

60<sup>th</sup>



**THE PAKISTAN GENERAL INSURANCE CO. LTD.**

*Moving towards a better tomorrow*

## VISION STATEMENT

The Pakistan General Insurance Company Ltd is committed to provide quality insurance services by virtue of sound professionalism and risk management expertise in order to provide better coverage and satisfaction for its common and corporate customers.

## MISSION STATEMENT

Our aim is to provide cost effective insurance cover to our customers which is achieved by increasing the productivity of our employees.

We follow good governance and sound professionalism to become a well reputed and respected corporate entity in the eyes of government and society.

We strive to maintain a customer focused approach by ensuring that our services are delivered to the customer in time, according to the required specifications and within our stipulated cost.

## OBJECTIVES

Our overall objective is to produce consisting underwriting results by structuring exceptional programs and providing superior service and to grow our business every year.

This objective will be accomplished by creating a workplace where employees are challenged to improve our work product. We will strive to make certain that our people understand the link between their performance and the success of the company; that goals are established, responsibilities are given, and measurements are installed to ensure accountability across functions; and that we operate a company with integrity where mutual respect and teamwork are more than mere words.

In today's rapidly changing economic climate, we like to think of ourselves as both challenged and fortunate to be able to serve our insured in ways they have grown to trust us in the past. Our goal at the The Pakistan General Insurance Co. Ltd. is to do just that, as we strive for a better and brighter future.



## CONTENTS

VISION AND MISSION STATEMENT	1
COMPANY INFORMATION	3-7
NOTICE OF ANNUAL GENERAL MEETING	8
OPERATING AND FINANCIAL DATA	9-12
DIRECTORS' REPORT	13-18
STATEMENT OF COMPLIANCE	19
REVIEW REPORT	20
AUDITORS' REPORT	21
BALANCE SHEET	22-23
PROFIT AND LOSS ACCOUNT	24
CASH FLOW STATEMENT	25-26
STATEMENT OF CHANGES IN EQUITY	27
STATEMENT OF PREMIUM	28
STATEMENT OF CLAIMS	29
STATEMENT OF EXPENSES	30
STATEMENT OF INVESTMENT INCOME	31
NOTES TO THE ACCOUNTS	32-49
HEAD OFFICE & PRESIDENT'S OFFICE	50-51
BRANCHES NET WORK	52-56
PATTERN OF SHAREHOLDING	57-60
PROXY FORM	

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Ch. Manzoor Ahmed  
PSP (Retd)  
M.A, LLB: DTL: DLL

VICE CHAIRMAN

Mr. Nasir Ali  
ACII (London)

CHIEF EXECUTIVE & PRESIDENT

Ch. Zahoor Ahmed

DIRECTORS

Dr. Mahmud-ul-Haq  
Mr. Rehan Beg  
Ch. Mazhar Zahoor  
Mr. Usman Ali  
Ms. Tallat Zahoor

DIRECTOR & COMPANY SECRETARY

Ch. Muhammad Saleem

## COMPANY INFORMATION

### MANAGEMENT EXECUTIVES

Vice Chairman	Mr. Nasir Ali MBA. MSc.Ins. & Risk Mgmt (UK) ACII (London)
Chief Executive and President	Ch. Zahoor Ahmed
Director / Company Secretary	Ch. Muhammad Saleem
Joint President	Ch. Athar Zahoor
Director HR	Mr. Usman Ali
Executive Director	Major (Retd) Javed Sadiq
Executive Director	Mr. Muhammad Kashif ACCA
Chief Financial Officer	Mr. Javed Iqbal Khan
Chief General Manager	Ch. Ghulam Mustafa (B.A, L.L.B)
Advisor to CEO & General Manager	Major (Rtd) Munir A. Kazi
Sr. Vice President (Underwriting & Claims)	Mr. Malik Muhammad Asghar
Vice President (Re-Insurance)	Mr. M. Maqsood Piracha
<b>MARKETING AND DEVELOPMENT</b>	
Joint President (South Zone)	Raja Gul Saeed Ahmad Khan
General Manager (Lahore Zone I)	Sheikh Azmat Ali
General Manager (Lahore Zone II)	Ch. Habibullah
General Manager (Lahore Zone III)	Sheikh Muhammad Anwar
General Manager (Lahore Zone IV)	Mr. M.Saeed Khokhar
General Manager (North)	Mr. Malik Fazal Dad
General Manager (Multan Region)	Syed Fahim Waris
General Manager (Bahawalpur Region)	Ch. Muhammad Ali
Executive Vice President (Karachi)	Mr. Haroon Ghani Memon
Sr. Vice President (Hyderabad Region)	Mr. Muhammad Shafi Chundrigar
Vice President (Capital City Islamabad)	Mr. Raja Basit
Vice President (Quetta)	Mr. Ahsan-ul-Haq

## COMPANY INFORMATION

### AUDIT COMMITTEE

Mr. Rehan Beg	Chairman
Mr. Mazhar Zahoor	Member
Mr. Nasir Ali	Member

### INVESTMENT COMMITTEE

Ch. Zahoor Ahmad	Chairman
Major(R) Javed Sadiq	Member
Ms. Talat Zahoor	Member
Mr. Javed Iqbal Khan	Member

### RE-INSURANCE COMMITTEE

Mr. Nasir Ali	Chairman
Mr. Maqsood Piracha	Member
Mr. Abdul Majid	Member

### UNDERWRITING COMMITTEE

Mr. Malik Muhammad Asghar	Chairman
Mr. Zahid Iqbal Zia	Member
Mr. Muhammad Yousaf	Member
Mr. Muhammad Kashif	Member

### CLAIMS COMMITTEE

Major (Retd) Munir A Kazi	Chairman
Ch. Ghulam Mustafa	Member
Mr. Sarwar Chughtai	Member

## COMPANY INFORMATION

### AUDITORS

Kamran & Co.  
Chartered Accountants  
APT.No.A/2m Ingola Apartments,  
24-Jail Road, Lahore - Pakistan.  
Tel: 7581516 - 7571516  
Mob: 0321 - 5815516  
Fax: 7576336  
E-mail: fatah@brain.net.pk

### LEGAL ADVISORS

Mr. Javed Iqbal  
Advocate High Court Lahore.  
2nd Floor, Cooperative Bank House  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: 042 - 7242222 - 7231400  
Mob: 0300 - 9492009

Ch. Muhammad Maqsood Ahmad  
Advocate Supreme Court  
9 State Life Building, Bank Square  
The Mall Lahore.  
Tel: 042-7237097  
Mob: 0300 - 4249753

### TAX ADVISORS

Mr. Abdul Hameed Khan  
16 - A Link Faridkot Road  
Rashida Mansion  
Near A.G. Office  
Lahore  
Tel: 042 - 7351851

### SHARE REGISTRARS & CORPORATE CONSULTANTS

M/S Corplink (Pvt). Ltd  
Mr. Saleem Iqbal Khawaja  
Wing Arcade, 1-K, Commercial Area  
Model Town Lahore.  
Tel: 042 - 5839182, 5887262  
Fax: 042 - 5869037

COMPANY INFORMATION

REGISTERED/HEAD OFFICE

Co-operative Bank House  
5-Bank Square  
Shahrah-e-Quaid-e-Azam  
Post Box No. 1364, Lahore  
Tel: 042-7323569 - 7325382  
7324404 - 7352182  
Fax: 042 - 7230634  
E-mail: info@pgi.com.pk

PRINCIPAL OFFICE

**PGI HOUSE**  
5-A Bank Square, Lahore  
Tel: 042-7312992 - 7312962  
7113551-52  
Fax: 042 - 7312997 - 7113537

PRESIDENT'S OFFICE

Gardee Trust Building  
Thoronton Road, Lahore  
Tel: 042 - 7223224 - 7230892-94  
7310685 - 7310590  
Fax: 042 - 7230895



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on Monday, the 31<sup>st</sup> March 2008 at 11:00 a.m. at the Registered Office of the Company situated at Co-operative Bank House, 5 Bank Square Lahore to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on 30<sup>th</sup> April 2007;
2. To receive, consider and adopt the audited accounts of the company for the year ended 31<sup>st</sup> December 2007 together with Auditors and Directors Report thereon;
3. To appoint auditors of the company for the year 2008 and fix their remuneration. The board of directors has recommended the joint appointment of auditors including M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants and the present auditors M/s. Kamran & Co. Chartered Accountants who being eligible offer themselves for re-appointment.
4. To transact any other business with the permission of the Chairman.

By order of the board



[CH. MUHAMMAD SALEEM]  
Company Secretary

Date: 8th March 2008  
Lahore

### NOTES

1. The Share Transfer Books of the Company will remain closed from 24<sup>th</sup> March 2008 to 31<sup>st</sup> March 2008 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of corporation by representative. The instrument of proxy duly executed should be lodged at the Registered Office of the Company not later than 48 hours before the time of meeting.
3. A member, who has deposited his/her shares into Central Depository Company of Pakistan Ltd., must bring his/her participant's ID number and account/sub-account number along with original computerized national identity card or original Passport at the time of attending the meeting.
4. The shareholders are requested to notify the company of the change in their address, if any.
5. Members who have not yet submitted photocopy of their CNIC to the company, are requested to send the same at the earliest.

The Pakistan General Insurance Co. Ltd.

KEY FINANCIAL DATA [6 (SIX) YEARS AT GLANCE]

YEARS	2007	2006	2005	2004	2003	2002
	----- rupees in '000 -----					
<b>Financial results</b>						
<b>Equity</b>						
Paid-up capital	200,000	120,000	80,000	80,000	80,000	80,000
General reserves	25,000	6,000	1,000	1,000	1,000	1,000
Retained earnings	21,175	14,097	8,245	6,407	4,460	(9,036)
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
Underwriting provisions	120,919	84,534	39,780	21,025	28,740	15,124
Investments (at cost)	15,862	7,376	10,376	10,376	10,376	376
Tangible fixed assets (at book value)	151,124	159,378	105,427	66,788	70,792	37,888
Cash and cash equivalents	106,034	58,166	32,353	33,763	39,800	10,720
Short term prepayments, deposits, advances, and other receivables	5,083	473	19,765	32,460	27,718	25,797
<b>Total assets (book value)</b>	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
<b>Operating results</b>						
Gross premium	161,802	100,493	62,962	53,467	52,185	41,103
Net premium	70,935	41,300	24,906	20,067	27,894	24,096
Net claims paid	17,093	9,368	4,894	7,266	3,284	5,051
Underwriting profit	46,305	22,732	8,260	2,334	10,514	4,495
Investment income	2,606	800	144	37	24	33
Profit before tax	25,935	9,887	2,380	614	13,549	462
Income taxes	1,125	368	1,125	266	2,505	201
Profit after tax	24,811	9,519	1,225	348	11,044	261
Management expenses	17,532	12,937	17,889	17,514	16,421	16,268
Employees remuneration	13,063	11,186	9,737	8,812	8,750	8,653
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>
	<b>1,125</b>	<b>368</b>	<b>1,125</b>	<b>266</b>	<b>2,505</b>	<b>201</b>
	<b>24,811</b>	<b>9,519</b>	<b>1,225</b>	<b>348</b>	<b>11,044</b>	<b>261</b>
	<b>17,532</b>	<b>12,937</b>	<b>17,889</b>	<b>17,514</b>	<b>16,421</b>	<b>16,268</b>
	<b>13,063</b>	<b>11,186</b>	<b>9,737</b>	<b>8,812</b>	<b>8,750</b>	<b>8,653</b>
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>
	<b>1,125</b>	<b>368</b>	<b>1,125</b>	<b>266</b>	<b>2,505</b>	<b>201</b>
	<b>24,811</b>	<b>9,519</b>	<b>1,225</b>	<b>348</b>	<b>11,044</b>	<b>261</b>
	<b>17,532</b>	<b>12,937</b>	<b>17,889</b>	<b>17,514</b>	<b>16,421</b>	<b>16,268</b>
	<b>13,063</b>	<b>11,186</b>	<b>9,737</b>	<b>8,812</b>	<b>8,750</b>	<b>8,653</b>
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>
	<b>1,125</b>	<b>368</b>	<b>1,125</b>	<b>266</b>	<b>2,505</b>	<b>201</b>
	<b>24,811</b>	<b>9,519</b>	<b>1,225</b>	<b>348</b>	<b>11,044</b>	<b>261</b>
	<b>17,532</b>	<b>12,937</b>	<b>17,889</b>	<b>17,514</b>	<b>16,421</b>	<b>16,268</b>
	<b>13,063</b>	<b>11,186</b>	<b>9,737</b>	<b>8,812</b>	<b>8,750</b>	<b>8,653</b>
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>
	<b>1,125</b>	<b>368</b>	<b>1,125</b>	<b>266</b>	<b>2,505</b>	<b>201</b>
	<b>24,811</b>	<b>9,519</b>	<b>1,225</b>	<b>348</b>	<b>11,044</b>	<b>261</b>
	<b>17,532</b>	<b>12,937</b>	<b>17,889</b>	<b>17,514</b>	<b>16,421</b>	<b>16,268</b>
	<b>13,063</b>	<b>11,186</b>	<b>9,737</b>	<b>8,812</b>	<b>8,750</b>	<b>8,653</b>
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>
	<b>1,125</b>	<b>368</b>	<b>1,125</b>	<b>266</b>	<b>2,505</b>	<b>201</b>
	<b>24,811</b>	<b>9,519</b>	<b>1,225</b>	<b>348</b>	<b>11,044</b>	<b>261</b>
	<b>17,532</b>	<b>12,937</b>	<b>17,889</b>	<b>17,514</b>	<b>16,421</b>	<b>16,268</b>
	<b>13,063</b>	<b>11,186</b>	<b>9,737</b>	<b>8,812</b>	<b>8,750</b>	<b>8,653</b>
	<b>246,175</b>	<b>140,097</b>	<b>89,245</b>	<b>87,407</b>	<b>85,460</b>	<b>71,964</b>
	<b>120,919</b>	<b>84,534</b>	<b>39,780</b>	<b>21,025</b>	<b>28,740</b>	<b>15,124</b>
	<b>15,862</b>	<b>7,376</b>	<b>10,376</b>	<b>10,376</b>	<b>10,376</b>	<b>376</b>
	<b>151,124</b>	<b>159,378</b>	<b>105,427</b>	<b>66,788</b>	<b>70,792</b>	<b>37,888</b>
	<b>106,034</b>	<b>58,166</b>	<b>32,353</b>	<b>33,763</b>	<b>39,800</b>	<b>10,720</b>
	<b>5,083</b>	<b>473</b>	<b>19,765</b>	<b>32,460</b>	<b>27,718</b>	<b>25,797</b>
	<b>425,594</b>	<b>237,259</b>	<b>179,161</b>	<b>160,239</b>	<b>171,426</b>	<b>127,113</b>
	<b>161,802</b>	<b>100,493</b>	<b>62,962</b>	<b>53,467</b>	<b>52,185</b>	<b>41,103</b>
	<b>70,935</b>	<b>41,300</b>	<b>24,906</b>	<b>20,067</b>	<b>27,894</b>	<b>24,096</b>
	<b>17,093</b>	<b>9,368</b>	<b>4,894</b>	<b>7,266</b>	<b>3,284</b>	<b>5,051</b>
	<b>46,305</b>	<b>22,732</b>	<b>8,260</b>	<b>2,334</b>	<b>10,514</b>	<b>4,495</b>
	<b>2,606</b>	<b>800</b>	<b>144</b>	<b>37</b>	<b>24</b>	<b>33</b>
	<b>25,935</b>	<b>9,887</b>	<b>2,380</b>	<b>614</b>	<b>13,549</b>	<b>462</b>

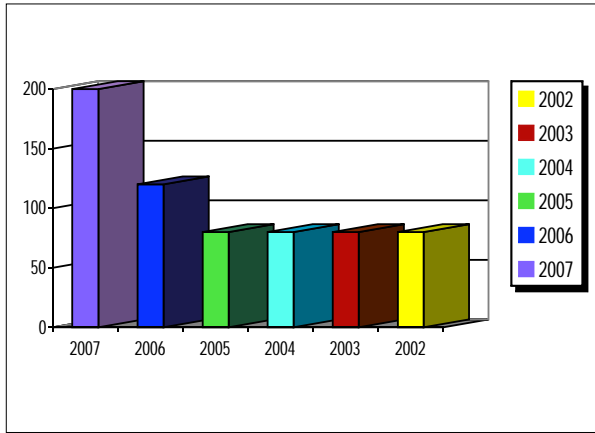
The Pakistan General Insurance Co. Ltd.

