

DIRECTORS' REVIEW REPORT TO THE MEMBERS'

Your Directors are pleased to present their report together with un-audited Nine months Financial Statements for the period ended March 31, 2020 .

The statistic covers the annexed Financial Statements of conventional general insurance and Window Takaful operation comprising:

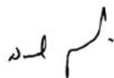
- 0 Condnsed interim statement of financial position;
- 0 Condnsed interim profit and loss account;
- 0 Condnsed interim statement of comprehensive income;
- 0 Condnsed interim statement of changes and equity;
- 0 Condnsed interim cash flow statement;

We are confident that this information would adequately apprise the valued shareholders about the performance of their Company.

The financial highlight of the company for the period ended March 31, 2020 is as follows:

	(Unaudited)	
Profit before tax from General Insurance Operations	87,046,289	
Profit before tax from Window Takaful Operations	4,086,989	
Profit before tax	<u>91,133,278</u>	
Income tax expenses	(6,741,456)	
Profit after taxation	<u><u>84,391,822</u></u>	
Unappropriated profit at beginning of the year	260,009,396	
Profit for the period	<u>84,391,822</u>	
Unappropriated at the end of the period	<u><u>344,401,218</u></u>	
	March, 31 2020	March, 31 2019
	----- (Unaudited) -----	
Gross premium Net	734,664,841	589,649,139
Net premium	422,579,953	301,478,877
Underwriting results	129,573,698	94,214,648
Investment income/(Loss)	(10,053,741)	18,910,161
Profit before tax (including Window Takaful Operations)	91,133,278	84,809,270
Profit after tax (including Window Takaful Operations)	84,391,822	77,567,364
Earnings per share - basic and diluted (Rupees)	0.82	0.75

