

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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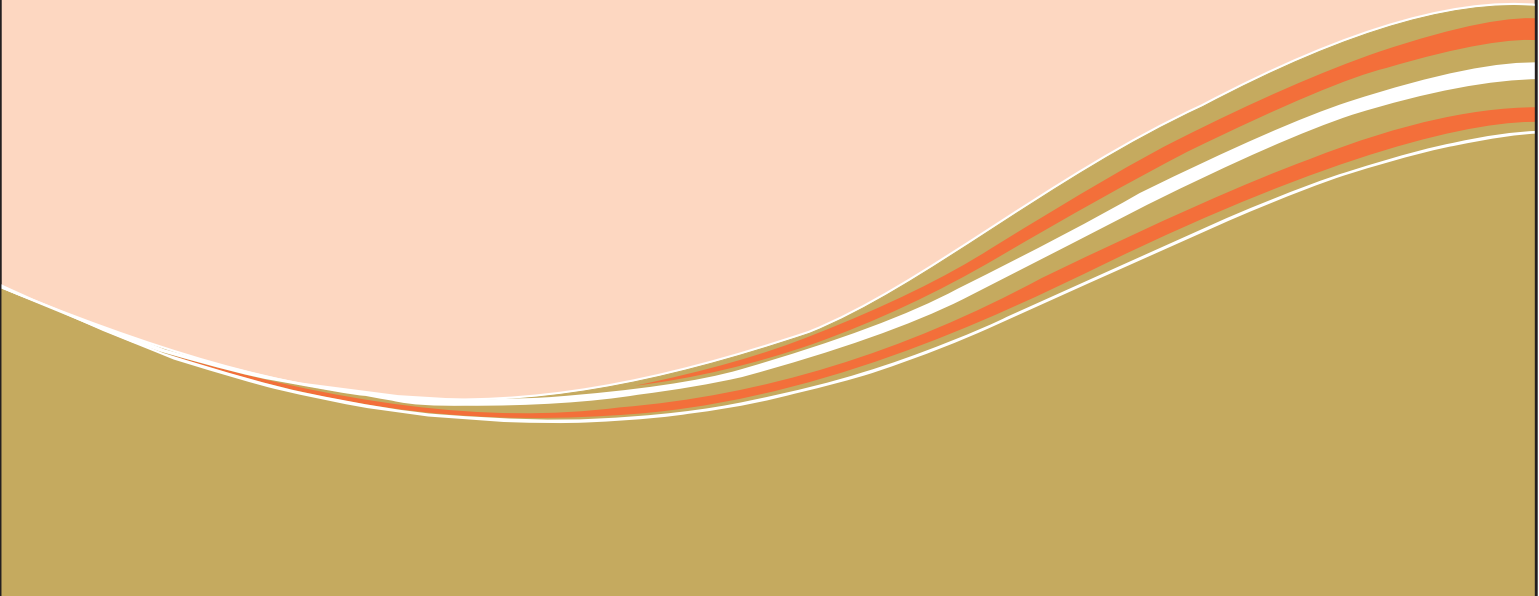
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[Quality services, innovative solutions and comprehensive risk cover]

OUR
VISION
OUR
VISION



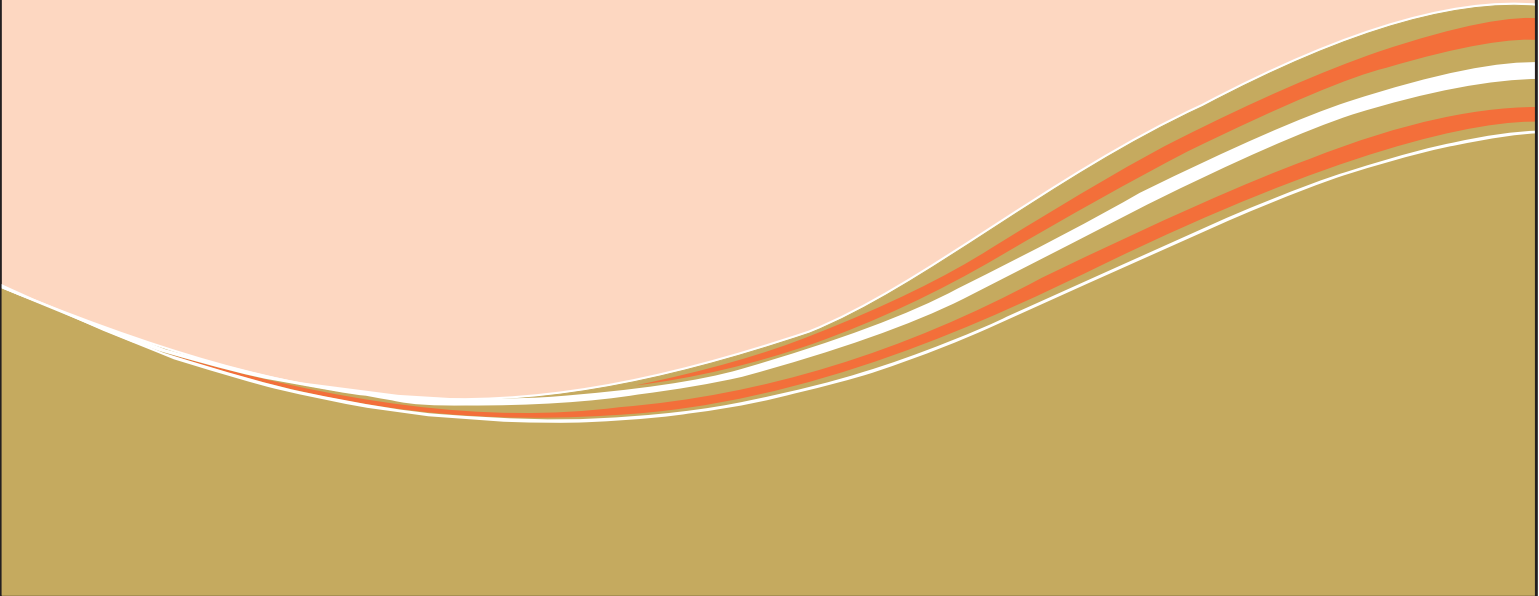


*To be amongst most trusted insurance security
of the country by providing protection to our
insureds in a most effective manner ensuring
prosperity for its stakeholders and growth with
human resource.*



[Long term commitment to our valued clients]

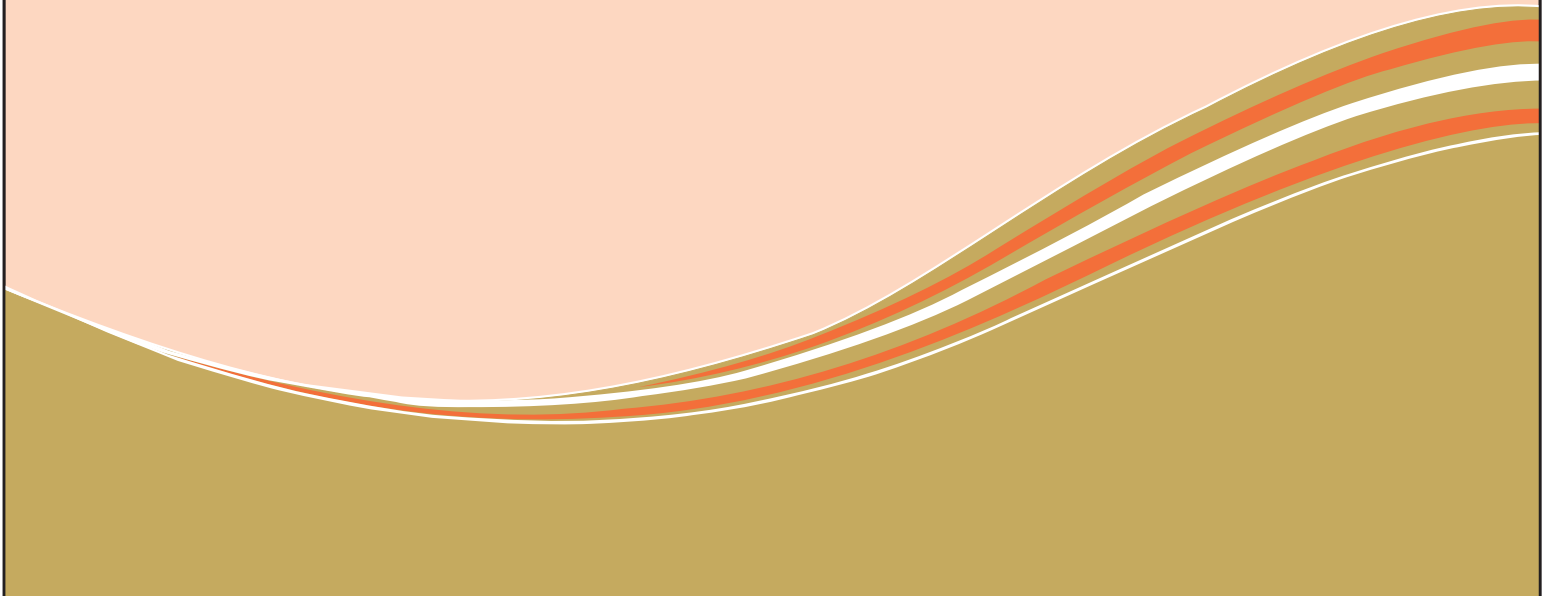
OUR
MISSION
OUR
MISSION



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

[Our team professionals ensure that quality is never compromised]

OUR
PEOPLE
OUR
PEOPLE



BOARD OF DIRECTORS



Chairman :

Chief Justice (R) Mian Mahboob Ahmad

Managing Director and Chief Executive Officer :

Naved Yunus

Directors

Javed Yunus
Pervez Yunus
Maheen Yunus
Umeed Ansari
Ahsan Mehmood Alvi, FCA (England & Wales)
Engr. Kazim Raza, B. Sc. (Engineering, UET)

Company Secretary

Shabbir Ali Kanchwala

Legal Advisor

Khalid Law Associates

Auditors

Grant Thornton Anjum Rahman Chartered Accountants

Tax Advisor

BDO Ebrahim & Co. Chartered Accountants
Afnan Tax Consultants

Shares Registrar

THK Associates (Pvt.) Ltd.
2nd Floor, State Life Building No.03,
Dr. Ziauddin Ahmed Road,
Karachi.

Registered Office :

27, Regal Plaza, Jinnah Road, Quetta.

Head Office :

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

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 :

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

Underwriting Committee :

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

Claims Settlement Committee :

NAVED YUNUS	Chairman
JAVED YUNUS	Member
PERVEZ YUNUS	Member
SHABBIR ALI KANCHWALA	Member
MAZHARUDDIN	Member / Secretary

Reinsurance Committee :

NAVED YUNUS	Chairman
UMEED ANSARI	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
MUHAMMAD SAEED AHMED	Member / Secretary

Human Resource Committee :

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

Information Technology Committee :

NAVED YUNUS	Chairman
UMEED ANSARI	Member
SHABBIR ALI KANCHWALA	Member
IMRAN AHMED	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, B. Sc. (Engineering, UET)

Regional Directors :

SAJJAD ZAFAR

IFTIKHAR HUSSAIN

MUHAMMAD FAYYAZ KHOKHAR

JAN MUHAMMAD

General Managers:

FAWAD AHMED KHOKHAR

JAWAD FAYYAZ KHOKHAR

IBRAR ELLAHI QURESHI

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

SYED MUMTAZ HUSSAIN

SYED SAJID ALI NAQVI

AWAIS IFTIKHAR

Deputy General Managers:

TARIQ MAHMOOD BUTT
MUNIR AHMED SHAKIR
GEORGE JOHN
SYED KHALIL AHMED

Assistant General Managers:

SHAHZAD AQEEL
MUHAMMAD AAMIR KHAN
MUHAMMAD NAEEM AAMIR

Chief Managers:

SYED AZHAR AMIN HASHMI
RANA NAVEED-UR-REHMAN

Regional Managers:

MUHAMMAD SHARIF
ASHIQ HUSSAIN SOOMRO
MALIK MUHAMMAD SALEEM
MOOSA IBRAHIM
ASAD NAZIR BALOCH

Senior Managers:

MAZHARUDDIN
SYED ARSHAD ALI
MUHAMMAD HUSSAIN
SHAFIQ-UL-HASSAN
SYED SHAHZAD ALAM
NAIM S. SHAZIB
ANEES AHMED

Manager & Zonal Managers:

MAQBOOL-UR-REHMAN
ZAHOR AHMED
KASHIF FAROOQ BUTT
MUHAMMAD RIAZ
KHURRAM SHAHZAD
MUHAMMAD TANVEER AHMED

Executive Vice President:

SYED SAFDAR ALI SHAH

Senior Vice President:

RAJA M. IQBAL AHMED
DR. SHAHERYAR AHMED

Vice President:

AZHAR MAHMOOD

Assistant Vice President:

ZEESHAN FAISAL
NAVEEN FELIX

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the 33rd Annual General Meeting of East West Insurance Company Limited will be held on Wednesday, April 27, 2016, 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 April 3, 2015.
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, 2015.
3. To consider the appointment of Auditors for the year ending December 31, 2016 and fix their remuneration. Messrs BDO Ebrahim & Co. Chartered Accountants, being eligible have offered themselves for appointment.
4. To approve the interim dividend as final distribution for the year ended December 31, 2015 announced on April 28, 2015 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, 2015 announced on October 29, 2015 and already issued to the shareholders in the proportion of 1.25 ordinary shares for every ten ordinary shares held i.e. 12.5%.

SPECIAL BUSINESS:

6. To approve payment of remuneration to the Chief Executive and the Directors of the Company. Other Business
7. To consider other business with the permission of the chair.

A statement of material facts under Section 160(1) (b) of the Companies Ordinance, 1984 relating to the special business to be transacted is sent to all the shareholders with the Notice of this AGM.

By the order of the board

Shabbir Ali Kanchwala

Company Secretary
Karachi:28th March, 2016.