KEY FINANCIAL DATA [6 (SIX) YEARS AT GLANCE]

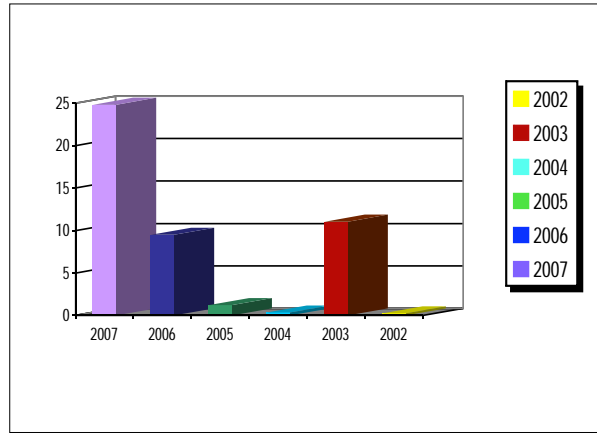
YEARS	2007	2006	2005	2004	2003	2002	
Liquidity and leverage ratios							
Current ratio	Time	7.01	5.36	2.57	2.82	2.89	1.79
Total assets turnover	Time	0.17	0.17	0.14	0.13	0.16	0.19
Fixed assets turnover	Time	0.47	0.26	0.24	0.30	0.39	0.64
Total liabilities to equity	Time	1.73	1.69	2.01	1.83	2.01	1.77
Return on capital employed	% age	6.32%	4.31%	1.42%	0.43%	8.80%	0.45%
Return on equity - before taxes paid	% age	10.54%	7.06%	2.67%	0.70%	15.85%	0.64%
Return on equity - after taxes paid	% age	10.08%	6.79%	1.37%	0.40%	12.92%	0.36%
Paid-up capital to total assets	% age	46.99%	50.58%	44.65%	49.93%	46.67%	62.94%
Equity to total assets	% age	57.84%	59.05%	49.81%	54.55%	49.85%	56.61%
Investment yield	% age	16.43%	10.85%	1.39%	0.36%	0.23%	8.78%
Liquid assets to total assets	% age	64.49%	40.63%	35.27%	49.89%	52.70%	69.57%
Liquid assets to fixed assets	% age	181.62%	48.87%	69.94%	139.92%	142.15%	235.50%

Six (6) Years at Glance

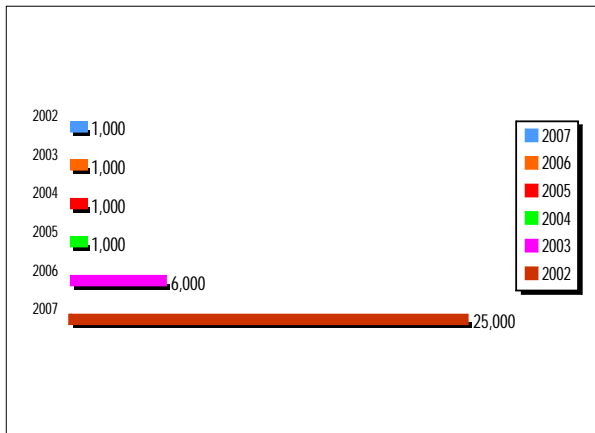
Paid Up Capital



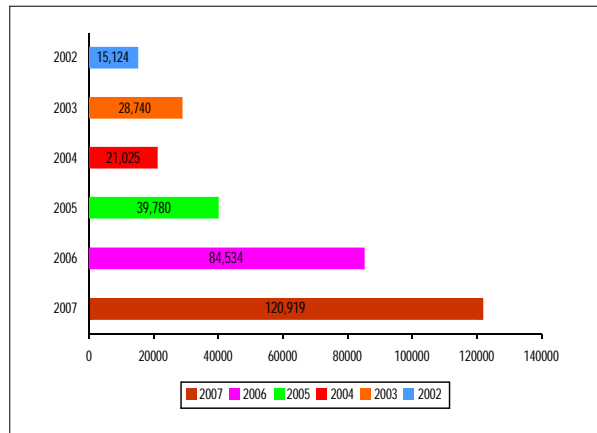
Profit after Tax



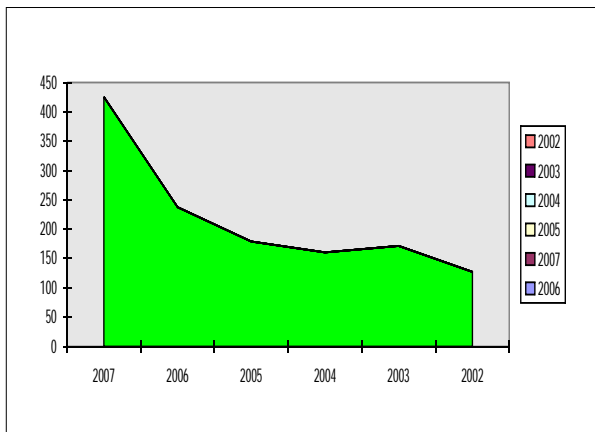
General & Capital Reserve



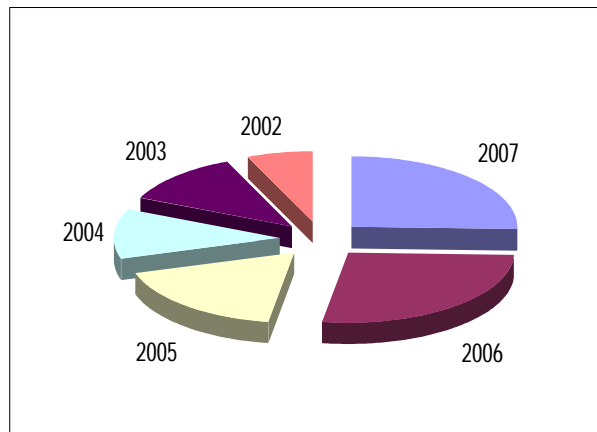
Underwriting Provisions



Total Assets

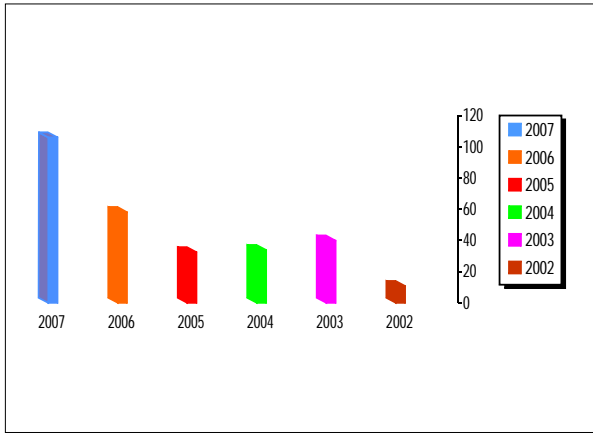


Tangible Fixed Assets

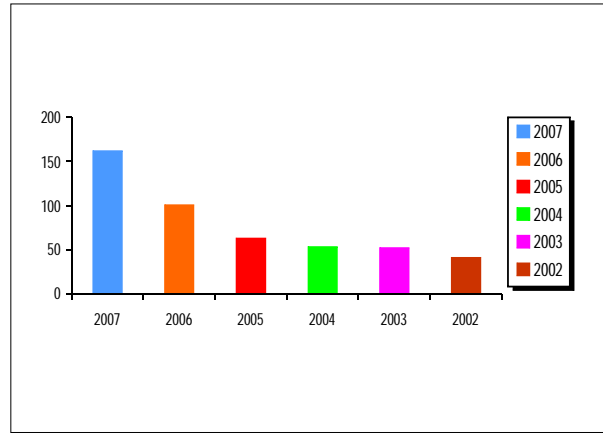


Six (6) Years at Glance

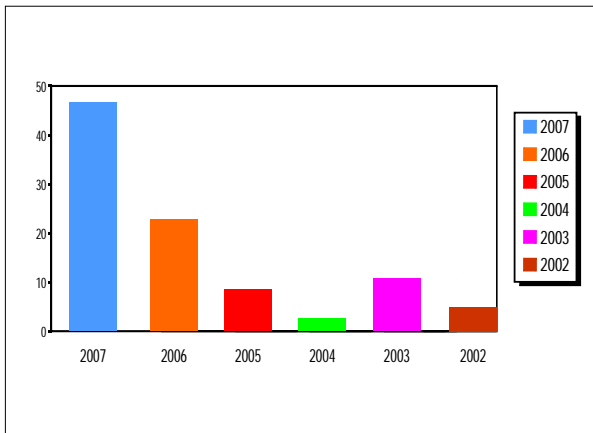
Cash and cash equivalents



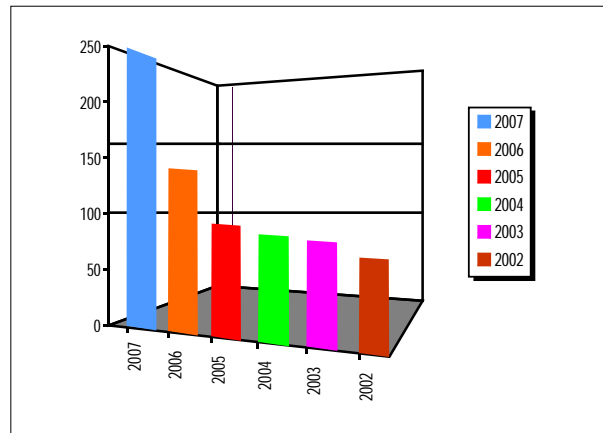
Gross Premium



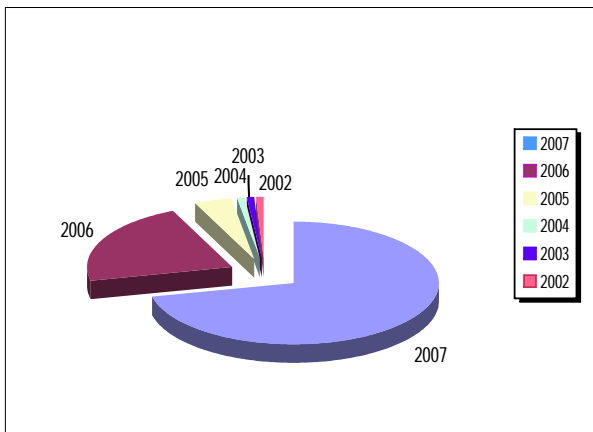
Underwriting Profit



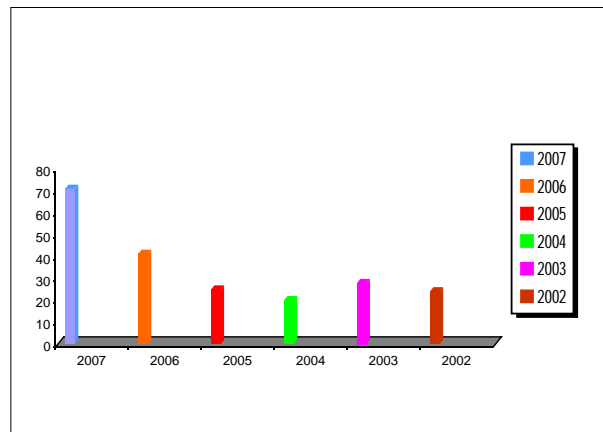
Equity



Investment Income



Net Premium



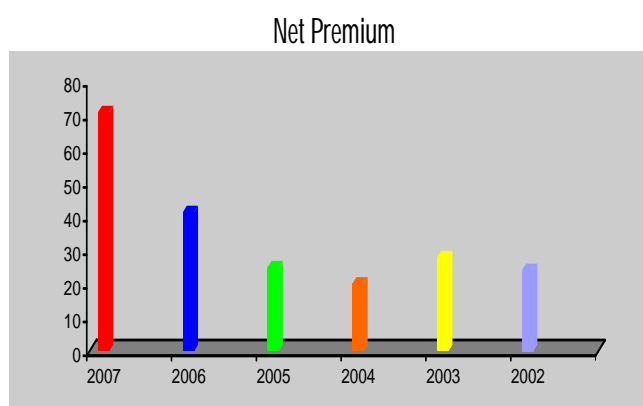
## DIRECTORS' REPORT

The Board of Directors of The Pakistan General Insurance Company Limited (the "PGI") is pleased to present the Annual Report of your Company, together with the audited financial statements for the year ended 31 December 2007

### Company Performance Review

During the year under review, the Company registered strong growth in premium as well as profitability. This was driven by the acquisition of Pak Equity Insurance Company Limited (the "PEI") as well as substantial organic growth within PGI. After tax profit increased by 161% from Rs. 9.5 million in 2006 to Rs. 24.8 million in 2007, by premium growth and higher levels of premium retention.

