

ANNUAL REPORT 2006

Enter Our World Of Care



Contents

● Company Information	1
● Vision and Mission Statements	3
● Notice of Annual General Meeting	5
● Directors' Report	7
● Pattern of Holding of Shares	13
● Key Financial Highlights	16
● Auditors' Review Report on Code of Corporate Governance	19
● Statement of Compliance with the Code of Corporate Governance	20
● Auditor's Report on Financial Statements	24
● Balance Sheet	25
● Profit and Loss Account	27
● Statement of Changes in Equity	28
● Cash Flows Statement	29
● Statement of Premiums	31
● Statement of Claims	32
● Statement of Expenses	33
● Statement of Investment Income	34
● Notes to the Financial Statements	35
● Proxy Form	48

COMPANY INFORMATION

Chairman Mr. Mohammed Basheer Janmohammad

Board of Directors
Mr. Mohammed Basheer Janmohammad
Mr. Muhammad Ali Khoja
Mr. Muhammad Latif
Mr. Muhammad Bilal Sheikh
Mr. Mr. Rizwan Abbas
Mr. Muhammad Riaz
Mr. Ahmed Salahuddin

Board Audit Committee
Mr. Muhammad Bilal Sheikh, Chairman
Mr. Muhammad Latif, Member
Mr. Rizwan Abbas, Member

Managing Director & Chief Executive Mr. Ahmed Salahuddin

CFO & Company Secretary Mr. Rehan Mobin

Head of Operations Mr. Mohammad Hussain Hirji

Auditors Ford Rhodes Sidat Hyder & Co
Chartered Accountants.

Legal Advisor Syed Ali Hyder

Bankers PICIC Commercial Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited

Shares Registrar Ferguson Associates (Pvt.) Ltd.
State Life Building # 2-A, 4th Floor
I.I. Chundrigar Road
Karachi

Credit Rating Single A Minus 'A-' by JCR-VIS

Registered & Head Office 8th Floor , Shaheen Complex
M.R. Kiyani Road Karachi
☎ 221 9555-60

BRANCH NETWORK

Karachi

Karachi Branch	Mr. Aseem Ahmed	86-C, 11 th Commercial Street, Phase II, Ext., DHA Karachi ☎ 021-589 3361-3 FAX 021-588 6820
Shahrah-e-Faisal Branch	Mr. Tariq Ziauddin	Office No. 102, First Floor, Sea Breeze Plaza, Shahrah-e-Faisal, Karachi 75530 ☎ 021-278 9933-278 9955 & 278 8245 FAX 021-278 8197
Lahore Branch	Mr. Sarmad Nadeem	3 rd Floor, PICIC House 14-A, Shahrah-e-Aiwan-e-Tijarat Lahore ☎ 042-920 3890 & 920 3670-1 FAX 042-920 3714
Islamabad Branch	Mr. Mohammad Iftikhar Awan	11 West Jinnah Avenue Blue Area Islamabad ☎ 051-287 0613-14, 2271 974, 287 6452 & 2877 020 FAX 051-287 0621
Multan Branch	Mr. Nadeem Quraishi	Ground Floor, Commercial Plaza No. 1 Opp. Civil Hospital Multan ☎ 061-458 9398-99, 478 6120 & 458 6665 FAX 061-458 5896
Faisalabad Branch	Mr. Amjad Zahoor	State Life Building, 12 th Floor 2 Liaquat Road Faisalabad ☎ 041-254 0419-21, 264 5634 & 254 0418 FAX 041-254 0423
Peshawar Branch	Mr. Sabir Hussain Shah	PICIC House B-1, Phase V Hayatabad, Peshawar ☎ 091-581 2456-7 FAX 091-582 5281
Hyderabad Branch	Mr. Idrees Khatri	State Life Building No. 1 Gul Centre, Fatima Jinnah Road, Hyderabad ☎ 022-272 0753 FAX 022-272 0578
Rahim Yar Khan Branch	Mr. Mohd. Nadeem Zia	1st Floor, Near Saudi Pak Commercial Bank Ltd 26- Shahi Road, Rahim Yar Khan, ☎ 06858-83005
Bahawalpur Branch	Mr. Mohd. Azam Sabir	Circular Road, Bahawalpur ☎ 0300-6809913 & 0321-6815829



Vision Statement

PICIC Insurance shall emerge as the leading insurance and risk management services organization in Pakistan. We are in the business of providing solutions to mitigate insurable risk exposure of our clients. We shall do this on the basis of thorough risk evaluation and product knowledge.



Mission Statement

PICIC Insurance shall fully satisfy the needs and expectations of all its stakeholders:

- We shall put the interest of our clients first and ensure that they make informed decisions with respect to the products and services that we offer them.
- We shall give our employees a congenial work environment and shall give them opportunities for personal growth and development strictly on the basis of merit.
- We shall strive to continually provide above average returns to our shareholders.
- We shall support the development of the communities in which we live and work.

NOTICE OF THE THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the Third Annual General Meeting of the Company will be held at the Abdullah Haroon Muslim Gymkhana, Aiwan-e-Sadar Road, Karachi on Tuesday April 24, 2007 at 10:00 AM to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extra Ordinary General Meeting held on December 19, 2006.
2. To receive and adopt the Directors' Report and Annual Audited Financial Statements for the year ended December 31, 2006.
3. To approve, appropriation of profit and the payment of final dividend at the rate of 10% (Re. 1 per share) for the year ended December 31, 2006 as recommended by the Board of Directors.
4. To appoint auditors for the year 2007 and to fix their remuneration. The present auditors M/S Ford Rhodes Sidat Hyder & Co., Chartered Accountants are to retire and being eligible, offer themselves for reappointment. Board Audit Committee and Board of Directors recommend that they be appointed as auditors for the year 2007.
5. Any other matter with the permission of the Chairman.

By Order of the Board

Rehan Mobin
Company Secretary

Karachi: March 23, 2007

Notes:

1. The Share Transfer Register of the Company shall remain closed from 18th to 24th April, 2007 (both days inclusive).
2. A member of the Company entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend, speak and vote instead of his/her behalf at the meeting. Proxies, in order to be valid, must be received by Shares Registrar of the Company, Ferguson Associates (Pvt.) Ltd. State Life Building # 2-A, 4th Floor, I.I. Chundrigar Road Karachi, not later than 48 hours before the meeting. A non-member can also be appointed as proxy.
3. Shareholders are requested to notify the Company of any change of address immediately.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing his/her original national identity card (NIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original NIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

DIRECTORS' REPORT

The Directors of your company are pleased to present the annual report together with the audited financial statements of the Company for the year ended December 31, 2006. This was company's second full year of operations and the first financial statements since the Company was listed on the stock exchanges at Karachi, Lahore and Islamabad.

BRIEF HISTORY

The Company was incorporated on April 23, 2004 and commenced business on September 27, 2004, as an unlisted public limited company and a wholly owned subsidiary of Pakistan Industrial Credit & Investment Corporation (PICIC). During the year 2006, the Board of the PICIC decided to liquidate its investment in the Company to the extent of 70% and distributed that shares to its shareholders as a specie dividend and consequently the Company obtained listing on all the stock exchanges in Pakistan from September 22, 2006.

BUSINESS REVIEW

By the Grace of Allah Almighty, your Company has been achieving consistent and significant growth over last two years. Current year written gross premium is over Rs. 448(M) which is 73% higher than the last year with significant increase in the profitability of the Company. In brief period of around two years, the Company is being recognized in the country as one of the leading provider of non life insurance products with professionalism and ethical standards. The client base of the Company is growing at very fast pace and includes some of the prestigious local groups and multinational companies. The Company's real strength is the highly motivated management team and the quality of reinsurance support including one of the biggest names in the world like Swiss Re.

The portfolio of the Company is very well managed considering the risk issues in the country. The portfolio mix in terms of gross premium written in the year 2006 is as follows:

<u>Line of Business</u>	<u>Portfolio Mix Percentage</u>
Fire	27.32%
Marine	10.48%
Motor	36.47%
Health & Accident	10.70%
Other Miscellaneous Classes	15.03%
Total	100.00%

You will be pleased to note that during the year under review, the Company was able to sustain its growth momentum in line with last year and management is committed to maintain this growth rate in the years ahead.