Notes:

1. The Share Transfer Books of the company will remain closed from April 20, 2016 to April 27, 2016, both days inclusive. Transfers received in order at Company's Share Registrar, THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi, at the close of business on April 19, 2016, will be treated in time for purposes of transfer of shares to the transferees.
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 (if not already provided) 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:

CNIC number of the shareholders is mandatory for the issuance of dividend warrants in terms of S.R.O 831(1)2012 dated 05 July 2012 read with SRO no.19(1)/2014 dated January 10,2014 and in the absence of this information, payments of dividend shall be withheld. Therefore, the shareholders who have not yet provided their CNICs once again advised to provide the attested copies of their CNICs (if not already provided) directly to our independent Share Registrar at the address given hereinafter without any further delay.

7. Placement of Financial Statements

The Company placed the annual Audited Financial Statements for the year ended December 31, 2015, 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 by SECP. The shareholders encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form dully filled in and signed. The Company shall adopt the procedure of e-dividend in phases. The dividend mandate form is available on the Company's website and can be emailed. The members who have opted for mandate are requested to check the particulars of the bank account which must be in sixteen (16) digits and immediately notify change if any to independent Share Registrar in case of physical shares and to brokers/CDC in case of CDC account holders.

9. Circulation of annual financials through e mail:

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014, has allowed companies to circulate annual balance sheet, profit & loss account, auditor's report and director report along with notice of Annual General Meeting to its members through e-mail. Members who wish to avail this facility can give their consent on the Standard Request Form available on Company's website.

10. Deduction of Income Tax form Dividend at Revised Rates

Pursuant to circular No. 19/2014 dated October 24, 2014, SECP has direct all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. The Company, hereby advise to its shareholders, the important amendments, as under;

- a. For filers of income tax returns 12.5%
- b. For non-filers of income tax returns 17.5%

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.

Address of Independent Share Registrar of the Company:

Name: THK Associates (Private) Limited

Address: 2nd Floor, State Life Building -3, Dr. Ziauddin Ahmed Road, Karachi,

Phone: +92-21-111-000-322, Direct:+92(021) 35693094-95



STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES 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 27, 2016.

For the purpose it is proposed that the following resolution be passed, with or without modification, by the Shareholders.

“RESOLVED THAT the Company hereby approve and authorize payment of annual Remuneration for the period January 2016 to December 2016 to Mr. Naved Yunus – Chief Executive, a sum not exceeding Rs. 4,800,000/-, Mr. Javed Yunus – Executive Director, a sum not exceeding Rs. 3,600,000/-, Mr. Pervez Yunus – Executive Director, a sum not exceeding Rs. 3,600,000/- and Mr. Kazim Raza – Executive Director, a sum not exceeding Rs. 2,340,000/-.”

FINANCIAL HIGHLIGHTS

(Rupees in million)

	2015	2014	2013	2012	2011	2010
Gross Premium	1,767.74	1,419.87	1,124.30	855.72	673.32	562.50
Direct Premium	1,149.75	907.01	723.61	584.65	426.10	389.20
Net Premium	870.24	760.24	622.57	467.72	387.69	331.97
Investment & Deposits	897.92	774.05	580.54	391.18	278.08	222.77
Investment Income	33.14	97.17	100.91	36.78	31.36	32.02
Total Assets	1,575.27	1,398.95	1,075.99	835.35	713.96	633.64
Fixed Assets	169.75	103.28	104.66	102.81	110.74	124.84
Paid up Capital	451.69	401.50	365.00	331.82	301.65	251.38
Share holder's equity	756.01	664.91	559.29	466.10	398.04	338.16
General Reserve	100.00	100.00	100.00	100.00	75.00	77.20
Claims Paid	502.86	496.80	374.44	282.51	262.09	316.28
Net Claims	378.32	305.39	253.99	179.32	153.90	151.33
Claim paid / Gross premium %	28.45	34.99	33.30	33.01	38.93	56.23
Management Expenses	168.56	148.29	115.96	92.20	78.17	66.55
Other Management Exp./Gross premium %	9.53	10.44	10.31	10.77	11.61	11.83
Net Commission	159.96	167.09	135.72	83.25	73.81	68.64
Underwriting Profit	163.41	139.47	116.90	112.96	81.80	45.46
Profit before tax	183.89	171.77	149.58	84.25	47.87	15.55
Profit for the year	131.25	142.13	126.37	68.06	35.00	8.44
Dividend & Bonus	90.34	73.00	66.36	30.17	25.14	22.85
Break up value per share (Rupees)	16.74	16.56	15.32	14.05	13.21	13.45
EPS - basic and diluted (Rupees)	2.91	3.15	3.15	1.86	1.05	0.26

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, 2015.

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 33 years.

GLOBAL DEVELOPMENT

In 2015, global economic activity remained subdued with declining growth in emerging market and developing economies for the fifth consecutive year. While a modest recovery continued in advanced economies. The key transitions continued to influence the global outlook as under:

1. Gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption of services.
2. Lower prices of energy and other commodities.
3. Gradual tightening in monetary policy in United States in the context of resilient recovery.

Overall growth in China evolving broadly as envisaged. However, it showed faster than expected slowdown in imports and exports reflecting weak investment and manufacturing activity. These developments, together with market concerns about the future performance of Chinese economy are having spillovers to other economies through trade channels and weaker commodity prices. Prices of other commodities especially metals, have fallen as well. In short the global growth is projected at 3.4% in 2016 and 3.6% in 2017.

IMPROVED LAW AND ORDER SITUATION:

A Successful campaign against the militants has brightened the growth outlook raising investors and consumers sentiment. The improved law and order situation has provided further stimulus to the economy. However, energy shortages, low investment in human capital and a difficult business environment means that growth may remain below the potential. Pakistan's various indicators continued to show improvement in FY15 as economic growth, fiscal deficit and external account showed improvement over the previous year. GDP during 2015 grew by 4.2% as against the targeted rate of 5.1% yet it is considerably higher than the last 5 years average growth rate of 3.5%. Agriculture and services sectors witnessed improvement compared to previous year. However, the industrial sector slowed down and remained lower than the targeted percentage of 6.8% due to lower growth in Large Manufacturing Sector. Higher infrastructure spending, improving energy and law and order situation, lower oil prices and increase in aggregate demand may lift GDP above 5% in FY-2016.

PAKISTAN'S ECONOMY

Pakistan is at an important juncture of its history. But sometime it is quite contrary to one's expectations what is happening in the world economy these days as the fight between the oil giants is getting worse. Oil prices in the world market are facing the worst slump of recent history. From a high of \$115 per barrel in June 2014 and maintaining nosedived trend of price cut, the prices have gone down to \$40 in December 2015.

The present reduction simply means boon for all developing economies while the increase in the consumer's pockets raises demand for almost everything. It also means lower cost of production and prices that are affordable by more people from farmers sowing wheat for home consumption to industrialists filling apparel export orders passing benefit to almost everyone. It is also good news for Government of Pakistan looking to weather the ever worsening energy crisis. It can reap its benefits in both economic and political spheres. The oil prices will help reduce cost of energy and is likely to ease out load-shedding.

The fight against terrorism in Pakistan has gone into top gear and it seems the pressure has been released to quite an extent for the law enforcing agencies. It is finally moving forward and has shown ample signs of force and resolve with which it intends to march ahead. But let us not be deceived. Terrorism as we Pakistani have lived through over past decades is not about a group of rouge, violent and misguided elements. It has taken deep roots in society, its polity and its economy as well. However, we have to define the way we perceive nationalism and decide for us which Pakistan we wish to live in.

DIRECT FOREIGN INVESTMENT:

Mega projects worth billions of dollars are waiting in the wings, east, west and north of Pakistan. China is eagerly investing in trade/economic corridor to give transport outlet to its fast developing north western Xingjian province.

Tajikistan has also requested Pakistan to allow land route for importing oil from Middle East. A gas pipeline project running from Tajikistan to Afghanistan, Pakistan and then India is also in the process. These projects will prove boon for our economy and will enrich and increase the size of our middle class. The opportunities are knocking at our door and will gate-crash as soon as terrorism subsides completely. Mega investors are very shrewd about calculating risks that their projects are likely to face. So at any time we feel that terrorism has waned, we would expect multibillion projects to kick start immediately.

Economy of Pakistan could be poised for a revival of growth in 2016. After languishing low growth since 2008 for almost five years, the predicament was described by State Bank as low-growth, high inflation, equilibrium. Along-with this was a serious power crisis, brought on in large part by a severely constrained fiscal situation and low foreign exchange reserves.

However, in 2015, the tide began to change as reserves reached historic highs, even on the back of borrowed money. Inflation also fell rapidly throughout the year, picking up slightly only in the closing days.

As the tide turns, a window of opportunity opens up for the government in 2016. It is worth bearing in mind that the promise of the moment owes itself almost entirely to the fortuitous circumstances. The biggest stroke of luck came in the form of dropping oil prices which stabilized the current account even as exports and FDI fell.

The absence of big ideas to manage the changing circumstances has been the biggest constrain thus far, and 2016 will test its weakness to maximum. This is the year when the promise of CPEC will take its shape. Power sector reforms do not appear to be advancing and privatization appears to be stuck in limbo. However, realizing the promise offered by improving macroeconomic fundamentals will provide a big opportunity for the government in 2016.

INSURANCE INDUSTRY OUTLOOK:

The industry is still reeling under the pressure of insurance penetration and trying to reach out to customers in remote corners of the country. This can be largely attributed to the lack of awareness and unavailability of infrastructure. To combat this challenge East West Insurance Co., Ltd is seeking advantage of technology and is leveraging on the expanding mobile and internet connectivity. Also in future, technology is going to play a very vital role in shaping the industry. Adoptions of newer technologies will seek better delivery, customer services and low cost solutions. The major concern that still grapples the industry is the unsustainable low pricing which needs to be reviewed to promote risk based pricing models in-accordance with the underwriting principles. The current trend will not be sustainable for the industry in the long run, given that a strong bottom line is essential for honoring customer claims, investment in innovative products and most importantly partaking to a long term and sustainable growth.

What drives our company is our pursuit for excellence when it comes to customer service. It is not only about delivering what has been promised but also about pushing the boundaries and offering what is not even expected for going relationship beyond insurance. Besides, constant innovation and sound underwriting practices has led us to growth with profitability since very first year of our operation.

OUR PERFORMANCE:

East West Insurance Co., Ltd annual report offers a uniquely detailed and comprehensive insight into global as well as local insurance industry. Combining the legislation and regulatory requirements our insurance market has developed comparable skills with rest of the world.

The year 2015 was a combination of triumph and challenges. It was characterized by increase in revenue, a strong growth, innovation as well as challenges like losses and uneconomical premiums that continue to have an impact on the profitability of industry.

Despite challenges, East West Insurance Company Limited and its employees focused on its key strengths and emerged as one of the leading underwriters of Pakistan. Based on the financials, East West Insurance Company Limited was adjudged by the rating company 'PACRA' as professionally sound and stable company to effectively manage its liabilities without compromise on quality based on superior customer services, prudent underwriting norms and its fundamentally strong position in the industry. Over view of our performance is as under:

- a. Revenue of the company increased by 24.5% and exceeded target of PKR 1.75 Billion.
- b. The company maintained its record as one of the most profitable insurers in the market and earned profit after tax of PKR 131.25 million.
- c. Combined loss ratio of 81% reaffirming the fundamentally strong financial position of the company in the industry.

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 2015 the equity/investment ratio of the company has incredibly improved with an investment income of PKR 33.14 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 2015, 10% cash dividend and 12.5% 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 2015, the Board of Directors may consider further dividend/bonus for the shareholders.

ACKNOWLEDGEMENT

The most important factor in driving our business are our employees and business partners who have played a significant role in helping us build our book of business to deliver value to our customers. I thank all of them for their constant support, truth and patronage. I also thank our customers for their continued support to make 2015 a successful year of the company. In this regard my sincere gratitude is for the Managing Director, Fellow Directors and members of senior management of the company for their tireless dedication, devotion and efforts 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 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.

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

With this in mind, I anticipate that Inshallah the company will successfully face the challenges ahead bringing prospective improvement in overall business results in the year 2016.

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



Chief Justice (Retd.)
Mian Mahboob Ahmad
Chairman

Karachi Dated: 28th March, 2016

DIRECTOR'S REPORT

Directors of your company have the pleasure in presenting their 33rd Annual Report and audited financial statements for the year ending December 31, 2015.

OVERVIEW OF INSURANCE INDUSTRY:

The non-life insurance industry is showing a steady growth for the last many years and this year expectation is around 10% to 15%. Major increase in growth across the industry has been in the premium of Fire/Property and Motor portfolios. However, the increase in premium of East West Insurance Company Limited is around 24.5% compared to last year. The significant rise in premium is under Fire/Property and Miscellaneous portfolios, including Engineering, Health and Crop portfolios. We are also considering to under-write Takaful Insurance in future to supplement the income of the company as general insurance companies are now allowed to open Takaful window in their existing setup.

OUR PERFORMANCE:

Your company's gross written premium grew to PKR 1.76 billion from PKR 1.420 billion in the previous year, which shows an increase of gross premium by 24.5%. The net earned premium during the year 2015 was PKR 870.24 million as against PKR 760.24 million in the previous year thus showing a growth of 14.47%. Combined loss ratio stood at 81% in a market that is highly competitive marred by natural catastrophes indicating viable combined ratio vindicating strong underwriting focus and cost management skills.

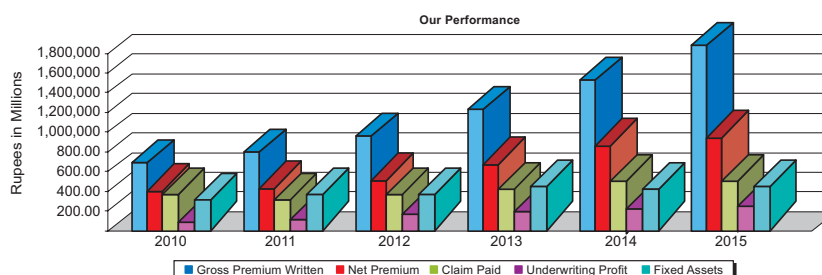
Despite challenges, the management of East West Insurance Company Limited and its employees focused on its underwriting key strengths and emerged as one of the leading property underwriters of Pakistan. Based on its financials East West Insurance Company Limited is considered financially sound and stable company to effectively manage its liabilities without compromise on quality. Moreover, constant innovations of products, superior customer service, prudent risk assessment norms place East West Insurance Company Limited amongst strong underwriting companies of insurance industry.

