vide its notifications SRO No. 1383/2012 and SRO No. 1384/2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rules, 2002 respectively. While these regulations and amendments are not yet effective.

4 BASIS OF MEASUREMENT

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

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

4.1 Use of judgments and estimates

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

Estimates

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

	Note
- Provision for unearned premiums	5.2.2
- Premium due but unpaid - net	5.2.3
- Provision for outstanding claims (including IBNR)	5.3
- Premium deficiency reserve	5.7
- Useful life of fixed assets	5.10
- Taxation (current and deferred)	5.17
- Impairment in the value of investment	5.21
- Commission income unearned	5.6
- Reinsurance recoveries against outstanding claims	5.5
- Prepaid reinsurance premium ceded	5.4.2
- Deferred commission expense	5.6

Judgments

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

Classification of investments

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Insurance contracts

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

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

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

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

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

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

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

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

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

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

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

5.2 Premium

5.2.1 Premium income earned

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

- a) for direct business, evenly over the period of the policy;
- b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and
- c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

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

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

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

5.2.2 Provision for unearned premium

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

- a) in the case of marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium return.
- b) for the other classes/line of business, by applying the twenty-fourth method as specified in the Securities and Exchange Commission (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

5.2.3 Premium due but unpaid - net

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

5.3 Claims

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

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

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

5.4 Reinsurance contracts

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

5.4.1 Reinsurance expense

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

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

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

5.4.2 Prepaid reinsurance premium ceded

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

5.5 Reinsurance recoveries against outstanding claims

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

5.6 Commissions

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

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

5.7 Premium deficiency reserve

As per Securities and Exchange Commission (Insurance) Rules, 2002 where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. In management's opinion there is no need to carry premium deficiency reserve in these financial statements.

5.8 Investments

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

5.8.1 Trade and settlement date accounting

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

5.8.2 Available-for-sale

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

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

5.8.3 Fair value through profit or loss - held for trading

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

5.8.4 Derecognition

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

5.8.5 Impairment

Available for sale

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

5.9 Employees benefits

Defined contribution plan

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

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

5.10 Operating fixed assets and depreciation

5.10.1 Owned

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

Depreciation is charged to income on reducing balance method using the following rates:

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

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

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

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

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

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

5.11 Investment properties

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

5.11.1 Initial recognition

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

5.11.2 Measurement subsequent to initial recognition

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

5.11.3 Depreciation

Depreciation is charged to profit and loss in the same manner as owned fixed assets (note 5.10).

5.12 Investment and other income/ Expenses

5.12.1 Dividend income and bonus shares

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

Entitlement of bonus shares is recognized when the right to receive the same is established by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof which is in accordance with the requirement of Institute of Chartered Accountants of Pakistan Technical Release-15.

5.12.2 Interest income

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

5.12.3 Rental income

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

5.12.4 Expenses

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

5.13 Segment reporting

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

The Company has four major segments namely fire, marine, motor and miscellaneous.

The financial statements are prepared in the format prescribed under SEC (Insurance) Rules 2002 and provide required information at appropriate level of detail.

5.13.1 Fire

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

5.13.2 Marine

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

5.13.3 Motor

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

5.13.4 Miscellaneous

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

5.14 Financial instruments

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

5.15 Off setting of financial asset and financial liabilities

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

5.16 Related party transactions

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

5.17 Taxation

5.17.1 Current

Provision for current taxation is taken at higher of Minimum turnover tax and taxable income taking into account applicable tax credits and exemptions available, if any.

5.17.2 Deferred

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

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

5.18 Foreign currencies

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

5.19 Management expenses

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

5.20 Creditors, accruals and provisions

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

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

5.21 Impairment

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

5.22 Earnings per share

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

5.23 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and other equivalents, current and other accounts.