Gross premium increased by 67% from Rs. 100.5 million in 2006 to Rs. 161.8 million in 2007, with 10% (approx) by the acquired business and the remaining 57% by the existing business. The share of Fire, Marine, Motor and Miscellaneous classes at 52%, 22%, 9% and 17% respectively.



Net premium and commission grew by 72% from Rs. 41.3 million in 2006 to Rs. 70.9 million in 2007. Underwriting profit margin (as a percentage of gross premium) also increased from 23% in 2006 to 29% in 2007, illustrating your Company's success in developing the business while maintaining profitability. Investment income increased by 226% from Rs. 0.8 million in 2006 to Rs. 2.6 million in 2007. The expense ratio (management expenses as a percentage of gross premium) fell to 11% in 2007 from 13% in the previous year.

Profit before tax rose by 162% from Rs. 9.9 million in 2006 to Rs. 25.9 million in 2007. This is after taking into account the loss recognized on the impairment of goodwill of Rs. 3.2 million relating to the business acquired from PEI, and after provisioning for doubtful receivables of Rs. 0.9 million. Earnings per share of the Company increased to Rs. 1.24 in 2007 from Rs. 0.79 in 2006.

### Contributing to Profitability

#### Segments at a Glance

##### Fire

Gross premium grew by 61% from Rs. 100.4 million in 2006 to Rs. 161.8 million in 2007. Net premium earned increased by 72% from Rs. 41.3 million in 2006 to Rs. 70.9 million in 2007 although losses increased from Rs. 9.4 million in 2006 to Rs. 17 million in 2007, underwriting profit increased by 104% from Rs. 22.7 million in 2006 to Rs. 46.3 million in 2007. The improvement in profitability can be attributed to volume growth, higher levels of retention, well maintain underwriting and risk management philosophy and increased commission income.

##### Marine and Transport

Marine business grew by 71% from Rs. 20.4 million in 2006 to Rs. 35 million in 2007. Underwriting profit grew by Rs. 8.2 million over last year helped by both greater volumes and higher levels of retentions.

## DIRECTORS' REPORT

### Motor

Gross premium in the motor segment increased by 14% from Rs. 13.6 million in 2006 to Rs. 15.4 million in 2007. Underwriting profit increased by 30% or Rs. 2.3 million from Rs. 7.8 million in 2006 to Rs. 10 million in 2007 primarily as result of higher retention levels.

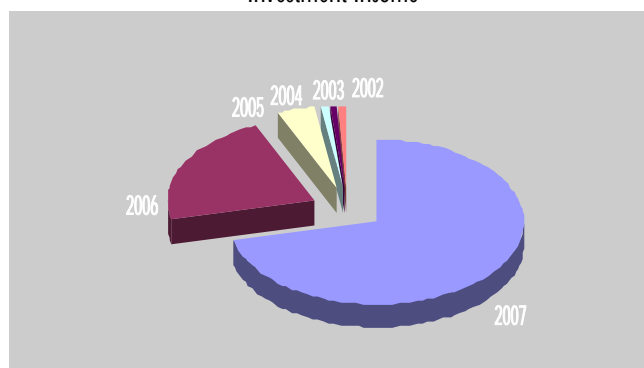
### Others Miscellaneous

For miscellaneous lines, gross premium grew by 74% from Rs. 15.9 million in 2006 to Rs. 27.7 million in 2007. Net premium increased by 59% from Rs. 6.1 million in 2006 to Rs. 9.7 million in 2007 whereas, underwriting profit in this segment increased by 112% from Rs. 3.9 million in 2006 to Rs. 8.3 million in 2007 due to higher retentions.

### Investments

The book value of your Company's investment has increased from Rs. 7.3 million to Rs. 15.9 million; an increase of 115% which is Rs. 8.5 million during the year 2007 reflecting the day by day growth in your Company's financial strength and availability of beneficial resources to meet the contingencies and future requirements. The income from investment is Rs. 2.6 million against Rs. 0.8 million last year registering an increase of 226%.

Investment Income



With a newly implemented investment strategy the Company is maintaining a diversified portfolio which includes investments in securities of well established companies, term finance certificates and short and long term deposits.

### Investment Properties

During the current year under review, the management of the Company has re-classified its properties as investment properties amounting to Rs. 47.1 million.

### Insurers Financial Strength Rating

JCR – VIS has assigned your Company, an Insurer Financial Strength (IFS) rating of “BB +” with a positive outlook, on the basis of financial statements for the year 2006. The management of the Company is confident that the IFS rating would likely be raised by significant notches in the coming financial year.

### Appropriations

The proposed appropriations are as under:

	2007	Rupees in '000	2006
Net profit after taxation	24,811		9,519
Add: Incremental depreciation	1,267		1,334
Add: Last year's un-appropriated profit	14,097		8,245
Less: Transferred to general reserve	(19,000)		(5,000)
	21,175		14,098

## DIRECTORS' REPORT

### Auditors

The present external auditors M/s Kamran & Co. Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors are holding satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. The audit committee has recommended the appointment of M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants and M/s. Kamran & Co. Chartered Accountants as joint auditors of the Company for the year 2008, at a remuneration to be mutually agreed.

### Board of Directors

During the year, seven (7) meetings of the board of directors were held and attendance by each director is given below:

Name of Directors	Number of meetings attended
Ch. Manzoor Ahmed	7
Ch. Zahoor Ahmed	7
Mr. Nasir Ali	7
Ch. Muhammad Saleem	7
Ch. Mazhar Zahoor	6
Dr. Mahmud ul Haq	7
Mr. Rehan Beg	6
Mst. Tallat Zahoor	7
Mr. Usman Ali	7

The Board granted leave of absence to those directors who could not attend the board meetings.

### Reinsurance

The management believes that a comprehensive reinsurance program with reputed "A" rated reinsurers is an integral part of underwriting risk management. The reinsurers have placed high levels of confidence in your Company's underwriting and risk control procedures and the management has firmly implemented an innovative strategy to establish long-term mutually beneficial business relationship with the reinsurers.

We are also pleased to state that your Company is backed by hundred percent (100%) "A" rated securities and the management appreciate the confidence and continuous support given by the brokers and reinsurers.

### Information Technology

The management is proud to announce full implementation of the latest information technology and the software system. During the year to acquire efficient and secure underwriting, accounting and operation management, the board took innovative steps to develop and restructure the previous I.T. system to the new "Computer Based Information System (CBIS)" that includes MS SQL server as backend and crystal reports as reporting tools. This development plays a vital role in increasing the efficiency of policy, accounting, branch and underwriting management, which helps in reducing cost and the ultimate benefit is passed onto our policy holders (clients).

### PGI Website

A website of The Pakistan General Insurance Company Limited has been developed and is upgraded on a continuous basis which allows the user to obtain the Company related information about its history, services, list of reinsurers and financials. PGI's website is the first and pioneer in offering to the clients an innovative online "Insurance Quote System".

[www.pgi.com.pk](http://www.pgi.com.pk)



## DIRECTORS' REPORT

### Audit Committee

As required under the Code of Corporate Governance, the board established an audit committee, which has its terms of reference duly approved by the board. The committee members are as follows:

?	Mr. Rehan Beg	Chairman
?	Mr. Mazhar Zahoor	Member
?	Mr. Nasir Ali	Member

The audit committee had four (4) meeting during the year 2007 at the end of each quarter.

### Corporate Financial Reporting and Compliance with Code of Corporate Governance

#### Statement of Compliance with Code of Corporate Governance

From its inception the Company has maintained a visible record of Good Corporate Governance. This is reflected clearly by the growth of the Company over the years. In the phase of implementing the Code of Corporate Governance as required by Listing Regulations, the Company has implemented all aspects of the Code of Corporate Governance and the management is pleased to state that the fullest efforts have been made to comply with the provisions of the Code.

#### Statement of Corporate and Financial Reporting

1. The financial statements together with the notes forming an integral part of these statements are drawn up in conformity with the Companies Ordinance, 1984, and the Insurance Ordinance, 2000, prepared by the management of your Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been constantly applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continually monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is attached with this report.
9. Outstanding taxes and duties are given in the financial statements.
10. The accounting policy of the valuation method as disclosed in note 4 attached to the financial statements has been duly approved by the board.
  - The auditors' have made no adverse remarks in this regard
11. Board granted leave of absence to those directors who could not attend the board meetings during the year 2007.
12. All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms and conditions of CEO are taken to the board and approved with the consent of the members.
13. The trade carried out by directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given in the next page:

## DIRECTORS' REPORT

	Purchase	Right and Merger
Chief Executive		
Ch. Zahoor Ahmed	59,500	500,000
Directors		
Ch. Manzoor Ahmed	-	75,000
Mr. Usman Ali	-	270,500
Mr. Mazhar Zahoor	-	358,500
Mst. Tallat Zahoor	-	362,500
Mr. Nasir Ali	10,000	378,000
Ch. Muhammad Saleem	-	303,500
Mr. Mahmud ul Haq	-	280,500
Spouses of Chief Executive Officer and Directors		
Mrs. Kaiser Sultana w/o Ch. Manzoor Ahmed	-	60,000
Mrs. Rubina Mazhar w/o Mr. Mazhar Zahoor	-	365,750
Mrs. Parveen Akhtar w/o Ch. Zahoor Ahmed	-	500,000
Mrs. Mehvish Nasir w/o Mr. Nasir Ali	-	75,000
Mrs. Khalida Parveen w/o Ch. Muhammad Saleem	-	275,000
CFO, Company Secretary and Executives	-	-

### Material Changes

- ? The financial statements of the Company have been audited by M/s. Kamran & Co. Chartered Accountants.
- ? There have been no material changes and commitments effecting the financial position of your Company since 31 December 2007.

### Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

### Earnings per Share

Earnings per share during the year have increased by 57% from 0.79 per share in 2006 to Rs. 1.24 per share in 2007.

### Statement of Ethics and Business Practices

The board has adopted "The Statement of Ethics and Business Practices". Entire management and employees are aware of the statement and are obliged to observe the rules of conduct in relation to the business operations and regulations.

### Insurance Ordinance, 2000

As required under the Insurance Ordinance and rules framed thereunder, the directors confirm that:

- ? In their opinion and to the best of their belief the annual statutory accounts of the Company are set out in the forms 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 the 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 thereunder as mentioned above.

## DIRECTORS' REPORT

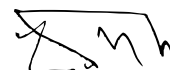
### *Future Outlook*

In order to sustain your Company's continued growth and profitability, we will continue to broaden the customer base by continuous efforts and strive to improve the quality of services provided to the customers. Despite an increasingly competitive environment and softening of premium rates, we expect the Company to show further growth in premium and investment income in the coming years.

### *Acknowledgement*

We are indeed grateful to our valued customers, whose support and feedback has been invaluable. We also wish to express our profound gratitude for their association with the Company over the last sixty years. We take this opportunity to also thank Securities and Exchange Commission of Pakistan, our reinsurers, including Pakistan Reinsurance Company Limited and the Bankers of the Company for the support given to PGI during the year. Lastly, we would like to place on record our appreciation of the devotion, loyalty and continued hard work of the work force and employees.

For and on behalf of the Board



CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

Lahore  
8<sup>th</sup> March 2008

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes 04 non-executive directors, but no director representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. 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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the financial year 2007.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. 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 the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter; in his absence, by a director elected by the Board for this purpose. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board also arranged various orientation meetings for its directors during the year 2007 to apprise them of their duties and responsibilities.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an audit committee. It comprises three members, out of which two (2) are non-executive directors including the chairman of the committee.
15. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has set-up an effective internal audit function who are considered suitably qualified for the purpose and are conversant with the policies and procedures of the Company.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with.



CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of The Pakistan General Insurance Company Limited (the "Company") to comply with the listing regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange and Islamabad Stock Exchange, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2007.

KAMRAN & CO.  
CHARTERED ACCOUNTANTS

LAHORE  
8th MARCH 2008

# The Pakistan General Insurance Co. Ltd.

## AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of;

- i) balance sheet;
- ii) profit and loss account;
- iii) statement of changes in equity;
- iv) cash flow statement;
- v) statement of premiums;
- vi) statement of claims;
- vii) statement of expenses; and
- viii) statement of investment income

of THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED (the "Company") as at 31 December 2007, together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2007 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KAMRAN & CO.  
CHARTERED ACCOUNTANTS

LAHORE  
8th MARCH 2008

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

EQUITY AND LIABILITIES	Note	2007 Rupees	2006 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized</b>			
30,000,000 (2006: 12,000,000) ordinary shares of Rs. 10 each		300,000,000	120,000,000
<b>Issued, subscribed and paid-up share capital</b>	5	200,000,000	120,000,000
<b>General reserves</b>		25,000,000	6,000,000
<b>Unappropriated profit</b>		21,174,890	14,097,275
		<u>246,174,890</u>	<u>140,097,275</u>
Surplus on revaluation of tangible fixed assets	6	33,117,583	21,441,066
 <b>UNDERWRITING PROVISIONS</b>			
Provision for outstanding claims (including IBNR)		12,136,933	2,271,311
Provision for unearned premium		97,774,071	68,716,120
Commission income unearned		11,008,202	13,546,411
<b>Total underwriting provisions</b>		120,919,206	84,533,842
 <b>DEFERRED LIABILITY</b>			
Deferred taxation	7	8,952,108	8,182,161
 <b>CREDITORS AND ACCRUALS</b>			
Amounts due to other insurers / reinsurers		3,630,115	1,933,259
Accrued expenses		678,415	479,088
Sundry creditors	8	9,011,856	3,875,844
Current portion of long term liabilities	9	1,694,762	1,813,358
		15,015,148	8,101,549
 <b>OTHER LIABILITIES</b>			
Liabilities against assets subject to finance lease	9	1,060,739	2,231,933
Taxation	10	354,675	3,850,865
		1,415,414	6,082,798
<b>TOTAL LIABILITIES</b>		146,301,876	106,900,350
 <b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	Rupees:	<u>425,594,349</u>	<u>268,438,691</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