On the claims front, limited number of losses under the treaty highlights the maturity of the company reflecting the prudent underwriting practice. Despite accommodating losses to net account; your company had been able to record satisfactory performance in terms of premiums and profits demonstrating its ability to absorb losses without impairing financial security to maintain solvency margin well over the minimum requirement of regulators. Overall results at a glance;

Particular	2015 (Rs/million)	2014 (Rs/million)	% increase (decrease)
Gross Premium	1,767.74	1,419.87	24.50
Net Premium	870.24	760.24	14.47
Claims Paid	502.86	496.80	1.22
U/W Profit	163.41	139.47	17.16
Paid-up-Capital	451.69	401.50	12.5

- a. Revenue of the company has been increased by 24.5% thus exceeding the target of PKR 1.75 Billion.
- b. Profit after tax has been declined during the current year due to reduction in investment income as compared to last year by PKR 64 million approximately. In addition the taxation on other income has also been charged @ 32% as against tax on investments @ 15%. The current profit has been computed for PKR 131.25 Million for the year 2015.
- c. Combined loss ratio remained within 81% reaffirming the fundamentally strong financial position of the company in the industry.

- d. Investment to equity ratio has also emerged above 1% and is computed at 1.12% which is considered well above the recommended percentage for prudent indemnities.



RISK MANAGEMENT:

Your company perceives risk management as a means of value optimization. The company also recognizes the importance of internal control and risk management in sustaining the business continuity and considers it essential component of the business culture which is exposed to multi natured risks arising from with internal and external sources.

FIRE/PROPERTY INSURANCE

The company has underwritten gross premium of PKR 626.84 million under fire/property portfolio showing increase of 24.39% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 75.254 million thus showing an increase of 20.92% compared to year before.

MARINE INSURANCE

Gross premium underwritten in Marine Portfolio including Marine Hull was PKR 217.23 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 34.89 million. Despite limited premium income, this portfolio has shown a better performance compared to other classes of business.

MOTOR INSURANCE

The company wrote a premium of PKR 233.70 million against motor insurance including third party and comprehensive protection. The third party insurance has tremendous potential of generating premium for the insurance industry. However, due to ineffective administrative control there is a big drain of legitimate income of insurance companies due to un-healthy practice of unknown and unregistered insurance companies who offer fake coverage on nominal premium. This situation needs to be reviewed by the concerned authorities all over Pakistan for protection of public against liability claims.

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 2015 we have underwritten gross premium of PKR 429.71 million through direct and facultative insurance in this class of business.

MISCELLANEOUS ACCIDENT

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 2015, we have underwritten gross premium of PKR 10.39 million in this portfolio.

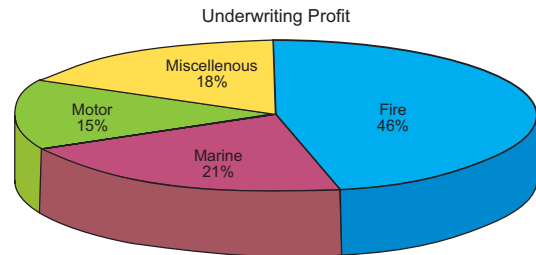
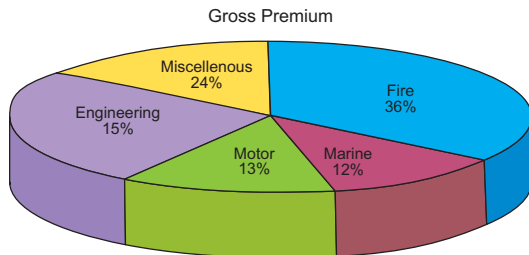
TRAVEL AND HEALTH INSURANCE

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 commissions in Pakistan. Incidentally, we are enlisted on the panel of various embassies/consulates who accept our insurance policies to process VISAS for travelers. In 2015, we have underwritten gross premium of PKR 145.81 million.

CROPS AND LIVE STOCK:

Your company participated in the Crop & Live Stock insurance program promulgated by the State Bank of Pakistan. However during the period under review the company did not demonstrate aggressive underwriting. Whereas, in 2016 company has planned to tap the entire resources of various commercial and private banks to grab the premium under this portfolio. Negotiations are already in progress with National Bank of Pakistan who promotes the crop scheme through a large exclusive fund.

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 increasing growth of our population. 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, lightening, snakebite and calving.



CREDIT RATING

Credit rating of East West Insurance Company Limited was assessed by Pakistan Credit Rating Agency (PACRA) for the year 2015. 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:

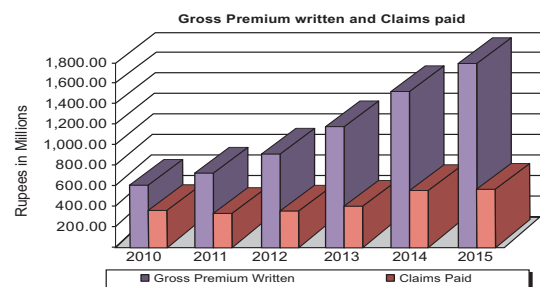
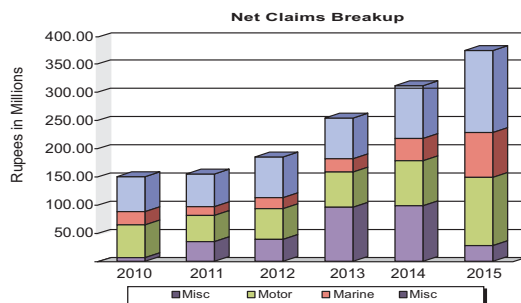
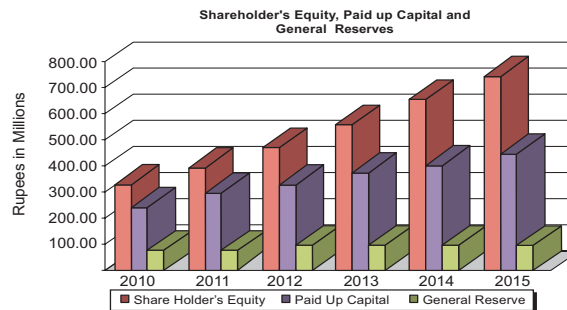
- Appreciable growth in premium income.
- Strong financial reserves/base.
- Prudent management strategy.
- Enhanced liquidity to equity ratio.
- Strong risk absorption.

REINSURANCE ARRANGEMENTS

Since 2013 we are maintaining non-proportional treaties 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. We have successfully renewed our underwriting treaties for the year 2016 under the lead of 'A' rated reinsurers.

CAPITAL, SOLVENCY & SHAREHOLDER'S FUND

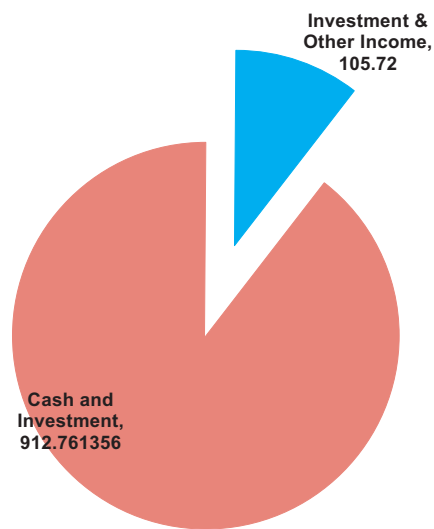
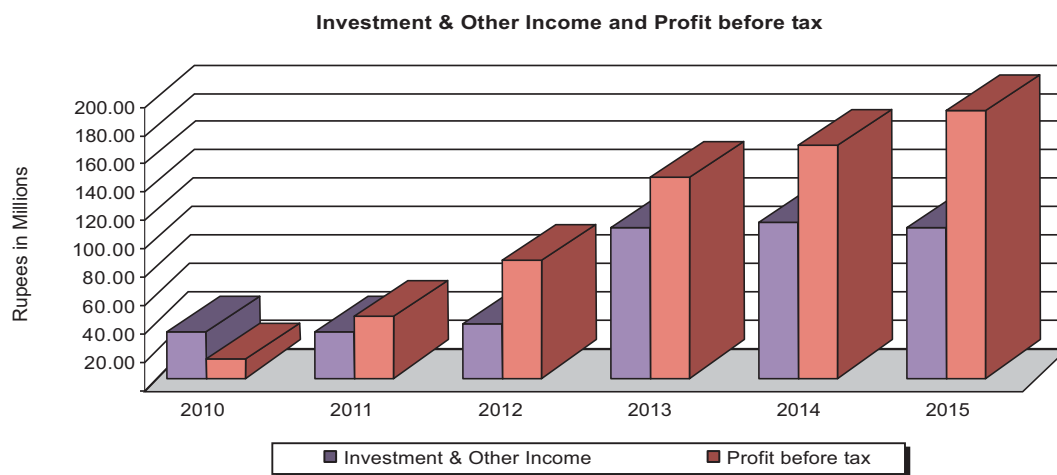
Shareholder equity of the company stood at PKR 756.014 million as on December 31, 2015. Although no new capital was required to be infused during the year, however, the company offered 12.5% bonus shares during the year thus raising the capital to PKR 451.69 million. You would be pleased to know that company continues to be an efficient and modest user of capital in the private sector as measured by the ratio of gross premium written to capital infused and/or gross premium written to shareholder's equity.



INVESTMENT & INVESTMENT INCOME

The investment duration of the portfolio is actively monitored. Keeping in mind the duration of liabilities; your company's investment philosophy is based on strong cash generation, backed by prudent investment of surpluses keeping in mind the obligation to pay claims when they arise.

The assets under the management represented by cash and investments as at December 31, 2015 stood at PKR 912.76 million showing an increase of 20% in comparison with last year. Total investment income for the year 2015 was PKR 33.14 million.

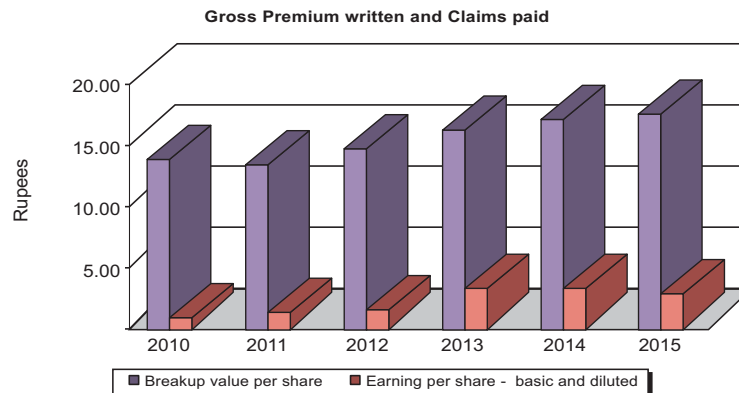


RETURN ON EQUITY

The return on average equity for company was 17.36% as against 21.38% in the previous year. The return on equity has decreased for obvious reasons as explained in preceding pages.

EARNING PER SHARE

Due to decrease in return on equity the earning per share has also decreased to PKR 2.91 which shows decline of 8% compared to PKR 3.15 for both basic and diluted EPS for the year 2014.



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 Association 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 2015 and its prospects for the future. The Directors fully endorse the views of the Chairman and appreciates the guidance for further improvement in growth and prosperity for the benefit of its shareholders, employees and valuable customers 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 Division of Securities Exchange Commission of Pakistan. Finally, we also acknowledge the hard-work and dedication of our marketing teams, marketing staff, officers and staff members for achieving the desired goals and objectives of the company and look forward for their continued support in the year 2016.

(Rupees in '000)

APPROPRIATIONS

The working results of the company for the year 2015 are as under:

Profit before tax	183,894
Less: Taxation	(52,642)
Profit for the year	131,252
Add: Balance brought forward from previous year	163,410
Amount available for appropriation	294,662
Interim cash dividend 10%	(40,150)
Issuance of bonus shares 12.5%	(50,188)
Balance carried forward	204,324

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 have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from has been adequately disclosed.
- The key operating and financial data for the last six years is annexed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Board is ultimately responsible for the company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss. The process used by the Board to review the effectiveness of system of internal control include, interalia, the following:
 - An audit committee has 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 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 December 31, 2015 is Rs.27,137,367/-.
- There has been no undisclosed transaction 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	12	04
ATTENDANCE							
Chief Justice (R) Mian Mahboob Ahmad	04	-	-	-	-	-	-
Mr. Naved Yunus	04	-	-	04	-	12	-
Mr. Javed Yunus	03	-	-	-	-	-	-
Mr. Pervez Yunus	03	-	04	-	-	-	-
Mr. Maheen Yunus	02	02	04	03	03	-	-
Mr. Umeed Ansari	04	04	-	-	04	-	04
Mr. Ahsan Mehmood Alvi	04	04	-	-	-	12	04
Engr. Kazim Raza (Alternate Director in place of Mr. Tulu Javed Yunus)	03 +01 as Director	04	04	04	-	-	-
Mr. Shabbir Ali Kanchwala	-	-	-	-	04	12	04
Mr. Johry Lal	-	04	-	-	-	-	-
Mr. Mazhar uddin	-	-	-	-	04	-	-
Syed Arshad Ali	-	-	-	04	-	-	-
Mr. Ismail Ibrahim	-	-	-	-	-	01	-
Mr. Muhammad Shareef	-	-	04	-	-	-	-
Mr. Adil Hussain	-	-	-	-	-	-	04
Mr. Zamran Ayub	-	-	-	-	-	11	-

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

To appoint Auditors for the financial year 2016 retiring Auditors M/s. Grant Thornton Anjum Rahaman, Chartered Accountants in compliance with the Code of Corporate Governance, stand retired after completing five years of their services for the Company. The Board of Directors upon the recommendation of the Audit Committee proposed the appointment of M/s. BDO Ebrahim & Company, Chartered Accountants to be the statutory auditor for the financial year 2016.

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: 28th March, 2016

STATEMENT OF COMPLIANCE



WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in regulation No. 35 of the listing regulations of Pakistan 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 three non-executive directors and one independent director.

