

DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Board of Directors of East West Life Assurance Company Limited are pleased to present the unaudited accounts for the period ended September 30, 2011.

The after tax loss for the period ended September 30, 2011 amounts to (Rs.19,227,688) compared to the loss of (Rs.19,418,263) during the corresponding period of 2010. This after tax loss has been calculated after taking into account the results of both Shareholders' Fund and Statutory Funds as detailed hereunder:

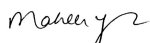
	January to September		July to September	
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
OPERATING INCOME				
Premium Less Reinsurances	132,630,608	123,098,925	39,650,693	39,731,713
Net Investment Income	12,288,012	31,159,711	1,860,214	5,518,260
Total Net Income	144,918,620	154,258,636	41,510,907	45,249,973
OPERATING EXPENSES				
Claims, Including Bonuses, Net of Reinsurance Recoveries	91,670,090	74,948,481	26,515,139	23,815,456
Management Expenses Less Recoveries	59,957,542	74,193,587	18,754,323	24,202,999
Total Claims & Expenditure	151,627,632	149,142,068	45,269,462	48,018,455
Excess of Income Over Claims and Expenditure	(6,709,012)	5,116,568	(3,758,555)	(2,768,482)
Movement in Policyholder's Liability	(10,813,453)	(23,059,457)	(856,829)	(6,093,161)
Loss Before Taxation	(17,522,465)	(17,942,889)	(4,615,384)	(8,861,643)
Taxation	(1,705,223)	(1,475,374)	(454,157)	(501,466)
Loss After Taxation	(19,227,688)	(19,418,263)	(5,069,541)	(9,363,109)

As shown above, the 3rd quarter of 2011 has fared much better as compared to the corresponding period of 2010. The company's overall loss after taxation has reduced in 2011 by nearly Rs. 4.3 million or 46% when comparing the three months from July to September of 2011 and 2010. Moreover, increase in claims of more than 22%, primarily as a result of increase in health insurance claims due to inflation-related rate revisions by hospitals, has mainly contributed to the loss amount during the first 9 months of 2011. The company's overall loss after tax, after taking into account movement in policyholders' liability and impact of taxation, reached a little more than Rs. 19.22 million compared to a loss of Rs. 19.42 million last year. On a positive side, our net premium has increased by 7.7% from Rs. 123.1 million in 2010 to approximately Rs. 132.63 million in the current year. Moreover, the strict expense control policy being implemented by the management also resulted in substantial reduction in expenses by more than 19% in 2011 as compared to the previous year. The impact of the premium increase and expense decrease has partially negated the impact of the higher claims experienced by the company during the 9 month of 2011.

Your company continues to closely monitors the market situation and believes that its business model and product risk management practice, coupled with a strong customer based and deep client relationship will give it a sustainable long term competitive advantage. The company always aggressively pursues new opportunities and ensures adequate internal preparedness to take maximum advantage of such opportunities.

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

For and on behalf of the Board of Directors,



Maheen Yousaf, CPCU
Managing Director & Chief Executive

Karachi: October 28, 2011