Further, in the year 2006 the Company was able to launch a state of the art product of Travel Insurance approved by the Schengen States with the facility to settle claims internationally. This product will help the Company, in future years, to increase its client base at a more retail level, which is currently un-tapped market in Pakistan with enhanced profitability at very low risk.

In a short span of two years, your Company has been able to penetrate in the local markets to seek new business opportunities having branches in some major cities of the country. The Company's branch network is three branches in Karachi (including Head Office) and one branch each in the cities of Lahore, Islamabad, Faisalabad, Multan, Peshawar, Hyderabad, Rahim Yar Khan and Bahawalpur. Your Company is also planning to enhance its strategic presence in other major cities in the coming years.

As a service providing company, the Directors of your Company fully understand the importance of human capital, therefore, the Company is continuously in the process of improving its human resources with hiring of good professionals and motivating them to provide best services to our esteemed clients and also strengthening the infrastructure of the Company.

The management of the Company is very humbled of this remarkable growth and business performance and would like thank all of its valued clients and re insurers for their support and to the shareholders for their trust.

FINANCIAL HIGHLIGHTS

The financial highlights for the year ended December 31, 2006 are:

	2006	2005	Variance %
	Rupees in thousand		
Gross premium written	448,955	259,698	73%
Net premium revenue	236,993	92,828	155%
Net premium and commission	268,823	107,498	150%
Net claims paid, outstanding and IBNR	134,592	49,831	170%
Management expenses charged to revenue accounts	67,980	36,738	85%
Profit/ (loss) from underwriting business	29,103	4,377	565%
Investment income	10,076	460	2090%
Other income	13,930	10,808	29%
Profit before tax	36,917	3,311	1015%
EPS	Rs. 1.41	0.08	1663%

From the highlights you will note that the gross premium written increased by 73% as compared to last year where as net premium revenue for the year increased by 155%. This is an evidence of management's prudent underwriting policy where the coverage of risks are more diversified therefore the Company was able to retain more premium after appropriate reinsurance. However, the net claims have also increased by 170% as compared to last year, this increase represents some major claims in fire and allied peril business. Increased in management expenses by only 85% in compression to increase in net premium revenue of 155% shows management's commitment to utilize its resources efficiently and effectively. The above reasons have contributed in increase in profit from underwriting business which is Rs. 29(M) and is more then five times higher than last year.

Another evidence of management's commitment for utilization of its resources at optimum level is the investment income which comprises of capital gain from trading investments in stocks and shares and other income which comprises of interest income from bank deposits and term deposit placements.

Considering the above factors, the Company's earning per share (EPS) has shown remarkable growth at Rs.1.41 per share which is around seventeen times as compared to last year.

CREDIT RATING

It's a matter of great satisfaction that the JCR-VIS has improved the Insurer Financial Strength Rating of the Company during the year under review to (Single A minus) 'A -' with 'Stable' outlook, which signifies good credit quality. The stable outlook of the Company provides more assurance of the consistency of Company's financial Strength.

APPROPRIATIONS

Profit and loss appropriation account

Balance at commencement of the year	(2,042)
Profit after taxation for the year	28,143
Balance unappropriated at the end of the year	26,101

Cash Dividend	20,000
Unappropriated Profit	6,101

AUDITORS

The auditors M/S Ford Rhodes Sidat Hyder & Co, Chartered Accountants, retire at the conclusion of Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board on the recommendation of Audit Committee has proposed their re-appointment.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The corporate laws rules and regulation framed here-under spell out the overall function of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities envisaged under the Code of Corporate Governance, prescribed by the SECP and is pleased to certify that:

1. The financial statement, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The Company has maintained proper books of accounts.
3. The Company has consistently followed appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment
4. International Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
5. The Company has implemented a sound system of internal control.
6. The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.
7. The Company has followed the best practices of the Corporate Governance as laid down in the listing regulation of the stock exchanges and there is no material departure therefrom.
8. Key operating and financial data for last two years is shown at page # '16'.
9. Outstanding taxes and duties are given in the financial statements.

BOARD OF DIRECTORS

Since its incorporation, the Company was the 100% subsidiary of PICIC Ltd. The whole Board of Directors was nominated by PICIC Ltd. During the year 2006, the PICIC Ltd. divested its holding by 70% among their shareholders as a specie dividend and consequently Company obtained the status of listed company in all the stock exchanges in Pakistan from September 22, 2006 in compliance of listing regulations and the Companies Ordinance 1984. For obtaining the status of Public Listed Company, number of directors was increased to seven to meet the requirement of Listing Regulations.

The Board of Directors comprises of Non-Executives Directors and during the year five meetings were held and attended as follows:

Name	No. of meetings held during the tenure	No. of meetings attended
Mr. Mohammed Basheer Janmohammed	5	5
Mr. Muhammad Ali Khoja	5	4
Mr. Muhammad Latif	5	5
Mr. Muhammad Bilal Sheikh	5	3
Mr. Ahmed Salahuddin	5	5
Mr. Hussain Hirji	1	1
Mr. Junaid Hashmi	1	1
Mr. Rizwan Abbas	Elected in EOGM dated December 19, 2006	
Mr. Muhammad Riaz	Elected in EOGM dated December 19, 2006	

Leave of absence was granted to the Directors who could not attend some of the Board meetings due to their busy schedules and appointments.

PATTERN OF SHAREHOLDING

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

TRADING OF COMPANY'S SHARES

No trading in the shares of the Company was carried out by the Directors, CEO, CFO and Executives or their spouses or minor children, if any.

CERTIFICATE OF THE DIRECTORS AND PRINCIPAL OFFICER UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE, 2000.

We certify that:

- in our opinion, the annual statutory accounts of the Company set out in the forms attached to the statements have been drawn up in accordance with the Ordinance and 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 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 the rules made thereunder relating to paid-up-capital, solvency and reinsurance arrangements.

ACKNOWLEDGEMENT

The directors of the Company wish to express their profound gratitude to the Chief Executive Officer and the whole management team of the Company and also to the valued customers for their association with the Company specially Managing Director of PICIC Ltd. and President of PICIC Commercial Bank Limited for their continued support. We also take this opportunity to thank all Re-Insurance Companies, including the Pakistan Reinsurance Company Limited, and the Bankers of the Company for the support given to PICIC Insurance Limited during the year. We would also like to place on record our special thanks to Securities & Exchange Commission of Pakistan, Karachi Stock Exchange, Lahore Stock Exchange & Islamabad Stock Exchange, for their professional approach and guidance.

The Chairman also like to thank all of his colleagues on the Board of Directors for their continuous support.

For and on behalf of the Board

Mohammed Basheer Janmohammed
Chairman

Karachi: March 13, 2007

Information as required under the Code of Corporate Governance

Shareholders' category	Number of shareholders	Number of shares held
Associated companies, undertakings and related parties		
M/S. Pakistan Industrial Credit & Investment Corporation	1	6,000,000
PICIC Trustees	1	4,036
PICIC Benovelent Fund-2	1	44
Trading Enterprises (Pvt) Ltd	1	8,567
Westbury (Private) Ltd	1	60,788
NIT and ICP		
Investment Corporation of Pakistan	1	330
National Bank of Pakistan, Trustee Deptt.	1	2,037,101
Directors, CEO & their spouses & minor children		
Mohammed Basheer Janmohammed	2	12,810
Mohammed Riaz Moosani	1	500
Muhammad Ali Khoja	2	23,474
Muhammad Bilal Sheikh	2	631
Muhammad Latif	1	1
Rizwan Abbas	1	500
Afroze Muhammad Ali W/o Muhammad Ali Khoja	1	24,245
Zohra Basheer W/o Basheer Janmohammed	1	270,240
Public sector companies and corporations	9	2,941,754
Banks, development finance institutions, non-banking finance institutions	26	116,048
Modarabas and mutual funds	23	34,053
Insurance companies	17	308,851
Individuals	6,343	3,576,655
Others	229	4,579,372
Total	6,665	20,000,000
Shareholders holding 10% or more voting interest		
M/s. Pakistan Industrial Credit & Investment Corporation	1	6,000,000
State Life Insurance Corporation of Pakistan	1	2,226,269
National Bank of Pakistan, Trustee Deptt.	1	2,037,101

