

Beema-Pakistan Company Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS	M. Shahnawaz Agha	Chairman & Chief Executive
	Ch. Inayat Ullah	Director
	Mohammed Sharif	Director
	Sarfraz Hussain	Director
	Lt. Col. (R) Rifat Mahmud	Director
	Syed Ahmed Haroon	Director
	Khalid Mehmood	Director

COMPANY SECRETARY M. Yunus Shaikh

MANAGEMENT - HEAD OFFICE	M. Shahnawaz Agha	Chief Executive Officer (TMO)
	Mohammed Sharif	Director Administration (TMO)
	M. Yunus Shaikh	Chief Accountant & Company Secretary (TMO)
	Khalid Mehmood	Director Corporate Affairs (TMO)
	Lt. Col. (R) Rifat Mahmud	Director Marketing (TMO)
	Sarfraz Hussain	Executive Director (TMO)
	Sarfraz A. Rabbani	Manager Underwriting
	Raza Ahmed	Asstt. Manager Accounts (MMO)

BRANCHES	Merajuddin Kardar	Regional Manager, Lahore (Mall)
	Mohammed Umar Satti	Regional Manager, Multan
	Farrukh Hassan	Branch Manager, Quetta
	Ch. Mohammed Ramzan	Branch Manager, Sargodha
	Shafiq Ahmed Khan	Marketing Director

AUDITORS F.R. Merchant & Company
Chartered Accountants
Muhammadi House,
I. I. Chundrigar Road,
Karachi-74000

REGISTERED & HEAD OFFICE 19-726, Muhammadi House,
I. I. Chundrigar Road,
P.O. Box: 5626 Karachi - 74000
Phone PABX- 242-9530/32 & 34
Fax - 242-9533

Cable- "KHYRIN"

BRANCH OFFICES

Karachi	8th Floor, Muhammadi House, I. I. Chundrigar Road, Karachi - 74000 Building No. 2-C 2nd Floor, 29th Street, Tauheed Commercial Area, Phase V, Defence Housing Authority, Clifton. BC - 11 El-Beena Centre, Block - 5 Clifton.
Lahore	5 - Imtiaz Plaza, Shara-e-Quaid-e-Azam. Tel - 6361577 - 6360684 Arshad Plaza, Temple Road. Tel - 6316741
Islamabad	First Floor, Malik Complex, 60-West, Blue Area, Tel - 820536 - 813120 Fax - 820538
Sargodha	Riaz Crockery Building, Kutchery Bazar. Tel - 720956
Multan	Ferozpur House, 650/C, Gulgasht Colony. Tel - 520748
Hyderabad	Shams Chamber, Risala Road. Tel - 615774
Quetta	Room No. 12, First Floor, Regal Plaza, Jinnah Road. Tel: 830465-840572

NOTICE OF MEETING

Notice is hereby given that the fortieth Annual General Meeting of Beema Pakistan Company Limited will be held at the Registered Office of the Company at 7th Floor, Muhammadi House, I. I. Chundrigar Road, Karachi, on Saturday 30th June, 2001 at 4:30 p.m. to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 29th June, 2000.
2. To receive, consider and adopt Audited Accounts for the year ended 31st December, 2000, together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending 31st December, 2001 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By order of the Board

M. Yunus Shaikh

Karachi: 8th June, 2001.

Company Secretary

NOTES:

- a) The Share Transfer Books of the Company will remain closed from 23 June, 2001 to 30 June, 2001 (both days inclusive).
- (b) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote for him/her. Proxies must be deposited at the Company's Registered Office not later than 48 hours before the time of holding the Meeting.
- (c) Members are requested to notify any change in their address immediately.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of your Company take pleasure in endorsing the Fortieth Annual Report being presented by the Chairman & Chief Executive, together with the Company's Audited Accounts and Auditors Report thereon for the year ended December 31st, 2000.