5.24 Dividend and bonus shares

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

5.25 Fair Value of financial instruments

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

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

5.26 General

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

		(Rupees in '000)	
	Note	2014	2013
6	SHARE CAPITAL		
6.1	Authorized share capital		
	50,000,000 (2013: 50,000,000) ordinary shares of Rs.10 each	500,000	500,000
6.2	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	Number of Shares		
	2014	2013	
	6,354,899	6,354,899	Ordinary share of Rs.10 each fully paid in cash
			63,549
	33,795,355	30,145,332	Ordinary share of Rs.10 each issued as fully paid bonus share
			337,953
	40,150,254	36,500,231	401,502
			365,002
7	DEFERRED TAXATION		
	Deferred tax liabilities / (assets) arising in respect of:		
	- accelerated depreciation on fixed assets	12,863	13,867
	- provision for due but unpaid	-	(1,591)
	- investments	210	(1,015)
		13,073	11,261
	Balance at beginning of the year	11,261	2,879
	Effect of change in tax rate	(331)	(82)
	Charge during the year	2,143	8,464
		1,812	8,382
	Balance at end of the year	13,073	11,261
8	PREMIUM RECEIVED IN ADVANCE		
	Premium received in advance	8.1 23,594	2,099
	8.1 This includes cash margin (Bond) received from policy holders amounting to Rs.0.886 million (2013: Rs. 0.88 million).		
9	AMOUNT DUE TO OTHER INSURERS / REINSURERS		
	Foreign reinsurers	14,691	506
	Local reinsurers / coinsurers	32,439	813
		47,130	1,319
10	OTHER CREDITORS AND ACCRUALS		
	Federal excise duty	1,405	1,091
	Federal insurance fee	294	372
	Withholding tax	725	2,655
	Unclaimed dividend	3	-
	Sundry creditors	44,144	23,990
	Workers welfare fund	9,165	5,692
		55,736	33,800
11.	DUE TO DIRECTORS		
	11.1	4,527	3,217
	11.1 This amount represent unsecured and interest free loan given to directors of the Company.		

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments as at the balance sheet date (2013: nil).

	Note	(Rupees in '000)	
		2014	2013
13 CASH AND OTHER EQUIVALENTS			
Cash in hand		2	1
Policy stamps		147	115
		<u>149</u>	<u>116</u>
Current and other account with banks			
Current accounts and others	13.1	37,832	6,579
Deposits with banks maturing within 12 months	13.2	44,500	29,125
		<u>82,481</u>	<u>35,820</u>
13.1	These include interest bearing accounts carrying interest rates ranging from 5% to 10% (2013: 5% to 10%) per annum.		
13.2	These represents Term Deposit Receipts (TDRs) in local currency carrying interest rates ranging from 3% to 10.01% per annum (2013: 3% to 10.01% per annum).		

		2014	2013	
14 INVESTMENTS				
At fair value through profit or loss - Held-for-trading	14.1.2	541,845	-	
Available-for-sale				
Marketable securities	14.1.1	22,464	411,474	
Reversal/(provision)for diminution in value of investment-net		-	3,520	
		<u>22,464</u>	<u>414,994</u>	
Term finance certificates - listed / unlisted	14.5	36,585	14,219	
Government securities	14.2	77,871	73,509	
Net capitalization of discount/(amortization of premium)		637	341	
		<u>115,093</u>	<u>88,069</u>	
		<u>679,402</u>	<u>503,063</u>	
14.1 Marketable securities				
14.1.1 Available for sale				
		2014	2013	
---No. of shares / units---				
302,569	302,569	Agritech Limited	3,833	3,531
139,500	-	International Industries Limited	9,468	-
83,300	-	Allied Bank Limited	9,163	-
-	2,205	Packages Limited	-	102
-	15,500	Kot Addu Power Co. Limited	-	949
-	1,205,005	JS Large Capital Fund	-	110,174
-	308,841	Fauji Cement Company Limited	-	2,020
-	8,572	Oil and Gas Development Company Limited	-	2,318
-	64,777	The Bank of Khyber	-	176
-	300,000	East West Life Assurance Company Limited	-	1,472
-	99,428	Askari Sovereign Cash Fund	-	10,000
-	400,620	Pakistan Cash Management Fund	-	20,000
-	200,316	MCB Cash Management Fund	-	20,000
-	198,106	HBL Money Market Fund	-	20,000
-	99,718	IGI Money Market Fund	-	10,000
-	293,885	JS Cash Fund	-	30,000

2014	2013		(Rupees in'000)	
---No. of shares / units---			2014	2013
-	99,583	PICIC Cash Fund	-	10,000
-	100,108	FIRST Habib Cash Fund	-	10,000
-	19,941	ATLAS Money Market Fund	-	10,000
-	2,003,602	ABL Cash Fund	-	20,000
-	99,654	UBL Liquid Plus Fund	-	10,000
-	196,060	KASB Cash Fund	-	20,000
-	99,889	Askari Sovereignyield Enhancer	-	10,000
-	98,580	Faysal Money Market Fund	-	10,000
-	20,031	Alfalah GHP Cash Fund	-	10,000
-	199,856	AKD Cash Fund	-	10,000
-	2,000,226	Nafa Money Market Fund	-	20,000
-	50,000	Pakistan Petroleum Limited	-	10,941
-	25,000	HUB Power Company Limited	-	1,629
-	50,000	Pakistan Oil Field	-	24,496
-	25,000	D. G. Khan Cement Company Limited	-	2,101
-	50,000	Pakistan Telecommunication	-	1,565