On behalf of the Board of Directors



Naved Yunus

Managing Director & Chief Executive
Karachi : May 11, 2020

EAST WEST INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2020

		March 31, 2020	December 31, 2019
	Note	----- Rupees-----	
ASSETS			
Property and equipment	6	146,504,857	146,135,672
Intangible assets	7	1,160,036	1,196,931
Investment properties	8	47,958,425	48,565,494
Investments			
Equity securities	9	774,608,620	683,476,851
Debt securities	10	169,622,501	213,915,618
Term deposits	11	295,000,000	341,700,000
		1,239,231,121	1,239,092,469
Loans and other receivables	12	174,595,343	150,261,227
Insurance / Reinsurance receivables	13	550,947,695	550,313,540
Reinsurance recoveries against outstanding claims		437,669,451	465,459,802
Deferred commission expense		273,438,109	328,921,034
Deferred taxation		-	-
Prepayments	14	460,643,899	578,016,129
Cash and bank	15	35,606,511	28,403,383
		3,367,755,447	3,536,365,681
Total assets of General Takaful Operations - Operator's Fund		103,143,359	103,842,386
TOTAL ASSETS		3,470,898,806	3,640,208,067
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		1,029,007,050	1,029,007,050
Reserves	16	136,478,806	136,329,306
Unappropriated profit		344,401,218	260,009,396
TOTAL EQUITY		1,509,887,074	1,425,345,752
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR		580,157,492	596,061,338
Unearned premium reserves		1,109,487,133	1,252,193,521
Unearned reinsurance commission		60,137,268	130,735,976
		1,749,781,893	1,978,990,835
Retirement benefit obligations		1,976,872	2,197,214
Deferred taxation		3,803,775	3,939,623
Liabilities against assets subject to finance lease		12,118,006	13,982,999
Premium received in advance		25,930,262	35,554,237
Insurance / reinsurance payables		16,815,724	18,638,127
Other creditors and accruals	18	85,185,596	91,223,164
Taxation - provision less payment		30,073,099	31,723,595
Total liabilities of takaful operations		35,326,505	38,612,521
TOTAL LIABILITIES		1,961,011,732	2,214,862,315
TOTAL EQUITY AND LIABILITIES		3,470,898,806	3,640,208,067
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	for the period ended	
		March 31, 2020	March 31, 2019
Net insurance premium	20	422,579,953	301,478,877
Net insurance claims	20	(177,216,312)	(127,122,471)
Net commission	21	(60,203,363)	(43,384,773)
Insurance claims and acquisition expenses		(237,419,675)	(170,507,244)
Management expenses		(55,586,580)	(36,756,985)
Underwriting results		129,573,698	94,214,648
Gain / (loss) on investment	22	(10,053,741)	18,910,161
Rental income		1,446,077	918,003
Other income		1,494,902	2,695,387
Other expenses		(34,835,054)	(31,730,518)
Result of operating activities		<u>87,625,882</u>	<u>85,007,681</u>
Finance cost		(579,593)	(684,743)
Profit from takaful operations		<u>4,086,989</u>	<u>486,332</u>
Profit before tax		<u>91,133,278</u>	<u>84,809,270</u>
Income tax expense		(6,741,456)	(7,241,906)
Profit after taxation		<u>84,391,822</u>	<u>77,567,364</u>
Earnings per share - basic and diluted	23	<u>0.82</u>	<u>0.75</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
Profit after tax	84,391,822	77,567,364
Other comprehensive income items that may be reclassified subsequently to profit and Unrealised loss on available for sale investments-net of deferred tax	149,500	1,043,648
Total comprehensive income for the period	<u><u>84,541,322</u></u>	<u><u>78,611,012</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
OPERATING CASH FLOWS		
(a) Underwriting activities		
Insurance premium received	704,914,117	553,446,962
Reinsurance premium paid	(319,748,855)	(260,834,560)
Claims paid	(235,192,787)	(185,224,862)
Reinsurance and other recoveries received	69,862,980	46,941,292
Commission paid	(169,564,839)	(143,834,468)
Commission received	94,245,693	76,744,900
Underwriting payments	(68,639,077)	(63,386,527)
Net cash inflows from underwriting activities	<u>75,877,232</u>	<u>23,852,737</u>
(b) Other operating activities		
Income tax paid	(8,391,952)	(3,122,612)
Other operating payments	(25,620,017)	(30,682,748)
Net cash used in other operating activities	<u>(34,011,969)</u>	<u>(33,805,360)</u>
Total cash flow from all operating activities	<u>41,865,263</u>	<u>(9,952,623)</u>
INVESTMENT ACTIVITIES		
Profit / return received	7,020,722	3,761,104
Dividend received	10,187,342	4,677,545
Other income received	1,446,077	918,003
Payment for investments	(210,792,424)	(13,899,678)
Proceeds from investment	120,870,835	25,609,213
Fixed capital expenditure	(6,219,644)	(9,404,960)
Proceeds from sale of property and equipment	-	3,203,500
Total cash flow from investing activities	<u>(77,487,092)</u>	<u>14,864,726</u>
FINANCING ACTIVITIES		
Loan received from director	2,150,000	-
Loan repaid to director	(4,160,050)	(1,520,000)
Payment of finance lease	(1,864,993)	(609,412)
Total cash flow from financing activities	<u>(3,875,043)</u>	<u>(2,129,412)</u>
Net cash used in all activities	<u>(39,496,872)</u>	<u>2,782,691</u>
Cash and cash equivalents at beginning of the period	<u>370,103,383</u>	<u>99,847,917</u>
Cash and cash equivalents at end of the period	<u><u>330,606,511</u></u>	<u><u>102,630,608</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	March 31, 2020	March 31, 2019
Reconciliation to profit and loss account		
Operating cash flows	41,865,263	(9,952,623)
Depreciation expense	(6,132,687)	(6,132,687)
Profit on disposal of fixed assets	-	2,695,387
Investment income	7,020,722	3,761,104
Gain / (Loss) on disposal of investment securities	588,483	9,852,407
Dividend income	10,187,342	4,677,545
Other income	1,446,077	918,003
Profit on takaful operations	4,086,989	486,332
Increase in assets other than cash	(95,501,332)	(21,946,310)
Decrease in operating liabilities	121,529,554	93,207,207
Profit for the period	<u><u>85,090,410</u></u>	<u><u>77,566,364</u></u>

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.

Cash for the purpose of statement of cash flows consist of:

	March 31, 2020	March 31, 2019
Cash and other equivalents	62,198	62,198
Current and other accounts	35,544,313	42,568,410
Deposits maturing within 12 months	295,000,000	60,000,000
	<u><u>330,606,511</u></u>	<u><u>102,630,608</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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 the Company are quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the general insurance business and operates through 3 (2018: 3) principal offices and 24 (2018: 24) branches in Pakistan.

The Company has obtained license for takaful operations on May 08, 2018. The Company has opened two bank accounts in the name of Window Takaful Operations in Summit Bank Limited Karachi and appointed Shariah Advisor for Window Takaful Operation as per resolution passed through circulation by the Board of Directors of the Company .

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

3 BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information of the Company for the six month period ended June 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2018.

In terms of the requirement of the Takaful Rules 2012, read with SECP circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's fund of the General Takaful Operations of the Company have been presented as single line item in the condensed interim statement of financial position and statement of profit and loss account of the Company respectively.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial assets which are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

4 USE OF ESTIMATES AND JUDGMENTS

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

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2018.