CATEGORY OF SHAREHOLDERS AS AT DECEMBER 31,2006

S. No.	Shareholders category	No. of Shareholders	No. of Shareholders	%
1	Associated companies, undertakings and related parties.	5	6,073,435	30.37
2	NIT and ICP	2	2,037,431	10.19
3	Directors, CEO and their spouses	11	332,401	1.66
4	Public sector companies and corporations	9	2,941,754	14.71
5	Banks, development financial institutions, non-banking financial institutions	26	116,048	0.58
6	Modarabas and mutual funds	23	34,053	0.17
7	Insurance companies	17	308,851	1.54
8	Individuals	6,343	3,576,655	17.88
9	Others	229	4,579,372	22.90
	TOTAL	6,665	20,000,000	100%

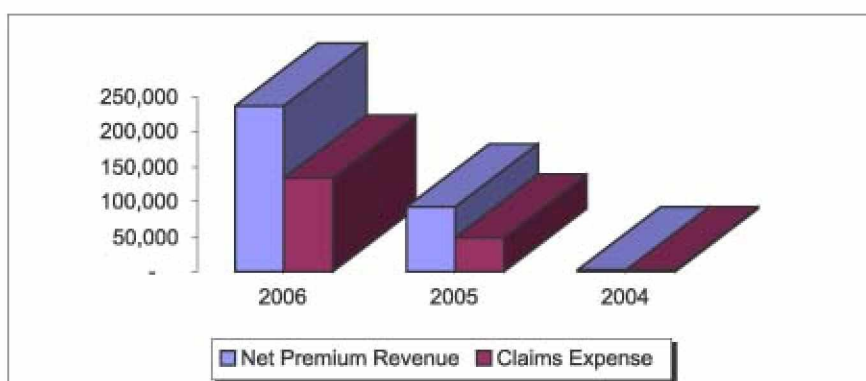
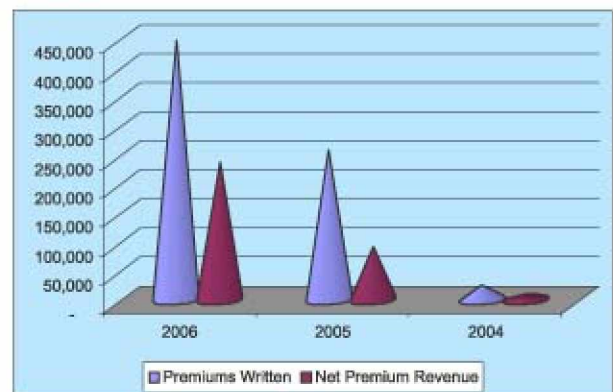
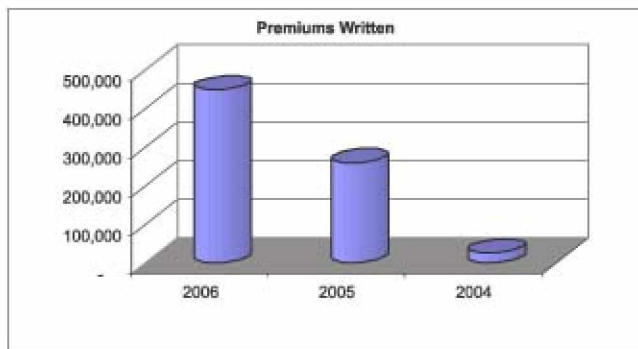
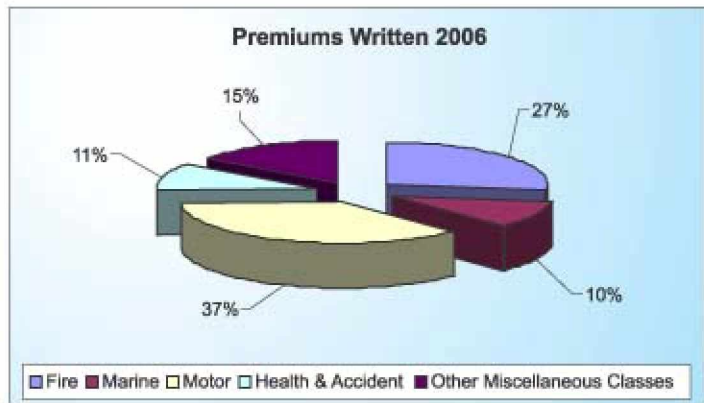
Pattern of Holding of Shares

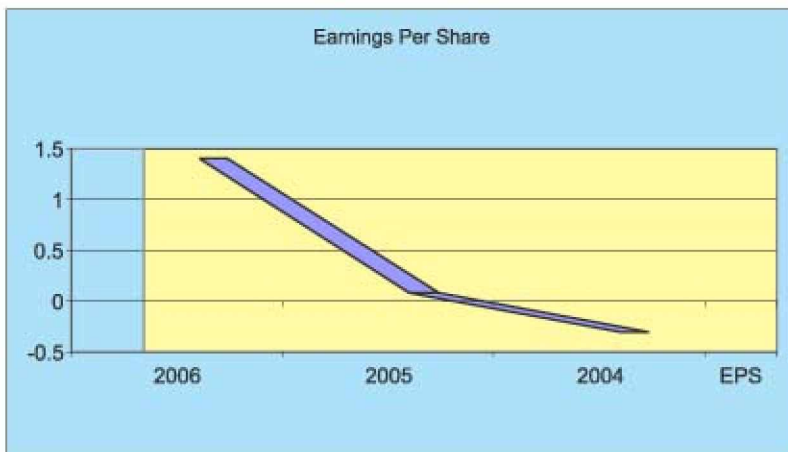
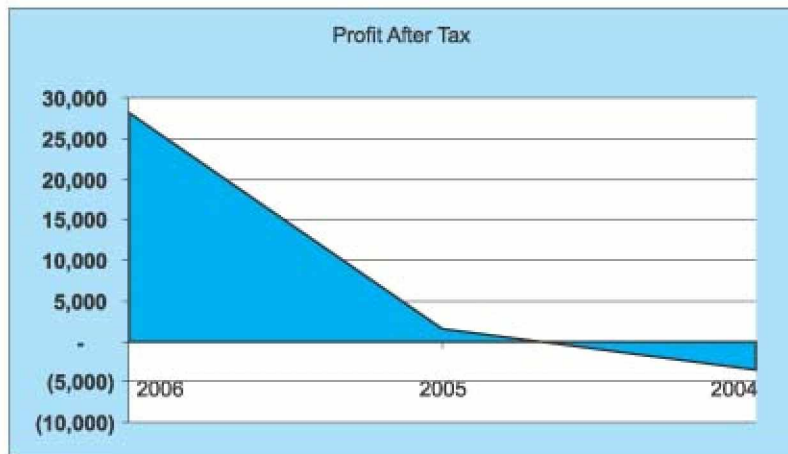
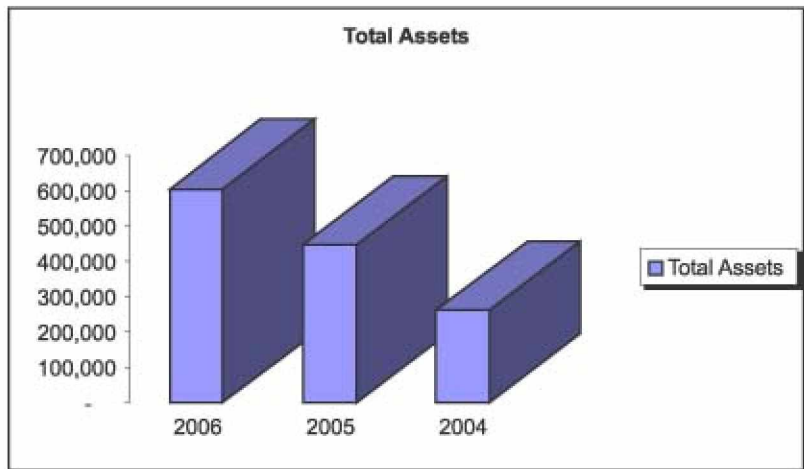
Pattern of holding of the shares held by the shareholders of
PICIC Insurance Limited as at December 31, 2006

