

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of East West Insurance Co., Ltd will be held on Monday, April 28, 2025, at 11:30 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 Extraordinary General Meeting of the Company held on October 5, 2024.
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, 2024
3. To consider the appointment of Auditors for the year ending December 31, 2025 and fix their remuneration.
4. To approve the interim bonus issue as final distribution for the year ended December 31, 2024 announced on September 9, 2024 already issued to the shareholders in the proportion of one ordinary shares for every ten ordinary shares held i.e., 10%.
5. To consider other business with the permission of the chair.

By the order of the board

Shabbir Ali Kanchwala
Company Secretary
Karachi: 24 March, 2025.

Notes:

1. PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS:

In light of the clarification issued by the Securities and Exchange Commission of Pakistan vide Circular No.4 of 2021 for ensuring participation of member in general meeting through electronic means as a regular feature, the Company has also provided the facility for attending the meeting via a video-link to its shareholders. The members are encouraged to participate in the meeting online by following the below guidelines.

The shareholders who intend to attend and participate in Annual General Meeting through video-link are requested to please provide below information to our Company Secretary at e-mail address: shabbir.a.kanchwala@ewi.com.pk, at least 24 hours before the time of AGM i.e., latest by 11.30 a.m. on Sunday April 27, 2025.

Folio /CDC Account No.	Name	CNIC No.	Cell No.	Email Address

Upon receipt of the above information from shareholders the Company will send login details to their email address, which will enable them to join the said AGM through video conference on Monday April 28, 2025 at 11:30 a.m.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
3. CDC Account holders are advised to follow the following guidelines of the Securities & Exchange Commission of Pakistan.

A. For attending the meeting

- a. In case of individuals, the account holder and/or sub- account holder(s) and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- b. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies

- a. In case of individuals, the account holder/and or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
 - 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 of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. The Share Transfer Books of the company will be closed from April 24, 2025 to April 28, 2025, (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, by the close of business on April 23, 2025 will be considered in time to attend and vote at the meeting.
 5. Members are requested to notify/submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:
 - a. Change in their address;
 - b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO 787(1) 2014 dated September 08, 2014, the Securities & Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is responsibility of member(s) to timely update the share registrar of any change in his (her /its / their) registered email address at the address of Company's Registrar.

7. ELECTRONIC DIVIDEND MANDATE

Under Section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company, website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi in case of physical shares

In case shares are held CDC, electronic, dividend mandate form must be directly submitted shareholder's brokers / participant / CDC account services as the case may be.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. SUBMISSION OF VALID CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi without any further delay.

9. ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat and Usher Laws and will be deposited within the prescribed period with the relevant authority. In case you want to claim exemption, please submit Zakat declaration under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declaration must quote company name and their respective CDS A/C # or Folio No.

10. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND

Pursuant to SECP directive vide Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. We hereby advise shareholders as under;

The Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under;

- a. For filers of income tax returns: 15%.
- b. For non-filer of income tax returns: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are files, are advised to make sure that their names are entered into ATL before the date for payment of cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead @15%.

11. CONSENT FOR VIDEO CONFERENCING FACILITY

Pursuant to the provision to the Companies Act, 2017 the member can also avail the video conferencing facility in this regard, please fill in the following and submit it at registered address of the Company at least ten days before the holding of the annual general meeting. If the Company receive consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, _____ of _____, being a member of East West Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered Folio / CDC Account no. _____ hereby opt for video-link facility.

12. UNCLAIMED DIVIDEND

As per the provision of Section 244 of the Companies Act, 2017 any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years were sent to shareholders, in case, no claim is lodged with the company in the given time, the Company will deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

13. DEMAND POLL

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143 and 144 of the Companies Act, 2017 and applicable clause of the Companies (Postal Ballot) Regulation 2018.

14. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTSTHROUGH CD/ DVD

The company has circulated financial statements to its members through CD at their registered address, printed copy of above referred statements can be provided to members upon request.

15. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON COMPANY'S WEBSITE

The audited financial statement of the Company for the year ended December 31, 2024 have been available on the Company's website www.ewi.com.pk

16. REGISTRATION DETAILS OF PHYSICAL SHAREHOLDERS

As per Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future:

M/s. THK Associates (Pvt) Limited. Address: Plot No. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi. Phone: +92-21-35310191-193, Email: sfc@thk.com.pk

17. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS

As per Section 72 of the Companies Act, 2017 all existing companies are required to replace its physical shares with book-entry form in a manner as may be specified from the date notified by the Commission within a period not exceeding four years from the commencement of companies Act, 2017.

The Securities and Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any member/stock broker of the Pakistan stock Exchange to open an account in the Central Depository Company of Pakistan Limited and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, no risk of loss, damage or theft, no stamp duty on transfer of shares in book-entry form and hassle-free credit of bonus of right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at the earliest.

DIRECTORS' REPORT FOR THE YEAR 2024

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company, we have the pleasure of presenting the 42nd Annual Report and audited financial statements for the year ending December 31st, 2024.

Honorable shareholders, respected members of the Board of Directors, and our dependable colleagues:

Assalam Alaikum.

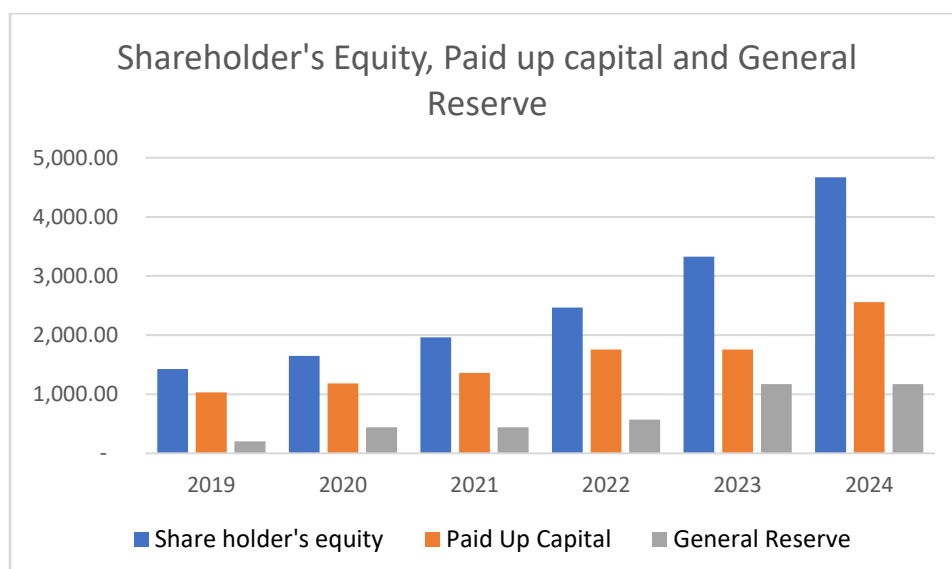
We welcome you all to the 42nd Annual General Meeting of the company and express our humble gratitude to Almighty Allah for helping us in successfully closing the annual accounts for the year 2024 despite the challenging situation prevailing nationally and worldwide. By the grace of Almighty Allah who has given us the wisdom and strength to successfully steer the affairs of the company as we have completed 42 years since its establishment. The success of the company is attributed to the invaluable guidance of our chairman, members of the Board of Directors, shareholders, valued clients and distinguished patrons. We thank them all and look forward to their continued support in future.

In our normal practice the Board of Directors approves the working strategy at the beginning of the year for the management to adopt and disseminate to operational and marketing staff in underwriting and selling the products of the company for our valued clients. The prudent management follows the strategy in true letter and spirit to strengthen our premium base and position in the industry. Simultaneously, management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

Yearly Performance

The company's gross written premium grew to PKR 8.48 Billion showing an increase of 25.83% in comparison to the previous year. The net earned premium in the year 2024 was PKR 4.6 Billion as against PKR 3.94 Billion in the previous year thus showing a growth of 16.5%. The combined operating ratio (COR) for 2024 is 84%. The important profitability drivers are as shown below: -

Particulars	2024 (Rs./billion)	2023 (Rs./billion)	% Increase (decrease)
Gross Premium (Incl WTO)	8.48	6.74	25.8%
Net Premium (Incl WTO)	4.59	6.74	-32%
Claims Paid	4.11	3.23	27.4%
U/W Profit (Incl WTO)	0.60	0.40	50.9%
Paid-up-capital	2.56	1.76	45.5%



Fire/Property Insurance

The company has underwritten gross premium of PKR 3.044 Billion under Fire/Property portfolio showing an increase of 48% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 319.19 million.

Marine Insurance

Gross premium underwritten in our Marine Portfolio was PKR 1.146 Billion. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 87.06 million.

Motor Insurance

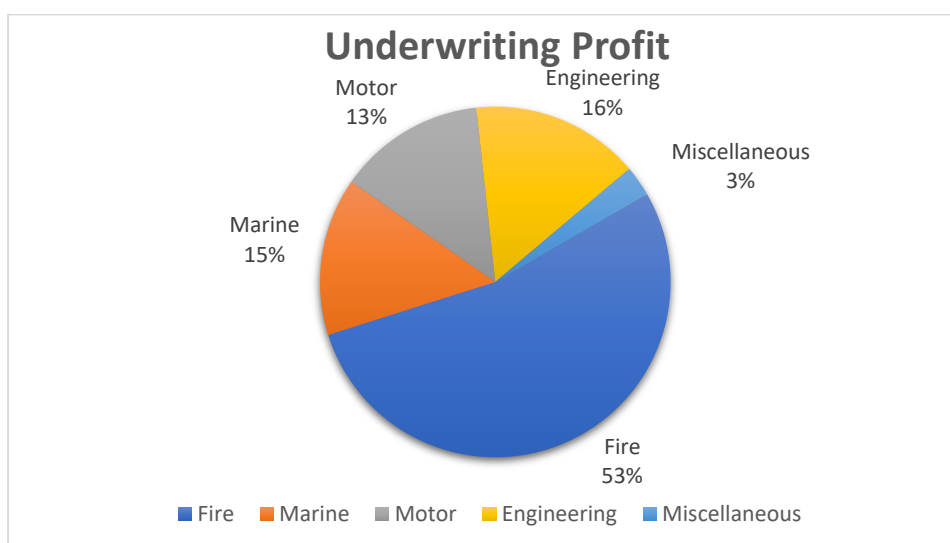
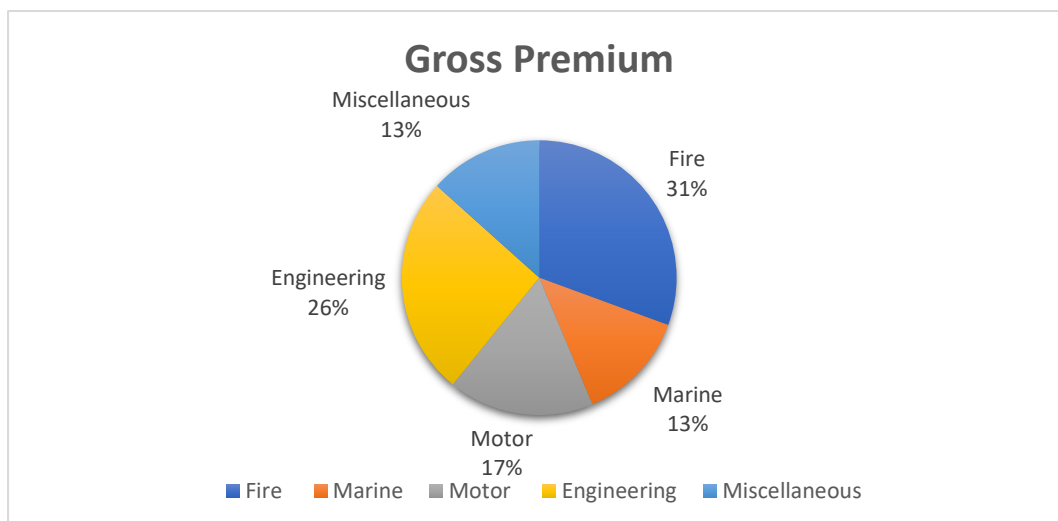
The company wrote a premium of PKR 1.336 Billion against Motor Insurance including third party liability insurance. The growth over 2023 in this line of business is 16% with a profitability of PKR 81.08 million.

Engineering

Insurance companies are providing protection against accidental losses during execution of development projects. We provide Professional Indemnity insurance to reputed consultants for their design, planning and construction supervision of proposed 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. During 2024, we have underwritten a total Engineering gross premium of PKR 1.802 Billion with a growth of 4% with a profitability of PKR 93.09 million.

Miscellaneous Accident

This line of business includes Health insurance, Crop and Livestock, Personal Accident, Household Insurance, Burglary Insurance, Public Liability, Cash in Safe and Transit Insurance. In addition, Workmen Compensation policies are also covered under this portfolio.



Window Takaful Operation

The company wrote total takaful contribution of PKR 805 million as against PKR 600 million in the previous year. The growth over 2023 in takaful operations is 34% with a profit of PKR 13.2 million. Individual contribution of businesses is also appended in business heads as disclosed above.

Credit Rating

We are pleased to inform our stakeholders that on October 10, 2024 Pakistan Credit Rating Agency (PACRA) upgraded our IFS Rating to 'AA+' with stable outlook in their latest annual review. This decision reflects the rating agency's confidence in our stability, reliability, and growth potential.

Reinsurance Arrangements

In keeping with global insurance industry standards, we have maintained adequate reinsurance coverage from around the world that includes Europe, the UK, Africa, the Middle East, China, and Southeast Asia. Our credibility and dependability as a reliable financial security are further demonstrated by the variety and strength of our reinsurance partners. This practice has significantly bolstered our operations, giving us the financial strength to underwrite a sizable share in policies for even the largest corporate clients with their complete satisfaction.

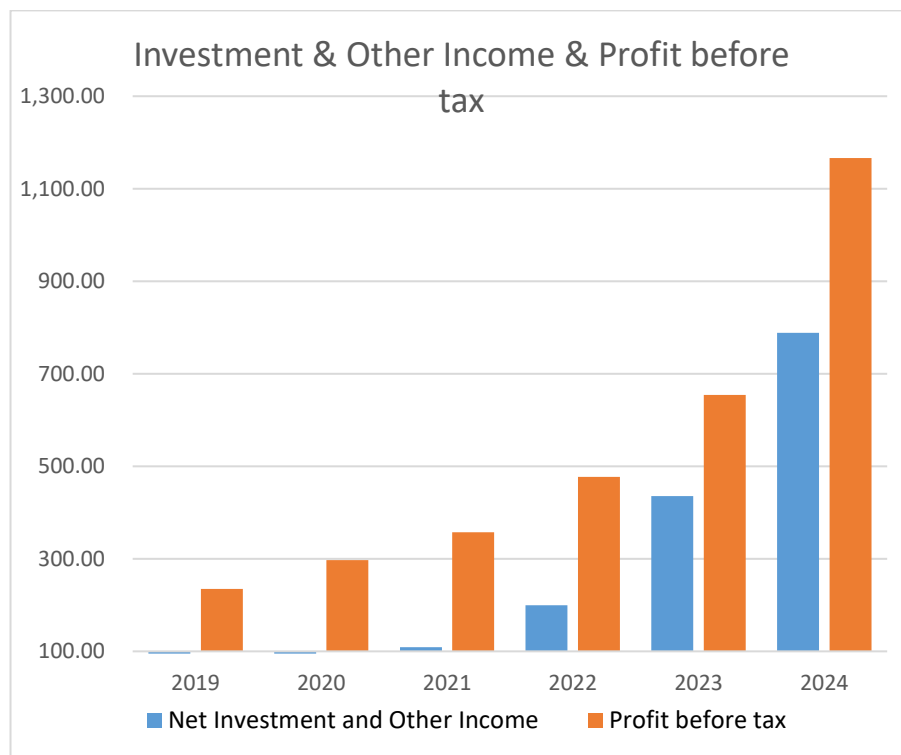
Capital, Solvency, and Shareholders' Fund

We are pleased to share that our company has consistently strengthened its financial position by significantly exceeding the regulator's minimum capital requirement (MCR) of Rs. 500 million for general insurers. Having surpassed the milestone of PKR 1 billion in paid-up capital in 2019, we have continued to build on this foundation. Despite the challenges faced this year, we successfully raised additional paid-up capital, including proceeds from share application money received against other

than right shares in 2023. Furthermore, through the issuance of right and bonus shares in the current year, our paid-up capital has reached Rs. 2.56 billion as of December 31, 2024.

Investment Income

During this past year, the total investment income from conventional operations improved to PKR 752.56 million as against Rs. 404.07 million last year.



Earnings Per Share

Profit after tax as compared to last year has significantly increased to PKR 972.85 million. This resulted in improved EPS of PKR 3.99 as compared to last year's restated EPS of PKR 2.69.

Board Committees

Your Company maintains following Board committees:

Audit Committee

The Board of Directors are responsible for effective implementation of sound internal control systems including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, and compliance with laws and regulations.

Investment Committee

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping in view the duration of liabilities, your company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus funds with due consideration of timely payment of claims as they arise. The Company has a Board-level investment committee that meets on a monthly basis to review the investment portfolio. The committee is also responsible for monitoring the investment policy for the Company.

Ethics, Human Resource and Remuneration Committee

The Board has formed the Ethics, Human Resource and Remuneration Committee, which is responsible for recommending introductions and changes to the human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

Management Committees

As part of the Corporate Governance, your Company maintains the following four Management committees which meet at least once every quarter;

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to accumulation of risk on the basis of region & business sectors and other relevant factors.

Claims Settlement Committee

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events which give rise to a series of claims. The claims settlement committee determines the circumstances under which disputed claims are to be brought to its attention and decides how to deal with such disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Functions of the Company.

Reinsurance and Coinsurance Committee

This committee ensures that adequate reinsurance arrangements are made for the company's underwriting activities. It assesses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers,

makes appropriate adjustments to those arrangements in light of market developments. It also assesses the effectiveness of the reinsurance program for future reference.

Risk Management and Compliance Committee

The risk management and compliance committee shall oversee the activities of the risk management function of the Company and make appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

Managing Various Types of Risks

Your company perceives risk management as a means of value optimization and recognizes the importance of internal control and risk management in sustaining our business which is exposed to multi-natured risks arising from internal and external sources.

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The principle risks faced by the company are as follows:

Economic and Political Risk

Economic and political stability are critical for successful business operations, and historically, our country could not maintain a stability. However, while some progress toward stability has been achieved during the current year, the prevailing political and economic conditions continue to pose challenges, making it difficult to fully achieve business targets. In response to these uncertainties, your company remains committed to maintaining robust underwriting practices to effectively manage and mitigate associated risks.

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. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance.

Credit Risk

Credit risk is where the company fails to recover from its debtors. The company manages this risk by careful underwriting, knowing the customer and their financial strength and also through vigilantly monitoring its credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it maintains a predetermined level of cash and cash equivalents to ensure sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk by critically and regularly monitoring change in interest rates where it has exposure.

Analysis of Performance Against Prior Forecasts

By the grace of Almighty Allah your company achieved the financial targets for 2024 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction. We have been in the industry for the last 42 years and we believe that our existence is based on the quality of service, customer satisfaction and employees' motivation being the key areas where management has always taken necessary measures for improvement. Throughout the years we have provided training to our employees both in-house and through institutions including Pakistan Insurance Institute programs to enhance and improve relevant skills. We believe this leads to greater customer satisfaction and increased trust.

Prospects in 2025

Our results indicate strong performance in support of management's objectives of maximizing customer satisfaction, improving underwriting results, and controlling overhead expenses to increase the profitability and shareholder's equity.

Management has devised the strategy for the year 2025 to deliver sustainable and profitable growth under the dynamic and competitive environment. We have earned gross premium of PKR 8.5 Billion in 2024 and we are confident in our ability to maintain a similar growth pattern in 2025.

The company aims to enhance Information Technology resources to get the best possible support from the systems and processes to further improve our services to customers.

Corporate Responsibility

While the insurance industry may not be able to prevent nature's potential threats, we are in a good position to educate and support clients in managing and adapting to climate risks.

Insurers' risk management skills will be crucial in helping society cope with the increasing frequency and severity of extreme events. Emerging climate risks also offer insurers an opportunity to teach policyholders about loss control and prevention.