OPERATING RESULTS

The gross premium income for the various classes of general insurance business underwritten during the year 2000 was Rs. 2,418,143 as against Rs. 2,678,513 during the previous year 1999, whereas net premium income during the year stood at Rs. 1,484,925 as compared Rs. 1,382,801 in the previous year 1999. Gross claims paid during 2000 amounted to Rs. 147,496 as against Rs. 291,646 in 1999.

REASONS:

The current year has been one other, that remained focused at transition. The Company was "capitalized" and the name changed to the present (Nov. 2000) by the new management after a long wait. The new business plan, novel to the market yet in line with the new Insurance Ordinance 2000 was adopted. Consequent upon the factors of transition the poor operation results can be summarized with the following reasons:

- a) Economic conditions in the country remained regressive with change of Government and the expectant change in the Insurance Act only adding to the crises;
- b) The new management was focused on the change of name to launch its marketing initiatives which could not be achieved in normal course of time and is today induced onto the anvil.
- c) Capitalization likewise was in process and the liquidity requirement of the Company could only be addressed post event.
- d) The affairs of the Company were managed on issue to issue basis such that a solid foundation is created for a prosperous planned future.

With the help of Allah the new management is pleased to report the following significant milestones in the turning around of the Company:

- a) Approval of a business plan that was made by the Board as at 25th November, 1999 has now been fully adopted for implementation. This is in line with the present Insurance Act; and encompassing the future changes just as much. The plan highlights introducing:
 - (i) Islamization of Insurance (ii) Formation of a domestic re-insurance pool (iii) Single risk single cover insurance products (iv) Franchised branches within Pakistan and abroad (v) Securitization of assumed risk. These are all proprietary initiatives and place the Company to play a leadership role in the Insurance Industry in the foreseeable future.
- b) Capitalization was effected by the approval of the Board as at 21st December, 1999 to a tune of Rs. 60.80 Million and it is further envisaged to take the Company's capital up to Rs. 500 Million plus, and predominantly through real-estate acquisition and swaps.
- c) MUAVIN The Flag-ship product of the Company was approved by the Board as at 25th November, 1999 and launched to restore the eroded customer base.
- d) Legitimization of the above actions were approved by the Hon. High Court of Sindh as at 2nd March, 2000 through, and in response to, an application moved by the Company.
- e) The Recruitment department of the company has come into place with the JEEAALA and WAZIFA Plan, and Franchising has been formalized with the SITARA plan as Pakistans' first financial franchise.

The new Management is still passing through the re-organisation exercise after the takeover from the previous Management. Certain

problems inherited from the past have been settled during the year 2000 while some remain. All told the extra effort and fresh appointments being made should increase the business portfolio of the Company by the year end 2001 manifold. Necessary steps are being taken to underwrite selected and securitised insurance business in order to monitor and minimise claim ratios in the future. Your Company is also planning to introduce some (20) new products and plans in the market and these will be fully protected with securitised instruments and a gold based domestic reinsurance pool called DAULAT.

FIRE DEPARTMENT

Gross premium of fire insurance business underwritten by the Company during 2000 amounted to Rs. 626,068 as against Rs. 748,799 during 1999. Gross losses paid during the year were Rs. 49,644 as compared Rs. 171,325 in the previous year 1999. Underwriting loss during 2000 stood at Rs. 472,516 as against Rs. 458,310 during 1999.

MARINE DEPARTMENT

Gross premium of marine insurance business underwritten during the year was Rs. 206,959 as against Rs. 162,963 earned during the previous year 1999. Gross losses paid by the Company in 2000 amounted to Rs. 15,334 as against Rs. 41,063 during 1999. The underwriting loss made during 2000 amounted to Rs. 1,045,894 as against loss of Rs. 117,577 in the previous year 1999.

MOTOR AND MISCELLANEOUS DEPARTMENT

Gross premium of motor and miscellaneous insurance business underwritten by the Company during the year 2000 amounted to Rs. 1,585,116 as against Rs. 1,766,751 in the previous year 1999. Gross losses paid during the year amounted to Rs. 82,519 as against Rs. 79,258 during 1999. The underwriting loss during the year 2000 was Rs. 1,113,080 as against of Rs. 893,097 during the previous year 1999.