PROPERTY AND ASSETS	Note	2007 Rupees	2006 Rupees
<b>CASH AND BANK DEPOSITS</b>			
Cash and other equivalent		6,462,779	46,460
Current and other accounts		69,062,853	27,610,989
Deposits maturing within twelve (12) months		30,508,000	30,508,000
		106,033,632	58,165,449
<b>LOANS - UNSECURED</b>			
Employees		123,962	126,314
<b>INVESTMENTS</b>	12	15,862,123	7,376,400
<b>INVESTMENT PROPERTY</b>	14.4	47,127,052	-
<b>OTHER ASSETS</b>			
Premiums due but unpaid - net (unsecured)		29,943,398	3,864,291
Amount due from other insurers / reinsurers (unsecured)		5,740,979	690,739
Deferred commission		7,558,446	5,630,400
Reinsurance recoveries against outstanding claims		9,612,497	1,339,167
Prepaid reinsurance premium ceded		47,384,433	31,180,115
Accrued investment income		1,915,642	-
Advance tax		282,829	238,104
Others receivables	13	2,884,878	449,612
		105,323,102	43,392,428
<b>FIXED ASSETS</b>			
<b>Tangible fixed assets</b>			
<b>Own</b>	14		
Land and building		123,034,409	138,607,578
Furniture, fixtures and office equipment		5,900,383	4,133,331
Vehicles		15,445,257	8,702,569
		144,380,049	151,443,478
Assets subject to finance lease	14	6,744,429	7,934,622
		151,124,478	159,378,100
<b>Intangible asset</b>	15	-	-
<b>TOTAL PROPERTY AND ASSETS</b>		425,594,349	268,438,691

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Fire and Property Rupees	Marine Rupees	Motor Rupees	Others Rupees	Treaty Rupees	Aggregate 2007 Rupees	Aggregate 2006 Rupees
<b>Revenue account</b>							
Net premium revenue	32,082,535	14,443,299	14,679,502	9,727,752	1,969	70,935,057	41,300,165
Net claims	(8,770,112)	(4,236,836)	(2,043,510)	(1,600,336)	(441,817)	(17,092,611)	(9,368,239)
Expenses of management	(10,281,977)	(3,929,398)	(1,275,055)	(2,045,136)	-	(17,531,566)	(12,937,100)
Net commission	6,717,161	1,816,203	(1,279,289)	2,790,001	(50,256)	9,993,820	3,737,467
Underwriting results	19,747,607	8,093,268	10,081,648	8,872,281	(490,104)	46,304,700	22,732,293
Investment income						2,605,606	799,856
Other income						2,532,163	1,369,317
Loss on impairment of goodwill				- note 15		(3,260,044)	-
Finance cost				- note 16		(1,708,745)	(1,224,383)
General and administration expenses				- note 17		(20,538,339)	(13,790,272)
						(20,369,359)	(12,845,482)
<b>Profit before taxation</b>						25,935,341	9,886,811
Taxation						(1,124,622)	(368,036)
<b>Profit after taxation</b>						24,810,719	9,518,775
<b>Profit and loss appropriation account</b>							
Balance at commencement of year						14,097,275	8,244,925
Profit after taxation for the year						24,810,719	9,518,775
Transfer to general reserve						(19,000,000)	(5,000,000)
Surplus realized on incremental depreciation on revalued assets						1,266,896	1,333,575
<b>Balance unappropriated profit at end of the year</b>						21,174,890	14,097,275
<b>Earning per share - basic and dilutive</b>						1.24	0.79

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rupees	2006 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
a) Underwriting activities		
Premiums received	151,927,580	100,376,462
Reinsurance premiums paid	(78,013,679)	(48,156,624)
Claims paid	(7,226,989)	(36,764,209)
Reinsurance and other recoveries received	(24,477,648)	27,450,433
Commissions paid	(18,250,939)	(14,320,744)
Commissions received	23,778,504	18,785,730
Net cash flow from underwriting activities	<u>47,736,829</u>	<u>47,371,048</u>
b) Other operating activities		
Income taxes - net	(3,895,590)	510,299
General management expenses paid	(17,531,566)	(19,548,284)
Other operating payments	(19,968,669)	(5,192,576)
Other operating receipts	18,708,712	19,470,367
Net cash flow from other operating activities	<u>(22,687,113)</u>	<u>(4,760,194)</u>
Total cash flow from all operating activities	<u><u>25,049,716</u></u>	<u><u>42,610,854</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
a) Investment activities		
Profit / return received	2,605,606	799,856
Miscellaneous income	1,782,163	1,369,317
Acquisition of PEI (net of cash)	(67,040,498)	-
Payment for investments	(8,485,723)	(7,000,000)
Proceeds from disposal of investments	-	10,000,000
Fixed capital expenditure	(8,046,898)	(59,053,386)
Proceeds from disposal of fixed assets	25,000,000	-
Total cash flow from investing activities	<u><u>(54,185,350)</u></u>	<u><u>(53,884,213)</u></u>

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 Rupees	2006 Rupees
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share capital issued	80,000,000	40,000,000
Loan repayments received	2,352	36,036
Repayment of lease liabilities	(1,289,790)	(1,725,539)
Financial charges paid	(1,708,745)	(1,224,383)
<b>Total cash flow from financing activities</b>	<b>77,003,817</b>	<b>37,086,114</b>
<b>NET CASH IN / (OUT) FLOW FROM ALL ACTIVITIES</b>	<b>47,868,183</b>	<b>25,812,755</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>58,165,449</b>	<b>32,352,694</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>106,033,632</b>	<b>58,165,449</b>
<b>RECONCILIATION TO PROFIT AND LOSS ACCOUNT</b>		
Operating cash flows	25,049,716	42,610,854
Depreciation on tangible fixed assets	(8,703,922)	(5,102,830)
Loss on impairment of goodwill	(3,260,044)	-
Finance charges	(1,708,745)	(1,224,383)
Investment income	2,605,606	799,856
Miscellaneous income	2,532,163	1,369,317
Increase / (Decrease) in assets other than cash	60,002,628	(21,610,343)
(Increase) / Decrease in liabilities other than running finances	(51,706,683)	(7,323,696)
<b>Profit after taxation as per profit and loss account</b>	<b>24,810,719</b>	<b>9,518,775</b>
<b>DEFINITION OF CASH</b>		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	6,462,779	46,460
Current and other accounts	69,062,853	27,610,989
Deposits maturing within 12 months	30,508,000	30,508,000
<b>Rupees</b>	<b>106,033,632</b>	<b>58,165,449</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

The Pakistan General Insurance Co. Ltd.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital	General reserve	Un-appropriated profit	Total	Surplus on revaluation of tangible fixed assets
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on 31 <sup>st</sup> December 2005	80,000,000	1,000,000	8,244,925	89,244,925	22,307,890
Share capital issued	40,000,000	-	-	40,000,000	-
Profit for the year	-	-	9,518,775	9,518,775	-
Transferred to general reserve	-	5,000,000	(5,000,000)	-	-
Transferred to un-appropriated profit on account of incremental depreciation arising on surplus on revaluation of tangible fixed assets (net of deferred tax)	-	-	1,333,575	1,333,575	(866,824)
Balance as on 31 <sup>st</sup> December 2006	120,000,000	6,000,000	14,097,275	140,097,275	21,441,066
Shares issued to shareholders of PEI under Scheme of arrangement for merger	80,000,000	-	-	80,000,000	-
Surplus realized on revaluation of tangible fixed assets of  PEI on acquisition through business combination	-	-	-	-	12,500,000
Profit for the year	-	-	24,810,719	24,810,719	-
Transferred to general reserve	-	19,000,000	(19,000,000)	-	-
Transferred to un-appropriated profit on account of incremental depreciation arising on surplus on revaluation of tangible fixed assets (net of deferred tax)	-	-	1,266,896	1,266,896	(823,483)
Balance as on 31 <sup>st</sup> December 2007	200,000,000	25,000,000	21,174,890	246,174,890	33,117,583

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR



**STATEMENT OF CLAIMS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

Class	Outstanding Claims			Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries		Net Claims Expense	
	Claims Paid	Opening	Closing	Reinsurances and other Recoveries Received	Reinsurances and other recoveries in respect of outstanding claims Opening	Reinsurances and other Recoveries	Reinsurances and other Recoveries	2007	2006
Direct									
Fire	33,235,260	1,978,945	5,657,282	25,159,969	1,251,967	4,235,483	28,143,465	8,770,112	4,353,884
Marine	14,263,575	122,341	5,560,187	10,451,845	87,200	5,099,940	15,464,565	4,236,836	1,470,955
Motor	1,589,196	170,025	810,159	820	-	185,000	185,820	2,043,510	3,141,132
Miscellaneous	9,773,870	-	109,305	8,190,765	-	92,074	8,282,839	1,600,336	380,250
Total	58,861,901	2,271,311	12,136,933	43,803,399	1,339,167	9,612,497	52,076,729	16,650,794	9,346,221
Treaty	441,817	-	-	-	-	-	-	441,817	22,018
Grand total	59,303,718	2,271,311	12,136,933	43,803,399	1,339,167	9,612,497	52,076,729	17,092,611	9,368,239

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

**STATEMENT OF EXPENSES  
FOR THE YEAR ENDED 31 DECEMBER 2007**

Class	Paid or Payable	Commission		Net Expenses	Other Management Expenses	Underwriting Expenses	Commission from Reinsurers	Net Underwriting Expenses	
		Opening	Closing					2007	2006
Direct									
Fire and property	10,703,878	2,586,592	3,492,220	9,798,250	10,281,977	30,245,703	16,515,411	13,730,292	6,756,350
Marine	4,090,633	1,208,332	1,720,773	3,578,192	3,929,398	12,156,457	5,394,395	6,762,062	3,082,889
Motor	1,327,374	1,217,806	1,265,891	1,279,289	1,275,055	5,067,482	-	5,067,482	4,580,965
Miscellaneous	2,078,798	617,670	1,079,562	1,616,906	2,045,136	8,394,032	4,406,907	3,987,125	1,749,322
<b>Total</b>	<b>18,200,683</b>	<b>5,630,400</b>	<b>7,558,446</b>	<b>16,272,637</b>	<b>17,531,566</b>	<b>55,863,674</b>	<b>26,316,713</b>	<b>29,546,961</b>	<b>16,169,526</b>
Treaty	50,256	-	-	50,256	-	50,256	-	50,256	9,654
<b>Grand total</b>	<b>18,250,939</b>	<b>5,630,400</b>	<b>7,558,446</b>	<b>16,322,893</b>	<b>17,531,566</b>	<b>55,913,930</b>	<b>26,316,713</b>	<b>29,597,217</b>	<b>16,179,180</b>

(Rupees)

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
INASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

The Pakistan General Insurance Co. Ltd.

STATEMENT OF INVESTMENT INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rupees	2006 Rupees
Income from non - trading investments		
Held to maturity		
Return on deposits and other securities	2,605,606	799,856
Net investment income	Rupees: <u>2,605,606</u>	<u>799,856</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### 1. THE COMPANY AND ITS OPERATIONS

1.1 The Pakistan General Insurance Company Limited was incorporated as a public limited company on 26th July 1947 under the Companies Act, 1913 now Companies Ordinance, 1984 and is quoted on the Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited on 25th July 1995. The Company is engaged in providing General Insurance Services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at Cooperative Bank House, 5 Bank Square, Lahore.

1.2 The shareholders of the Company in their meeting held on 18 April 2007 had approved the Scheme of Merger (the "Scheme") of the Company with former Pak Equity Insurance Company Limited (PEI). The Scheme was subsequently sanctioned by the Honorable Lahore High Court through its order dated 28 May 2007. The effective date of the Scheme was 1 March 2007 (effective date) in terms of the order of the Court and the Scheme the assets and the liabilities of the merged entities stand transferred to and vested in the Company from the effective date. These financial statements have been prepared after accounting for the financial implications of the Scheme, consequently, current year's figures present the merged position of the merged company.

The main features of the Scheme are as follows:

- a) As per the Scheme, PEI and the company are to be amalgamated by transfer to and vesting in the Company of the whole of the undertaking of PEI (including all the assets, property, rights, liabilities and obligations of every description of PEI) as subsisting immediately preceding the effective date. The amalgamation in accordance with the Scheme shall be treated as having taken effect from effective date.
- b) Each member of PEI holding ordinary shares as at 1 March 2007 being the record date is entitled to receive fully paid ordinary shares of Rs. 10 each, at par, in the Company in exchange of shares of PEI, in accordance with the following swap ratio:  
$$1 \text{ share of PEI} = 1 \text{ share of the Company}$$
- c) The ordinary shares of the Company issued and allotted to shareholders of PEI shall, in all respect, rank pari passu with the existing ordinary shares of the Company and holders of such shares shall be entitled to all dividends declared after the effective date.
- d) The authorized capital of PEI shall upon the completion date be deemed to have merged with the authorized capital of the Company so that the authorized capital of the Company shall be Rs. 200,000,000 divided into 20,000,000 shares of Rs. 10 each.
- e) The capital reserve, revenue reserve including un-appropriated profit / loss of PEI, as at 28 February 2007 shall constitute and be treated as reserves / losses of a corresponding nature of the Company and shall be accounted for on that basis in the books of account of the Company.
- f) The PEI shall be dissolved, without winding up on record date.

1.3 These financial statements are presented in Pak Rupees, which is the Company's functional as well as presentation currency.

### 2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

2.2 Standards, interpretations and amendments to published approved accounting standards.  
The following amendment to existing standards has been published that is applicable to the Company's financial statements covering annual period, beginning on or after the following date:

2.2.1 Amendments to publish standards effective in current year  
Amendments to IAS - 1 "Presentation of financial statements - capital disclosures" is mandatory for the Company's accounting period beginning on 1 January 2007. Its adoption by the Company only impacts the format and extent of disclosures presented in the financial statements.

2.2.2 Amendments to publish standards not yet effective  
Certain amendments to IAS - 23 "Borrowing Costs" have been published that are applicable to the Company's financial statements covering annual period, beginning on or after 1 January 2009. Adoption of these amendments would require the Company to capitalize the borrowing costs directly attributable to the acquisition, construction or production of the qualifying assets (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing cost will be removed. Its adoption will not have any impact on the Company's financial statements.

The Securities and Exchange Commission of Pakistan (SECP) had allowed the insurance companies to defer the application of IAS - 39 "Financial Statements: Recognition and measurement" in respect of "investments available for sale" until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in preparation of these financial statements.

### 3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for revaluation of certain tangible fixed assets at fair value.

Company's significant accounting policies are stated in note 4 to these financial statements. Not all these significant policies require the management to the difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement of estimation involve in their application and their impact on these financial statements. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events and the actual result may differ from these estimates. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Provision for outstanding claims including incurred but not reported (IBNR)  
The Company recognize liability in respect of all claims incurred upto the balance sheet date which is measured by assessing and discounted value of the expected future claim settlement payments.
- b) Provision for taxation  
The Company takes into account the current income tax law and the decision taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.
- c) Useful life and residual value of tangible fixed assets  
The Company reviews the useful lives of tangible fixed assets on regular basis. Any change in estimates in future years might effect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Provision for outstanding claims including incurred but not reported (IBNR)

The Company recognizes 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 an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. These are accounted for based on the management's best estimate which takes into account the past trends, expected future patterns of reporting claims actually reported subsequent to the balance sheet date.