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
4,367	1	100	129,801
1,415	101	500	336,132
323	501	1,000	236,783
401	1,001	5,000	889,712
60	5,001	10,000	431,885
26	10,001	15,000	324,617
18	15,001	20,000	319,586
9	20,001	25,000	208,712
6	25,001	30,000	166,977
4	30,001	35,000	131,635
3	35,001	40,000	113,304
3	45,001	50,000	138,944
1	50,001	55,000	51,999
1	60,001	65,000	60,788
2	65,001	70,000	138,280
1	70,001	75,000	72,001
1	100,001	105,000	104,722
1	105,001	110,000	109,721
1	110,001	115,000	113,909
2	115,001	120,000	239,119
1	120,001	125,000	124,893
2	125,001	130,000	258,829
1	135,001	140,000	135,655
1	140,001	145,000	140,710
3	155,001	160,000	473,567
1	205,001	210,000	208,939
1	215,001	220,000	216,129
1	270,001	275,000	270,240
1	280,001	285,000	281,429
1	375,001	380,000	377,263
1	485,001	490,000	489,023
1	740,001	745,000	740,630
1	815,001	820,000	816,449
1	880,001	885,000	884,241
1	2,035,001	2,040,000	2,037,101
1	2,225,001	2,230,000	2,223,269
1	5,995,001	6,000,000	5,999,996
6,665	TOTAL		20,000,000

Key Financial Highlights

	2006	2005	2004
	----- Rupees in thousand -----		
Paidup capital	200,000	200,000	200,000
Retained earnings	26,101	(2,042)	(3,610)
Total assets	606,359	446,719	261,744
Premiums written	448,955	259,698	25,914
Net premium revenue	236,993	92,828	2,760
Profit / (loss) from underwriting business	29,103	4,377	(1,279)
Claims expense	134,592	49,831	1,654
Profit before tax	36,917	3,311	(3,610)
Provision for tax	8,774	1,743	NIL
Profit after tax	28,143	1,568	(3,610)
EPS	1.41	0.08	(0.31)
Dividend	10%	NIL	NIL





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 (the Code) for the year ended **December 31, 2006** prepared by the Board of Directors of PICIC Insurance Limited (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, 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 as applicable to the Company, for the year ended **December 31, 2006**

Karachi: March 13, 2007

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ended December 31, 2006

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and SRO 68 dated January 21, 2003 issued by Securities and Exchange Commission of Pakistan, for the purpose of establishing a framework of good governance, whereby a listed insurance 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 six independent non-executive directors out of seven.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Company.
3. All the resident directors have given declaration that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred during the year on the Board on August 22, 2006 was filled up by the directors.
5. The Company is in the process of preparing a 'Statement of Ethics and Business Practices', which will be signed by all the directors and employees of the Company.
6. The Board has developed and subsequent to the year adopted a vision/mission statement, overall corporate strategy whereas, formal documentation for significant policies of the Company will be finalized and approved in due course of time.

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 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. Written notices of the Board meetings, along with the 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 has established a system of sound internal control, which is effectively implemented at all levels within the Company that includes all the necessary aspects of internal controls given in the code. The documentation of said system of controls will be made in due course which shall include all necessary aspects of internal controls given in the code.
10. The Board comprises of senior corporate executives and professionals who are fully aware of their duties and responsibilities and hence need was not felt by the directors for any orientation course in this regard.
11. No new appointments of Chief Executive Officer, Chief Financial Officer and Company Secretary were made during the year. However, any changes to the remuneration, terms and conditions of employment of Chief Financial Officer and Company Secretary have been determined by the Chief Executive Officer which was approved by the Board. The Board has appointed internal auditors during the year.
12. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed under-writing, claim settlement and reinsurance and co-insurance committees.
17. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Audit Committee.

18. The Board has formed the Board Audit Committee after code became applicable on the Company during the last quarter of the year 2006; therefore, during the year only one meeting was held of the Audit Committee. The terms of reference of the Committee have been formed and are in the process of approval from the Board.
19. The Board has outsourced the internal audit function to M/s Junaidy Sheikha & Mufti, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program 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.
21. 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.
22. No actuary is required to be appointed by the Company.
23. We confirm that all other material principles contained in the Code have been complied with.

AHMED SALAHUDDIN
Managing Director / CEO

Thank you for your

trust



Year : 2006

Our Gross Premium : Rs. 448.95 million

Your Trust : Invaluable

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) cash flow statement;
- v) statement of premiums;
- vi) statement of claims;
- vii) statement of expenses; and
- viii) statement of investment income;

of **PICIC Insurance Limited** as at December 31, 2006 together with notes forming part there of, 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 statements based on our audit.

We conducted our audit in accordance with the Auditing 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 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.

our opinion-

- (a) proper books of account 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 December 31, 2006 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).

The financial statements of the Company for the year ended December 31, 2005 was audited by A.F. Ferguson & Co. Chartered Accountants, whose report dated February 14, 2006, expressed and unqualified opinion.

BALANCE SHEET AS AT DECEMBER 31, 2006

	Note	2006 (Rupees in thousand)	2005
Share Capital and Reserves			
Authorised share capital 50,000,000 Ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
Paid-up share capital	6	200,000	200,000
Accumulated profit / (loss)		26,101	(2,042)
Total equity		226,101	197,958
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		68,321	44,386
Provision for unearned premium		202,532	124,530
Commission income unearned		13,086	9,978
Total underwriting provisions		283,939	178,894
Creditors and Accruals			
Amounts due to other insurers/reinsurers		52,233	39,140
Taxation—provision less payments		2,062	587
Sundry creditors and accruals	7	31,368	16,722
		85,663	56,449
Borrowing			
Liabilities against asset subject to finance lease	8	10,656	13,418
TOTAL LIABILITIES		<u>380,258</u>	<u>248,761</u>
TOTAL EQUITY AND LIABILITIES		<u>606,359</u>	<u>446,719</u>

CONTINGENCIES AND COMMITMENTS

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

	Note	2006 (Rupees in thousand)	2005
Cash and Bank Deposits	9		
Cash and other equivalents		156	102
Current and other accounts		190,648	171,719
Deposits maturing within 12 months		37,500	1,000
Deposits maturing after 12 months		-	20,000
		228,304	192,821
Investments		-	10,044
Deferred taxation	10	2,533	-
Security deposits	11	3,651	2,924
Current Assets – Others			
Premiums due but unpaid	12	128,574	67,735
Amounts due from other insurers / reinsurers		75,201	37,937
Accrued interest		2,603	3,576
Reinsurance recoveries against outstanding claims		15,997	25,050
Deferred commission expense	15	18,710	12,955
Other deferred acquisition cost	13	36,217	25,812
Prepayments		72,497	45,973
		349,799	219,038
Fixed Assets			
Tangible and intangible	14		
Owned			
Furniture and fixtures		3,791	3,503
Office equipments		2,032	1,061
Computers		1,561	1,634
Motor vehicles		4,973	1,437
Leased			
Motor vehicles		9,715	13,091
Intangible – computer software		-	1,166
		22,072	21,892
TOTAL ASSETS		606, 359	446,719

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2006**

Revenue Account	(Rupees in thousand)					2006 Aggregate	2005 Aggregate
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous		
Net premium revenue	27,538	23,102	132,940	30,971	22,442	236,993	92,828
Net claims	(12,292)	(9,026)	(82,701)	(24,153)	(6,420)	(134,592)	(49,831)
Expenses	(19,711)	(8,348)	(24,917)	(5,734)	(9,270)	(67,980)	(36,738)
Net commission	4,028	(448)	(8,866)	(53)	21	(5,318)	(1,862)
	(27,975)	(17,822)	(116,484)	(29,940)	(15,669)	(207,890)	(88,451)
Underwriting result	(437)	5,280	16,456	1,031	6,773	29,103	4,377
Investment income						10,076	460
Return on deposits and PLS accounts						13,930	10,808
Mark-up / finance charges						(1,213)	(1,175)
General and administration expenses						(14,979)	(11,159)
						7,814	(1,066)
Profit before tax						36,917	3,311
Provision for taxation							
- Current						(11,387)	(1,743)
- Prior						80	-
- Deferred						2,533	-
						(8,774)	(1,743)
Profit after taxation						28,143	1,568
Profit and loss appropriation account							
Balance at the commencement of the year						(2,042)	(3,610)
Profit after tax for the year						28,143	1,568
Balance accumulated profit / (loss) at the end of the year						26,101	(2,042)
Earnings per share - basic and diluted						Rs. 1.41	Rs. 0.08