14.1.2 Held for Trading

2014	2013		2014	2013
---No. of shares / units---				
500	-	Kot Addu Power Co. Limited	39	-
1,519,762	-	J.S. Large Capital Fund	156,672	-
841	-	Fauji Cement Company Limited	22	-
124,572	-	Oil & Gas Development Co. Ltd.	25,646	-
191,166	-	Askari Sovereign Cash Fund	20,003	-
384,026	-	Pakistan Cash Management Fund	20,031	-
288,056	-	MCB Cash Management Fund	30,050	-
478,440	-	HBL Money Market Fund	50,080	-
375,304	-	JS Cash Fund	40,094	-
191,308	-	PICIC Cash Fund	20,037	-
191,713	-	First Habib Cash Fund	20,026	-
19,096	-	Atlas Money Market Fund	10,016	-
1,914,956	-	ABL Cash Fund	20,038	-
95,633	-	UBL Liquid Plus Fund	10,001	-
2	-	Askari Sovereign Yield Enhancer	-	-
95,183	-	Faysal Money Market Fund	10,018	-
19,108	-	Alfalah GHP Cash Fund	10,015	-
383,008	-	AKD Cash Fund	20,066	-
1,915,911	-	Nafa Money Market Fund	20,034	-
55,000	-	Pakistan Petroleum Limited	9,709	-
75,000	-	Pakistan State Oil Limited	26,843	-
25,000	-	Attock Refinery	4,694	-
100,000	-	United Bank Limited	17,671	-
			541,845	-

14.2 Government securities

	2014	2013
Pakistan Investment Bonds	47,503	43,139
GOP Ijara Sukuk	30,368	30,370
	77,871	73,509
Impact of net amortization of discount	802	353
	78,673	73,862

(Rupees in '000)

14.3 The fair value of available for sale investments is Rs.138,612,590 (2013: Rs.506,049,399). Available for sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) as required by the Securities and Exchange Commission rules, 2002. However, the International Accounting Standard (IAS-39) Financial Instruments: Recognition and Measurement requires that these instruments should be measured at fair value. Had these investments been measured at fair value, their carrying values as at December 31, 2014 would have been higher by Rs.1,055,016 (2013: Rs.2,986,480 and consequently shareholder's equity increased by the same amount.

14.4 Tenure	Maturity	Coupon Percentage	2014	2013
10	May, 2016	10%	9,453	9,117
10	May, 2016	10%	9,473	9,149
10	April, 2014	8%	-	984
10	August, 2021	12%	4,086	4,095
10	August 2021	12%	947	942
5	August 2016	11.5%	4,924	4,885
5	July, 2018	11.5%	4,928	4,912
5	July, 2018	11.5%	9,772	9,710
5	July, 2022	12%	4,839	-
3	March, 2014	10%	-	20,050
3	November, 2015	10%	10,000	10,018
3	June, 2017	8%	20,251	-
			<u>78,673</u>	<u>73,862</u>

14.4.1 Pakistan Investment Bond and Ijara Sukuk having a face value of Rs.60 million (2013: Rs.46 million) are placed with State Bank of Pakistan in compliance with Section 29 of the Insurance Ordinance, 2000 except one Ijara Sukuk and one PIB those are placed with JS Bank Limited.

14.5 Other fixed income securities

Term Finance Certificate	Tenure	Rate of Return	2014	2013
Engro Fertilizer	8 years	6 month kibar + 1.55%	-	9,976
Engro Fertilizer	7 years	6 month kibar + 2.40%	3,631	4,243
Bank Al-Habib	10 year	15%	32,954	-
			<u>36,585</u>	<u>14,219</u>

14.5.1 Payment of profit from above Term Finance Certificates (TFCs) is received semi annually. Number of units of 8 years and 7 years TFCs are 2,000 and 1000 to be matured in 2016 and 2015 respectively. However, 2016 TFC had been paid in full in 2014 before maturity. TFC of Bank Al-Habib will mature in 2021.

15. INVESTMENT PROPERTIES

PARTICULARS	Note	Rate %	2014						
			COST			DEPRECIATION			Written Down Value as at December 31, 2014
			As at January 01, 2014	Additions	As at December 31, 2014	As at January 01, 2014	For the year	As at December 31, 2014	
Office premises	21.1	5	57,461	4,432	61,893	9,105	2,639	11,744	50,149

15.1

PARTICULARS	Note	Rate %	2013						
			COST			DEPRECIATION			Written Down Value as at December 31, 2013
			As at January 01, 2013	Additions	As at December 31, 2013	As at January 01, 2013	For the year	As at December 31, 2013	
Office premises	20.1	5	51,429	6,032	57,461	6,814	2,291	9,105	48,356

15.2 Investment Property comprises of four properties having market value of 128.87 million as on December 31, 2014 (2013: 128.87 million). The valuation has been carried out by independent valuers

