

Annual Report 2007

Enter our world of care





“Our Aim is to secure your Future”

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Company Information

Chairman

Mr. Khawaja Iqbal Hassan

Board of Directors

Mr. Khawaja Iqbal Hassan
Mr. Akbar Ali Chughtai
Syed Naseer ul Hassan
Mr. Yameen Kerai
Mr. Rizwan Abbas
Mr. Muhammad Riaz
Mr. Ahmed Salahuddin

Board Audit Committee

Mr. Yameen Kerai
Mr. Akbar Ali Chughtai
Mr. Rizwan Abbas

Managing Director & Chief Executive

Mr. Ahmed Salahuddin

CFO & Company Secretary

Mr. Rehan Mobin

Auditors

Ford Rhodes Sidat Hyder & Co
Chartered Accountants.

Legal Advisor

Syed Ali Hyder

Bankers

NIB Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
Habib Bank Limited

Shares Registrar

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

Credit Rating

Single A Minus 'A-' by JCR-VIS

Registered & Head Office

8th Floor , Shaheen Complex M.R. Kiyani Road Karachi
Contact # 221 9555-60

A close-up photograph of a dart with a gold-colored barrel and a red target in the background. The dart is positioned diagonally, with the tip pointing towards the bottom left. The target is a circular board with a red center and a black outer ring. The background is blurred, showing other darts and the target's structure.

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 Fourth Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Near Teen Talwar, Clifton, Karachi on Wednesday March 26, 2008 at 11:30 AM to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Third Annual General Meeting held on April 24, 2007.
2. To receive and adopt the Directors' Report and Annual Audited Financial Statements for the year ended December 31, 2007.
3. To appoint auditors for the year 2008 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 auditor for the year 2008.
4. To elect seven directors of the Company for a period of three years as fixed by the Board under section 178 of the Companies Ordinance 1984 in place of following retiring directors:
 1. Khawaja Iqbal Hassan
 2. Mr. Yameen Kerai
 3. Mr. Akbar Ali Chughtai
 4. Mr. Naseer Ul Hasan
 5. Mr. Rizwan Abbas
 6. Mr. Muhammad Riaz
 7. Mr. Ahmed Salahuddin

Special Business

5. To pass with or without modification the following resolution as special resolution approving the investment by company in the funds managed by National Fullerton Asset Management Limited:

Resolved

"Resolved that the Company be and is hereby authorized, for the purposes of Section 208 of the Companies Ordinance 1984, to invest a sum of upto Rs. 50 million each in units of NAFA Cash Fund, NAFA Stock Fund and NAFA Multi Asset Fund to be purchased at prevailing Net Asset Value of the unit at the time of purchase, as and when considered appropriate. Further, resolved that the Chief Executive Officer be and is hereby authorized to take any and all actions which may be required to purchase the above said shares."

6. Any other matter with the permission of Chairman.

By Order of the Board

Rehan Mobin
Company Secretary

Karachi: February 28, 2008

Notes:

1. The Share Transfer Register of the Company shall remain closed from 20th to 26th March 2008 (both days inclusive).
2. Any person who seeks to contest the election of Directors, whether he / she is retiring director or otherwise, should:
 - (i) file at the Registered Office of the Company, not later than 14 days before the date of the meeting, notice of his / her intention to offer himself / herself for election as a Director, in terms of Section 178(3) of the Companies Ordinance, 1984;
 - (ii) file with the Company a declaration to the effect that he / she meets the requirements for appointment as Director under the Code of Corporate Governance;
3. 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 him/her behalf at the meeting. Proxies, in order to be valid, must be received at the Registered Office of the company situated at 8th floor, Shaheen Complex, M.R. Kiyani Road, Karachi not later than 48 hours before the meeting. A non-member can also be appointed as proxy.
4. 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 attending the meeting.
- ii. In case 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 number 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.

Statement Under Section 160(1)(b) of the Companies Ordinance 1984

This statement is annexed to the notice of the 4th Annual General Meeting of PICIC Insurance Limited to be held on March 26, 2008 at which certain businesses are to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

According to SRO No. 865 (I) 2000 dated December 06, 2000 the following information is required to be annexed with the special resolution for the approval of the investment and for the purpose of Section 208 of the Companies Ordinance, 1984. Hence the same is annotated below:

Sr. #	Description	Funds Information		
1	Name of investee companies	NAFA Cash Fund	NAFA Stock Fund	NAFA Multi Asset Fund
2	Nature, amount and extent of investment	Upto 50 million by way of equity investment	Upto 50 million by way of equity investment	Upto 50 million by way of equity investment
3	Average market price / NPV of the unit intended to be purchased during preceding six months	Rupees 10.2714 per unit	Rupees 12.8443 per unit	Rupees 11.9742 per unit
4	Net asset value of unit intended to be purchased on the basis of last published financial statements	Rupees 11.0773 per unit	Rupees 14.3471 per unit	Rupees 12.8960 per unit
5	Price at which unit will be purchased	At a price prevailing at the date of purchase	At a price prevailing at the date of purchase	At a price prevailing at the date of purchase
6	Earnings Per unit based on annual published accounts i.e. only for the year 2007	2007: Rs. 1.0757	2007: 4.35	2007: 2.89
7	Source of funds	Company's own available liquidity	Company's own available liquidity	Company's own available liquidity
8	Period of investment	Long term	Long term	Long term
9	Purpose of investment	Strategic investment	Strategic investment	Strategic investment
10	Benefits likely to accrue to the Company and the shareholders from the proposed investment	Dividend income	Dividend income	Dividend income
11	Interest of directors and their relatives in the investee company	Common Directorship Khawaja Iqbal Hassan	Common Directorship Khawaja Iqbal Hassan	Common Directorship Khawaja Iqbal Hassan

Directors' Report

The Directors of your Company would like to present the annual report together with the audited financial statements of the Company for the year ended December 31, 2007.

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 PICIC was required by regulation to reduce its investment in the company by 70% and distributed those shares to its shareholders as specie dividend. Consequently, the Company obtained listing on all the stock exchanges in Pakistan on September 22, 2006. During the year 2007 certain shareholders of PICIC sold their shareholding in PICIC to NIB Bank Limited. As a result of the above transaction PICIC was merged with and into NIB Bank on December 31, 2007. Therefore 30% of your Company's shareholding which was previously owned by PICIC has now been transferred to NIB Bank Limited.

Financial Highlights

The financial highlights of your Company for the year ended December 31, 2007 are as follows:

	2007	2006	Variance %
	(Rupees in thousand)		
Gross Premium Written	473,858	448,955	5.55
Net Premium Revenue	303,401	236,993	28.02
Net Premium and Commission	341,449	268,823	27.02
Net Claims paid, outstanding and IBNR	268,258	134,592	99.31
Management Expenses charged to Revenue Accounts	123,541	67,980	81.73
Provision for Doubtful Debts (included in above Management Expenses)	31,186	-	100
(Loss) / Profit from underwriting business	(97,520)	29,103	(435.08)
Investment Income	19,235	10,076	90.90
Other Income	14,191	13,930	1.87
(Loss) / Profit before Tax	(94,195)	36,917	(355.15)
(Loss) / Profit after Tax	(93,893)	28,143	(433.63)
(Loss) / EPS in Rs.	(4.69)	1.41	(432.62)

Business Review

By the grace of Allah, your Company has been growing steadily over last three years. However, Gross Premium is only 5.55% higher than that of last year. This was due to late booking of some accounts due to disturbed law and order situation towards the end of the year; loss of certain large accounts and reduction in share of others due to competition and the fact that some major business producers left the Company. However, the net premium revenue for the year is Rs. 303 million which is 28.02% higher than that of the last year. The main reason for this higher increase in net premium revenue vs. gross premium is that growth has been much higher in those classes of business where the Company has a higher retention.