As a trusted voice on risk issues, we are able to speak with authority to policymakers and provide an opportunity to develop creative products and services to minimize the causes and effects of climate change. Our sustainability vision is to focus on advocating for climate change adaptation and mitigation, and working with our clients to deal with emerging risks.

Energy Conservation and Environmental Impact

Every year, we perform an in-house Energy Conservation Audit. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. All air conditioning units are inverters and lighting systems are based on LED bulbs which are switched off during Lunch break. Employees are encouraged to communicate through emails instead of physical letters in order to reduce paper consumption through printing and reuse paper where possible in order to reduce the environmental impact.

Relationships with Stakeholders

We strive to maintain a very positive and practical approach towards relations with various stakeholders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for implementing and adhering to all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

Know Your Customers (KYC)

We maintain a comprehensive customer database in compliance with the regulatory requirements set by the Securities and Exchange Commission of Pakistan (SECP). To ensure vigilant underwriting, we screen our customers against the proscribed persons lists provided by NACTA and OFAC. This practice allows us to stay informed about our clients' reputations and their standing in the market, enabling us to uphold the highest standards of due diligence and risk management.

Employment of Special Persons

The Company is an equal opportunity employer, irrespective of gender and physical disabilities.

Occupational Safety and Health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has first-aid medical facilities in the Head Office & branches. Health insurance covering hospitalization is provided to employees by the company with coverage through reputed hospitals in the country.

Sports Activities

The Company encourages employees to participate in sports and arrange matches of cricket, football and hockey. Besides sports the company also allows employees to arrange picnics at various places in Karachi and other parts of the country.

Business Ethics and Anti-Corruption Measures

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed and are required to observe rules of conduct in relation to business and regulations. Our Statement of

Ethics and Business Practices is based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Relationship with other Stakeholders

Your Company continues to maintain good relationship with:

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- Its competitors in fair market practices;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

Appropriations

							PKR in '000
Profit before tax from General Insurance Operation							1,088,765,628
Profit from Window Takaful Operation							108,042,544
Profit before tax							1,196,808,172
Income tax Expenses							(223,955,110)
Profit after tax							972,853,062
Other comprehensive income / (Loss)							39,119,456
Total comprehensive income							1,011,972,518
Unappropriated profit at beginning of the year							211,236,086
Profit for the year							972,853,062
Issue of bonus shares							(202,275,090)
Unappropriated profit at the end of the year							981,814,058

Related Party Transactions

At each board meeting the Board of Directors approves the Company's transactions with associated companies or related parties. All the transactions executed with related parties are on arm's length basis.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

Statement of Directors Responsibilities

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019. Any departure therefrom has been adequately disclosed;

- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There is no material departure from the best practices of corporate governance, as detailed in the listing regulations; and
- h) There are adequate Internal Financial Controls in place in the Company.
- i) The key operating and financial data for the last six years is annexed.
- j) The value of investments of provident fund based on their un-audited accounts as of December 31, 2024 was approximately PKR 90.67 million.
- k) The statement of the pattern of shareholding of the Company as at 31 December, 2024 is included in the Report.
- l) The total number of directors in the Board are nine (9) among which one is female director. Out of nine directors there are four independent directors, three Non-executive directors and three Executive directors.
- m) Non-executive directors and independent directors are paid meeting fee approved by the Board in accordance with the provisions of the articles. All other features of directors' remuneration are approved by the Board and set in the Directors' Remuneration Policy.

Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections of this Report.

Board / Sub-committee Members / Secretary	Board	Audit	Ethics, HR & Remuneration	Investment
	Committees Attendance			
	5	4	1	12
Mr. Naved Yunus	5			12
Mr. Javed Yunus	5			
Mr. Pervez Yunus	5			
Mr. Umeed Ansari	5	4	1	12
Mr. Ahsan Mehmood Alvi	5	4	1	12
Mr. Saad Yunus	5	4		12
Rizwan Ali Dodani	5			
Uruj Yunus Ansari	5		1	
Shahzad Farooq Lodhi	5	4		
Mr. Shabbir Ali Kanchwala	5	4		12
Mr. Johry Lal		4		
Mr. Tanveer Iqbal		4		12
Saeed Ahmed				12
Mr. Brendan D'Lima			1	

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 form attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and rules made thereunder relating to the paid-up capital, solvency and reinsurance 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 2025 retiring Auditors M/s Crowe Hussain Chaudhury & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under the Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors recommended the appointment of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants to be the statutory auditor for the financial year 2025 at a fee to be mutually agreed.

APPRECIATION AND ACKNOWLEDGEMENT

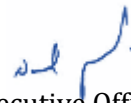
We thank our valued clients and shareholders for their continued confidence which enabled us to progressively increase our market penetration in order to generate sizable premium revenue. We also thank our reinsurers and brokers for the valuable support in performing our responsibilities.

We would also like to record our appreciation for the cooperation and professional support by the Insurance Division of the Securities & Exchange Commission of Pakistan. Finally, we also acknowledge the hard work and dedication of our marketing teams, officers, and staff members for achieving the desired goals and objectives of the company and look forward to their continued support in the year 2025.

For and on behalf of the Board of Directors.



Director



Chief Executive Officer

Karachi Dated: March 24, 2025

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2024

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (COCG 2019). for the purpose of establishing a framework of good governance, whereby East West Insurance Co., Ltd (the Company) is managed in compliance with the best practices of corporate governance.

The Company, being an insurer, has applied the principles contained in the Code and COCG 2019 in the following manner:

1. The total number of Directors are nine(09) as per the following:
 - a: Male: 8
 - b: Female: 1
2. The Company encourages the representation of independent, non-executive directors and directors representing minority interest on its Board of Directors. At present, the Board includes:

Category	Names
Independent Directors	Mr. Umeed Ansari ,Mr. Ahsan Mahmood Alvi, Mr.Shahzad Farooq Lodhi and Mr. Aman Shah
Non-Executive Directors	Mr. Rizwan Ali Dodani
Executive Directors	Mr. Saad Yunus, Mr. Javed Yunus, Mr. Pervez Yunus
Female None-Executive Director	Ms. Urooj Yunus Ansari

The independent director meets the criteria of independence as laid down under the Code and COCG, 2019.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
5. A casual vacancy occurring on the Board on 1st January 2024 was filled up by the directors within a stipulated time period.
6. The company has prepared a “Statement of Ethics and Business Practice” as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. A complete record of particulars of significant policies along with their dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised, decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provision of the Act and COCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and the key officers, have been taken by the Board;

9. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. The Board has complied with the requirements of the Act and COCG 2019 with respect to frequency, recording, and circulating minutes of meeting of Board. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and COCG 2019.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal control given in the Code.
12. The Board has arranged an Trainings for its directors during the year to apprise them of their duties and responsibilities.
13. There was no change in the position of Company Secretary and Head of Internal Audit, and Chief Financial Officer during the year. The Board has approved the remuneration of Chief Financial Officer, Company Secretary, and Head of Internal Audit Department.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and COCG 2019 and fully describes the salient matters required to be disclosed.
15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;
16. The Directors, Chief Executive Officer, and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding;
17. The Company has complied with all the corporate and financial reporting requirements of the Code and COCG 2019;
18. The Board has formed the following Management Committees:

Underwriting Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Pervez Yunus	Chairman
Mr.Umeed Ansari	Member
Mr Brandan D' Lima	Member
Mr. Imran Ali Dodani	Member
Mr. Muhammad Sahreef	Member / Secretary

Claim Settlement Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Javed Yunus	Chairman
Mr. Saad Yunus	Member
Mr. Shabbir Ali Kanchwala	Member
Mr. Imran Ali Dodani	Member
Mr. Agha Karar Mirza	Member / Secretary

Reinsurance & Co-insurance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Naved Yunus	Chairman
Mr. Umeed Ansari	Member
Mr Saad Yunus	Member
Mr Brandan D' Lima	Member
Mr. Syed Arshad Ali	Member / Secretary

Risk Management & Compliance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr Brandan D' Lima	Chairman
Mr. Shabbir Ali Kanchwala	Member
Mr Shahzad Farooq Lodhi	Member
Mr Johry Lal	Member
Mr. Raheel Ayub	Member / Secretary

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is non-executive director and other three are independent directors including chairman of the audit committee. The composition of the Audit Committee is as follows;

Audit Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman-Independent Director
Mr. Aman Shah	Member- Independent Director
Mr.Umeed Ansari	Member- Independent Director
Mr Shahzad Farooq Lodhi	Member-Non Executive Director
Mr. Johry Lal	Secretary-Head of Internal Audit

20. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman- Independent Director
Mr.Umeed Ansari	Member- Non-Executive Director
Mrs. Urooj Yunus Ansari	Member- Non-Executive Director
Mr Brandan D' Lima	Member / Secretary- Executive Director

Investment Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman- Independent Director
Mr. Naved Yunu	Member- Chief Executive Officer
Mr. Umeed Ansari	Member- Independent Director
Mr. Saad Yunus	Member- Executive Director
Mr. Shabbir Ali Kanchwala	Member- Director Finance
Mr. Tanveer Iqbal	Member- CFO
Mr. Saeed Ahmed	Member / Secretary

Nomination Committee:**Name of the Member**

Mrs. Urooj Yunus Ansari
 Mr. Shahzad Farooq Lodhi
 Mr. Ahsan Mahmood Alvi
 Mr. Imran Ali Dodani

Category

Chairman- Non-Executive Director
 Member- Non-Executive Director
 Member- Independent Director
 Member / Secretary – Director Legal

21. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance.
22. The meetings of Committees, except Ethics, Human Resources, and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The meetings of Ethics, Human Resources, and Remuneration Committee were held once during the year.
23. The Board has set up an effective internal audit function which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis;
24. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer, and the Head of Internal Audit possess such qualifications and experience as required under the Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management, and grievance function possess qualifications and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

Name of Persons	Designation	Qualifications	Experience
Mr. Naved Yunus	Chief Executive Officer	MSc & BSC (Accounting)	Working in EWI since 1983
Mr. Shabbir Ali Kanchwala	Company Secretary	MBA Finance	Working in EWI since 1983
Mr. Tanveer Iqbal	Chief Financial Officer	MBA Finance	Worked in/for various Insurance Cos. Since 1999.
Mr. Brendin D'Lima	Head of Risk Management	Graduate	Worked in/for various Insurance Cos. Since 1985
Mr. Johry Lal	Director Audit	FCCA & ACA (England & Wales)	Worked in/for various companies including CA Firm since 2001. Working in EWI since 2006
Mr. Imran Ali Dodani	Head Of Grievance Function	MBA, LLB	Worked in/for various Insurance Cos. Since 1986

Syed Arshad Ali	Head of Reinsurance	M.A (Economics)	Working in EWI since 1985
Mr. Agha Karar Miza	Head of Claims	Graduate	Working in EWI since 1991
Mr. Raheel Ayub	Compliance Officer	MBA Finance	Working in EWI since 2024
Mr. Muhammad Shareef	Head of Underwriting	Graduate	Working in EWI since 1986

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountant of Pakistan and registered with Audit Oversight Board 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 the International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, COCG 2019, or any other regulatory requirement, and the auditors have confirmed that they have observed IFAC guidelines in this regard.;
27. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the code;
28. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code;
29. The Company has set up a Risk Management function, which carries out its tasks as covered under the Code;
30. The Company has been rated by PACRA the rating agency on October 10, 2024 is AA+ (ifs) with stable Outlook;
31. The Board has set up Grievance function in Compliance with the requirements Code;
32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code;
33. We confirm that all requirements of regulations 3, 6, 7, 8 27,32,33 and 36 of the COCG 2019 and all material principles contained in the Code have been complied;

34. Explanation for non-compliance with requirements of COCG 2019 other than regulations 3, 6, 7, 8 27,32,33 and 36 are as follows:

REGULATION	REQUIREMENT	EXPLANATION FOR NOT MEETING NON-MANDATORY REQUIREMENTS
10A	Environment, Social and Governance (ESG) Matters	
	The board takes appropriate measures to proactively address the sustainability risks and opportunities and assess their potential financial and operational impacts, and implement strategies for management and mitigation thereof. The committee shall also submit to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	At present, the ethics, human resource and remuneration committee provides governance and oversight in relation to the company's initiatives on environmental, social, and governance (ESG) matters. Nevertheless, the requirement introduced by the SECP through notification dated June 12, 2024 will be complied with in due course.

35. The Company has four executive Directors including Chief Executive Officer out of ten, which marginally exceeds the allowable proportion of executive directors on the Board of Directors as required by the Code and COCG 2019.



Director
AHSAN MEHMOOD ALVI



Chief Executive Officer
NAVED YUNUS

Dated: March 24, 2025

INDEPENDENT AUDITORS' REPORT

To the Members of East West Insurance Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **East West Insurance Company Limited** (the Company), which comprise of the statement of financial position as at December 31, 2024 and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of profit, the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

S. No	Key Audit Matter	How the matter was addressed in our audit
01	<p>Revenue Recognition</p> <p>Refer note 5.2 and 25 to the annexed financial statements.</p> <p>The Company revenue primarily based on premiums from insurance policies which comprises 85% of total income.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of the premium income and ensured that amount has been recorded as provision for unearned premium in liabilities. • Consider the adequacy of disclosures as per 'Insurance Rules 2017'.
S. No	Key Audit Matter	How the matter was addressed in our audit
02	<p>Valuation of claim liabilities</p> <p>Refer note 5.3.1 and 26 to the annexed financial statements</p> <p>The Company's claim liabilities represent 32% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation.</p> <p>We have identified the valuation of claim liabilities as key audit matter because</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with

	<p>estimation of claim liabilities involves a significant degree of estimation.</p>	<p>requirements of applicable accounting and reporting standards;</p> <ul style="list-style-type: none"> • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Involved an independent actuarial expert to test the assumptions and assess the reasonableness of assumptions used therein; and • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
S. No	Key Audit Matter	How the matter was addressed in our audit
03	<p>Valuation of Investments</p> <p>Refer note 5.8, 10, 11 and 12 to the financial statements</p> <p>As at December 31, 2024, the Company has investments classified as 'At amortized cost' 'Available for sale' and "At fair value through profit or loss' amounting to Rs 5.499 million which in aggregate represent 56% of the total assets of the Company.</p> <p>We identified the valuation of investments as a key audit matter because their significance in relation to the total assets of the Company and judgement involved in valuation.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> - Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments. - Checking on a sample basis, the valuation of investments to support documents, externally quoted market prices and break-up values, and - Evaluating the management's assessment related to classification of investments and performed independent assessment on those classification. -

		- Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2024 and reconciled it with the books and record of the Company.
--	--	--

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance

Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 4/4/2025


UDIN: AR202410207FhMGQe06m

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		2 0 2 4	2 0 2 3
		----- Rupees -----	
	Note		
ASSETS			
Property and equipment	6	204,381,300	168,190,006
Right of use of assets	7	30,714,482	34,600,805
Intangible assets	8	787,678	823,112
Investment properties	9	43,480,327	45,768,765
Investments			
Equity securities	10	3,273,382,047	2,402,112,393
Debt securities	11	2,033,020,296	708,378,427
Term deposit receipts	12	192,822,071	250,908,674
		5,499,224,414	3,361,399,494
Loans and other receivables	13	89,412,131	119,150,985
Insurance / reinsurance receivables	14	1,238,391,691	1,124,439,672
Re-insurance recoveries against outstanding claims	26	1,094,761,982	906,444,387
Deferred commission expense	27	547,715,472	322,829,742
Deferred tax assets	22	-	22,024,105
Prepayments	15	584,443,464	904,199,506
Cash and bank	16	102,233,412	88,029,986
		9,435,546,353	7,097,900,565
Total assets of takaful operations		371,605,206	332,157,085
TOTAL ASSETS		9,807,151,559	7,430,057,650
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	17	2,558,779,950	1,758,913,880
Reserves		1,130,661,389	1,091,541,933
Unappropriated profit		981,814,058	211,236,086
Share application money		-	263,837,080
TOTAL EQUITY		4,671,255,397	3,325,528,979
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	26	1,566,267,133	1,281,908,861
Unearned premium reserves	25	2,014,906,473	1,455,648,347
Unearned reinsurance commission	27	148,806,713	257,690,967
		3,729,980,319	2,995,248,175
Retirement benefit obligations		2,701,418	1,888,734
Premium received in advance		388,914	1,095,857
Deposits and other payable	18	417,805,153	567,677,065
Lease liability against right of use of asset	19	40,585,104	41,081,855
Insurance / reinsurance payables	20	252,961,131	79,214,380
Other creditors and accruals	21	334,556,731	207,788,909
Deferred tax liabilities	22	38,524,189	-
Taxation - net	23	187,846,229	115,088,486
TOTAL LIABILITIES		5,005,349,188	4,009,083,461
Total liabilities of takaful operations		130,546,974	95,445,210
TOTAL EQUITY AND LIABILITIES		9,807,151,559	7,430,057,650
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 47 form an integral part of these financial statements.


**CHIEF EXECUTIVE
OFFICER**


DIRECTOR


DIRECTOR


CHAIRMAN


**CHIEF FINANCIAL
OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

		2 0 2 4	2 0 2 3
		----- Rupees -----	
	Note		
Net insurance premium	25	4,304,030,197	3,805,951,292
Net insurance claims	26	(1,944,769,311)	(1,824,374,932)
Net commission	27	(821,573,635)	(908,260,233)
Insurance claims and acquisition expenses		(2,766,342,946)	(2,732,635,165)
Management expenses	28	(953,669,608)	(683,364,371)
Underwriting results		584,017,643	389,951,756
Investment income	29	752,561,238	404,035,292
Other income	30	35,687,142	31,352,891
Other expenses	31	(276,249,633)	(218,561,099)
Results of operating activities		1,096,016,390	606,778,840
Finance cost	32	(7,250,762)	(8,618,545)
Profit before taxation from window takaful operations - Operator's Fund		108,042,544	78,404,477
Profit before taxation		1,196,808,172	676,564,772
Income tax expense	33	(223,955,110)	(93,414,935)
Profit after taxation		972,853,062	583,149,837
		----- Rupees -----	
Earnings per share - basic and diluted	34	3.99	(Restated) 2.69

The annexed notes from 1 to 47 form an integral part of these financial statements.

