

Asia Insurance Company Limited

Annual Report 2000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of Asia Insurance Company Limited, will be held at its Registered Office Asia Insurance House, 7-Egerton Road, Lahore on Friday, 29-06-2001 at 10.00 A.M to transact the following business:-

1. To confirm the minutes of 20th Annual General Meeting held on 30-06-2000.
2. To receive, consider and adopt the audited accounts of the Company for the year ended 31st December, 2000 together with Director's and Auditor's report thereon.
3. To appoint auditors uptill the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/S Sher Muhammad Khan and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
4. To elect Nine Directors of the Company for a period of three years in accordance with the provisions of the Companies Ordinance, 1984, in place of following retiring Directors:

- | | |
|----------------------------|-------------------------------|
| 1. Mr. Pervez Saadat | 2. Mr. Jahengir Shahid |
| 3. Mr. Tariq Saadat | 4. Sh. Akhtar Sayeed |
| 5. Mr. Nabeel Zafar Sheikh | 6. Mr. Zafar Iqbal Sheikh |
| 7. Mr. Asim Haleem Sheikh | 8. Mr. Muhammad Ashraf Sheikh |
| 9. Mrs. Ghazala Imran | |

The Board of Directors has fixed the number of elected Directors as Nine. All the retiring Directors shall be eligible to offer themselves for re-election.

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Sd/-

MAHMOOD AKHTAR
COMPANY SECRETARY

Lahore: 07-06-2001.

NOTES:

1. The share transfer books of the Company will remain closed from 22nd June, 2001 to 29th June, 2001 (both days inclusive).
2. A member entitled to attend speak and vote at the meeting is entitled to appointed a proxy to attend speak and vote for him/her.
3. An instrument of proxy and Power of Attorney or the Authority (if any) under which it is signed or a notarially certified copy of such power of Authority, in order to be valid, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. Any person who seeks to contest an election to the Office of Director, should file with the Company, not later than 14 days before the date of AGM at which election is to be held, a notice of his intention to offer himself for election as Director u/s 178 of the Companies Ordinance, 1984.
5. Members are requested to notify any change in their address immediately.

COMPANY INFORMATION

Chairman	Parvez Saadat Sheikh
Chief Executive	Zafar Iqbal Sheikh B.Com (Hon) M.B.A.A.C.I.I. (London)
Directors	Tariq Saadat Jehangir Shahid

Sh. Akhtar Sayeed
Nabeel Zafar Shaikh
Asim Haleem Sheikh
Mohammad Ashraf
Ghazala Imran (PIC Nominee)

Legal Advisor Ahmed Hussain Shah Bokhari

Company Secretary Mahmood Akhtar

Auditors Sher Muhammad Khan & Co.,
Chartered Accountants

Registered & Head Office Asia Insurance House 7-Egerton Road,
Lahore-54000
Phones: 6363692-93, 6304092-93
Fax: 92-42-6368966

BRANCH NETWORK

JAIL ROAD - LAHORE 216-Eden Centre
Phone: 7576034 Fax: 7560437

EGERTON ROAD - LAHORE 7-Egerton Road,
Phone: 6311956 Fax: 6314373

QUEENS ROAD - LAHORE 3rd Floor, Mumtaz Centre
Phone: 63 70665

SIALKOT Opp: Nishat Cinema Kutchery Road,
Phone: 587609 Fax: 263753

FAISALABAD P-89, Usmanabad Near Rex City Plaza,
Phone: 732062

RAWALPINDI Al-Abbas Market, Adamjee Road,
Phone: 565227 Fax: 584697

MARDAN Bank Road,
Phone: 62639

KARACHI 4th floor, Haji Adam Chambers,
Altaf Hussain Road,
Phones: 2411798-2420511-2420872
Fax: 2422 782

DIRECTORS' REPORT TO THE SHARE HOLDERS

On behalf of your Directors, it is my pleasure to present the 21st Annual Report and the Audited Accounts of the Company for the year ended 31st December, 2000. The salient features of the working of the Company during the year are as under.

The year 2000 was a very difficult year for the entire Insurance Industry and your Company was no exception. We were able to only maintain the same level of business as in the previous year due to sluggish level of economic activity in the country, but, due to increase in claims and management expenses our underwriting balance showed a red figure. We have taken remedial measures and hope next year would be a better year for us.

FINANCIAL RESULTS

During the year under review the net loss suffered by the Company is Rs. 1,682,043 and after accounting of unappropriated profit of Rs. 564,154 brought forward from the previous year and income tax of Rs. 272, 730 paid during the year, there is a deficit of Rs. 1,390,619 carried to balance sheet.

The Department wise performance was as follows:

FIRE DEPARTMENT

The net premium of this department was Rs. 2.94 M as against Rs. 4.33 M last year. The Claims ratio was 26.19% as compared to 15.88% in 1999. The underwriting loss was Rs. 0.203 M as compared to the underwriting profit of Rs.0.466 Min 1999.

MARINE DEPARTMENT

The net premium of this department was Rs. 7.00 M as against Rs. 7.28 M last year. The Claim ratio was 16.17% as compared to 15.17% in 1999. There was underwriting profit of Rs. 1.381 M as against profit of Rs. 1.762 M last year.

MOTOR DEPARTMENT

The net premium of this department was Rs. 8.83 M as against Rs. 7.10 M last year. The Claim ratio was 53.25% as against 59.78% in 1999. There was underwriting loss of Rs. 1.96 M as compared to loss of Rs. 2.31 M in 1999.

AUDITORS

The Company's Auditors Sher Muhammad Khan & Co., Chartered Accountants retire and offer themselves for reappointment.

MISCELLANEOUS

Pattern of Shareholding is set out on separate page.

ACKNOWLEDGEMENT

Your Directors are thankful to the Controller of Insurance, Pakistan Insurance Corporation, and the Overseas reinsurers for their whole hearted support and Cooperation. The above results would not have been possible without the support of your Company's esteemed Clients and the efforts of the officers, field force and the staff of your Company. Your Directors record their indebtedness and thanks for this support.

On behalf of Board of Directors

PARVEZ SAADAT

Chairman

Lahore: 19th May, 2001

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of "ASIA INSURANCE COMPANY LIMITED" as at December 31, 2000 and the annexed Fire, Marine, Motor and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, Profit and Loss Appropriation Account, Statement of Changes in Equity and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that:-

i) Depreciation to the extent of Rs. 1,643,990/- on House Property has not been provided in these accounts resulting in understatement of net loss to that extent.

ii) Provision of Income Tax for the year 2000 of Rs. 1.65 Million has not been provided.

Subject to the foregoing remarks, we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of Internal Control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Insurance Ordinance, 2000. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:-

a). In our opinion:-

i) proper books of account as required by the Companies Ordinance, 1984 have been kept by the company;

ii) the Balance Sheet, Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Account, Statement of Changes in Equity and Cash Flow Statement together with the notes thereon, have been drawn up in conformity with the provisions of the Insurance Ordinance, 2000 and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;

iii) the expenditure incurred during the year was for the purpose of the Company's business; and

iv) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

b) Except for the foregoing remarks, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Fire, Marine, Motor and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, Profit and Loss Appropriation Account, the Statement of Changes in Equity and Cash Flow Statement together with the notes forming part thereof, give the information required by the Insurance Ordinance, 2000, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2000 and of the Loss, the changes in equity and its cash flows for the year then ended.

c) We have verified the Cash in Hand and Cash with Banks and the company's Investments by actual inspection or by the production of certificates or other documents;

d) We certify that all expenses of Management wherever incurred whether directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business transacted in Pakistan have been fully debited in the respective Revenue Accounts as expenses.

e) We certify that the company has not paid to any person any commission in any form outside Pakistan in respect of the insurance business transacted by the company in Pakistan and that the company has not received outside Pakistan from any person any commission in any form in respect of any business, reinsured abroad.

f) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Sher Muhammad Khan & Co.
Chartered Accountants

Lahore: 20-05-2001

BALANCE SHEET AS AT DECEMBER 31, 2000

CAPITAL AND LIABILITIES.	NOTE	2000	1999
SHARE CAPITAL.			
Authorised.			
2,500,000 Shares of Rs. 10/- each.		25,000,000	25,000,000
		=====	=====
Issued, Subscribed and Paid-Up.			
2,500,000 Shares of Rs. 10/- each.		25,000,000	25,000,000
RESERVES.			
General.		2,500,000	2,500,000
(Loss)/Profit		(1,390,619)	564,154
		-----	-----
		1,109,381	3,064,154
SURPLUS ON REVALUATION OF FIXED ASSET	3	15,052,459	15,052,459
BALANCE OF ACCOUNTS			
Fire Insurance Account.		1,177,566	1,732,255
Marine Insurance Account.		2,802,047	2,914,299
Motor Insurance Account.		3,534,604	2,842,802
Miscellaneous Insurance Account.		64,106	157,004
		-----	-----
		7,578,323	7,646,360
LIABILITIES AGAINST ASSETS SUBJECT TO FI	4	1,399,761	885,835
CURRENT LIABILITIES AND PROVISIONS			
Estimated Liability in respect of outstanding claims whether due or intimated.		1,731,664	1,325,676
Agent's Balances.		1,158,130	1,080,777
Amount due to other persons or bodies carrying on insurance business.		2,498,667	2,450,824

Current Maturity of long term Liabilities.	1,001,589	1,212,055
Sundry Creditors (including outstanding and accrued expenses).	2,337,899	2,732,490
Premium Deposits.	5,908,752	4,107,249
Bank Overdraft.	927,621	1,533,542
	-----	-----
	15,564,322	14,442,613
	-----	-----
Rupees	65,704,246	66,091,421
	=====	=====

PROPERTY AND ASSETS.**INVESTMENT AT COST.**

Deposit with State Bank of Pakistan.		
Defence Saving certificates.	100,000	100,000
National Investment Trust Units.	255,000	255,000
11% Government of Pakistan Loan 2001.	50,000	50,000
	-----	-----
	405,000	405,000

Ordinary Shares Joint Stock Companies.	1,114,975	1,114,975
National Investment Trust Units.	6,002	--
Defence Saving certificates.	100,000	100,000
	-----	-----
	1,625,977	1,619,975

House Property.	5	32,879,804	32,879.80
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**FURNITURE, FIXTURE, OFFICE
EQUIPMENTS AND VEHICLES.
ASSETS SUBJECT TO FINANCE LEASE.**

	3,773,457	4,032,240
	3,530,069	2,801,055

CURRENT ASSETS.

Outstanding Premium.	5,954,790	6,372,676
Amount due from other persons or bodies carrying on Insurance business.	8,099,505	8,164,587
Sundry Debtors.	2,417,238	2,185,254
Agent's Balances.	1,420,217	1,119,857

Cash at Banks:		
Deposit Accounts.	5,103,750	6,544,720
Current Accounts.	899,439	371,253

	-----	-----
	6,003,189	6,915,973
	-----	-----
	23,894,939	24,758,347
	-----	-----

Rupees	65,704,246	66,091,421
	=====	=====

DIRECTOR'S CERTIFICATE:

We certify that:-

1. Investments have been shown in Balance Sheet at cost or book value.

2. The value of Assets has been reviewed as at December 31, 2000 and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their Realisable Value or Market Value under the several headings.

Director

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2000.**

	<i>2000</i>	<i>1999</i>
Expenses of Management (not applicable to any fund or account).	450,000	450,000
Director's Fee and Travelling.	9,800	16,910
Bonus to Staff.	424,909	393,452
Zakat.	6,250	55,354
Exchange Loss.	1,411	--
Depreciation.	698,190	797,912
Depreciation on Leased Assets.	642,705	515,945
Loss on Sale of Investment.	--	698,531
	-----	-----
Rupees	2,233,265	2,928,104
	=====	=====
Interest and Dividend.	380,880	15,878,181
Less: Income Tax deducted at source.	35,983	47,006
	-----	-----
	3,448.97	540,812
Profit/(Loss) transferred from:		
Fire Revenue Account.	(202,359)	466,510
Marine Revenue Account.	1,381,965	1,762,924
Motor Revenue Account.	(1,960,574)	(2,314,537)
Miscellaneous Revenue Account.	(227,312)	246,774
	-----	-----
	(1,008,280)	161,671
Profit on Sale of Fixed Assets.	818,941	580,836
Rental Income.	395,664	344,240
Loss for the year carried to Profit and Loss Appropriation Account.	1,682,043	1,300,545
	-----	-----
Rupees	2,233,265	2,928,104
	=====	=====

**PROFIT AND LOSS APPROPRIATION ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2000.**

Income Tax Assessment year 1997-98.	20,125	--
Income Tax Paid Assessment Year 2001-2002.	125,000	--
Income Tax Deducted at Source.	127,605	113,203
Loss for the year Brought Down from Profit and Loss Account.	1,682,043	1,300,545
Balance Carried to Balance Sheet	--	564,154
	-----	-----
Rupees	1,954,773	1,977,902
	=====	=====
Balance Brought Forward from previous year.	564,154	1,581,273

Determined Income Tax Refund upto (Assessment year 1999-2000)	--	396,629
Balance Carried to Balance Sheet.	1,390,619	--
	-----	-----
Rupees	1,954,773	1,977,902
	=====	=====

Director

Director

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>2000</i>	<i>1999</i>
CLAIMS UNDER POLICIES (Less: Re-Insurance).		
Paid during the year.	657,335	693,053
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	340,808	227,131
	-----	-----
	998,143	920,184
Less: Outstanding at the end of the previous year.	227,131	232,214
	-----	-----
	777,072	687,970
Expenses of Management.	3,213,382	3,168,091
Profit Transferred to Profit and Loss Account	--	466,510
Balance of Account at the end of the year as shown in the Balance Sheet		
Reserve for Un-expired Risks being 40% of the premium Income of the year.	1,177,566	1,732,255
	-----	-----
Rupees	5,161,960	6,054,826
	=====	=====

BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.

Reserve for Un-expired Risks.	1,732,255	1,700,864
Premium Less: Re-Insurance.	2,943,916	4,330,637
Commission (Net).	283,430	23,325
Loss transferred to Profit and Loss Account.	202,359	--
	-----	-----
Rupees	5,161,960	6,054,826
	=====	=====

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2000

CLAIMS UNDER POLICIES (Less: Re-Insurance).		
Paid during the year.	1,071,836	1,416,837
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	434,741	373,294
	-----	-----
	1,506,577	1,790,131
Less: Outstanding at the end of the previous year.	373,294	684,435
	-----	-----
	1,133,283	1,105,696
Commission (Not).	204,117	184,592
Expenses of Management.	4,398,004	4,336,016
Profit transferred to Profit and Loss Account.	1,381,965	1,762,924

Balance of Account at the end of the

year as shown in the Balance Sheet:
Reserve for Un-expired Risks being
40% of the premium Income of the year.

2,802,047 2,914,299

Rupees

9,919,416 10,303,527

**BALANCE OF ACCOUNT AT THE
BEGINNING OF THE YEAR.**

Reserve for Un-expired Risks.
Premium Less: Re-insurance.

2,914,299 3,017,780

7,005,117 7,285,747

Rupees

9,919,416 10,303,527

Director

Director

**MOTOR INSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2000**

2000

1999

CLAIMS UNDER POLICIES (Less: Re-Insurance).

Paid during the year.

4,463,053 4,349,269

Estimated Liability in respect of
outstanding claims at the end of
the year whether due or intimated.

905 662,176

5,368,332 5,011,445

Less: Outstanding at the end of the previous year.

662,176 762,750

4,706,156 4,248,695

Commission (Net).

1,703,137 1,392,327

Expenses of Management.

3,695,988 3,643,895

Balance of Account at the end of the
year as shown in the Balance Sheet:
Reserve for Un-expired Risks being
40% of the premium Income of the year.

3,534,604 2,842,802

Rupees

13,639,885 12,127,719

**BALANCE OF ACCOUNT AT THE
BEGINNING OF THE YEAR.**

Reserve for Un-expired Risks.
Premium Less: Re-Insurance.

2,842,802 2,706,176

8,836,509 7,107,006

Loss transferred to Profit and Loss Account.

1,960,574 2,314,537

Rupees

13,639,885 12,127,719

**MISCELLANEOUS INSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2000**

CLAIMS UNDER POLICIES (Less: Re-Insurance).

Paid during the year.

40,979 69,444

Estimated Liability in respect of
outstanding claims at the end of
the year whether due or intimated.

50,836 63,075

91,815 132,519

Less: Outstanding at the end of the previous year.	63,075	74,611
	-----	-----
	28,740	57,908
Expenses of Management.	549,427	541,683
Profit transferred to Profit and Loss Account.	--	246,774
Balance of Account at the end of the year as shown in the Balance Sheet:		
Reserve for Un-expired Risks being 40% of the premium Income of the year.	64,106	157,004
	-----	-----
Rupees	642,273	1,003,369
	=====	=====

BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.

Reserve for Un-expired Risks.	157,004	469,420
Premium Less: Re-Insurance.	160,266	392,509
Commission (Net).	97,691	141,440
Loss transferred to Profit and Loss Account.	227,312	--
	-----	-----
Rupees	642,273	1,003,369
	=====	=====

Director

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2000.

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as on 1-1-1999.	25,000,000	2,500,000	1,581,273	29,081,273
Loss for the year	--	--	(1,017,119)	(1,017,119)
	-----	-----	-----	-----
Balance as on 31-12-1999.	25,000,000	2,500,000	564,154	28,064,154
Loss for the year	--	--	(1,954,773)	(1,954,773)
	-----	-----	-----	-----
Balance as on 31-12-2000. Rs.	25,000,000	2,500,000	(1,390,619)	26,109,381
	=====	=====	=====	=====

Director

Director

STATEMENT OF SOURCES AND APPLICATION OF FUND (CASH FLOW) FOR THE YEAR ENDED DECEMBER 31, 2000.

	<i>2000</i>	<i>1999</i>
CASH FLOW FROM OPERATING ACTIVITIES.		
Net (Loss) before Taxation.	(1,682,043)	(1,300,545)
Adjustments:		
Depreciation.	1,340,895	1,313,857
Profit on sale of Fixed Assets.	(818,941)	(580,836)
Loss on sale of Investment.	--	698,531
Rental Income.	(395,664)	(344,240)
(Decrease) / Increase in Reserve for un-expired Risks.	(68,037)	(247,880)
Interest Received (Net).	(344,897)	(540,812)
	-----	-----
	(286,644)	298,620
Operating (Loss) / Profit before Working Capital changes.	(1,968,687)	(1,001,925)
(Increase) / Decrease in Current Assets.		
Outstanding Premium.	417,886	1,903,842

Amount due from other persons or bodies carrying on Insurance Business.	65,082	(726,029)
Sundry Debtors.	(231,984)	(697,964)
Agent's Balances.	(300,360)	(397,705)
	-----	-----
	(49,376)	82,144
Increase / (Decrease) in Current Liabilities.		
Outstanding Claims.	405,988	(428,334)
Agent's Balances.	77,353	196,097
Amount due to other persons or bodies carrying on Insurance Business.	47,843	(2,392,804)
Sundry creditors.	(394,591)	(269,061)
Premium Deposits.	1,801,503	610,565
Bank Overdrafts.	(605,921)	1,532,698
	-----	-----
	1,332,175	(750,839)
	-----	-----
	(685,888)	(1,670,620)
Determined Income Tax Refund.	--	396,629
	-----	-----
Cash used in Operations.	(685,888)	(1,273,991)
Income Tax Paid.	(272,730)	(113,203)
	-----	-----
Net Cash used in operating Activities.	(958,618)	(1,387,194)
CASH FLOW FROM INVESTING ACTIVITIES.		
Sale proceeds of Furniture, Office Equipments and Vehicles.	3,483,473	2,260,554
Furniture, Fixture, Office Equipments and Vehicles acquired.	(4,475,658)	(1,240,930)
Purchase of National Investment Trust Units.	(6,002)	(44,427)
Sale Proceeds of National Investment Trust Units.	--	1,110,524
Interest Received (Net).	344,897	540,812
Building Acquired.	--	(15,823,555)
Advance for purchase of Building.	--	15,000,000
Rental Income.	395,664	344,240
	-----	-----
Net Cash from Investing Activities.	(257,626)	2,147,218
CASH FLOW FROM FINANCING ACTIVITIES.		
Repayment of Finance Lease Liabilities.	(1,371,040)	(1,018,617)
Lease Finance.	1,674,500	--
	-----	-----
Net Cash from Financing Activities.	303,460	(1,018,617)
	-----	-----
Net (Decrease)/Increase in Cash and Cash Equivalents.	(912,784)	(258,593)
Cash and Cash Equivalents at the beginning of the Period.	6,915,973	7,174,566
	-----	-----
Cash and Cash Equivalents at end of the Period.	Rupees 6,003,189	6,915,973
	=====	=====

Director

Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2000

1. STATUS

Asia Insurance Company Limited was incorporated as a Public Limited Company on December 6, 1979. The Company is listed on the Stock Exchanges at Karachi and Lahore.

2. SIGNIFICANT ACCOUNTING POLICIES.

a. These accounts have been prepared under historical cost convention except that the house property has been shown at revalued amount.

b) Premium income is taken into account at the time of issuance of policies.

- c) Investments are stated at cost. Divided on Investments is accounted for on receipt basis.
- d) The Company maintains its reserve for unexpired risks at the end of the year at 40 percent of the net premium income.
- e) The outstanding claims at the close of the year have been worked out at Rs. 1,731,664/-. As a general policy of the Company being followed consistently over the year no provision of claims where the quantum of loss is not known has been made.
- f) Consistent with the past practice two quarters of the previous year and two quarters of the current year of Retrocession Accounts are provided in the accounts.
- (g) (i) Fixed Assets are stated at cost less accumulated depreciation calculated on reducing balance as per rates prescribed for income tax purpose. Depreciation to the extent of Rs. 1,643,990/- on House Property has not been provided in these accounts.
- (ii) No depreciation is provided on assets in the year of sale while full year's depreciation is charged in the year of purchase. Gain/Loss on disposal of assets, if any, is included in the income of the year.
- h) Expenses of Management after adjustment of administrative surcharges are allocated to various Revenue Accounts on the basis of gross direct premium.
- i) The company operates a Provident Fund Scheme for its employees and contributions are made monthly to cover obligation under the Scheme.
- j) Bonus to staff is accounted for in the year it is paid.

3. SURPLUS ON REVALUATION OF FIXED ASSETS.

In December 1998 the house property was revalued which resulted in a surplus of Rs. 15,052,459/- over the written down value.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future payments and the period in which these payments will become due are.

	<i>2000</i>	<i>1999</i>
2000.	--	1,611,017
2001.	1,217,185	868,225
2002.	469,805	120,845
2003.	989,810	--
	-----	-----
	2,676,800	2,600,087
Less: Finance Charges not due.	275,450	502,197
	-----	-----
	2,401,350	2,097,890
Less: Current portion shown under current Liabilities.	1,001,589	1,212,055
	-----	-----
Rupees	1,399,761	885,835
	=====	=====

These represent finance lease entered into with leasing companies for Vehicles and office equipments. Rates of Financial charges ranging from 25% to 27% per annum are used as discounting factors.

At the end of lease period the ownership of assets shall transfer to the company on payment of residual values.

These are secured by the personal guarantees of the directors of the company and security deposits.

5. REVALUATION OF FIXED ASSETS

House Property was revalued in 1998. The revaluation resulted in a surplus of Rs. 15,052,459/- over the written down value of the house property as appearing in the books as on December 31, 1998.

6. TAXATION

The Income Tax Assessments stand finalised upto Assessment Year 1999-2000. Provision of Income Tax for the year 2000 of Rs. 1.65 Million has not been provided.

7. OUTSTANDING PREMIUMS.

These are unsecured, recoverability of these balance could not be confirmed. However, the management considers these balances to be accurately stated.

8. BALANCE CONFIRMATIONS.

- a) All the personal balance and amounts due from/to the Company in respect of premium deposits and commissions remained

unconfirmed. These are however considered good by the management.

b) The balances due from and due to other persons or bodies carrying on insurance business within and outside Pakistan remained unconfirmed. The management, however, considers the balances in these accounts to be fully recoverable.

9. FIGURES.

a) In these accounts are rounded off to the nearest rupee.

b) Of the previous year are re-arranged, wherever necessary for the purpose of comparison.

Director

Director

10. SCHEDULE OF INVESTMENT.

FULLY PAID ORDINARY SHARES OF CONCERNS IN PAKISTAN

<i>A. LISTED COMPANIES</i>	<i>FACE VALUE</i>	<i>COMPANY'S NAME</i>	<i>BOOK VALUE</i>
NO. OF SHARES			
6196	10/-	National security Ins Co Ltd.	78,307
180	10/-	General Tyre & Rubber Company of Pakistan	3,448
200	10/-	Suhail Jute Mills Limited	1,820
5625	10/-	Brothers Textile Limited	82,200
5350	10/-	Khalid Siraj Textiles Limited	80,300
5843	10/-	First IBL Modaraba	107,300
7250	10/-	B.R.R. 2nd Modaraba	101,100
50400	5/-	First Habib Modaraba	249,500
15000	10/-	Sulman Noman Enterprises Ltd.	182,750
1000	10/-	Tawakkal Polyester Inds Ltd.	27,000
5000	10/-	Haseeb Waqas Sugar Mills Ltd.	116,250
210	10/-	Islamic Investment Bank Ltd	5,000
B. UNLISTED COMPANIES			
1000	100/-	G.M. Fur Leather Industry	80,000
C. OTHER			
20423 Units	10/-	N.I.T. Units	261,002
	--	Defence Saving Certificates	200,000
	--	Federal Government Securities	50,000
		Total A+B+C.	Rs. 1,625,977
		Market Value as at 31st December, 2000	Rs. 1,073,926

11. SCHEDULE OF DISPOSAL OF FIXED ASSETS AS AT 31ST DECEMBER, 2000.

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sale Price</i>	<i>Profit (Loss)</i>	<i>Particulars of Purchaser</i>	<i>Mode of Disposal</i>
Office Vehicle							
LOY-7613	270,363	--	270,363	520,800	250,437	Leopard Car Rental 7 - Egerton Road, Lahore.	Negotiation
LOU-7639	14,686	2,937	11,749	50,000	38,251	Adjusted Against Claim	
LXA-9110	249,207	49,841	199,366	400,000	200,634	Adjusted Against Claim	
GTB-7690	2,110	422	1,688	7,500	5,812	Mr. Rasheed Bashir Lahore.	Negotiation
LX0-7845	495,885	--	495,885	495,885	--	Pakistan Industrial Leasing Corpor	Negotiation

Lahore.

LXG-6181	429,880	85,976	343,904	452,000	108,096	Mr. Haji Arshad Javed Gohadpur Sialkot.	Negotiation
LXH-908	519,000	--	519,000	745,000	226,000	Mr. Riaz Ahmed Choudhry H.No.E-411 Charar Lahore.	Negotiation
Office Furniture							
	31,446	3,145	28,301	18,000	(10,301)	Mr. Abdul Hafeez Butt Gujrat.	Negotiation
	5,265	527	4,739	4,000	(739)	Mr. Muhammad Yousaf Janjwah Village Malikhonwala Sialkot.	Negotiation
Office Equipments							
	527	53	474	1,225	751	Mr. Muhammad Younas Malik Ghali Arian Wazirabad.	Negotiation
Rupees	2,018,369	142,901	1,875,469	2,694,410	818,941		

12. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	<i>CHIEF EXECUTIVE</i>		<i>DIRECTOR</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Managerial Remuneration	240,000	240,000	60,000	60,000
House Rent and Utilities	120,000	120,000	30,000	30,000
Bonus	30,000	30,000	7,500	7,500
Total	390,000	390,000	97,500	97,500
Number of Persons	1	1	1	1

The Chief Executive and the Director have been provided with free use of Company's transport & telephone at their residence.

13. AUDITOR'S REMUNERATION

	<i>2000</i>	<i>1999</i>
Audit Fee	33,500	30,000
Rupees	33,500	30,000
Director	Director	Director

**CLASSIFIED SUMMARY OF ASSETS
AS AT 31ST DECEMBER, 2000.****FORM "AA"**

<i>CLASS OF ASSETS</i>	<i>BOOK VALUE</i>	<i>MARKET REALIZABLE VALUE.</i>	
Pakistan Central Government Securities	50,000	50,000	Book Value
Defence Saving Certificates	200,000	264,000	Market Value
National Investment Trust Units	261,002	229,759	do
Ordinary Share Joint Stock companies	1,114,975	530,167	do
House Property	32,879,804	32,879,804	do
Furniture, Fixture, Equipments & Vehicles	3,773,457	3,773,457	Book Value

Assets Subject to Finance Lease	3,530,069	3,530,069	Book Value
Outstanding Premium	5,954,790	5,954,790	Realizable Value
Amounts due from other persons or Bodies			
Carrying on Insurance Business	8,099,505	8,099,505	do
Sundry Debtors	2,417,238	2,417,238	do
Agent's Balance	1,420,217	1,420,217	do
Cash on Fixed Deposit	5,103,750	5,103,750	Actual
Cash in Hand and with Bank on Current Account.	899,439	899,439	Actual

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHARE HOLDERS AS AT DECEMBER 31, 2000**

<i>No. of Share Holders</i>		<i>Shareholding</i>		<i>Total Shares Held</i>	
3	From	1	to	100	Shares 102
6	From	101	to	500	Shares 2,600
1	From	501	to	1,000	Shares 1,000
12	From	1,001	to	5,000	Shares 40,800
4	From	5,001	to	10,000	Shares 32,600
5	From	10,000	to	15,000	Shares 60,000
1	From	15,001	to	20,000	Shares 19,500
1	From	20,001	to	25,000	Shares 25,000
2	From	40,001	to	45,000	Shares 89,125
1	From	45,001	to	50,000	Shares 50,000
1	From	100,000	to	105,000	Shares 101,496
1	From	150,000	to	180,000	Shares 175,200
2	From	182,000	to	195,000	Shares 381,650
4	From	200,000	to	300,000	Shares 935,425
1	From	500,000	to	600,000	Shares 585,502
-----					-----
45					2,500,000
=====					=====

Categories of Shareholders

	<i>Number</i>	<i>Share Held</i>	<i>Percentage</i>
Individuals	44	2,475,000	99%
Insurance	1	25,000	01%

	45	2,500,000	100%
=====			