The portfolio mix in terms of gross premium written in the year 2007 is as follows:

Line of Business	Portfolio Mix %
Fire	19.87
Marine	15.68
Motor	40.49
Health & Accident	7.72
Other Miscellaneous Classes	16.24
Total	<u>100.00</u>

However, while gross and net premium have shown growth, the Company has suffered higher than expected losses in three major segments of its business i.e. Fire, Motor and Health:

CLAIMS

	December 31, 2007		December 31, 2006	
	Amount	Ratio %	Amount	Ratio %
	(Rupees in thousand)			
FIRE	33,456	116	12,292	45
MOTOR	172,512	92	82,701	62
ACCIDENT & HEALTH	47,202	111	24,153	78

In the year 2007, the Company experienced an increase in both the quantum and frequency of Fire losses, particularly with respect to cotton and textile mills. Towards the end of 2007, the country experienced considerable political unrest leading to riots resulting in high claims impacting the whole of the non-life insurance sector in Pakistan. Your Company has also suffered insurance claims on account of these riots. In the Fire class of business the Company suffered a loss of Rs. 15.6 million due to these riots. Were it not for these extraordinary claims the Fire loss ratio would have been 62% instead of the current high of 116%.

Even before the riots stated above, your Company witnessed increased incidence of motor theft claims. By tightening underwriting guidelines, increasing rates on high-risk vehicles and making vehicle tracking system installation mandatory on high risk vehicles, your Company is making efforts to reduce such losses in the future.

Health insurance results have deteriorated on account of poor results in a handful of large corporate accounts. The Company is re-evaluating the rates and coverage of these selected groups. Amendments have been made wherever necessary in the terms of coverage to ensure better results next year and a strategy of careful growth without exposing the portfolio to undue risk has been adopted.

A comprehensive review of the premiums due but unpaid was undertaken. All amounts due for over twelve months were conservatively assumed to be doubtful and as a prudent measure were fully provided for. A provision for doubtful debts of Rs. 31.19 million has accordingly been made. Notwithstanding the foregoing, the management of your Company will continue to make every effort to recover this amount.

Your Company implemented a revised investment plan towards the end of the third quarter and it is apparent from the results that investment income has started to increase. Management is closely monitoring the investment opportunities in the market to maximize returns from these investments.

All the above factors have contributed towards the after tax loss of Rs. 93.89 million for the year ended December 31, 2007 and the resultant loss per share of Rs. 4.69, compared to an EPS in 2006 of Rs. 1.41. However, the management of your Company would like to maintain that the above adverse results are not due to any relaxation of the Company's standard underwriting practice; rather the losses have been exceptional in nature. The underwriting and pricing initiatives stated in the foregoing paragraphs, amongst others are expected to improve results in the future.

In a short span of three years your Company has been able to penetrate into the local market and now has branches in the major cities of the country. The Company's branch network comprises of three branches in Karachi (excluding Head Office) and one branch in each of the cities of Lahore, Islamabad, Faisalabad, Multan, Peshawar, Hyderabad, Sukkur, Rahim Yar Khan and Bahawalpur. Your Company is also planning to enhance its strategic presence in other major cities in the coming year.

The management of your Company is fully aware of the new developments emerging in the insurance market in the world and in Pakistan. Based on the increasing demand and opportunity in the country, the management of your Company is planning to enter the retail insurance sector. A new division within the Company has been established for this purpose and many retail oriented insurance products are expected to be launched shortly. A business plan is being developed involving the sale of new retail insurance products and distribution channels best suited to the environment and culture of our country. The management of your Company believes that entering the retail insurance sector will create a positive impact on the results of the Company in the years to come.

Your Company is planning to focus its energies on those products and channels of distribution that have potential to grow and are also able to contribute positively to the bottom line such as travel insurance, individual health insurance and bancassurance. Business plans and marketing strategies are being put in place to move the Company forward to achieve profitable growth as per the expectations of our shareholders.

The Directors of your Company fully understand the importance of human capital and therefore, the Company is continuously improving its human resources infrastructure by hiring experienced professionals with proven track records and motivating them to provide the best possible services to our clients.

The management of the Company is fully committed to providing better results to its stakeholders and would like to thank all of its valued clients for their support. It would also like to thank all of its shareholders for the trust they have placed in the Company.

Credit Rating

JCR VIS has maintained the Insurer Financial Strength Rating of the Company during the year under review to 'A -' (A minus) with 'Stable' outlook, which signifies good credit quality.

Appropriations

Profit and loss appropriation account	(Rupees in thousand)
Balance at commencement of the year	26,101
Dividend Paid	(20,000)
Loss after taxation for the year	<u>(93,893)</u>
Balance un-appropriated at the end of the year	<u>(87,792)</u>

In view of the adverse results of the Company in 2007, the Board of Directors has decided to increase the paid up share capital of your Company by issuing 75% Right shares at a par value of Rs. 10.00 per share i.e 3 shares for every 4 shares held. This right issue will increase the paid up capital of the Company to Rs. 350 million which will allow your Company to meet the requisite solvency requirement, increase its underwriting limits and continue its growth.

Auditors

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

Compliance With Code Of Corporate Governance

The corporate laws rules and regulation framed hereunder 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 statements, prepared by the company, present fairly its state of affairs, the result of its operation, 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. Because of the loss in the current year, the directors of your Company have not declared any dividend.
8. The Company has followed the best practices of Corporate Governance as laid down in the listing regulation of the stock exchanges and there is no material departure therefrom.
9. Key operating and financial data for last three years is shown at page # '13'
10. Outstanding taxes and duties are given in the financial statements.

Board Of Directors

As a result of takeover of PICIC Limited by NIB Bank Limited the nominee directors of PICIC Limited resigned on June 28, 2007 and four new directors were nominated to fill in the casual vacancies.

The board of directors comprises of Non-Executives Directors and during the year six meetings were held and attended as follows:

Name	No. of meetings held during the tenure	No. of meetings attended	Status
Mr. Khawaja Iqbal Hassan	4	4	Appointed on June 28, 2007
Mr. Akbar Ali Chughtai	4	3	d/o
Syed Naseer ul Hassan	4	3	d/o
Mr. Yameen Kerai	4	4	d/o
Mr. Rizwan Abbbas	6	6	Existing
Mr. Muhammad Riaz	6	6	Existing
Mr. Ahmed Salahuddin	6	6	Existing
Mr. Mohammed Basheer Janmohammed	3	3	Resigned on June 28, 2007
Muhammad Ali Khoja	3	3	d/o
Mr. Muhammad Latif	3	3	d/o
Mr. Muhammad Bilal Sheikh	3	3	d/o

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:

- (a) 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:
- (b) 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 and reinsurance arrangements, except for solvency as stated in (d) below;
- (c) 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 and reinsurance arrangements, except for solvency as stated in (d) below;

- (d) in order to meet the solvency requirement and allow for future growth, the Board of Directors in their meeting which concluded on February 20, 2008 has resolved to issue Right shares at a par value of Rs. 10.00 per share in the ratio of 3 ordinary shares for every 4 ordinary shares held. Through the Rights share issue the Company expects to increase its paid up share capital from Rs. 200 million to Rs. 350 million.

Acknowledgement

The Board of Directors would like to thank the valued clients of the Company for their trust and association with the Company. The Board of Directors would also like to place on record their special thanks to the Securities & Exchange Commission of Pakistan, Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for their professional approach and guidance. We also take this opportunity to thank all reinsurance companies, including the Pakistan Reinsurance Company Limited, and the bankers of the Company for their support during the year.