Category	Names
Independent Directors	Mr. Ahsan Mahmood Alvi
Executive Directors	Mr. Naved Yunus, Mr. Javed Yunus, Mr. Pervez Yunus & Engr. Kazim Raza
Non-Executive Directors	Chief Justice (R) Mian Mahboob Ahmad, Mr. Umeed Ansari and Mr. Maheen 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Mr. Tulu Javed Yunus resigned from the Board effective 18 August, 2015. The casual vacancy on the Board was filled by Engr. Kazim Raza effective 31 August 2015.
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 supproting 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. There was no new appointment of Chief Financial Officer (CFO) & Company Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO & Company Secretary and the Head of Internal Audit Department on the recommendation of Human Resource Committee.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully described 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 one is non-executive director and the chairman of the Audit Committee is non-executive independent 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 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 four 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 Pakistan 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 meeting of underwriting, executive, claim, re-insurance, information technology and investment committees were held at least once in every quarter
26. We confirm that all other material principles contained in the Code have been complied with.



NAVED YUNUS
Managing Director &
Chief Executive Officer

Karachi Dated: 28th March, 2016

REVIEW REPORT



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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, 2015 to comply with the requirements of Listing Regulation No.35 of Pakistan 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, 2015.

Grant Thornton Anjum Rahman
Chartered Accountants
Engagement Partner: Muhammad Shaukat Naseeb

Karachi Dated: 28th March, 2016

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.

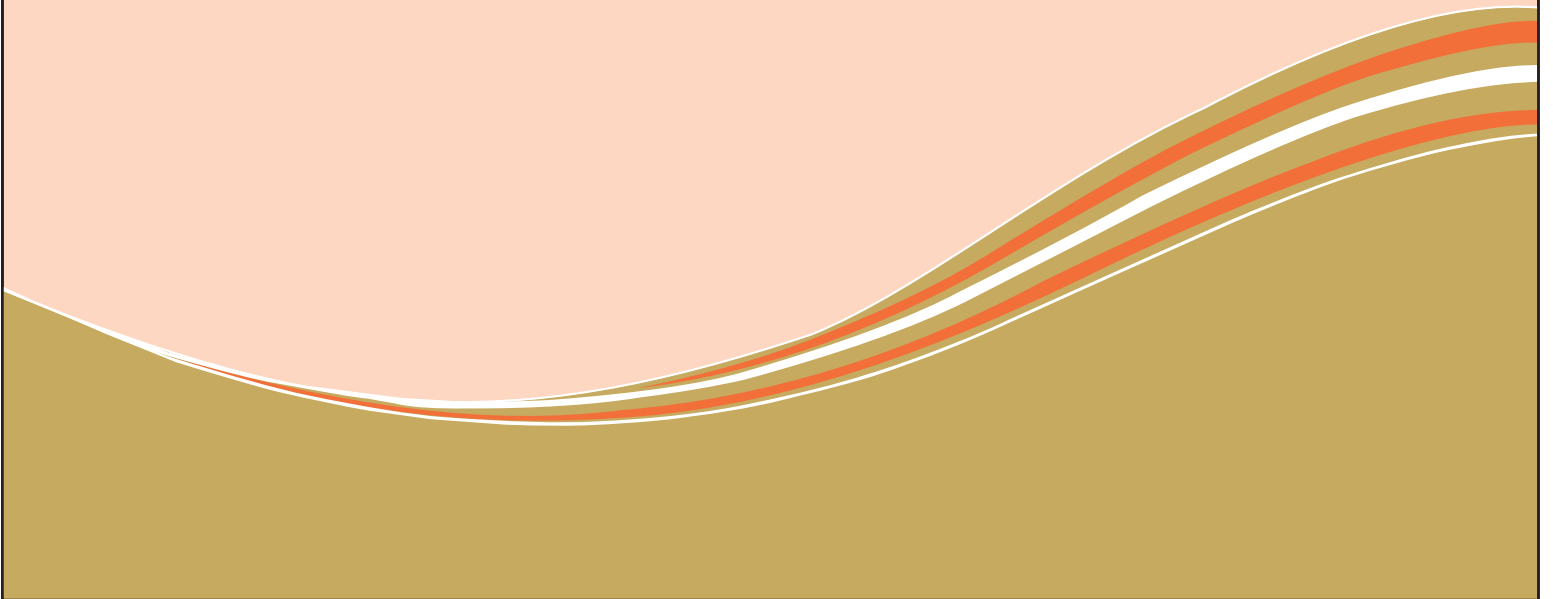


NAVED YUNUS
Managing Director &
Chief Executive Officer

Karachi Dated: 28th March, 2016

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

OUR SERVICES



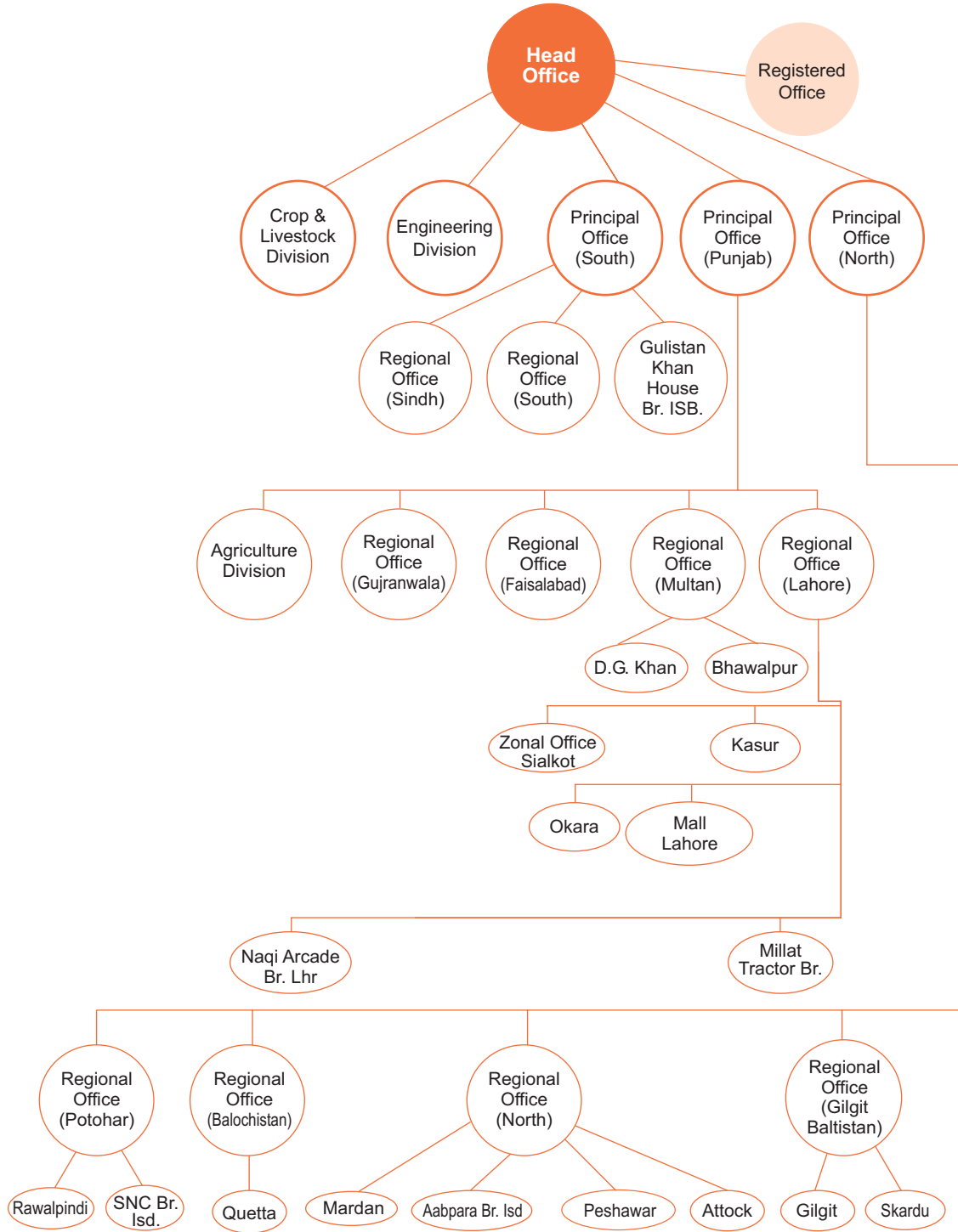
ORGANIZATIONAL SET-UP



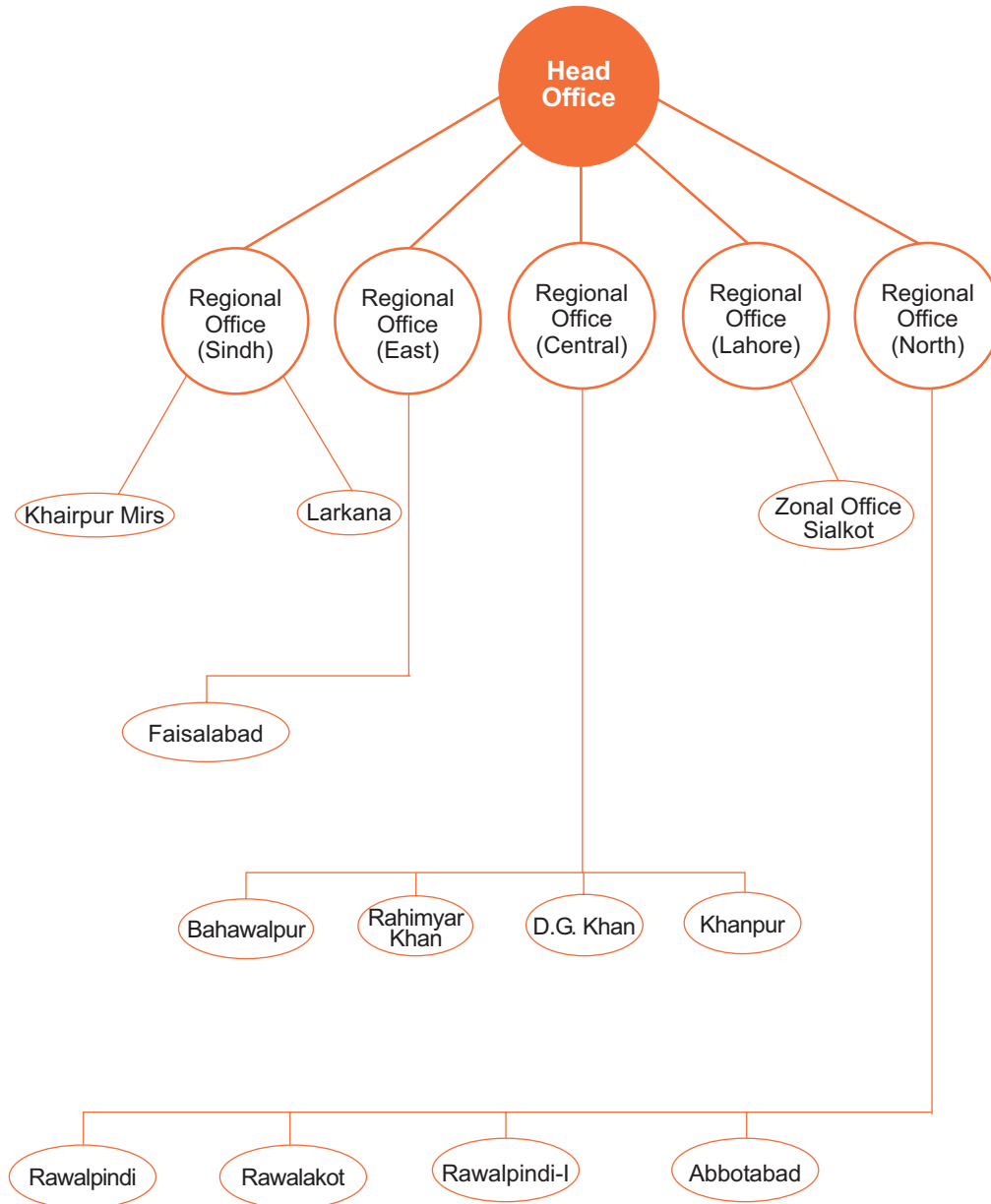
- A. Company Offices & Branch Network**

- B. Agencies Network**

COMPANY OFFICES & BRANCH NETWORK

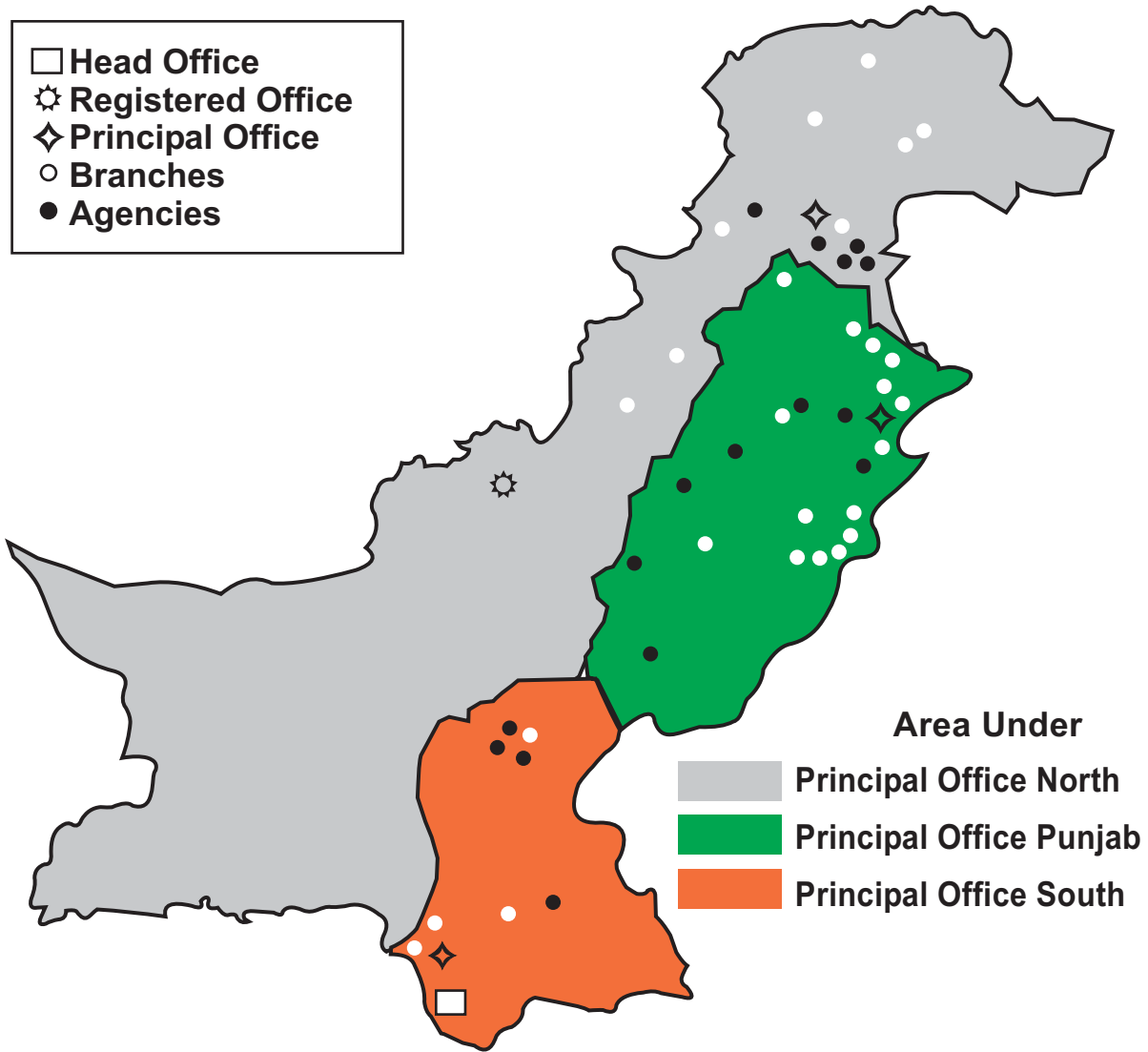


AGENCIES NETWORK





- 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 401-404, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.
Tele : (021) 35630400-11
Fax : (021) 35630413, 35630415
Website: www.eastwestinsurance.com.pk
E Mail : ewire@cyber.net.pk
E Mail : info@eastwestinsurance.com.pk