#### 4.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the SEC (Insurance) Rules 2002.

#### 4.3 Commission income unearned

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

#### 4.4 Commission

##### Commission expense

Commission expense is charged to the profit and loss account at the time the policies are accepted.

##### Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

#### 4.5 Amount due to / from other insurers / reinsurers

Amount due to / from other insurers / reinsurers are carried at cost less provision for impairment. Cost represents the fair value of the consideration to be paid / received in future for the services received / rendered.

#### 4.6 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 the future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past events, 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 of obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### 4.7 Taxation

##### Current

Provision for current tax is based on the 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 apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the current year for such years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### 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 basis used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 apply 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 income statement, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting

### 4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and finances under mark-up arrangements. In the balance sheet, finance under mark-up arrangements are included in current liabilities.

### 4.9 Investments

#### 4.9.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include the transaction cost. These are classified into the following categories:

- Held to maturity
- Available for sale
- Held for trading

#### 4.9.2 Measurement

##### Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight-line-basis over the term of the investment.

##### Available for sale

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the SECP in December 2002. The Company uses latest Stock Exchange quotations in an active market to determine the market value of its quoted investments, whereas, impairment of un-quoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / un-audited financial statements.

##### Held for trading

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of a portfolio for which there is a recent actual pattern of short-term profit taking and are included in current assets.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

### 4.10 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognized as mark-up earned and included in other income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

- 4.11 **Tangible fixed assets and depreciation**  
Tangible fixed assets except freehold land and office premises are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land and office premises are stated at revalued amount. Cost also includes borrowing cost wherever applicable.
- Assets' residual values, if significant and their useful lives are reviewed and adjusted, if any at each balance sheet date.
- When significant parts of an item of tangible fixed assets have different useful lives, they are recognized as separate items of tangible fixed assets.
- Subsequent costs are recognized as part of asset, only when it is probable that future economic 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 charged to profit and loss account applying the reducing balance method over the estimated useful life at the rates specified in note 14. Depreciation on additions to tangible fixed assets is charged from the month in which tangible fixed assets are available for use while no depreciation is charged for the month in which tangible fixed assets are disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of tangible fixed assets.
- Surplus arising on revaluation of tangible fixed assets is credited to surplus on revaluation of tangible fixed assets. The surplus on revaluation of tangible fixed assets to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.
- Gains or losses on disposal of tangible fixed assets are recognized in the profit and loss account.
- 4.12 **Assets subject to finance lease**  
These are stated at cost less accumulated depreciation. The total outstanding obligations under the lease agreements, less finance charges allocated to future periods are shown as liabilities. The finance charge is calculated at the interest rates implicit in the lease and is recognized in profit and loss account. Depreciation is charged at the same rates as applied to owned assets.
- 4.13 **Goodwill**  
Goodwill represents the excess of cost of an acquisition over the fair value of the acquired net identifiable assets at the date of acquisition. It is stated at cost less accumulated amortization and any accumulated impairment losses.
- 4.14 **Investment properties**  
The Company in the current year has re-classified its investment properties, such change does not effect the profitability of the Company. The investment properties are accounted for under the cost model where land is not depreciated and building is depreciated at the rate specified in note 14 attached to the financial statements using the reducing balance method.
- 4.15 **Staff retirement benefits**  
The Company operates a funded provident fund scheme for all permanent employees. Monthly contribution is made by the Company at the rate of 10% of basic salary and the same is charged to profit and loss account.
- 4.16 **Premium due but unpaid**  
These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.
- 4.17 **Claims recoveries**  
Claim recoveries receivable from the reinsurers 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.
- 4.18 **Prepaid reinsurance expense**  
Premium for reinsurance contracts operative on a proportional basis is recorded as a liability on attachment of the underlying risks reinsured. The reinsurance for proportional reinsurance contracts, the reinsurance expense is recognized in accordance with the pattern of recognition of premium income to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### 4.19 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank, loans, investments, premiums due but unpaid, amounts due from other insurers /reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers/reinsurers, accrued expenses, other creditors and accruals, short term borrowings and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 4.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 4.21 Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other covers.

### 4.22 Revenue recognition

#### Premium income

Premium income under a policy is recognized 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 insurance policies.

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

#### Income on held to maturity investments

Income on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on investments.

#### Miscellaneous income

Other revenues are recognized on accrual basis.

### 4.23 Premium deficiency reserve

No provision for the premium deficiency reserve has been made. Management considers that the unearned reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance claims and other expenses, commission and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date.

### 4.24 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognized in the profit and loss account currently.

For goodwill, the recoverable amount is estimated at each balance sheet date.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income/ expense currently.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

- 4.25 Transfer pricing policy  
Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

The transactions with associated undertakings / related parties are carried on an arm's length basis using comparable uncontrolled price method.

- 4.26 Pakistan Reinsurance Company Limited (PRCL) Retrocession  
PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and one quarter of the previous year, with the exception of cash and bank transactions which are accounted for currently.

- 4.27 Foreign currencies  
All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The Company charges all exchange differences to profit and loss account.

- 4.28 Expenses of management  
Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

		2007 Rupees	2006 Rupees
Salaries, wages and benefits	75%	13,062,974	11,186,326
Entertainment		1,211,706	830,214
Rent, rates and taxes		1,885,780	1,455,852
Electricity, gas and water		634,156	486,342
Repairs and maintenance		865,540	-
Traveling and conveyance		1,088,708	669,890
Computer expenses		285,032	46,447
Communication		2,207,899	1,889,613
Service charges		154,378	157,633
Registration, subscription and association		762,744	769,258
Provision for doubtful receivables		900,650	-
		<u>23,059,567</u>	<u>17,491,575</u>
Less: Investment related expenses		<u>5,528,001</u>	<u>4,554,475</u>
		<u>17,531,566</u>	<u>12,937,100</u>

- 4.29 Administrative surcharge  
This represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs. 2,000 per policy.

- 4.30 Zakat  
Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

- 4.31 Dividend  
Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

The Pakistan General Insurance Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rupees	2006 Rupees
5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
20,000,000 (2006: 12,000,000) ordinary shares of Rs. 10 each fully paid in cash	- note 5.1 200,000,000	120,000,000
	<u>200,000,000</u>	<u>120,000,000</u>
5.1 The Company has only one class of ordinary shares which carry no right to fixed income.		
	2007	2006
	Number of shares	
5.2 Reconciliation of number of ordinary shares		
Shares at the beginning of the year	12,000,000	8,000,000
Add: Issued for cash during the year	-	4,000,000
Issued in accordance with the scheme of merger	8,000,000	-
Balance at the end of the year	<u>20,000,000</u>	<u>12,000,000</u>
6. SURPLUS ON REVALUATION OF TANGIBLE FIXED ASSETS		
Undepreciated portion of surplus on revaluation of fixed assets as on 1st January 2007	21,441,066	22,307,890
Add: Surplus realized on business combination	12,500,000	-
	<u>33,941,066</u>	<u>22,307,890</u>
Less: Incremental depreciation on revalued assets relating to current year transferred to accumulated profit / (loss) net of deferred taxation	(823,483)	(866,824)
	<u>33,117,583</u>	<u>21,441,066</u>
6.1 The Company has revalued its properties during the year. The revaluation exercise was carried out by an independent valuer in August 2007 by S & A Associates and the forced sales value of land and building works out at Rs. 302,516,520. However, the relevant surplus is not recognized in the financial statements.		
6.2 The properties of the Company have been revalued by an independent professional valuers M/s. Muhammad Siddique Associates and M/s. Frank Observers in November and December 2003. The Company revalued its properties through an independent professional valuer M/s. Muhammad Siddique Associates in the years 1990 and 1996.		
6.3 Depreciation effect for the current year has been adjusted against revaluation surplus, as permitted under section 235 (2) of the Companies Ordinance, 1984.		
6.4 The basis used for revaluation of land and building is current market value based on market survey of the same property.		
7. DEFERRED TAXATION		
The liability for deferred taxation comprises time differences relating to:		
Accelerated tax depreciation	2,297,742	1,701,774
Surplus on revaluation of tangible fixed assets	6,036,973	6,480,387
Assets subject to finance lease	1,396,125	-
Provision for doubtful receivables	315,228	-
Unused tax losses	(1,093,960)	-
	<u>8,952,108</u>	<u>8,182,161</u>
8. SUNDRY CREDITORS		
Central excise duty	6,483,759	2,449,609
Federal insurance fee	2,116,490	1,032,078
Income tax deducted at source	16,675	-
Others	394,932	394,157
	<u>9,011,856</u>	<u>3,875,844</u>



The Pakistan General Insurance Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The reconciliation of minimum lease payments with the net present value of the obligation is as under:

	Minimum Lease		Minimum Lease	
	Payment	Present Value	Payment	Present Value
	2007		2006	
	----- Rupees -----			
Not later than one year	1,914,869	1,694,762	2,456,085	1,813,358
Later than one year and not later than five years	1,132,011	1,060,739	3,046,880	2,231,933
	3,046,880	2,755,501	5,502,965	4,045,291
Finance charge allocated to future periods	(291,379)	-	(1,457,674)	-
	2,755,501	2,755,501	4,045,291	4,045,291
Current portion transferred to current liabilities	(1,694,762)	(1,694,762)	(1,813,358)	(1,813,358)
	1,060,739	1,060,739	2,231,933	2,231,933

9.1 The company has entered into various lease agreement with leasing companies for vehicles. These agreements will expire in 2010.

9.2 The present value of minimum lease payment have been discounted at implicit interest rate ranging from 15% to 20% (2006: 15% to 20%) to arrive at their present value. Rentals are payable in monthly installments. The Company intends to purchase these assets at the end of the lease term at residual values.

9.3 The liability is secured by demand promissory note, post dated cheques and personal guarantees of the sponsors and deposit of Rs. 34,900 (2006: Rs. 34,900)

10. TAXATION

	2007	2006
	Rupees	Rupees
Balance at the beginning of the year	3,850,865	3,512,496
Add: Liability acquired through business combination	178,901	-
Charge for the year	354,675	3,460,384
	4,384,441	6,972,880
Less: Adjusted during the year	(4,029,766)	(3,122,015)
	354,675	3,850,865

10.1 The Income Tax assessment of the Company has been finalized upto and including tax year 2006 by deeming provisions of the Income Tax Ordinance, 2001.

10.2 The Honorable Income Tax Appellate Tribunal set aside orders for the assessment years 1998 - 1999 to 2000 - 2001. The Company has also filed an appeal with Income Tax Appellate Tribunal for the assessment year 2001 - 2002 pending adjudication. The reassessment proceedings has not yet been started.

11. CONTINGENCIES AND COMMITMENTS

11.1 There are certain cases before different courts pending for adjudication. These cases are alleged to be not of substance and are likely to be decided in favor of the Company, hence the management has not provided any contingent liability in respect thereof.

11.2 The Company is a defendant in a lawsuit of fire insurance claim amounting to Rs. 59,518 million. The Company has filed a counter - claim of Rs. 500 million against Maqbool Textile Mills Limited. The management of the Company and the legal counsel believe that the Company has a good chance of prevailing, but the ultimate outcome of the law suits cannot presently be determined. Furthermore a petition against the Company under the relevant provisions of The Companies Ordinance, 1984 is pending adjudication in the Court.

11.3 A Court case for a piece of land measuring 25 Kanals 10 Marlas located at Alama Iqbal Town, Lahore with an approximate market value of Rs. 250 million (book value of Rs. 42 million) has been decided in the Company's favor against which the Fard has been issued, though final decree is yet to be awarded by the Court. Such land belonging to the Company is free hold and is yet to come in possession of the Company.

12. INVESTMENTS

		2007	2006
		Rupees	Rupees
Held - to - maturity	- note 12.1	11,726,400	7,376,400
Available for sale	- note 12.2	4,135,723	-
		15,862,123	7,376,400

The Pakistan General Insurance Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

12.1	Held - to - maturity		Acquired through business combination		
		Own			
	Government Compensation Bonds	166,400	350,000	516,400	166,400
	Defence Saving Certificates	7,030,300	4,000,000	11,030,300	7,030,300
	Other Government Securities	179,700	-	179,700	179,700
		<u>7,376,400</u>	<u>4,350,000</u>	<u>11,726,400</u>	<u>7,376,400</u>
12.2	Available for sale				
	Quoted		- note 12.2.1	4,135,723	-

The Company held no investments under "available for sale" in unquoted companies. Furthermore, the shares in quoted companies are purchased around year end and hence no provision for change in fair value is provided in the financial statements of the Company.

12.2.1	Quoted				2007	2006
		Number of shares		Face value per share	Rupees	Rupees
	Company's name	2007	2006			
	Bank Al-Falah Limited	1,500	-	10	76,350	-
	Bank of Khyber Limited	8,000	-	10	113,600	-
	Bank of Punjab Limited	1,000	-	10	92,000	-
	KASB Bank Limited	10,000	-	10	198,000	-
	NIB Bank Limited	12,000	-	10	241,800	-
	NIB Bank Limited (Formerly PICIC Bank Limited)	2,800	-	10	110,880	-
	Saudi Pak Commercial Bank Limited	5,000	-	10	128,500	-
	DG Khan Cement Limited	2,200	-	10	203,500	-
	Fauji Cement Limited	4,000	-	10	61,400	-
	Lucky Cement Limited	2,000	-	10	237,100	-
	Shell Pakistan Limited	500	-	10	209,000	-
	Hub Power Co. Limited	2,500	-	10	76,625	-
	Al Gazi Tractors Limited	800	-	10	209,600	-
	Indus Motors Limited	1,000	-	10	372,000	-
	PTCL	4,000	-	10	188,000	-
	Fauji Fertilizers Limited	1,200	-	10	139,200	-
	Highnoon Laboratories Limited	2,500	-	10	204,375	-
	Noon Sugar Limited	3,000	-	10	104,550	-
	Shabir Tiles Limited	4,150	-	10	170,150	-
	Schön Modaraba Limited	5,850	-	10	58,500	-
	Ibrahim Fibres Limited	3,900	-	10	198,510	-
	SNGPL Limited	5,150	-	10	334,493	-
	Qaum Spinning Mills Limited	10,000	-	10	100,000	-
	Fatima Enterprises Textile Limited	5,000	-	10	50,000	-
	Nishat Mills Limited	770	-	10	99,330	-
	Dewan Salman Limited	1,300	-	10	13,585	-
	Union Leasing Limited	500	-	10	5,925	-
	Biafo Industries Limited	1,000	-	10	48,100	-
	Dadabhoy Cement Limited	1,500	-	10	16,650	-
	Tri-star Shipping Lines	7,400	-	10	74,000	-
		<u>110,520</u>	<u>-</u>		<u>4,135,723</u>	<u>-</u>

