

Quarterly Accounts  
for the Period Ending  
March 31st, 2018  
(Un-Audited)

*A Transformed Way  
for a Shiny Future*



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED  
A member of Army Welfare Trust (AWT)



## In Memory of Our Founder Chairman



**LATE MR. UNUS KHAN**

Founder Chairman, East West Group of Companies

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

In the 70s, besides other ventures, he was associated with the field of insurance in the Middle East. He returned to Pakistan in 1982 and founded East West Insurance Company Limited, our sister concern, in 1983. Throughout the remaining years of his life, he remained dedicated to development of East West. He organized and strengthened the company on modern lines and, at the same time, encouraged the executives, field and office personnel of the company to face the challenges of the market with courage, sincerity and hard work. It was for his determined leadership, untiring efforts, honesty and sincerity of purpose that Almighty Allah gifted him with such an outstanding success that the company became one of the largest insurance companies of Pakistan during his lifetime.

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

Today, by the Grace of Allah, East West Group of Companies have become symbols of security for thousands of their policyholders and livelihood for their hundreds of hard-working personnel.

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



# QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDING MARCH 31, 2018

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## BOARD OF DIRECTORS AND COMPANY INFORMATION

### **Chairman**

Lt. Gen. Najibullah Khan (Retd)

### **Chief Executive Officer**

Jehanzeb Zafar

### **Directors**

Maj. Gen. Imtiaz Hussain Sherazi (Retd)

Maj. Gen. Akhtar Iqbal (Retd)

Malik Riffat Mahmood

Rafiq Halani

Ayesha Rafique

Javed Yunus

### **Company Secretary**

Sohail Nazeer

### **Appointed Actuary**

Shujat Siddiqui, MA, FIA, FPSA

### **Consulting Actuaries**

Akhtar & Hasan (Private) Limited

### **Legal Advisor**

Saiyed Younus Saeed

### **Auditor**

Grant Thornton Anjum Rehman  
(Chartered Accountants)

### **Share Registrar**

THK (Pvt.) Limited

1st Floor, 40-C, Block-6

P.E.C.H.S, Karachi-75400

UAN: +92 (021) 111-000-322

Dir: +92 (021) 34168266-68-70

Fax: +92 (021) 34168271

E-mail: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)

Web: [www.thk.com.pk](http://www.thk.com.pk)

### **Registered Office**

28 Regal Plaza, M. A. Jinnah  
Road, Quetta.

Phone: (081) 2822913, 2821397

Fax: (92-81) 2821460

### **Head Office**

Room No. 802, 8th Floor,  
Lakson Square Building No. 1,  
Opp. Karachi Press Club,  
Karachi, Pakistan.

Phone: (021) 35630421

35630422, 35630423

Fax: (92-21) 35630429

### **Website**

[www.eastwestlifeco.com](http://www.eastwestlifeco.com)

### **E-mail**

[info@eastwestlifeco.com](mailto:info@eastwestlifeco.com)



## MANAGEMENT AND BANKERS

**Jehanzeb Zafar** Chief Executive Officer (CEO)

**Imran Ali Dodani** Chief Operating Officer (COO)

**Sohail Nazeer** Chief Financial Officer (CFO)  
and Company Secretary

**Sana-ul-Haq Hashmi** Deputy General Manager

**Mohammad Zohaib** Head of Internal Audit

**Tanveer Iqbal** Assistant General Managers  
**Naveed Ashraf**  
**Anjum Ghazali**  
**Ajaz Hussain**

Bankers

**Allied Bank Limited**  
**Summit Bank Limited**  
**MCB Bank Limited**  
**The Bank of Punjab**  
**Habib Bank Limited**  
**Askari Bank Limited**  
**NIB Bank Limited**  
**Bank Al-Habib Limited**  
**JS Bank Limited**  
**The Karakoram Co-Operative Bank Ltd.**  
**Apna Microfinance Bank Limited**  
**Bank Alfalah Limited**

## COMMITTEES

1. The Board has formed an Underwriting & Reinsurance Committee, Claim Settlement Committee, Nomination HR & Remuneration Committee, Audit Committee and Investment Committee. The Committees are as follows:

**I. Underwriting & Reinsurance/Risk Management Committee:**

- Maj Gen Akhtar Iqbal (Retd), Chairman
- Malik Riffat Mahmood
- Rafiq Halani
- Sohail Nazeer
- Ajaz Hussain, Secretary

**II. Claim Settlement Committee:**

- Maj Gen Imtiaz Hussain Sherazi (Retd), Chairman
- Jehanzeb Zafar
- Ayesha Rafique
- Sana-ul-Haq Hashmi, Secretary