5 SIGNIFICANT ACCOUNTING POLICIES

		March 31, 2019	December 31, 2019 (Audited)
		----- Rupees -----	
7	INTANGIBLE ASSETS		
	Intangible assets	455,036	491,931
	Capital work in progress	705,000	705,000
		<u>1,160,036</u>	<u>1,196,931</u>
7.1	Opening balance as at	491,931	1,736,980
	Less: Amortization charge for the period/year	<u>(36,895)</u>	<u>(1,245,049)</u>
		<u>455,036</u>	<u>491,931</u>
8	INVESTMENT PROPERTIES		
	Investment properties	<u>47,958,425</u>	<u>48,565,494</u>
8.1	Investment properties comprise of two properties having market value of Rs. 172.50 million as at March 31, 2020 (December 31, 2019: Rs. 172.50 million). Revaluation was carried out by the Company in the month of February, 2019 and March, 2019. The exercise was carried out by independent valuers M/s. Al-Shabaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited.		
11	TERM DEPOSIT RECEIPT		
	Deposits maturing within 12 months	<u>295,000,000</u>	<u>341,700,000</u>
	These represent Term Deposit Receipts (TDRs) in local currency carrying interest rates ranging from 7.20% to 13.90% per annum (2018: 7.20% to 13.90% per annum).		
12	LOANS AND OTHER RECEIVABLES		
	(Unsecured - considered good)		
	Accrued investment income	4,575,102	6,560,030
	Advances	158,614,082	132,359,888
	Deposits	9,528,019	9,528,019
	Other receivables	1,878,140	1,813,290
		<u>174,595,343</u>	<u>150,261,227</u>

12.1 This represents advances in the normal course of business which do not carry any interest / mark-

March 31, 2020	December 31, 2019
---------------------------	------------------------------

	Note	(Audited)	
		----- (Rupees) -----	
13	INSURANCE / REINSURANCE RECEIVABLES		
	(Unsecured - considered good)		
	Due from insurance contract holders	271,096,909	252,942,667
	Provision for impairment of receivables from insurance contract holders	(5,765,134)	(5,765,134)
	Premium written off	-	(1,972,507)
		265,331,775	245,205,026
	Amount due from other insurers / reinsurers	285,615,920	305,108,514
		<u>550,947,695</u>	<u>550,313,540</u>
14	PREPAYMENTS		
	Prepaid reinsurance premium ceded	459,769,213	577,141,443
	Prepaid rent	643,267	643,267
	Others	231,419	231,419
		<u>460,643,899</u>	<u>578,016,129</u>
15	CASH AND BANK		
	Cash and cash equivalents	62,198	127,676
	Cash at bank		
	Current accounts	14,887,350	17,159,448
	Saving accounts	20,656,963	11,116,259
		<u>35,606,511</u>	<u>28,403,383</u>
15.1	These include interest bearing accounts carrying interest rates ranging from 5% to 10% (December 31, 2019: 5% to 10%) per annum.		
16	RESERVES		
	General reserve	200,000,000	200,000,000
	Unrealized gain / (loss) on available for sale investments	(63,521,194)	(63,670,694)
		<u>136,478,806</u>	<u>136,329,306</u>
17	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Current portion	7,692,978	8,513,271
	Non-current portion	4,425,028	5,469,728
		<u>12,118,006</u>	<u>13,982,999</u>
		March 31, 2020	December 31, 2019
		Note	(Audited)
		----- (Rupees) -----	

18 OTHER CREDITORS AND ACCRUALS

Sundry creditors		20,141,515	18,821,114
Commission payable		12,532,736	15,951,322
Federal excise duty		2,163,362	2,739,770
Federal insurance fee		572,197	782,287
Workers' welfare fund		29,987,806	29,987,806
Withholding tax		3,806,903	4,949,738
Unclaimed dividend		31,303	31,303
Due to director	17.1	15,949,774	17,959,824
		<u>85,185,596</u>	<u>91,223,164</u>

18.1 The amount of loan is payable to directors which is unsecured and interest free.

19 CONTINGENCIES AND COMMITMENTS

There is no contingency and commitment as at March 31, 2020 (December 31, 2019: Nil).