13.	OTHERS RECEIVABLES		
	Advances	2,435,266	-
	- Considered good	900,650	-
	- Considered doubtful	3,335,916	-
	Provision for doubtful receivables	(900,650)	-
	Less:	2,435,266	-
		<u>449,612</u>	<u>449,612</u>
	Security deposits	<u>2,884,878</u>	<u>449,612</u>

# The Pakistan General Insurance Co. Ltd.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

14 FIXED ASSETS

14.1 Reconciliation of carrying values of fixed assets at end of the year is as under:

		OWN ASSETS							LEASED	TOTAL ASSETS		
		Freehold land	Office premises	Furniture and fixtures	Office equipment	Motor vehicles	Arms and ammunition	Bicycles	Total	Motor vehicles		
		----- Rupees -----										
COST / FAIR VALUE	As at 1/Jan/2007	Cost	54,796,677	58,372,269	7,858,574	3,779,973	35,770,368	28,229	103,037	160,709,127	11,361,075	172,070,202
		Revaluation	2,705,545	34,942,235	-	-	-	-	-	37,647,780	-	37,647,780
		Total	57,502,222	93,314,504	7,858,574	3,779,973	35,770,368	28,229	103,037	198,356,907	11,361,075	209,717,982
	Acquisition through business combination	Cost	27,000,000	21,152,365	3,583,286	427,891	5,595,000	-	29,042	57,787,584	-	57,787,584
		Revaluation	12,500,000	-	-	-	-	-	-	12,500,000	-	12,500,000
		Total	39,500,000	21,152,365	3,583,286	427,891	5,595,000	-	29,042	70,287,584	-	70,287,584
	Transfers in / (out)	Cost	(25,196,875)	(15,053,670)	-	-	-	-	-	(40,250,545)	-	(40,250,545)
		Revaluation	(5,555,347)	(4,946,330)	-	-	-	-	-	(10,501,677)	-	(10,501,677)
		Total	(30,752,222)	(20,000,000)	-	-	-	-	-	(50,752,222)	-	(50,752,222)
	Additions / (Disposals)	Additions	-	-	-	238,388	7,798,533	-	9,977	8,046,898	-	8,046,898
		(Disposals)	(16,575,949)	-	-	-	-	-	-	(16,575,949)	-	(16,575,949)
		Revaluation	(7,674,051)	-	-	-	-	-	-	(7,674,051)	-	(7,674,051)
Total	(24,250,000)	-	-	238,388	7,798,533	-	9,977	(16,203,102)	-	(16,203,102)		
As at 31/Dec/2007	Cost	40,023,853	64,470,964	11,441,860	4,446,252	49,163,901	28,229	142,056	169,717,115	11,361,075	181,078,190	
	Revaluation	1,976,147	29,995,905	-	-	-	-	-	31,972,052	-	31,972,052	
	Total	42,000,000	94,466,869	11,441,860	4,446,252	49,163,901	28,229	142,056	201,689,167	11,361,075	213,050,242	
ACCUMULATED DEPRECIATION	As at 1/Jan/2007	Cost	-	2,604,844	5,406,993	2,107,638	27,113,447	18,814	57,389	37,309,125	3,426,453	40,735,578
		Revaluation	-	9,604,304	-	-	-	-	-	9,604,304	-	9,604,304
		Total	-	12,209,148	5,406,993	2,107,638	27,113,447	18,814	57,389	46,913,429	3,426,453	50,339,882
	Acquisition through business combination	Cost	-	-	1,622,020	276,983	4,587,990	-	20,137	6,507,130	-	6,507,130
		Revaluation	-	-	-	-	-	-	-	-	-	-
		Total	-	-	1,622,020	276,983	4,587,990	-	20,137	6,507,130	-	6,507,130
	Adjustment on disposals	Cost	-	(1,987,654)	-	-	-	-	-	(1,987,654)	-	(1,987,654)
		Revaluation	-	(1,637,516)	-	-	-	-	-	(1,637,516)	-	(1,637,516)
		Total	-	(3,625,170)	-	-	-	-	-	(3,625,170)	-	(3,625,170)
	Charge for the year	Cost	-	3,581,585	392,253	190,315	2,076,022	942	5,715	6,246,832	1,190,193	7,437,025
		Revaluation	-	1,266,897	-	-	-	-	-	1,266,897	-	1,266,897
		Total	-	4,848,482	392,253	190,315	2,076,022	942	5,715	7,513,729	1,190,193	8,703,922
As at 31/Dec/2007	Cost	-	4,198,775	7,421,266	2,574,936	33,777,459	19,756	83,241	48,075,433	4,616,646	52,692,079	
	Revaluation	-	9,233,685	-	-	-	-	-	9,233,685	-	9,233,685	
	Total	-	13,432,460	7,421,266	2,574,936	33,777,459	19,756	83,241	57,309,118	4,616,646	61,925,764	
NET BOOK VALUE	As at 31/Dec/2007	Cost	40,023,853	60,272,189	4,020,594	1,871,316	15,386,442	8,473	58,815	121,641,682	6,744,429	128,386,111
		Revaluation	1,976,147	20,762,220	-	-	-	-	-	22,738,367	-	22,738,367
		Total	42,000,000	81,034,409	4,020,594	1,871,316	15,386,442	8,473	58,815	144,380,049	6,744,429	151,124,478
Annual rate of depreciation		-	5	10	10	15	10	10	-	15		

14.2 Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued fixed assets as at year end would have been as follows:

	31/December/2007			31/December/2006		
	Cost	Accumulated depreciation	Book Value	Cost	Accumulated depreciation	Book Value
Freehold land	40,023,853	-	40,023,853	54,796,677	-	54,796,677
Office premises	64,470,964	4,198,775	60,272,189	58,372,269	2,604,844	55,767,425
	104,494,817	4,198,775	100,296,042	113,168,946	2,604,844	110,564,102

14.3 Leased vehicles are obtained by utilizing funds of the Company and held in name of its various employees. However, vehicles have been used for the purpose of business of the Company and the economic benefits associated with these vehicles flows to the Company. The title of these vehicles will be transferred in the name of the Company at the end of the lease period.

The Pakistan General Insurance Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

14.4 The Company during the year has re-classified its investment properties; such change do not effect the profitability of the Company. The investment properties are accounted for under the cost model where land is not depreciated.

	FREEHOLD LAND			OFFICE PREMISES			TOTAL INVESTMENT PROPERTY		
	As at 1/Jan/2007	Transfers in / (out)	As at 31/Dec/2007	As at 1/Jan/2007	Transfers in / (out)	As at 31/Dec/2007	As at 1/Jan/2007	Transfers in / (out)	As at 31/Dec/2007
	Rupees			Rupees			Rupees		
Cost	-	25,196,875	25,196,875	-	15,053,670	15,053,670	-	40,250,545	40,250,545
Revaluation surplus	-	5,555,347	5,555,347	-	4,946,330	4,946,330	-	10,501,677	10,501,677
Total	-	30,752,222	30,752,222	-	20,000,000	20,000,000	-	50,752,222	50,752,222
Depreciation rate	-	-	-	-	5%	-	-	-	-
Accumulated depreciation	-	-	-	-	3,625,170	3,625,170	-	3,625,170	3,625,170
Net book value	-	30,752,222	30,752,222	-	16,374,830	16,374,830	-	47,127,052	47,127,052

14.5 Detail of fixed assets disposed during the year is as follows:

	Original cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
Rupees						
Freehold land	24,250,000	-	24,250,000	25,000,000	- Negotiation -	Various parties

14.6 Reconciliation of carrying values of fixed assets at beginning of the year is as under:

		OWN ASSETS							LEASED		TOTAL ASSETS			
		Freehold land	Office premises	Furniture and fixtures	Office equipment	Motor vehicles	Arms and ammunition	Bicycles	Total	Motor vehicles				
Rupees														
COST / FAIR VALUE	As at 1/Jan/2006	Cost	12,796,677	9,819,204	7,844,074	3,707,327	35,770,368	28,229	99,537	70,065,416	11,361,075	81,426,491		
		Revaluation	2,705,545	34,942,235	-	-	-	-	-	37,647,780	-	37,647,780		
		Total	15,502,222	44,761,439	7,844,074	3,707,327	35,770,368	28,229	99,537	107,713,196	11,361,075	119,074,271		
		Cost	42,000,000	48,553,065	14,500	72,646	-	-	3,500	90,643,711	-	90,643,711		
		Revaluation	-	-	-	-	-	-	-	-	-	-		
		Total	42,000,000	48,553,065	14,500	72,646	-	-	3,500	90,643,711	-	90,643,711		
	As at 31/Dec/2006	Cost	54,796,677	58,372,269	7,858,574	3,779,973	35,770,368	28,229	103,037	160,709,127	11,361,075	172,070,202		
		Revaluation	2,705,545	34,942,235	-	-	-	-	-	37,647,780	-	37,647,780		
		Total	57,502,222	93,314,504	7,858,574	3,779,973	35,770,368	28,229	103,037	198,356,907	11,361,075	209,717,982		
		ACCUMULATED DEPRECIATION	As at 1/Jan/2006	Cost	-	2,225,141	5,135,516	1,923,600	25,585,755	17,768	52,317	34,940,097	2,026,226	36,966,323
				Revaluation	-	8,270,729	-	-	-	-	-	8,270,729	-	8,270,729
				Total	-	10,495,870	5,135,516	1,923,600	25,585,755	17,768	52,317	43,210,826	2,026,226	45,237,052
Change for the year	Cost		-	379,703	271,477	184,038	1,527,692	1,046	5,072	2,369,028	1,400,227	3,769,255		
	Revaluation		-	1,333,575	-	-	-	-	-	1,333,575	-	1,333,575		
	Total		-	1,713,278	271,477	184,038	1,527,692	1,046	5,072	3,702,603	1,400,227	5,102,830		
As at 31/Dec/2006	Cost	-	2,604,844	5,406,993	2,107,638	27,113,447	18,814	57,389	37,309,125	3,426,453	40,735,578			
	Revaluation	-	9,604,304	-	-	-	-	-	9,604,304	-	9,604,304			
	Total	-	12,209,148	5,406,993	2,107,638	27,113,447	18,814	57,389	46,913,429	3,426,453	50,339,882			
NET BOOK VALUE	As at 31/Dec/2006	Cost	54,796,677	55,767,425	2,451,581	1,672,335	8,656,921	9,415	45,648	123,400,002	7,934,622	131,334,624		
		Revaluation	2,705,545	25,337,931	-	-	-	-	-	28,043,476	-	28,043,476		
		Total	57,502,222	81,105,356	2,451,581	1,672,335	8,656,921	9,415	45,648	151,443,478	7,934,622	159,378,100		
Annual rate of depreciation	-	5	10	10	15	10	10	10	15					

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rupees	2006 Rupees
15. INTANGIBLE ASSET		
Business combination and goodwill		
Detail of net assets acquired and goodwill are as follows:		
Fair value of shares issued	80,000,000	-
Fair value of net assets acquired	(76,739,956)	-
Goodwill	3,260,044	-
Less: Impairment loss on goodwill	(3,260,044)	-
Carrying amount of goodwill after impairment loss	-	-
In the absence of market value at the effective date, the fair value of the shares issued is based on share value as approved by the Honorable Lahore High Court in its order dated 28 May 2007.		
16. FINANCE COST		
Mark-up on:		
- Liabilities against assets subject to finance lease	1,166,295	892,199
- Re-insurance reserve	366,979	182,350
	1,533,274	1,074,549
Bank charges	175,471	149,834
	1,708,745	1,224,383
17. GENERAL AND ADMINISTRATION EXPENSES		
Salaries and allowances	1,265,995	915,592
Motor vehicle expenses	5,851,962	4,998,636
Tours and traveling	454,147	114,790
Books and periodicals	66,833	16,701
Printing and stationery	638,461	513,722
Depreciation	- note 14 8,703,922	5,102,830
Office cleaning and maintenance	798,501	529,487
Auditor's remuneration	- note 17.1 220,000	185,000
Advertisement	276,945	116,710
Legal and professional	1,695,452	973,495
Sundry expenses	566,121	323,309
	20,538,339	13,790,272
17.1 Auditor's remuneration		
Audit fee	160,000	125,000
Review of Code of Corporate Governance	30,000	30,000
Taxation	30,000	30,000
	220,000	185,000
18. TAXATION		
Current		
For the year	354,675	3,460,384
Prior periods	-	(2,915,514)
Deferred		
For the year	1,863,907	(176,834)
Prior periods	(1,093,960)	-
	1,124,622	368,036

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

18.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2007 %age	2006 %age
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Charges to tax at other rates	30.66	-
Not deductible for tax purposes	-	(1.79)
Change in prior years' tax	(0.97)	(29.49)
	29.69	(31.28)
Average effective tax rate charged to profit and loss account	4.34	3.72

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and other Executives of the company is as follows:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	----- Rupees -----					
Managerial remuneration	-	-	1,000,000	257,000	-	-
Bonus	-	-	40,000	38,000	-	-
House rent	-	-	397,200	116,800	-	-
Medical	-	-	57,000	61,000	-	-
Utilities	-	-	96,000	26,000	-	-
Others	540,771	435,044	416,464	480,186	-	-
	<u>540,771</u>	<u>435,044</u>	<u>2,006,664</u>	<u>978,986</u>	-	-
Number of persons	1	1	4	1	-	-

In addition to above the Chief Executive and the Directors are provided with free use of Company's maintained car. The Chief Executive and Directors are also provided with free use of residential telephone.

In view of the change in the definition of "Executive" in the revised Fourth Schedule to the Companies Ordinance, 1984 no employee of the company fall under the said category during the year.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, other related companies and directors of the Company. The remuneration of directors is disclosed in note 19. Amount due to / from and other significant transactions with related parties during the year is Rs. Nil (2006: Rs. Nil).