**III. Nomination, Human Resource & Remuneration Committee and Compliances committee:**

- Ayesha Rafique, Chairman
- Maj Gen Akhtar Iqbal (Retd)
- Maj Gen Imtiaz Hussain Sherazi (Retd)
- Jehanzeb Zafar
- Sohail Nazeer
- Anjum Ghazali, Secretary

**IV. Audit Committee**

- Rafiq Halani, Chairman
- Maj Gen Imtiaz Hussain Sherazi (Retd)
- Malik Riffat Mahmood
- Mohammad Zohaib (Head of IA), Secretary

**V. Investment Committee:**

- Malik Riffat Mahmood, Chairman
- Jehanzeb Zafar
- Sohail Nazeer
- Ajaz Hussain
- Imran Nadeem, Secretary





## OUR MISSION, VISION AND PRINCIPLE VALUES

### OUR MISSION

- To* provide high quality, competitive insurance products and services through qualified, professional and committed salespersons.
- To* maintain financial strength for the benefit of our corporate and individual insurers, shareholders, agents/salespersons and employees.
- To* earn and protect public trust of the communities where we live and work by supporting good works and contributing to charities.
- To* create a challenging environment and develop a sense of accomplishment for our employees through tools and training to achieve personal growth and contribute to our organization.
- To* serve the nation by increasing the rate of literacy through our East West Life Educational Security Schemes for children and their parents.
- To* provide the right solutions that are in tune with our customer's needs, while facing up to the emerging challenges in the industry.
- To* help individuals and families financially realize their hopes and dreams and be there when they need us most.
- To* develop awareness of insurance need, build confidence in the insurance industry and also to develop the concept of saving.
- To* innovate and develop ideas to design new products for our valued corporate and individual clients to effectively meet their ever-changing needs.

### OUR VISION

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

### OUR PRINCIPLE VALUES

- Safety and Security* through expansion, development and profitability.
- Exceptional and flexible product-line* to meet the needs of our clients
- Respect and consideration* for our policyholders, agents and employees.
- Vision as well as action* to achieve our mission.
- Integrity and honesty* in every aspects of our organization.
- Community improvement* through participation.
- Excellent service.*



## DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Board of Directors of East West Life Assurance Company Limited is pleased to present the unaudited accounts for the quarter ended March 31, 2018.

The after tax loss for the period ended March 31, 2018 amounts to Rs. (6,588,568) compared to a loss of Rs. (2,597,223) during the corresponding period of 2017. This after tax loss has been calculated after taking into account the results of both Shareholders' Fund and Statutory Funds as detailed hereunder:

Figures in Rupees

	<b>For the Quarter Ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>OPERATING INCOME</b>		
Premiums Less Reinsurances	3,530,410	3,820,718
Net Investment Income	7,362,072	6,391,604
Total Net Income	10,892,482	10,212,322
<b>OPERATING EXPENSES</b>		
Insurance Benefits	4,994,494	7,173,454
Net Change in Insurance Liabilities (other than outstanding claims)	2,315,324	(3,460,471)
Acquisition Expenses	659,010	520,436
Management Expenses Less Recoveries	9,474,534	8,547,116
Total Claims & Expenditure	17,443,362	12,780,535
<b>Loss Before Tax</b>	<b>(6,550,880)</b>	<b>(2,568,213)</b>
<b>Income Tax Expense</b>	<b>(37,688)</b>	<b>(29,010)</b>
<b>Loss After Tax</b>	<b>(6,588,568)</b>	<b>(2,597,223)</b>

The Company has continued to post operating losses due to absence of a competitive product and distribution strategy. Business plan and management capacity requires review which will be initiated during 2nd Quarter 2018 under new leadership and Board vision. Increased awareness in market and a valued brand will help enhancing product distribution strategy and allow opportunities for Company to start recovering operating expenses.

As shown above, the primary reason for the loss experienced during the first three months of 2018 is the decrease of more than 8% in premiums of the company's Statutory Funds, which is primarily linked to the corporate portfolio that has experienced a drop of 72% during the first quarter. This drastic drop is due to an increase of approximately 36% in the claims and expenditure of the company.

Needless to say, your company continues to closely monitor the market situation and believes that new business model will introduce competitive business strategy, prudent risk management practice, coupled with a satisfied customer base. The company always aggressively pursues new opportunities and ensures adequate internal preparedness to take maximum advantage of such opportunities.

At this time, we would like to express our appreciation to the Government of Pakistan, Ministry of Commerce, and Securities and Exchange Commission of Pakistan (SECP) for their invaluable assistance and guidance. Your directors would also like to place on record their appreciation for the tremendous contribution made by the officers, staff and field force towards the development of the company. Finally, we would like to thank our clients for their confidence reposed in your company.