PRINCIPAL OFFICES

NORTH Al-Asghar Plaza, 20, Blue Area, F-6, Islamabad.
Tel : (051) 2276663-5
Telefax : (051) 2822207
E Mail : eastwestins.north@yahoo.com

PUNJAB 1st Floor, Naqi Arcade,
71-Shahrah-e-Quaid-e-Azam, Lahore.
Tel : (042) 36306573, 36370703, 36375553
Telefax : (042) 36361479, 36368849
E Mail : ewins@brain.net.pk

SPECIALIZED DIVISIONS UNDER HEAD OFFICE

CROP DIVISION 401, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.
Tele : (021) 35630400-11
Fax : (021) 35630415

ENGINEERING DIVISION 401-404, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.
Tele : (021) 35630417
Fax : (021) 35630413

BRANCH OFFICES UNDER PRINCIPAL OFFICE (SOUTH) KARACHI

REGIONAL OFFICE (SOUTH) B-1 Shafeeq Plaza, 255/A,
Sarwar Shaheed Road, Karachi. Karachi
City
Tel : (021) 35642280-84
Fax : (021) 35681424
E Mail : ewiros@hotmail.com
ewiros@eastwestinsurance.com.pk

GULISTAN KHAN HOUSE BRANCH Office # 303,3rd Floor,
Gulistan Khan House, Islamabad
Rawalpindi
Fazal-e-Haq Road,
Blue Area, Islamabad.
Tel : (051) 2802491-4
Fax : (051) 2802490

EUROPA CENTRE BRANCH Europa Centre, 2nd Floor,
Hasrat Mohani Road, Karachi
Off. I. I. Chundrigar Road, Karachi. Karachi
City



**REGIONAL OFFICE
(SINDH)**

House No. C-217, Naseem Nagar,
Qasimabad, Hyderabad Cantt.
Cell : 0301-3527060

Sindh (Except Sindh)
Hyderabad, Tando Jam
Muhammad, Matiari

BRANCH OFFICES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

**PRINCIPAL OFFICE
(NORTH)**

Al-Asghar Plaza, 20, Blue Area,
F-6 Islamabad
Tel : (051) 2276663-5
Fax : (051) 2822207

Khyber Pakhtoon Khwah &
Baluchistan
Region

**ISLAMABAD
AABPARA BRANCH**

Flat No. 4, Block No. 2,
Pervez Market, Sector
G-6/1-1, New Aabpara,
Islamabad.
Tel : (051) 2603927
Fax : (051) 2822501

Islamabad
Rawalpindi

**REGIONAL OFFICE
KHYBER - PAKHTOON
KHAWAH**

8th Floor, State Life Building
34, The Mall, Peshawar Cantt.
Tel : (091) 5276438, 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)**

27-28 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 (PUNJAB)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 89, 36375553, 36370703 Fax : (042) 36361479, 36368841 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, 36368841 Cell : 0321-4684047 E-mail: ewins@brain.net.pk	Punjab
REGIONAL OFFICE (LAHORE)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 36375553, 36370703 Fax : (042) 36361479, 36368841 Mobile: 0321-4684047	Lahore City
MILLAT TRACTOR BRANCH	Millat Tractor Limited, Sheikhupura Road, Lahore. Tel : (042) 37910319 Mobile : 0321-4680436 UAN : 111-200-786 Ext. 446	Lahore
SQA BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-36306573, 89, 3637553, 36370703 Fax : 042-36361479, 36368841 Mobile : 0323-4451055	
MALL BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-36306573, 89, 3637553, 36370703 Fax : 042-36361479, 36368841 Mobile : 0321-4781111	



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
SIALKOT	Al-Rehman Centre, Defence Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270 Mobile: 0301-8624101	Sialkot Dorka Navowal Shakar Garh
REGIONAL OFFICE FAISALABAD	3rd Floor, Sona Bazar Plaza, Inside Circular Road, Faisalabad. Tel : (041) 2413043, 4011231 Mobile : 0300-7624798	Faisalabad Jaranwala Samundri Gojra Jhang
REGIONAL OFFICE MULTAN	Ghaffar Plaza, Bohra Street, Multan Cantt. Tel : (061) 4512502, 4587112, 4514300 Fax : (061) 4514859 Mobile : 0336-0092631	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

AGENCIES UNDER PRINCIPAL OFFICE (SOUTH), KARACHI

KHAIRPUR MIRS	524, Mohallah Tappali Street Khairpur Mirs. Tel : (0243) 552275	Khairpur Mirs, Gambat Ranipur, Koddigi 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, Warrarh, Thul, Miro Khan, Naukot, Naudero

AGENCIES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

ISLAMABAD	Flat No. T/16, 3rd Floor, Arshad Shareef Plaza, G-II Markaz, Islamabad. Tel : (051) 2361125 Fax : (051) 2361126	Islamabad Capital Territory
RAWALPINDI-I	Plaza No.98, 2nd Floor, Near Bank Al-Falah, Civic Centre, Bahria Town, Rawalpindi. Cell : 0331-5565484	Islamabad Rawalpindi
RAWALPINDI-II	55/A, Malik Plaza, Room # 8, 2nd Floor, Bank Road, Rawalpindi Cantt. Tel : (051) 5564173 Cell : 0333-5583342	Islamabad Rawalpindi
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
ATTOCK	F-37, Sheikh Zafar Plaza, Madni Chowk, Attock City. Tel : (057) 2611726	Attock, Fateh Jang Pindi Gheb.
RAWALAKOT	Near G.P.O. CMH Road, Rawalakot (A.K.) Tel : (058710) 43681	RAWALAKOT BAGH POONCH

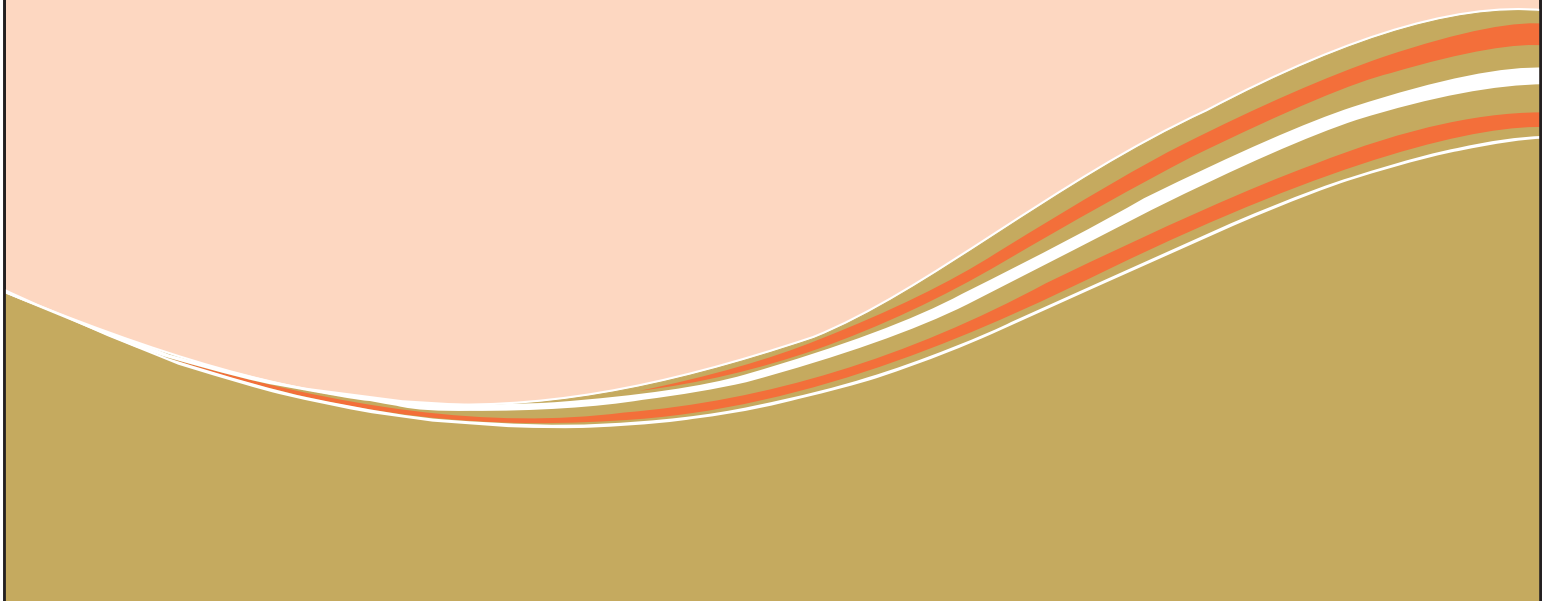


MUZAFFARABD	Village Kamar Bandi, Muzafarbad (A.K.)	Muzafarbad.
GILGIT	Zulfiqarabad Jutial Gilgit	Gilgit Diامر Skardu.
MIRPUR (A.K)	92-G-I, Part Hall Road, Mirpur (A.K)	Mirpur (A.K)
SKARDU - II	Jawad Glass House New Bazar, Skardu	Skardu.
KOTLI (A.K)	H.No.157/C, Lane No.5D, Lalazar, Kotli (A.K)	Kotli (A.K)

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, 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved 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, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with the approved Accounting Standards as applicable in Pakistan, and give the information required to be disclose 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.

Grant Thornton Anjum Rahman
Chartered Accountants
Engagement Partner: Muhammad Shaukat Naseeb

Karachi Dated: 28th March, 2016

BALANCE SHEET

AS AT DECEMBER 31, 2015

		(Rupees in '000)	
	Note	2015	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	6	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up share capital	6	451,690	401,502
Retained earnings		204,324	163,410
General reserves		100,000	100,000
Total shareholder's equity		756,014	664,912
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		256,922	208,377
Provision for unearned premium		368,922	285,227
Commission income unearned		42,587	64,052
Total underwriting provisions		668,431	557,656
Deferred liabilities			
Deferred taxation	7	34,247	13,073
Creditors and accruals			
Premium received in advance	8	1,776	23,594
Amount due to other insurers / reinsurers	9	14,840	47,131
Taxation - provision less payments		44,229	32,324
Others creditors and accruals	10	45,648	55,736
		106,493	158,785
Other Liabilities			
Due to Directors	11	10,085	4,527
TOTAL LIABILITIES		819,256	734,041
TOTAL EQUITY AND LIABILITIES		<u>1,575,270</u>	<u>1,398,953</u>
CONTINGENCIES AND COMMITMENTS	12		

		(Rupees in '000)	
	Note	2015	2014
ASSETS			
Cash and bank deposits			
Cash and other equivalents		4	149
Current and other accounts		14,840	37,832
Deposits maturing within 12 months		52,100	44,500
	13	66,944	82,481
Investments	14	845,817	679,402
Investment properties	15	50,568	50,149
Current assets - others			
Premium due but unpaid - net	16	41,928	28,654
Amount due from other insurers / reinsurers	17	35,050	51,166
Reinsurance recoveries against outstanding claims		116,419	136,226
Accrued investment income	18	1,969	1,778
Deferred commission expense		36,394	40,386
Prepaid reinsurance premium ceded		224,774	226,472
Prepayment and other assets	19	307	394
Advances, deposits and other receivables	20	33,515	48,645
		490,356	533,721
Fixed assets	21		
Tangible			
Office premises		58,122	6,830
Furniture and fixtures		10,916	6,887
Electric fittings and equipments		12,813	7,793
Computers		1,684	1,270
Office equipment		2,726	2,843
Vehicles		32,923	27,504
		119,184	53,127
Intangible			
Computer software		51	73
Capital work in progress		2,350	-
TOTAL ASSETS		<u>1,575,270</u>	<u>1,398,953</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 : 28th March, 2016

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Fire and property damage	Marine, aviation and transport	Motor
Revenue account				
Net premium revenue		310,568	113,855	159,097
Net claims		(100,317)	(47,410)	(84,726)
Management expenses	22	(60,157)	(22,047)	(30,812)
Net commission		(74,841)	(9,503)	(19,487)
		75,253	34,895	24,072
Underwriting results				
Investment income				
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 after tax