For and on behalf of the Board

Khawaja Iqbal Hassan

Chairman

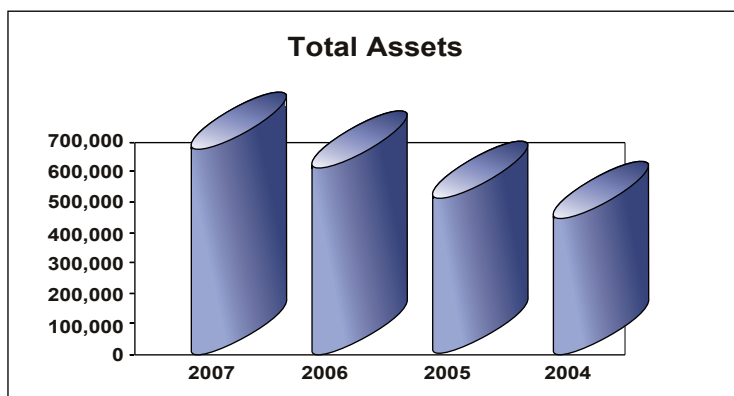
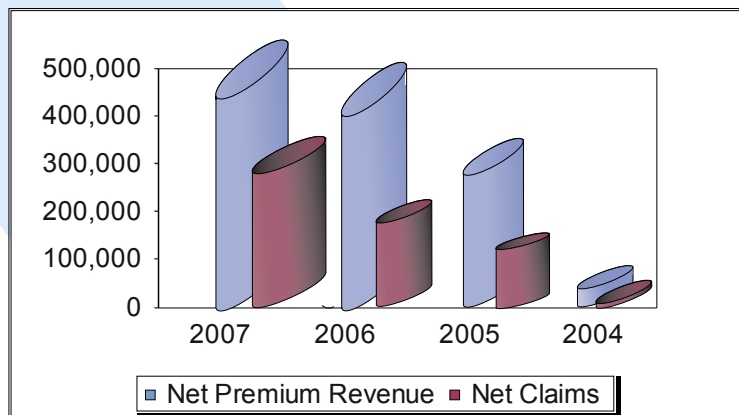
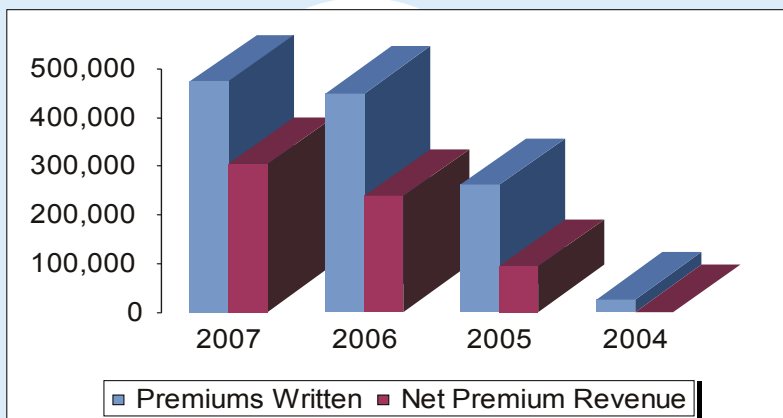
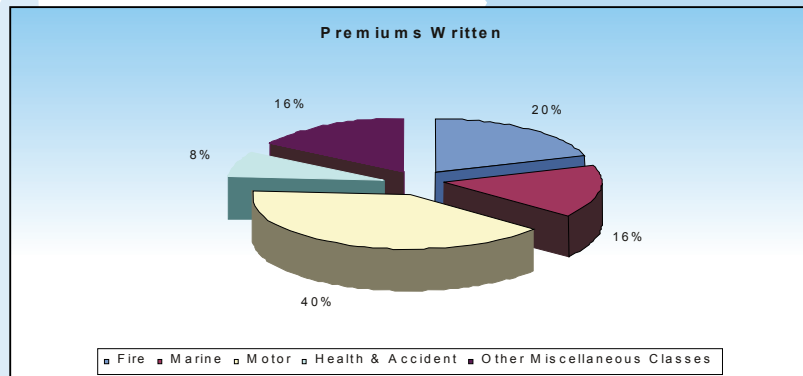
Karachi: February 20, 2008

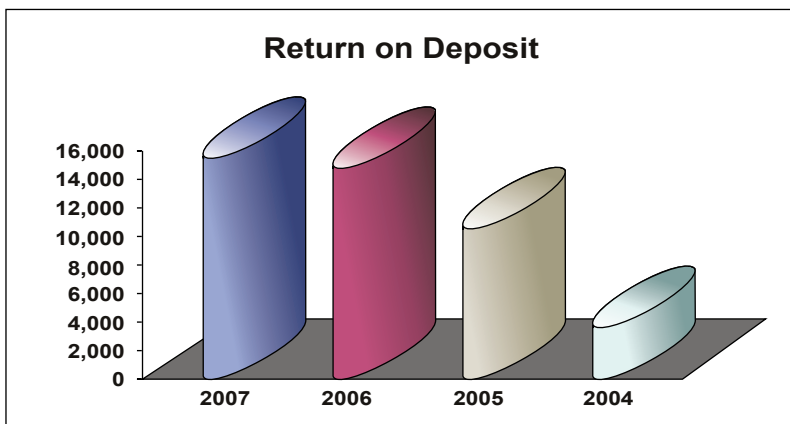
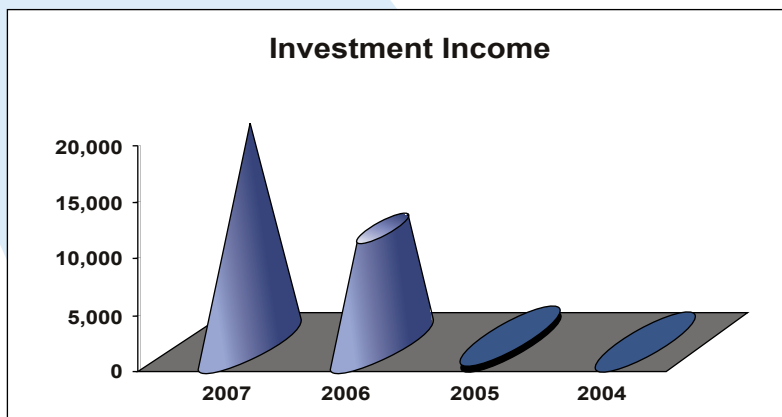
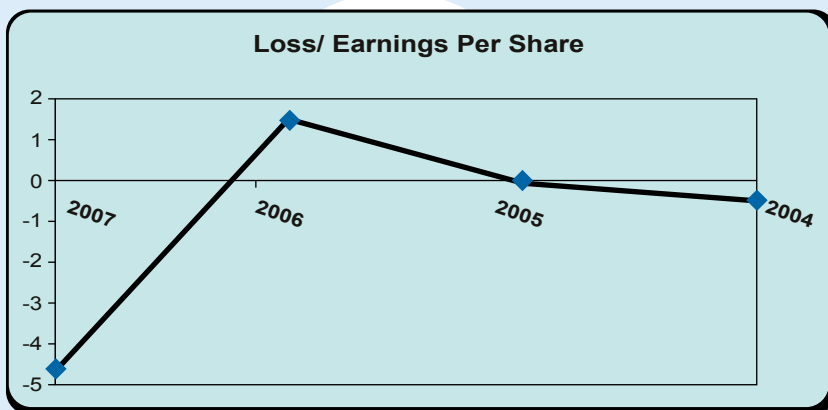
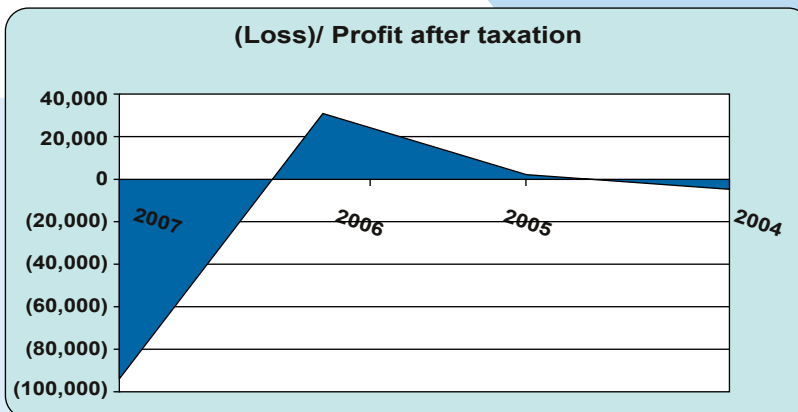
Ahmed Salahuddin