21. EARNING PER SHARE - BASIC AND DILUTIVE

Profit after taxation attributable to ordinary shares	24,810,719	9,518,775
Number of ordinary shares issued and subscribed at the end of the year	20,000,000	12,000,000
	Rupee per share	
Earning per share	<u>1.24</u>	<u>0.79</u>

21.1 No figure for diluted earning per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised.

22. NUMBER OF EMPLOYEES

Number of employees as at 31st December,	2007	2006
	<u>125</u>	<u>145</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

23. SEGMENT REPORTING

The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire		Marine		Motor and miscellaneous		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Other information								
Segment assets	51,770,495	21,447,689	21,719,138	8,698,164	26,750,120	12,558,858	100,239,753	42,704,711
Unallocated corporate assets							325,354,596	225,733,980
Consolidated total assets							425,594,349	268,438,691
Segment liabilities	68,767,320	29,515,531	28,849,770	11,970,098	35,532,480	17,283,044	133,149,570	58,768,673
Unallocated corporate liabilities							292,444,779	209,670,018
Consolidated total liabilities							425,594,349	268,438,691
Capital expenditure	4,155,955	16,453,235	1,743,537	5,484,412	2,147,406	12,339,926	8,046,898	90,643,711
Depreciation	4,495,286	1,908,707	1,885,895	636,236	2,322,741	1,431,530	8,703,922	3,702,603

Rupees

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

24. FINANCIAL ASSETS AND LIABILITIES  
(a) Yield / mark-up rate risk

	Interest / mark-up bearing		Non interest / mark-up bearing		Total	
	Maturity upto one year		Maturity upto one year		Maturity after one year	
	Maturity after one year	Sub total	Maturity after one year	Sub total	2007	2006
	----- Rupees -----					
<b>Financial assets</b>						
Cash and other equivalents	30,508,000	-	30,508,000	-	106,033,632	58,165,449
Investments	-	15,862,123	15,862,123	-	15,862,123	7,376,400
Advances to employees	-	-	-	123,962	123,962	126,314
Premium due but unpaid-net	-	-	-	29,943,398	29,943,398	3,864,291
Amount due from other insurers / reinsurers	-	-	-	5,740,979	5,740,979	690,739
Other receivables	-	-	-	5,083,349	5,083,349	449,612
<b>Total : 2007</b>	<b>30,508,000</b>	<b>15,862,123</b>	<b>46,370,123</b>	<b>116,417,320</b>	<b>162,787,443</b>	<b>70,672,805</b>
<b>Total : 2006</b>	<b>30,508,000</b>	<b>7,376,400</b>	<b>37,884,400</b>	<b>32,788,405</b>		
<b>Financial liabilities</b>						
Provision for outstanding claims (including IBNR)	-	-	-	12,136,933	12,136,933	2,271,311
Amount due to other insurers / reinsurers	-	-	-	3,630,115	3,630,115	1,933,259
Provision for unearned premium	-	-	-	97,774,071	97,774,071	68,716,120
Commission income unearned	-	-	-	11,008,202	11,008,202	13,546,411
Liabilities against assets subject to lease	1,694,762	1,060,739	2,755,501	-	2,755,501	4,045,291
Accrued expenses	-	-	-	678,415	678,415	442,909
Other creditors	-	-	-	9,011,856	9,011,856	3,875,844
<b>Total : 2007</b>	<b>1,694,762</b>	<b>1,060,739</b>	<b>2,755,501</b>	<b>134,239,592</b>	<b>136,995,093</b>	<b>94,831,145</b>
<b>Total : 2006</b>	<b>1,813,358</b>	<b>2,231,933</b>	<b>4,045,291</b>	<b>90,785,854</b>		
On balance sheet sensitivity gap	28,813,238	14,801,384	43,614,622	(17,822,272)	25,792,350	
Total mark-up rate sensitivity gap	28,813,238	14,801,384	43,614,622		43,614,622	
Cumulative mark-up risk sensitivity gap	28,813,238	43,614,622				

The effective interest / mark-up rates for monetary assets and liabilities are disclosed in respective notes to these financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

- (b) **Liquidity risk**  
Liquidity risk is the risk that an enterprise will be unable to meet its funding requirements. To guard against the risk, company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure adequately liquidity is maintained.
- (c) **Credit risk and concentration of credit risk**  
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limit Company's exposure to credit risk through monitoring of client's credit exposure, review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that is not exposed to significant conservation of credit risk as its financial assets are adequately diversified on organization of sound financial standing covering various industrial sector and segments.
- (d) **Reinsurance risk**  
Reinsurance ceded do not relieve the Company from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreement.  
In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the Company in the normal course of business, enters into agreement with other parties for reinsurance purposes.  
To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

25. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying value of all the financial instruments reported in the financial statements approximate their fair value. Fair value is determined on the basis of objectives evidence at each reporting date.

26. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 8th March 2008 by the Board of Directors of the Company.

27. **RE-CLASSIFICATIONS AND RE-ARRANGEMENTS**

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Significant re-classification and re-arrangements are as follows:

From	To	Reason	Amount
Provision for unearned premium	Prepaid reinsurance premium ceded	Better presentation	31,180,115
Expenses of management	Finance cost	Better presentation	1,224,383

  
NASIR ALI  
VICE CHAIRMAN

  
CH. ZAHOOR AHMAD  
CHIEF EXECUTIVE

  
CH. MUHAMMAD SALEEM  
DIRECTOR

# The Pakistan General Insurance Co. Ltd.

## PATTERN OF SHAREHOLDING

THE COMPANIES ORDINANCE 1984  
(Section 236(1) and 464)  
PATTERN OF SHAREHOLDING

1. Incorporation Number	85 of 1947 - 48
2. Name of the Company	THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED
3. Pattern of holding of the shares held by the shareholders as at	31-12-2007

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
195	1	100	3741
563	101	500	272985
56	501	1000	55220
51	1001	5000	123897
13	5001	10000	110752
4	10001	15000	54000
5	15001	20000	100000
1	25001	30000	30000
1	35001	40000	40000
1	40001	45000	45000
6	45001	50000	300000
3	50001	55000	161100
1	55001	60000	60000
2	65001	70000	137000
2	70001	75000	150000
1	75001	80000	80000
2	80001	85000	170000
11	95001	100000	1096000
3	105001	110000	330000
1	110001	115000	115000
1	115001	120000	120000
2	120001	125000	248500
3	125001	130000	386103
2	145001	150000	296876
1	155001	160000	160000
1	160001	165000	163500
4	170001	175000	700000
1	175001	180000	180000
1	190001	195000	194800
2	205001	210000	415500
1	215001	220000	218000
3	235001	240000	713780
1	245001	250000	250000
1	250001	255000	251000
1	255001	260000	258000
2	265001	270000	539000
1	270001	275000	275000
1	275001	280000	279500
1	285001	290000	287500
2	290001	295000	585920
1	305001	310000	310000
2	320001	325000	648500
1	360001	365000	364000
1	470001	475000	471000
2	500001	505000	1005500
2	515001	520000	1032750
1	520001	525000	523750
1	535001	540000	539500
1	540001	545000	540993
1	605001	610000	608500
1	660001	665000	664500
1	725001	730000	728000
1	795001	800000	798132
1	875001	880000	879973
1	925001	930000	927228
972			20000000

## The Pakistan General Insurance Co. Ltd.

5. Categories of shareholders	Share held	Percentage			
5.1 Directors, Chief Executive Officers, and their spouse and minor children	7,207,848	36.0392%			
5.2 Associated Companies, undertakings and related parties.	0	0.0000%			
5.3 NIT and ICP	1,000	0.0050%			
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%			
5.5 Insurance Companies	0	0.0000%			
5.6 Modarabas and Mutual Funds	0	0.0000%			
5.7 Share holders holding 10%	0	0.0000%			
5.8 General Public					
a. Local	12,750,652	63.7533%			
b. Foreign	--	--			
5.9 Others (to be specified)					
Joint Stock Companies	40,500	0.2025%			
6. Signature of Company Secretary	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
7. Name of Signatory	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
8. Designation	<div style="border: 1px solid black; padding: 2px;">Company Secretary</div>				
9. NIC Number	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>				
10. Date	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 10px;">31</td> <td style="padding: 2px 10px;">12</td> <td style="padding: 2px 10px;">2007</td> </tr> </table>		31	12	2007
31	12	2007			

The Pakistan General Insurance Co. Ltd.

Categories of Share Holders as required under C.C.G,  
As on 31st December, 2007

S. No.	NAME	HOLDING	% AGE
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000%
<u>NIT &amp; ICP</u>			
1	INVESTMENT CORP. OF PAKISTAN	1,000	0.0050%
		1,000	0.0050%
<u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u>			
1	CH. MANZOOR AHMED	505,000	2.5250%
2	MR. USMAN ALI	500,500	2.5025%
3	MR. MAZHAR ZAHOOR	608,500	3.0425%
4	MST. TALAT ZAHOOR	664,500	3.3225%
5	CH. ZAHOOR AHMED	798,132	3.9907%
	CH. ZAHOOR AHMED (CDC)	272,000	1.3600%
6	MR. NASIR ALI	728,000	3.6400%
	MR. NASIR ALI (CDC)	10,000	0.0500%
7	CH. MUHAMMAD SALEEM	540,993	2.7050%
8	MR. MAHMOOD-UL-HAQ	539,500	2.6975%
9	MR. REHAN BEG	85,000	0.4250%
10	MRS. QAISER SULTANA W/O CH. MANZOOR AHMED	110,000	0.5500%
11	MRS. RUBINA MAZHAR W/O MR. MAZHAR ZAHOOR	515,750	2.5788%
12	MRS. PARVEEN AKHTAR W/O CH. ZAHOOR AHMED	879,973	4.3999%
13	MRS. MEHVISH NASIR W/O MR. NASIR ALI	125,000	0.6250%
14	MRS. KHALIDA PARVEEN W/O CH. MUHAMMAD SALEEM	325,000	1.6250%
		7,207,848	36.0392%
<u>PUBLIC SECTOR COMPANIES &amp; CORPORATIONS</u>			
1	AAG SECURITIES (PVT) LTD. (CDC)	5,000	0.0250%
2	CAPITAL VISION SECURITIES (PVT) LTD. (CDC)	500	0.0025%
3	EXCEL SECURITIES (PVT) LTD. (CDC)	13,500	0.0675%
4	HUM SECURITIES LIMITED (CDC)	500	0.0025%
5	MAAN SECURITIES PVT LTD. (CDC)	5,000	0.0250%
6	MONEYLINE SECURITIES (PVT) LTD. (CDC)	1,000	0.0050%
7	S.Z. SECURITIES (PRIVATE) LTD. (CDC)	5,000	0.0250%
8	TAURUS SECURITIES LIMITED (CDC)	10000	0.0500%
		40,500	0.2025%
<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS,</u>			
<u>NON BANKING FINANCE INSTITUTIONS</u>			
		0	0.0000%
<u>LEASING COMPANIES</u>			
		0	0.0000%
<u>MODARABAS &amp; MUTUAL FUNDS</u>			
		0	0.0000%
<u>INSURANCE COMPANIES</u>			
		0	0.0000%
<u>NON-RESIDENCE / FOREIGN COMPANIES</u>			
		0	0.0000%
<u>SHARES HELD BY THE GENERAL PUBLIC</u>			
		12,750,652	63.7533%
<b>TOTAL:</b>		<b>20,000,000</b>	<b>100.0000%</b>

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

NIL

During the financial year the trading in shares of the company by the directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Sr. No.	Name	Sale	Purchase	Right & Merger
1	CH. MANZOOR AHMED			75,000
2	MR. USMAN ALI			270,500
3	MR. MAZHAR ZAHOOR			358,500
4	MST. TALAT ZAHOOR			362,500
5	CH. ZAHOOR AHMED		59,500	500,000
6	MR. NASIR ALI		10,000	378,000
7	CH. MUHAMMAD SALEEM			303,500
8	MR. MAHMOOD-UL-HAQ			280,500
9	MRS. QAISER SULTANA W/O CH. MANZOOR AHMED			60,000
10	MRS. RUBINA MAZHAR W/O MR. MAZHAR ZAHOOR			365,750
11	MRS. PARVEEN AKHTAR W/O CH. ZAHOOR AHMED			500,000
12	MRS. MEHVISH NASIR W/O MR. NASIR ALI			75,000
13	MRS. KHALIDA PARVEEN W/O CH. MUHAMMAD SALEEM			275,000

## The Pakistan General Insurance Co. Ltd.

### HEAD OFFICE

Cooperative Bank House, Sharah-e-Quaid-e-Azam, Lahore	PABX: 7323569 7325382 7324404 7352182 FAX: 7230634
Mr. Nasir Ali BSc. (Hons) LSE (UK) MBA. MSc. Insurance & Risk Mgmt (UK) ACII (London) Vice Chairman	Extension: Off: 12 Off: 7324404 7325382 7323569 Direct: 7350782
Ch. Zahoor Ahmed President and Chief Executive	Extension: Off: 24 Direct: 7223224 7230892 - 94
Ch. Muhammad Saleem Director / Company Secretary	Extension: Off: 13 Direct: 7233137
Mr. Usman Ali BBA (Hons) Director HR	Extension: Off: 25 Office: 7313070
Mr. Mazhar Zahoor MBA (IBL)	Direct: 7352182
Ch. Ghulam Mustafa (B.A,LL.B) Chief General Manager (Head Office)	Extension: Off: 14 Direct: 7210680 Mob: 0321-4819676
Mr. Javed Iqbal Khan Chief Financial Officer	Extension: Off: 15 Direct: 7235617 Res: 7322584
Mr. Malik Muhammad Asghar Sr. Vice President (Underwriting & Claims)	Extension: Off: 17 Res: 6859846
Mr. Muhammad Maqsood Piracha Vice President (Reinsurance)	Extension: Off: 18 Res: 7418458
Mr. Mehmood-ul-Hassan Asst. Vice President	7113551 – 2 Fax: 7113537
Mr. Sajid Bhatti Manager I.T & Software Dept.	Extension: Off: 23 Mob: 0300-9468959
Haji Ghulam Sarwar Chughtai Vice President (Claims)	Extension: Off: 20 7587317 7599066
Ch. Siddiq Sabir Vice President (Marketing & Public Relations)	Mob: 0306-4183705

The Pakistan General Insurance Co. Ltd.