PROFIT AND LOSS FOR THE YEAR ENDED

Profit and loss appropriation account

Balance at commencement of the year
 Profit after tax
 Issuance of interim cash dividend: 10% (2014: 10%)
 Issuance of bonus shares: 12.5% (2014: 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 2015	Aggregate 2014
286,722	-	870,242	760,242
(145,862)	-	(378,315)	(305,386)
(55,539)	-	(168,555)	(148,292)
(56,126)	-	(159,957)	(167,092)
29,195	-	163,415	139,472
		33,141	97,173
		6,595	6,062
		65,987	5,530
		(81,124)	(72,996)
		(4,120)	(3,473)
		20,479	32,296
		183,894	171,768
		(52,642)	(29,641)
		131,252	142,127

APPROPRIATION ACCOUNT DECEMBER 31, 2015

163,410	94,283
131,252	142,127
(40,150)	(36,500)
(50,188)	(36,500)
204,324	163,410
2.91	3.15



Chairman


Managing Director &
Chief Executive Officer


Director



Director

Karachi Dated : 28th March, 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2015

	(Rupees in '000)	
	2015	2014
Profit after taxation	131,252	142,127
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	131,252	142,127

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



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 28th March, 2016

STATEMENT OF CHANGES IN EQUITY



FOR THE YEAR ENDED DECEMBER 31, 2015

(Rupees in '000)

	Issued, subscribed and paid-up capital	Retained earnings	General reserve	Total shareholders' equity
Balance as at January 01, 2014	365,002	94,283	100,000	559,285
Profit for the year	-	142,127	-	142,127
Other comprehensive income	-	-	-	-
Interim dividend paid at the rate of 10%	-	(36,500)	-	(36,500)
Issue of bonus shares at the rate of 10%	36,500	(36,500)	-	-
Balance as at December 31, 2014	401,502	163,410	100,000	664,912
Profit for the year	-	131,252	-	131,252
Other comprehensive income	-	-	-	-
Transactions with owners				
Interim dividend paid at the rate of 10%	-	(40,150)	-	(40,150)
Issue of bonus shares at the rate of 12.5%	50,188	(50,188)	-	-
Balance as at December 31, 2015	451,690	204,324	100,000	756,014

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

Chairman

Managing Director &
Chief Executive Officer

Director

Director

Karachi Dated : 28th March, 2016

STATEMENT OF CASH FLOWS

FORM GC

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	(Rupees in '000)	
		2015	2014
Operating Cash Flows			
a) Underwriting activities			
Premium received		1,732,646	1,442,760
Reinsurance premium paid		(828,279)	(614,161)
Claims paid		(502,858)	(496,798)
Reinsurance and other recoveries received		192,894	212,056
Commission paid		(349,228)	(281,766)
Commission received		171,798	128,170
Underwriting payments		(250,847)	(192,711)
Net cash from underwriting activities		166,126	197,550
b) Other operating activities			
Income tax paid		(19,563)	(16,547)
Other operating receipts / (payments)		15,217	(23,260)
Net cash used in other operating activities		(4,346)	(39,807)
Total cash from all operating activities		161,780	157,743
Investing activities			
Profit/return received		14,491	10,797
Dividend received		4,696	2,952
Other income received		63,351	11,040
Payment for investments		(1,500,797)	(2,441,221)
Proceeds from disposal of investments		1,348,145	2,348,789
Fixed capital expenditure	21	(84,831)	(7,131)
Purchase of investment property	15	(748)	(4,432)
Proceeds from disposal of fixed assets & investment property	21.1	14,123	4,258
Total cash used in investing activities		(141,570)	(74,948)
FINANCING ACTIVITIES			
Dividends paid		(40,150)	(36,500)
Loan received from directors		127,594	455
Loan repaid to directors		(123,191)	(89)
Total cash used in financing activities		(35,747)	(36,134)
Net cash (outflow) / inflow in cash and cash equivalent		(15,537)	46,661
Cash and cash equivalent at the beginning of the year		82,481	35,820
Cash and cash equivalent at the end of the year	13	66,944	82,481

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



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 28th March, 2016

		(Rupees in '000)	
	Note	2015	2014
Reconciliation to profit and loss account			
Operating cash flows		161,780	157,743
Depreciation expense and amortization	15 & 21	(14,510)	(11,808)
Profit on disposal of fixed assets	23	11,857	3,191
Investment income		14,491	7,405
Dividend income		4,696	2,952
Gain on disposal of investment securities		13,763	87,300
Other income		63,351	11,040
(Decrease) / Increase in 'current assets - other' other than cash		(43,365)	101,279
Decrease in operating liabilities		(80,811)	(216,975)
Profit after tax for the year		131,252	142,127

Definition of cash

Cash comprises of cash in hand, policy stamps in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

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



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 28th March, 2016

STATEMENT OF PREMIUMS

FORM GD

FOR THE YEAR ENDED DECEMBER 31, 2015

Business underwritten inside Pakistan

(Rupees in '000)

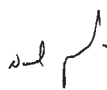
Class of business	Premium				Reinsurance				Net premium revenue 2015	Net premium revenue 2014
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	626,838	83,151	135,790	574,199	274,990	6,0577	71,936	263,631	310,568	299,106
Marine, aviation and transport	217,226	15,872	26,277	206,821	94,741	9,091	10,866	92,966	113,855	105,845
Motor	233,705	37,249	41,272	229,682	67,042	18,625	15,082	70,585	159,097	121,492
Miscellaneous	689,969	148,955	165,583	673,341	375,330	138,179	126,890	386,619	286,722	233,799
Total	1,767,738	285,227	368,922	1,684,043	812,103	226,472	224,774	813,801	870,242	760,242
Treaty - proportional	-	-	-	-	-	-	-	-	-	(12)
Grand-total	1,767,738	285,227	368,922	1,684,043	812,103	226,472	224,774	813,801	870,242	760,242

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 : 28th March, 2016

STATEMENT OF CLAIMS

FORM GE



FOR THE YEAR ENDED DECEMBER 31, 2015

Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Claims				Reinsurance / recoveries				Net claims expense 2015	Net claims expense 2014
	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	174,805	56,259	47,342	165,888	75,286	30,676	20,961	65,571	100,317	88,636
Marine, aviation and transport	59,454	11,436	26,149	74,167	21,719	6,462	11,500	26,757	47,410	41,364
Motor	92,481	8,714	18,482	102,249	15,207	1,200	3,516	17,523	84,726	73,000
Miscellaneous	176,117	131,968	164,949	209,098	80,682	97,888	80,442	63,236	145,862	102,386
Total	502,857	208,377	256,922	551,402	192,894	136,226	116,419	173,087	378,315	305,386
Treaty - proportional	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Grand-total	502,857	208,377	256,922	551,402	192,894	136,226	116,419	173,087	378,315	305,386

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 : 28th March, 2016

STATEMENT OF EXPENSES

FORM GF

FOR THE YEAR ENDED DECEMBER 31, 2015


Business underwritten inside Pakistan

(Rupees in '000)

Class of business	Commission expenses				Other management expenses	Underwriting expenses	Reinsurance commission income				Net underwriting expense 2015	Net underwriting expense 2014
	Commission paid or payable	Deferred Commission		Net Commission expense			Reinsurance commission	Commission income unearned		Commission from reinsurance		
		Opening	Closing					Opening	Closing			
Direct and facultative												
Fire and property damage	140,920	15,487	12,883	143,524	60,157	203,681	68,761	12,398	12,476	68,683	134,998	148,236
Marine, aviation and transport	33,700	2,572	5,930	30,342	22,047	52,389	19,221	4,538	2,920	20,839	31,550	33,910
Motor	34,218	2,715	4,574	32,359	30,812	63,171	13,128	2,660	2,916	12,872	50,299	31,151
Miscellaneous	140,390	19,612	13,007	146,995	55,539	202,534	70,689	44,456	24,276	90,869	111,665	102,087
Sub-total	349,228	40,386	36,394	353,220	168,555	521,775	171,799	64,052	42,588	193,263	328,512	315,384
Treaty - proportional	-	-	-	-	-	-	-	-	-	-	-	4
Grand Total	349,228	40,386	36,394	353,220	168,555	521,775	171,799	64,052	42,588	193,263	328,512	315,384

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 : 28th March, 2016

STATEMENT OF INVESTMENT INCOME FORM GG



FOR THE YEAR ENDED DECEMBER 31, 2015

	(Rupees in '000)	
	2015	2014
Income from trading investment		
Gain on trading	24,787	-
Dividend income	4,696	-
	<u>29,483</u>	<u>-</u>
Income from non-trading investment		
Available-for-sale		
Dividend income	-	2,952
Return on government securities	7,442	7,158
Return on other fixed income securities and deposits	7,266	3,089
Amortization of premium and discount - net	713	637
	<u>15,421</u>	<u>13,836</u>
Gain on sale of non-trading investment		
Available-for-sale	944	87,300
(Loss) on revaluation investment		
Trading investements	(11,969)	(3,392)
Less: Investment related expenses	(738)	(570)
Investment income	<u><u>33,141</u></u>	<u><u>97,173</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 : 28th March, 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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 3 (2014: 3) principal offices and 24 (2014: 24) 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 401-404, Block "B", 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the prescribed 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accountant Standards Board as are notified under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case of requirement differs the provision or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) rules 2002 shall prevail.

The SECP has allowed 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 5.8.1.

3.1 Standards, amendments or interpretations to published approved accounting standards

3.1.1 Standards, interpretations and amendments to the published standards that are relevant to the Company and adopted in the current year:

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective date
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014

Adoption of the above revisions, interpretations and amendments of the standards have no significant effect on the amounts for the year ended December 31, 2014 and 2015.

3.1.2 Standards, interpretations and amendments to the published standards approved accounting standards, that are relevant but not yet effective and not early adopted by the Company.

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Amendments or Improvements	Effective date
IAS 1 - Disclosure Initiative (Amendments)	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)	January 1, 2016

All the above standards, amendments and interpretations does not have significant impact on the financial statements of the Company.

In addition to above standards and amendments, improvements to various accounting standards have also been issued by IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3.1.3 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP.

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan Standard or Interpretation :

	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

3.1.4 In November 2012, the SECP vide its notifications S.R.O No. 1383/2012 and S.R.O No 1384/2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rules, 2002 respectively. However, these regulations and amendments are not yet effective.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at lower of cost and market value.

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

4.1 Use of judgments and estimates

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

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 damage

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

Marine, aviation and transport

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

Motor 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.

Motor

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

Miscellaneous

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

5.2 Premium

5.2.1 Premium income earned

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

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

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

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

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

5.2.2 Provision for unearned premiums

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 Premiums due but unpaid - net

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

5.3 Claims

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

5.3.1 Provision for outstanding claims (including IBNR)

The Company recognizes liability in respect of all claims incurred 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, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

5.4.2 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not 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 premiums.

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 Commission

5.6.1 Commission Expense

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

5.6.2 Commission Income

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

5.7 Premium deficiency reserve

As per SEC (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 unexpired policies in that class of business

in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. 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 categories:

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 SECP in December, 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments. In case of fixed income investments redeemable at a given date where the cost is different from the redemption value, such difference is amortized uniformly over the period between the date of acquisition and the date of maturity in determining cost at which these investments are stated as per the requirements of the SEC (Insurance) Rules, 2002.

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 recognized 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.

5.8.1 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 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.

5.8.3 Impairment

Available-for-sale

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

5.9 Employee benefits

Defined contribution plan

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

5.10 Fixed assets and depreciation

5.10.1 Owned assets

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

5.10.2 Capital work-in-progress

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

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%
- Vehicle	20%
- Computer software	33.33%

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

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

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

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

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

5.11 Investment properties

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

5.11.1 Initial recognition

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

5.11.2 Measurement subsequent to initial recognition

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

5.11.3 Depreciation

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

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.

5.13 Segment reporting

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

The Company has four major segments namely fire and property damage, marine, aviation and transport, motor and miscellaneous.

The Company accounts for segment reporting are prepared in the format prescribed under Insurance Ordinance 2000 and the SEC (Insurance) Rules, 2002 and provide required information at appropriate level of detail.

5.13.1 Fire and property damage

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, aviation and transport

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

Financial instruments carried in the balance-sheet include cash and bank deposits, investments, premiums due but unpaid, amounts due from other insurers/reinsurers, advances, deposits and accrued investment income, reinsurance recoveries against outstanding claims, provision for outstanding claims, amounts due to other insurer/reinsurers, other creditors and accruals and due to directors.

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. However all related party transactions occurred are other than insurance contracts.

5.17 Taxation

5.17.1 Current

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

5.17.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary

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 statement of comprehensive income.

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.

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

5.19 Management expenses

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

5.20 Creditors, accruals and provisions

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

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

5.21 Impairment

The carrying 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 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

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash and other equivalents comprise cash and bank deposit.

5.24 Dividend and bonus shares

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

5.25 Fair value

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

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

5.27 General

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

		(Rupees in '000)	
	Note	2015	2014
6	SHARE CAPITAL		
6.1	Authorized share capital		
	50,000,000 (2014: 50,000,000) ordinary shares of Rs.10 each	<u>500,000</u>	<u>500,000</u>
6.2	Issued, subscribed and paid-up share capital		
	2015 2014		
	Number of Shares		
	6,354,899 6,354,899 Ordinary share of Rs.10 each fully paid in cash	63,549	63,549
	38,814,136 33,795,355 Ordinary share of Rs.10 each issued as fully paid bonus share	388,141	337,953
	<u>45,169,035</u> <u>40,150,254</u>	<u>451,690</u>	<u>401,502</u>
7	DEFERRED TAXATION		
	Deferred tax liabilities / (assets) arising in respect of:		
	- accelerated depreciation on fixed assets	16,642	12,863
	- investments	17,605	210
		<u>34,247</u>	<u>13,073</u>
7.1	Balance at beginning of the year	13,073	11,261
	Charge during the year		
	- in respect of effect of change in tax rate	397	331
	- in respect of temporary differences arising during the year	20,777	1,481
		<u>21,174</u>	<u>1,812</u>
	Balance at end of the year	<u>34,247</u>	<u>13,073</u>
8	PREMIUM RECEIVED IN ADVANCE		
	Premium received in advance	1,777	23,594
8.1	This includes cash margin (Bond) received from policy holders amounting to Rs.1.24 million (2014: Rs.0.88 million).		
9	AMOUNT DUE TO OTHER INSURERS / REINSURERS		
	Foreign reinsurers	12,057	14,691
	Local reinsurers / coinsurers	2,783	32,439
		<u>14,840</u>	<u>47,130</u>
10	OTHER CREDITORS AND ACCRUALS		
	Sundry creditors	26,682	44,144
	Workers Welfare Fund	13,286	9,165
	Federal excise duty	3,299	1,405
	Withholding tax	1,384	725
	Federal insurance fee	994	294
	Unclaimed dividend	3	3
		<u>45,648</u>	<u>55,736</u>
11.	DUE TO DIRECTORS		
		10,085	4,527
11.1	This amount represent unsecured and interest free loan obtain from to directors of the Company.		