		(Rupees in '000)	
	Note	2014	2013
16 PREMIUM DUE BUT UNPAID - Unsecured			
Considered good		30,009	30,773
Considered doubtful	16.1	-	2,339
		<u>30,009</u>	<u>33,112</u>
Provision for doubtful		-	(2,339)
Written off during the year	24	(1,355)	(725)
		<u>28,654</u>	<u>30,048</u>
16.1 Movement of provision for bad debts			
Opening balance		2,339	474
Reversal during the year		(2,339)	(474)
Charge during the year		-	2,339
		<u>-</u>	<u>2,339</u>
17. AMOUNT DUE FROM OTHER INSURERS / REINSURERS - Unsecured			
Considered good			
- Foreign reinsurers		11,689	30,142
- Local reinsurers/co-insurers		39,477	26,378
		<u>51,166</u>	<u>56,520</u>
18. ACCRUED INVESTMENT INCOME			
Term deposit receipts		-	107
Government securities		1,749	2,035
Term finance certificates		29	119
		<u>1,778</u>	<u>2,261</u>
19. PREPAYMENTS AND OTHERS			
Prepaid rent		95	95
Others		299	330
		<u>394</u>	<u>425</u>
20. ADVANCES, DEPOSITS AND RECEIVABLES			
Advances		35,522	18,374
Deposits		2,505	2,313
Other receivables		10,618	4,668
		<u>48,645</u>	<u>25,355</u>

21. FIXED ASSETS - TANGIBLE & INTANGIBLE

(Rupees in '000)

PARTICULARS	2014						Total tangible assets	Intangible	Total fixed assets
	Owned assets								
	Office Premises	Furniture and fixture	Electric fitting and equipment	Computers	Office equipment	Vehicles			
COST									
As at January 1, 2014	13,374	20,836	18,177	14,711	7,674	107,535	182,307	-	182,307
Additions	-	117	351	352	524	5,695	7,039	92	7,131
Deletion	-	-	(317)	-	-	(6,968)	(7,285)	-	(7,285)
As at December 31, 2014	13,374	20,953	18,211	15,063	8,198	106,262	182,061	92	182,153
ACCUMULATED DEPRECIATION									
As at January 1, 2014	6,184	13,306	9,797	13,278	5,055	78,381	126,001	-	126,001
Change for the year	360	760	849	515	300	6,367	9,151	19	9,170
Disposal	-	-	(228)	-	-	(5,990)	(6,218)	-	(6,218)
As at December 31, 2014	6,544	14,066	10,418	13,793	5,355	78,758	128,934	19	128,953
Written down value as at December 31, 2014	6,830	6,887	7,793	1,270	2,843	27,504	53,127	73	53,200
Rate of depreciation & amortization	5%	10%	10%	33.33%	10%	20%	-	30%	

PARTICULARS	2013						Sub total	Leased	Total
	Owned								
	Office Premises	Furniture and fixture	Electric fitting and equipment	Computers	Office equipment	Vehicles			
COST									
As at January 1, 2013	13,374	20,171	13,821	14,284	7,339	102,347	171,336	4,748	176,084
Additions	-	664	4,356	427	335	2,234	8,017	-	8,017
Deletion	-	-	-	-	-	(1,795)	(1,795)	-	(1,795)
Transfer in/(Transfer out)	-	-	-	-	-	4,748	4,748	(4,748)	-
As at December 31, 2013	13,374	20,835	18,177	14,711	7,674	107,534	182,306	-	182,306
ACCUMULATED DEPRECIATION									
As at January 1, 2013	5,806	12,515	9,255	12,662	4,781	70,268	115,287	2,599	117,885
Change for the year	378	791	542	617	274	7,004	9,606	-	9,606
Disposal	-	-	-	-	-	(1,490)	(1,490)	-	(1,490)
Transfer in/(Transfer out)	-	-	-	-	-	2,599	2,599	(2,599)	-
As at December 31, 2013	6,184	13,306	9,797	13,279	5,055	78,381	126,002	-	126,002
Written down value as at December 31, 2013	7,190	7,529	8,380	1,432	2,619	29,154	56,304	-	56,304
Rate of depreciation	5%	10%	10%	33.33%	10%	20%	-	20%	

21.1 Detail of disposal of fixed assets

(Rupees in '000)