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

Chairman

Director

Director

Chief Executive / Principal Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Paid-up Capital</u>	<u>Accumulated profit / (loss)</u>	<u>Total</u>
	----- (Rupees in thousand) -----		
Balance as at December 31, 2004	200,000	(3,610)	196,390
Net profit for the year	-	1,568	1,568
Balance as at December 31, 2005	200,000	(2,042)	197,958
Net profit for the year	-	28,143	28,143
Balance as at December 31, 2006	200,000	26,101	226,101

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 (Rupees in thousand)	2005
OPERATING CASH FLOWS		
(a) Underwriting activities		
Premiums received	357,814	186,000
Re-insurance premiums paid	(150,719)	(83,505)
Claims paid	(151,750)	(38,614)
Re-insurance and other recoveries received	50,146	6,566
Commission paid	(32,013)	(13,678)
Commission received	27,401	10,488
Net cash flow from underwriting activities	100,879	67,257
(b) Other operating activities		
Income tax paid	(9,832)	(932)
General management expenses paid	(78,079)	(56,481)
Other operating payments	(935)	(1,059)
Other operating receipts	1,790	3,570
Bank charges	(390)	(151)
Net cash flow from other operating activities	(87,446)	(55,053)
Total cash flow from all operating activities	13,433	12,204
INVESTMENT ACTIVITIES		
Profit / return received	20,992	8,650
Payments for investments and deposits	(1,317,881)	(63,753)
Dividend received	3,987	-
Proceeds from disposal of investments	1,327,923	54,222
Receipt of deposits matured	20,000	-
Fixed capital expenditure	(9,369)	(10,136)
Total cash flow from investing activities	45,652	(11,017)
FINANCING ACTIVITIES		
Payment on finance leases	(3,602)	(3,568)
Payment of lease deposits	-	(194)
Total cash flow from financing activities	(3,602)	(3,762)
Net cash inflow / (outflow) from all activities	55,483	(2,575)
Cash at the beginning of the year	172,821	175,396
Cash at the end of the year	228,304	172,821

	2006 (Rupees in thousand)	2005
Reconciliation to profit and loss account		
Operating cash flows	13,433	12,204
Depreciation expenses	(8,369)	(6,211)
Financial charges	(823)	(1,024)
Increase in assets other than cash	108,165	142,632
(Increase) in liabilities other than running finance	(55,929)	(83,686)
Investment income	10,076	460
Other income	13,930	10,808
(Increase) in reserves for unexpired risks	(53,706)	(72,448)
	26,777	2,735
Others		
Amortisation	(1,167)	(1,167)
Tax effect of deferred taxation	2,533	
	1,366	(1,167)
Profit for the year	28,143	1,568
Definition of cash		
Cash in hand and at banks, stamps in hand and short term placements with banks.		
Cash for the purposes of the statement of cash flows consists of :		
Cash and other equivalents		
Cash in hand	-	1
Stamps in hand	156	101
	156	102
Current and other accounts		
Current accounts	12,179	5,220
PLS accounts	178,469	166,499
	190,648	171,719
Deposits maturing within 12 months		
Term deposit receipts	37,500	1,000
	228,304	172,821

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

Chairman

Director

Director

Chief Executive / Principal Officer

**STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Class	Premiums written		Unearned premiums reserve		Premiums earned		Re-insurance ceded (Rupees in thousand)		Prepaid re-insurance premium ceded		Re-insurance expense		Net premium revenue	
	2006	2005	Opening	Closing	2006	2005	2006	2005	Opening	Closing	2006	2005	2006	2005
Direct and Facultative														
1. Fire and Property Damage	122,688	42,837	59,899	105,626	92,957	31,350	46,219	78,088	27,538	12,810				
2. Marine, Aviation and Transport	47,038	4,715	4,345	47,408	23,803	2,773	2,270	24,306	23,102	11,963				
3. Motor	163,755	52,651	79,650	136,756	5,749	966	2,899	3,816	132,940	55,444				
4. Accident and Health	48,017	11,107	27,787	31,337	359	181	174	366	30,971	6,106				
5. Miscellaneous	67,457	13,220	30,851	49,826	35,387	8,208	16,211	27,384	22,442	6,505				
Total	448,955	124,530	202,532	370,953	158,255	43,478	67,773	133,960	236,993	92,828				

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

Chairman

Director

Director

Chief Executive / Principal Officer

**STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Class	Claims paid		Outstanding claims		Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries received	Net claims expense	
	Opening	Closing	Opening	Closing			2006	2005			
1. Fire and Property Damage	40,939	15,651	16,337	41,625	28,736	9,821	10,418	29,333	12,292	8,442	
2. Marine, Aviation and Transport	13,743	2,781	5,310	16,272	6,061	1,058	2,243	7,246	9,026	2,493	
3. Motor	55,909	9,113	35,964	82,760	230	192	21	59	82,701	32,009	
4. Accident and Health	20,802	-	3,631	24,433	280	-	-	280	24,153	2,501	
5. Miscellaneous	20,357	16,841	7,079	10,595	14,839	13,979	3,315	4,175	6,420	4,386	
Total	151,750	44,386	68,321	175,685	50,146	25,050	15,997	41,093	134,592	49,831	

Direct and Facultative

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

Mohammed Basheer Janmohammed **Muhammad Bilal Sheikh** **Mohammad Latif** **Ahmed Salahuddin**
Chairman Director Director Chief Executive / Principal Officer

**STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Class	Commissions paid or payable		Deferred commission		Net commission expense	Other management expenses (Note 15)	Underwriting expense	Commissions from reinsurers (Refer note below)	Net underwriting expense	
	Opening	Closing	Opening	Closing					2006	2005
----- (Rupees in thousand) -----										
Direct and Facultative										
1. Fire and Property Damage	20,326	7,237	10,106	17,457	19,711	37,168	21,485	15,683	9,143	
2. Marine, Aviation and Transport	6,114	577	583	6,108	8,348	14,456	5,660	8,796	5,992	
3. Motor	10,679	3,830	5,384	9,125	24,917	34,042	259	33,783	18,831	
4. Accident and Health	201	33	80	154	5,734	5,888	101	5,787	1,444	
5. Miscellaneous	5,583	1,278	2,557	4,304	9,270	13,574	4,325	9,249	3,210	
Total	42,903	12,955	18,710	37,148	67,980	105,128	31,830	73,298	38,620	

Note: Commission for reinsurers is arrived at after taking the impact of opening and closing unearned commission.

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

Chairman

Director

Director

Chief Executive / Principal Officer

STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 (Rupees in thousand)	2005
Income from Trading Investments		
Gain on trading of held for trading investments (i.e. buying and selling difference)	7,395	445
Dividend income	3,987	-
Gain on revaluation of held for trading investments	-	68
	11,382	513
Less: Investment related expenses	1,306	53
Net Investment Income	10,076	460

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

Chairman

Director

Director

Chief Executive / Principal Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

1. STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the company), was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as an un-listed public limited company and a wholly owned subsidiary of Pakistan Industrial Credit and Investment Corporation Limited (PICIC Limited). In September 2004, the company was registered as a non-life insurance company by Securities and Exchange Commission of Pakistan under Insurance Ordinance 2000 and is engaged in providing all classes of non-life insurance business. During the year, PICIC Limited divested its shareholding in the company to the extent of 70%. Further, during the year, the company also obtained listing on Karachi, Lahore and Islamabad stock exchanges. The registered office of the company is situated at Shaheen Complex, M.R. Kiyani Road, Karachi.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

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

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "Investment-available-for-sale". Accordingly, the requirements of IAS-39 to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

3.2. Accounting standards not yet effective

The company has not applied the following accounting standards that have been issued by the International Accounting Standards Board (IASB), but are not yet effective.

