



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDING SEPTEMBER 30, 2011**

1. STATUS AND NATURE OF BUSINESS

East West Life Assurance Company Limited (the company) was incorporated in Pakistan on August 18, 1992 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on Karachi Stock Exchange. The company commenced life insurance operations on February 22, 1993 after registration with Controller of Insurance on February 14, 1993. The address of its registered and principal office is 57 Regal Plaza, M.A. Jinnah Road, Quetta and 310 EFU House, M.A. Jinnah Road Karachi, respectively. The company is engaged in life insurance carrying on participatory and non-participatory business. In accordance with the requirements of Insurance Ordinance, 2000, the company has established shareholders' fund and following statutory funds in respect of its each class of life insurance business:

- Ordinary Life;
- Universal Life; and
- Accident and Health.

2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 (the Rules).

3. STATEMENT OF COMPLIANCE

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

SECP through notification vide SRO 150(I)/2009 dated February 13, 2009 allowed insurance companies to differ from the application of International Accounting Standard-39 (IAS 39) Financial Instruments: Recognition and Measurement in respect of valuation subsequent to initial recognition of investments available for sale. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, as aforesaid, have not been considered for the preparation of these financial statements.

4. BASIS OF MEASUREMENT

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are in line with the audited annual accounts for the year ended December 31st, 2010.



6. ANALYSIS OF ACCUMULATED SURPLUS/(DEFICIT) AS SHOWN IN BALANCE SHEET	Un-Audited	Audited
	Sept. 30, 2011	Dec. 31, 2010
	Rupees	Rupees
Accumulated Surplus/(Deficit) in Statement of Changes in Equity Ignoring Effect of Capital Transfers at Start of the Period	(102,777,370)	(105,971,054)
Add: Surplus in Profit and Loss Account for this Period	(10,076,115)	3,193,684
Accumulated Surplus in Statement of Changes in Equity Ignoring Effect of Capital Transfers at end of the Period	(112,853,485)	(102,777,370)
Less: Accumulated Net Capital Transfers in Statutory Funds	(264,970,426)	(250,720,426)
Total as Shown in Balance Sheet	(377,823,911)	(353,497,796)

7. MOVEMENTS IN EQUITY OF STATUTORY FUNDS	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accidental & Health	Un-Audited Sept. 30, 2011	Un-Audited Sept. 30, 2010
Policyholders' Liabilities	(Rupees)				
Balance at the Beginning of the Period	31,367,057	151,132,060	29,079,792	211,578,909	156,942,312
Increase/(Decrease) During the Period	(1,100,666)	20,720,480	(8,806,361)	10,813,453	23,059,457
Balance at the End of the Period	30,266,391	171,852,540	20,273,431	222,392,362	180,001,769
Capital Contributed by Shareholders' Fund					
Balance at the Beginning of the Period	123,220,426	100,700,000	26,800,000	250,720,426	199,620,426
Capital Contributed During the Period	5,000,000	6,000,000	3,250,000	14,250,000	-
Balance at the End of the Period	128,220,426	106,700,000	30,050,000	264,970,426	199,620,426
Accumulated Deficit					
Balance at the Beginning of the Period	(121,981,565)	(100,110,535)	(26,221,569)	(248,313,669)	(194,306,628)
Deficit Allocated in Respect of the Period	(5,180,173)	(6,486,562)	2,515,162	(9,151,573)	(29,765,697)
Balance at the End of the Period	(127,161,738)	(106,597,097)	(23,706,407)	(257,465,242)	(224,072,325)

8. INVESTMENTS

Note	Shareholders' Fund	Statutory Funds			Un-Audited Sept. 30, 2011	Audited December 31, 2010	
		Ordinary Life	Universal Life	Accidental & Health			
----- (Rupees) -----							
Government Securities	8.1	50,427,052	10,582,955	27,632,979	2,140,134	90,783,120	157,928,759
Other Fixed Income Securities	8.2	-	-	3,563,253	-	3,563,253	4,454,731
Listed Equities and Mutual Funds	8.3	30,431,648	-	-	-	30,431,648	31,762,452
		<u>80,858,700</u>	<u>10,582,955</u>	<u>31,196,232</u>	<u>2,140,134</u>	<u>124,778,021</u>	<u>194,145,942</u>