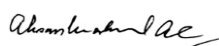
one



**CHIEF EXECUTIVE
OFFICER**



DIRECTOR



DIRECTOR



CHAIRMAN



**CHIEF FINANCIAL
OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	----- Rupees -----	
Note		
Profit after taxation	972,853,062	583,149,837
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit or loss account		
Unrealized (loss) / gain on available for sale investments - net of deferred tax	(3,054,117)	134,126
Reclassification of loss included in profit and loss account	42,173,573	10,897,781
	39,119,456	11,031,907
Total comprehensive income for the year	<u>1,011,972,518</u>	<u>594,181,744</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

CNC


**CHIEF EXECUTIVE
OFFICER**


DIRECTOR


DIRECTOR



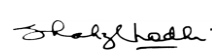



CHAIRMAN


**CHIEF FINANCIAL
OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Share capital	Reserves			Unappropriated profit	Share Application money	Total
	Issued, subscribed and paid-up capital	General reserve	Unrealized loss on revaluation of available for sale investments	Total reserves			
	-----Rupees-----						
Balance as at January 1, 2023	1,758,913,880	570,000,000	(89,489,974)	480,510,026	228,086,249	-	2,467,510,155
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	583,149,837	-	583,149,837
Other comprehensive income	-	-	11,031,907	11,031,907	-	-	11,031,907
	-	-	11,031,907	11,031,907	583,149,837	-	594,181,744
Transfer to general reserve	-	600,000,000	-	600,000,000	(600,000,000)	-	-
Share Application money	-	-	-	-	-	263,837,080	263,837,080
Balance as at December 31, 2023	1,758,913,880	1,170,000,000	(78,458,067)	1,091,541,933	211,236,086	263,837,080	3,325,528,979
Total comprehensive income for the year							
Profit after taxation	-	-	-	-	972,853,062		972,853,062
Other comprehensive loss	-	-	39,119,456	39,119,456	-		39,119,456
	-	-	39,119,456	39,119,456	972,853,062		1,011,972,518
Issue of other than right shares	263,837,080			-	-	(263,837,080)	-
Issue of bonus shares (1 bonus shares for every 10 shares held)	202,275,090	-	-	-	(202,275,090)	-	-
Issue of Right shares (3 right shares for every 20 shares held)	333,753,900	-	-	-	-	-	333,753,900
Balance as at December 31, 2024	2,558,779,950	1,170,000,000	(39,338,611)	1,130,661,389	981,814,058	-	4,671,255,397

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR** **DIRECTOR** **CHAIRMAN** **CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	-----Rupees-----	
Note		
OPERATING CASH FLOWS		
a) Underwriting activities		
Premium received	7,684,630,654	6,620,949,430
Reinsurance premium ceded	(2,442,451,995)	(2,588,082,646)
Claims paid	(3,521,148,215)	(2,924,502,238)
Reinsurance and other recoveries received	1,672,419,581	1,080,517,049
Commission paid	(1,705,909,097)	(1,423,299,333)
Commission received	443,876,789	788,932,283
Underwriting payments	(803,743,929)	(673,176,128)
Net cash flow from underwriting activities	1,327,673,788	881,338,417
b) Other operating activities		
Income tax paid	(89,401,616)	(88,490,419)
Management and administrative expenses paid	(212,271,656)	(169,786,354)
Other operating receipts / (payments)	1,718,231	(111,128,344)
Net cash flow / used in other operating activities	(299,955,042)	(369,405,117)
Total cash flow generated from all operating activities	1,027,718,746	511,933,300
INVESTING ACTIVITIES		
Investment income received	196,633,678	54,798,688
Dividend received	207,023,983	298,475,315
Other income received	30,494,322	22,425,505
Payments for investments	(3,219,276,509)	(1,498,878,863)
Proceeds from disposal of investment	1,457,763,704	553,178,438
Fixed capital expenditures	(76,990,149)	(80,698,301)
Purchase of investment property	-	-
Proceeds from disposal of fixed assets	10,160,000	10,455,000
Total cash flow used in investing activities	(1,394,190,971)	(640,244,218)
FINANCING ACTIVITIES		
Loan received from director	6,100,000	-
Lease rental paid	(11,264,275)	(10,193,394)
Loan repaid to director	-	-
Received other than right subscription money	-	263,837,080
Received Right subscription money	333,753,900	-
Payment of financial lease	(6,000,576)	(8,010,270)
Total cash flow (used in) / generated from financing activities	322,589,048	245,633,416
Net cash increase in cash and cash equivalents	(43,883,177)	117,322,498
Cash and cash equivalents at beginning of the year	338,938,660	221,616,162
Cash and cash equivalents at end of the year	295,055,483	338,938,660


**CHIEF EXECUTIVE
OFFICER**


DIRECTOR


DIRECTOR

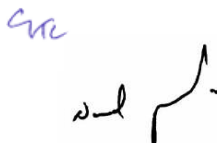

CHAIRMAN



**CHIEF FINANCIAL
OFFICER**

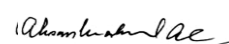
EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024


	2024	2023
	-----Rupees-----	
Note		
Reconciliation to profit and loss account		
Operating cash flows	1,027,718,746	511,933,300
Depreciation expense	(45,505,057)	(31,473,404)
Amortization expense	(35,434)	(50,620)
Profit on disposal of fixed assets	3,924,491	8,177,692
Investment income	217,200,995	68,246,167
Dividend income	207,023,983	298,475,315
Gain on investment securities	330,701,970	39,014,995
Other income	31,762,651	23,175,199
Profit on takaful operations	108,042,544	78,404,477
(Increase) / decrease in assets other than cash	(1,908,556,725)	(916,989,338)
Increase / (decrease) in operating liabilities	1,000,574,898	504,236,054
Profit after taxation	972,853,062	583,149,837
CASH AND CASH EQUIVALENTS		
Cash for the purpose of statement of cash flows consist of:		
Cash and other equivalents	7,005	17,888
Saving accounts	102,226,407	88,012,098
Deposits maturing within 12 months	192,822,071	250,908,674
	295,055,483	338,938,660


The annexed notes from 1 to 47 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHAIRMAN


CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business comprising of fire and property, marine, aviation and transport, motor and miscellaneous etc. The Company commenced Window Takaful Operations (WTO) from May 08, 2018 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

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. The Company operates through 3 (2023: 3) principal offices and 25 (2023: 25) branches in Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 and
- Directives issued by the Securities and Exchange Commission of Pakistan.

In case requirements of IFRS differ from the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, the Takaful Rules, 2012 dated: July 19, 2015 and the General Takaful Accounting Regulations, 2019 have been followed.

In accordance with the requirement of Circular 25 of 2015, total assets, total liabilities and profit of Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements. A separate set of financial statements of General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Functional and presentation currency

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

See

Standards or interpretations

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2024
Amendments to 'IFRS 16 Lease liability in a sale and leaseback	January 01, 2024
Amendments to 'IAS 7 Statement of Cashflows' - Disclosures: Supplier Finance Arrangements	January 01, 2024
SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.	

**Effective date
(Period beginning on or after)**

Standards, amendments or interpretation

IFRS 17 Insurance Contracts	January 01, 2026
In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:	
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004

3.1.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'.

The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The table below set out the fair values as at the end of reporting period and the amount of change in the

fair value during that period for the following two groups of financial assets separately:

- a) Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets

December 31, 2024			
Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
-----Rupees-----			

Financial assets

Investments				
Equity securities *	3,273,382,047	197,998,140	-	-
Debt securities *	-	-	2,033,020,296	-
Term deposit receipts *	-	-	192,822,071	-
Loans and other receivable *	-	-	71,524,284	-
Reinsurance recoveries against outstanding claims	-	-	1,094,761,982	-
Insurance / reinsurance receivables *	-	-	1,238,391,691	-
Cash at bank *	7,005	-	102,226,407	-
Window takaful operations- Operator's fund	-	-	59,394,697	-
	<u>3,273,389,052</u>	<u>197,998,140</u>	<u>4,792,141,428</u>	<u>-</u>

* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

December 31, 2024										
Gross carrying amount of financial assets that pass SPPI test										
AAA	AA+	AA-	AA	A-1+	A-1	A+	A	Suspended	Not rated	
-----Rupees-----										
Cash at bank	53,335,431	4,348,742	2,232,302	16,245,790	-	-	-	-	23,810,135	2,254,011
Investments										
Debt securities	2,008,792,296	-	24,228,000	-	-	-	-	-	-	-
Term deposit receipts	1,500,000	-	10,100,000	-	-	-	-	-	150,322,071	30,900,000
Loans and other receivable	-	-	-	-	-	-	-	-	-	71,524,284
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	-	1,094,761,982
Window takaful operations-										
Operator's fund	-	-	-	-	25,590	553	-	-	6,414	59,362,140
	<u>2,063,627,727</u>	<u>4,348,742</u>	<u>36,560,302</u>	<u>16,245,790</u>	<u>25,590</u>	<u>553</u>	<u>-</u>	<u>-</u>	<u>174,138,620</u>	<u>1,258,802,417</u>

3.1.2 Impact of IFRS 3 – Business Combinations

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2021). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

3.1.3 Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2021). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

3.2

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2025:

Standards, amendments or interpretations	Effective date (annual periods beginning on or after)
- Amendments to the classification and measurement of financial instruments - Amendments to IFRS 09 financial instruments IFRS 07	January 01, 2026
- IFRS 17 - Insurance Contracts	January 01, 2026
- IFRS 16 - Derecognition of lease liabilities	January 01, 2026

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, this standard will be applicable along with the application of IFRS 17.

3.3 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at their fair values.

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.

See

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.

The estimates and underlying assumptions are reviewed on an 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 revision and future periods, if the revision affects both current and future periods.

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)	5.3.1
- Prepaid reinsurance premium ceded	5.4.2
- Reinsurance recoveries against outstanding claims	5.5
- Premium deficiency reserve	5.7
- Deferred commission expense	5.6.1
- Commission income unearned	5.6.2
- Classification of insurance contracts	5.10
- Investment property life, residual value and depreciation method	5.11
- Segment reporting	5.13
- Taxation (current and deferred)	5.17
- Impairment of asset	5.21

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless 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
- Engineering
- 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 (business interruption cover).

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

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.

Engineering

Engineering insurance contracts primarily provide coverage for damages incurred to engineering projects, equipment, or machinery. In addition to compensating customers for property loss or damage, these contracts may also extend coverage to include reimbursement for financial losses resulting from the interruption of business operations due to the inability to use insured engineering assets (business interruption cover).

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.

one 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.

5.2.2 Provision for unearned premiums

Provision for unearned premiums 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 written.
- b) for the other classes / line of business, by applying the twenty-fourth method as specified in the Insurance Rules, 2017, 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 expense

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 upto the reporting 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 premium ceded (treaty and facultative) is recognised 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

me

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

5.5 Reinsurance recoveries against outstanding claims

Reinsurance 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 - (liability adequacy test)

At each reporting date, liability adequacy test is performed to ensure the adequacy of unearned premium. 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 expenses, 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. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2024	2023
Fire and property damage	23%	17%
Marine, aviation and transport	55%	37%
Motor	26%	41%
Engineering	15%	17%
Miscellaneous	14%	46%

Based on analysis of combined operating ratio for the expired period of each reportable segment, management is of opinion that 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, except for held for trading, in which case transaction costs are charged to profit and loss account. Subsequently, these are recognized and classified into the following categories:

5.8.1 Held-to-Maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

any

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

5.8.2 Available-for-sale

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

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

5.8.3 Held for trading

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

a) 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.

b) 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.

c) 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 Property and equipment**5.10.1 Owned assets**

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account.

Depreciation is calculated on reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

me

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

5.10.2 Right-of-use-asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.10.3 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 expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

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 manner explained in note 5.10.1.

5.12 Investment and other income

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

See

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

5.12.3 Rental income

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

5.12.4 Administrative surcharge

Administrative surcharge includes documentation and other holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of charges recovered by the Company from insurance contract Rs. 2,000 in case of motor and health, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

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 five major segments namely fire and property damage, marine, aviation and transport, motor, engineering and miscellaneous, as disclosed in note 5.1

The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

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 statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

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

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

5.17 Taxation**5.17.1 Current**

Provision for current 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 be applied 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.

Car

5.17.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 be applied 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 Pak 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 reporting date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other 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 amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment loss impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

5.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. 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

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and term deposits.

5.24 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved. Similarly, reserve for issue of bonus shares is recognised 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 Share capital

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.

one

6 PROPERTY AND EQUIPMENT

Particulars	2024											
	Cost					Depreciation					Written down value as at December 31, 2024	Depreciation rate (% per annum)
	As at January 01, 2024	Additions	Transfer in/ (out)	Disposals	As at December 31, 2024	As at January 01, 2024	Depreciation for the year	Transfer in/ (out)	Disposals	As at December 31, 2024		
	-----Rupees-----											
Owned												
Office premises	62,082,770	-	-	-	62,082,770	22,150,635	1,996,607	-	-	24,147,242	37,935,528	5%
Furniture and fixtures	32,513,272	2,450,933	-	-	34,964,205	24,657,928	978,792	-	-	25,636,720	9,327,485	10%
Electric fittings and equipments	33,465,795	2,872,081	-	-	36,337,876	21,426,501	1,418,579	-	-	22,845,080	13,492,796	10%
Office equipments	9,719,141	688,000	-	-	10,407,141	7,610,228	240,795	-	-	7,851,023	2,556,118	10%
Motor vehicles	231,902,931	69,879,514	-	(9,955,248)	291,827,197	126,860,211	29,333,869	-	(3,719,739)	152,474,340	139,352,857	20%
Computers equipments	19,187,673	1,099,621	-	-	20,287,294	17,976,073	594,705	-	-	18,570,778	1,716,516	33%
	388,871,582	76,990,149	-	(9,955,248)	455,906,483	220,681,576	34,563,348	-	(3,719,739)	251,525,183	204,381,300	

Particulars	2023											Depreciation rate (% per annum)
	Cost					Depreciation					Written down value as at December 31, 2023	
	As at January 01, 2023	Additions	Transfer in/ (out)	Disposals	As at December 31, 2023	As at January 01, 2023	Depreciation for the year	Transfer in/ (out)	Disposals	As at December 31, 2023		
	-----Rupees-----											
Owned												
Office premises	62,082,770	-	-	-	62,082,770	20,048,944	2,101,691	-	-	22,150,635	39,932,135	5%
Furniture and fixtures	32,513,272	-	-	-	32,513,272	23,785,112	872,816	-	-	24,657,928	7,855,344	10%
Electric fittings and equipments	32,579,883	885,912	-	-	33,465,795	20,124,602	1,301,899	-	-	21,426,501	12,039,294	10%
Office equipments	9,645,141	74,000	-	-	9,719,141	7,376,588	233,640	-	-	7,610,228	2,108,913	10%
Motor vehicles	163,363,659	78,866,109	-	(10,326,837)	231,902,931	118,235,874	16,673,867	-	(8,049,530)	126,860,211	105,042,720	20%
Computers equipments	18,315,393	872,280	-	-	19,187,673	17,581,797	394,276	-	-	17,976,073	1,211,600	33%
	318,500,118	80,698,301	-	(10,326,837)	388,871,582	207,152,917	21,578,189	-	(8,049,530)	220,681,576	168,190,006	

6.1 Detail of disposal of fixed assets

Disposal of fixed asset during the year having written down value of more than Rs 500,000 each and having accumulated value is Rs 6,081,600 (2023 : 2,277,308) are as follows:

Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit on disposal	Mode of disposal	Particulars of purchaser	Relationship
----- Rupees -----								
Motor Vehicles								
Toyota	2,800,000	280,000	2,520,000	2,700,000	180,000	Negotiations	Mr.Muhammad Safdar Gul	Third Party
Honda Civic	5,400,000	1,838,400	3,561,600	6,200,000	2,638,400	Negotiations	Mr.Daim Khan	Third Party
	8,200,000	2,118,400	6,081,600	8,900,000	2,818,400			

2024

2023

Note

----- Rupees -----

7 RIGHT OF USE OF ASSETS**Written down value**

Opening balance	34,600,805	17,436,579
Modification	4,766,948	24,650,559
Depreciation for the year	(8,653,271)	(7,486,333)
Net book value	30,714,482	34,600,805

Depreciation at**33.33%**

33.33%

- 7.1** Right of use of assets represents the Company's right to use the branch premises of Al-Asghar Plaza - Islamabad, Muhammad Gulistan Khan House - Islamabad, 170-7 - Peshawar, Naqi Arcade - Lahore and Abdul Hakim Market - Gilgit obtained under lease agreement. The principal terms and conditions of these lease arrangements are as follows:

Al-Asghar Plaza - Islamabad		Muhammad Gulistan Khan House - Islamabad		170-7 - Peshawar	
Lessor's Name	Mrs. Parveen Asghar	Lessor's Name	Qaiser ali khan and Mohammad waseem	Lessor's Name	Mr. Syed Humayun Shah
Start Date:	1-Jan-23	Start Date:	1-Jan-23	Start Date:	1-Jan-23
End Date:	30-Jun-29	End Date:	31-Dec-28	End Date:	31-Mar-27
Lease period:	7.5 Years	Lease period:	6 Years	Lease period:	4 Years
No. of years for which the lease extension option is available	Indefinite	No. of years for which the lease extension option is available	Indefinite	No. of years for which the lease extension option is available	Indefinite
Naqi Arcade - Lahore		SNC - Islamabad		Abdul Hakim Market - GILGIT	
Lessor's Name	Raziuddin Sheikh / Khalid Moeenuddin	Lessor's Name	Syed Samran Chishty	Lessor's Name	Mr. Milad Ul Salman
Start Date:	1-Jan-23	Start Date:	1-Jan-23	Start Date:	1-Jan-23
End Date:	31-Dec-25	End Date:	30-Jun-27	End Date:	31-Dec-28
Lease period:	5 Years	Lease period:	5 Years	Lease period:	6 Years
No. of years for which the lease extension option is available	Indefinite	No. of years for which the lease extension option is available	Indefinite	No. of years for which the lease extension option is available	Indefinite

2024

2023

----- Rupees -----

Note

8 INTANGIBLE ASSETS

Computer software	8.1	82,678	118,112
Capital work in progress	8.2	705,000	705,000
		787,678	823,112

8.1

Particulars	2024							Amortization rate (% per annum)
	Cost			Amortization			Written down value as at December 31, 2024	
	As at January 1, 2024	Additions / transfer in	As at December 31, 2024	As at January 1, 2024	For the year / (writeoff)	As at December 31, 2024		
	(Rupees)							
Computer software	1,736,980	-	1,736,980	1,618,868	35,434	1,654,302	82,678	30%
	1,736,980	-	1,736,980	1,618,868	35,434	1,654,302	82,678	

Particulars	2023						Written down value as at December 31, 2023	Amortization rate (% per annum)
	Cost			Amortization				
	As at January 1, 2023	Additions / transfer in	As at December 31, 2023	As at January 1, 2023	For the year / (writeoff)	As at December 31, 2023		
	(Rupees)							
Computer software	1,736,980	-	1,736,980	1,568,248	50,620	1,618,868	118,112	30%
	1,736,980	-	1,736,980	1,568,248	50,620	1,618,868	118,112	

8.2 Capital work in progress

Balance as at December 31	8.2.1	705,000	705,000
---------------------------	-------	----------------	---------

8.2.1 This represents amount paid to vendor for development of computer software.

9 INVESTMENT PROPERTIES

Particulars	2024								Depreci-ation rate (% per annum)
	Cost			Depreciation			Written down value as at December 31, 2024		
	As at January 1, 2024	Additions / transfer in	As at December 31, 2024	As at January 1, 2024	Depreciation for the year / transfer in	As at December 31, 2024			
	(Rupees)								
Office premises	77,797,809	-	77,797,809	32,029,044	2,288,438	34,317,482	43,480,327	5%	
	77,797,809	-	77,797,809	32,029,044	2,288,438	34,317,482	43,480,327		

Particulars	2023							Depreci-ation rate (% per annum)
	Cost			Depreciation			Written down value as at December 31, 2023	
	As at January 1, 2023	Additions / transfer in	As at December 31, 2023	As at January 1, 2023	Depreciation for the year / transfer in	As at December 31, 2023		
	(Rupees)							
Office premises	77,797,809	-	77,797,809	29,620,162	2,408,882	32,029,044	45,768,765	5%
	77,797,809	-	77,797,809	29,620,162	2,408,882	32,029,044	45,768,765	

9.1 Revaluation was carried out by the Company in February 2025 and March 2025. The valuation exercise was carried out by independent valuers M/s.Intikhab Alam & Company (Pvt.) Ltd. and M/s Tahir Rasheed & C., (Private) Limited and revalued market value is estimated at Rs. 306.5 million (2023: Rs. 172.5 million).