3.2.1. International Accounting Standards (IASs)

The amendments to existing standards applicable to the company have been published that are mandatory for the company's accounting periods beginning on or after January 01, 2006 or later periods:

- IAS 1 - Presentation of Financial Statements
- Capital Disclosures effective from January 1, 2007

The company expects that the above amendments to the standards will have no significant impact on the company's financial statements in the period of initial application.

3.2.2. International Financial Reporting Standards (IFRSs)

A new series of standards called "International Financial Reporting Standards (IFRSs)" have been introduced and eight IFRSs have been issued by IASB under such series. Out of these, following four IFRSs have been adopted by Institute of Chartered Accountants of Pakistan (ICAP) and also adopted by the SECP:

- IFRS-2 (Share based Payments);
- IFRS-3 (Business Combinations);
- IFRS-5 (Non-current Assets held for Sale and Discontinued Operations); and
- IFRS-6 (Exploration for and Evaluation of Mineral Resources).

The adoption of the above pronouncements is not expected to be relevant for activities of the company.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that held for trading investments are stated at market value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1. Accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates/judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates/judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Note
• Provision for outstanding claims (including IBNR) and reinsurance recoveries against outstanding claims	5.2 & 5.14
• Staff retirement benefits	5.8
• Premium deficiency reserves	5.5
• Provision for taxation current and deferred	5.7
• Other deferred acquisition cost	5.15
• Useful lives of assets and methods of depreciation	5.17 & 14

5.2. Provision for outstanding claims (including IBNR)

The liability in respect of outstanding claims is based on the estimates of the claims intimated or assessed before the end of the accounting year. In addition, conforming to the requirements of the SEC (Insurance) Rules, 2002, a provision has been made on an estimated basis for the claims which have been incurred in the current reporting period but have not been reported to the company until the cut-off date (IBNR), after taking into consideration the expected recoveries and settlement costs.

Any difference between the provision at the balance sheet date and settlements in the following years is included in the financial statements of that year.

5.3. 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 as follows:

- For marine cargo business as a ratio of unexpired period to the total period of policy applied on the gross premium of the individual policies; and
- For other classes / line of business, by applying 1/24th method as per the option given by the SEC (Insurance) Rules, 2002.

5.4. Commission income

Commission income is being taken to the profit and loss account, on a time proportion basis, in accordance with the pattern of recognition of reinsurance premium to which they relate. Unearned portion of commission income relating to the unexpired period is recognized as a liability

5.5. Premium deficiency reserve

According to the requirements of the SEC (Insurance) Rules, 2002, a premium deficiency reserve needs to be created where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.

The management considers that the provision for the unearned premium for all classes of the business as at the year end was adequate to meet the expected future liability, after reinsurance, for claims and other expenses expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date. Hence, no premium deficiency reserve has been created in these financial statements.

5.6. Amount due to other insurers / re-insurers

Liabilities for other insurers / re-insurers are carried at cost which is the fair value of consideration to be paid in the future for services.

5.7. Taxation

5.7.1. Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account rebates and tax credits available, if any in accordance with the Income Tax Ordinance, 2001.

5.7.2. Deferred

Deferred tax is recognized using the liability method on all material temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that the taxable profits will be available against which these can be utilized.

5.8. Staff retirement benefits

5.8.1. Defined Contributory Plan

The company operates provident fund scheme for its permanent employees who have completed the minimum qualifying period of service. The fund is in the process of recognition with Commissioner of Income Tax. Equal monthly contributions to the fund are made both by the company and employees at the rate of 10% of basic salary.

5.8.2. Defined Benefit Plan

The company operates a funded gratuity scheme for all permanent employees who have completed minimum prescribed period of service under the scheme. The fund is in the process of recognition with Commissioner of Income Tax. Contributions are made to the scheme on the basis of independent actuarial recommendations using Projected Unit Credit method.

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of previous reporting period exceeded 10% of the higher of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

5.9. Sundry creditors, accruals and other liabilities

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.

5.10. Cash and bank deposits

Cash and bank deposits consist of cash in hand and at banks, stamps in hand and other placements with banks.

5.11. Investments

All investments are initially recognized at fair value and include transaction costs except for held-for-trading investments in which case transaction costs are charged to profit and loss account. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the settlement date. These are recognized and classified as follows:

5.11.1. Held-to-maturity

Investments with fixed maturity, where management has both intent and the ability to hold to maturity, are classified as held-to-maturity. Subsequently, these are measured at amortized cost using effective interest rate method and taking into accounts any discount or premium on acquisition.

5.11.2. Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Subsequent to initial recognition, these are measured at the lower of cost and market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirement of the SEC (Insurance) Rules, 2002.

5.11.3. Investment at fair value through profit and loss

Held for trading investments are included in this category. Subsequent to initial recognition, these are re-measured at fair value by reference to quoted market price with a resultant gain or loss being included in net profit or loss for the period in which it arises.

5.12. Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration less provision for impairment, if any.

5.13. Amounts due from other insurers / reinsurers

These are stated at cost, which is the fair value of the consideration to be received in the future for service.

5.14. Re-insurance recoveries against outstanding claims

Claims recoveries receivable from the re-insurers are recognized as an asset at the same time as the claims which give rise to the right of recoveries are recognized as a liability and are measured at the amount expected to be received.

5.15. Deferred commission and other acquisition costs

Commission and other acquisition costs incurred in obtaining and recording policies of insurance and reinsurance are deferred and recognized as an asset on attachment of the related policies. Accordingly, these costs are charged to the profit and loss account as an expense based on pattern of recognition of premium revenue.

5.16. Other receivables

These are recognized and carried at original invoice amounts less an allowance for uncollectible debts, if any.

5.17. Operating fixed assets and depreciation / amortization

5.17.1. Tangible

5.17.1.1. Owned assets

These are stated at cost less accumulated depreciation and any impairment in value. Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals and replacements are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Depreciation on additions is charged for the full year in which an asset is available for use and no depreciation is charged on the assets disposed off or retired during the year.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposal, if any, of assets are included in income currently.

5.17.1.2. Assets subject to finance lease

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under finance lease are depreciated using the same basis as for owned assets.

5.17.1.3. Impairment

The carrying values of the company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

5.17.2. Intangible assets

Costs incurred on the acquisition of intangible assets (computer software) are capitalized and are amortized over the useful life of the related assets on straight line basis.

Useful lives and carrying value of intangible assets are reviewed, at each financial year end and adjusted, if appropriate.

5.18. Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets or financial liabilities is taken to the income currently.

5.19. Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the company has a legally enforceable right to set-off the transaction and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.20. Revenue recognition

5.20.1. Premium income

Premium income under a policy is recognized over the period of insurance from the date of inception of the policy to which it relates till its expiry as follows:

- i) For direct business, evenly over the period of the policy; and
- ii) For proportional reinsurance business, evenly over the period of the underlying insurance policies.

5.20.2. Administrative surcharge

Administrative surcharge recovered by the company from policy holders, is included in income currently.

5.20.3. Dividend income

Dividend income is recognized when the right to receive the dividend is established.

5.20.4. Profit on bank accounts, deposits and miscellaneous income

Profit on bank account, deposits and miscellaneous income are recognized on accrual basis.

5.21. Transactions with related parties

All transactions with related parties are carried out by the company on arm's length basis.

5.22. 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 fire insurance provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

The marine insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.

The motor insurance provides comprehensive car coverage, indemnity against third party loss and other related covers.

The accident and health insurance provides coverage against personal accident, hospitalization and other medical benefits. Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

5.23. Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written for the year.

5.24. Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

5.25. Dividend

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved.