8.1 Government Securities

Held to Maturity

10 Years Pakistan Investment Bonds	5,000,000	-	-	-	5,000,000	5,000,000
10 Years Pakistan Investment Bonds	-	-	2,999,733	-	2,999,733	2,999,656
10 Years Pakistan Investment Bonds	-	-	590,940	-	590,940	587,583
10 Years Pakistan Investment Bonds	17,445,861	-	-	-	17,445,861	17,034,001
10 Years Pakistan Investment Bonds	-	-	-	-	-	-
10 Years Pakistan Investment Bonds	6,502,796	10,582,955	24,042,306	2,140,134	43,268,191	42,505,861
10 Years Pakistan Investment Bonds	15,850,749	-	-	-	15,850,749	15,826,682
10 Years Pakistan Investment Bonds	1,966,025	-	-	-	1,966,025	1,962,353
10 Years Pakistan Investment Bonds	3,661,621	-	-	-	3,661,621	3,632,915
Treasury Bills	-	-	-	-	-	68,379,708
	<u>50,427,052</u>	<u>10,582,955</u>	<u>27,632,979</u>	<u>2,140,134</u>	<u>90,783,120</u>	<u>157,928,759</u>

The particulars of investments are as follows:

	Amount in Rupees	Maturity	Principal Repayment	Coupon Percentage	Coupon Payment
Held to Maturity					
10 Years Pakistan Investment Bonds	5,000,000	April 2014	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	2,999,733	April 2014	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	590,940	October 2013	On Maturity	8%	Semi-Annually
10 Years Pakistan Investment Bonds	33,296,610	May 2016	On Maturity	9.6%	Semi-Annually
10 Years Pakistan Investment Bonds	43,268,191	June 2012	On Maturity	11%	Semi-Annually
10 Years Pakistan Investment Bonds	1,966,025	August 2018	On Maturity	12%	Semi-Annually
10 Years Pakistan Investment Bonds	3,661,621	July 2020	On Maturity	12%	Semi-Annually
	<u>90,783,120</u>				

8.2 Other Fixed Income Securities

	Shareholders' Fund	Statutory Funds			Un-Audited Sept. 30, 2011	Audited Dec. 31, 2010
		Ordinary Life	Universal Life	Accidental & Health		
----- (Rupees) -----						
Held to Maturity						
Term Finance Certificate						
Pakistan Mobile Communication Limited	-	-	3,563,253	-	3,563,253	4,454,731
	-	-	3,563,253	-	3,563,253	4,454,731

The particulars of investments are as follows:

	Number of Certificates	Maturity	Tenor	Rate of Return	Profit Payment
Term Finance Certificate					
Pakistan Mobile Communication Limited	1,060	2013	7 Years	15.46%	Half Yearly



Shareholders' Fund	Statutory Funds				
	Ordinary Life	Universal Life	Accidental & Health	Un-Audited Sept. 30, 2011	Audited Dec. 31, 2010
----- (Rupees) -----					
8.3 Listed Equities And Mutual Funds Available for Sale					
Listed Equities	4,663,830	-	-	4,663,830	11,011,731
Mutual Fund	25,767,818	-	-	25,767,818	21,357,110
Add: Provision/Reversal for Impairment in Value of Investment	-	-	-	-	(606,389)
	<u>30,431,648</u>	<u>-</u>	<u>-</u>	<u>30,431,648</u>	<u>31,762,452</u>

9. FIXED ASSETS

The detail of additions and deletions during the nine months ended September 30, 2011 are follows:

	September 30, 2011		September 30, 2010	
	Additions	Deletions	Additions	Deletions
Furniture and Fixture	-	-	283,250	-
Office Equipments	44,000	-	36,750	620,000
Computers	255,109	-	47,150	-
Vehicles Equipments	-	-	-	52,500
Vehicles	-	-	-	3,411,161
	<u>299,109</u>	<u>-</u>	<u>367,150</u>	<u>4,083,661</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

	September 30, 2011			December 31, 2010		
	Directors	Key Management Personnel	Associated Companies & Common Directorship	Directors	Key Management Personnel	Associated Companies & Common Directorship
Balances						
Premium Receivable	-	-	414,786	-	-	564,786
Investment	-	-	2,059,381	-	-	3,781,330
Transactions						
Premium Received	-	-	-	-	-	2,125,120
Premium Paid	-	-	360,463	-	-	730,676
Claims Paid	-	-	424,247	-	-	2,826,423
Investments	-	-	-	-	-	11,505,985
Underwriting Commission	-	-	-	-	-	454,960

11. DATE OF ISSUE

These financial statements are authorised for issue on October 28, 2011 by the Board of Directors of the Company.

 CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD Chairman	 MAHEEN YUNUS, CPCU Managing Director & Chief Executive	 JAVED YUNUS Director	 A.K.M. SAYEED Director
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