10.1 Investments - Held for Trading

2024			2023		
Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
----- Rupees -----					

Listed securities

Oil and Gas Development Company Limited	41,077,984	41,940,093	83,018,077	29,099,797	11,978,187	41,077,984
Kot Addu Power Company Limited	14,215	4,585	18,800	13,325	890	14,215
Fauji Fertilizer Company Limited	7,357,350	16,453,450	23,810,800	6,416,150	941,200	7,357,350
Fauji Cement Company Limited	17,898	16,707	34,605	11,371	6,527	17,898
Pakistan Stock Exchange Limited	2,087,704	3,653,994	5,741,698	1,671,818	415,886	2,087,704
Habib Bank Limited	5,819,100	3,340,050	9,159,150	3,345,825	2,473,275	5,819,100
Bank Alfalah Limited	1,455,300	1,044,600	2,499,900	904,200	551,100	1,455,300
The Hub Power Limited	4,683,600	552,000	5,235,600	2,523,200	2,160,400	4,683,600
United Bank Limited	5,335,199	6,131,700	11,466,899	3,022,499	2,312,700	5,335,199
Pakistan Oilfield limited	13,502,080	6,709,760	20,211,840	12,571,200	930,880	13,502,080
MCB	4,313,750	2,718,750	7,032,500	2,904,000	1,409,750	4,313,750
Bata Pakistan Limited	346,446	57,324	403,770	432,658	(86,212)	346,446
Bank of Punjab	4,536,000	3,031,000	7,567,000	4,487,367	48,633	4,536,000
	90,546,626	85,654,013	176,200,639	67,403,410	23,143,216	90,546,626

Mutual funds

MCB Cash Management Optimizer Fund	-	-	-	-	-	-
ABL Cash Fund	274,195,410	403,765	274,599,175	251,501,533	650,228	252,151,761
ABL Cash Fund	243,413,179	21,897,409	265,310,588	152,450,972	(562,588)	151,888,384
ABL Cash Fund	244,138,454	14,610,876	258,749,330	152,545,702	1,115,763	153,661,465
NIT Money Market (Saddar br,)	237,923,575	22,090,630	260,014,205	250,455,290	1,327,144	251,782,434
NIT Money Market (Clifton br,)	236,906,502	21,996,198	258,902,700	249,443,263	1,322,098	250,765,361
NBP Money Market fund	238,433,568	21,713,898	260,147,466	250,844,064	1,467,638	252,311,702
Alfalah GHP Money Market fund	141,570,229	12,476,772	154,047,001	150,073,789	782,459	150,856,248
Atlas Money Market fund	141,955,464	12,663,527	154,618,991	150,472,259	754,328	151,226,587
ABL Special Saving Plan III	-	70,863	70,863	98,388,265	3,651,635	102,039,900
NBP Govt. Securities Liquid fund	236,895,211	21,334,305	258,229,516	250,000,000	789,143.00	250,789,143
Pakistan Income Enhancement fund	-	-	-	150,000,000	351,650.00	150,351,650
UBL Liquidity plus fund	250,000,000	1,178,472	251,178,472	-	-	-
ABL Government Securities fund	150,000,000	10,370,135	160,370,135	-	-	-
ABL Islamic Sovereign Plan I	100,000,000	3,157,120	103,157,120	-	-	-
Pak Qatar Income Plan	82,000,000	269,257	82,269,257	-	-	-
Pak Qatar Cash Plan	18,000,000	-	18,000,000	-	-	-
MCB Government Securities Plan I	250,000,000	251,031	250,251,031	-	-	-
	2,845,431,592	164,484,258	3,009,915,850	2,106,175,137	11,649,498	2,117,824,635
	2,935,978,218	250,138,271	3,186,116,489	2,173,578,547	34,792,714	2,208,371,261

10.2 Investments - Available for Sale

2024			2023		
Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
----- Rupees -----					

Listed Securities

Askari Life Assurance Company Limited	138,450,380	(61,674,659)	76,775,721	291,149,366	(108,123,494)	183,025,872
AgriTech Limited	955,309	9,534,528	10,489,837	2,818,072	7,897,188	10,715,260
	139,405,689	(52,140,131)	87,265,558	293,967,438	(100,226,306)	193,741,132
Total equity securities	3,075,383,907	197,998,140	3,273,382,047	2,467,545,985	(65,433,592)	2,402,112,393

11 INVESTMENTS IN DEBT SECURITIES

2024				2023				
Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / Provision	Surplus on revaluation	Carrying value	
----- Rupees -----								
Held to maturity (note 11.1)								
Government securities								
Pakistan Investment Bonds	1,006,596,985	-	-	1,006,596,985	582,303,046	-	-	582,303,046
Treasury Bills	1,002,195,311	-	-	1,002,195,311	100,639,381	-	-	100,639,381
	2,008,792,296	-	-	2,008,792,296	682,942,427	-	-	682,942,427
Available for sale (note 11.1)								
Others								
Term Finance Certificate	14,228,000	-	-	14,228,000	15,436,000	-	-	15,436,000
Corporate Sukuk	10,000,000	-	-	10,000,000	10,000,000	-	-	10,000,000
	24,228,000	-	-	24,228,000	25,436,000	-	-	25,436,000
	2,033,020,296	-	-	2,033,020,296	708,378,427	-	-	708,378,427

11.1 Investments in debt securities - held to maturity and available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2024
Investment					
Held to maturity					
Government securities					
Pakistan Investment Bonds (Note 11.2)					
10 Years Pakistan Investment B	2026	11.00%	Half yearly	20,000,000	19,137,358
10 Years Pakistan Investment B	2026	11.00%	Half yearly	20,000,000	19,141,511
10 Years Pakistan Investment B	2026	11.00%	Half yearly	10,000,000	9,355,629
10 Years Pakistan Investment B	2026	11.00%	Half yearly	10,000,000	9,356,086
10 Years Pakistan Investment B	2026	11.00%	Half yearly	10,000,000	9,356,092
10 Years Pakistan Investment B	2026	9.00%	Half yearly	15,000,000	14,954,983
10 Years Pakistan Investment B	2026	9.00%	Half yearly	15,000,000	14,955,051
10 Years Pakistan Investment B	2026	9.00%	Half yearly	15,000,000	14,955,060
10 Years Pakistan Investment B	2026	8.80%	Half yearly	30,000,000	29,971,724
5 Years Pakistan Investment Bo	2025	9.60%	Half yearly	20,000,000	19,713,035
5 Years Pakistan Investment Bo	2025	9.12%	Half yearly	25,000,000	24,712,525
5 Years Pakistan Investment Bo	2025	9.08%	Half yearly	10,000,000	9,890,203
5 Years Pakistan Investment Bo	2025	11.46%	Half yearly	10,000,000	9,721,448
5 Years Pakistan Investment Bo	2025	11.46%	Half yearly	15,000,000	14,582,173
5 Years Pakistan Investment Bo	2025	10.62%	Half yearly	10,000,000	9,785,942
5 Years Pakistan Investment Bo	2027	12.98%	Half yearly	20,000,000	17,917,139
5 Years Pakistan Investment Bo	2027	12.98%	Half yearly	20,000,000	17,917,139
5 Years Pakistan Investment Bo	2027	13.34%	Half yearly	35,000,000	31,153,483
5 Years Pakistan Investment Bo	2027	12.97%	Half yearly	10,000,000	9,439,823
5 Years Pakistan Investment Bo	2027	13.02%	Half yearly	40,000,000	37,716,345
3 Years Pakistan Investment Bo	2025	15.20%	Half yearly	50,000,000	48,737,551
3 Years Pakistan Investment Bo	2026	9.17%	Half yearly	25,000,000	22,971,523
3 Years Pakistan Investment Bo	2026	9.20%	Half yearly	25,000,000	22,972,827
3 Years Pakistan Investment Bo	2026	9.38%	Half yearly	25,000,000	22,860,042
3 Years Pakistan Investment Bo	2026	7.68%	Half yearly	40,000,000	38,246,068
3 Years Pakistan Investment Bo	2026	7.96%	Half yearly	50,000,000	47,451,232
5 Years Pakistan Investment Bo	2027	7.78%	Half yearly	20,000,000	17,788,708
3 Years Pakistan Investment Bo	2026	8.07%	Half yearly	20,800,000	19,684,856
3 Years Pakistan Investment Bo	2026	8.16%	Half yearly	30,000,000	28,323,009
3 Years Pakistan Investment Bo	2027	8.07%	Half yearly	15,000,000	14,440,244
3 Years Pakistan Investment Bo	2027	7.99%	Half yearly	40,000,000	38,607,358
3 Years Pakistan Investment Bo	2026	8.08%	Half yearly	25,000,000	23,650,977
5 Years Pakistan Investment Bo	2029	6.04%	Half yearly	25,000,000	26,563,472
5 Years Pakistan Investment Bo	2029	6.25%	Half yearly	50,000,000	52,505,887
5 Years Pakistan Investment Bo	2029	6.13%	Half yearly	100,000,000	105,888,583
5 Years Pakistan Investment Bo	2029	6.10%	Half yearly	100,000,000	106,082,300
3 Years Pakistan Investment Bo	2027	6.11%	Half yearly	25,000,000	26,089,600
					1,006,596,985
Treasury Bills					
12 Months Treasury Bill	2025	20.65%	On maturity	250,000,000	239,148,639
	2025	19.69%	On maturity	500,000,000	478,454,286
	2025	18.55%	On maturity	250,000,000	239,703,004
	2025	12.10%	On maturity	50,000,000	44,889,382
					1,002,195,311
					2,008,792,296
Available for sale					
Corporate Sukuks (Note 10.3)					
Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Monthly	10,000,000	10,000,000
Others (Note 10.3)					
Term Finance Certificates					
JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000,000	10,000,000
AZGARD NINE Ltd				4,228,000	4,228,000
					14,228,000
					24,228,000
					2,033,020,296

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2023
Investment					
Held to maturity					
Government securities					
Pakistan Investment Bonds (Note 11.2)					
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	18,531,936
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	18,537,794
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	9,068,121
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	9,068,667
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	9,068,670
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000,000	14,836,138
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,923,721
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,923,836
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,923,851
10 Years Pakistan Investment Bond	2026	8.80%	Half yearly	30,000,000	29,959,271
5 Years Pakistan Investment Bond	2025	9.60%	Half yearly	20,000,000	19,376,224
5 Years Pakistan Investment Bond	2025	9.12%	Half yearly	25,000,000	24,374,048
5 Years Pakistan Investment Bond	2025	9.08%	Half yearly	10,000,000	9,760,854
5 Years Pakistan Investment Bond	2025	11.46%	Half yearly	10,000,000	9,399,409
5 Years Pakistan Investment Bond	2025	11.46%	Half yearly	15,000,000	14,099,115
5 Years Pakistan Investment Bond	2025	10.62%	Half yearly	10,000,000	9,536,668
5 Years Pakistan Investment Bond	2027	12.98%	Half yearly	20,000,000	17,189,365
5 Years Pakistan Investment Bond	2027	12.98%	Half yearly	20,000,000	17,189,365
5 Years Pakistan Investment Bond	2027	13.34%	Half yearly	35,000,000	29,816,236
5 Years Pakistan Investment Bond	2027	12.97%	Half yearly	10,000,000	9,281,369
5 Years Pakistan Investment Bond	2027	13.02%	Half yearly	40,000,000	37,070,958
3 Years Pakistan Investment Bond	2025	15.20%	Half yearly	50,000,000	46,831,781
3 Years Pakistan Investment Bond	2026	9.17%	Half yearly	25,000,000	21,891,694
3 Years Pakistan Investment Bond	2026	9.20%	Half yearly	25,000,000	21,897,571
3 Years Pakistan Investment Bond	2026	9.38%	Half yearly	25,000,000	21,727,049
3 Years Pakistan Investment Bond	2026	7.68%	Half yearly	40,000,000	37,236,620
3 Years Pakistan Investment Bond	2026	7.96%	Half yearly	50,000,000	45,764,262
5 Years Pakistan Investment Bond	2027	7.78%	Half yearly	20,000,000	17,084,970
3 Years Pakistan Investment Bond	2026	8.07%	Half yearly	20,800,000	18,929,483
					582,303,046

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2023
Treasury Bills					
3 Months Treasury Bill	2024	10.20%	On maturity	100,000,000	94,055,704
	2024	10.25%	On maturity	7,000,000	6,583,677
					<u>100,639,381</u>
					682,942,427
Available for sale					
Corporate Sukuks					
Dubai Islamic Bank	Perpetuity (KIBOR+1.75%)		Monthly	10,000,000	10,000,000
Others					
Term Finance Certificates					
JS Bank Limited	Perpetuity (KIBOR+2.25%)		Half yearly	10,000,000	10,000,000
AZGARD NINE Ltd				5,436,000	5,436,000
					<u>15,436,000</u>
					<u>25,436,000</u>
					<u>708,378,427</u>

- 11.2** These include PIB's amounting to Rs. 300 million (2023: PIB's amounting to Rs. 210 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

11.3 Term Finance Certificate and Corporate Sukuk

	No. of certificates		Face value	Value of certificate	
	2024	2023		2024	2023
JS Bank Limited	100	100	100,000	10,000,000	10,000,000
Dubai Islamic Bank	2,000	2,000	5,000	10,000,000	10,000,000
Azgard nine Ltd	1,208	1,208	1,000	4,228,000	5,436,000
	<u>3,308</u>	<u>3,308</u>		<u>24,228,000</u>	<u>25,436,000</u>

2024 2023
Note -----Rupees-----

12 INVESTMENT IN TERM DEPOSIT RECEIPTS

Deposits maturing within 12 months -
local currency

12.1 192,822,071 250,908,674

- 12.1** These represents Term Deposit Receipts (TDRs) with commercial banks carrying markup ranging from 12.50% to 20.50% (2023: 12.50% to 20.95%).

2024 2023
Note -----Rupees-----

13 LOANS AND OTHER RECEIVABLES

Unsecured - considered good
Accrued investment income
Advances
Deposits
Other receivables

13.1 38,249,850 20,048,243
17,887,847 60,491,321
17,490,296 18,505,224
15,784,138 20,106,197
89,412,131 119,150,985

13.1

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

2024 2023
Note -----Rupees-----

14 INSURANCE / REINSURANCE RECEIVABLES

(Unsecured - considered good)
Due from insurance contract holders
Premium written off

289,464,719	307,844,209
(3,468,541)	(12,582,939)
285,996,178	295,261,270
952,395,513	829,178,402
<u>1,238,391,691</u>	<u>1,124,439,672</u>

Due from other insurers / reinsurers

15 PREPAYMENTS

Prepaid reinsurance premium ceded	25	584,176,330	903,978,877
Prepaid rent		30,000	-
Others		237,134	220,629
		584,443,464	904,199,506

16 CASH AND BANK

Cash and cash equivalents			
Cash in hand		305	5,478
Policy stamps		6,700	12,410
		7,005	17,888
Cash at bank			
Current account		49,630,719	46,012,076
Saving account	16.1	52,595,688	42,000,022
		102,226,407	88,012,098

16.1 This represents interest bearing accounts carrying interest rates ranging from 13.50% to 20.50% (2023: 14.50% to 20.50%) per annum.

17 ORDINARY SHARE CAPITAL**17.1 Authorized share capital**

2024	2023		2024	2023
-----Number of shares-----			-----Rupees-----	
<i>CNC</i> 300,000,000	250,000,000	Ordinary shares of Rupees 10 each	3,000,000,000	2,500,000,000

17.1.1 Authorized share capital has been increased to meet the minimum paid-up capital requirement as required under section 28 of Insurance Ordinance 2000.

17.2 Issued, subscribed and paid up share capital

2024 -----Number of shares-----	2023		2024 -----Rupees-----	2023
91,156,026	31,396,928	Ordinary shares of Rupees 10 each fully paid in cash	911,560,260	313,969,280
164,721,969	144,494,460	Ordinary shares of Rs.10 each, issued as fully paid bonus shares	1,647,219,690	1,444,944,600
255,877,995	175,891,388		2,558,779,950	1,758,913,880

18 DEPOSITS AND OTHER PAYABLES

Bond Security deposit	417,805,153	567,677,065
-----------------------	--------------------	-------------

18.1 This represents margin deposit received on account of performance and other bond policies issued by the Company.

	Note	2024 -----Rupees-----	2023
19 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS			
Lease commitments		52,659,538	63,829,243
Present value of lease commitments		40,585,104	41,081,855
Opening lease liability		41,081,855	19,936,638
Addition during the year		-	-
Modification during the year		4,766,948	23,328,341
Finance cost		6,000,576	8,010,269
Less: payments made during the year		(11,264,275)	(10,193,394)
		40,585,104	41,081,855
Current portion shown under current liabilities		(7,587,478)	(3,709,233)
		32,997,626	37,372,622

The amount of future payments of the lease and the period in which these payments will become due are as follows:

December 31 , 2024	Minimum lease payments	Financial charges for future periods	Present Value Of Lease Liability
Not later than one year	12,697,462	5,109,984	7,587,478
Later than one year but not later than five year	39,962,076	6,964,450	32,997,626
	52,659,538	12,074,433	40,585,104

December 31 , 2023	Minimum lease payments	Financial charges for future periods	Present Value Of Lease Liability
Not later than one year	11,150,784	7,441,551	3,709,233
Later than one year but not later than five year	52,678,459	15,305,837	37,372,622
	63,829,243	22,747,388	41,081,855

20 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers	252,961,131	79,214,380
------------------------------------	--------------------	------------

		2024	2023
	Note	-----Rupees-----	
21 OTHER CREDITORS AND ACCRUALS			
Sundry creditors		185,849,003	34,956,695
Commission payable		44,013,667	85,831,769
Federal excise duty		3,426,257	7,140,967
Federal insurance fee		1,375,879	815,775
Workers' Welfare Fund		88,631,634	66,411,927
Withholding tax		4,043,445	2,668,152
Unclaimed dividend		31,303	31,303
Due to directors	21.1	7,185,543	9,932,321
		<u>334,556,731</u>	<u>207,788,909</u>

21.1 This represents unsecured and interest free loan obtained from directors of the Company.

		2024	2023
		-----Rupees-----	
22 DEFERRED TAXATION			
Deferred tax liability / (asset) arising in respect of:			
Accelerated tax depreciation		(34,027,500)	7,100,266
Amortization		11,590	(58,742)
Unrealised gain on available for sale investments		<u>72,540,099</u>	<u>(29,065,629)</u>
		<u>38,524,189</u>	<u>(22,024,105)</u>
22.1 Balance at beginning of the year		(22,024,105)	(10,892,951)
Reversal during the year in respect of maturity / disposal of assets temporary differences arising during the year		<u>16,618,366</u>	<u>-</u>
Balance at the end of the year		<u>43,929,928</u>	<u>(11,131,154)</u>
		<u>38,524,189</u>	<u>(22,024,105)</u>
23 TAXATION - NET			
Provision for income tax		255,418,026	180,193,254
Less: Advance tax		<u>(67,571,797)</u>	<u>(65,104,768)</u>
		<u>187,846,229</u>	<u>115,088,486</u>

24 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at statement of financial position date (2023: Nil).

		2024	2023
	Note	-----Rupees-----	
25 NET INSURANCE PREMIUM			
Written gross premium		7,676,072,505	6,140,192,668
Unearned premium reserve - opening		1,455,648,347	1,477,391,055
Unearned premium reserve - closing		<u>(2,014,906,473)</u>	<u>(1,455,648,347)</u>
Premium earned		<u>7,116,814,379</u>	<u>6,161,935,376</u>
Less: Reinsurance premium ceded		<u>2,492,981,635</u>	<u>2,438,941,373</u>
Prepaid reinsurance premium			
ceded - opening		903,978,877	821,021,588
Prepaid reinsurance premium			
ceded - closing		<u>(584,176,330)</u>	<u>(903,978,877)</u>
Reinsurance expense		<u>2,812,784,182</u>	<u>2,355,984,084</u>
		<u>4,304,030,197</u>	<u>3,805,951,292</u>

		2024	2023
	Note	-----Rupees-----	
26 NET INSURANCE CLAIMS EXPENSE			
Claim paid		3,521,148,215	2,924,502,238
Outstanding claims including IBNR - opening		(1,281,908,861)	(1,457,395,011)
Outstanding claims including IBNR - closing	26.1	1,566,267,133	1,281,908,861
Claim expense		3,805,506,487	2,749,016,088
Less: Reinsurance and other recoveries received		1,672,419,581	1,080,517,049
Reinsurance and other recoveries in respect of outstanding claims - opening		(906,444,387)	(1,062,320,280)
Reinsurance and other recoveries in respect of outstanding claims - closing		1,094,761,982	906,444,387
Reinsurance and other recoveries revenue		1,860,737,176	924,641,156
		1,944,769,311	1,824,374,932
26.1 Outstanding claims	26.3	1,195,702,316	976,660,764
Incurred but not reported claims		370,564,817	305,248,097
		1,566,267,133	1,281,908,861
26.2 Claim development			

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

Accident year	2019 & Prior Year	2020	2021	2022	2023	2024	Total
	-----Rupees-----						
Estimate of ultimate claims cost:							
At the end of accident year	1,165,695,233	197,058,179	391,482,652	951,498,093	831,430,420	954,100,450	4,491,265,027
one year later	981,472,332	224,797,756	512,324,334	501,988,914	458,981,980	-	2,679,565,316
two years later	969,054,439	224,880,227	483,944,883	457,794,357	-	-	2,135,673,906
three years later	957,056,543	204,313,300	482,898,005	-	-	-	1,644,267,848
four years later	930,053,932	204,346,365	-	-	-	-	1,134,400,297
five years later	770,832,848	-	-	-	-	-	770,832,848
Current estimate of cumulative claims	770,832,848	204,346,365	482,898,005	457,794,357	458,981,980	954,100,450	3,328,954,005
Cumulative payment to date	470,846,574	195,290,198	450,047,847	420,994,787	225,507,466	-	1,762,686,872
Liability recognized in statement of financial position	185,761,633	9,056,167	32,850,158	36,799,570	233,474,514	954,100,450	1,566,267,133

26.3 This includes outstanding claim amount against which settlement amount has been under dispute in court as at reporting date and a liability has been recorded as per the legal advice on the probability of outcome of each case.