CEO & Principal Officer

Key Financial Highlights

	2007	2006	2005	2004
	(Rupees in thousand)			
Paidup Capital	200,000	200,000	200,000	200,000
Retained Earnings	(87,792)	26,101	(2,042)	(3,610)
Investment Income	19,235	10,076	460	-
Return on Deposit	14,191	13,930	10,808	3,644
Total Assets	643,841	606,359	446,719	261,744
Premiums Written	473,858	448,955	259,698	25,914
Net Premium Revenue	303,401	236,993	92,828	2,760
(Loss)/Profit from underwriting business	(97,520)	29,103	4,377	(1,279)
Net Claims	268,258	134,592	49,831	1,654
(Loss)/Profit before taxation	(94,195)	36,917	3,311	(3,610)
Provision for taxation	302	8,774	1,743	NIL
(Loss)/Profit after taxation	(93,893)	28,143	1,568	(3,610)
Loss / Earnings per share (in Rupees)	(4.69)	1.41	0.08	(0.31)
Dividend (in Percentage)	NIL	10.00	NIL	NIL





Pattern of Holding of Shares

Pattern of holding of the shares held by the Shareholders of PICIC Insurance Limited As at December 31, 2007

Shareholding		Number of Shareholders	Total Shares Held
From	To		
1	100	3,211	90,281
101	500	1,003	244,448
501	1000	245	179,881
1001	5000	245	539,861
5001	10000	40	289,973
10001	15000	13	150,858
15001	20000	14	248,483
20001	25000	8	182,694
25001	30000	3	82,055
30001	35000	5	157,774
35001	40000	2	75,616
45001	50000	3	138,944
50001	55000	1	50,114
60001	65000	1	60,788
90001	95000	1	94,609
110001	115000	2	223,407
115001	120000	1	119,835
125001	130000	2	258,686
130001	135000	1	134,745
145001	150000	1	150,000
155001	160000	2	316,458
205001	210000	1	208,939
210001	215000	1	212,900
215001	220000	1	216,129
240001	245000	1	244,746
370001	375000	1	372,077
405001	410000	1	406,655
485001	490000	1	489,023
655001	660000	1	659,237
745001	750000	1	748,240
985001	990000	1	986,138
995001	1000000	2	2,000,000
1440001	1445000	1	1,440,141
2225001	2230000	1	2,226,269
5995001	6000000	1	5,999,996
TOTAL		4,819	20,000,000

Information as required under the Code of Corporate Governance

As at December 31, 2007

Shareholders' category	Number of shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
Pakistan Industrial Credit & Investment Corporation	1	5,999,996
PICIC Benovelent Fund-2	1	4,084
NIT and ICP	NIL	
Directors, CEO & their spouses & minor children		
Mohammed Riaz Moosani	1	582
Rizwan Abbas	1	500
Public Sector Companies and Corporations	5	2,717,880
Banks, Development Finance Institutions and Non-Banking Finance Institutions	15	72,106
Modarabas and Mutual Funds	15	2,004
Insurance Companies	12	7,887
Shareholders holding 10% or more voting interest		
Pakistan Industrial Credit & Investment Corporation	1	5,999,996
State Life Insurance Corporation of Pakistan	1	2,226,269

Category of Shareholding

As at December 31, 2007

S.No.	Shareholders category	No. of shareholders	No. of shares	%
1	Associated Companies, Undertakings and Related Parties	2	6,004,080	30.02
2	NIT and ICP			
3	Directors, CEO and Their Spouses	2	1,082	0.01
4	Executives			
5	Public Sector Companies and Corporations	5	2,717,880	13.59
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions	15	72,106	0.36
7	Others	182	5,675,263	28.38
7	Modarabas and Mutual Funds	15	2,004	0.01
7	Insurance Companies	12	7,887	0.04
8	Individuals	4,585	5,519,698	27.60
	TOTALS	4,819	20,000,000	100.00

Review Report to the Members on Statement of Compliance with the best practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2007 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 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's 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 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, 2007.

Karachi: February 20, 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Statement of Compliance with the best practices of the Code of Corporate Governance

For the year ended December 31, 2007

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

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. At present, the Board includes six 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 Banking Company, a Development Financial Institution or a Non-Banking Financial Institution or being a member of stock exchange, has been declared as defaulter by that stock exchange.
4. Casual vacancies occurred during the year on the Board were filled up by the directors within prescribed period.
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 adopted a vision / mission statement, overall corporate strategy whereas, formal documentation for the 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 determination of remuneration and terms and conditions of employment of the Chief Executive Officer 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 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.
10. No new appointments of the 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.
11. 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.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. 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.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has outsourced the internal audit function to M/s Junaidy Alam & Iqbal, 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.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, 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 the ICAP.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi: February 20, 2008

Ahmed Salahuddin
CEO & Principal Officer

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, 2007 together with 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