For and on behalf of the Board of Directors,



**Jehanzeb Zafar**  
Chief Executive Office (CEO)

Dated: April 25th, 2018

## ڈائریکٹری کی نظر ثانی رپورٹ

2018 کی پہلی سہ ماہی مورخہ 31 مارچ 2018 کے اختتام پر آپ کی کمپنی کے ڈائریکٹرز 2018 کی پہلی سہ ماہی جو کہ 31 مارچ 2018 کو اختتام پزیر ہوئی ہے۔ کمپنی کے (غیر آڈٹ شدہ) حسابات کے عبوری مالیاتی گوشارے پیش کرنے میں بے حد خوشی اور مسرت محسوس کرتے ہیں۔ 31 مارچ 2018 کو کمپنی کے ٹیکس کے بعد کا خسارہ (6,588,568) روپے ہے۔ جس کا موازنہ پچھلے سال 2017 کے اس ہی دورانیہ کا نقصان (2,597,223) ہے۔ کمپنی کا ٹیکس کے بعد کا خسارے کی تفصیل جو کہ دوٹوں آئینی فنڈز (Statutory Funds) اور دیگر ہولڈرز فنڈز کے نتائج کو غلط کر رہی ہے۔ درج ذیل ہے۔

پہلی سہ ماہی کے اختتام پر

2018 مارچ	2017 مارچ
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تسم قررواں میں ہے۔

3,530,410	3,820,718
7,362,072	6,391,604
10,892,482	10,212,322

آمدنی کے ذرائع

نمائند آمدنی

سرکاری آمدنی

کلی آمدنی

اخراجات اور ادائیگیاں

انشورس اخراجات

انشورس سہوری کی رقم میں نمائندہ

کاروباری اخراجات

انتظامیہ کے اخراجات

نقل و حرکت اور اخراجات

عمل درآمدات نقصان

اہم ٹیکس

بعد از ٹیکس نقصان

4,994,494	7,173,454
2,315,324	(3,460,471)
659,010	520,436
9,474,534	8,547,116
17,443,362	12,780,535

(6,550,880)	(2,568,213)
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(37,688)	(29,010)
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(6,588,568)	(2,597,223)
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کمپنی اپنے انشورس مصنوعات اور تقسیم کاری کی حکمت عملی کی وجہ سے مستقل نقصان کا سامنا کر رہی ہے۔ اس سال کے دوسری سہ ماہی سے کاروباری حکمت عملی اور انتظامیہ کی کارکردگی کوئی قیادت اور کمپنی کے نئے بورڈ کے مطابق دیکھا جائیگا۔ مارکیٹ کے آگاہی اور بڑے نام کے ساتھ مصنوعات کو مارکیٹ میں لایا جائیگا اور کمپنی کے اخراجات کو کم کرنے کی کوشش کی جائیگی۔

جیسا کہ اوپر ظاہر کیا گیا ہے کہ کمپنی کو تین مہینوں میں خسارہ ہوا ہے۔ جس کی بنیادی وجہ کمپنی کے پریمیم میں 8% سے زائد کمی کی ہے۔ مزید یہ کہ کمپنی کے گروپ کاروبار کے پریمیم میں 72% کمی کی ہے۔ یہ زائد نقصان کلیم اور اخراجات میں 26% سے زائد کمی اضافہ کی وجہ سے مزید بڑھ رہا ہے۔ اس خراب کارکردگی کا تسلسل اپریل 2014 سے جاری ہے۔ کمپنی کی انتظامیہ نے مکمل طور پر مارکیٹنگ ٹیم کو تبدیل کر کے پریمیم کی کو برداشت کرنے کا فیصلہ کیا ہے۔ اس کے علاوہ کمپنی کے انڈر رائٹنگ کے معیارات اور طریقے کار کو بہتر بنانے کیلئے ایکٹیویری (Actuary) کے ساتھ مل کر ایسی حکمت عملی تیار کرتی ہے کہ کمپنی کے پریمیم کی سطح کو بڑھایا جاسکے اور کلیم اور اخراجات پر کنٹرول کو بڑھا کر مارکیٹ میں موجود تمام کمپنیوں سے فائدہ اٹھایا جائے۔

کمپنی کی انتظامیہ لائف انشورنس کی مارکیٹ کو سامنے رکھے ہوئے ہے۔ اور انتظامہ کو امید ہے کہ کمپنی اپنی بہتر سٹریٹجی اور آپریشنل سروسز کے ذریعے اپنی کارکردگی کو بہتر بنالے گی اور نئے مواقعوں کو استعمال میں لاکر لائف انشورنس کی مارکیٹ میں اگلی مقام حاصل کر لے گی۔