		2024	2023
	Note	-----Rupees-----	
27 NET COMMISSION EXPENSE			
Commission paid or payable		1,708,104,662	1,479,996,075
Deferred commission expense - opening		322,829,742	378,287,611
Deferred commission expense - closing		(547,715,472)	(322,829,742)
Net commission		1,483,218,932	1,535,453,944
Less: Commission received or recoverable		552,761,043	708,062,997
Unearned reinsurance commission - opening		257,690,967	176,821,681
Unearned reinsurance commission - closing		(148,806,713)	(257,690,967)
Commission from reinsurers		661,645,297	627,193,711
		821,573,635	908,260,233

		2024	2023
		-----Rupees-----	
28	MANAGEMENT EXPENSES		
	Employee benefits cost	28.1 298,467,900	245,445,400
	Office repairs and maintenance	23,724,124	15,733,250
	Vehicle running expense	273,762,950	196,138,202
	Travelling expense	189,259,138	115,106,709
	Electricity, gas and water	19,433,861	14,892,630
	Printing and stationery	35,723,050	23,105,230
	Office rent	2,337,712	2,010,799
	Entertainment	77,419,100	48,209,955
	Postage, telegrams and telephones	22,897,679	15,834,529
	Advertisement and publicity	310,138	426,456
	Rent, rates and taxes	587,943	726,680
	Miscellaneous	9,746,013	5,734,531
		953,669,608	683,364,371
		2024	2023
		-----Rupees-----	
28.1	Employee benefits cost		
	Salaries, allowance and other benefits	293,819,115	241,593,375
	Charges for post employment benefits	4,648,785	3,852,025
		298,467,900	245,445,400
29	INVESTMENT INCOME		
	Income from equity securities		
	Held for trading		
	Dividend income	207,023,983	298,475,315
	Gain on disposal of securities	80,563,697	4,222,281
		287,587,680	302,697,596
	Income from debt securities		
	Held to Maturity		
	Return on debt securities		
	Pakistan Investment Bonds	29.1 85,916,903	51,695,820
	Treasury Bills	105,266,695	4,151,584
		191,183,598	55,847,404
	Available for sale		
	Gain on disposal of securities	654,653	-
	Term Finance Certificates	2,586,263	2,325,571
	Corporate Sukuk	2,186,091	2,268,611
		5,427,007	4,594,182
	Return on term deposits	20,590,390	7,804,581
	Net unrealized gains on investments at fair value through profit or loss (held for trading)	250,138,273	34,792,714
		754,926,948	405,736,477
	Investment related expenses	(2,365,710)	(1,701,185)
		752,561,238	404,035,292

CNC

		2024	2023
		-----Rupees-----	
29.1	Pakistan Investment Bonds		
	Return on Pakistan Investment Bonds	128,090,476	62,593,601
	Reclassification of amortization of unrealized loss on available for sale to held to maturity	(42,173,573)	(10,897,781)
		85,916,903	51,695,820
30	OTHER INCOME		
	Return on bank balances	30,762,651	20,033,781
	Profit on disposal of fixed assets	3,924,491	8,177,692
	Others	1,000,000	3,141,418
		35,687,142	31,352,891
31	OTHER EXPENSES		
	Employee benefits cost	108,324,045	77,964,053
	Office repairs and maintenance	16,739,910	16,140,108
	Vehicle running expense	25,918,819	19,397,736
	Auditors' remuneration	2,613,721	2,108,879
	Remuneration of directors and executives	17,525,000	16,355,000
	Legal and professional charges	7,628,665	7,091,808
	Depreciation	45,505,054	31,473,403
	Amortisation	35,434	50,620
	Subscription and membership	15,206,125	12,381,617
	Annual supervision fee	4,476,869	3,580,005
	Bad debt expense	3,468,541	12,582,939
	Provision for doubtful debt	-	(514,672)
	Rent, rates and taxes	1,900,942	1,644,917
	Electricity, gas and water	1,597,133	604,617
	Postage, telegram and telephone	1,888,049	1,525,686
	Workers Welfare Fund	22,219,707	13,800,999
	Others	1,201,619	2,373,384
		276,249,633	218,561,099
31.1	Employee benefits cost		
	Salaries, allowance and other benefits	105,631,977	75,472,113
	Charges for post employment benefits	2,692,068	2,491,940
		108,324,045	77,964,053
31.2	Employees' provident fund		
	Size of the fund	124,611,954	110,696,651
	Number of members	121	128
	Cost of investment made	90,671,070	74,307,451
	Percentage of investment made	73%	67%
	Fair value of investment	90,671,023	74,307,409

- 31.2.1** The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees. The investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.

		2024	2023
	Note	-----Rupees-----	
31.3 Auditors' remuneration			
Audit fee		1,322,880	1,100,400
Half yearly review fee		409,911	345,418
Other services		427,030	403,261
Out-of-pocket expenses		453,900	259,800
		<u>2,613,721</u>	<u>2,108,879</u>
32 FINANCE COST			
Bank charges		1,250,186	608,276
Lease finance charges		6,000,576	8,010,269
		<u>7,250,762</u>	<u>8,618,545</u>
33 INCOME TAX EXPENSE			
For the year			
Current		255,418,026	180,193,254
Prior	33.1	(77,035,808)	(72,416,574)
Deferred		45,572,892	(14,361,745)
		<u>223,955,110</u>	<u>93,414,935</u>
33.1	The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2024 have been submitted to the authorities. Amount of Rs. 77.036 million (2023: Rs. 74.311 million) represents excess liability recorded in the books of the Company as compared to tax return.		
33.2 Relationship between accounting profit and tax expense is as follows			
Accounting profit before tax		<u>1,196,808,172</u>	<u>676,564,772</u>
Tax @ 29%		347,074,370	196,203,784
Effect of prior year reversal		(77,035,808)	(72,416,574)
Effect of dividend income		(28,983,358)	(41,786,544)
Effect of deductions allowed / not allowed		(84,539,198)	3,608,142
Effect of deferred tax		45,572,892	(14,361,746)
Provision for taxation		<u>202,088,898</u>	<u>71,247,062</u>
34 EARNINGS PER SHARE			(Restated)
Profit after tax for the year		<u>972,853,062</u>	<u>583,149,837</u>
Weighted average number of ordinary shares outstanding (Numbers)		<u>244,124,310</u>	<u>216,825,553</u>
Basic and diluted earnings per share (Rupees)	34.1	<u>3.99</u>	<u>2.69</u>

- 34.1** There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share. The corresponding earnings per share has been adjusted on account of issuance of bonus and right shares.

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	-----Rupees-----					
Managerial remuneration	3,312,000	3,312,000	7,840,000	7,210,000	39,816,000	22,800,000
Rent and house maintenance	-	-	-	-	6,211,000	3,475,000
Utilities	1,488,000	1,488,000	4,560,000	4,020,000	39,816,000	22,800,000
Meeting fee	-	-	965,000	1,015,000	-	-
	4,800,000	4,800,000	13,365,000	12,245,000	85,843,000	49,075,000
Number of persons	1	1	9	9	18	10

35.1 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.

36 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. Transactions with related parties including remuneration to key management personnel are as follows:

Nature of Transaction	Nature of relationship with the Company	2 0 2 4	2 0 2 3
		-----Rupees-----	

Loan received from executives and directors

Naved Yunus	Chief Executive Officer	6,100,000	-
Naveed Yunus	Director	-	-

Nature of Transaction	Nature of relationship with the Company	2 0 2 4	2 0 2 3
		-----Rupees-----	

Issue of bonus shares and right shares at market value

Naved Yunus	Chief Executive Officer	176,779,753	-
Ambreen Naved Yunus	Other related party	264,204,866	-
Javed Yunus	Director	104,359,178	-
Rubina Javed Yunus	Other related party	191,785,093	-
Pervez Yunus	Director	169,939,900	-
Samina Pervez Yunus	Other related party	109,893,563	-
Umeed Ansari	Director	32,598	-
Ahsan Mahmood Alvi	Director	29,619	-
Saad Yunus	Director	113,263,189	-
Urooj Yunus Ansari	Director	73,183,277	-
Mazhar Zubair Abbasi	Director	-	-
Shahzad Farroq Lodhi	Director	8,307	-
Rizwan Ali Dodani	Director	7,562	-
Aman Shah	Director	7,562	-
East West Holding Co. Ltd	Associated undertaking	819,573,438	-
Askari Life Assurance Co. Ltd	-	130,736	-

Nature of Transaction	Nature of relationship with the Company	2 0 2 4 -----Rupees-----	2 0 2 3
Remuneration Paid			
Naveed Yunus	Chief Executive Officer	4,800,000	4,800,000
Javed Yunus	Director	3,600,000	3,600,000
Pervez Yunus	Director	3,600,000	3,600,000
Chief Justice (R)			
Mian Mahboob Ahmad	Director	-	390,000
Umeed Ansari	Director	145,000	150,000
Ahsan Mahmood Alvi	Director	145,000	150,000
Saad Yunus	Director	4,800,000	3,720,000
Urooj Yunus Ansari	Director	125,000	125,000
Shahzad Farooq Lodhi	Director	250,000	100,000
Rizwan Ali Dodani	Director	250,000	100,000
Aman Shah	Director	50,000	-
Shabbir Ali Kanchwala	Company Secretary	5,100,000	3,900,000
Tanveer Iqbal	Chief financial officer	1,830,000	1,410,000
36.1 Year end balances			
Payable to related parties		<u>7,185,543</u>	<u>9,932,321</u>

37 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

Segment current year	Fire and property	Marine & aviation	Motor	Engineering	Miscellaneous	Total
	2024					
	Rupees					
Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge)	2,729,620,966	995,668,393	1,130,101,817	1,677,124,001	1,143,557,326	7,676,072,503
Gross direct premium	350,000,826	586,211,475	520,355,830	1,302,743,359.00	1,039,977,095	3,799,288,585
Facultative inward premium	2,373,749,205	381,914,524	585,320,545	345,148,083.00	31,215,172	3,717,347,529
Administrative surcharge	5,870,935	27,542,394	24,425,442	29,232,559.00	72,365,059	159,436,389
	2,729,620,966	995,668,393	1,130,101,817	1,677,124,001	1,143,557,326	7,676,072,503
Written gross premium	2,729,620,966	995,668,393	1,130,101,817	1,677,124,001	1,143,557,326	7,676,072,503
Unearned premium reserves - opening	508,646,724	103,761,275	247,799,311	365,478,381	229,962,656	1,455,648,347
Unearned premium reserves - closing	(877,447,827)	(207,922,425)	(327,618,611)	(240,457,545)	(361,460,065)	(2,014,906,473)
Premium earned	2,360,819,863	891,507,243	1,050,282,517	1,802,144,837	1,012,059,917	7,116,814,377
Reinsurance premium ceded	821,218,103	390,036,578	282,218,656	774,252,221	225,256,092	2,492,981,650
Prepaid reinsurance premium ceded - opening	239,191,283	48,917,707	65,895,937	475,478,143	74,495,807	903,978,877
Prepaid reinsurance premium ceded - closing	(212,530,011)	(56,259,676)	(74,346,760)	(153,366,495)	(87,673,388)	(584,176,330)
Reinsurance expense	847,879,375	382,694,609	273,767,833	1,096,363,869	212,078,511	2,812,784,197
Net insurance premium	1,512,940,488	508,812,634	776,514,684	705,780,968	799,981,406	4,304,030,180
Commission income	206,863,341	81,994,766	52,928,879	265,074,291	54,784,020	661,645,297
Net underwriting income	1,719,803,829	590,807,400	829,443,563	970,855,259	854,765,426	4,965,675,477
Insurance claims paid	(1,026,579,374)	(314,845,578)	(419,494,602)	(1,250,442,539)	(509,786,123)	(3,521,148,216)
Outstanding claims (including IBNR) - opening	416,404,774	79,225,397	85,939,021	619,484,955	80,854,714	1,281,908,861
Outstanding claims (including IBNR) - closing	(482,643,463)	(118,402,347)	(146,357,209)	(571,165,385)	(247,698,730)	(1,566,267,133)
Insurance claims expenses	(1,092,818,063)	(354,022,528)	(479,912,790)	(1,202,122,969)	(676,630,139)	(3,805,506,488)
Reinsurance and other recoveries received	549,677,014	149,296,084	45,395,492	922,565,641	5,485,350	1,672,419,581
Reinsurance and other recoveries in respect of outstanding claims - opening	(263,811,906)	(23,913,850)	(11,338,895)	(560,445,648)	(46,934,088)	(906,444,387)
Reinsurance and other recoveries in respect of outstanding claims - closing	329,439,746	43,721,883	54,999,115	484,097,235	182,504,003	1,094,761,982
Insurance claims recovered from reinsures	615,304,854	169,104,117	89,055,712	846,217,228	141,055,265	1,860,737,176
Net claims	(477,513,210)	(184,918,411)	(390,857,078)	(355,905,740)	(535,574,874)	(1,944,769,312)
Commission expense	(595,071,316)	(208,464,645)	(193,105,140)	(358,893,920)	(127,683,910)	(1,483,218,932)
Management expense	(335,231,237)	(112,740,647)	(172,056,985)	(156,384,094)	(177,256,646)	(953,669,608)
Net insurance claims and expenses	(1,407,815,763)	(506,123,703)	(756,019,203)	(871,183,754)	(840,515,430)	(4,381,657,852)
Underwriting result	311,988,066	84,683,697	73,424,360	99,671,505	14,249,996	584,017,625
Net investment income						752,561,238
Other income						35,687,142
Other expenses						(276,249,633)
Finance costs						(7,250,762)
Profit from Window Takaful Operation						108,042,544
Profit before tax						1,196,808,154
Segment assets	1,253,472,464	483,866,054	597,053,310	1,256,550,626	450,877,205	4,041,819,659
Un-allocated assets						5,765,331,900
Total assets						9,807,151,559
Segment liabilities	1,275,819,408	492,492,432	607,697,594	1,278,952,447	458,915,457	4,113,877,338
Un-allocated liabilities						1,022,018,824
Total liabilities						5,135,896,162

Segment prior year	Fire and property	Marine & aviation	Motor	Engineering	Miscellaneous	Total
	2023					
	Rupees					
Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge)	1,837,089,283	792,810,385	1,012,166,995	1,626,926,448	871,199,557	6,140,192,668
Gross direct premium	611,998,700	443,699,660	376,761,477	1,232,461,067	773,795,988	3,438,716,892
Facultative inward premium	1,206,553,462	329,650,729	618,288,766	358,964,402	70,823,333	2,584,280,692
Administrative surcharge	18,537,121	19,459,996	17,116,752	35,500,979	26,580,236	117,195,084
	1,837,089,283	792,810,385	1,012,166,995	1,626,926,448	871,199,557	6,140,192,668
Written gross premium	1,837,089,283	792,810,385	1,012,166,995	1,626,926,448	871,199,557	6,140,192,668
Unearned premium reserves - opening	506,428,785	88,811,059	213,799,113	427,865,339	240,486,759	1,477,391,055
Unearned premium reserves - closing	(508,646,724)	(103,761,275)	(247,799,311)	(365,478,381)	(229,962,656)	(1,455,648,347)
Premium earned	1,834,871,344	777,860,169	978,166,797	1,689,313,406	881,723,660	6,161,935,376
Reinsurance premium ceded	787,826,857	303,630,231	172,994,328	1,004,957,052	169,532,904	2,438,941,372
Prepaid reinsurance premium ceded - opening	253,620,373	20,169,428	58,334,329	411,703,892	77,193,566	821,021,588
Prepaid reinsurance premium ceded - closing	(239,191,283)	(48,917,707)	(65,895,937)	(475,478,143)	(74,495,807)	(903,978,877)
Reinsurance expense	802,255,947	274,881,952	165,432,720	941,182,801	172,230,663	2,355,984,083
Net insurance premium	1,032,615,397	502,978,217	812,734,077	748,130,605	709,492,997	3,805,951,293
Commission income	240,427,704	68,468,387	33,228,759	244,225,594	40,843,267	627,193,711
Net underwriting income	1,273,043,101	571,446,604	845,962,836	992,356,199	750,336,264	4,433,145,004
Insurance claims paid	(769,803,861)	(366,746,225)	(465,413,877)	(876,414,442)	(446,123,833)	(2,924,502,238)
Outstanding claims (including IBNR) - opening	481,939,312	42,641,072	97,186,332	677,638,940	157,989,355	1,457,395,011
Outstanding claims (including IBNR) - closing	(416,404,774)	(79,225,397)	(85,939,021)	(619,484,955)	(80,854,714)	(1,281,908,861)
Insurance claims expenses	(704,269,323)	(403,330,550)	(454,166,566)	(818,260,457)	(368,989,192)	(2,749,016,088)
Reinsurance and other recoveries received	395,345,664	170,541,834	38,485,192	476,144,359	-	1,080,517,049
Reinsurance and other recoveries in respect of outstanding claims - opening	(393,815,018)	(10,176,311)	(8,630,705)	(602,764,158)	(46,934,088)	(1,062,320,280)
Reinsurance and other recoveries in respect of outstanding claims - closing	263,811,906	23,913,850	11,338,895	560,445,648	46,934,088	906,444,387
Insurance claims recovered from reinsures	265,342,552	184,279,373	41,193,382	433,825,849	-	924,641,156
Net claims	(438,926,771)	(219,051,177)	(412,973,184)	(384,434,608)	(368,989,192)	(1,824,374,932)
Commission expense	(480,659,159)	(178,721,730)	(239,004,292)	(423,322,117)	(213,746,646)	(1,535,453,944)
Management expense	(185,407,673)	(90,310,508)	(145,927,646)	(134,327,993)	(127,390,552)	(683,364,372)
Net insurance claims and expenses	(1,104,993,603)	(488,083,415)	(797,905,122)	(942,084,718)	(710,126,390)	(4,043,193,248)
Underwriting results	168,049,498	83,363,189	48,057,714	50,271,481	40,209,874	389,951,756
Investment income						404,035,292
Other income						31,352,891
Other expenses						(218,561,099)
Finance costs						(8,618,545)
Profit from Window Takaful Operation						78,404,477
Profit before tax						676,564,772
Segment assets	1,165,720,274	449,991,910	555,255,235	1,168,582,941	419,312,521	3,758,862,881
Un-allocated assets						3,671,194,769
Total assets						7,430,057,650
Segment liabilities	1,159,121,402	447,444,610	552,112,064	1,161,967,864	416,938,890	3,737,584,830
Un-allocated liabilities						366,943,841
Total liabilities						4,104,528,671

38 MOVEMENT IN INVESTMENTS

	Available for sale	Held to Maturity	Held for Trading	Total
-----Rupees-----				
As at January 01, 2023	210,376,415	616,422,647	1,281,563,980	2,108,363,042
Additions	6,040,000	283,249,858	1,209,589,005	1,498,878,863
Disposals (sale and redemptions)	(604,000)	(235,000,000)	(317,574,438)	(553,178,438)
Fair value net gains (excluding net realised gains)	3,364,718	-	34,792,714	38,157,432
Maturity of investment	-	18,270,302	-	18,270,302
	8,800,718	66,520,160	926,807,281	1,002,128,159
As at December 31, 2023	219,177,133	682,942,807	2,208,371,261	3,110,491,201
Additions	-	1,447,849,489	1,961,302,695	3,409,152,184
Disposals (sale and redemptions)	(102,067,966)	-	(1,233,695,738)	(1,335,763,704)
Fair value net gains / (losses) (excluding net realised gains)	(4,301,574)	-	250,138,271	245,836,697
Maturity of investment	-	(122,000,000)	-	(122,000,000)
	(106,369,540)	1,325,849,489	977,745,228	2,197,225,177
As at December 31, 2024	112,807,593	2,008,792,296	3,186,116,489	5,307,716,378

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company's activities expose it to a variety of insurance and financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to insurance and financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

39.1 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 i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since 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 risks arise from fire.