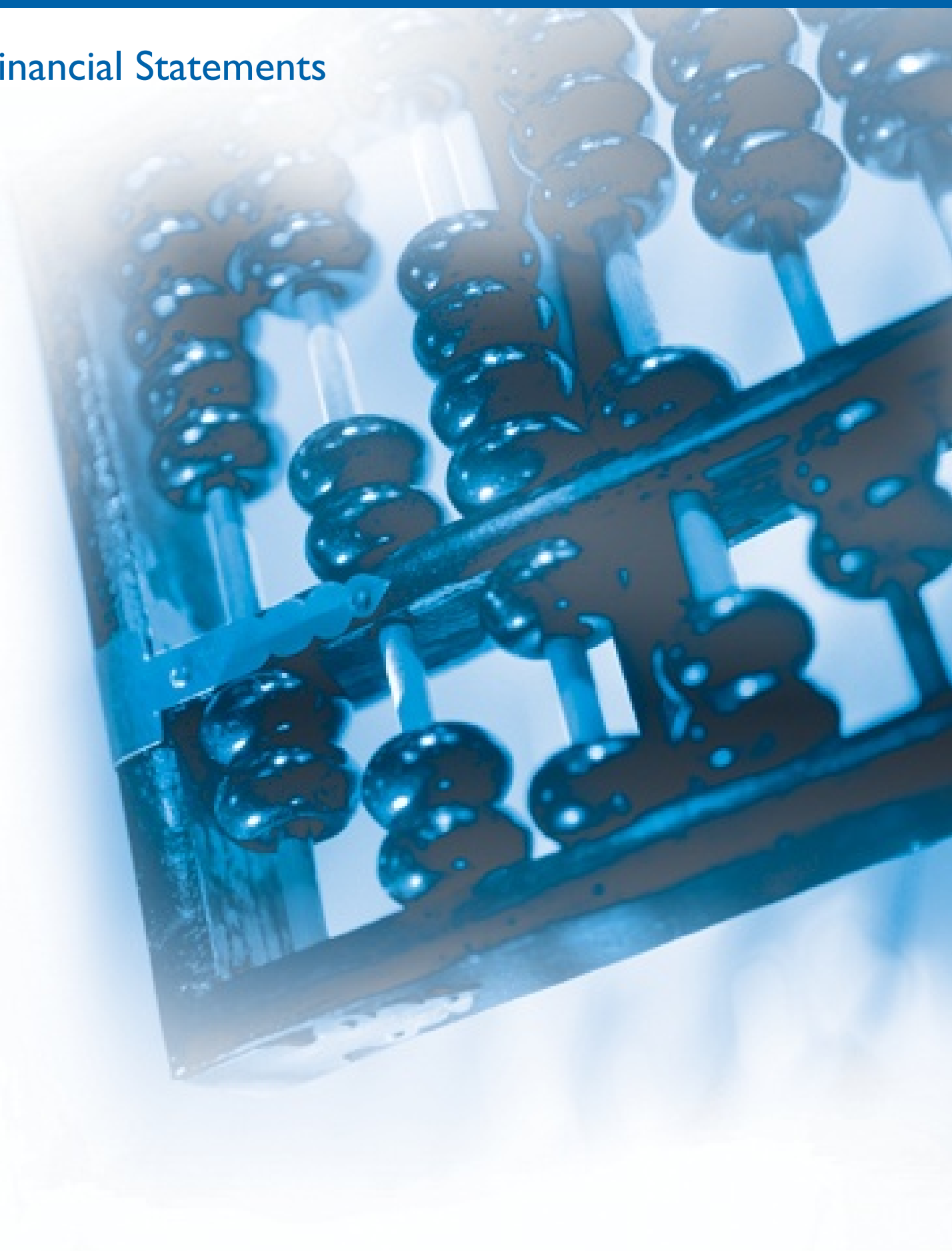
- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000, and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, and the Companies Ordinance, 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, 2007, and of the loss, its changes in equity and cash flows 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 Companies Ordinance, 1984; and
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi: February 20, 2008

Ford Rhodes Sidat Hyder & Co.

Chartered Accountants

Financial Statements



Balance Sheet

As at December 31, 2007

	Note	2007	2006
(Rupees in thousand)			
Share capital and reserves			
Authorised share capital [50,000,000 (2006: 50,000,000) Ordinary shares of Rs. 10/- each]		<u>500,000</u>	<u>500,000</u>
Paid-up share capital [20,000,000 (2006: 20,000,000) Ordinary shares of Rs. 10/- each]	8	200,000	200,000
Accumulated (loss) / profit		<u>(87,792)</u>	<u>26,101</u>
		112,208	226,101
Underwriting provisions			
Provision for outstanding claims (including IBNR)		211,892	68,321
Provision for unearned premium		187,384	202,532
Commission income unearned		11,871	13,086
		411,147	283,939
Creditors and accruals			
Amounts due to other insurers / reinsurers		75,095	52,233
Taxation - provision less payments		-	2,062
Sundry creditors and accruals	9	37,531	31,368
		112,626	85,663
Borrowing			
Liabilities against asset subject to finance lease	10	7,665	10,656
Other liability			
Unclaimed dividend		195	-
TOTAL EQUITY AND LIABILITIES		<u>643,841</u>	<u>606,359</u>

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

	Note	2007	2006
(Rupees in thousand)			
Cash and bank deposits	11		
Cash and other equivalent		254	156
Current and other accounts		57,993	190,648
Deposits maturing within 12 months		2,500	37,500
		60,747	228,304
Investments	12	132,298	-
Deferred tax asset	13	2,835	2,533
Security deposits	14	4,669	3,651
Other assets			
Premiums due but unpaid	15	141,566	128,574
Amounts due from other insurers / reinsurers		77,074	75,201
Accrued interest		1,159	2,603
Reinsurance recoveries against outstanding claims		65,403	15,997
Taxation - payments less provision		2,991	-
Deferred commission expense		15,693	18,710
Deferred acquisition costs	17	38,339	36,217
Prepayments - prepaid reinsurance premium ceded		74,304	67,773
- others		5,152	4,724
		421,681	349,799
Fixed assets-tangible	16		
Owned			
Furniture and fixture		4,111	3,791
Office equipment		2,703	2,032
Computer equipment		1,771	1,561
Motor vehicles		6,687	4,973
Leased			
Motor vehicles		6,339	9,715
		21,611	22,072
TOTAL ASSETS		643,841	606,359

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Profit and Loss Account

For the year ended December 31, 2007

Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Aggregate 2007	Aggregate 2006
(Rupees in thousand)							
Revenue account							
Net premium revenue	28,750	19,265	188,302	42,327	24,757	303,401	236,993
Net claims	(33,456)	(7,680)	(172,512)	(47,202)	(7,408)	(268,258)	(134,592)
Management expenses	17 (33,888)	(14,186)	(50,954)	(8,041)	(16,472)	(123,541)	(67,980)
Net commission	1,894	2,456	(12,659)	(118)	(695)	(9,122)	(5,318)
	(65,450)	(19,410)	(236,125)	(55,361)	(24,575)	(400,921)	(207,890)
Underwriting results							
	(36,700)	(145)	(47,823)	(13,034)	182	(97,520)	29,103
Investment income						19,235	10,076
Return on bank balances						14,191	13,930
						(64,094)	53,109
General and administrative expenses	18					(29,030)	(14,979)
Financial charges						(1,071)	(1,213)
(Loss) / profit before taxation						(94,195)	36,917
Provision for taxation							
- Current	19					-	(11,387)
- Prior						-	80
- Deferred	13					302	2,533
						302	(8,774)
(Loss) / profit after taxation						(93,893)	28,143
Profit and loss appropriation account							
Balance at the beginning of the year						26,101	(2,042)
Cash dividend @ Re. 1/- per share						(20,000)	-
(Loss) / profit after taxation						(93,893)	28,143
Balance at the end of the year						(87,792)	26,101
(Loss) / earnings per share							
- basic and diluted	25					(4.69)	1.41

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

Khawaja Iqbal Hassan
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
CEO & Principal Officer

Statement of Changes in Equity

For the year ended December 31, 2007

	Paid-up share capital	Accumulated profit / (loss)	Total
	(Rupees in thousand)		
Balance as at January 01, 2006	200,000	(2,042)	197,958
Profit after taxation	-	28,143	28,143
Balance as at December 31, 2006	200,000	26,101	226,101
Cash dividend @ Re. 1/- per share	-	(20,000)	(20,000)
Loss after taxation	-	(93,893)	(93,893)
Balance as at December 31, 2007	200,000	(87,792)	112,208

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Statement of Cash Flows

For the year ended December 31, 2007

OPERATING ACTIVITIES

(a) Underwriting activities

Premiums received
Reinsurance premiums paid
Claims paid
Reinsurance and other recoveries received
Commission paid
Commission received
Net cash flow from underwriting activities

(b) Other operating activities

Income tax paid
General management expenses paid
Other operating payments
Other operating receipts
Bank charges
Net cash used in other operating activities

Total cash (used in) / inflow from all operating activities

INVESTMENT ACTIVITIES

Profit / return received
Payments for investments
Dividend received
Proceeds from disposal of investments
Receipt of deposits matured
Fixed capital expenditure

Total cash (used in) / inflow from investing activities

FINANCING ACTIVITIES

Dividends paid
Payments on finance leases

Total cash used in financing activities

Net cash (used in) / inflow from all activities

Cash at the beginning of the year

Cash at the end of the year

Reconciliation to profit and loss account

Operating cash flows
Depreciation
Amortisation
Financial charges
Increase in assets
Increase in liabilities
Investment income
Other income
Decrease / (increase) in unearned premium
Tax effect of deferred taxation
(Loss) / profit after taxation

Definition of cash

Cash comprise of stamps in hand, bank balances and short term placements with banks.