اس موقع پر کمپنی کے ڈائریکٹرز کمپنی کی نشوونما اور ترقی کیلئے کمپنی کے تمام ملازمین اور تمام تقسیم کار ممبروں کو ان کے تعاون اور اعانت کیلئے داد دے تحسین پیش کرنا چاہتے ہیں۔ ہم سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کی رہنمائی کیلئے اور ان کی مسلسل اعانت کے بھی شکریہ ادا کرتے ہیں۔ سب سے آخر میں ہم اپنے صارفین کا بھی کمپنی میں ان کے مستقبل اور بہرہ سے کیلئے شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

جہانزیب ظفر  
چیف ایگزیکٹو آفیسر

تاریخ: 25 اپریل 2018



### INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018 (UN-AUDITED)

Figures in Rupees

Note	March 31, 2018	December 31, 2017
<b>Assets</b>		
Property and Equipment - Tangible	16,709,193	17,128,781
Investment		
Equity Securities	5 6,887,947	280,518
Government Securities	6 362,679,420	312,248,730
Term Deposits	7 50,000,000	111,000,000
Mutual Funds	8 9,627,679	-
	429,195,046	423,529,248
Loans Secured Against Life Insurance Policies	10,107,634	9,951,801
Insurance / Reinsurance Receivables	1,741,787	2,483,052
Other Loans and Receivables	7,678,307	8,314,781
Taxation - Payments Less Provision	10,253,019	9,748,926
Prepayments	310,000	89,331
Stationery	252,048	257,976
Cash & Bank	44,424,328	55,225,161
<b>Total Assets</b>	<b>520,671,362</b>	<b>526,729,057</b>
<b>Equity and Liabilities</b>		
<b>Capital and Reserves Attributable to Company's Equity Holders</b>		
Authorize Share Capital	750,000,000	750,000,000
(75,000,000 ordinary share of Rs. 10 each)		
Ordinary Share Capital	601,720,140	601,720,140
Ledger Account D	(363,113,941)	(355,735,123)
Unappropriated Loss	(86,574,474)	(87,364,724)
Total Equity	152,031,725	158,620,293
Advance Against Equity	100,000,000	100,000,000
<b>Liabilities</b>		
Insurance Liabilities	250,176,007	249,428,671
Retirement Benefit Obligations	86,250	86,250
Premium Received in Advance	8,308,575	8,884,791
Insurance / Reinsurance Payables	2,811,147	2,409,982
Other Creditors and Accruals	7,257,658	7,299,070
<b>Total Liabilities</b>	<b>268,639,637</b>	<b>268,108,764</b>
<b>Total Equity and Liabilities</b>	<b>520,671,362</b>	<b>526,729,057</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

	Note	Figures in Rupees	
		March 31, 2018	March 31, 2017
Premium Revenue		3,951,717	4,146,915
Premium Ceded to Reinsurers		(421,307)	(326,197)
<b>Net Premium Revenue</b>	10	3,530,410	3,820,718
Investment Income	11	7,362,072	6,391,604
<b>Net Income</b>		10,892,482	10,212,322
Insurance Benefits		4,994,494	7,360,954
Recoveries from Reinsurers		-	(187,500)
<b>Net Insurance Benefits</b>	12	4,994,494	7,173,454
Net Change in Insurance Liabilities (other than outstanding claims)		2,315,324	(3,460,471)
Acquisition Expensed	13	659,010	520,436
Marketing and Administration Expensed	14	9,474,534	8,547,116
<b>Total Expenses</b>		<b>12,448,868</b>	<b>5,607,081</b>
<b>Loss Before Tax</b>		(6,550,880)	(2,568,213)
Income Tax Expense		(37,688)	(29,010)
<b>Loss After the Period</b>		<b>(6,588,568)</b>	<b>(2,597,223)</b>
<b>Earning Per Share</b>		<b>(0.11)</b>	<b>(0.04)</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

	Figures in Rupees	
	March 31, 2018	March 31, 2017
Loss For the Period	(6,588,568)	(2,597,223)
Other Comprehensive Income	-	-
<b>Total Comprehensive Income For the Period</b>	<b>(6,588,568)</b>	<b>(2,597,223)</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer





**INTERIM CONDENSED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

Figures in Rupees

Note

March 31, 2018	March 31, 2017
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**Operating Cash Flows**

(a) Underwriting Activities

Insurance Premium Received	4,301,775	4,407,662
Claims Paid	(6,562,482)	(16,317,009)
Reinsurance and Other Recoveries Received	386,614	-
Commission Paid	(555,799)	(598,155)
Marketing and Administrative Expensed Paid	(9,568,766)	(10,962,486)
Net Cash Flow From Underwriting Activities	(11,998,658)	(23,469,988)