S.No.	Particular of asset	Cost	Accumulated depreciation	Book value	Sales proceed	Gain/(Loss) on disposal	Mode of disposal	Particular of purchaser
VEHICLES								
1	Honda Accord	758	751	7	225	218	Negotiations	Mr. Usman Mustafa
2	Suzuki Cultus	611	537	74	425	351	Negotiations	Mr. Maratab Ali
3	Honda Citi	749	613	137	575	438	Negotiations	Mr. Maratab Ali
4	Toyota Corolla	1,039	923	116	700	584	Negotiations	Mr. Akbar Khan
5	Mercedes Benz	1,500	1,122	378	1,000	622	Negotiations	Mr. Mian Rab Nawaz
6	Honda Civic	1,047	893	154	645	491	Negotiations	Mr. Sumair Yousuf Jindani
7	Honda Civic	1,065	954	111	645	534	Negotiations	Mr. Sumair Yousuf Jindani
8	Suzuki	23	23	-	4	4	Negotiations	Mr. Qaiser Mehmood
9	Suzuki	48	48	-	2	2	Negotiations	Mr. Ramzan Ali
10	Honda	27	27	-	3	2	Negotiations	Syed Arshad Ali
11	Suzuki	27	26	-	7	6	Negotiations	Mr. Abdul Rauf Mansoori
12	Honda	44	44	-	5	5	Negotiations	Mr. Parshotm
13	Yamaha	30	30	-	2	2	Negotiations	Mr. Mazharuddin
	Sub Total	6,968	5,991	977	4,238	3,259		
ELECTRIC FITTING & EQUIPMENT								
14	Air conditioner	317	228	89	21	(68)	Negotiations	Mr. Asif
	Grand Total	7,285	6,219	1,066	4,259	3,191		
	2013	1,795	2	305	794	490		

Note

2014

2013

22 MANAGEMENT EXPENSES

Salaries and allowances	33,513	33,043
Office rent	4,481	4,355
Travelling and conveyance	19,218	10,989
Petrol reimbursements	21,518	17,847
Vehicle tax	116	164
Tracker security system	367	253
Entertainments	2,854	2,642
Printing and stationery	3,289	2,539
Postage and telegram	1,595	1,351
Repairs and maintenance	32,417	20,789
Newspapers and periodicals	380	156
Employees' old-age benefits institution	479	590
S.E.S.S.I.	96	106
Utilities	8,255	7,832
Medical allowance	6,857	5,967
Extra duty payments	6,374	4,856
Miscellaneous	4,327	1,557
Brokerage and commission	2,157	924
	148,292	115,960

23 OTHER INCOME

Gain on sale of fixed assets	21.1	3,191	490
Reversal of bad debts provision	16.1	2,339	474
Others		-	960
		5,530	1,924

		(Rupees in '000)	
24 GENERAL AND ADMINISTRATIVE EXPENSES	Note	2014	2013
Salaries and allowances		40,350	35,453
Directors remuneration		3,684	4,229
Office rent		1,408	1,166
Rent rates and taxes		3	15
Advertisement and publicity		2,165	190
Subscription and renewals		3,368	3,026
Legal and professional charges		1,990	1,337
Finance cost		-	342
Share registrar fees		120	120
Provident fund employer's contribution		1,960	2,951
Property taxes		520	63
Conference meeting		503	404
Auditor's remuneration	24.1	1,097	1,186
Depreciation & amortization	21	9,169	11,897
CDC charges		87	50
Office maintenance		1,544	1,628
Coolie and cartage		35	64
Insurance		73	159
Bank charges		565	377
Consultation fee		3,000	3,000
Bad debt written off	16	1,355	725
Provision for bad debt	16.1	-	2,339
		72,996	70,721
24.1 AUDITOR'S REMUNERATION			
Audit fee		577	550
Half yearly review		105	104
Other services		125	175
Out of pocket expenses		290	357
		1,097	1,186

24.2 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

	Chief Executive		Directors		Executive	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	912	912	1,169	1,680	7,768	7,735
House rent	408	408	720	720	6,066	6,054
Meeting fee	20	25	455	605	-	-
	1,340	1,345	2,344	3,005	13,834	13,789
Number of Persons	1	1	6	4	9	10

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

	Note	(Rupees in '000)	
		2014	2013
24.3 Employee Provident Fund			
- Size of the fund		38,784	36,967
- Number of members		134	142
- Cost of investment made		24,151	24,077
- Percentage of investment made		62%	65%
- Fair value of investment		13,948	25,202

Investments our of provident fund has been made in accordance with the requirements of section 227 of the Companies Ordinance, 1984 and rules named there under.

25 TAXATION

Current	(36,837)	(21,902)
Prior year	9,009	8,072
Deferred tax expense	(1,813)	(8,382)
Net charge for the year	<u>(29,641)</u>	<u>(22,212)</u>

25.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2014 have been submitted to the authorities. Amount of Rs.9.009 million represents excess liability recorded in the books of the company as compared to tax return.