	Note	2006 (Rupees in thousand)	2005
6. PAID-UP SHARE CAPITAL			
Issued, subscribed and fully paid			
20,000,000 (2005: 20,000,000) Ordinary shares Of Rs. 10/- each fully paid in cash		<u>200,000</u>	<u>200,000</u>

6.1. As at December 31, 2006 associates hold 6,073,435 (2005: 20,000,000) ordinary shares of Rs. 10/- each.

7. SUNDRY CREDITORS AND ACCRUALS

Commission payable		14,438	9,679
Staff retirement benefits – gratuity	7.1	5,010	-
Federal insurance fee		567	524
Federal excise duty		3,058	2,286
Other creditors		4,387	1,812
Accrued expenses		3,908	2,421
		<u>31,368</u>	<u>16,722</u>

7.1. The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2006. The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2006	2005
	(Rupees in thousand)	
Discount rate	10 percent	-
Salary increase	10 percent	-
Average expected remaining working life of employees	14 years	-

7.2. Reconciliation of payable to defined benefit plan

Present value of defined benefit obligation	7,813	-
Net actuarial gains / (losses) not recognized	392	-
Unrecognized past service cost	(3,195)	-
	<u>5,010</u>	<u>-</u>

7.3. Movement in net liability recognized in the balance sheet is as follows:

Balance at the beginning of the year	-	-
Charge for the year	5,010	-
Balance at the end of the year	<u>5,010</u>	<u>-</u>

7.4. Amount recognized in the profit and loss account

Current service cost	3,121	-
Interest cost	391	-
Past service cost to be recognized	1,498	-
	<u>5,010</u>	<u>-</u>

	2006	2005
	(Rupees in thousand)	
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Balance as at January 01	13,418	14,013
Additions during the year	-	1,944
	13,418	15,957
Less: Payments made during the year	2,762	2,539
	<u>10,656</u>	<u>13,418</u>

- 8.1. The total lease rentals due under the various lease agreements aggregate to Rs. 11.7 million (2005: Rs. 15.3 million) and are payable in equal monthly installments till 2009. Taxes, repairs and insurance costs are to be borne by the lessee. Financing rates of approximately 8% per annum have been used as the discounting factor. Purchase options can be exercised by the lessee, paying 10% of the leased amount. The movement in the finance lease liability is as follows:

	2006		2005	
	Minimum lease payment	Present value	Minimum lease payment	Present value
	----- (Rupees in thousand) -----			
Within one year	3,603	2,991	3,603	2,762
After one year but not more than five years	8,128	7,665	11,731	10,656
Total minimum lease payments	11,731	10,656	15,334	13,418
Less: Amount representing financial charges	1,075	-	1,916	-
Present value of minimum lease payments	<u>10,656</u>	<u>10,656</u>	<u>13,418</u>	<u>13,418</u>

	2006	2005
	(Rupees in thousand)	
9. CASH AND BANK DEPOSITS		
Cash and other equivalents		
Cash in hand	-	1
Stamps in hand	156	101
	<u>156</u>	<u>102</u>
Current and other accounts		
Current accounts		5,220
PLS accounts	9.1	166,499
		<u>171,719</u>
Deposits maturing within 12 months	9.2	1,000
Deposits maturing after 12 months		20,000
		<u>228,304</u>

- 9.1. These carry interest at rates ranging from 7% to 9.5% (2005: 4% to 7%) per annum.
- 9.2. These deposits represent term deposits with commercial banks and financial institutions carrying interest at rates ranging from 8.5% to 11.5% (2005: 4.5% to 9%) per annum and will mature by February 15, 2007.

	2006	2005
10. DEFERRED TAX		
Opening balance	-	-
(Reversal) / recognized for the year	2,533	-
Closing balance	<u>2,533</u>	<u>-</u>
Deductible temporary differences		
- Leased assets	330	-
- Depreciation on fixed assets	450	-
- Staff gratuity	1,753	-
	<u>2,533</u>	<u>-</u>

	2006	2005
	(Rupees in thousand)	
11. SECURITY DEPOSITS		
Lease deposits	1,656	1,656
Others	1,995	1,268
	<u>3,651</u>	<u>2,924</u>
12. PREMIUMS DUE BUT UNPAID -- unsecured, considered good		
Premiums due but unpaid include amounts due from following		
<i>Related parties</i>		
PICIC Limited	14,868	6,004
PICIC Commercial Bank Limited	12,392	125
PICIC Asset Management Company Limited	-	1
Financial Management Services	23	-
Central Depository Company Limited	3,182	1,663
My Bank Limited	2,283	-
Mapak Edible Oil	849	-
Westbury (Private) Limited	43	-
	<u>33,640</u>	<u>7,793</u>
Others	94,934	59,942
	<u>128,574</u>	<u>67,735</u>
13. PREPAYMRNTS		
Prepaid reinsurance premium ceded	67,773	43,478
Prepaid expenses	4,724	2,495
	<u>72,497</u>	<u>45,973</u>

14. OPERATING FIXED ASSETS

14.1. Tangible

Particulars	Cost			Accumulated depreciation			Written down value at Dec. 31, 2006	Rate (%)
	At the beginning of the year	Additions	At the end of the year	At the beginning of the year	For the year	At the end of the year		
	(Rupees in thousand)							
Owned								
Furniture & fixture	5,134	1,644	6,778	1,631	1,356	2,987	3,791	20
Office equipments	1,465	1,580	3,045	404	609	1,013	2,032	20
Computers	3,438	1,610	5,048	1,804	1,683	3,487	1,561	33.33
Motor vehicles	1,845	4,881	6,726	408	1,345	1,753	4,973	20
	<u>11,882</u>	<u>9,715</u>	<u>21,597</u>	<u>4,247</u>	<u>4,993</u>	<u>9,240</u>	<u>12,357</u>	
Leased								
Motor vehicles	16,883	-	16,883	3,792	3,376	7,168	9,715	20
2006	<u>28,765</u>	<u>9,715</u>	<u>38,480</u>	<u>8,039</u>	<u>8,369</u>	<u>16,408</u>	<u>22,072</u>	

Particulars	Cost			Accumulated depreciation			Written down value at Dec. 31, 2005	Rate (%)
	At the beginning of the year	Additions	At the end of the year	At the beginning of the year	For the year	At the end of the year		
	(Rupees in thousand)							
Owned								
Furniture & fixture	3,018	2,116	5,134	604	1,027	1,631	3,503	20
Office equipments	554	911	1,465	111	293	404	1,061	20
Computers	1,977	1,461	3,438	658	1,146	1,804	1,634	33.33
Motor vehicles	194	1,651	1,845	39	369	408	1,437	20
	<u>5,743</u>	<u>6,139</u>	<u>11,882</u>	<u>1,412</u>	<u>2,835</u>	<u>4,247</u>	<u>7,635</u>	
Leased								
Motor vehicles	2,073	14,810	16,883	415	3,377	3,792	13,091	20
2005	<u>7,816</u>	<u>20,949</u>	<u>28,765</u>	<u>1,827</u>	<u>6,212</u>	<u>8,039</u>	<u>20,726</u>	

14.1.1. The depreciation charge for the year has been allocated as follows:

	2006 (Rupees in thousand)	2005 (Rupees in thousand)
Management expenses	7,523	5,585
General and administrative expenses	846	627
	<u>8,369</u>	<u>6,212</u>

14.2. Intangible

Particulars	Cost			Accumulated amortization			Written down value at Dec. 31, 2006	Rate (%)
	At the beginning of the year	Additions	At the end of the year	At the beginning of the year	For the year	At the end of the year		
	(Rupees in thousand)							
Software	3,500	-	3,500	2,334	1,166	3,500	-	33.33
2006	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>2,334</u>	<u>1,166</u>	<u>3,500</u>	<u>-</u>	

Particulars	Cost			Accumulated amortization			Written down value at Dec. 31, 2005	Rate (%)
	At the beginning of the year	Additions	At the end of the year	At the beginning of the year	For the year	At the end of the year		
	(Rupees in thousand)							
Software	3,500	-	3,500	1,167	1,167	2,334	1,166	33.33
2005	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>1,167</u>	<u>1,167</u>	<u>2,334</u>	<u>1,166</u>	