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments as at the balance sheet date (2014: Nil).

	Note	(Rupees in '000)	
		2015	2014
13 CASH AND BANK DEPOSITS			
Cash and other equivalents			
Cash in hand		4	2
Policy stamps in hand		-	147
		<u>4</u>	<u>149</u>
Current and other account with banks			
Current accounts and others	13.1	14,840	37,832
Deposits with banks maturing within 12 months	13.2	52,100	44,500
		<u>66,944</u>	<u>82,481</u>

13.1 These include interest bearing accounts carrying interest rates ranging from 5% to 10% (2014: 5% to 10%) per annum.

13.2 These represents Term Deposit Receipts (TDRs) in local currency carrying interest rates ranging from 3.5% to 6% per annum (2014: 3% to 10.01% per annum).

	Note	2015	2014
14 INVESTMENTS			
At fair value through Profit or Loss - Held-for-trading	14.1.2	677,436	541,845
Available-for-sale			
Marketable securities	14.1.1	17,348	22,464
Government securities	14.2	99,728	77,871
Term finance certificates - listed / unlisted	14.5	51,241	36,585
Net capitalization of discount/(amortization of premium)	14.2	64	637
		<u>151,033</u>	<u>115,093</u>
		<u>845,817</u>	<u>679,402</u>

14.1 Marketable securities

14.1.1 Available for sale

2015	2014		2015	2014
---No. of shares / units---			Cost	
302,569	302,569	Agritech Limited	3,834	3,534
-	139,500	International Industries Limited	-	9,468
-	83,300	Allied Bank Limited	-	9,162
1,351,400	-	East West Life Assurance Company Limited	13,514	-
			<u>17,348</u>	<u>22,464</u>

14.1.2 At fair value through profit and loss account - Held for trading

2015	2014		2015	2014
---No. of shares / units---			Market Value	
1,526,096	1,519,762	JS Large Capital Fund	163,567	156,672
300,000	75,000	PSO Company Limited	97,731	26,843
792,666	-	National Investment Trust	50,250	-
480,954	478,440	HBL Money Market Fund	49,967	50,080
380,811	375,304	JS Cash Fund	40,134	40,094

2015		2014	Note	(Rupees in '000)	
----No. of shares / units----				2015	2014
				Market Value	
291,323	288,056	MCB Cash Management Fund	30,040	30,050	
205,300	124,572	Oil and Gas Development Co. Ltd.	24,090	25,646	
193,397	191,308	PICIC Cash Fund	20,016	20,037	
193,280	191,713	First Habib Cash Fund	20,006	20,026	
1,940,485	1,914,956	ABL Cash Fund	20,006	20,038	
1,975,055	1,915,911	Nafa Money Market Fund	20,004	20,034	
387,302	384,026	Pakistan Cash Management Fund	20,004	20,031	
192,819	191,166	Askari Sovereign Cash Fund	20,003	20,030	
388,206	383,008	AKD Cash Fund	20,003	20,066	
96,376	95,183	Faysal Money Market Fund	10,015	10,018	
97,003	95,633	UBL Liquid Plus Fund	10,011	10,011	
19,256	19,096	ATLAS Money Market Fund	10,003	10,016	
19,431	19,108	Alfalalah GHP Cash Fund	10,002	10,015	
80,000	55,000	Pakistan Petroleum Limited	9,745	9,709	
25,000	-	Pakistan Oilfield Ltd.	6,701	-	
200,000	-	Bank Alfalah Limited	5,764	-	
45,000	-	Fauji Fertilizer Co. Ltd.	5,309	-	
35,000	-	DG Khan Cement Ltd.	5,166	-	
25,018	-	Habib Bank Limited	5,007	-	
2,100,000	-	Silk Bank Limited	3,822	-	
500	500	Kot Addu Power Co. Limited	41	39	
841	841	Fauji Cement Company Limited	31	22	
-	2	Askari Sovereign Yield Enhancer	-	-	
-	25,000	Attock Refinery Limited	-	4,694	
-	100,000	United Bank Limited	-	17,671	
11,991,119	8,317,242		677,436	541,845	

14.2 Government securities

	2015	2014
	Cost	
Pakistan Investment Bonds	49,477	47,503
GOP Ijara Sukuk	50,251	30,368
	99,728	77,871
Impact of net amortization of discount	782	802
	100,510	78,673
	14.4	

14.3 The fair value of total investment classified as available for sale investments is Rs.173,572,402 (2014: Rs.138,612,590). 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 Standards (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, 2015 would have been higher by Rs.5,191,298 (2014: Rs.1,055,016) and consequently shareholder's equity increased by the same amount.

(Rupees in '000)

14.4 Maturities and Amortized cost of government securities are as follows:

Tenure	Maturity	Coupon Percentage	2015	2014
10	May, 2016	10%	9,837	9,453
10	May, 2016	10%	9,843	9,473
10	August, 2021	12%	4,077	4,087
10	August 2021	12%	952	946
5	August 2016	11.5%	4,968	4,924
5	July, 2018	11.5%	4,945	4,928
5	July, 2018	11.5%	9,826	9,772
5	July, 2022	12.00%	4,853	4,839
5	Mar., 2020	9.25%	1,055	-
3	Nov., 2015	14.00%	-	10,000
3	June, 2017	7.98%	20,154	20,251
3	Dec., 2018	5.89%	30,000	-
			100,510	78,673

14.4.1 Pakistan Investment Bond (PIB's) and Ijara Sukuk having a face value of Rs.60 million (2014: Rs.46 million) are placed with State Bank of Pakistan in compliance with Section 29 of the Insurance Ordinance, 2000 except one Ijara Sukuk two one PIB's those are placed with JS Bank Limited.

14.5 Term Finance Certificate - Listed

Term Finance Certificate	Tenure	Rate of Return	Amortized cost	
			2015	2014
Engro Fertilizer	7 years	6 month kibar + 2.4%	-	3,631
Bank Al-Habib	10 years	15%	39,457	32,954
Bank Al-Falah	9 year	15%	11,784	-
			51,241	36,585

14.5.1 Payment of profit from above TFCs is received semi annually. TFCs of Bank Alfalah and Bank Al-Habib will mature in 2017 and 2021 respectively.

15. INVESTMENT PROPERTIES

PARTICULARS	Note	Rate %	2015						Written Down Value as at December 31, 2015
			COST			DEPRECIATION			
			As at January 01, 2015	Additions/ (Disposal) / Transfer in	As at December 31, 2015	As at January 01, 2015	For the year (Disposal) / Transfer in	As at December 31, 2015	
Office premises	21.1	5	61,893	748	68,068	11,744	2,625	17,500	50,568
	21			(2,155)			(1,401)		
				7,582			4,532		

15.1

PARTICULARS	Note	Rate %	2014						Written Down Value as at December 31, 2014
			COST			DEPRECIATION			
			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		5	57,461	4,432	61,893	9,105	2,639	11,744	50,149

15.2 Revaluation was carried out by Company on December 31, 2015. The exercise was carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited and revalued market value is estimated at Rs.174.29 million (2014: Rs.128.87 million).

15.3 Rental income from investment property amounting to Rs.9.22 million (2014: Rs.8.70 million) and has been recorded net of depreciation in profit and loss account i.e. 6.59 million (2014:6.06 million).

		(Rupees in '000)	
	Note	2015	2014
16 PREMIUM DUE BUT UNPAID - Net			
Considered good		41,928	30,009
Considered doubtful	16.1	1,888	-
		<u>43,816</u>	<u>30,009</u>
Provision for doubtful		(1,888)	-
Written off during the year	24	-	(1,355)
		<u>41,928</u>	<u>28,654</u>
16.1 Movement of provision for bad debts			
Opening balance		-	2,339
(Reversal) during the year		-	(2,339)
Charge during the year		1,888	-
		<u>1,888</u>	<u>-</u>
17. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - Unsecured			
Considered good			
- Foreign reinsurers		1,550	11,689
- Local reinsurers/co-insurers		33,500	39,477
		<u>35,050</u>	<u>51,166</u>
18. ACCRUED INVESTMENT INCOME			
Term Deposite Receipts		14	-
Government securities		1,816	1,749
Term Finance Certificates		139	29
		<u>1,969</u>	<u>1,778</u>
19. PREPAYMENTS AND OTHER ASSETS			
Prepaid rent		10	95
Others		297	299
		<u>307</u>	<u>394</u>
20. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Advances		23,531	35,522
Deposits		5,510	2,505
Other receivables		4,474	10,618
		<u>33,515</u>	<u>48,645</u>

21. FIXED ASSETS - TANGIBLE & INTANGIBLE

(Rupees in '000)

PARTICULARS	2015						Total tangible assets	Intangible		Total fixed assets
	Owned							Computer software	Work in Progress	
	Tangible									
Office Premises	Furniture and fixture	Electric fitting and equipment	Computers	Office equipment	Vehicles					
COST										
As at January 1, 2015	13,374	20,953	18,211	15,063	8,198	106,262	182,061	92	-	182,153
Additions	56,484	4,950	6,048	1,039	175	13,785	82,481	-	2,350	84,831
(Disposal)	(594)	-	-	-	-	(4,999)	(5,593)	-	-	(5,593)
(Transferred out)	(7,583)	-	-	-	-	-	(7,583)	-	-	(7,583)
As at December 31, 2015	61,681	25,903	24,259	16,102	8,373	115,048	251,366	92	2,350	253,808
ACCUMULATED DEPRECIATION										
As at January 1, 2015	6,544	14,066	10,418	13,793	5,355	78,758	128,934	19	-	128,953
Charge for the year	1,826	921	1,028	625	292	7,171	11,863	22	-	11,885
(Disposal)	(279)	-	-	-	-	(3,803)	(4,082)	-	-	(4,082)
(Transferred out)	(4,532)	-	-	-	-	-	(4,532)	-	-	(4,532)
As at December 31, 2015	3,559	14,987	11,446	14,418	5,647	82,126	132,183	41		132,224
Written down value as at December 31, 2015	58,122	10,916	12,813	1,684	2,726	32,922	119,183	51	2,350	121,584
Rate of depreciation & amortization	5%	10%	10%	33.33%	10%	20%		30%		

PARTICULARS	2014						Total tangible assets	Intangible		Total fixed assets
	Owned							Computer software	Total fixed assets	
	Tangible									
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
(Disposal)	-	-	(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
Charge 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%		

21.1 Detail of disposal of fixed assets and investment properties

(Rupees in '000)

S. No.	Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceed	Profit / (Loss) on disposal	Mode of disposal	Particular of purchaser
VEHICLES								
1	Toyota Corolla	1,430	1,054	376	600	224	Netotiations	Mr. Khalid Iqbal
2	Suzuki Mehran	325	324	1	100	99	Negotiations	Mrs. Shabila Ejazuddin
3	Nissan Sunny	305	301	4	225	221	Negotiations	Mrs. Khurram
4	Suzuki Cultus	613	418	196	485	289	Negotiations	Mr. Naseer Ahmed
5	Land Cruiser	1,035	704	331	800	469	Negotiations	Mr. Abid Hussain
6	Toyota Corolla	919	655	264	775	511	Negotiations	Mr. Muhammad Adil Ansari
7	Ravi	39	34	5	8	3	Negotiations	Mr. Muhammad Adil Ansari
8	Ravi	37	33	4	4	-	Negotiations	Mr. Muhammad Adil Ansari
9	Honda	72	71	1	4	3	Negotiations	Mr. Muhammad Adil Ansari
10	Yamaha	30	30	-	4	4	Negotiations	Mr. Muhammad Adil Ansari
11	Suzuki	33	33	-	4	4	Negotiations	Mr. Muhammad Adil Ansari
12	Ravi	38	31	8	8	-	Negotiations	Mr. Muhammad Adil Ansari
13	Ravi	39	34	4	8	4	Negotiations	Mr. Muhammad Adil Ansari
14	Honda	53	51	2	12	10	Negotiations	Mr. Pashotm
15	Honda	32	32	-	11	11	Negotiations	Mr. Muhammad Hafeez
	Sub Total	4,999	3,803	1,196	3,048	1,852		
INVESTMENT PROPERTIES & OFFICE PREMISES								
16	SUKKUR 1	694	491	203	3,000	2,797	Negotiations	M/s. Yasaka International
17	SUKKUR 2	1,461	910	551	5,500	4,949	Negotiations	M/s. Yasaka International
18	KACHERY BAZAR FSD	594	278	316	2,575	2,259	Negotiations	Mr. Akmal
	Sub Total	2,750	1,680	1,070	11,075	10,005		
	Grand Total	7,748	5,483	2,266	14,123	11,857		
	2014	7,285	6,219	1,066	4,259	3,191		

	Note	2015	2014
22 MANAGEMENT EXPENSES			
Salaries and allowances		37,085	33,513
Repairs and maintenance		38,111	32,417
Petrol reimbursements		24,129	21,518
Travelling and conveyance		23,115	19,218
Utilities		9,191	8,255
Medical Allowance		6,153	6,857
Printing and stationery		5,558	3,289
Office rent		4,378	4,481
Entertainment		4,955	2,854
Extra duty payments		3,322	6,374
Postage and telegram		2,855	1,595
Brokerage and commission		1,280	2,157
Newspapers and periodicals		704	380
Employees' old-age Benefits Institution		718	479
Contribution to Sindh Employees' Social Security Institute		59	96
Vehicle tax		24	116
Tracker security system		267	367
Miscellaneous		6,650	4,327
		168,555	148,292
23 OTHER INCOME			
Profit on disposal of fixed assets	21.1	11,857	3,191
Reversal of bad debts provision	16.1	-	2,339
Proceeds for vacating premises		52,724	-
Others		1,406	-
		65,987	5,530

		(Rupees in '000)		
24	GENERAL AND ADMINISTRATIVE EXPENSES	Note	2015	2014
	Salaries and allowances		45,831	40,350
	Directors remuneration		3,654	3,684
	Office rent		1,536	1,408
	Rent, rates and taxes		13	3
	Advertisement and publicity		611	2,165
	Depreciation & amortization	21	11,885	9,169
	Office maintenance		3,755	1,544
	Subscription and membership		3,909	3,368
	Legal and professional charges		2,259	1,990
	Provident fund employer's contribution		2,165	1,960
	Provision for bad debts	16.1	1,888	-
	Auditor's remuneration	24.1	1,592	1,097
	Conference meeting		410	503
	Bank charges		359	565
	Property taxes		358	520
	Bad debt written off	16	300	1,355
	Coolie and cartage		234	35
	CDC charges		213	87
	Share registrar fees		141	120
	Insurance		11	73
	Consultation fee		-	3,000
			81,124	72,996
24.1	AUDIT			
	Audit fee		712	577
	Half yearly review		111	105
	Other services		156	125
	Out of pocket expenses		612	290
			1,592	1,097

24.2 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

	Chief Executive		Directors		Executive	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	912	912	1,680	1,169	9,155	7,768
House rent	408	408	720	720	7,332	6,066
Meeting fee	10	20	400	455	-	-
	1,330	1,340	2,800	2,344	16,486	13,835
Number of Persons	1	1	7	6	10	9

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 actual up to a maximum of one basic salary, where applicable.