(b) Other Operating Activities

Income Tax Paid	(541,781)	(422,206)
Other Operating Receipts	(576,216)	(461,310)
Loans Advanced	(195,962)	(451,141)
Loans Repayments Received	40,129	71,363
Net Cash Flow from Other Operating Activities	(1,273,830)	(1,263,294)
<b>Total Cash Flow from all Operating Activities</b>	<b>(13,272,488)</b>	<b>(24,733,282)</b>

**Investment Activities**

Profit / Return Received	5,279,160	4,218,208
Dividend Received	51,000	-
Payment for Investments	(266,417,509)	(30,000,000)
Proceeds from Investments	202,621,004	-
Fixed Capital Expenditure	(62,000)	(36,600)
<b>Total Cash Flow from Investing Activities</b>	<b>(58,528,345)</b>	<b>(25,818,392)</b>

**Financing Activities**

Total Cash Flow from Financing Activities	-	-
Net Cash Flow from all Activities	(71,800,833)	(50,551,674)
Cash and Cash Equivalents at Beginning of Period	166,225,161	165,960,124
<b>Cash and Cash Equivalents at End of Period</b>	<b>94,424,328</b>	<b>115,408,450</b>

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**Reconciliation to Profit and Loss Account**

Operating Cash Flows	(13,272,488)	(24,733,282)
Depreciation Expense	(481,588)	(550,357)
Profit / (Loss) on Disposal of Investments	11,647	(149,432)
Dividend Income	63,000	-
Other Investment Income	7,287,425	6,541,036
Increase / (Decrease) in Assets Other Than Cash	334,309	2,449,257
Increase / (Decrease) in Liabilities Other Than Borrowings	(530,873)	13,845,555
<b>Profit or Loss After Taxation</b>	<b>(6,588,568)</b>	<b>(2,597,223)</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

Figures in Rupees

	Attributable to Equity Holders of the Company					Total
	Share Capital	Capital Reserves	Revenue Reserves	Unappropriated Loss	Ledger Account D	
Balance as at January 1, 2017	601,720,140	-	-	(86,673,659)	(320,764,127)	194,282,354
Total Comprehensive Income for three month March 31, 2017	-	-	-	(2,597,223)	-	(2,597,223)
Deficit for the period in statutory funds	-	-	-	2,833,300	(2,833,300)	-
<b>Balance as at March 31, 2017</b>	<b>601,720,140</b>	<b>-</b>	<b>-</b>	<b>(86,437,582)</b>	<b>(323,597,427)</b>	<b>191,685,131</b>
Balance as at January 1, 2018	601,720,140	-	-	(87,364,724)	(355,735,123)	158,620,293
Total Comprehensive Income for three month March 31, 2018	-	-	-	(6,588,568)	-	(6,588,568)
Deficit for the period in statutory funds	-	-	-	7,378,818	(7,378,818)	-
<b>Balance as at March 31, 2018</b>	<b>601,720,140</b>	<b>-</b>	<b>-</b>	<b>(86,574,474)</b>	<b>(363,113,941)</b>	<b>152,031,725</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer





## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

East West Life Assurance Company Limited (the company) was incorporated in Pakistan on August 18, 1992 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange. The company commenced life insurance operations on February 22, 1993 after registration with Controller of Insurance on February 14, 1993. The addresses of its registered and principal office are 57 Regal Plaza, M.A. Jinnah Road, Quetta and 802, 8th Floor, Lakson Square Building No.1, Karachi, respectively. Army Welfare Trust as a parent company holds 51% shares of East West Life Assurance Company Limited. The company is engaged in life insurance business. In accordance with the requirements of Insurance Ordinance, 2000. The company has established shareholders' fund and following statutory funds in respect of its each class of life insurance business:

Ordinary Life;  
Universal Life; and  
Accident and Health

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulation, 2017. In case requirement differ, the provisions or directives of the Companies Ordinance 1984, Insurance Ordinance 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

### 3. BASIS OF MEASUREMENT

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim condensed financial statements are in line with the audited annual accounts for the year ended December 31st, 2017.