	Note	2006 (Rupees in thousand)	2005 (Rupees in thousand)
15. MANAGEMENT EXPENSES			
Salaries, wages and other benefits	15.1	39,276	22,520
Rent, rates and taxes		4,658	3,296
Electricity, gas, etc.		1,326	1,082
Office renovation		192	661
Repairs and maintenance		763	377
Conveyance		48	24
Staff expenses		1,215	909
Printing and stationery		1,648	852
Tour and travel		2,445	1,392
Vehicle running and maintenance		3,837	3,167
Advertisement		8,300	8,130
Computer running		1,218	885
Communication		2,740	1,880
Survey fee		442	276
Service charges		941	19
Health insurance		647	400
Depraciation	14.1.1	7,523	5,585
Amortisation	14.2	1,166	1,167
		<u>78,385</u>	<u>52,622</u>
Add: Opening deferred acquisition cost		<u>25,812</u>	<u>9,928</u>
		<u>104,197</u>	<u>62,550</u>
Lees: Closing deferred acquisition cost		<u>36,217</u>	<u>25,812</u>
Total expenses		<u>67,980</u>	<u>36,738</u>

15.1. This includes staff retirement benefits amounting to Rs. 5.6 million (2005: Nil).

16. MARK-UP / FINANCE CHARGES

Mark-up on finance lease	823	1,024
Bank charges	390	151
	<u>1,213</u>	<u>1,175</u>

	Note	2006 (Rupees in thousand)	2005
17. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	17.1	6,273	4,992
Rent, rates and taxes		758	536
Electricity, gas, etc.		334	273
Repairs and maintenance		19	9
General office expense		848	606
Staff expenses		209	156
Vehicle running and maintenance		340	281
Advertising		67	65
Computer running		83	60
Communication		553	380
Club expenses		504	261
Books and periodicals		514	140
Documentation charges		55	29
Depreciation	14.1.1	846	627
Donation		-	154
Directors' fee		155	170
Membership fee		14	73
Sundry expenses		385	515
Entertainment		482	404
Auditors' remuneration	17.2	217	168
Legal and professional		2,203	900
Software maintenance		120	360
		<u>14,979</u>	<u>11,159</u>

17.1. This includes staff retirement benefits amounting to Rs.0.76 million (2005: Nil).

17.2. Auditors' remuneration

Audit fee	200	100
Review and certification	-	60
Out of pocket expenses	17	8
	<u>217</u>	<u>168</u>

18. TAXATION

18.1. The tax assessments of the company have been finalized upto and including the assessment year 2006 as the company has filed tax returns which are deemed assessed in terms of Section 120 (1) of the Income Tax Ordinance, 2001.

18.2. Relationship between tax expense and accounting profit:

Accounting profit before tax		36,917	3,311
Tax at the applicable rate of 35% (2005:37%)	18.2.1	12,921	1,225
Tax effects of amounts that are:			
Not deductible in determining taxable income		5,379	4,342
Deductible in determining taxable income		(3,129)	(2,852)
		2,250	1,490
Effect of previous year's tax loss		-	(919)
Effect of prior year's tax		(80)	-
Tax effect of capital gain		(2,588)	-
Tax effect of dividend income taxed at lower rate		(1,196)	-
Effect of tax rebate		-	(53)
Effect of deferred tax resulting from temporary differences		(2,533)	-
		<u>8,774</u>	<u>1,743</u>

18.2.1. The change in applicable tax rate is due to the change in enacted tax rate under Income Tax Ordinance.2001.

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors, and Executives of the company are as follows:

	2006			2005		
	Chief Executive (Rupees in thousand)	Directors	Executives	Chief Executive (Rupees in thousand)	Directors	Executives
Fess	-	155	-	-	170	-
Managerial remuneration	5,375	-	9,088	4,598	-	4,720
Housing and utilities	79	-	-	68	-	-
Medical expenses	98	-	177	36	-	56
Others	142	-	114	90	-	85
	5,694	155	9,379	4,792	170	4,861
Number of persons	1	7	7	1	4	3

19.1. The company also provides some of the executives with company maintained cars.

19.2. The Chief Executive is also provided with company maintained cars and reimbursed for some utility expenses.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associate, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Material transactions with related parties and balances with them, other than remuneration and benefits to directors and key management personnel under the terms of their employment, are given below:

	2006 (Rupees in thousand)	2005 (Rupees in thousand)
Premium income	51,768	24,670
Commission expense	-	3
Claim expense	25,507	6,664
Interest income	10,183	9,346
Rent	40	-
Bank charges	390	151
Lease payments (including financial charges of Rs. 0.82 Million)	3,603	3,568
Staff retirement benefits		
Contribution for - Staff Provident Fund	1,353	-
- Staff Gratuity Fund	5,010	-
Balances with related parties / associated undertakings		
Liabilities against asset subject to finance lease	10,656	13,418
Cash and bank deposits - Bank balances	127,580	166,298
- Deposits maturing within 12 months	25,000	-
Lease deposits	1,656	1,656
Premium due but unpaid	33,640	7,793

21. SEGMENT REPORTING

21.1. The information regarding segments results for the year ended December 31, 2006 have been disclosed in the profit and loss account and related statements.

21.2. Other Information

	FIRE INSURANCE BUSINESS		MARINE INSURANCE BUSINESS		MOTOR INSURANCE BUSINESS		ACCIDENT & HEALTH BUSINESS		MISCELLANEOUS INSURANCE BUSINESS		UNALLOCATED		TOTAL	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(Rupees in thousand)													
Segment assets	132,664	101,996	23,061	16,163	73,615	45,678	12,554	8,122	100,578	40,807	-	-	342,472	212,966
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	263,887	233,753	263,887	233,753
Consolidated corporate assets	132,664	101,996	23,061	16,163	73,615	45,678	12,554	8,122	100,578	40,807	263,887	233,753	606,359	446,719
Segment liabilities	112,540	95,817	17,605	14,591	125,206	67,563	31,466	11,157	63,792	38,596	-	-	350,609	227,714
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	29,649	21,047	29,649	21,047
Consolidated corporate liabilities	112,540	95,817	17,605	14,591	125,206	67,563	31,466	11,157	63,792	38,596	29,649	21,047	380,258	248,761

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

22.1. Interest rate risk

Interest rate risk is the risk of changes in market interest rates reducing the overall return on interest bearing assets. The company is exposed to interest rate risk only in respect of bank balances and deposits. Effective interest rates on such accounts are disclosed in the relevant note.

22.2. Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its funding requirements. To guard against the risk, the company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

22.3. Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The company is not exposed to market risk as it does not hold any marketable investments at year end.

22.4. Credit risk and concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in a similar manner.

22.5. Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

22.6. Reinsurance risk

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.

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 claim reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimize its exposure to significant losses from reinsurer insolvencies, the company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of reinsurers.

23. EARNINGS PER SHARE – Basic and diluted

		2006	2005
		(Rupees in thousand)	
Net profit for the year attributable to ordinary shareholders	(Rs. in 000')	28,143	1,568
Weighted average number of ordinary shares outstanding during the year		20,000,000	20,000,000
Earnings per share		Rs. 1.41	Rs. 0.08

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 13, 2007 by the Board of Directors of the company.

25. DIVIDEND

Subsequent to the year ended December 31, 2006, the Board of Directors have proposed a final cash dividend of Rs. 1 per share (2005: nil) amounting to Rs. 20 million (2005: nil) in their meeting held on March 13, 2007 for approval of the members at the Annual General Meeting. The above dividend will be accounted for in the financial statements for the year ending December 31, 2007.

26. CORRESPONDING FIGURES

Previous year's figures have been rearranged and reclassified wherever necessary for the purposes of comparison. Following significant corresponding figures have been changed:

Particulars		Rupees in thousand
From	To	
Advances, deposits and prepayments	Security deposits	2,924
Current portion of liabilities against assets subject to finance lease	Liabilities against assets subject to finance lease	2,762
Advances, deposits and prepayments	Prepayments	2,495
Prepaid reinsurance premium ceded	Prepayments	43,478
General and administrative expenses	Management expenses	6,752
Management expenses	General and administrative expenses	6,752
Investment income	Other income – Return on bank deposits and PLS account	10,808

27. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees.

Chairman

Director

Director

Chief Executive / Principal Officer

End of Financial Statements