	Note	(Rupees in '000)	
		2015 Unaudited	2014 Audited
24.3 Employee Provident Fund			
- Size of the fund		40,852	41,780
- Number of members		122	134
- Cost of investment made		27,137	24,151
- Percentage of investment made		66%	58%
- Fair value of investment		32,891	13,948

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

		2015	2014
25 PROVISION FOR TAXATION			
Current			
- for the year		(48,887)	(36,837)
- for prior year	25.1	17,420	9,009
Deferred tax expense		(21,174)	(1,813)
		<u>(52,641)</u>	<u>(29,641)</u>

25.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2015 have been submitted to the authorities. Amount of Rs.17.419 million (2014: 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>183,894</u>	<u>171,768</u>
Applicable tax rate		32%	33%
- Tax at the above rate		(58,846)	(56,683)
- effect of deductions not allowed		(16,505)	(413)
- effect of exempt income / capital gain		4,374	17,767
- effect of dividend income		916	679
- effect of prior year reversal		17,420	9,009
Provision for taxation		<u>(52,641)</u>	<u>(29,641)</u>

25.3 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid-up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40% of its after tax profits or 50% of its paid-up capital whichever is less, within the prescribed time after the end of the relevant tax year. The amount of the Company's undistributed reserves does not exceed that amount of its paid-up capital. Accordingly no provision of income tax in this respect has been made in the financial statements.

26. FINANCIAL INSTRUMENTS

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 policy holders, insurance and reinsurance companies and other parties).

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.

		2015							(Rupees in '000)	
Note	Effective yield / Interest rate	Interest / mark-up bearing			Non-interest bearing			Total		
		Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total			
Financial assets										
Cash and other equivalents	13	3.5% - 10%	52,100	-	52,100	14,844	-	14,844	66,944	
Investments	14	5.89% - 12%	24,648	126,385	151,033	694,783	-	694,783	845,816	
Premium due but unpaid	16	-	-	-	-	41,928	-	41,928	41,928	
Amount due from other insurers / re-insurers	17	-	-	-	-	35,050	-	35,050	35,050	
Reinsurance recoveries agt outstanding claims		-	-	-	-	116,419	-	116,419	116,419	
Accrued Investment income	18	-	-	-	-	1,969	-	1,969	1,969	
Advance, deposits and receivables	20	-	-	-	-	33,515	-	33,515	33,515	
			76,748	126,385	203,133	938,508	-	938,508	1,141,641	
Financial liabilities										
Due to directors	11	-	-	-	-	10,085	-	10,085	10,085	
Provision for outstanding claims		-	-	-	-	256,923	-	256,923	256,923	
Amount due to other insurers / re-insurers	9	-	-	-	-	14,840	-	14,840	14,840	
Other creditors and accruals	10	-	-	-	-	45,648	-	45,648	45,648	
			-	-	-	327,496	-	327,496	327,496	
On balance sheet gap			76,748	126,385	203,133	611,012	-	611,012	814,145	

		2014								
Note	Effective Yield / Interest rate	Interest / mark-up bearing			Non-interest bearing			Total		
		Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total			
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	564,309	-	564,309	679,402	
Premium due but unpaid	16	-	-	-	-	28,655	-	28,655	28,655	
Amount due from other insurers / re-insurers	17	-	-	-	-	51,166	-	51,166	51,166	
Reinsurance recoveries agt 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	868,760	-	868,760	1,028,353	
Financial liabilities										
Due to directors	11	-	-	-	-	4,527	-	4,527	4,527	
Provision for outstanding claims		-	-	-	-	208,377	-	208,377	208,377	
Amount due to other insurers / 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	552,989	-	552,989	712,582	

(Rupees in '000)

27 TRANSACTIONS WITH RELATED PARTIES

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

	Note	2015	2014
Loan received from directors		127,594	455
Loan repaid to directors		123,191	89
Purchase of shares - East West Life Assurance Company Limited	14.1.1	13,514	-
Sale of investment in associated companies		-	1,472
Issue of cash dividend		28,956	13,265
Issue of Bonus Shares		36,196	13,265
Remuneration to key management personnel	24.2	22,876	18,030

28 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

2015 2014

Claims Development

Estimate of ultimate claims costs as recognized till year end	551,403	504,241
Current estimate of cumulative claims	208,378	200,934
Cumulative payments to date	(502,858)	(496,798)
Liability recognized in the balance sheet	<u>256,923</u>	<u>208,377</u>

Sensitivity Analysis

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

December 31, 2015

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
Current claims	+10%	55,140	(55,140)
	-10%	(55,140)	55,140

28.2 Reinsurance risk

Rating	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets
A or above (including PRCL)	35,055	116,419	224,774
BBB and others	-	-	-

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, 2015 is the carrying amount of the financial assets as set out below:

		2015	2014
Nature of financial assets			
Cash and bank deposits	13	66,944	82,481
Term finance certificate	14.5	51,242	36,585
Premiums due but unpaid	16	41,428	28,655
Amounts due from other insurers/reinsurers	17	35,050	51,166
Reinsurance recoveries against outstanding claims		116,419	136,226
Advances, deposits and receivables	20	33,515	48,645
Accrued investment income	18	153	1,778
		<u>354,251</u>	<u>385,536</u>

Concentration of Credit Risk

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

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

Provision for impairment is made for doubtful receivables according to the Company's 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 banks with which company has balances including TDR's can be assessed with reference to external credit ratings as follows:

Name of banks	Rating		Rating agency	(Rupees in '000)	
	Short term	Long term		2015	2014
Allied Bank of Pakistan	A1+	AA+	PACRA	143	667
Askari Bank Limited	A-1+	AA	JCR-VIS	133	400
Al Baraka Bank (Pakistan) Ltd	A1	A	PACRA	6	6
Bank Alfalah Limited	A1+	AA	PACRA	2	2
The Bank of Punjab	A1+	AA-	PACRA	86	72
Dubai Islamic Bank	A1	A+	JCR-VIS	28	5,005
Faysal Bank Limited	A1+	AA	PACRA	6,021	1,318
Habib Metropolitan Bank	A1+	A1+	PACRA	863	693
Habib Bank Limited	A-1+	AAA	JCR-VIS	20	4
MCB Bank Limited	A1+	AAA	PACRA	1,933	153
National Bank of Pakistan	A-1+	AAA	JCR-VIS	90	688
Samba Bank Limited	A1	AA	JCR-VIS	-	-
Soneri Bank Limited	A1+	AA-	PACRA	1,042	714
Summit Bank Limited	A-1	A	JCR-VIS	3,531	26,458
Sindh Bank Limited	A1+	AA	JCR-VIS	1	2
United Bank Limited	A1+	AA+	JCR-VIS	649	458
The Punjab Provincial Bank	-	-	-	-	-
JS Bank Limited	A1+	A+	PACRA	16	71
NIB Bank Limited	A1+	AA-	PACRA	8	8
The Karakoram Cooperative Bank	-	-	-	268	1,113
				14,840	37,832

Name of Banks

Term deposit certificates	Rating		Rating Agency		
	Short term	Long term		2015	2014
JS Bank Limited	A1+	A+	PACRA	1,000	11,000
Summit Bank Limited	A1	A	JCR-VIS	38,600	27,500
Dubai Islamic Bank	A1	A+	JCR-VIS	10,000	-
MCB Bank Limited	A1+	AAA	JCR-VIS	-	300
The Karakoram Cooperative Bank	-	-	-	2,500	5,700
				52,100	44,500

(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, 2015	851,008	10% increase	936,109	-	-
		10% decrease	765,908	-	-
December 31, 2014	506,049	10% increase	556,654	-	-
		10% decrease	455,444	-	-

* As per requirements of SRO 938 issued by the SECP, equities are stated at lower of cost or market value. 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 is the 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 TDRs and TFC's. At the balance sheet date the interest rate profile of the Company's interest - bearing financial instruments is:

	Carrying amount	
	2015	2014
Fixed rate instruments		
Financial assets	102,457	43,583
Financial liabilities	-	-
Variable rate instruments		
Financial assets	100,677	46,420
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, 2015				
Sensitivity	1007	1007	675	675
As at December 31, 2014				
Sensitivity	464	464	311	311

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

30 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Underwriting result	75,254	62,234	34,895	30,571	24,070	17,341	29,196	29,326	163,414	139,492
Segment assets	204,302	190,275	70,799	70,844	76,170	67,135	224,878	207,850	576,149	536,104
Unallocated corporate assets									999,120	862,849
Total assets									1,575,269	1,398,953
Segment liabilities	242,917	223,027	84,181	83,039	90,567	78,690	267,382	243,626	685,047	628,382
Unallocated corporate liabilities									134,208	105,660
Total liabilities									819,255	734,041
Capital expenditure	28,924	3,982	10,418	1,677	11,570	1,408	33,919	4,496	84,831	11,563
Depreciation	4,214	4,191	1,460	1,560	1,571	1,479	4,639	4,578	11,885	11,808

31 CAPITAL MANAGEMENT

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

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

	Note	(Rupees in '000)	
		2015	2014 Restated
32 EARNINGS PER SHARE			
Profit for the year		<u>131,252</u>	<u>142,127</u>
		Number of Shares	
Weighted average number of ordinary shares outstanding		<u>45,169,035</u>	<u>45,169,035</u>
Basic and diluted earning per share (EPS)	32.1	<u>2.91</u>	<u>3.15</u>

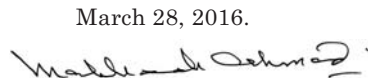
32.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding on year end, consequently reported basic earnings per share is also diluted earning per share.

33 NUMBER OF EMPLOYEES

Number of employees at the end of the year	<u>122</u>	<u>134</u>
Average number of employees	<u>123</u>	<u>136</u>

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 28, 2016 by the Board of Directors on March 28, 2016.



Chairman



Managing Director &
Chief Executive Officer



Director



Director

Karachi Dated : 28th March, 2016

PATTERN OF SHARE HOLDINGS

HELD BY THE SHAREHOLDERS OF EAST WEST INSURANCE COMPANY LIMITED AS AT DECEMBER 31, 2015

No. of Shareholders	Shareholding Range		Shareholdings	Percentage
	From	To		
22	1	1,000	8,397	0.0186
49	1,001	2,000	81,454	0.1803
94	2,001	3,000	207,736	0.4599
17	3,001	4,000	63,040	0.1396
9	4,001	5,000	43,114	0.0955
125	5,001	10,000	953,652	2.1113
1	6,001	19,000	18,357	0.0406
1	29,001	30,000	29,792	0.0660
1	900,001	1,000,000	880,343	1.9490
1	1,000,001	1,600,000	1,522,181	3.3700
1	1,600,001	1,900,000	1,784,813	3.9514
1	1,900,001	2,000,000	1,975,718	4.3741
1	2,000,001	2,100,000	2,035,738	4.5069
2	2,100,001	2,200,000	4,329,196	9.5844
2	2,200,001	2,300,000	4,493,298	9.9477
1	2,600,001	2,700,000	2,676,790	5.9262
1	2,700,001	2,900,000	2,899,796	6.42
1	3,000,001	3,400,000	3,339,230	7.3927
3	3,400,001	3,500,000	10,398,094	23.0204
1	3,500,001	3,700,000	3,631,082	8.0389
1	3,700,001	4,000,000	3,797,214	8.4067
335			45,169,035	100.0000

Categories of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor childrens	14	32,573,295	72.1142
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	1	2,722	0.0060
Individual	320	12,593,018	27.8798
Total	335	45,169,035	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	2,722	0.0060
CEO, Directors, their Spouses and Minor Childrens			
Chief Justice (R) Mian Mahboob Ahmad	1	1,827	0.0040
Javed Yunus	1	3,490,159	7.7269
Pervez Yunus	1	3,449,824	7.6376
Naved Yunus	1	3,339,230	7.3927
Maheen Yunus	1	3,797,214	8.4067
Tulu J. Yunus	1	3,458,111	7.6559
Umeed Ansari	1	680	0.0015
Ahsan Mahmood Alvi	1	618	0.0014
Engr. Kazim Raza	1	563	0.0012
Ambreen N. Yunus	1	3,631,082	8.0389
Rubina J. Yunus	1	2,237,778	4.9542
Samina P. Yunus	1	2,255,520	4.9935
Shamaila M. Yunus	1	2,899,796	6.4199
Samad M. Yunus	1	1,975,718	4.3741
Anum M. Yunus	1	2,035,738	4.5069
Individual	319	12,592,455	27.8785
Total	335	45,169,035	100.0000

FORM OF PROXY



33rd 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 Third Annual General Meeting of the Company to be held on Friday April 27, 2016 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, THK Associates (Pvt) Limited, 2nd Floor, State Life Building-3, Dr.Ziauddin Ahmed Road, Karachi, not later than 48 hours before the time of holding the meeting.