Underwriting limits 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 guidelines if required.

me

The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through 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.

39.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business as at the reporting date:

Class of business	2024				2023			
	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	31%	32%	44%	42%	32%	41%	35%	18%
Marine, aviation and transport	8%	16%	10%	10%	6%	15%	7%	4%
Motor	9%	19%	16%	15%	7%	20%	17%	12%
Engineering	36%	18%	12%	15%	48%	16%	25%	56%
Miscellaneous	16%	14%	18%	17%	6%	9%	16%	10%
Total	100%	100%	100%	100%	100%	100%	100%	100%

39.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

Class	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
			2024	2023
			Rupees	
Fire and property damage	2,212,680,877,036	607,392,934,935	1,605,287,942,101	728,719,697,895
Marine, aviation and transport	808,183,222,410	421,414,659,317	386,768,563,093	310,133,162,924
Motor	96,223,633,887	16,790,992,608	79,432,641,279	62,651,569,945
Engineering	1,113,786,675,274	689,042,119,899	424,744,555,375	289,914,465,041
Miscellaneous	98,003,568,507	42,157,723,499	55,845,845,008	21,420,816,175

39.1.3 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs.

CME

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

39.1.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR is that the Company's future claim development will follow similar market pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which reporting pattern will not apply in future. The judgment includes external factors such as treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

39.1.5 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 26.2. All amounts are presented in gross numbers before reinsurance.

39.1.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

	Pre-tax profit		Shareholders' equity	
	2024	2023	2024	2023
	Rupees		Rupees	
10% increase in loss				
Fire and property damage	(47,751,321)	(43,892,677)	(33,903,438)	(31,163,801)
Marine, aviation and transport	(18,491,841)	(21,905,118)	(13,129,207)	(15,552,634)
Motor	(39,085,708)	(41,297,318)	(27,750,853)	(29,321,096)
Engineering	(35,889,392)	(42,332,212)	(25,481,468)	(30,055,870)
Miscellaneous	(53,557,487)	(36,898,919)	(38,025,816)	(26,198,233)
	<u>(194,775,749)</u>	<u>(186,326,244)</u>	<u>(138,290,782)</u>	<u>(132,291,634)</u>
	Pre-tax profit		Shareholders' equity	
	2024	2023	2024	2023
	Rupees		Rupees	
10% decrease in loss				
Fire and property damage	47,751,321	43,892,677	33,903,438	31,163,801
Marine, aviation and transport	18,491,841	21,905,118	13,129,207	15,552,634
Motor	39,085,708	41,297,318	27,750,853	29,321,096
Engineering	35,889,392	42,332,212	25,481,468	30,055,871
Miscellaneous	53,557,487	36,898,919	38,025,816	26,198,232
	<u>194,775,749</u>	<u>186,326,244</u>	<u>138,290,782</u>	<u>132,291,634</u>

39.2 Financial risk**39.2.1 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

2024				
Carrying amount	Contractual cash flows	Upto one year	More than one year	
----- Rupees -----				
Non-derivative				
Financial liabilities				
Outstanding claims including IBNR	1,566,267,133	1,195,702,316	843,990,840	351,711,476
Insurance / reinsurance payables	252,961,131	252,961,131	252,961,131	-
Other creditors and accruals	237,079,516	237,079,516	237,079,516	-
	2,056,307,780	1,685,742,963	1,334,031,487	351,711,476
2023				
Carrying amount	Contractual cash flows	Upto one year	More than one year	
----- Rupees -----				
Non-derivative				
Financial liabilities				
Outstanding claims including IBNR	1,281,908,861	976,660,764	526,182,323	450,478,441
Insurance / reinsurance payables	79,214,380	79,214,380	79,214,380	-
Other creditors and accruals	130,752,088	130,752,088	130,752,088	-
	1,491,875,329	1,186,627,232	736,148,791	450,478,441

39.2.2 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Company manages this mismatchment through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

CNC

2024							
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	
	Rupees						
Financial assets							
Investments							
Equity securities		-	-	-	3,273,382,047	3,273,382,047	3,273,382,047
Debt securities	8.8% to 21.20%	14,954,983	1,015,870,002	1,030,824,985	-	1,002,195,311	2,033,020,296
Term deposits	18.50% to 20.50%	192,822,071	-	192,822,071	-	-	192,822,071
		207,777,054	1,015,870,002	1,223,647,056	1,002,195,311	3,273,382,047	5,499,224,414
Loan and other receivables		-	-	-	71,524,284	-	71,524,284
Insurance / reinsurance receivables		-	-	-	1,238,391,691	-	1,238,391,691
Reinsurance recoveries against outstanding claims		-	-	-	1,094,761,982	-	1,094,761,982
Cash and bank	14.50% to 20.50%	52,595,688	-	52,595,688	7,005	-	52,602,693
		260,372,742	1,015,870,002	1,276,242,744	3,406,880,273	3,273,382,047	7,956,505,064
Financial liabilities							
Outstanding claims including IBNR	-	-	-	-	1,566,267,133	-	1,566,267,133
Insurance / reinsurance payables	-	-	-	-	252,961,131	-	252,961,131
Other creditors and accruals	-	-	-	-	237,079,516	-	237,079,516
Lease liability		-	-	-	-	-	-
		-	-	-	2,056,307,780	-	2,056,307,780
On balance sheet gap (a)		260,372,742	1,015,870,002	1,276,242,744	1,350,572,493	3,273,382,047	5,900,197,284
Off balance sheet financial instrument		-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		260,372,742	1,015,870,002	1,276,242,744			
Cumulative interest rate sensitivity gap		260,372,742	1,015,870,002				

		2023					
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	
	Rupees						
Financial assets							
Investments							
Equity securities		-	-	-	2,402,112,393	2,402,112,393	2,402,112,393
Debt securities	8.8% to 21.20%	14,836,138	592,902,908	607,739,046	100,639,381	-	708,378,427
Term deposits	18.50% to 20.50%	250,908,674	-	250,908,674	-	-	250,908,674
		265,744,812	592,902,908	858,647,720	100,639,381	2,402,112,393	3,361,399,494
Loan and other receivables		-	-	-	58,659,664	-	58,659,664
Insurance / reinsurance receivables		-	-	-	1,124,439,672	-	1,124,439,672
Reinsurance recoveries against outstanding claims		-	-	-	906,444,387	-	906,444,387
Cash and bank	14.50% to 20.50%	42,000,022	-	42,000,022	17,888	-	42,017,910
		307,744,834	592,902,908	900,647,742	2,190,200,992	2,402,112,393	5,492,961,127
Financial liabilities							
Outstanding claims including IBNR		-	-	-	1,281,908,861	-	1,281,908,861
Insurance / reinsurance payables	-	-	-	-	79,214,380	-	79,214,380
Other creditors and accruals	-	-	-	-	130,752,088	-	130,752,088
Lease liability	-	-	-	-	-	-	-
		-	-	-	1,491,875,329	-	1,491,875,329
On balance sheet gap (a)		307,744,834	592,902,908	900,647,742	698,325,663	2,402,112,393	4,001,085,798
Off balance sheet financial instrument		-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)							
		307,744,834	592,902,908	900,647,742			
Cumulative interest rate sensitivity gap							
		307,744,834	592,902,908				

CWC

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	Carrying amount	
	2 0 2 4	2 0 2 3
	----- Rupees -----	
Fixed rate instruments		
Financial assets	192,822,071	833,211,720
Variable rate instruments		
Financial assets	76,823,688	76,823,688

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis of variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss account by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been 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 December 31, 2024				
Sensitivity	768,237	(768,237)	545,448	(545,448)
As at December 31, 2023				
Sensitivity	768,237	(768,237)	545,448	(545,448)

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.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market.

CME Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets.

The table below summarizes the Company's equity price risk as of December 31, 2024 and 2023 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. The results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	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, 2024	3,273,382,047	10% increase	3,600,720,252	232,410,125	327,338,205
		10% decrease	2,946,043,842	(232,410,125)	(327,338,205)
December 31, 2023	2,402,112,393	10% increase	2,642,323,632	170,549,980	240,211,239
		10% decrease	2,161,901,154	(170,549,980)	(240,211,239)

c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

39.2.3 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2024 is the carrying amount of the financial assets as set out below:

	2024	2023
	-----Rupees-----	
Nature of financial assets		
Investments		
Equity securities	3,273,382,047	2,402,112,393
Debt securities	2,033,020,296	708,378,427
Term deposits	192,822,071	250,908,674
	5,499,224,414	3,361,399,494
Loans and other receivables	71,524,284	58,659,664
Insurance / reinsurance receivables	1,124,439,672	1,124,439,672
Reinsurance recoveries against outstanding claims	906,444,387	906,444,387
Bank balances	102,226,407	88,012,098
	7,703,859,164	5,538,955,315

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

me

The age analysis of due from insurance contract holders from other than related parties is as follows:

Upto 3 months	261,838,458	200,767,652
3 to 6 months	24,157,720	94,493,618
6 to 12 months	-	-
Above 12 months	-	-
	285,996,178	295,261,270

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 policy. 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:

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

Name of banks	Rating		Rating agency	2024	2023
	Long term	Short term			
----- Rupees -----					
Cash at bank					
Allied Bank Limited	AAA	A1+	PACRA	23,779,810	2,538,487
Askari Bank Limited	AA+	A1+	PACRA	3,167	10,303
BankIslami Pakistan Limited	AA-	A1	PACRA	3,840	10,002,544
The Bank of Punjab	AA+	A1+	PACRA	4,339,924	52,127
Dubai Islamic Bank	AA	A-1+	JCR-VIS	5,150	3,810
Faysal Bank Limited	AA	A-1+	JCR-VIS	11,794,882	14,409,345
Habib Metropolitan Bank	AA+	A1+	PACRA	5,651	1,337
Habib Bank Limited	AAA	A-1+	JCR-VIS	2,003,700	15,221
Habib Microfinance Bank				4,397	7,201
MCB Bank Limited	AAA	A1+	PACRA	1,440,039	18,674,977
National Bank of Pakistan	AAA	A-1+	JCR-VIS	1,839,707	3,571,156
Soneri Bank Limited	AA-	A1+	PACRA	2,228,462	2,149,257
Bank Makramah Limited (formerly Summit bank)	BBB-	A-3	JCR-VIS	23,810,135	10,782,003
United Bank Limited	AAA	A-1+	JCR-VIS	1,068,791	234,676
The Punjab Provincial Bank	Not available			159,092	279,670
JS Bank Limited	AA	A1+	PACRA	4,445,758	3,057,671
The Karakoram Cooperative Bank	Not available			2,090,522	3,777,823
Zarai Taraqiati Bank Limited	AAA	A-1+	JCR-VIS	23,203,384	18,444,489
				102,226,411	88,012,097
Term deposit certificates					
JS Bank Limited	AA	A1+	PACRA	-	2,500,000
Bank Makramah Limited (formerly Summit bank)	BBB-	A-3	JCR-VIS	150,322,071	140,258,674
MCB Bank Limited	AAA	A1+	PACRA	1,500,000	1,800,000
Habib Microfinance Bank				1,000,000	1,000,000
The Karakoram Cooperative Bank	Not available			29,900,000	31,550,000
Soneri Bank Limited	AA-	A1+	PACRA	10,100,000	16,800,000
The Bank of Punjab	AA+	A1+	PACRA	-	-
The Punjab Provincial Bank	Not available			-	-
United Bank Limited	AAA	A-1+	JCR-VIS	-	57,000,000
				192,822,071	250,908,674

40 CAPITAL RISK MANAGEMENT

The Company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and to ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

2024											
Carrying amount							Fair value				
Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees)							(Rupees)				
Financial assets measured at fair value											
Investments											
Equity securities	-	87,265,558	3,186,116,489	-	-	-	3,273,382,047	87,265,558	-	-	87,265,558
Debt securities	-	24,228,000	-	-	-	-	24,228,000	-	14,228,000	10,000,000	24,228,000
Financial assets not measured at fair value											
Investments											
Debt securities	2,008,792,296	-	-	-	-	-	2,008,792,296	-	-	-	-
Term deposits	-	-	-	-	192,822,071	-	192,822,071	-	-	-	-
Loans and other receivable*	-	-	-	89,412,131	-	-	89,412,131	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	1,238,391,691	-	-	1,238,391,691	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	1,094,761,982	-	-	1,094,761,982	-	-	-	-
Cash and bank balance*	-	-	-	-	102,233,412	-	102,233,412	-	-	-	-
	2,008,792,296	111,493,558	3,186,116,489	2,422,565,804	295,055,483	-	8,024,023,630	87,265,558	14,228,000	10,000,000	111,493,558
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(1,566,267,133)	(1,566,267,133)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(252,961,131)	(252,961,131)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(237,079,516)	(237,079,516)	-	-	-	-
Lease liability	-	-	-	-	-	(41,081,855)	(41,081,855)	-	-	-	-
	2,008,792,296	111,493,558	3,186,116,489	2,422,565,804	295,055,483	(2,097,389,635)	5,926,633,995	87,265,558	14,228,000	10,000,000	111,493,558

2023											
Carrying amount							Fair value				
Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees)							(Rupees)				
Financial assets measured at fair value											
Investments											
Equity securities	-	193,741,132	2,208,371,261	-	-	-	2,402,112,393	193,741,132	-	-	193,741,132
Debt securities	-	25,436,000	-	-	-	-	25,436,000	-	15,436,000	10,000,000	25,436,000
Financial assets not measured at fair value											
Investments											
Debt securities	682,942,427	-	-	-	-	-	682,942,427	-	-	-	-
Term deposits	-	-	-	-	250,908,674	-	250,908,674	-	-	-	-
Loans and other receivable*	-	-	-	119,150,985	-	-	119,150,985	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	1,124,439,672	-	-	1,124,439,672	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	906,444,387	-	-	906,444,387	-	-	-	-
Cash and bank balance*	-	-	-	-	88,029,986	-	88,029,986	-	-	-	-
	682,942,427	219,177,132	2,208,371,261	2,150,035,044	338,938,660	-	5,599,464,524	193,741,132	15,436,000	10,000,000	219,177,132
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(1,281,908,861)	(1,281,908,861)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(79,214,380)	(79,214,380)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(130,752,088)	(130,752,088)	-	-	-	-
Lease liability	-	-	-	-	-	(41,081,855)	(41,081,855)	-	-	-	-
	682,942,427	219,177,132	2,208,371,261	2,150,035,044	338,938,660	(1,532,957,184)	4,066,507,240	193,741,132	15,436,000	10,000,000	219,177,132

* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

42 FAIR VALUE OF NON FINANCIAL ASSET

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

Fair value measurement of investment property is based on the valuation carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

Valuation techniques used to derive level 2 fair values

Fair value of freehold land and investment property was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes, such as location and size of the land. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

CNC

2024**Rupees****43 STATEMENT OF SOLVENCY****ASSETS**

Property and equipment	
Office premises	37,935,528
Furniture and fixtures	9,327,485
Electric fittings and equipments	13,492,796
Office equipments	2,556,118
Motor vehicles	139,352,857
Computers equipments	1,716,516
Intangible assets	787,678
Right to use assets	30,714,482
	235,883,460
Investment Properties	43,480,327
Investments	
Equity securities	3,273,382,047
Debt securities	2,033,020,296
Term deposit receipts	192,822,071
	5,499,224,414
Loans and other receivables	89,412,131
Current assets - others	
Insurance / reinsurance receivables	1,238,391,691
Re-insurance recoveries against outstanding claims	1,094,761,982
Deferred commission expense	547,715,472
Prepayments	584,443,464
Cash and bank	102,233,412
	3,567,546,021
Total assets	9,435,546,353
Total assets of takaful operations	371,605,206
Total assets	9,807,151,559

Inadmissible Assets

Marketable securities	-
Advances	17,887,847
Insurance/Reinsurance receivable	24,156,020
Furniture and fixtures	9,327,485
Electric fittings and equipments	13,492,796
Computers	1,716,516
Office equipment	2,556,118
Vehicles	139,352,857
Vehicles - Operators' Fund	665,737
Qard-e-Hasna	37,150,000
Receivable from PTF	245,382,714
Computer software	82,678
Capital working progress	705,000
Total inadmissible assets	492,475,768
Total admissible assets	9,314,675,791

CWC

2024**Rupees****LIABILITIES**

Underwriting Provisions	
Outstanding claims including IBNR	1,566,267,133
Unearned premium reserves	2,014,906,473
Unearned reinsurance commission	148,806,713
	3,729,980,319
Retirement benefit obligations	2,701,418
Premium received in advance	388,914
Deposits and other payable	417,805,153
Insurance / reinsurance payables	252,961,131
Other creditors and accruals	334,556,731
Lease liability against right of use of asset	40,585,104
Deferred tax liabilities	38,524,189
Taxation - net	187,846,229
Total Liabilities	5,005,349,188
Total liabilities of takaful operations	130,546,974
Total Liabilities	5,135,896,162
Total net admissible assets	4,178,779,629

Minimum Solvency Requirement (higher of following)

Method A - u/s 36(3)(a)	150,000,000
Method B - u/s 36(3)(b)	917,178,085
Method C - u/s 36(3)(c)	494,405,469
	917,178,085
Excess in Net Admissible Assets over Minimum Requirements	3,261,601,544

2024**2023****44 NUMBER OF EMPLOYEES**

Number of employees at the end of the year	156	148
Average number of employees	150	150

45 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

47 GENERAL

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



**CHIEF EXECUTIVE
OFFICER**



DIRECTOR



DIRECTOR



CHAIRMAN



**CHIEF FINANCIAL
OFFICER**

INDEPENDENT AUDITORS' REPORT

To the Members of East West Insurance Company Limited – Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **East West Insurance Company Limited – Window Takaful Operations** (the Operator), which comprise of the statement of financial position as at December 31, 2024 and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2024 and of the profit, total comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

S. No	Key Audit Matter	How the matter was addressed in our audit
01	<p>Revenue Recognition</p> <p>Refer note 21 and 23 to the annexed financial statements</p> <p>The revenue of Participants' Takaful Fund of the Operator based on contribution earned and re-takaful rebate from takaful policies which comprises almost 99.96 % of total income.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Operator and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of income; • Assessed the appropriateness of the Operator's accounting policy for recording takaful contributions in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where contributions were recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of the contribution and re-takaful rebate and ensured that appropriate amount has been recorded as provision for unearned contribution reserve and re-takaful rebate. • Considered the adequacy of disclosure as per 'General Takaful Accounting Regulation 2019'.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), and for such internal control as

management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in fund and the cash flows statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 4/4/2025

UDIN: AR202410207wfhtPUYzS

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024


		Operators' Fund		Participants' Takaful Fund	
		2 0 2 4	2 0 2 3	2 0 2 4	2 0 2 3
Note		-----Rupees-----		-----Rupees-----	
ASSETS					
Property and equipment	6	8,339,065	8,909,358	-	-
Investment property - at cost	7	28,707,271	30,218,182	-	-
Investment					
Accrued investment income	8	21,221	579	34,831	12,478
Qard-e-Hasna to Participants'					
Takaful Fund (PTF)	9	37,150,000	18,150,000	-	-
Takaful / re-takaful receivables	10	-	-	483,394,165	397,640,820
Receivable from PTF	11	245,382,714	233,997,409	-	-
Retakaful recoveries against					
outstanding claims (including IBNR)		-	-	122,591,904	39,931,939
Taxation - payment less					
provision	12	-	-	32,612	5,266
Deferred wakala fee expense		-	-	90,641,456	78,570,782
Deferred commission expense	24	51,837,136	40,783,541	-	-
Advance against purchase					
of property	13	111,000,000	-	-	-
Prepayments	14	60,000	36,000	56,552,324	55,949,679
Cash and bank	15	107,799	56,524	1,294,773	1,360,816
TOTAL ASSETS		482,605,206	332,151,593	754,542,065	573,471,780
FUND AND LIABILITIES					
Operators' Fund					
Statutory Fund		50,000,000	50,000,000	-	-
Accumulated profit		239,081,451	161,831,500	-	-
Total Operators Fund		289,081,451	211,831,500	-	-
Participants' Takaful Fund					
Ceded money		-	-	500,000	500,000
Accumulated surplus		-	-	64,561,786	51,258,682
Balance of Participant Takaful Fund		-	-	65,061,786	51,758,682
Qard-e-Hasna from Operator's					
Fund (OPF)	9	-	-	37,150,000	18,150,000
LIABILITIES					
Underwriting provisions					
Outstanding claims (including IBNR)		-	-	146,752,248	42,875,000
Unearned contribution reserve		-	-	241,339,836	211,265,458
Unearned Re-takaful rebate		-	-	9,886,236	6,690,327
		-	-	397,978,320	260,830,785
Takaful / Re-takaful payable	16	-	-	6,420,142	8,219,900
Unearned wakala fee		90,641,456	78,570,782	-	-
Contribution received in advance		-	-	-	-
Payable to OPF	11	-	-	244,882,714	233,497,409
Other creditors and accruals	17	39,916,818	16,874,428	3,049,103	1,015,004
Taxation - net	18	30,781,293	22,162,381	-	-
Payable to East West Insurance					
Company Limited	19	32,184,188	2,712,502	-	-
TOTAL LIABILITIES		193,523,755	120,320,093	652,330,279	503,563,098
TOTAL FUND AND LIABILITIES		482,605,206	332,151,593	754,542,065	573,471,780
CONTINGENCIES AND					
COMMITMENTS					
	20				

The annexed notes from 38 form an integral part of this financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

		December 31 2024	December 31 2023
	Note	-----Rupees-----	
Participants' Takaful Fund			
Contributions earned	21	481,944,403	329,051,807
Less: Contributions ceded to retakaful	21	(200,084,173)	(197,253,636)
Net contributions revenue		281,860,230	131,798,171
Retakaful rebate	23	25,856,175	23,483,341
Net underwriting income		307,716,405	155,281,512
Net claims - reported / settled	22	(294,494,722)	(149,480,744)
Other direct expenses		(20,911)	(753)
Surplus before investment income		13,200,772	5,800,015
Investment income	27	204,665	45,318
Less: Modarib share of investment income	28	(102,333)	(22,659)
Surplus transferred to accumulated surplus		13,303,104	5,822,674

Operator's Fund

Wakala fee	25	292,896,109	199,565,525
Commission expense	24	(174,947,338)	(112,208,470)
Management expenses	26	(12,006,783)	(10,953,887)
		105,941,988	76,403,168
Modarib's share of PTF investment income		102,333	22,659
Investment income	29	59,871	33,025
Rental income		2,911,152	2,639,625
Other expenses	27	(972,800)	(694,000)
Profit before tax		108,042,544	78,404,477
Taxation	18	(30,792,593)	(22,167,873)
Profit after tax		77,249,951	56,236,604

The annexed notes from 38 form an integral part of this financial information.