	March 31, 2020	March 31, 2019
	----- (Rupees) -----	
20 NET INSURANCE PREMIUM		
Written gross premium	734,664,841	589,649,139
Add: Unearned premium reserve - opening	1,252,193,521	981,543,116
Less: Unearned premium reserve - closing	(1,109,487,133)	(872,405,088)
Premium earned	<u>877,371,229</u>	<u>698,787,167</u>
Less: Reinsurance premium ceded	337,419,046	274,941,522
Add: Prepaid reinsurance premium - opening	577,141,443	622,853,417
Less: Prepaid reinsurance premium - closing	(459,769,213)	(500,486,649)
Reinsurance expense	<u>454,791,276</u>	<u>397,308,290</u>
	<u>422,579,953</u>	<u>301,478,877</u>

	March 31, 2020	March 31, 2019
	----- (Rupees) -----	
20 NET INSURANCE CLAIMS EXPENSE		
Claims paid	235,192,787	185,224,862

Add: Outstanding claims (including IBNR) - closing	580,157,492	567,546,360
Less: Outstanding claims (including IBNR) - opening	(596,061,338)	(594,943,384)
Claims expense	<u>219,288,941</u>	<u>157,827,838</u>

Less: Reinsurance and other recoveries received	69,862,980	46,941,292
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	437,669,451	425,769,708
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(465,459,802)	(442,005,633)
Reinsurance and other recoveries revenue	<u>42,072,629</u>	<u>30,705,367</u>
	<u>177,216,312</u>	<u>127,122,471</u>

21 NET COMMISSION

Commission paid or payable	169,564,839	143,834,468
Add: Deferred commission expense - opening	328,921,034	172,215,623
Less: Deferred commission expense - closing	(273,438,109)	(155,672,660)
Net commission	<u>225,047,764</u>	<u>160,377,431</u>

Less: Commission received or recoverable	94,245,693	76,744,900
Add: Unearned reinsurance commission - opening	130,735,976	99,090,998
Less: Unearned reinsurance commission - closing	(60,137,268)	(58,843,240)
Commission from reinsurers	<u>164,844,401</u>	<u>116,992,658</u>
	<u>60,203,363</u>	<u>43,384,773</u>

22 GAIN / (LOSS) ON INVESTMENT

Income from equity securities		
Held-for-trading		
Dividend income	10,187,342	4,677,545
Gain on sale of investments	588,483	-
	<u>10,775,825</u>	<u>4,677,545</u>

Income from debt securities		
Held for Maturity		
Return on debt securities		
Pakistan Investment bond	4,173,287	-
Gop Ijara Sukuk	-	-
Treasury Bills	77,647	-
	<u>4,250,934</u>	<u>-</u>

Available for Sale		
Return on debt securities		
Pakistan Investment bond	-	3,270,219
Gop Ijara Sukuk	-	223,928
Treasury Bills	-	44,574

Term Finance Certificates	393,204	321,534
Corporate Sukuk	387,156	302,548
	780,360	4,162,803
Return on term deposits	7,083,285	506,906
Net unrealized gains / (losses) on investments at fair value through profit or loss (held for trading)	(32,650,145)	9,852,407
	(9,759,741)	19,199,661
Investment related expenses	(294,000)	(289,500)
	(10,053,741)	18,910,161

23 EARNINGS PER SHARE - basic and diluted

	for the period ended	
	March 31, 2020	March 31, 2019
Profit for the period	<u>84,391,822</u>	<u>77,567,364</u>
Weighted average number of ordinary shares of Rs. 10 each	<u>102,900,705</u>	<u>102,900,705</u>
Earnings per share - rupees	<u>0.82</u>	<u>0.75</u>

23.1 There is no dilutive effect on basic earning per share of the Company.

24 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 except for compensation to key management personnel which is carried out on basis of employment terms and conditions. The transactions with related parties are as follows:

Nature of relationship	Nature of transaction	Period ended March 31	
		2020 Rupees	2019 Rupees
Common directorship	Investment in associated company	<u>-</u>	<u>-</u>
Directors and Key Management Personnel	Loan received from directors	<u>2,150,000</u>	<u>-</u>

Loan repaid to directors	4,160,050	1,520,000
Remuneration paid	3,000,000	3,000,000

25 GENERAL

- 25.1 This condensed interim financial information was authorised for issue in the Board of Directors meeting of the Company held on May 11, 2020.
- 25.2 The figures for the quarter period ended March 31, 2020 have been rounded off to the nearest Rupee.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER]

9 INVESTMENTS IN EQUITY SECURITIES

9.1 Investments - Held For Trading

	March 31, 2020	
	Market value as at December 31, 2019	Market value as at March 31, 2020
----- Rupees -----		
Listed shares	75,258,466	78,992,586
Mutual funds	393,390,236	480,787,884
	468,648,702	559,780,471

9.2 Investments-Available For Sale

Listed shares (note 9.3)	214,828,149	214,828,149
Total equity securities	683,476,851	774,608,620

9.3 This includes investment in associated undertaking.

10 INVESTMENTS IN DEBT SECURITIES - Held for Maturity

Government Securities	182,585,618	141,564,512
10.1 INVESTMENTS IN DEBT SECURITIES - Available for Sale		
Others	31,330,000	31,330,000
Total debt securities	213,915,618	172,894,512

10.2 This represents Pakistan Investment Bonds (PIBs) and sharia compliant GOP Ijara Sukuk carrying interest ranging from 5.51% to 12% (December 31, 2019: 5.89% to 12%).