### 5. Equity Securities

Available for Sale

	March 31, 2018			December 31, 2017		
	Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
	(Rupees)					
Related Parties - Listed Shares	280,518	-	280,518	280,518	-	280,518
Others - Listed Shares	6,607,429	-	6,607,429	-	-	-
	<u>6,887,947</u>	<u>-</u>	<u>6,887,947</u>	<u>280,518</u>	<u>-</u>	<u>280,518</u>

### 6. Government Securities

#### Held to Maturity

March 31, 2018						
Maturity	Effective Coupon/ Yield (%)	Amortized Cost	Principal Repayment	Carrying Value	December 31, 2017	
(Rupees)						
10 Years Pakistan Investment Bonds	August 2018	12.00%	1,997,957	2,000,000	1,997,957	1,996,746
10 Years Pakistan Investment Bonds	July 2020	12.00%	3,911,251	4,000,000	3,911,251	3,901,787
10 Years Pakistan Investment Bonds	August 2021	12.00%	15,827,956	16,000,000	15,827,956	15,815,428
10 Years Pakistan Investment Bonds	July 2020	12.00%	1,196,577	1,200,000	1,196,577	1,196,212
10 Years Pakistan Investment Bonds	July 2020	12.00%	10,270,075	10,500,000	10,270,075	10,256,903
10 Years Pakistan Investment Bonds	July 2022	12.00%	8,051,725	8,200,000	8,051,725	8,043,230
10 Years Pakistan Investment Bonds	April 2018	8.75%	23,427,818	22,500,000	23,427,818	23,456,192
06 Months Treasury Bills	April 2018	5.95%	99,658,595	100,000,000	99,658,595	98,322,661
03 Months Treasury Bills	May 2018	6.20%	99,346,330	100,000,000	99,346,330	-
03 Months Treasury Bills	May 2018	6.19%	49,553,883	50,000,000	49,553,883	49,750,815
03 Months Treasury Bills	June 2018	6.20%	49,437,253	50,000,000	49,437,253	-
06 Months Treasury Bills	-	-	-	-	-	99,508,756
			362,679,420	364,400,000	362,679,420	312,248,730

### 7. Term Deposits

#### Held to Maturity

#### Deposit Maturing Within 12 Months

	March 31, 2018	December 31, 2017
JS Bank Limited	25,000,000	-
Summit Bank Limited	25,000,000	25,000,000
The Bank of Punjab	-	11,000,000
Bank Alfalah Limited	-	25,000,000
Bank Al Habib Limited	-	25,000,000
Bank Islami Limited	-	25,000,000
	<b>50,000,000</b>	<b>111,000,000</b>

### 8. Mutual Fund

	March 31, 2018			December 31, 2017		
	Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
(Rupees)						
Nafa Income Opportunity Fund	9,566,780	60,899	9,627,679	-	-	-
	<b>9,566,780</b>	<b>60,899</b>	<b>9,627,679</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 9. Cash & Bank

Cash and cash equivalents include the following for the purpose of the cash flow statement

	March 31, 2018	March 31, 2017
Cash and Bank	44,424,328	55,408,450
Term Deposits having maturity of three months	50,000,000	60,000,000
	<b>94,424,328</b>	<b>115,408,450</b>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

Figures in Rupees

	March 31, 2018	March 31, 2017
<b>10. NET PREMIUM REVENUE</b>		
<b>Gross Premiums</b>		
Regular Premium Individual Policies*		
First Year	471,296	147,728
Second Year Renewal	217,776	374,917
Subsequent Year Renewal	3,095,830	3,032,656
Single Premium Individual Policies	-	-
Group Policies	166,815	591,614
<b>Total Gross Premiums</b>	<b>3,951,717</b>	<b>4,146,915</b>
<b>Less: Reinsurance Premiums Ceded</b>		
On Individuals Life First Year Business	(4,328)	(2,344)
On Individuals Life Second Year Business	(2,892)	(11,928)
On Individuals Life Renewal Business	(280,635)	(177,967)
On Group Policies	(133,452)	(133,958)
	<b>(421,307)</b>	<b>(326,197)</b>
<b>Net Premiums</b>	<b>3,530,410</b>	<b>3,820,718</b>
<b>11. INVESTMENT INCOME</b>		
<b>Income From Equity Securities</b>		
<b>Available for Sale</b>		
Dividend Income	63,000	-
Gain / (Loss) on Mutual Funds	(372,321)	149,432
Gain on Sale of Shares	360,674	-
	<b>51,353</b>	<b>149,432</b>
<b>Income from Debt Securities</b>		
<b>Held to Maturity</b>		
Return on Government Securities	4,613,269	4,543,834
Amortization of Premium / Discount	16,860	16,860
	<b>4,630,129</b>	<b>4,560,693</b>
<b>Income from Term Deposits, Bank Deposits &amp; Other</b>		
Return on Term Deposits	827,333	991,141
Return on Bank Deposits	1,838,423	658,449
Miscellaneous Income	14,834	31,889
	<b>2,680,590</b>	<b>1,681,479</b>
<b>Total Investment Income</b>	<b>7,362,072</b>	<b>6,391,604</b>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