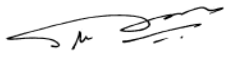

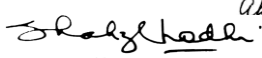




CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	December 31 2024	December 31 2023
	-----Rupees-----	
Participants' Takaful Fund		
Surplus for the year	13,303,104	5,822,674
Other comprehensive income	-	-
Total comprehensive surplus for the year	<u>13,303,104</u>	<u>5,822,674</u>
Operators' Fund		
Profit for the year - (Restated)	77,249,951	56,236,604
Other comprehensive income	-	-
Total comprehensive income for the year	<u>77,249,951</u>	<u>56,236,604</u>

The annexed notes from 38 form an integral part of this financial information.







CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operator's Fund		
	Statutory Fund	Accumulated Profit	Total
	----- Rupees -----		
Balance as at January 1, 2023	50,000,000	105,594,896	155,594,896
Total comprehensive income for the year			
Profit for the year	-	56,236,604	56,236,604
Balance as at December 31, 2023	<u>50,000,000</u>	<u>161,831,500</u>	<u>211,831,500</u>
Balance as at January 1, 2024	50,000,000	161,831,500	211,831,500
Total comprehensive income for the year			
Profit for the year	-	77,249,951	77,249,951
Balance as at December 31, 2024	<u>50,000,000</u>	<u>239,081,451</u>	<u>289,081,451</u>
	Participants' Fund		
	Ceded Money	Accumulated Surplus	Total
	----- Rupees -----		
Balance as at January 1, 2023	500,000	45,436,008	45,936,008
Total comprehensive income for the year			
Surplus for the year	-	5,822,674	5,822,674
Balance as at December 31, 2023	<u>500,000</u>	<u>51,258,682</u>	<u>51,758,682</u>
Balance as at January 1, 2024	500,000	51,258,682	51,758,682
Total comprehensive income for the year			
Surplus for the year	-	13,303,104	13,303,104
Balance as at December 31, 2024	<u>500,000</u>	<u>64,561,786</u>	<u>65,061,786</u>

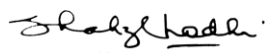
The annexed notes from 38 form an integral part of this financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



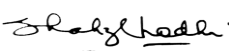
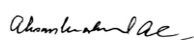
CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operator's Fund		Participant's Takaful Fund	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	-----Rupees-----			
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	830,872,961	428,290,446
Retakaful contribution paid	-	-	(206,190,968)	(184,784,337)
Claims paid	-	-	(593,631,492)	(304,825,824)
Retakaful and recoveries received	-	-	212,347,030	157,474,135
Commission paid	(163,854,039)	(113,876,101)	-	-
Retakaful rebate received	-	-	29,052,084	21,652,972
Wakala fee received	293,581,478	118,489,613	-	-
Wakala fee paid	-	-	(293,581,478)	(118,489,613)
Modarib share received	102,333	22,659		
Modarib share paid			(102,333)	(22,659)
Net cash flow tactful activities	129,829,772	4,636,171	(21,234,196)	(704,880)
(b) Other operating activities				
Income tax paid	(5,808)	(894)	(27,346)	434
Direct expenses paid	-	-	(20,911)	(753)
Other operating payment	(812,800)	(694,000)	-	-
Management expenses paid	(9,096,043)	(8,803,549)	-	-
Other operating receipts	7,303,813	2,235,545	2,034,099	877,084
Net cash flow from other operating activities	(2,610,838)	(7,262,898)	1,985,842	876,765
Total cash used in operating activities	127,218,934	(2,626,727)	(19,248,354)	171,885
INVESTMENT ACTIVITIES				
Profit received on investment income	39,229	36,634	182,311	35,117
Rental income	2,793,112	2,520,000	-	-
Advance payment for acquisition of property	(111,000,000)	-	-	-
Total cash flow generated from investing	(108,167,659)	2,556,634	182,311	35,117
FINANCING ACTIVITIES				
Qard-e-Hasna to/(from) OPF	(19,000,000)	-	19,000,000	-
Net cash flow from all activities	51,275	(70,093)	(66,043)	207,002
Cash and cash equivalents at beginning of the period	56,524	126,617	1,360,816	1,153,814
Cash and cash equivalents at end of the period	107,799	56,524	1,294,773	1,360,816
Reconciliation to profit and loss account:				
Operating cash flows	127,218,934	(2,626,727)	(19,248,354)	171,885
Depreciation	(2,081,204)	(2,223,586)	-	-
Investment income	39,229	36,634	182,311	35,117
Rental income	2,793,112	2,520,000	-	-
Advance payment for acquisition of property	(111,000,000)	-	-	-
Increase in assets other than cash	133,483,542	114,974,764	181,136,328	183,191,087
(Decrease) / Increase in liabilities	(73,203,662)	(56,444,481)	(148,767,181)	(177,575,415)
Surplus for the period	77,249,951	56,236,604	13,303,104	5,822,674

CM




CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

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.

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. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

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 financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial accounting Standards (IFAS) issued by the Institute of Chartered Accountant 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 requirements differ, the provision or directives of the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations 2019 shall prevail. These financial statements reflect the financial position and results of operations of both the company and PTF in a manner that the assets, liabilities, income and expenses of the company and PTF remain separately identifiable.

2.1 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Operator's functional currency. All financial statements presented in Pak Rupees have been rounded to nearest Rupees, unless otherwise stated.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to the accounting and reporting standards as

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

Standards, amendments or interpretations

**Effective date
(period beginning on or after)**

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure

January 01, 2024

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current

January 01, 2024

CNC

Standards, amendments or interpretations (Continued)

	Effective date (period beginning on or after)
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2024
Amendments to 'IFRS 16 Lease liability in a sale and leaseback	January 01, 2024
Amendments to 'IAS 7 Statement of Cashflows' - Disclosures: Supplier Finance Arrangements	January 01, 2024
SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.	

	Effective date (period beginning on or after)
Standards, amendments or interpretation	

IFRS 17 Insurance Contracts	January 01, 2026
In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:	
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:	

3.2 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2025:

	Effective date (period beginning on or after)
Standards, amendments or interpretation	
- Amendments to the classification and measurement of financial instruments - Amendments to IFRS 09 financial instruments IFRS 07	January 01, 2026
- IFRS 17 - Insurance Contracts	January 01, 2025
- IFRS 16 - Derecognition of lease liabilities	January 01, 2026
The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, this standard will be applicable along with the application of IFRS 17.	

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 those reflected in cash flow statements.

4.1 Use of judgments and estimates

The preparation of financial statements in conformity with the requirements of accounting and reporting 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
- Unearned contribution reserve	5.5.2
- Contribution due but unpaid - net	5.5.3
- Provision for outstanding claims (including IBNR)	5.7
- Taxation (current and deferred)	5.2
- Unearned retakaful rebate	5.11
- Retakaful recoveries against outstanding claims	5.9
- Prepaid Retakaful contribution ceded	5.8.2
- Deferred commission expense	5.10.1

Judgments

In the process of applying the Operator'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 Operator'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 Operator 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 Operator 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 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below:

5.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the note 6 to the financial statements.

In respect of addition and disposal during the period, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

5.2 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the Statement of profit or loss in the year of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to Statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 7 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to Statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

5.3 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

5.3.1 Temporary Exemption from Application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

CNC The fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

5.3.2 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

5.3.3 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

5.4 Takaful contracts

Takaful contracts are based on the principles of Wakala. Takaful contracts so agreed usually inspire concept of Tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of Takaful Operator is of the management of the PTF. At the initial stage of the setup of the PTF, the Takaful Operator makes payment as ceded money to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful Operator.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts that can be categorised into:

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

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

5.4.1 Fire and property damage

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

CWC

5.4.2 Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

5.4.3 Motor

Motor takaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

5.4.4 Engineering

Engineering insurance contracts primarily provide coverage for damages incurred to engineering projects, equipment, or machinery. In addition to compensating customers for property loss or damage, these contracts may also extend coverage to include reimbursement for financial losses resulting from the interruption of business operations due to the inability to use insured engineering assets (business interruption cover).

5.4.5 Miscellaneous

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

5.5 Contribution

5.5.1 Contribution income earned

Contribution written under a policy is recognized as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

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

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

Where contribution for a policy is payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

5.5.2 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the Insurance Rules, 2017.

5.5.3 Contribution due but unpaid - net

Contribution due but unpaid under takaful contracts 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 the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

CNC

5.6 Claims expense

Takaful claims are charged to PTF and 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 takaful contracts.

5.7 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto 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 a Takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date, in accordance with SECP circular no. 9 of 2016. Since no historical data is available, provision for IBNR claims has not been recorded. However, any claim reported before finalization of accounts will be considered as IBNR claim.

5.8 Retakaful contracts

5.8.1 Retakaful expense

Contribution ceded is recognized as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

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

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

5.8.2 Prepaid retakaful contribution ceded

The portion of retakaful contribution ceded not recognized as an expense as at year end is recognized as prepaid retakaful contribution ceded. Unrecognized portion is determined in the same manner as for unearned contribution reserve.

5.9 Retakaful recoveries against outstanding claims

Claims recoveries receivable from retakaful operator are recognized as an asset at the same time as 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.

5.10 Commission

5.10.1 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 takaful contribution revenue.

5.11 Rebate from retakaful operators

etc Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.

5.12 Wakala and Mudarib fee

The Operator manages the general takaful operations for the participants and charges 40% for fire and property, 40% for marine, aviation and transport, 35% for motor, 35% for engineering, 35% for miscellaneous and 20% for health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

The Operator also manages the Participants' investment as Mudarib and charges 50% of the investment / deposit income earned by the PTF as Mudarib's share.

5.13 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

5.14 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

5.15 Revenue recognition

5.15.1 Participants' takaful fund

Contribution

The revenue recognition policy for contributions is given under note 5.5.1

Rebate from retakaful operators

The revenue recognition policy for rebate from Re-takaful operators is given under note 5.11

5.15.2 Operator's fund

The revenue recognition policy for wakala fee is given under note 5.12

5.15.3 Participants' takaful fund / Operator's fund

Investment income

Profit on investments, return on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

5.16 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 5.4

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

5/12

5.17 Financial instruments

Financial assets and financial liabilities are recognized when the Operator becomes a party to the contractual provisions of the instrument and derecognized when the Operator 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 investments, accrued investment income, takaful / retakaful receivables, receivable from PTF, cash and bank deposits, payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

5.18 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 Operator intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

5.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

5.20 Taxation

The profit of the Operator is taxed as part of total profit of the East West Insurance Company Limited as the Operator is not separately registered for tax purposes.

5.21 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak 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.

5.22 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

5.23 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 Operator.

Provisions are recognised when the Operator / PTF 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 will be reviewed at each balance sheet date and will be adjusted to reflect the current estimate.

6 PROPERTY AND EQUIPMENT

December 31, 2024							
Cost			Accumulated depreciation			Written down value	Depreciation rate %
As at January 1, 2024	Addition during the period	As at December 31, 2024	As at January 1, 2024	Depreciation for the period	As at December 31, 2024		
-----Rupees-----							
10,000,000	-	10,000,000	1,922,813	403,859	2,326,672	7,673,328	5%
2,300,000	-	2,300,000	1,467,829	166,434	1,634,263	665,737	20%
12,300,000	-	12,300,000	3,390,642	570,293	3,960,935	8,339,065	

December 31, 2023							
Cost			Accumulated depreciation			Written down value	Depreciation rate %
As at January 1, 2023	Addition during the period	As at December 31, 2023	As at January 1, 2023	Depreciation for the period	As at December 31, 2023		
-----Rupees-----							
10,000,000	-	10,000,000	1,497,698	425,115	1,922,813	8,077,187	5%
2,300,000	-	2,300,000	1,259,786	208,043	1,467,829	832,171	20%
12,300,000	-	12,300,000	2,757,484	633,158	3,390,642	8,909,358	

7 INVESTMENT PROPERTY

December 31, 2024							
Cost			Accumulated depreciation			Written down value	Depreciation rate %
As at January 1, 2024	Addition during the period	As at December 31, 2024	As at January 1, 2024	Depreciation for the period	As at December 31, 2024		
----- Rupees -----							
38,000,000	-	38,000,000	7,781,818	1,510,911	9,292,729	28,707,271	5%
38,000,000	-	38,000,000	7,781,818	1,510,911	9,292,729	28,707,271	

December 31, 2023							
Cost			Accumulated depreciation			Written down value	Depreciation rate %
As at January 1, 2023	Addition during the period	As at December 31, 2023	As at January 1, 2023	Depreciation for the period	As at December 31, 2023		
----- Rupees -----							
38,000,000	-	38,000,000	6,191,390	1,590,428	7,781,818	30,218,182	5%
38,000,000	-	38,000,000	6,191,390	1,590,428	7,781,818	30,218,182	

	Operator's Fund		Participant's Takaful Fund	
	2024	2023	2024	2023
	-----Rupees-----			
8 ACCRUED INVESTMENT INCOME				
Income accrued on savings account	21,221	579	34,831	12,478
	<u>21,221</u>	<u>579</u>	<u>34,831</u>	<u>12,478</u>
9 QARD-E-HASNA TO PARTICIPANT'S TAKAFUL FUND (PTF)				
Opening balance			18,150,000	18,150,000
Qard-e-hasna transferred from Operator Fund			19,000,000	-
Closing balance			<u>37,150,000</u>	<u>18,150,000</u>
10 TAKAFUL / RE-TAKAFUL RECEIVABLES (PTF)				
Participants' Takaful Fund				
Due from takaful participant holders			137,221,937	131,996,747
Due from other takaful / re-takaful operators			346,172,228	265,644,073
			<u>483,394,165</u>	<u>397,640,820</u>
11 RECEIVABLE FROM PTF / PAYABLE TO OPF				
Other receivable / payable	245,382,714	233,997,409	(244,882,714)	(233,497,409)
	<u>245,382,714</u>	<u>233,997,409</u>	<u>(244,882,714)</u>	<u>(233,497,409)</u>
12 TAXATION - PAYMENT LESS PROVISION				
Tax deducted at source	-	-	32,612	5,266
13 ADVANCE AGAINST PURCHASE OF PROPERTY				
13.1 This represents advance payments made to East West Insurance Company Limited. Against purchase of office premises i.e. Ali tower, 4th floor Gulberg, Lahore.				
	Operator's Fund		Participants Takaful Fund	
	2024	2023	2024	2023
	-----Rupees-----			
14 PREPAYMENTS				
Prepaid retakaful contribution ceded	-	-	56,552,324	55,949,679
Other prepayments	60,000	36,000	-	-
	<u>60,000</u>	<u>36,000</u>	<u>56,552,324</u>	<u>55,949,679</u>
15 CASH AND BANK				
Cash and cash equivalents				
Policy stamps	-	-	136,967	155,217
Cash at bank				
Current accounts	-	-	-	-
Savings accounts	15.1 107,799	56,524	1,157,806	1,205,599
	<u>107,799</u>	<u>56,524</u>	<u>1,294,773</u>	<u>1,360,816</u>
15.1 These represent profit and loss sharing accounts carrying profit rates ranging from 5% to 8% (2023: 4.75% to 7.60%) per annum.				