Cash for the purpose of statement of cash flows consists of:

Cash and other equivalent

- stamps in hand

Current and other accounts

- current accounts
- saving accounts

Deposits maturing within 12 months

Cash and cash equivalents for the purpose of cash flow statement.

2007

2006

(Rupees in thousand)

454,260	357,814
(208,413)	(150,719)
(238,057)	(151,750)
63,964	50,146
(48,802)	(32,013)
53,111	27,401
76,063	100,879
(5,053)	(9,832)
(107,299)	(78,079)
(8,112)	(935)
7,482	1,790
(482)	(390)
(113,464)	(87,446)
(37,401)	13,433
15,635	20,992
(280,597)	(1,317,881)
232	3,987
167,302	1,327,923
-	20,000
(9,320)	(9,369)
(106,748)	45,652
(19,805)	-
(3,603)	(3,602)
(23,408)	(3,602)
(167,557)	55,483
228,304	172,821
60,747	228,304
(37,401)	13,433
(9,830)	(8,369)
-	(1,167)
(590)	(823)
64,821	108,165
(166,300)	(55,929)
33,426	10,076
-	13,930
21,679	(53,706)
302	2,533
(93,893)	28,143
254	156
20,874	12,179
37,119	178,469
57,993	190,648
2,500	37,500
60,747	228,304

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Statement of Premiums

For the year ended December 31, 2007

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2007	2006
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	94,142	59,899	37,196	116,845	70,192	46,219	28,316	88,095	28,750	27,538
2. Marine, aviation and transport	74,299	4,345	14,208	64,436	54,952	2,270	12,051	45,171	19,265	23,102
3. Motor	191,847	79,650	77,540	193,957	4,760	2,899	2,004	5,655	188,302	132,940
4. Accident and health	36,590	27,787	21,482	42,895	645	174	251	568	42,327	30,971
5. Miscellaneous	76,980	30,851	36,958	70,873	61,587	16,211	31,682	46,116	24,757	22,442
Total	<u>473,858</u>	<u>202,532</u>	<u>187,384</u>	<u>489,006</u>	<u>192,136</u>	<u>67,773</u>	<u>74,304</u>	<u>185,605</u>	<u>303,401</u>	<u>236,993</u>

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Statement of Claims

For the year ended December 31, 2007

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of		Reinsurance and other recoveries revenue	Net claims	
		Opening	Closing			Opening	Closing		2007	2006
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	65,750	16,337	75,270	124,683	50,653	10,418	50,992	91,227	33,456	12,292
2. Marine, aviation and transport	12,353	5,310	10,715	17,758	5,571	2,243	6,750	10,078	7,680	9,026
3. Motor	107,425	35,964	101,506	172,967	8	21	468	455	172,512	82,701
4. Accident and health	39,170	3,631	11,663	47,202	-	-	-	-	47,202	24,153
5. Miscellaneous	13,359	7,079	12,738	19,018	7,732	3,315	7,193	11,610	7,408	6,420
Total	<u>238,057</u>	<u>68,321</u>	<u>211,892</u>	<u>381,628</u>	<u>63,964</u>	<u>15,997</u>	<u>65,403</u>	<u>113,370</u>	<u>268,258</u>	<u>134,592</u>

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Statement of Expenses

For the year ended December 31, 2007

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Under-writing expense	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					2007	2006
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	15,727	10,106	6,344	19,489	33,888	53,377	21,383	31,994	15,683
2. Marine, aviation and transport	7,665	583	1,121	7,127	14,186	21,313	9,583	11,730	8,796
3. Motor	13,040	5,384	5,490	12,934	50,954	63,888	275	63,613	33,783
4. Accident and health	325	80	124	281	8,041	8,322	163	8,159	5,787
5. Miscellaneous	7,396	2,557	2,614	7,339	16,472	23,811	6,644	17,167	9,249
Total	44,153	18,710	15,693	47,170	123,541	170,711	38,048	132,663	73,298

* Commissions from reinsurers is arrived at by taking impact of opening and closing unearned commission.

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

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Statement of Investment Income

For the year ended December 31, 2007

Income from investments classified as investments

at fair value through profit and loss account

Net gain on sale / redemption of investments

Net unrealised gain on revaluation of investments

Dividend income

Investment related expenses

Net investment income

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

2007

2006

(Rupees in thousand)

18,679

7,395

507

-

232

3,987

19,418

11,382

(183)

(1,306)

19,235

10,076

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

Notes to the Financial Statements

For the year ended December 31, 2007

1. STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as public limited company and registered as non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed 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 issued by the SECP through SEC (Insurance) Rules, 2002 vide SRO 938 dated December 12, 2002.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and the requirements of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and Directives issued by the SECP. In case requirements differ, the provisions of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard (IAS)-39 "Financial Instruments: Recognition and Measurement" in respect of valuation of investment classified as 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.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for investments which are classified at fair value.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Provision for outstanding claims

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, confirming to the requirements of the SEC (Insurance) Rules, 2002, a provision is made on an estimated basis for the claims which may have incurred in the current reporting period but have not been reported to the Company as of the balance sheet 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.

5.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated 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 allowed by the SEC (Insurance) Rules, 2002.

5.3 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 is 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.

5.4 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognized 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.

5.5 Investments

All investments are initially recognized at fair value and include transaction costs except for investments at fair value through profit and loss account 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 investments are classified upon initial recognition as follows:

Investments at fair value through profit and loss account

These include held-for-trading investments and those designated under this category upon initial recognition. Subsequent to initial recognition, these are carried at fair value. The fair value of investments is determined by reference to quoted market price or declared net asset value in case of open-end mutual funds with a resultant gain or loss being included in profit or loss for the period.

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.

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.

5.6 Reinsurance recoveries against outstanding claims

Receivable agent claims 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.

5.7 Deferred commission expense and deferred acquisition costs

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

5.8 Fixed assets

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.

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

Assets subject to finance lease

The assets under finance lease are recorded at an amount equal to fair value of the leased assets at inception of the lease or, if lower, at the present value of minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the interest rate implicit in the lease or incremental borrowing rate of the Company, where appropriate.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liability.

Depreciation is charged to income applying the straight-line method on a basis similar to owned assets.

Intangible assets

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

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.

5.9 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

5.10 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 and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.11 Revenue recognition

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:

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

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.

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

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

Return on bank balances and deposits are recognized on accrual basis.

Gain / loss on sale of investments is included in profit and loss account in the period of sale.

5.12 Taxation

Current

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

Deferred

Deferred tax is recognized using the liability method on all 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.

5.13 Staff retirement benefits

Defined contribution plan

The Company operates an approved provident fund scheme for its permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions to the fund are made both by the Company and employees at the rate of 10% of basic salary.

Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent employees who have completed minimum prescribed period of service under the scheme. Contributions are made to the scheme on the basis of independent actuarial recommendations using Projected Unit Credit method.

Actuarial gain and 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 or 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.