25.2 Relationship between accounting profit and tax expense is as follows

Accounting profit before tax	<u>171,768</u>	<u>148,580</u>
Applicable tax rate	33%	34%
- Tax at the above rate	(56,683)	(50,517)
- effect of deductions not allowed	(413)	9,487
- effect of exempt income	17,767	26,104
- effect of commission and dividend income	679	786
- effect of prior year reversal	9,009	(8,072)
Provision for taxation	<u>(29,641)</u>	<u>(22,212)</u>

26 FINANCIAL INSTRUMENTS

2014

(Rupees in '000)

Note	Effective Interest rate	Interest / mark-up bearing			Non-interest bearing			Total	
		Maturity with in one year	Maturity after one year	Sub Total	Maturity with in one year	Maturity after one year	Sub Total		
Financial assets									
Cash and other equivalents	13	5% - 10%	44,500	-	44,500	37,981	-	37,981	82,481
Investments	14	8% - 14%	10,000	105,093	115,093	567,701	-	564,309	679,402
Premium due but unpaid	16	-	-	-	-	28,655	-	28,655	28,654
Amount due from other insurers and re-insurers	17	-	-	-	-	51,166	-	51,166	51,166
Reinsurance recoveries and outstanding claims	-	-	-	-	-	136,226	-	136,226	136,226
Accrued Investment income	18	-	-	-	-	1,778	-	1,778	1,778
Advance, deposits and receivables	20	-	-	-	-	48,645	-	48,645	48,645
			54,500	105,093	159,593	872,152	-	868,760	1,028,353
Financial liabilities									
Due to directors	-	-	-	-	-	4,527	-	4,527	4,527
Provision for outstanding claims	-	-	-	-	-	208,377	-	208,377	208,377
Amount due to other insurers and re-insurers	9	-	-	-	-	47,131	-	47,131	47,131
Other creditors and accruals	10	-	-	-	-	55,736	-	55,736	55,736
			-	-	-	315,771	-	315,771	315,771
On balance sheet gap			54,500	105,093	159,593	556,381	-	552,989	712,582

26.1 Fair value of financial assets and liabilities

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

2013

Note	Effective Interest rate	Interest / mark-up bearing			Non-interest bearing			Total	
		Maturity with in one year	Maturity after one year	Sub Total	Maturity with in one year	Maturity after one year	Sub Total		
Financial assets									
Cash and other equivalents	13	5% - 10%	29,125	-	29,125	6,695	-	6,695	35,820
Investments	14	8% - 12.55%	31,051	57,017	88,069	414,994	-	414,994	503,063
Premium due but unpaid	16	-	-	-	-	30,048	-	30,048	30,048
Amount due from other insurers and re-insurers	17	-	-	-	-	56,520	-	56,520	56,520
Reinsurance recoveries and outstanding claims	-	-	-	-	-	149,428	-	149,428	149,428
Accrued Investment income	18	-	-	-	-	2,261	-	2,261	2,261
Advance, deposits and receivables	19	-	-	-	-	25,355	-	25,355	25,355
			60,177	57,017	117,194	685,301	-	685,301	802,495
Financial liabilities									
Due to directors	-	-	-	-	-	3,216	-	3,216	3,216
Provision for outstanding claims	-	-	-	-	-	200,935	-	200,935	200,935
Amount due to other insurers and re-insurers	9	-	-	-	-	1,319	-	1,319	1,319
Other creditors and accruals	11	-	-	-	-	33,800	-	33,800	33,800
Obligation under finance lease	10	13.9% - 15.38%	-	-	-	-	-	-	-
			-	-	-	239,270	-	239,270	239,270
On balance sheet gap			60,177	57,017	117,194	446,031	-	446,031	563,225

27 TRANSACTIONS WITH RELATED PARTIES

(Rupees in '000)

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

	2014	2013
Loan received from directors	455	5,710
Loan repaid to directors	89	5,658
Sale of investment in associated companies	1,472	6,130
Purchased of Motor Vehicle from associated company	-	925
Sale of Motor Vehicle to Associated company	-	400
Issue of cash dividend	13,265	12,968
Issue of Bonus Shares	13,265	12,968
Remuneration to key management personnel	18,030	4,444
Purchase of shares of East West Life Assurance Company Limited	-	1,472

28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments consist of financial assets and financial liabilities.