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION OF OPT AND PTF
AS AT MARCH 31, 2020**

	Notes	Operators' Fund - OPF		Participants' Takaful Fund - PTF	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
ASSETS					
Property and equipment	6	11,722,792	11,948,334	-	-
Investments Properties		36,636,250	37,100,000	-	-
Qard-e-Hasna to PTF		18,150,000	18,150,000	-	-
Accrued investment income	8	289	411	4,013	5,226
Takaful / Re-takaful receivables	9	-	-	75,328,841	78,473,619
Taxation - net	10	386,335	385,917	16,640	14,989
Deferred wakala expense		-	-	27,311,711	31,701,100
Deferred commission expense		17,283,568	19,571,136	-	-
Receivable from PTF		18,745,481	16,232,971	-	-
Prepayments	11	205,000	437,276	41,674,355	44,454,864
Cash and bank	12	13,644	16,341	571,129	811,959
TOTAL ASSETS		103,143,359	103,842,386	144,906,689	155,461,757
FUND AND LIABILITIES					
Fund attributable to					
Operators' Fund					
Statuary Fund		50,000,000	50,000,000	-	-
Accumulated losses		15,176,307	11,089,318	-	-
		<u>65,176,307</u>	<u>61,089,318</u>	-	-
Participants' Takaful Fund					
Ceded money		-	-	500,000	500,000
Accumulated losses		-	-	14,833,867	9,440,023
		-	-	<u>15,333,867</u>	<u>9,940,023</u>
Qard-e-Hasna		-	-	18,150,000	18,150,000
LIABILITIES		-	-	-	-
Underwriting provisions					
Outstanding Claims		-	-	550,000	-
Unearned contribution reserve		-	-	74,068,700	86,423,643
Unearned Re-takaful rebate		-	-	6,409,305	7,319,085
		-	-	<u>81,028,005</u>	<u>93,742,728</u>
Takaful / Re-takaful payable		-	-	11,918,410	15,195,551
Unearned wakala fee		27,311,711	31,701,100	-	-
Contribution received in advance		-	-	-	2,456,943
Payable to Operator's Fund		-	-	18,245,481	15,732,971
Other creditors and accruals	13	8,014,794	6,911,421	230,926	243,541
Payable to East West Insurance Company Limited	14	2,640,547	4,140,547	-	-
TOTAL LIABILITIES		37,967,052	42,753,068	111,422,822	127,371,734
TOTAL FUND AND LIABILITIES		103,143,359	103,842,386	144,906,689	155,461,757

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-Audited)**

		March 31, 2020	March 31, 2019
	Note	(Rupees)	(Rupees)
Participants' Takaful Fund - PTF			
Revenue Account			
Net takaful contribution	15	33,850,850	11,002,516
Net takaful claims	16	(10,191,671)	(3,932,000)
Wakala expense	17	(23,845,258)	(6,554,416)
Direct expenses		(319)	(1,078)
Retakaful rebate	18	5,564,948	549,220
Underwriting results		5,378,550	1,064,242
Investment income	21	15,294	76,507
Surplus for the period		<u>5,393,844</u>	<u>1,140,749</u>
Operator's Fund - OPF			
Revenue Account			
Wakala fee	17	23,845,258	6,554,416
Commission expense	19	(14,681,333)	(3,467,380)
Management expenses	20	(4,319,477)	(2,555,510)
Operating results		4,844,448	531,526
Investment income	21	4,057	811,062
Rental income		573,000	
Other expenses	22	(1,334,516)	(856,256)
Profit for the period		<u>4,086,989</u>	<u>486,332</u>

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

CHAIRMAN

**CHIEF EXECUTIVE
OFFICER**

DIRECTOR

DIRECTOR

**CHIEF FINANCIAL
OFFICER**

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-Audited)**

	March 31, 2020	March 31, 2019
	(Rupees)	(Rupees)
Participants' Takaful Fund - PTF		
Surplus for the period	5,393,844	1,140,749
Other comprehensive income	-	-
Total comprehensive surplus for the period	<u>5,393,844</u>	<u>1,140,749</u>
Operator's Fund - OPF		
Profit for the period	4,086,989	486,332
Other comprehensive income	-	-
Total comprehensive profit for the period	<u>4,086,989</u>	<u>486,332</u>

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.