Figures in Rupees

	March 31, 2018	March 31, 2017
<b>12. NET INSURANCE BENEFITS</b>		
<b>Gross Claims</b>		
Claim Under Individual Policies		
By Death	385,543	1,461,153
By Insured Event Other Than Death	-	10,286
By Maturity	1,985,189	2,044,633
By Surrender	2,623,762	3,066,891
<b>Total Gross Individual Policy Claims</b>	<b>4,994,494</b>	<b>6,582,963</b>
Claims Under Group Policies		
By Death	-	250,000
By Insured Event Other Than Death	-	527,991
<b>Total Gross Group Policy Claims</b>	<b>-</b>	<b>777,991</b>
<b>Total Gross Claims</b>	<b>4,994,494</b>	<b>7,360,954</b>
<b>Less: Reinsurance Recoveries</b>		
On Group Life Claims	-	(187,500)
<b>Net Claims</b>	<b>4,994,494</b>	<b>7,173,454</b>

**13. ACQUISITION EXPENSES**

**Acquisition Costs**

Remuneration to Insurance Intermediaries on  
Individual Policies:

Commission on First Year Premiums	275,054	92,712
Commission on Second Year Premiums	23,903	36,721
Commission on Subsequent Renewal Premiums	130,306	129,101
Other Benefits to Insurance Intermediaries	-	-

Remuneration to Insurance Intermediaries on

**Group Policies:**

Commission	16,682	46,133
	445,945	304,667

Branch Overhead

233,207	230,484
---------	---------

Other Acquisition Cost  
Policy Stamps

-	1,000
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Commission from Reinsurers

679,152	536,151
(20,142)	(15,715)

**Total Acquisition Cost**

<b>659,010</b>	<b>520,436</b>
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

Figures in Rupees

**14. MARKETING AND ADMINISTRATIVE EXPENSES**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Salaries and Other Benefits	5,305,949	4,271,335
Travelling Expenses	165,739	408,035
Actuary's Fees	300,000	450,000
Advertisements	2,420	48,600
Printing and Stationary	112,589	56,604
Rental	338,979	252,417
Staff Welfare	1,197,757	898,112
Postage, Telegram & Telephone	104,869	105,072
Electricity & Gas	109,363	178,597
Entertainment Expense	96,359	97,285
Consultancy Charges	70,000	226,512
Vehicle Maintenance	335,055	377,828
Miscellaneous Expense	1,335,455	1,176,719
<b>Gross Marketing and Administrative Expenses</b>	<b>9,474,534</b>	<b>8,547,116</b>

**15. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprises East West Insurance Limited and Army Welfare Trust, directors of the company, key management personnel, associated undertakings, entities with common directors, statutory funds and employees' funds. Following are the balances and transactions with related parties.

	<b>March 31, 2018</b>			<b>December 31, 2017</b>		
	<b>Provident Fund</b>	<b>Key Management Personnel</b>	<b>Associated Companies &amp; Common Directorship</b>	<b>Provident Fund</b>	<b>Key Management Personnel</b>	<b>Associated Companies &amp; Common Directorship</b>
<b>Transactions</b>						
Contribution During the Period	230,578	-	-	762,464	-	-
<b>Balances</b>						
Investment	-	-	280,518	-	-	280,518



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

**16. SEGMENTAL INFORMATION**

**16.1 Revenue Account by Statutory Fund**

2018	Statutory Funds			Aggregate
	Ordinary Life	Universal Life	Accidental & Health	March 31, 2018
<b>Income</b>				
Premium Less Reinsurances	33,363	3,497,047	-	3,530,410
Net Investment Income	233,789	3,620,382	53,437	3,907,608
<b>Total Net Income</b>	<b>267,152</b>	<b>7,117,429</b>	<b>53,437</b>	<b>7,438,018</b>
<b>Insurance Benefits and Expenditures</b>				
Insurance benefits, Including Bonuses, Net of Reinsurance Recoveries	131,053	4,863,441	-	4,994,494
Management Expenses Less Recoveries	1,048,843	5,606,704	851,471	7,507,018
<b>Total Insurance Benefits and Expenditure</b>	<b>1,179,896</b>	<b>10,470,145</b>	<b>851,471</b>	<b>12,501,512</b>
<b>Excess/(Deficit) of Income Over Insurance Benefit and Expenditure</b>	<b>(912,744)</b>	<b>(3,352,716)</b>	<b>(798,034)</b>	<b>(5,063,494)</b>
<b>Net Change in Insurance Liabilities (other than outstanding claims)</b>	<b>(691,759)</b>	<b>(1,623,565)</b>	<b>-</b>	<b>(2,315,324)</b>
<b>Deficit</b>	<b>(1,604,503)</b>	<b>(4,976,281)</b>	<b>(798,034)</b>	<b>(7,378,818)</b>
<b>Movement in Policyholder Liabilities</b>	<b>691,759</b>	<b>1,623,565</b>	<b>-</b>	<b>2,315,324</b>
<b>Transfer To or From Shareholders' Fund</b>				
- Capital Contribution From Shareholders' Fund	1,128,000	4,707,500	768,000	6,603,500
- Capital Contribution To Shareholders' Fund	-	-	-	-
- Transfer of Surplus to Shareholders' Fund	-	-	-	-
<b>Net Transfer To or From Shareholders' Fund</b>	<b>1,128,000</b>	<b>4,707,500</b>	<b>768,000</b>	<b>6,603,500</b>
Balance of Statutory Fund at Beginning of Period	6,770,255	179,972,136	2,702,354	189,444,745
<b>Balance of Statutory Fund at End of Period</b>	<b>6,985,511</b>	<b>181,326,920</b>	<b>2,672,320</b>	<b>190,984,751</b>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