5.14 Premiums due but unpaid

These are stated net of provision for impairment, if any.

5.15 Management expenses

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

5.16 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.

5.17 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees (functional currency) at the rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date.

5.18 Segment reporting

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

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, engineering losses, travel and other coverage.

5.19 Transactions with related parties

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

6. 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)	5.1
Premium deficiency reserves	5.3
Classification of investments	5.5 & 12
Deferred acquisition cost	5.7
Useful lives of assets and methods of depreciation	5.8 & 16
Deferred taxation	5.12 & 13
Defined benefit plan	5.13 & 9.1

7. ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009

IFRS 3 - Business Combinations	January 01, 2009
IFRIC 11 - Group and Treasury Share Transactions	March 01, 2007
IFRIC 12 - Service Concession Arrangements	January 01, 2008
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008
IAS 41 - Agriculture	July 01, 2007

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by the IASB but have not yet been adopted by the Institute of Chartered Accountants of Pakistan or notified by the SECP and hence presently do not form part of the local financial reporting framework:

- IFRS 4 - Insurance Contracts
- IFRS 7 - Financial Instruments: Disclosures
- IFRS 8 - Operating Segments

8. SHARE CAPITAL

Includes 6,004,036 (2006: 6,073,435) Ordinary shares held by related parties.

9. SUNDRY CREDITORS AND ACCRUALS

	2007	2006
	(Rupees in thousand)	
Commission payable	20,863	14,438
Payable to gratuity fund	5,010	5,010
Federal insurance fee	385	567
Federal excise duty	1,706	3,058
Security deposits	3,931	1,345
Other creditors	1,835	3,042
Accrued expenses	3,801	3,908
	<u>37,531</u>	<u>31,368</u>

9.1 Payable to gratuity fund

Balance at the beginning of the year	5,010	-
Charge for the year	5,010	5,010
Contribution to the fund	(5,010)	-
Balance at the end of the year	<u>5,010</u>	<u>5,010</u>

The last actuarial valuation was carried out as of December 31, 2006. The management considers that the provision made for gratuity in respect of the current year would not be materially different from the amount that would have been determined by the actuary.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2007			2006		
	Minimum lease payments	Financial charges for future period	Present value	Minimum lease payments	Financial charges for future period	Present value
	(Rupees in thousand)					
Within one year	3,603	363	3,240	3,603	841	2,762
After one year	4,525	100	4,425	8,128	234	7,894
	8,128	463	7,665	11,731	1,075	10,656

The total lease rentals due under the various lease agreements to Rs. 8.128 million (2006: Rs.11.731 million) and are payable in equal monthly installments till 2009. Taxes, repairs and insurance costs are to be borne by the Company. Financing rates of approximately 8% per annum have been used as the discounting factor. Purchase options can be exercised by the Company, paying 10% of the leased amount.

11. CASH AND BANK DEPOSITS

	Note	2007	2006
		(Rupees in thousand)	
Cash and other equivalent			
- stamps in hand		254	156
Current and other accounts			
- current accounts	11.1	20,874	12,179
- saving accounts	11.2	37,119	178,469
		57,993	190,648
Deposits maturing within 12 months	11.3	2,500	37,500
		60,747	228,304

11.1 Include balance of Rs. 16.55 million (2006: Rs. 9.81 million) with a related party.

11.2 These carry profit at rates ranging from 9% to 9.5% (2006: 7% to 9.5%) per annum and include balance of Rs. 35.949 million (2006: Rs. 117.77 million) with a related party.

11.3 Represent term deposits with investment / commercial banks carrying interest rates ranging from 9% to 10% (2006: 8.5% to 11.5%) per annum and will mature by February 16, 2008.

12. INVESTMENTS-at fair value through profit and loss account

Mutual funds	12.1	127,966	-
Listed shares	12.2	4,332	-
		132,298	-

	No. of units/ shares	Face value (per unit) share (Rupees)	2007		2006
			Cost (Rupees in thousand)	Market value	
12.1 Mutual funds					
Golden Arrow Fund - closed end	58,300	10	343	373	-
United Bank Limited Stock Fund - open ended	217,998	100	25,000	23,945	-
Pakistan Income Fund - open ended	1,972,374	50	103,367	103,648	-
	<u>2,248,672</u>		<u>128,710</u>	<u>127,966</u>	<u>-</u>
12.2 Listed shares					
Banks / financial Institutions					
The Bank of Khyber Limited	10,000	10	139	155	-
Arif Habib Securities Limited	7,500	10	572	1,299	-
	<u>17,500</u>		<u>711</u>	<u>1,454</u>	<u>-</u>
Pharmaceutical					
GlaxoSmithKline Limited	8,750	10	1,112	1,683	-
Oil and gas					
Oil and Gas Development Company Limited	10,000	10	1,258	1,195	-
	<u>36,250</u>		<u>3,081</u>	<u>4,332</u>	<u>-</u>

13. DEFERRED TAX ASSET

Deductible temporary difference comprise of:

	2007	2006
	(Rupees in thousand)	
- Lease assets	465	330
- Depreciation on fixed assets	617	450
- Staff gratuity	1,753	1,753
	<u>2,835</u>	<u>2,533</u>

Deferred tax asset amounting to Rs. 40.05 million including Rs. 29.15 million in respect of tax losses of Rs. 83.3 million have not been recognised in these financial statements in accordance with accounting policy as disclosed in note 5.12.

14. SECURITY DEPOSITS

Deposits against leased asset to a related party	1,656	1,656
Others	3,013	1,995
	<u>4,669</u>	<u>3,651</u>

15. PREMIUMS DUE BUT UNPAID-unsecured

Note

2007

2006

(Rupees in thousand)

Considered good	15.1	141,566	128,574
Considered doubtful		31,186	-
Less: Provision for doubtful recovery	17	(31,186)	-
		-	-
		<u>141,566</u>	<u>128,574</u>

15.1 Include a sum of Rs. 11.15 million (2006: Rs.27.3 million) due from related parties.

16. FIXED ASSETS - tangible

Description	Cost			Accumulated depreciation			Written down value	Rate (%)
	At the beginning of the year	Additions	At the end of the year	At the beginning of the year	Charge for the year	At the end of the year	At the end of the year	
(Rupees in thousand)								
Owned								
Furniture and fixture	6,778	2,094	8,872	2,987	1,774	4,761	4,111	20
Office equipment	3,045	1,600	4,645	1,013	929	1,942	2,703	20
Computer equipment	5,048	1,850	6,898	3,487	1,640	5,127	1,771	33.33
Motor vehicles	6,726	3,824	10,550	1,753	2,110	3,863	6,687	20
	<u>21,597</u>	<u>9,368</u>	<u>30,965</u>	<u>9,240</u>	<u>6,453</u>	<u>15,693</u>	<u>15,272</u>	
Leased								
Motor vehicles	16,883	-	16,883	7,168	3,376	10,544	6,339	20
2007	<u>38,480</u>	<u>9,368</u>	<u>47,848</u>	<u>16,408</u>	<u>9,829</u>	<u>26,237</u>	<u>21,611</u>	
Owned								
Furniture and fixture	5,134	1,644	6,778	1,631	1,356	2,987	3,791	20
Office equipment	1,465	1,580	3,045	404	609	1,013	2,032	20
Computer equipment	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>	

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

	Note	2007	2006
(Rupees in thousand)			
Management expenses	17	7,713	7,523
General and administrative expenses	18	2,116	846
		<u>9,829</u>	<u>8,369</u>