			Operator's Fund		Participants Takaful Fund	
			2024	2023	2024	2023
16	TAKAFUL / RETAKAFUL PAYABLE (PTF)	Note	-----Rupees-----			
	Participants' Takaful Fund					
	Due to other takaful / re-takaful					
	Local				6,420,142	8,219,900
					6,420,142	8,219,900
17	OTHER CREDITORS AND ACCRUALS					
	Salaries payable		1,265,314	494,318	-	-
	Staff provident fund		111,926	108,152	-	-
	Commission payable		36,421,277	14,274,383	-	-
	Withholding tax payable		83,206	28,020	-	-
	Accrued expenses		2,035,095	1,969,555	3,049,103	1,015,004
			39,916,818	16,874,428	3,049,103	1,015,004
18	TAXATION - NET					
	Provision for income tax		30,792,593	22,167,873		
	Less: Advance tax		11,300	5,492		
			30,781,293	22,162,381		
19	PAYABLE TO EAST WEST INSURANCE COMPANY LIMITED (OPF)					
	Payable to East West Insurance					
	Insurance Company Limited (OPF)	19.1	32,184,188	2,712,502	-	-
19.1	This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.					
20	CONTINGENCIES AND COMMITMENTS					
	There were no contingencies and commitments outstanding as at December 31, 2024 (December 31, 2023: Nil).					
					December 31, 2024	December 31, 2023
		Note	-----Rupees-----			
21	NET TAKAFUL CONTRIBUTION					
	Written gross contribution				804,914,890	599,588,509
	Wakala fee	25			(292,896,109)	(199,565,525)
	Contribution net of wakala				512,018,781	400,022,984
	Unearned contribution reserve - Opening				211,265,458	140,294,281
	Unearned contribution reserve - Closing				(241,339,836)	(211,265,458)
	Contribution earned				481,944,403	329,051,807
	Less:					
	Re-takaful contribution ceded				200,686,818	187,219,794
	Prepaid retakaful contribution ceded - Opening				55,949,679	65,983,521
	Prepaid retakaful contribution ceded - Closing				(56,552,324)	(55,949,679)
	Retakaful expense				200,084,173	197,253,636
					281,860,230	131,798,171
22	NET TAKAFUL CLAIMS					
	Claim expense / paid				593,631,492	304,825,824
	Outstanding claims-opening				(42,875,000)	(42,875,000)
	Outstanding claims-closing				146,752,248	42,875,000
	Claim expense				697,508,740	304,825,824
	Recoveries and other recoveries received				320,354,053	155,345,080
	Add: Retakaful and other recoveries in respect of outstanding claim-closing				122,591,904	39,931,939
	Less: Retakaful and other recoveries in respect of outstanding claim-opening				(39,931,939)	(39,931,939)
					403,014,018	155,345,080
					294,494,722	149,480,744

CVE

	December 31, 2024	December 31, 2023
	-----Rupees-----	
23 RETAKAFUL REBATE		
Retakaful rebate received	29,052,084	21,652,972
Unearned retakaful rebate - Opening	6,690,327	8,520,696
Unearned retakaful rebate - Closing	(9,886,236)	(6,690,327)
Rebate from takaful operator	<u>25,856,175</u>	<u>23,483,341</u>
24 COMMISSION EXPENSE		
	Operators' Fund	
Commission paid	186,000,933	120,116,427
Deferred commission expense - Opening	40,783,541	32,875,584
Deferred commission expense - Closing	(51,837,136)	(40,783,541)
	<u>174,947,338</u>	<u>112,208,470</u>
25 WAKALA EXPENSE		
	Participants' Takaful Fund	
Gross wakala fee	304,966,783	225,535,135
Deferred wakala expense - Opening	78,570,782	52,601,172
Deferred wakala expense - Closing	(90,641,456)	(78,570,782)
Deferred wakala expense	<u>292,896,109</u>	<u>199,565,525</u>
25.1	The Operator manages the general takaful operations for the Participants' and charges 40% for fire, 35% for motor, 40% for marine and 35% for engineering, 35% for miscellaneous, 20% for health classes, of gross contribution including administrative surcharges as wakala fee against the services.	
	December 31, 2024	December 31, 2023
	-----Rupees-----	
26 MANAGEMENT EXPENSES		
	Operators' Fund	
Salaries, allowances and employee benefit	8,108,684	6,926,812
Depreciation expenses	2,081,204	2,223,588
Office rent and maintenance	15,765	-
Shariah registrar fees	1,800,000	1,800,000
Bank charges	1,130	3,487
	<u>12,006,783</u>	<u>10,953,887</u>
27 OTHER EXPENSES		
	Operators' Fund	
Auditor's remuneration	972,800	694,000
	<u>972,800</u>	<u>694,000</u>
	Participants' Fund	
Return on bank balances		
- Return on saving Accounts	<u>204,665</u>	<u>45,318</u>
28 MODARIB'S FEE		
Modarib's fee on investment income	<u>102,333</u>	<u>22,659</u>
28.1	The Operator manages the participants' investments as a Modarib and charges 50% (2023: 50%). Modarib's share of the investment income (including profit on bank balances) earned by the PTF.	
29 Return on bank balances		
- Return on saving Accounts	59,871	33,025
Total investment income	<u>59,871</u>	<u>33,025</u>

CVE

30 SEGMENT REPORTING

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
-----December 31, 2024-----						
-----Rupees-----						
Wakala fee earned	113,632,931	59,982,504	68,856,151	44,247,879	6,176,644	292,896,109
Commission expense	(60,466,717)	(43,106,835)	(42,308,942)	(25,857,115)	(3,207,729)	(174,947,338)
Management expenses	(4,658,191)	(2,458,882)	(2,822,642)	(1,813,867)	(253,201)	(12,006,783)
Underwriting results	<u>48,508,023</u>	<u>14,416,787</u>	<u>23,724,567</u>	<u>16,576,897</u>	<u>2,715,714</u>	<u>105,941,988</u>
Mudarib's share of PTF investment income						102,333
Direct expenses						(972,800)
Investment income						59,871
Rental income						<u>2,911,152</u>
Profit before tax						<u>108,042,544</u>
Taxation						<u>(30,792,593)</u>
Profit after tax						<u>77,249,951</u>
Corporate segment assets	22,966,176	3,519,928	15,782,405	8,656,688	911,939	51,837,136
Corporate unallocated assets						<u>430,768,070</u>
Total assets						<u>482,605,206</u>
Corporate segment liabilities	43,153,504	6,226,603	25,916,043	13,976,348	1,368,958	90,641,456
Corporate unallocated liabilities						<u>102,882,299</u>
Total liabilities						<u>193,523,755</u>

CHE

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
-----December 31, 2023-----						
-----Rupees-----						
Wakala fee earned	85,194,437	31,201,236	45,437,514	30,920,526	6,811,812	199,565,525
Commission expense	(47,462,923)	(18,149,238)	(27,108,648)	(15,548,957)	(3,938,704)	(112,208,470)
Management expenses	(4,676,210)	(1,712,594)	(2,494,005)	(1,697,187)	(373,891)	(10,953,887)
Underwriting results	<u>33,055,304</u>	<u>11,339,404</u>	<u>15,834,861</u>	<u>13,674,382</u>	<u>2,499,217</u>	<u>76,403,168</u>
Mudarib's share of PTF						22,659
investment income						
Direct expenses						(694,000)
Investment income						33,025
Rental income						2,639,625
Profit before tax						<u>78,404,477</u>
Taxation						<u>(22,167,873)</u>
Profit after tax						<u>56,236,604</u>
Corporate segment assets	16,103,787	3,339,642	13,069,524	6,696,288	1,574,300	40,783,541
Corporate unallocated assets						291,368,052
Total assets						<u>332,151,593</u>
Corporate segment liabilities	30,954,082	6,068,885	22,842,047	14,685,688	4,020,080	78,570,782
Corporate unallocated liabilities						41,749,311
Total liabilities						<u>120,320,093</u>

GR

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
-----December 31, 2024----- -----Rupees-----						
Written gross contribution including administrative surcharge	314,580,882	150,350,557	205,514,705	124,395,826	10,072,920	804,914,890
Gross direct contribution	38,856,764	53,926,784	56,963,955	74,842,330	633,395	225,223,228
Facultative inward contribution	274,003,281	93,978,425	146,059,460	45,811,343	9,412,332	569,264,841
Administrative surcharge	1,720,837	2,445,348	2,491,290	3,742,153	27,193	10,426,821
Wakala Fee	(113,632,931)	(59,982,504)	(68,856,151)	(44,247,879)	(6,176,644)	(292,896,109)
Contribution earned	170,449,396	89,973,758	127,875,707	82,174,632	11,470,910	481,944,403
Retakaful expense	(76,601,176)	(36,152,108)	(26,464,666)	(54,115,749)	(6,750,474)	(200,084,173)
Net takaful contribution	93,848,220	53,821,650	101,411,041	28,058,883	4,720,436	281,860,230
Retakaful rebate earned	9,904,101	5,151,003	4,495,930	5,713,755	591,386	25,856,175
Net underwriting income	103,752,321	58,972,653	105,906,971	33,772,638	5,311,822	307,716,405
Takaful claims	(170,355,133)	(105,021,045)	(108,985,175)	(197,528,611)	(11,741,528)	(593,631,492)
Outstanding claims - opening	42,875,000	-	-	-	-	42,875,000
Outstanding claims - closing	(118,477,256)	(9,790,718)	(6,053,634)	(11,752,692)	(677,948)	(146,752,248)
Takaful claims expenses	(245,957,389)	(114,811,763)	(115,038,809)	(209,281,303)	(12,419,476)	(697,508,740)
Takaful claims recovered from retakaful	82,656,579	53,124,299	15,938,841	159,404,671	9,229,663	320,354,053
claims - opening	(39,931,939)	-	-	-	-	(39,931,939)
claims - closing	106,699,654	5,091,173	847,509	9,519,681	433,887	122,591,904
Takaful claims recoveries from retakaful	149,424,294	58,215,472	16,786,350	168,924,352	9,663,550	403,014,018
Net claims	(96,533,095)	(56,596,291)	(98,252,459)	(40,356,951)	(2,755,926)	(294,494,722)
Direct expenses	(20,911)	-	-	-	-	(20,911)
Surplus/(Deficit) before investment income	7,198,315	2,376,362	7,654,512	(6,584,313)	2,555,896	13,200,772
Investment income						204,665
Modarib's share of investment income						(102,333)
Surplus transferred to accumulated surplus						13,303,104
Corporate segment assets	266,377,303	140,610,454	199,843,395	128,422,027	17,926,670	753,179,849
Corporate unallocated assets						1,362,216
Total assets						754,542,065
Segment Liabilities	143,023,704	75,496,777	107,300,217	68,952,548	9,625,215	404,398,462
Unallocated Liabilities						247,931,817
						652,330,279

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
-----December 31, 2023-----						
-----Rupees-----						
Written gross contribution including administrative surcharge	225,499,136	88,084,016	143,830,790	112,526,389	29,648,178	599,588,509
Gross direct contribution	15,319,406	32,423,013	31,708,407	68,186,447	18,099,964	165,737,237
Facultative inward contribution	209,584,836	54,039,788	110,548,928	40,948,279	10,885,875	426,007,706
Administrative surcharge	594,894	1,621,215	1,573,455	3,391,663	662,339	7,843,566
Wakala Fee	(85,194,437)	(31,201,236)	(45,437,514)	(30,920,526)	(6,811,812)	(199,565,525)
Contribution earned	127,791,656	46,801,855	84,383,952	57,423,835	12,650,509	329,051,807
Retakaful expense	(99,105,622)	(36,487,747)	(14,189,426)	(39,331,446)	(8,139,395)	(197,253,636)
Net takaful contribution	28,686,034	10,314,108	70,194,526	18,092,389	4,511,114	131,798,171
Retakaful rebate earned	13,031,258	4,664,369	1,046,841	3,733,144	1,007,729	23,483,341
Net underwriting income	41,717,292	14,978,477	71,241,367	21,825,533	5,518,843	155,281,512
Takaful claims	(138,361,020)	(37,461,586)	(66,899,815)	(53,231,621)	(8,871,782)	(304,825,824)
Outstanding claims - opening	42,875,000	-	-	-	-	42,875,000
Outstanding claims - closing	(42,875,000)	-	-	-	-	(42,875,000)
Takaful claims expenses	(138,361,020)	(37,461,586)	(66,899,815)	(53,231,621)	(8,871,782)	(304,825,824)
Takaful claims recovered from retakaful	72,149,624	28,009,821	11,340,975	38,517,082	5,327,578	155,345,080
Retakaful recoveries against outstanding claims - opening	(39,931,939)	-	-	-	-	(39,931,939)
Retakaful recoveries against outstanding claims - closing	39,931,939	-	-	-	-	39,931,939
Takaful claims recoveries from retakaful	72,149,624	28,009,821	11,340,975	38,517,082	5,327,578	155,345,080
Net claims	(66,211,396)	(9,451,765)	(55,558,840)	(14,714,539)	(3,544,204)	(149,480,744)
Direct expenses	(753)	-	-	-	-	(753)
Surplus/(Deficit) before investment income	(24,494,857)	5,526,712	15,682,527	7,110,994	1,974,639	5,800,015
Investment income						45,318
Modarib's share of investment income						(22,659)
Surplus transferred to accumulated surplus						5,822,674
Corporate segment assets	222,180,029	81,370,238	146,710,900	99,837,734	21,994,319	572,093,220
Corporate unallocated assets						1,378,560
Total assets						573,471,780
Segment Liabilities	104,489,420	38,267,747	68,996,917	46,952,856	10,343,745	269,050,685
Unallocated Liabilities						234,512,413
						503,563,098

31 RELATED PARTY TRANSACTION

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 are as follows:

	Relationship with the Company	Basis of Relationship	2 0 2 4 -----Rupees-----	2 0 2 3
Loan received from East West Insurance Company Limited	Window Takaful Operator	Management Company	29,471,686	(4,775,508)
Remuneration Paid	Services	Key Management Personnel	2,400,000	2,100,000
Year end balances				
Payable to related parties				
East West Insurance Company Limited			32,184,188	2,712,502
Key management personal			650,000	250,000
			<u>32,834,188</u>	<u>2,962,502</u>

32 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

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

32.1 Takaful risk

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is that the occurrence of the covered events and the severity of reported claims. The Operator'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 Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful 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 guidelines, if required.

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

Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy re-takaful arrangements and proactive claim handling procedures.

The Operator class wise major risk exposure is as follows:

Fire and property damage
Marine, aviation and transport
Engineering
Motor
Miscellaneous

CME

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

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

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Claims development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

32.1.1 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant. Sensitivity analysis is not presented as there is no claim payable by the Operator as at the reporting date.

32.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fail to meet the obligation under the retakaful agreements.

Rating	2024			2023		
	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding	Other Retakaful assets	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding	Other Retakaful assets
A or above (including PRCL)	346,172,228	-	56,552,324	265,644,073	-	55,949,679

32.3 Credit risk

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

32.3.1 Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	2024			2023		
	Operator's Fund	Participants' Fund	Aggregate	Operator's Fund	Participants' Fund	Aggregate
	-----Rupees-----			-----Rupees-----		
Accrued investment income	21,221	34,831	56,052	579	12,478	13,05
Takaful / retakaful receivables	-	483,394,165	483,394,165	-	397,640,820	397,640,82
Retakaful recoveries against outstanding claims	-	122,591,904	122,591,904	-	39,931,939	39,931,939
Receivable from PTF	245,382,714	-	245,382,714	233,997,409	-	233,997,40
Cash and bank	107,799	1,294,773	1,402,572	56,524	1,360,816	1,417,34
	<u>245,511,734</u>	<u>607,315,673</u>	<u>852,827,407</u>	<u>234,054,512</u>	<u>438,946,053</u>	<u>673,000,565</u>

32.3.2 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 Operator'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 Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the banks with which Operator has balances can be assessed with reference to external credit ratings.

32.4 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, receivables of Rs. Nil were provided for or impaired.

32.5 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

me

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

Operator's Fund	December 31, 2024			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
-----Rupees-----				
Financial liabilities				
Other creditors and accruals Payable to East West Insurance Company Limited	39,833,612	39,833,612	39,833,612	-
	32,184,188	32,184,188	32,184,188	-
	72,017,800	72,017,800	72,017,800	-

Operator's Fund	December 31, 2023			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
-----Rupees-----				
Financial liabilities				
Other creditors and accruals Payable to East West Insurance Company Limited	16,846,408	16,846,408	16,846,408	-
	2,712,502	2,712,502	2,712,502	-
	19,558,910	19,558,910	19,558,910	-

Participants' Fund	December 31, 2024			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
-----Rupees-----				
Financial liabilities				
Payable to OPF	244,882,714	244,882,714	244,882,714	-
Other creditors and accruals	3,049,103	3,049,103	3,049,103	-
	247,931,817	247,931,817	247,931,817	-

Participants' Fund	December 31, 2023			
	Carrying amount	Contractual cash flows	Upto one year	Over one year
-----Rupees-----				
Financial liabilities				
Payable to OPF	233,497,409	233,497,409	233,497,409	-
Other creditors and accruals	1,015,004	1,015,004	1,015,004	-
	234,512,413	234,512,413	234,512,413	-

32.6 Market risk

cr

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

32.6.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

32.6.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from Term Deposits. The information about the exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2024			2023		
	Operator's Fund	Participants' Fund	Aggregate	Operator's Fund	Participants' Fund	Aggregate
	-----Rupees-----			-----Rupees-----		
Variable rate instruments						
Financial assets	107,799	1,294,773	1,402,572	56,524	1,360,816	1,417,340
	<u>107,799</u>	<u>1,294,773</u>	<u>1,402,572</u>	<u>56,524</u>	<u>1,360,816</u>	<u>1,417,340</u>

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts , the profit rate on which range between 5% to 8% (2023: 4.75% to 7.60%)

An increase of 100 basis points in profit rates would have increased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

Operator's Fund	Profit / (loss) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease

As at December 31, 2024
Sensitivity

1,078 (1,078) 1,078 (1,078)

As at December 31, 2023
Sensitivity

565 (565) 565 (565)

Participants' Fund	Surplus / (deficit) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease

As at December 31, 2024
Sensitivity

11,578 (11,578) 11,578 (11,578)

As at December 31, 2023
Sensitivity

12,056 (12,056) 12,056 (12,056)

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

CME

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

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

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

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

32.6.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operator is not exposed to any such risk.

33 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Operator 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 Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

34 STATEMENT OF SOLVENCY -PTF

ASSETS

Accrued Investment Income
Retakaful recoveries against outstanding claims
Takaful/ retakaful receivable
Taxation deducted at source
Deferred Wakala expense
Prepayments
Bank balances

Total Assets (A)

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Takaful/ retakful receivable

Total In-admissible Assets (B)

Total Admissible Assets (C=A-B)

LIABILITIES

PTF Underwriting provisions

Outstanding claims (including IBNR)
Unearned contribution reserve
Unearned retakaful rebate

Payable to OPT
Takaful / retakaful payable
Other creditors and accruals

Total Liabilities (D)

Total Net Admissible Assets (E=C-D)

Participant Takaful Fund

December 31, 2024 **December 31, 2023**

34,831 12,478
122,591,904 39,931,939
483,394,165 397,640,820
32,612 5,266
90,641,456 78,570,782
56,552,324 55,949,679
1,294,773 1,360,816

754,542,065 573,471,780

100,972,978 68,209,204

100,972,978 68,209,204

653,569,087 505,262,576

146,752,248 42,875,000
241,339,836 211,265,458
9,886,236 6,690,327

244,882,714 233,497,409
6,420,142 8,219,900
3,049,103 1,015,004

652,330,279 503,563,098

1,238,808 1,699,478

SW

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of 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. Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.



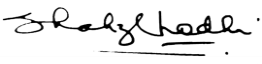
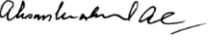

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Operator.

38 GENERAL

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

CNC

				
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE CO., LIMITED
Pattern of Shareholdings
As At December 31, 2024

Number of Shareholders	Shareholdings		Share Held	Percentage
	From	To		
44	1	200	2,160	0.0008
178	201	500	62,106	0.0243
7	501	1,000	4,612	0.0018
8	1,001	5,000	17,613	0.0069
4	5,001	10,000	26,109	0.0102
4	10,001	30,000	78,421	0.0306
9	30,001	40,000	302,535	0.1182
6	40,001	50,000	264,773	0.1035
6	50,001	100,000	430,581	0.1683
4	2,000,001	3,000,000	7,518,928	2.9385
2	3,000,001	5,000,000	8,337,060	3.2582
4	6,000,001	8,000,000	26,135,414	10.2140
2	8,000,001	9,000,000	17,331,004	6.7732
6	9,000,001	11,000,000	60,495,065	23.6422
1	11,000,001	14,000,000	13,853,228	5.4140
1	14,000,001	15,000,000	14,729,853	5.7566
1	15,000,001	16,000,000	15,980,147	6.2452
1	16,000,001	23,000,000	22,014,395	8.6035
1	23,000,001	29,000,000	68,293,991	26.6901
289			255,877,995	100.0000

Categories Of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor children	14	107,195,366	41.8932
Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba	2	68,304,887	26.6943
Individual	273	80,377,742	31.4125
Total	289	255,877,995	100.0000

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
<u>Associated Company</u>			
M/s. East West Holding Company Ltd.	1	68,293,991	26.6901
<u>CEO, Directors, their Spouses and Minor Children</u>			
Javed Yunus	1	8,695,545	3.3983
Pervez Yunus	1	10,699,086	4.1813
Naved Yunus	1	14,729,853	5.7566
Saad Yunus	1	9,437,458	3.6883
Urooj Yunus Ansari	1	6,097,866	2.3831
Umeed Ansari	1	2,719	0.0011
Ahsan Mahmood Alvi	1	2,469	0.0010
Shahzad Farooq Lodhi	1	695	0.0003
Rizwan Ali Dodani	1	632	0.0002
Ambreen N. Yunus	1	22,014,395	8.6035
Rubina J. Yunus	1	15,980,147	6.2452
Samina P. Yunus	1	9,156,686	3.5785
Amna yunus	1	10,377,183	4.0555
Aman Shah	1	632	0.0002
Individual	274	80,388,638	31.4168
Total	289	255,877,995	100.0000