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

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

28.1 Insurance risk

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

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

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

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

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



(Rupees in '000)

2014 2013

Claims Development

Estimate of ultimate claims costs as recognized till year end	504,241	456,445
Current estimate of cumulative claims	200,934	118,926
Cumulative payments to date	(496,798)	(374,436)
Liability recognized in the statement of financial position	208,377	200,935

Sensitivity Analysis

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

December 31, 2014

	Change in Claims Assumption	Impact on gross liabilities	Impact on revenue account
Current claims	+10%	50,424	(50,424)
	-10%	(50,424)	50,424

28.2 Reinsurance risk

Rating	Amount due from Reinsurers	Reinsurance Recoveries Against Outstanding Claims	Other Reinsurance Assets
A or Above	42,257	136,226	225,860
Others	8,909	-	-

28.3 Credit risk

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

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements as at December 31, 2014 is the carrying amount of the financial assets as set out below:

		2014	2013
Nature of financial assets			
Cash and other equivalents	13	82,481	35,820
Term Finance Certificate	14.5	36,585	14,219
Government securities	14.2	77,871	73,456
Premiums due but unpaid	16	28,655	30,048
Amounts due from other insurers/reinsurers	17	51,166	56,520
Advances, deposits and receivables	20	48,645	25,355
Accrued investment income	18	1,778	2,261
		327,181	237,679

Concentration of Credit Risk

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

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

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

General provision is made for receivables according to the Company's policies. the remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

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

Name of banks	Rating		Rating Agency	(Rupees in '000)	
	Short term	Long term		2014	2013
Allied Bank of Pakistan	AA+	A1+	PACRA	667	486
Askari Bank Limited	A-1+	AA	JCR-VIS	400	684
Al Baraka Bank (Pakistan) Ltd	A	A1	PACRA	6	6
Bank Alfalah Limited	AA	A1+	PACRA	2	2
The Bank of Punjab	AA-	A1+	PACRA	72	637
Dubai Islamic Bank	A-1	A+	JCR-VIS	5,005	10
Faysal Bank Limited	AA	A1+	PACRA	1,318	1,161
Habib Metropolitan Bank	AA+	A1+	PACRA	693	291
Habib Bank Limited	A-1+	AAA	JCR-VIS	4	126
MCB Bank Limited	AAA	A1+	PACRA	153	225
National Bank of Pakistan	A-1+	AAA	JCR-VIS	688	71
Samba Bank Limited	A-1	AA-	JCR-VIS	10	-
Soneri Bank Limited	AA-	A1+	PACRA	714	681
Summit Bank Limited	A-1	A	JCR-VIS	26,458	803
Sindh Bank Limited	A-1+	AA	JCR-VIS	-	3
United Bank Limited	A-1+	AA+	JCR-VIS	457	800
The Punjab Provincial Bank	-	-	-	-	-
JS Bank Limited	A+	A1	PACRA	71	5
NIB Bank Limited	AA-	A1+	PACRA	8	355
The Karakoram Cooperative Bank	-	-	-	1,113	228
				37,831	6,575

Name of Banks

Term deposit certificates	Rating		Rating Agency	2014	2013
	Short term	Long term			
Faysal Bank Limited	AA	A1+	PACRA	-	1,000
JS Bank Limited	A+	A1	PACRA	11,000	1,415
Summit Bank Limited	A-1	A	JCR-VIS	27,500	23,450
MCB Bank Limited	AAA	A1+	PACRA	300	260
The Karakoram Cooperative Bank	-	-	-	5,700	3,000
				44,500	29,125

(Rupees in '000)

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity*	Hypothetical increase / (decrease) in profit / (loss) before tax*
December 31, 2014	506,049	10% increase	556,654	-	-
		10% decrease	455,444	-	-
December 31, 2013	506,049	10% increase	556,654	-	-
		10% decrease	455,444	-	-

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

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

28.7 Interest rate risk

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

	Carrying amount	
	2014	2013
Fixed rate instruments		
Financial assets	43,583	43,794
Financial liabilities	-	-
Variable rate instruments		
Financial assets	46,420	44,275
Financial Liabilities	-	-

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

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

	Profit before tax		Total Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at Decembr 31, 2014				
Sensitivity	<u>464</u>	<u>464</u>	<u>311</u>	<u>311</u>
As at December 31, 2013				
Sensitivity	<u>443</u>	<u>443</u>	<u>443</u>	<u>443</u>

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

Risk Management / mitigation

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Company's policy requires the management to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to changes in market interest rates.