CHAIRMAN

**CHIEF EXECUTIVE
OFFICER**

DIRECTOR

DIRECTOR

**CHIEF FINANCIAL
OFFICER**

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CHANGES IN OPERATORS FUND AND PARTICIPANTS TAKAFUL FUND
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-Audited)**

	Attributable to Operators' Fund		
	Statutory Fund	Accumulated Losses/Profit	Total
	----- Rupees -----		
Balance as at January 1, 2019	50,000,000	(920,408)	49,079,592
Total comprehensive income for the period			
Profit for the period	-	486,332	486,332
Other comprehensive income	-	-	-
	-	486,332	486,332
Balance as at March 31, 2019	<u>50,000,000</u>	<u>(434,076)</u>	<u>49,565,924</u>
			49,565,924
Balance as at January 1, 2020	50,000,000	11,089,318	61,089,318
Total comprehensive income for the period			
Profit for the period	-	4,086,989	4,086,989
Other comprehensive income	-	-	-
	-	4,086,989	4,086,989
Balance as at March 31, 2020	<u>50,000,000</u>	<u>15,176,307</u>	<u>65,176,307</u>
			65,176,307
	Attributable to Participants of the PTF		
	Ceded Money	Accumulated Losses/Profit	Total
	----- Rupees -----		
Balance as at January 1, 2019	500,000	(5,556,429)	(5,056,429)
Total comprehensive income for the period			
Surplus for the period	-	1,140,749	1,140,749
Other comprehensive income	-	-	-
	-	1,140,749	1,140,749
Balance as at March 31, 2019	<u>500,000</u>	<u>(4,415,680)</u>	<u>(3,915,680)</u>
			(3,915,680)
Balance as at January 1, 2019	500,000	9,440,023	9,940,023
Total comprehensive income for the period			
Surplus for the period	-	5,393,844.00	5,393,844
Other comprehensive income	-	-	-
	-	5,393,844	5,393,844
Balance as at March 31, 2020	<u>500,000</u>	<u>14,833,867</u>	<u>15,333,867</u>
			15,333,867

The annexed notes from 1 to 25 form an integral part of this condensed interim financial

CHAIRMAN

**CHIEF EXECUTIVE
OFFICER**

DIRECTOR

DIRECTOR

**CHIEF FINANCIAL
OFFICER**

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-Audited)

	Operator's Fund - OPF		Participant's Takaful Fund - PTF	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees		Rupees	
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	51,919,229	10,453,221
Retakaful contribution paid	-	-	(30,232,119)	(66,472)
Claims paid	-	-	(35,218,622)	(3,332,000)
Retakaful and recoveries received	-	-	25,576,951	-
Commission paid	(11,834,972)	(4,707,344)	-	-
Retakaful rebate received	-	-	4,655,168	-
Wakala fee received	19,455,869	7,966,920	-	-
Wakala fee paid	-	-	(19,455,869)	(7,966,920)
Net cash generated from / (used in) takaful activities	7,620,897	3,259,576	(2,755,262)	(912,171)
(b) Other operating activities				
Income tax paid	(418)	(27,678)	(1,651)	(1,117)
Direct expenses paid	-	-	(319)	(1,078)
Other expenses paid	(645,224)	(856,256)	-	-
Management expenses paid	(3,774,897)	(1,727,619)	-	-
Other operating receipts	(3,780,234)	(11,540,066)	2,499,895	12,414,982
Net cash generated from other operating activities	(8,200,773)	(14,151,619)	2,497,925	12,412,787
Net cash generated from / (used in) operating activities	(579,876)	(10,892,043)	(257,337)	11,500,616
INVESTMENT ACTIVITIES				
Profit / return received and net cash generated from investing activities	577,179	238,788	16,507	11,181
Qard-e-Hasna to PTF	-	-	-	-
Net cash (used in) / generated from investing activities	577,179	238,788	16,507	11,181
FINANCING ACTIVITIES				
Contribution to the Operator's fund	-	-	-	-
Ceded money	-	-	-	-
Qard-e-Hasna from OPF	-	-	-	-
Net cash generated from financing activities	-	-	-	-
Net increase in cash and cash equivalents	(2,697)	(10,653,255)	(240,830)	11,511,797
Cash and cash equivalents at beginning of the period	16,341	50,699,558	811,959	511,226
Cash and cash equivalents at end of the period	13,644	40,046,303	571,129	12,023,023
Reconciliation to profit and loss account:				
Operating cash flows	(579,876)	(10,892,043)	(257,337)	11,500,616
Depreciation expense	(689,292)	-	-	-
Return on deposits	577,179	238,788	16,507	11,181
Increase in assets other than cash	(7,038)	12,850,676	(10,314,238)	18,476,982
Increase in liabilities	4,786,016	(1,711,089)	15,948,912	(28,848,030)
Profit for the period	4,086,989	486,332	5,393,844	1,140,749