PRESIDENT AND CHIEF EXECUTIVE OFFICE

Gardee Trust Building  
Thornton Road  
Lahore

Off: 7223224 7310655  
7310685 7310590  
7230892 - 7230894  
Fax: 7230895 7230634

Ch. Zahoor Ahmed  
President and Chief Executive

Off: 7223224  
7230892 - 7230894

Ch. Athar Zahoor  
Joint President

Off: 7113551 - 52  
Fax: 7113537

Major (Rtd) Munir A.Kazi  
General Manager

Off: 7230892 - 7230894  
Mobile: 0333-4308046

Mr. Zahid Iqbal Zia  
Sr. Vice President  
(Fire & Misc. Underwriting)

Extension: Off: 13  
Direct: 7310685  
Res: 7324125  
Mobile: 0333-4264535

Mr. Abdul Rasheed  
Vice President (Accounts)

Extension: Off: 14  
Direct: 7310675  
Res: 5869442  
Mobile: 0333-4308044  
0300-4715099

Mr. Nadeem Ashraf  
Asst. Accounts

Mob: 0300-4467280

Mr. Abdul Razzak Hashmi  
Vice President (Admin. Claims)

Extension: Off: 16  
Direct: 7310590  
Res: 7115261

Mian Muhammad Iqbal  
Vice President  
(Marine Underwriting)

Extension: Off: 14  
Direct: 7310590  
Res: 7922629

Syed Bagh Hussain Rizvi  
Vice President  
(Motor Underwriting)

Mobile: 0333-4328172  
Extension: Off:  
Res: 7110197

NATION WIDE BRANCH NETWORK

LAHORE

Name/Designation	Address	Numbers
Sh. Azmat Ali General Manager(Zone-I)	1 <sup>st</sup> Floor Gulberg Centre Main Boulevard (Gulberg)	Off: 042-5763146 Res: 042-5181761 Mob: 0333-4348770
Muhammad Saeed Khokhar General Manager(Zone-IV)	226 Manzoor Market Ewing Road Nila Gumbad	Off: 042-7356202 042-7240965 Res: 042-5410135 Mob: 0333-4262231
Ch. Habib Ullah General Menager (Zone-II)	89-A Temple Road	Off: 042-6366997 042-6372891 042-8443534 042-6361206 Res: 042-844351 Mob: 0300-4250811 0321-4188230
Ghulam Mustafa A.V.P	89-A Temple Road	Mob: 0300-4843992
Bilal Abaid Ullah A.V.P	89-A Temple Road	Mob: 0300-4141378
M. Anwar Sheikh General Manager(Zone-III)	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Off: 042-6304646 Fax: 042-6306513 Res: 042-6681784 Mob: 0321-8414720
Waseem Aslam Zonal Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0345-8420920 Mob: 0334-4259425
Mohammad Ameen Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0322-4027998
M.S.Ishaq Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0300-4858637
Tariq Ali Hashmi Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0300-4212326
Imran Ali Hashmi Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0321-4321147
Mohammad Bashir Rana Manager	2 <sup>nd</sup> Floor, Asif plaza 19 Abbot Road	Mob: 0321-6061475 Mob: 0302-4222505
Ch. Gulzar Ahmad Vice President	212-213 Abid Market Mozang Chungi	Off: 042-6360959 042-6301187 Res: 042-7577037 Mob: 0300-4732914
Zaheer-ul-Hassan Qadri Vice President	27-K Gulberg II, Lahore	Off: 042-5759553 Fax: 042-5758893 Mob: 0343-4003738



NATION WIDE BRANCH NETWORK

GUJRANWALA

M.Arif Butt 58-B Trust Plaza G.T. Road Off: 055-3735997  
 Vice President Res: 055-3251371  
 MOB: 0300-6449733

CHAKWAL

Raja Munir Akhtar Near Clinic Dr Res: 0543-551150  
 Branch Manager Mushtaq Awan Bhoun Road Mob: 0300-5477177  
 0321-5477177

SAHIWAL

Ch. Iqbal Hussain 147/ Railway Road Off: 040-4220825  
 E.V.P Res: 040-4462120  
 Mob: 0321-6506000

Khurram Iqbal 147/ Railway Road Off: 040-4467130  
 A.V.P Mob: 0321-6915620

MULTAN

Syed Fahim Waris Shopping Centre #3 Off: 061-4543130  
 General Manager Shahrah-e-Quaid-e-Azam 061-4581227  
 Opp: Shingrila Bakery Fax: 061-4581227  
 Res: 061-4515957  
 Mob: 0300-8733700

Mr. Bashir Ahmad Shopping Centre #3 Off: 061-4543130  
 Amin Officer Shahrah-e-Quaid-e-Azam 061-4581227  
 Opp: Shingrila Bakery Fax: 061-4581227  
 Mob: 0321-6312567

Miss Sana Hanif Shopping Centre #3 Off: 061-4543130  
 Underwriting Officer Shahrah-e-Quaid-e-Azam 061-4581227  
 Opp: Shingrila Bakery Fax: 061-4581227

Malik Nazar Hussain Shopping Centre #3 Off: 061-4543130  
 Branch Manager Shahrah-e-Quaid-e-Azam 061-4581227  
 Opp: Shingrila Bakery Mob: 0300-6359800

Ch. Adil Ayub Shopping Centre #3 Off: 061-4543130  
 Branch Manager Shahrah-e-Quaid-e-Azam Res: 061-4581227  
 Opp: Shingrila Bakery Mob: 0300-7183152

Mudassar Abbas Shopping Centre #3 Off: 061-4543130  
 Branch Manager Shahrah-e-Quaid-e-Azam Res: 061-4581227  
 Opp: Shingrila Bakery Mob: 0300-6359800

VEHARI

Ch. Muhammad Ali 47-B Grain Msarket Off: 0673-365228  
 General Manager 0673-365828  
 Fax: 0673-361046  
 Res: 0673-363880  
 Mob: 0304-6000335

NATION WIDE BRANCH NETWORK

BAHAWALPUR

Ch. Muhammad Ali General Manager	1 <sup>st</sup> Floor Al-Karim Plaza Circular Road	Off: 062-2876535 Mob: 0301-7761335
Syed Waqar Ali Rizvi	Zahoor Market Eid Gah Road Bahawalpur	Mob: 0333-6388157

KOT ADU

Muhammad Nadeem Khan Branch Manager	Flat #4, Abbas Plaza	Off: 0662-242847 Res: 0662-242947 Mob: 0333-6003353
--	----------------------	---

R.Y.KHAN

Muhammad Iqbal Branch Manager	9-A Babar Colony	Off: 0685-872060 Mob: 0300-9670864
----------------------------------	------------------	---------------------------------------

CHISHTIAN

M Amin Javed Vice President	Ghalla Mandi	Off: 063-2503042 Res: 063-2507642 Mob: 0300-6980542
--------------------------------	--------------	---

FAISALABAD

Zaffar Hanif Shiekh Vice President	Opp: Iqbal Park, Dhobi Gate, New Garden Town, New Khan Road Runner, Kokab Shopping Centre	Off: 041-2615774 Fax: 041-2622874 Res: 041-2786633 Mob: 0300-7613133
---------------------------------------	--	---

D.G.KHAN

Syed Fahim Warris General Manager	10/Z, Model Town	Off: 064-2461101 064-2464969 Mob: 0300-8733700
Zaffar Ullah Khan Assistant Vice President	10/Z, Model Town	Off: 064-2461101 064-2464969 Res: 064-2467531 Mob: 0320-5677032
Nadir Khan Branch Manager	10/Z, Model Town	Off: 064-2461101
Mulazim Hussain Vice President	Quaid-e-Azam Road	Mob: 0300-6378942

JHANG

Mian Zulfiqar Ali Khan Vice President	Mughal Market, Yousaf Shah Road	Off: 047-7621943 Res: 047-7610230 Mob: 0333-6731943
--	------------------------------------	---

NATION WIDE BRANCH NETWORK

SARGODHA

Ch. Zafar Niaz Regional Manager	Shaheen Plaza Railway Road	Off: 048-3722435 Mob: 0300-5530729
M. Taufiq Piracha Branch Manager	99-Trust Plaza Fatima Jinah Road	Off: 048-3721418 Res: 048-3213459 Mob: 0300-9609161

MIANWALI

M. Khan Baloch A.V.P	Bank Street Mianwali	Off: 0459-233130 Mob: 0300-6090130
-------------------------	----------------------	---------------------------------------

SIALKOT

Mirza Azam Baig Vice President	Aurangzeb Market, Karimpura Road	Off: 052-4586223 Res: 052-4590568 Mob: 0333-8642744
-----------------------------------	-------------------------------------	---

AZAD JAMMU KASHMIR

MUZAFFARABAD A.K

Tahir Masood Minhas	91-Light Road	Off: 058810-43830 Mob: 0334-5012310
---------------------	---------------	--

OFFICE NORTHERN ZONE

ISLAMABAD

Raja Basit Ali Vice President	Room #13 2 <sup>nd</sup> Floor Hill View Plaza Blue Area Islamabad	Off: 051- 2876274 Mob: 0300-5567640 Mob: 0334-5303565
Raja M. Ibrahīm Satti	Flat #2&3, Wasal Plaza Plot #1/F, Bazar #5 Sector I-10/1	Off: 051-4435886 051-4435007 Res: 051-5472557 Mob: 0301-5152260

ABBOTTABAD

Ahsan Rasheed Mirza Branch Manager	119 Iqbal Shopping Complex The Mall	Off: 0992-336087 Mob: 0304-5040184
---------------------------------------	--	---------------------------------------

## The Pakistan General Insurance Co. Ltd.

### NATION WIDE BRANCH NETWORK

#### PESHAWAR

Malik Fazal Dad General Manager	Room #S 3 & 4 2 <sup>nd</sup> Floor, Belore Palace	Off: 091-5275184 091-5275405 Fax: 091-5271077 Res: 091-5279614 Mob: 0300-5892110
------------------------------------	---	--

#### OFFICE SOUTHERN ZONE

#### KARACHI

Haroon Ghani Memon Executive Vice President	Room #508 5 <sup>th</sup> Floor Uni Plaza I.I. Chandrigar Road	Off: 021-2400755 Res: 021-2742491 Mob: 0320-2043305
--	--	---

#### HYDERABAD

Muhammad Shafi Chundrigar Sr. Vice President	Room No, 1 & 2, Third Floor, Al -Falah Chamber, Tilac Incline	Off: 022-2635128 022-2630545 022-3009002 Fax : 022-2610140 Mob: 0300-3088970 Mob: 0320-4159500 Res: 022-2614168
Miss Farzana Chishti Asst. Vice President	Room No, 1 & 2, Third Floor, Al-Falah Chamber, Tilac Incline	Off: 022-2635128 Mob: 0300-9373017 Res: 022-2637959
Abdul Rehman Panhaar Asst. Vice President	Room No, 1 & 2, Third Floor, Al-Falah Chamber, Tilac Incline	Mob: 0333-2646901
M. Saleem Chundrigar Development Manager	Room No, 1 & 2, Third Floor, Al-Falah Chamber, Tilac Incline	Off: 022-2630545 Res: 022-3811342 Mob: 0300-3069394

#### JOINT PRESIDENT OFFICE

#### SUKKUR

Raja Gul Saeed Ahmad Khan Joint President	16 Mehran Markaz	Off: 071-5613508 Res: 071-5630919 Mob: 0300-3117229
Muhammad Yamin Development Manager	16 Mehran Markaz	Off: 071-5613508 Mob: 0300-9317430

#### QUETTA

Ahsan-ul-Haq AVP	Room #1 2 <sup>nd</sup> Floor Agha Siraj Complex Circular Road	Mob: 0306-4183705 Mob: 0300-9381933
---------------------	--	--

PROXY FORM

Member of The Pakistan General Insurance Company Limited hereby appoint \_\_\_\_\_

or failing him \_\_\_\_\_

as my proxy to vote for me and on my behalf at the 60th Annual General Meeting of the Company to be held on Monday 31st March 2008 and at any adjournment thereof.

Signature

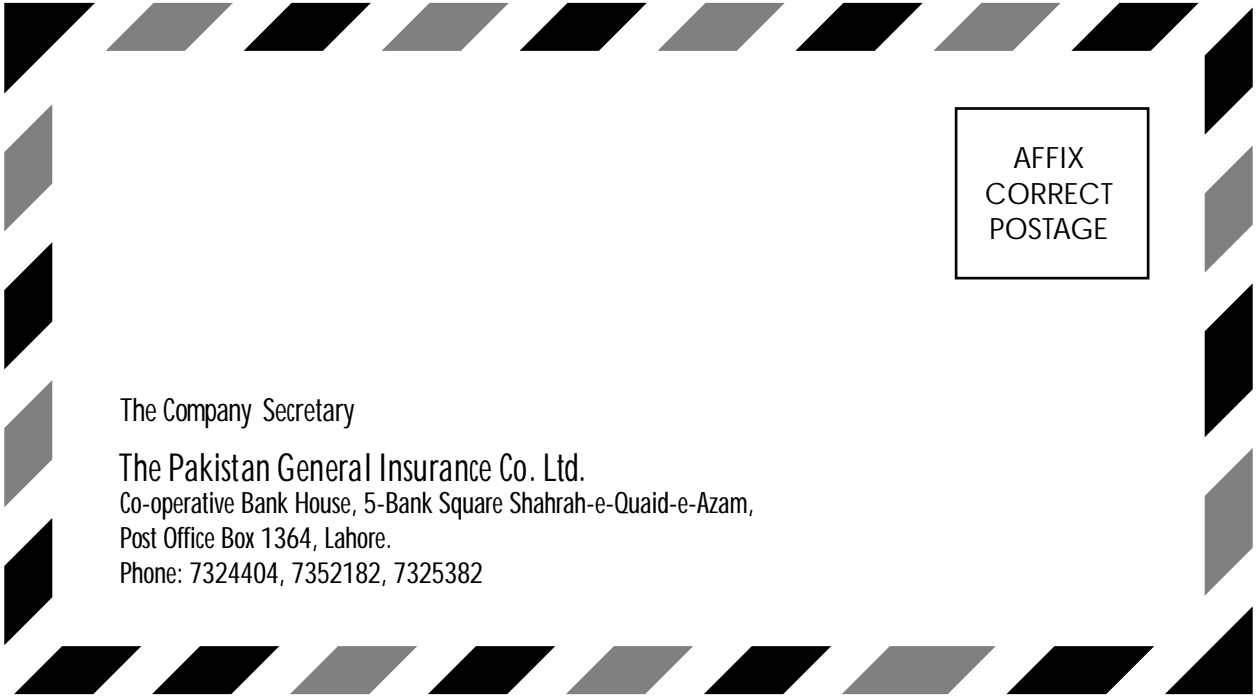
Five Rupee  
Revenue  
Stamp

NOTES:

No person shall be appointed a proxy who is not a member of the Company and qualified to vote save that in case of a Corporate body being a Member of the Company may appoint as its representative any person whether a member of the Company or not. An Attorney of a member need not himself be a member.

No person shall act as a proxy unless the instrument appoint a proxy and every power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

The signature on the instrument of proxy must conform to the specimen signature recorded with the Company



AFFIX  
CORRECT  
POSTAGE

The Company Secretary

The Pakistan General Insurance Co. Ltd.  
Co-operative Bank House, 5-Bank Square Shahrah-e-Quaid-e-Azam,  
Post Office Box 1364, Lahore.  
Phone: 7324404, 7352182, 7325382

**THE PAKISTAN GENERAL INSURANCE CO. LTD.**

(Incorporated in 1947)

Co-operative Bank House, 5-Bank Square Shahrah-e-Quaid-Azam, Post Office Box 1364, Lahore.

Tel: +92-42-7324404, 7223224, 7352182

Fax: +92-42-7230893, 7230634

E-mail: [info@pgi.com.pk](mailto:info@pgi.com.pk)

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