	Note	2007	2006
(Rupees in thousand)			
17. MANAGEMENT EXPENSES			
Salaries, wages and other benefits	17.1	50,817	39,276
Bonus		4,662	-
Rent, rates and taxes		5,433	4,658
Depreciation	16.1	7,713	7,523
Amortisation		-	1,166
Provision against premiums due but unpaid	15	31,186	-
Utilities		2,004	1,326
Office renovation		906	192
Repair and maintenance		1,110	763
Travelling and conveyance		2,948	2,493
Staff expenses		1,932	1,215
Printing and stationery		2,309	1,648
Entertainment		806	-
Vehicle running expenses		4,650	3,837
Advertisement		2,582	8,300
Computer charges		1,375	1,218
Communication		2,986	2,740
Survey fee		798	442
Service charges		626	941
Health business expenses		633	647
Others		187	-
		125,663	78,385
Add: Opening deferred acquisition costs		36,217	25,812
		161,880	104,197
Less: Closing deferred acquisition costs		38,339	36,217
		123,541	67,980

17.1 Include staff retirements benefits amounting to Rs. 5.9 million (2006: Rs. 5.6) million.

18. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	18.1	11,865	6,273
Bonus		800	-
Rent, rates and taxes		2,183	758
Utilities		804	334
Membership fee		615	14
Club expenses		687	504
Repairs and maintenance		449	19

	Note	2007	2006
(Rupees in thousand)			
General office expenses		1,187	848
Staff expenses		621	209
Vehicle running expenses		1,046	340
Advertisement		266	67
Computer charges		249	83
Communication		1,152	553
Books and periodicals		807	514
Depreciation	16.1	2,116	846
Directors' fee		380	155
Entertainment		-	482
Auditors' remuneration	18.2	456	217
Legal and professional charges		2,634	2,203
Others		713	560
		<u>29,030</u>	<u>14,979</u>

18.1 Include staff retirements benefits amounting to Rs. 1.7 million (2006: Rs. 0.76) million.

18.2 Auditors' remuneration

Audit fee	300	200
Review and certifications	100	-
Out of pocket expenses	56	17
	<u>456</u>	<u>217</u>

19. TAXATION

19.1 In view of the tax loss for the year, no provision for current taxation has been made in the financial statements.

19.2 The tax assessments of the Company have been finalised upto and including the tax year 2007 as the Company has filed tax returns which are deemed assessed in terms of Section 120 (1) of the Income Tax Ordinance, 2001.

20. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to the Chief Executive, directors, and executives of the Company are as follows:

	2007			2006		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in thousand)			(Rupees in thousand)		
Fees	-	380	-	-	155	-
Managerial remuneration	8,769	-	19,034	5,375	-	9,088
Housing and utilities	88	-	-	79	-	-
Medical expenses	149	-	325	98	-	177
Others	101	-	132	142	-	114
	<u>9,107</u>	<u>380</u>	<u>19,491</u>	<u>5,694</u>	<u>155</u>	<u>9,379</u>
Number of persons	<u>1</u>	<u>10</u>	<u>13</u>	<u>1</u>	<u>7</u>	<u>7</u>

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

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

21. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated entities, entities under common control or influence, entities with common directors, major shareholders, directors and key management personnel. The transactions with related parties, other than remuneration of key management personnel (disclosed in note 20) are as follows:

Relationship	2007	2006
	(Rupees in thousand)	
Associates		
Premium income	28,879	51,768
Claims expense	41,843	25,507
Return on bank balances	11,160	10,183
Rent expenses	120	40
Bank charges	478	390
Lease payments	3,603	3,603
Provision for doubtful recovery against premiums due but unpaid	2,875	-
Other related parties		
Contribution for - staff provident fund	2,631	1,353
- staff gratuity fund	5,010	5,010

The transactions with related parties are in the normal course of business and basis determined on commercial terms.

22. SEGMENT REPORTING

22.1 The information regarding segments results for the year ended December 31, 2007 have been disclosed in the profit and loss account and related statements.

22.2 Other Information

	Fire and property		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(Rupees in thousand)													
Segment assets	165,222	132,664	48,475	23,061	74,226	73,615	22,848	12,554	101,337	100,578	-	-	412,378	342,472
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	231,463	263,887	231,463	263,887
Consolidated total assets											231,463	263,887	643,841	606,359
Segment liabilities	146,761	112,540	42,933	17,605	191,406	125,206	33,300	31,466	92,704	63,792	-	-	507,104	350,609
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	24,529	29,649	24,529	29,649
Consolidated total liabilities											24,529	29,649	531,633	380,258

23. 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.

24. RISK MANAGEMENT

24.1 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and cash equivalent and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity.

24.2 Interest / profit rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk only in respect of bank balances and deposits. Effective rates on such balances are disclosed in the relevant notes.

24.3 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 manages its exposure to such risks by maintaining a diversified portfolio and self monitoring of investee companies.

24.4 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 with counterparties and by continually assessing the credit worthiness of counterparties.

24.5 Foreign exchange risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As the Company had no material assets or liabilities in foreign currencies at the year end, the Company is not materially exposed to foreign exchange risk.

24.6 Capital management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Currently the Company has paid-up capital of Rs. 200 million against the minimum required paid-up capital of Rs.120 million set by the SECP for the insurance companies for the year ended December 31, 2007.

24.7 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.

25. (LOSS) / EARNINGS PER SHARE-basic and diluted

	2007	2006
(Loss) / profit after taxation (Rupees in thousand)	(93,893)	28,143
Number of ordinary shares outstanding during the year	20,000,000	20,000,000
(Loss) / earnings per share-basic and diluted (Rupees)	(4.69)	1.41

26. SUBSEQUENT EVENT

Subsequent to the year end the Board of Directors resolved to issue right shares at the par value of Rs. 10/- per share in the ratio of 3 ordinary shares for every 4 ordinary shares held. Through this right issue the Company expects to increase its paid up share capital from Rs. 200 million to Rs. 350 million.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on February 20, 2008.

28. GENERAL

281 Figures have been rounded off to the nearest thousand rupees.

282 Prior year's figures have been reclassified, wherever necessary, for the purposes of comparison. However such reclassifications were not material.

Khawaja Iqbal Hassan

Chairman

Yameen Kerai

Director

Muhammad Riaz

Director

Ahmed Salahuddin

CEO & Principal Officer

BRANCH NETWORK
BRANCH HEAD
DETAILS
KARACHI
Corporate Branch

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Mr. Mohd. Azam Sabir

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PESHAWAR BRANCH

Mr. Yahya Shah

PICIC House, B-1, Phase V, Hayatabad, Peshawar

Tel : 091-5812456-7

FAX : 091-5825281

Proxy Form

Annual General Meeting

I/We _____
of _____
a member/members of PICIC Insurance Limited and holder of _____
share(s) as per Registered Folio No. _____ do hereby appoint
_____ of _____ who is a member/non member of
the Company vide Registered Folio No. _____ (or failing him/her
_____ of _____ who is a member/non member of
the Company vide Registered Folio No. _____)
as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on Wednesday the March 26, 2008 at 11:30 A.M. and that at any adjournment thereof.
As witness my/our hand this _____ day of _____
2008 in the presence of (Name, Address and NIC Number).

Signature of witness.

Signed by the said member

Please affix here
rupee five revenue
stamp

Note: A member entitled to attend and vote at this meeting may appoint another member/non member as his/her proxy to attend, speak and vote on his/her behalf at the meeting. Proxies, in order to be valid, must be complete in all respect and 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.



HEAD OFFICE:

8th Floor, Shaheen Complex, M. R. Kayani Road, Karachi-74200
Tel: (021) 221 9555-60. **Fax:** (021) 221 9561.

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