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN

**CHIEF EXECUTIVE
OFFICER**

DIRECTOR

DIRECTOR

**CHIEF FINANCIAL
OFFICER**

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-Audited)**

1 STATUS AND NATURE OF BUSINESS

- 1.1 East West Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 08, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.
- 1.2 For the purpose of carrying on the takaful business, the Operator has formed a Participants' Takaful Fund (PTF) on April 06, 2018 under the Waqf deed with the ceded money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator.
- 1.3 The registered office of the Operator is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act 2017, provision of and directives issued under the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations, 2019. In case requirement differ, the provision or directives of the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulation 2019 shall prevail.

These condensed interim financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

- 2.1 These condensed interim financial statement do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Operator's financial statements for the year ended December 31, 2019.

3 BASIS OF MEASUREMENT

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of annual financial statements for the year ended December 31, 2019.

5 CONTINGENCIES AND COMMITMENTS

There is no contingency and commitment as at March 31, 2020.

6 PROPERTY AND EQUIPMENT

Operators' Fund - OPF										
March 31, 2020										
	Cost			As at March 31, 2020	Accumulated depreciation			Written down value	Depreciation rate %	
	As at January 1, 2020	Additions during the year	Transfer to investment property		As at January 1, 2020	Depreciation for the year	Transfer to investment property			As at March 31, 2020
	Rupees									
Office Premises	10,000,000	-	-	10,000,000	83,333	123,958	-	207,291	9,792,709	5%
Vehicles	2,300,000	-	-	2,300,000	268,333	101,584	-	369,917	1,930,083	20%
	12,300,000	-	-	12,300,000	351,666	225,542	-	577,208	11,722,792	
Operators' Fund - OPF										
December 31, 2019										
	Cost			As at December 31, 2019	Accumulated depreciation			Written down value	Depreciation rate %	
	As at January 1, 2019	Additions during the year	Transfer to investment property		As at January 1, 2019	Depreciation for the year	Transfer to investment property			As at December 31, 2019
	Rupees									
Office Premises	-	48,000,000	(38,000,000)	10,000,000	-	783,333	(700,000)	83,333	9,916,667	5%
Vehicles	-	2,300,000	-	2,300,000	-	268,333	-	268,333	2,031,667	20%
	-	50,300,000	(38,000,000)	12,300,000	-	1,051,666	(700,000)	351,666	11,948,334	

7 INVESTMENT PROPERTIES

Operators' Fund - OPF										
March 31, 2020										
	Cost			As at March 31, 2020	Accumulated depreciation			Written down value	Depreciation rate %	
	As at January 1, 2020	Additions during the year	Transfer from Property and Equipment		As at January 1, 2020	Depreciation for the year	Transfer from Property and Equipment			As at March 31, 2020
	Rupees									
Office Premises	38,000,000	-	-	38,000,000	900,000	463,750	-	1,363,750	36,636,250	5%
	38,000,000	-	-	38,000,000	900,000	463,750	-	1,363,750	36,636,250	
Operators' Fund - OPF										
December 31, 2019										
	Cost			As at December 31, 2019	Accumulated depreciation			Written down value	Depreciation rate %	
	As at January 1, 2019	Additions during the year	Transfer from Property and Equipment		As at January 1, 2019	Depreciation for the year	Transfer from Property and Equipment			As at December 31, 2019
	Rupees									
Office Premises	-	-	38,000,000	38,000,000	-	200,000	700,000	900,000	37,100,000	5%
	-	-	38,000,000	38,000,000	-	200,000	700,000	900,000	37,100,000	

8 ACCRUED INVESTMENT INCOME

Income accrued on PLS Savings account

	Operator's Fund - OPF		Participants' Takaful Fund - PTF	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	-----Rupees-----			
	289	411	4,013	5,226
	289	411	4,013	5,226

9 TAKAFUL / RE-TAKAFUL RECEIVABLES

(Unsecured - considered good)

Due from Takaful contract holders

Due from other Takaful / Re-takaful operators

	Participants' Takaful Fund - PTF	
	March 31, 2020	December 31, 2019
	57,376,926	44,600,409
	17,951,915	33,873,210
	75,328,841	78,473,619

10 TAXATION - NET

Advance tax

	Operator's Fund - OPF		Participants' Takaful Fund - PTF	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	-----Rupees-----			
	386,335	385,917	16,640	14,989