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

28.8 Foreign currency risk

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

29 SEGMENT REPORTING

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

	(Rupees in '000)									
	Fire and Property Damage		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets	190,275	157,840	70,844	59,832	67,135	55,835	207,850	187,201	536,104	460,708
Unallocated corporate assets									862,849	615,279
Total assets									1,398,953	1,075,987
Segment liabilities	223,027	153,275	83,039	58,102	78,690	54,220	243,626	181,785	628,382	447,382
Unallocated corporate liabilities									105,660	69,318
Total liabilities									734,041	516,702
Capital expenditure	3,982	4,813	1,677	1,824	1,408	1,703	4,496	5,708	11,563	14,048
Depreciation	4,191	4,076	1,560	1,545	1,479	1,442	4,578	4,834	11,808	11,897

30 CAPITAL MANAGEMENT

Objectives, policies and processes for managing capital:

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

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

	(Rupees in '000)	
	2014	2013
	Note	Restated
31 EARNINGS PER SHARE		
Profit for the year	<u>142,127</u>	<u>126,367</u>
	Number of Shares	
Weighted average number of ordinary shares outstanding	<u>40,150,254</u>	<u>40,150,254</u>
Basic and diluted earnings per share (EPS)	31.1 <u>3.54</u>	<u>3.15</u>

31.1 There is no dilution effect on the basic earnings per share as the Company has no convertible diluteve potential ordinary share outstanding on year end, consequently reported basic earnings per share is also diluted per share.

32 NUMBER OF EMPLOYEES

Number of employees at the end of the year	<u>134</u>	<u>142</u>
Average number of employees	<u>136</u>	<u>145</u>

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 7, 2015

34 SUBSEQUENT EVENT-NON ADJUSTING

The Board of Directors in its meeting held on March 7, 2015 have recommended a final cash dividend of Rs. nil per share (2013: Rs.10 per share) and a bonus issue of Rs. nil per share (2013: Rs.10 per share) for the approval of the members in the Annual General Meeting to be held on April 3, 2015.

These financial statements for the year ended December 31, 2014 do not include the effect of these appropriations and these will be accounted in the financial statements for the year ending December 31, 2015.



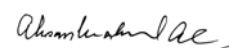
Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 7th March, 2015

PATTERN OF SHARE HOLDINGS

HELD BY THE SHAREHOLDERS OF EAST WEST INSURANCE COMPANY LIMITED AS AT DECEMBER 31, 2014

No. of Shareholders	Shareholding Range		Shareholdings	Percentage
	From	To		
21	1	1,000	7,837	0.0195
119	1,001	2,000	206,964	0.5155
25	2,001	3,000	53,421	0.1331
17	3,001	4,000	56,776	0.1414
10	4,001	5,000	44,072	0.1098
123	5,001	10,000	838,354	2.0880
2	10,001	15,000	25,209	0.0628
1	25,001	30,000	26,482	0.0660
1	500,001	800,000	783,028	1.9502
1	1,200,000	1,500,000	1,353,050	3.3700
1	1,500,001	1,800,000	1,586,501	3.9514
3	1,800,001	2,000,000	5,827,058	14.5131
1	2,000,001	2,100,000	2,004,907	4.9935
1	2,100,001	2,300,000	2,256,194	5.6194
3	2,300,001	2,400,000	7,064,216	17.5944
1	2,400,001	2,600,000	2,577,597	6.4199
1	2,600,001	3,000,000	2,968,206	7.3927
2	3,000,001	3,100,000	6,140,388	15.2935
2	3,100,001	3,300,000	6,329,994	15.7658
335			40,150,254	100.0000

Categories of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor childrens	14	28,954,048	72.1142
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	1	2,420	0.0060
Individual	320	11,193,786	27.8797
Total	335	40,150,254	100.0000

Information as required under the code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
Associated Company			
M/s. East West Life Assurance Co., Ltd.	1	2,420	0.0060
CEO, Directors, their Spouses and Minor Childrens			
Chief Justice (R) Mian Mahboob Ahmad	1	1,624	0.0040
Javed Yunus	1	3,102,364	7.7269
Pervez Yunus	1	3,066,511	7.6376
Naved Yunus	1	2,968,206	7.3927
Maheen Yunus	1	2,375,302	5.9160
Tulu J. Yunus	1	3,073,877	7.6559
Umeed Ansari	1	605	0.0015
Ahsan Mahmood Alvi	1	550	0.0014
Ambreen N. Yunus	1	3,227,630	8.0389
Rubina J. Yunus	1	1,989,136	4.9542
Samina P. Yunus	1	2,004,907	4.9935
Shamaila M. Yunus	1	2,577,597	6.4199
Samad M. Yunus	1	2,256,194	5.6194
Anum M. Yunus	1	2,309,545	5.7523
Individual	320	11,193,786	27.8797
Total	335	40,150,254	100.0000

FORM OF PROXY



32nd Annual General Meeting

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

_____ another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on Friday April 3, 2015 at 11:00 a.m. at the Registered Office of the Company at 27, Regal Plaza, Jinnah Road, Quetta and at any adjournment thereof.

Witness:

1. Signature _____
Name _____
Address _____
NIC or passport No. _____

**Please
affix rupee five
revenue stamp**

2. Signature _____
Name _____
Address _____
NIC or passport No. _____

Signature of Member

Please quote folio number

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