2017	Statutory Funds			Aggregate
	Ordinary Life	Universal Life	Accidental & Health	March 31, 2017
<b>Income</b>				
Premium Less Reinsurances	44,652	3,363,062	413,004	3,820,718
Net Investment Income	245,181	3,098,875	56,041	3,400,097
<b>Total Net Income</b>	<b>289,833</b>	<b>6,461,937</b>	<b>469,045</b>	<b>7,220,815</b>
<b>Insurance Benefits and Expenditures</b>				
Insurance benefits, Including Bonuses, Net of Reinsurance Recoveries	658,940	5,986,523	527,991	7,173,454
Management Expenses Less Recoveries	1,017,455	4,314,300	1,009,377	6,341,132
<b>Total Insurance Benefits and Expenditure</b>	<b>1,676,395</b>	<b>10,300,823</b>	<b>1,537,368</b>	<b>13,514,586</b>
<b>Excess/(Deficit) of Income Over Insurance Benefit and Expenditure</b>	<b>(1,386,562)</b>	<b>(3,838,886)</b>	<b>(1,068,323)</b>	<b>(6,293,771)</b>
<b>Net Change in Insurance Liabilities (other than outstanding claims)</b>	<b>(189,728)</b>	<b>3,647,860</b>	<b>2,339</b>	<b>3,460,471</b>
<b>Deficit</b>	<b>(1,576,290)</b>	<b>(191,026)</b>	<b>(1,065,984)</b>	<b>(2,833,300)</b>
<b>Movement in Policyholder Liabilities</b>	189,728	(3,647,860)	(2,339)	(3,460,471)
<b>Transfer To or From Shareholders' Fund</b>				
- Capital Contribution From Shareholders' Fund	400,000	-	950,000	1,350,000
- Capital Contribution To Shareholders' Fund	-	-	-	-
- Transfer of Surplus to Shareholders' Fund	-	-	-	-
<b>Net Transfer To or From Shareholders' Fund</b>	<b>400,000</b>	<b>-</b>	<b>950,000</b>	<b>1,350,000</b>
Balance of Statutory Fund at Beginning of Period	6,922,100	184,526,070	2,299,180	193,747,350
<b>Balance of Statutory Fund at End of Period</b>	<b>5,935,538</b>	<b>180,687,184</b>	<b>2,180,857</b>	<b>188,803,579</b>



**17. CORRESPONDING FIGURES**

Previous figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

**18. DATE OF AUTHORISATION FOR ISSUE**

These financial statements are authorised for issue on April 25, 2018 by the Board of Directors of the Company.

**19. GENERAL**

The figures in the financial statements may be rounded off.

A handwritten signature in black ink, appearing to be 'Chen Jian'.

Chairman

A handwritten signature in black ink, appearing to be 'H. P.'.

Director

A handwritten signature in black ink, appearing to be 'W. A.'.

Director

A handwritten signature in black ink, appearing to be 'J. K.'.

Chief Executive Officer

A handwritten signature in black ink, appearing to be 'S. J.'.

Chief Financial Officer



## BRANCH NETWORK

### Lahore

*Punjab Zone\**

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### Layyah

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Pump, Chowak Azam Road,  
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### Gujrat

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### Chakwal

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### Jhelum

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Shandar Chowk, Jhelum.  
Tel.: (0544) 623261

### Bhimber (Azad Kashmir)

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

### Note:

*Besides the company's head office  
corporate (group life and group health)  
insurance services are also offered at  
the above individual life sales offices  
marked with an asterisk (\*).*



## Change your **Life** with **Shiny Future**

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

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



### **EAST WEST LIFE**

**ASSURANCE COMPANY LIMITED**

A member of Army Welfare Trust (AWT)

Head Office: Room No. 802, 8th Floor, Lakson Square, Building No. 1, Opp. Press Club, Karachi, Pakistan.  
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**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED  
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