11 PREPAYMENTS

	Operator's Fund - OPF		Participants' Takaful Fund - PTF	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	-----Rupees-----			
Other prepayments	205,000	437,276	-	-
Prepaid retakaful contribution ceded	-	-	41,674,355	44,454,864
	<u>205,000</u>	<u>437,276</u>	<u>41,674,355</u>	<u>44,454,864</u>

12 CASH AND BANK

Cash at bank				
Current accounts	-	-	75	75
PLS saving accounts	13,644	16,341	571,054	811,884
	<u>13,644</u>	<u>16,341</u>	<u>571,129</u>	<u>811,959</u>

	Operator's Fund - OPF		Participants' Takaful Fund - PTF	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	-----Rupees-----			

13 OTHER CREDITORS AND ACCRUALS

Salaries payable	1,173,337	178,757	-	-
Staff provident fund	184,600	184,600	-	-
Commission payable	5,149,539	4,590,746	-	-
Withholding tax payable	45,679	45,679	-	-
Accrued expenses	1,461,639	1,911,639	230,926	243,541
	<u>8,014,794</u>	<u>6,911,421</u>	<u>230,926</u>	<u>243,541</u>

14 PAYABLE TO EAST WEST INSURANCE COMPANY

This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.

Participants' Takaful Fund - PTF

	March 31, 2020	March 31, 2019
	-----Rupees-----	
Note	(Rupees)	(Rupees)

15 NET TAKAFUL CONTRIBUTION

Written gross contribution	55,027,940	22,311,249
Unearned contribution reserve (Opening)	86,423,643	10,820,755
Unearned contribution reserve (Closing)	(74,068,700)	(16,499,090)
Contribution earned	67,382,883	16,632,914
Less:		
Re-takaful contribution ceded	30,751,524	9,677,231
Prepaid retakaful contribution ceded (Opening)	44,454,864	366,365
Prepaid retakaful contribution ceded (Closing)	(41,674,355)	(4,413,198)
Retakaful expense	33,532,033	5,630,398
	<u>33,850,850</u>	<u>11,002,516</u>

21 INVESTMENT INCOME

	Participants' Takaful Fund - PTF	
	March 31, 2020	March 31, 2019
	(Rupees)	(Rupees)
Participants' Takaful fund		
Return on PLS saving accounts	15,294	76,507
	<u>15,294</u>	<u>76,507</u>
	Operators' Fund - OPF	
	March 31, 2020	March 31, 2019
	(Rupees)	(Rupees)
Operator's Fund		
Return on PLS saving accounts	4,057	3,045
Return on term deposits	-	808,017
	<u>4,057</u>	<u>811,062</u>
	<u>4,057</u>	<u>811,062</u>

22 OTHER EXPENSES

	Operators' Fund - OPF	
	March 31, 2020	March 31, 2019
	(Rupees)	(Rupees)
Salaries, allowances and employees benefits	249,065	564,432
Shariah registrar fees	300,000	216,000
Depreciation expenses	689,291	-
Bank charges	225	671
Staff welfare expenses	90,326	70,608
Newspaper and periodicals	5,609	4,545
	<u>1,334,516</u>	<u>856,256</u>

23 RELATED PARTY TRANSACTIONS

The Operator has related party comprise of the associates, subsidiary company, directors, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Detail of related parties transactions with balances, other than those which have been disclosed elsewhere in these financial statements are as follows:

	March 31, 2020	December 31, 2019
Nature of Transactions	Relationship with the Company	Basis of Relationship
Loan (paid)/received from East West Insurance Company Limited	Window Takaful Operator	Management Company
(1,500,000)		(2,296,177)
Remuneration Paid		
Abdul Hakeem Siddiqui	Head of Window Takaful Operation	Key Management Personal
638,925		638,925
Syed Arif Hussain	Ex- Head of Window Takaful Operation	Key Management Personal
974,194		974,194
Sajjad Usmani	Shariah Advisor	Key Management Personal
1,228,000		1,228,000
Staff retirement benefits	Head of Window Takaful Operation	Key Management Personal
75,000		75,000
Takaful Operator -East West Insurance Company Limited	Purchase/ Transfer in Office Premises	Management Company
10,000,000		10,000,000
Takaful Operator -East West Insurance Company Limited	Purchase/ Transfer in Investment Proper	Management Company
38,000,000		38,000,000
Takaful Operator -East West Insurance Company Limited	Purchase/ Transfer in Motor Vehicles	Management Company
2,300,000		2,300,000
01 Year end balances		
Payable to related parties		
East West Insurance Company Limited		4,140,547
Staff retirement benefits		184,600
Key management personal		178,757
		200,000
		2,640,547
		3,025,147
		4,503,904

24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on May 11, 2020 by the Board of Directors of the Operator.

25 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHAIRMAN
CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER