

STATEMENT OF CASH FLOWS For the year ended December 31, 2004

Rupees in'000

	2004 Rupees	2003 Rupees
Operating Cash Flows		
a) Underwriting activities		
Premium received	18	3
Claims paid	16	(5)
Commissions paid	(2)	(1)
Net cash flow from underwriting activities	32	(3)
b) Other operating activities		
General management expenses paid	(10,649)	(3,615)
Other operating payments	(1,135)	(453)
Other operating receipts	—	—
Net cash flows from other operating activities	(11,784)	(4,068)
Total cash flow from all operating activities	(11,752)	(4,071)
Investment activities		
Dividends received	20	15
Sale of Fixed Assets	685	—
Purchase of Fixed Assets	(13,658)	(426)
Investment in Subsidiaries	(2,258)	—
Investment in Shares	(927)	—
Total cash flow from all investing activities	(16,138)	411
Financing activities		
Loans received	27,410	5,277
Increase/(decrease) in overdraft	(300)	—
Liability against Leased Assets	320	—
Total cash flow from all financing activities	27,430	5,277
Net cash inflow/(outflow) from all activities	(460)	795
Cash at the beginning of the year	825	30
Cash at the end of the year	365	825

RECONCILIATION TO PROFIT AND LOSS For the year ended December 31, 2004

Rupees in'000

	2004 Rupees	2003 Rupees
Operating cash flows	(11,752)	(4,071)
Depreciation expense	(853)	(174)
Dividend Income	20	15
Profit/(Loss) on disposal of fixed assets	(165)	—
Increase in assets other than cash	627	106
Prior year adjustment	—	234
Decrease in liabilities other than medium term finance	827	118
Decrease in reserve for unexpired risk	—	94
Provision for taxation	(132)	—
Loss after taxation	(11,428)	(3,678)

Definition of cash

Cash in hand and at Bank, Stamps in hand and short term placement with bank

Cash for the purposes of the Statement of cash flow consists of:

Cash and other equivalents

Cash in hand	4	—
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Current and other account

Current Account	359	823
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PLS Account	2	2
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	361	825
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Deposit maturing within 12 Months

Cash with State Bank of Pakistan	—	—
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	365	825
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Note: The annexed notes form an integral part of these Financial Statements.

STATEMENT OF PREMIUMS For the year ended December 31, 2004

Direct and Facultative	Class	Premiums written	Unearned premium reserves		Premium earned	Reinsurance ceded			Rupees in '000		
			Opening	Closing		Reinsurance ceded	Opening balance	Closing balance	Reinsurance expense	Net Premium 2004	Revenue 2003
	1 Fire and property damage	18	—	—	18	—	—	—	—	18	29
	2 Marine, aviation and transport	—	—	—	—	—	—	—	—	—	7
	3 Motor	—	—	—	—	—	—	—	—	—	—
	4 Miscellaneous	—	—	—	—	—	—	—	—	—	60
	Total	18	—	—	18	—	—	—	—	18	96

The annexed notes form an integral part of these financial statements.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 7th June 2005

STATEMENT OF CLAIMS

For the year ended December 31, 2004

Direct and Facultative	Class	Claims Paid	Outstanding claims		Claim expense	Reinsurance and other recoveries received	Reinsurance & other recoveries in respect of outstanding claims		reinsurance and other recoveries revenue	2004 Net Claims expenses	2003 Net Claims expenses
			Opening	Closing			Opening	Closing			
	1. Fire and property damage	(19)	—	—	(19)	—	—	—	—	(19)	1
	2. Marine, aviation and transport	1	—	—	1	—	—	—	—	1	—
	3. Motor	—	—	—	—	—	—	—	—	—	—
	4. Miscellaneous	2	—	—	2	—	—	—	—	2	3
	Total	(16)	—	—	(16)	—	—	—	—	(16)	4

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Director

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Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 7th June 2005

STATEMENT OF EXPENSES For the year ended December 31, 2004

Rupees in 000

Direct and Facultative	Class	Commissions Paid or payable a	Opening deferred commission b	Closing deferred commission c	Net Commission expense d=a+b+c	Other management expenses e	Underwriting expense f=d+e	Commissions from reinsurance g	2004	2003
									Net Underwriting expense h=f-g	Net Underwriting expense
	1. Fire and properly damage	2	—	—	2	—	2	—	2	1
	2. Marine, aviation and transport	—	—	—	—	—	—	—	—	—
	3. Motor	—	—	—	—	—	—	—	—	—
	4. Miscellaneous	—	—	—	—	—	—	—	—	—
	Total	2	—	—	2	—	2	—	2	1

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Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 7th June 2005

STATEMENT OF INVESTMENT INCOME For the year ended December 31, 2004

Rupees 000'

	2004 Rupees	2003 Rupees
Income from Non-Trading Investments		
Available for sale		
Interest on investment in subsidiaries	30	—
Dividend Income	20	15
	50	15
Held to maturity		
Return on Government securities	134	106
	<u>184</u>	<u>121</u>

The annexed notes form an integral part of these financial statements

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

1. STATUS AND NATURE OF BUSINESS

In 1961 Khyber Insurance Company Limited was incorporated under the Companies Act, 1913 as a public limited company. The name was changed to Heritage Insurance Company Limited in 1994. The Company was again renamed as Beema-Pakistan Company Limited in 2000. The Company is engaged in the general insurance business and listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 719-726, 7th floor, Muhammadi House, I.I. Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the format prescribed under the Insurance Rules 2002.

3. STATEMENTS OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the Companies Ordinance, 1984 and the Insurance Ordinance, 2000. 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, 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 Companies Ordinance, 1984 or the requirements of the said directives take precedence.

4. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Reserve for unexpired risk*

The company has changed the method of un-expired risk as per regulation 8 (4) of the Accounting Regulations for non-life insurance companies. No insurance business was carried by the company during the year due to the suspension of insurance license. Premium shown in financial statements is due to the Pakistan Insurance (PIC) / Pakistan Reinsurance Company Limited (PRCL) statements received during the year.

b) *Underwriting result*

Underwriting result is calculated by deducting from Gross Premium of each class of business, reinsurances cost incurred claims, commission, allocable expenses of management and reserve for un-expired risks.

c) *Provision for un-earned premiums*

The company maintains provisions for un-earned premiums at the end of each year as per regulation 8(4) of the Accounting Regulations for the non-life insurance companies.

d) *Investments*

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

i) *Held for trading*

Quoted investments which 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 are classified as held for trading.

ii) *Held to maturity*

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

Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account any discount or premium on acquisition by using effective interest rate method.

iii) *Available for sale - marketable securities*

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or change in interest rates are classified as available for sale.

The company continues to follow its policy of valuing investment held for undefined period of time as available for sale at lower of cost or market value determined on an aggregate portfolio basis at the balance sheet date.

The Security and Exchange Commission of Pakistan vide its letter SC/MF/D/179/2002 dated October 16, 2002 has granted exemption from adoption of IAS-39 to insurance companies due to tax implications.

The provision for investment fluctuation charged during the period under review but transferred to reserve for utilization the same against diminution in value of investment.

All regular way purchases and sales of financial assets are accounted for at settlement date.

e) Revenue recognition

i) Premium income

Premium received / receivable under a policy are recognized at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the reinsurance is ceded.

ii) Investment income

- Dividend income is recognized when the shareholders' right to receive the payment is established.
- interest income is recognized on the time proportion basis that takes into account effective yield on the asset.
- Mark up / income on government and other securities are recognized on accrual basis.

f) Claims

Claims are considered to be incurred at the time when claims are lodged with the company. However, claims incurred but not reported at year end are determined from subsequent to year end data.

g) Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation calculated on reducing balancing method at the rates specified in note 21.

Full year depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Normal repair and maintenance are charged to income currently.

Gain or loss on disposal of fixed assets are included in income currently.

h) Deferred expenses

These represent deferred expenses, the benefit of which will be achieved in future years, to be amortized in three years.

i) Taxation

Provision for taxation is based on taxable income at current rates after taking into account tax credit and rebate available, if any. The company charge deferred taxation on all temporary timing differences.

j) Staff retirement benefits

The company maintained provident fund scheme for its employees who opts for the scheme and no provision is made to cover the obligation under the scheme as none of the existing employee opts for the same.

k) Foreign currencies

Assets and liabilities in foreign currencies are stated at the rates of exchange ruling on balance sheet date. All exchange difference is included in the profit and loss account.

l) Management expenses

Management expenses are allocated to all classes of business in proportion to the gross premium income of the year.

m) Rate of exchange

Revenue transactions in foreign currencies are converted into rupees at the rates ruling on the date of the transactions as quoted by State Bank of Pakistan. Income and expense amounts relating to foreign branches have been translated to Pakistan Rupees at the average of the rates of exchange applicable at the end of each quarter. Assets and Liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing on the Balance Sheet date. Exchange gains or losses are taken into income currently.

n) Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statement associated with each item.

o) Cash and cash equivalents

Cash and cash equivalents are cash in hand and at bank & stamps in hand.

p) Transfer Pricing

The Company as per the Securities and Exchange Commission of Pakistan Notification S.R.O. 66(1)/2003 dated January 22, 2003, adopted a policy of transfer pricing for the determination of price on transaction with its associated companies/ related parties.

These insurance transactions are carried on arm's length basis using comparable uncontrolled price method.

q) Segment Reporting

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

The fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, flood, electric fluctuation impact.

Motor insurance provides comprehensive vehicle 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 coverages.

6. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

ORDINARY SHARE CAPITAL

		2004 Rupees	2003 Rupees
550,000	Fully paid ordinary shares of Rs. 10/- each 550,000 issued for cash	5,500,000	5,500,000
825,000	825,000 Right shares of Rs. 10/- each	8,250,000	8,250,000
1,172,739	1,172,739 Rights shares of Rs. 10/- each	11,727,390	11,727,390
1,577,261	1,577,261 Right shares of Rs. 10/- (re-alloted) other than cash	15,772,610	15,772,610
875,000	875,000 Right shares of Rs. 10/- each other than cash	8,750,000	8,750,000
3,627,739	3,627,739 Right shares of Rs. 10/- each other than cash	36,277,390	36,277,390
38,962,000	38,962,000 Right shares of Rs. 10/- each other than cash	389,620,000	389,620,000
(5,906,000)	5,906,000 Ordinary shares converted into Preference shares with the right to hold management of the Company	(59,060,000)	(59,060,000)
<u>41,683,739</u>		<u>416,837,390</u>	<u>416,837,390</u>

PREFERENCE SHARE CAPITAL

5,906,000	Ordinary shares of the company converted into Preference shares with the rights and powers to hold the management of the Company. These are issued to Mr. M. Shahnawaz Agha, Chairman & Chief Executive of the Company	59,060,000	59,060,000
		<u>59,060,000</u>	<u>59,060,000</u>

6.1 The 5th right share issued to Mr. Hamidullah had been rescinded by the Board of Directors and subsequently issued to Mr. M. Shahnawaz Agha, the present Chairman and Chief Executive of the Company.

6.2 The above allotment is made from capital credit of Rs. 60.80 million made by Mr. M. Shahnawaz Agha. The balance shares are issued in year 2001 at Rs. 8,750,000/- and in 2002 at Rs. 36,277,390/-.

- 6.3 Another right shares are issued being purchase consideration of properties acquired during the year, hence, capitalization process as decided in the Annual General Meeting of the company for the year 2001 completed.
- 6.4 In the 41st AGM for the year 2001 it was resolved to convert the holding of present Chairman & Chief Executive into Preference shares vide resolution no. 6 of 41 dated 29/06/2002. This was in line with Section 28 & 29 read with Section 108 of the Companies Ordinance, 1984.
- 6.5 Preference shares amounting to Rs. 59,060,000 carries the same yield will however be without variation, and these will, like other shares, listed on the CDC, representing volume of share capital, they will increase prorata as and when shareholding increases. These shares carries right and power to hold the management and ownership of the Company.

	2004 Rupees	2003 Rupees
7. RESERVE		
Capital Reserve		
Reserve for exceptional losses	662,124	662,124
	<u>662,124</u>	<u>662,124</u>

- 7.1. The reserve for exceptional losses amounting to Rs. 662,124/- is a specific purpose created to provide for possible losses on exceptional insurance claims and is, at present, not available for dividend distribution.

8. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum Lease Payment	Present Value	
Within one year	72,636	50,115	—
After one year but not more than five years	311,438	269,845	—
Total minimum lease payments	384,074	319,960	—
Less: Amounts representing finance charges	(64,114)	—	—
Present value of minimum lease payments	319,960	319,960	—
Less: Current portion shown under current liabilities	(50,115)	(50,115)	—
Long Term Portion of Leased Liability	269,845	269,845	—

9. ACCRUED EXPENSES

Accrued expenses	2,883,616	3,389,291
Federal insurance fee	55,094	55,094
Central Excise Duty	726,711	726,711
	<u>3,665,421</u>	<u>4,171,096</u>

10. LOAN FROM DIRECTOR

Unsecured-Interest Free	<u>33,318,669</u>	<u>5,908,985</u>
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11. OVER DRAFT

Over draft from Standard Chartered Bank has been settled during the year under review

12. TAXATION

- 12.1 The company has made no provision of taxation for current year as there is no taxable income Provision is made for the prior year's tax Liability.

12.2 DEFERRED TAXATION

There is no temporary differences arises due to the differences between tax bases of assets and liabilities.

13. SUNDRY CREDITORS	<u>3,436,077</u>	<u>3,725,071</u>
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14. DIVIDENDS

Unclaimed dividend	20,296	20,296
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15. AMOUNT DUE TO / FROM OTHER INSURERS/ REINSURERS

15.1 Amount due from other insurers	1,528,833	1,528,833
15.2 Amount due to other insurers	5,720,477	5,752,820

16. INVESTMENT IN SUBSIDIARIES

1. Shabestan Foods (Pvt.) Ltd.	Note 16.1	1,489,955	—
2. Pakistan Fire Protection Academy	Note 16.2	510,455	—
3. Live Rostrum	Note 16.3	257,397	—
		<u>2,257,807</u>	<u>—</u>

- 16.1 The Company Provides advance to the Subsidiary Company for working capital. The advance carries Mark-up @ 10% p.a.
- 16.2 The Company has carried out expenditure for wholly owned undertaking and the same will be transferred when the said undertaking transform into a legal entity by Mutual understanding of Ministry of Interior, Government of Pakistan.
- 16.3 The undertaking is a news agency. The said amount include Equipment & administrative cost. These amounts will be transferred after the undertaking is incorporated as a private limited company.
- 16.4 These represent interest accrued on advances provided to M/s. Shabestan Foods (Pvt.) Ltd. which carries rate of 10% p.a.

17. CONTINGENCY

- 17.1 In respect of a claim by Sind Alkalies Limited the case was given to the arbitrator for Rs. 1,750,000/-, the company's liability is Rs. 35,000/- and the rest is payable by the Re-insurance corporation. The claimant company has been fully indemnified by the supplier of the machinery, the Company has therefore, filed an application in the Court of Law to set aside the decree.
- 17.2 The Company has accrued in their books for Rs. 1,831,554 against Liability of PNSC which is short of Rs. 2,790,656 as per decision of Sindh High Court. The Company is working on a out of court settlement and is of the view that no further liability will arise in excess of Rs. 1,831,554 as accrued in the books.

18. CASH AND BANK DEPOSITS

18.1 Cash and other equivalents

Cash in Hand	4,138	343
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18.2 Current and other accounts

Current Accounts	359,473	823,413
PLS Accounts	1,698	1,698
	<u>361,171</u>	<u>825,111</u>

18.3 Deposit Maturing within 12 months

Statutory deposit with State Bank of Pakistan	4	4
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19. INVESTMENT

19.1 Available for sale	2,456,951	1,529,501
Less: Provision for fluctuation in investment	<u>(1,383,981)</u>	<u>(1,383,981)</u>
	1,072,970	145,520
19.2 Held to maturity	870,509	736,039
	<u>1,943,479</u>	<u>881,559</u>

19.1	No. of Shares/Certificates		Face value	Company's name	Book value	
	2004	2003			2004	2003
Available for sale - Marketable securities						
- Quoted (Ordinary shares)						
	1,476	1,476	10	Nishat Mills Ltd.	8,130	8,130
	62	62	10	Burewals Textiles Mills Ltd.	1,214	1,214
	3,794	3,794	10	Kyber Textile Mills Ltd.	45,919	45,919
	2,338	2,338	10	Noon Sugar Mills Ltd.	11,602	11,602
	1,452	1,452	10	Facto Sugar Mills Ltd.	14,805	14,805
	21,507	21,507	10	Sind Alkalis Ltd.	237,170	237,170
	363	363	10	Dawood Cotton Mills Ltd.	700	700
	1,150	741	10	P.I.C.I.C.	4,330	4,330
	<u>32,142</u>	<u>31,733</u>			<u>323,870</u>	<u>323,870</u>
- Quoted (Preference shares)						
	8,089	8,089	10	Sind Alkalis Ltd.	90,403	90,403
	<u>8,089</u>	<u>8,089</u>			<u>90,403</u>	<u>90,403</u>
- Unquoted - Investment in Subsidiaries & Associated Undertaking						
	75,000	—	10	Shabestan Foods (Pvt.) Ltd.	750,000	—
	17,745	—	10	Phool Wala (Pvt.) Ltd.	177,450	—
	<u>92,745</u>	<u>—</u>			<u>927,450</u>	<u>—</u>
- Delisted						
	72,310	72,310	10	Allied Textile Mills Ltd.	452,822	452,822
	28,109	28,109	10	Sun Publication	218,906	218,906
	<u>100,419</u>	<u>100,419</u>			<u>671,728</u>	<u>671,728</u>
- Debentures (Delisted)						
	887	887	10	Sun Publication	443,500	443,500
	<u>887</u>	<u>887</u>			<u>443,500</u>	<u>443,500</u>
	<u>234,282</u>	<u>141,128</u>			<u>2,456,951</u>	<u>1,529,501</u>
19.2 Held to maturity - Government securities						
(Deposited with the State Bank of Pakistan as statutory reserve)						
	—	—	—	Defence Saving Certificates	353,865	353,865
	—	—	—	Accrued interest	516,644	382,174
	<u>—</u>	<u>—</u>			<u>870,509</u>	<u>736,039</u>
Total book value as at Dec. 31, 2004					<u>3,327,460</u>	<u>2,265,540</u>
Total Market value of marketable securities as at Dec. 31, 2004					<u>741,597</u>	<u>366,968</u>

19.2.1 Defence Saving Certificates are placed with State Bank of Pakistan in accordance with section 7 of the Insurance (Repealed) Act. 1938

20. SUNDRY RECEIVABLE

Sundry Receivable	12,994,235	12,994,235
Less:		
Provision for doubtful debts	(267,482)	(267,482)
	<u>12,726,753</u>	<u>12,726,753</u>

21. OPERATING FIXED ASSETS

Particulars	COST			DEPRECIATION						Written down value on Dec. 31, 2004	Rate %
	As at Jan. 01, 2004	Addition (Deduction)	Disposal/ adjustment	As at Dec. 31, 2004	Depreciation as at 01-Jan-04	Addition/ Adjustment	Provided on written down value Balance	Charged for the year	Accumulated Depreciation		
Owned											
Land	450,420,000	9,187,891	—	459,607,891	—	—	—	—	—	459,607,891	—
Immoveable property	323,000	—	—	323,000	31,493	—	291,507	14,575	46,068	276,932	5
Lease Hold Improvement	128,380	—	—	128,380	24,392	—	103,988	10,399	34,791	93,589	10
Office-Lahore	450,000	—	—	450,000	64,181	—	385,819	19,291	83,472	366,528	5
Furniture & Fixture	739,133	301,289	—	1,040,422	500,983	—	539,439	53,944	554,927	485,495	10
Office Equipments	1,017,030	238,646	—	1,255,736	735,235	—	520,501	52,050	787,285	468,451	10
Computer Equipment	—	315,350	—	315,350	—	—	—	94,605	94,605	220,745	30
Vehicles	499,397	3,284,625	(850,000)	2,934,022	221,469	—	2,712,553	542,511	763,980	2,170,042	20
Leased											
Vehicles		330,000		330,000	—	—	—	66,000	66,000	264,000	20
2004	453,577,000	13,657,801	(850,000)	466,384,801	1,577,753	—	4,553,807	853,375	2,431,128	463,953,673	
2003	453,151,050	425,950	—	453,577,000	1,403,290	—	1,753,710	174,463	1,577,753	451,999,247	

21.1 DISPOSAL OF FIXED ASSETS

Particulars	Cost	Accumulated Depreciation	Book Value	Date of Purchase	Sale Price	Mode of Disposal	Gain/(Loss)	Name of Seller
Vehicles	850,000	—	850,000	03 May 04	685,000	Negotiation	(165,000)	Doinfa Motors (Pvt.) Ltd.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

22. MANAGEMENT EXPENSES

There are no management expenses due to cancellation of registration for carrying on insurance business.

23. GENERAL AND ADMINISTRATIVE EXPENSES

Advertisement Expenses		88,930	2,374
Audit Fee		100,000	100,000
Bank Charges		5,390	10,129
Books & Periodicals		12,087	—
Consultancy Fee Exp.		100,000	—
Depreciation Expense		853,375	174,463
Director Remuneration (Mr. Shah Nawaz Agha) & Allowances	24	1,053,065	1,012,653
Staff Salaries & Allowances		1,895,888	484,129
Rent, Rate & Taxes		476,584	226,584
Entertainment Exps.		259,473	108,484
Conveyance, Fare & Travelling Exp.		2,944,267	497,932
Legal & Professional Charges		204,970	189,300
Labour charges on land & allied expenses		9,372	335,885
Listing Fee KSE		60,000	125,000
Listing Fee CDC		41,875	—
Misc. & Gen exp.		273,294	295,836
Computer Expenses		77,692	23,050
Electricity & Gas		231,319	134,139
Telephone		277,122	250
Office Renovation Maintenance		247,489	32,900
Vehicle Maintenance Exp.		454,385	117,300
Postage & Revenue Stamps		42,301	69,521
Charity & Donations	23.1	88,135	20,200
Printing & Stationery		275,158	65,149
Subscription fee Exp.		—	100,000
Repair & Maintenance		6,460	—
Loss on sales of Fixed Assets	21.1	165,000	—
Corporate & Filing Fee		1,431,000	—
Medical Exp.		1,077	—
Insurance Exp.		81,970	—
Property Tax		3,282	—
Mark-up on Leased Finance		2,066	—
		<u>11,763,026</u>	<u>4,125,278</u>

23.1 Recipients of donations do not include any entity in which a Director or his spouse had any interest

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts during the year for remuneration, including benefits to the Chief Executive, full time working Director and executives of the company is as follows:

	Chief Executive		Directors		Executives		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
Remuneration	600,000	600,000	—	—	277,420	—	877,420	600,000
House Rent Allowance	115,870	237,000	—	—	—	—	115,870	237,000
Utilities	211,610	175,653	—	—	—	—	211,610	175,653
Medical	125,585	—	—	—	—	—	126,392	—
	<u>1,053,065</u>	<u>1,012,653</u>	<u>—</u>	<u>—</u>	<u>277,420</u>	<u>—</u>	<u>1,330,435</u>	<u>1,012,653</u>
No. of Persons	1	1	—	—	1	—	2	1

25. EARNING PER SHARE

Earning per share is calculated by dividing net loss for the year by weighted average number of shares outstanding during the year as follows:

	2004 Rupees	2003 Rupees
Loss after taxation	(11,428,190)	(3,679,457)
Average number of ordinary shares outstanding during the year	41,683,739	41,683,739
Loss per share	(0.27)	(0.09)

26. FINANCIAL INSTRUMENTS & RELATED DISCLOSURE

2004

26.1 Financial Assets and Liabilities

	Interest/mark-up bearing			Non-Interest/mark-up bearing			
	Effective yield markup rate	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
Financial Assets							
Statutory Deposit	—	—	353,865	353,865	—	—	—
Agents balances	—	—	—	—	1,966	—	1,966
Amount due from other Insurers	—	—	—	—	1,528,833	—	1,528,833
Sundry Debtors	—	—	—	—	12,726,753	—	12,726,753
Advances & Loans to Subsidiaries & Associated undertaking	—	—	2,257,807	2,257,807	—	—	—
Advances Deposits & Prepayments	—	—	—	—	2,331,697	—	2,331,697
Accrued Interest	—	—	—	—	546,249	—	546,249
Cash, Bank & Stationery	—	—	—	—	361,171	—	361,171
	—	—	2,611,672	2,611,672	17,496,669	—	17,496,669
Financial Liabilities							
Amount due to other Insurers	—	—	—	—	5,720,477	—	5,720,477
Accrued expenses	—	—	—	—	3,665,421	—	3,665,421
Sundry Creditors	—	—	—	—	3,436,077	—	3,436,077
Dividends	—	—	—	—	20,296	—	20,296
Loan from Director	—	—	—	—	33,318,669	—	33,318,669
Liabilities against Assets subject to Lease	—	—	269,845	269,845	50,115	—	50,115
	—	—	269,845	269,845	46,211,055	—	46,211,055

2003

26.2 Financial Assets and Liabilities

	Interest/mark-up bearing			Non-Interest/mark-up bearing			
	Effective yield markup rate	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
Financial Assets							
Statutory Deposit	—	—	353,865	353,865	—	—	—
Agents balances	—	—	—	—	1,966	—	1,966
Amount due from other Insurers	—	—	—	—	1,528,833	—	1,528,833
Sundry Debtors	—	—	—	—	12,726,753	—	12,726,753
Advances Deposits & Prepayments	—	—	—	—	1,868,673	—	1,868,673
Accrued Interest	—	—	—	—	325,512	—	325,512
Cash, Bank & Equivalent	—	—	—	—	825,111	—	825,111
	—	353,865	353,865	353,865	17,276,848	—	17,276,848
Financial Liabilities							
Amount due to other	—	—	—	—	5,752,820	—	5,752,820
Accrued expenses	—	—	—	—	4,171,096	—	4,171,096
Overdraft	299,659	—	299,659	299,659	—	—	—
Sundry Creditors	—	—	—	—	3,725,071	—	3,725,071
Dividends	—	—	—	—	20,296	—	20,296
Loan from Director	—	—	—	—	5,908,985	—	5,908,985
	299,659	—	299,659	299,659	19,578,268	—	19,578,268

a) No Financial assets is exposed to foreign exchange rate risk.

b) Financial liabilities long term and short term loan are disclosed in the relevant notes with their rate and maturity.

27. RISK MANAGEMENT

Overall, risks arising from the Company's financial assets and liabilities are limited

a) Foreign exchange rate risk management

No foreign currency loan is repayable.

b) Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. The Company attempts to control credit risk by monitoring credit exposure, limiting transaction with specific counterparties and continually assessing the creditworthiness of counterparties.

c) Reinsurance Risk

Reinsurance ceded does 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 the reinsurer fails to meet the obligation under the reinsurance agreements. In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the company usually, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for quoted investment. Fair value of quoted investments are disclosed in the relevant note.

29. ASSETS/LIABILITIES WRITTEN OFF/BACK

The management of the company after scrutinizing each and every balance of assets and liabilities, write off, and claim back various assets / liabilities to give a true picture of the assets and liabilities.

Assets written off	—	—
Liabilities written back	—	—
Assets written back	—	—
Liabilities written off	—	(233,291)
	<u>—</u>	<u>(233,291)</u>
	<u>—</u>	<u>(233,291)</u>

30. TRANSACTIONS WITH RELATED PARTIES

Premium for policies underwritten	—	—
Claims paid	—	—
Placements with an associated company	—	—
Profit earned on placements with an associated company	—	—
Advances to subsidiary companies	2,257,807	—

31. NO. OF EMPLOYEES

There were 18 employees as at December 31, 2004 (December 31, 2003: 08)

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorized for issue on June 7, 2005 by the Board of Directors of the company.

33. FIGURES

Figures have been rounded off to the nearest rupee.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

PATTERN OF SHAREHOLDING

as at 31st December, 2004

Ordinary Shares

Number of Shareholders	Shareholdings		Total Shares held
	From	To	
12	1	100	479
53	101	500	18,810
2	501	1000	1,710
132	1001	5000	324,979
15	5001	10000	122,322
1	10001	15000	11,400
17	15001	50000	420,660
2	50001	100000	172,143
1	100001	150000	119,700
4	150001	2500000	12,555,505
2	22500001	30000000	27,936,031
<u>241</u>			<u>41,683,739</u>

CATEGORIES OF SHAREHOLDERS

Categories of Share Holders	Number of Share Holders	Number of Shares Held	Holding Percentage
1. Individuals	233	41,545,270	99.670
2. Investment companies	5	125,883	0.300
3. Insurance companies	1	1,900	0.005
4. Financial institutions	1	3,800	0.009
5. Abandoned properties	1	6,886	0.016
	<u>241</u>	<u>41,683,739</u>	<u>100.000</u>

Shareholders having more than 10% Holding

1. Mr. M. Shahnawaz Agha	16,656,031	39.95%
2. Mr. Dharam Das	11,280,000	27.06%
1. Mr. Hameedullah	9,120,505	21.88%

Preference Shares

Number of Shareholders	From	Shareholdings To	Total Shares held
1	1	5,910,000	5,906,000
<u>1</u>			<u>5,906,000</u>

CATEGORIES OF SHAREHOLDERS

Categories of Share Holders	Number of Share Holders	Number of Shares Held	Holding Percentage
1. Individuals	1	5,906,000	100%
		<u>5,906,000</u>	<u>100%</u>

Shareholders having more than 10% Holding

1. Mr. M. Shahnawaz Agha	5,906,000	100%
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Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

KEY FINANCIAL DATA (Ten Years at a Glance)

Rupees in '000

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Gross premium income	18	3	234	1,790	1,842	3,077	2,941	2,962	6,125	16,010
Net premium revenue	—	3	221	1,961	1,485	1,383	1,746	2,596	5,745	11,651
Investment and other income	434	121	97	338	450	140	57	178	479	256
Profit / (loss) before tax	(11,297)	(3,679)	(7,009)	(3,556)	(3,230)	(2,227)	(1,803)	(1,724)	(3,546)	749
Profit / (loss) after tax	(11,429)	(3,679)	7,010	(3,556)	(3,230)	(2,227)	(1,803)	(1,724)	(3,546)	449
Paid-up Capital	475,897	475,897	475,897	50,000	41,250	41,250	41,250	41,250	41,250	13,750
Cash and bank balances	365	825	30	(56)	330	407	603	411	381	5,530
Face Value per - share	10	10	10	10	10	10	10	10	10	10
Income tax paid	—	—	—	—	—	29	—	—	359	786

DIRECTORS' REPORT TO THE SHAREHOLDERS

This report was prepared in June 2005 after the resolution of disagreements between the Company and SECP and after receipt of letter No 23(6) INS: SECP / 2004 of 13 September 2004 from the Securities and Exchange Commission of Pakistan and the restoration of the Company Reg # 116 on the 11th Jan. 2005. The resumption of share trading on the KSE and LSE have since commenced in April 2005 as a consequence.

The Directors are pleased to present the Forty-Fourth Annual Report of the Company together with the Audited Accounts and their Report thereon for the year ended 31 December 2004.

Business Review

During the year under review, the Company continued to remain commercially nonoperational. It is evident from the statement of premium that a very small gross premium of Rs. 18,376 was underwritten against Rs. 96,809 in the previous year 2003. This premium was received as residual revenue from underwriting activity of previous years.

Now, it is expected that your Company will resume its usual business activities from the year 2005 after obtaining clearance from the Securities and Exchange Commission of Pakistan against certain issues and permission to underwrite proposed products for which the Company is fully prepared.

Profit and Loss statement reflects, an overall loss amounting to Rs. 11.43 million during the year under review which mainly consists of administrative and management expenses as against Rs. 3.68 million during the previous year 2003.

Necessary steps have already been taken by the Management of the Company to re-organise the affairs to boost up business activities during the year 2005. Experienced, qualified staff and Marketing team are ready to meet the challenges of existing competition.

Compliance with the Code of Corporate Governance

The Board of Directors remained engaged in performing their duties as required under the Code of Corporate Governance. In addition, the Code of Corporate Governance for Insurance Companies has also been adopted and complied with, and such compliance is attached with this Report.

Change in the Board of Directors

There was no change in the Board of Directors of the Company during the year 2004.

Board of Audit Committee

There was no change in the Board of Audit Committee during the year 2004.

Appointment of Auditors

The Board of Directors and the Audit Committee of the Company have recommended appointment of Messrs. Rao & Company, Chartered Accountants, as Auditors of the Company for the year 2005, at a remuneration to be mutually agreed by the Management and the Auditors. This appointment was ratified by the SECP.

Pattern of Shareholding

A Statement showing the Pattern of Shareholding is attached with this Report.

Corporate 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, these present fairly the state of affairs, the result of the operations, cash flows and changes in equity.
2. Proper Books of Accounts of the Company have been maintained.
3. Appropriate accounting policies have consistently been applied in preparation of these financial statements, and accounting estimates are based on reasonable and prudent judgement.

4. The International Accounting Standards, as applicable in Pakistan have been followed in preparation of these financial statements and any departure there-from, has been adequately disclosed.
5. The system of internal control is Satisfactorily design and has been continuously monitored by the internal audits. This is in course of process and any weaknesses will be removed soon after Company comes into operation.
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 ten years is attached with this Report.
9. Outstanding amounts, taxes and duties are given in the financial statements.

Financial Statements

The financial Statements of the Company have been audited by M/s. Rao & Company, Chartered Accountants who have approved the Accounts.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year and up to the date of signing the Directors Report.

Insurance Ordinance 2000

- 1) In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and the rules made thereunder.
- 2) The Company has, all times in the year, where practicable complied with the provision of the Ordinance and the rules made there under.
- 3) 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.

Internal Control

Since the Company remained almost dormant during the year under review, these controls shall be fully implemented and monitored on resuming of business operation of the Company.

Paid-up-Capital of the Company

During the year under review, the Paid-up-Capital of the Company was Rs. 475.90 million. In 2002, it was increased from Rs. 50 million to Rs. 475.90 million and since then there has been no change.

Likewise, Authorized Capital of the Company was also increased during the year 2002, from Rs. 50 million to Rs. 500 million, and since then there was no change.

Corporate Governance

Since the Company was almost dormant during the year under review and there was almost no business operation, therefore with these limitations in mind, the Company had tried its efforts to comply with the Code of Corporate Governance. However, the Company will fully implement the requirements of these codes in its organization when it runs into operation on full year basis.

Future Outlook

The Directors and Management of the Company are quite confident and very hopeful for a quick and swift growth of the Company. The Management has taken very strong measures and made certain policies to up grade the Company. It has been studied and projected that the total business of the group of Management owners would be diverted to this Company.

The company has also established four subsidiaries to support the core business of insurance.

The future outlook for the short and medium term is dependent on improved political situation in the region, besides the continuation of economic and fiscal policies by the Government. All economic indicators are however, positive and should lead to higher growth in future years.

As indicated earlier that the paid-up-capital was enhanced to Rs. 475 million, in view thereof, the management is hopeful of a bright future and considerable business will be generated in the coming years.

General

We take the opportunity to express our appreciation to our valued clients, Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited, other Re-insurers, Banks, DFIs and statutory bodies our Auditors, Messrs' Rao & Company (Chartered Accountants) for their extensive co-operation and support to the Company.

The Directors are also pleased to record their appreciation of the valuable services rendered by the staff of the Company.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange 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 on its Board. At present the Board includes Six independent non-executive Directors, out of Seven Directors.
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 in Pakistan 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. The casual vacancies occurred in the Board during the year have been filled in.
5. 'Statement of Ethics and Business Practices' has not been drawn up.
6. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and Chairman have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. 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.
8. The Board has not started the process of orientation for its Directors to apprise them of their duties and responsibilities.
9. There was no appointment of CFO and head of Internal Audit during the year.
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 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 not setup an effective internal audit function.
15. 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.

16. 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.
17. Subject to the above, we confirm that all other material principles contained in the Code have been complied with.

(M. SHAHNAWAZ AGHA)
Principal Officer & Chief Executive

STATEMENT OF COMPLIANCE WITH BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED DECEMBER 31, 2004

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the respective Stock Exchanges where the Company is listed.

Director

M. SHAHNAWAZ AGHA
Principal Officer & Chief Executive

Karachi: 7th June 2005

AUDITORS' 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) Statement of Cash flows;
- (v) Statement of Premiums;
- (vi) Statement of Claims;
- (vii) Statement of Expenses;
- (viii) Statement of Investment Income;

of Beema-Pakistan Company Limited as at December 31, 2004 together with the notes forming part thereof for the year then ended.

It is the responsibility of the Company's Management 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 financial statements based on our audit.

We conducted our audit in accordance with the Standards 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 mis-statement. 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 the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The design, implementation and monitoring of the system of internal control suffers from concentration of management in the hands of the Chief Executive. This is presumably because of extraordinary status of the Company with its regulators.

The Company has not complied with the provision of section 29th of the Insurance Ordinance 2000 in respect of deposits.

The Company's license to carry on the insurance business was also not valid during the year 2004. Due to this reason the Company could not continue on its business in the year 2004. However, the Company has received underwriting income for some insurance business during the year.

The Company's legal advisor mentions six legal cases between the company and the various parties without mentioning any monetary effect. Therefore, we cannot express any opinion about these cases and also unable to quantify its financial impact on these financial statements.

The shares were issued against Land amounting to Rs. 38,962,000 in 2002, the mutation of the title of land remains to be made in the name of the Company. All properties are under registered Power of Attorney and Sales Agreement favouring the Company.

We have not received bank confirmation from various banks consisting of balances aggregating Rs. 21,773/- as at balance sheet date.

As mentioned in note 15, the amounts due to/ from other Insurance/ Reinsurance companies remain unconfirmed.

As mentioned in note 20 the provision for doubtful debts is inadequate by Rs. 12,726,753/- as we did not have received any confirmation from these parties, hence in our opinion, these are no more recoverable, if the Company writes off this amount the loss of the Company will be increased by the same amount.

The Company is not supposed to be going concern entity in the absence of license to carry on insurance business during the year 2004.

We are not issuing the Review Report on statement of Compliance with Best Practices of Code of Corporate Governance.

Except for the financial effect of the matters referred to in the preceding paragraphs, in our opinion;

- a) proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b)
 - i) the financial statements together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied.
 - ii) the expenditure incurred during the year was for the purpose of the Company's business and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
 - iv) in our opinion, and to the best of our information and explanations given to us, the financial statements together with the notes thereof present fairly, except as stated in forgoing paragraphs, in all material respects, the state of Company's affairs at the 31st December 2004 and of the loss, 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
- c) No zakat was deductible at source, under the Zakat & Ushar Ordinance 1980.

d) Without qualifying our opinion, we would like to point out the followings.

The Company has not made any provision regarding the contingencies in respect of claims, as per the opinion of the Management of the Company that no liability will accrue or arise in this respect.

Rao & Company
Chartered Accountants

Karachi: 7th June 2005

BALANCE SHEET AS AT

Rupees '000

Share capital and reserves

Share Capital

Authorized

Notes

2004
Rupees

2003

Rupees

500,000

500,000

Paid-up Ordinary

41,683,739 Ordinary Shares of Rs. 10 each

6

416,837

416,837

Preference shares

5,906,000 Preference Shares of Rs. 10 each

6

59,060

59,060

Reserves

Capital Reserves

7

662

662

Accumulated loss brought forward from profit & loss A/C

(38,034)

(26,605)

(37,372)

(25,943)

TOTAL EQUITY

438,525

449,954

Underwriting provisions

Creditors and accruals

Amounts due to other insurers/reinsurers

15.2

5,721

5,752

Accrued expenses

9

3,665

4,171

Loan from director

10

33,319

5,909

Overdraft

11

—

300

Taxation-provision less payment

12

133

1

Current portion of Leased Liability

8

50

—

Long term portion of Leased Liability

8

270

—

Others creditors and accruals

13

3,436

3,725

46,594

19,858

Unclaimed dividends

14

20

20

CONTINGENCIES

17

—

—

TOTAL EQUITY AND LIABILITIES

485,139

469,832

The annexed notes form an integral part of these financial Statements.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

31ST DECEMBER, 2004

Rupees in'000

	Notes	2004 Rupees	2003 Rupees
Cash and Bank Deposits	18		
Cash and other equivalent		4	—
Current and other accounts		361	825
Deposit maturing within 12 Month		—	—
		365	825
Investments			
Investment in Securities	19.2	870	736
Investment in Shares	19.1	2,457	1,529
Less: Provision for fluctuation of investment		(1,383)	(1,383)
		1,074	146
		1,944	882
Other Assets			
Premium due but unpaid		2	2
Amounts due from other insurers	15.1	1,529	1,529
Advances, deposits and prepayments		2,332	1,868
Investment in Subsidiaries	16	2,257	—
Mark-up Receivable from Subsidiary	16.4	29	—
Sundry Receivable	20	12,727	12,727
		18,877	16,126
Fixed Assets			
Tangible			
Owned			
Land		459,608	450,420
Properties		277	291
Computer Equipment		221	—
Offices		367	386
Lease Hold improvemetns		94	104
Furniture and Fixture		485	238
Office Equipment		468	282
Motor Vehicles	21.1	2,170	278
Leased			
Motor Vehicles		264	—
		463,954	451,999
TOTAL ASSETS		<u>485,139</u>	<u>469,832</u>

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 2004

	Note	Fire & Property	Marine, Aviation & Transport	Motor Account Liability	Others	Treaty	Rupees in '000 Aggregate	
							2004 RUPEES	2003 RUPEES
Revenue account								
Net Premiums		18	—	—	—	—	18	96
Administrative Surcharge		—	—	—	—	—	—	—
Net Claims Recovery / Payments		16	—	—	—	—	16	(4)
Net commission paid		(2)	—	—	—	—	(2)	—
Underwriting result		<u>32</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>32</u>	<u>92</u>
Investment income							184	121
Other income							250	—
General and administrative expenses	23						(11,763)	(4,125)
Assets/Liabilities written off / back	29						—	234
Loss before tax							<u>(11,329)</u>	<u>(3,770)</u>
Provision for taxation - Prior year's adjustment							(132)	—
Loss after tax							<u>(11,429)</u>	<u>(3,678)</u>
Profit and loss appropriation account								
Unappropriated (loss) at the beginning of year							(26,605)	(22,927)
Unappropriated (loss) at the end of year							<u>(38,034)</u>	<u>(26,605)</u>
Loss per share-basic							(0.27)	(0.09)

The annexed notes form an integral part of these financial statements.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 7th June 2005

STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2004

Rupees in '000

	Issued, subscribed and paid up capital	Advance for issue of right shares	Exceptional losses	Reserve for	Unappropriated loss	Total
Balance as at January 1, 2003	475,897	—	662	—	(22,927)	453,632
Loss for the year ended Dec. 31 2003	—	—	—	—	(3,678)	(3,678)
Balance as at January 1, 2004	475,897	—	662	—	(26,605)	449,954
Loss for the year ended Dec. 31 2004	—	—	—	—	(11,429)	(11,429)
Balance as at Dec. 31 2004	475,897	—	662	—	(38,034)	438,525

The annexed notes form an integral part of these financial statements.

Director

Director

Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 7th June 2005