UNDERWRITING RESULTS

The Company made an overall underwriting loss of Rs. 3,229,943 during the year under review as against loss of Rs. 2,226,928 in the previous year 1999.

RESULTS AT A GLANCE

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
The Company made an underwriting Loss of	(2,631,490)	(1,468,984)
and earned an income from investment	107,550	65,017
appreciation (Depreciation) on investment	(65,457)	6,216
Profit on sale of Fixed Assets	76,719	69,002
Profit on sale of Investment	266,198	--
	-----	-----
Adding (deducting) to	(2,246,480)	(1,328,749)
Deducting therefrom:		
Expenses not charged to departmental accounts	782,000	617,665
Depreciation on the Company's Fixed Assets	201,463	280,514
	-----	-----
	(983,463)	(898,179)
	-----	-----
Leaving pre-tax profit (Loss) of	(3,229,943)	(2,226,928)
from which the tax provision deducted	--	--
	-----	-----
and the balance net loss of	(3,229,943)	(2,226,928)
Adding thereto the unappropriated Loss		
brought forward from the last year	(9,130,400)	(6,903,472)
	-----	-----
And to carry forward to the Balance sheet	Rupees (12,360,343)	(9,130,400)
	=====	=====

CHANGE OF NAME OF THE COMPANY

The new Management had proposed to change the name of the company from "Heritage Insurance Company Limited" to "Beema-Pakistan Company Limited". The same had been approved by the Shareholders in the Extraordinary General Meeting of the Company held on 15 May, 2000, (held as a consequence of the permission of the High Court of Sindh dated 2 March, 2000). The final approval of the Registrar of Companies, under Section 39 of the Companies Ordinance, 1984, was received on the 22nd of Nov. 2000 after which the new name has come in to effect. Hopefully this change will produce fruitful results towards the development of the Company's business and image in the years to come.

FUTURE EXPECTATIONS

It is expected as a consequence of the approved business plan that was reviewed at Singapore at the 'first ever CEO Summit' of Asian Insurers, the future of the Company should be better than ever before. The measures that have been taken from the perspective of Shareholders are enumerated as follows:

- a) The list of Shareholders is being expanded to a minimum of 400;
- b) The Capital is being increased with no upper limit;
- c) The EPI, based on the products engineered should yield 20% plus dividends as is tabulated today and all these are pointers to a prosperous investing partnership.

DIRECTORS

Since the holding of the last Annual General Meeting on 29 July, 2000, no change in the Board of Directors has been made.

AUDITORS

The Shareholders are requested to appoint auditors for the year 2001 and fix their remuneration. The present auditors, Messrs. F.R. Merchant & Company, Chartered Accountants, retire and offer themselves for re-appointment.

GENERAL

The Directors wish to thank all the valued clients for their continued confidence and trust re-posed in the new Management. The Directors also take the opportunity to thank the Executive Director (Insurance) Securities & Exchange Commission of Pakistan and his Department, Pakistan Re-Insurance Company, Foreign and Local Re-insurers, Banks, and Stock Exchanges for their co-operation extended to the Company.

The Directors also place on record their appreciation of the valuable contribution made by the employees and Field Staff at Head Office and at Branches of the Company for commitment and dedication to their duty.

MOHAMMED SHARIF
Director

LT. COL (R) RIFAT MAHMUD
Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

Karachi: 8th June, 2001.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the annexed Balance Sheet of Beema-Pakistan Company Limited as at 31st December, 2000 and the related Fire, Marine, Motor and Miscellaneous Insurance Revenue Accounts the Profit and Loss Account, the Profit and Loss Appropriation Account, Cash Flow Statement and Statement of changes in equity together with the Notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

1 (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet, revenue accounts, the profit and loss account, the profit and loss appropriation account together with the Notes thereon have been drawn up in conformity with the law and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

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

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, fire, marine, motor and miscellaneous insurance revenue accounts, the profit and loss account the profit and loss appropriation account Cash Flow Statement and Statement of changes in equity together with the notes forming part thereof, give the information required and respectively give a true and fair view of the state of the Company's affairs as at 31st December, 2000 and; of the loss its cash flow and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

2. We have verified the cash and bank balances of the Company by actual inspection or by production of certificates.
3. We have verified the investments by actual inspection, or by the production of certificates from the bankers, evaluators or brokers with whom the documents were deposited, except those which were awaiting transfer in the Company's name where all the supporting documents have been examined by us.
4. As per Section 40C(2) of the Insurance Act, 1938 (repealed), as amended, all expenses of management where-ever incurred whether directly or indirectly, in respect of fire, marine, motor and miscellaneous insurance business transacted in Pakistan have been fully debited in the respective revenue accounts as expenses.
5. As per regulation 11 of Part 1 of the Third Schedule of the insurance Act, 1938 (repealed), we certify that the Company has not paid to any person any commission in any form outside Pakistan in respect of the insurance business transacted by the Company in Pakistan and that the Company has not received outside Pakistan from any person any commission in any form in respect of any business re-insured abroad apart from commission arising out of Re-insurance Treaties.

Place: Karachi
Date: 8th June, 2001.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 31 DECEMBER, 2000

CAPITAL AND LIABILITIES	<i>Notes</i>	2000	1999
		Rupees	Rupees
Authorised Capital-			
5,000,000 Ordinary Shares of Rs. 10/- each		50,000,000	50,000,000
		=====	=====
Issued, Subscribed and fully paid			
4,125,000 Ordinary Shares of Rs. 10/- each		41,250,000	41,250,000
Advance Against Issue of Right Shares		45,077,391	45,077,391
		-----	-----
		929,606	929,606
Un-appropriated Loss		(12,360,343)	(9,130,400)
BALANCE OF FUNDS AND ACCOUNTS	2(a)		
Fire Insurance Business Account		168,312	204,216
Marine Insurance Business Account		21,910	54,463
Motor and Miscellaneous Insurance Business Account		403,748	294,441
		-----	-----
		593,970	553,120
LIABILITIES AND PROVISIONS			
Estimated Liability in respect of outstanding claims whether due or intimated -	(4)		
Fire		769,129	524,949
Marine		1,971,984	1,058,910
Motor and Miscellaneous		2,333,088	2,260,788
		-----	-----
		5,074,201	3,844,647
Unclaimed Dividends		20,296	20,296
Amounts due to other persons or bodies			

carrying on Insurance Business	4,562,714	4,125,083
Sundry Creditors (including outstanding and accrued expenses)	6,060,937	5,355,689
Premium & other Deposits	72,606	--
	-----	-----
	10,716,553	9,501,068
	-----	-----
	15,790,754	13,345,715
	-----	-----
Rupees	91,281,378	92,025,432
	=====	=====

Note: The above Balance Sheet should be read in conjunction with Notes attached.

Karachi: 8th June, 2001.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

PROPERTY AND ASSETS

Investment at cost --

Statutory Deposit with the State Bank of Pakistan		
Defence Savings Certificates	353,865	353,865
Cash	4	4
	-----	-----
	353,869	353,869

INVESTMENTS IN CONCERNS INCORPORATED IN PAKISTAN

Debtures of Joint Stock Companies	(5)	443,500	443,500
Preference Shares of Joint Stock Companies		90,403	90,403
Ordinary Shares of Joint Stock Companies		995,598	1,014,190
		-----	-----
		1,529,501	1,548,093
		-----	-----
		1,883,370	1,901,962
Immoveable property		323,000	323,000
Agents' Balances and outstanding premiums		4,061,858	4,350,839
Accrued Interest and Dividend Outstanding		138,890	51,310
Accrued Depreciation on Investment		(1,277,050)	(1,211,593)
Amounts due from other persons or bodies carrying on Insurance Business		444,624	444,624
Sundry Debtors		19,236,417	19,225,417
Advances, Deposits and Pre-payments	(6)	62,719,309	62,709,141
		-----	-----
		85,324,048	85,569,738
Deferred Expenses	(7)	1,717,682	1,717,682
Cash			
At Banks on PLS Deposit Accounts		--	--
At Banks on Current Accounts		145,941	250,138
Cash and Stamps in Hand		184,436	157,351
		-----	-----
		330,377	407,489
Stock of Stationery		105,640	105,640
		-----	-----
	(8)	436,017	513,129

ADMINISTRATIVE / FIXED ASSETS

(At cost less depreciation)

Vehicles		175,076	419,766
Furniture & Fixtures		648,385	720,428

Office Equipment	773,800	859.73
	-----	-----
	1,597,261	1,999,921
	-----	-----
Rupees	91,281,378	92,025,432
	=====	=====

We Certify That:

(i) The value of investments in Government Securities, Debentures and Shares of Joint Stock Companies incorporated in Pakistan have been taken at Book Value. The Market Value of Investments have been ascertained from the quotation on 31st December, 2000.

(ii) The value of all assets in the Balance Sheet has been reviewed as at the date of Balance Sheet and that the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisation of Market Value under the several headings.

MOHAMMED SHARIF
Director

LT. COL (R) RIFAT MAHMUD
Director

M. SHAHNAWAZ AGHA
Chairman & Chief Executive

PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 2000

	<i>Notes</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Expenses of Management (Not applicable to any particular Fund or Account)	2(e)	--	14,125
Company's Contribution to Staff Provident Fund		--	--
Zakat		--	--
Directors Remuneration	(10)	670,000	350,000
Depreciation on Investment		65,457	--
Depreciation on Fixed Assets -- Office Vehicles		43,493	104,941
Furniture, Fixture and Office Equipment		157,970	175,573
		-----	-----
		201,463	280,514
Audit Fee		50,000	20,000
Legal and Consultation Charges		62,000	233,540
(Profit)/Loss Transferred from Revenue accounts --			
Fire Insurance Account		472,516	458,310
Marine Insurance Account		1,045,894	117,577
Motor & Miscellaneous Insurance Account		1,113,080	893,097
		-----	-----
		2,631,490	1,468,984
		-----	-----
	Rupees	3,680,410	2,367,163
		=====	=====
Profit and Dividends on Investment		107,550	65,017
Profit on Sale of Fixed Assets	(9)	76,719	69,002
Appreciation on Investment		--	6,216
Gain on Sale of Investment		266,198	--
Loss Transferred to Profit and Loss Appropriation Account		3,229,943	2,226,928
		-----	-----
	Rupees	3,680,410	2,367,163
		=====	=====

PROFIT AND LOSS APPROPRIATION ACCOUNT
For the year ended 31st December, 2000

	<i>Notes</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Provision for Taxation		--	--
Balance being Loss for the year brought down		3,229,943	2,226,928
Balance brought forward from previous year		9,130,400	6,903,472
	Rupees	----- 12,360,343 =====	----- 9,130,400 =====
Balance at the end of the year as shown in the Balance Sheet		12,360,343	9,130,400
	Rupees	----- 12,360,343 =====	----- 9,130,400 =====

Note: The annexed notes form an integral part of these accounts.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

MOHAMMED SHARIF
DIRECTOR

LT. COL (R) RIFAT MAHMUD
DIRECTOR

M. SHAHNAWAZ AGHA
CHAIRMAN & CHIEF EXECUTIVE

Karachi - 8th June, 2001.

FIRE INSURANCE REVENUE ACCOUNT
For the year ended 31st December, 2000

	<i>Notes</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Claims under policies less Reinsurances --			
Paid during the year in Pakistan		48,444	140,560
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated		769,129	524,949
		----- 817,573	----- 665,509
Less: Outstanding at the end of the previous year in Pakistan		524,949	510,809
		----- 292,624	----- 154,700
Expenses of Management (Less - Administrative Surcharge recovered)	2(c)	615,220	686,095
Commission		21,357	55,706
Balance of Account at the end of the year as shown in the Balance Sheet --			
Reserve for unexpired risks			

being 40% of the premium income of the year		168,312	204,216
		-----	-----
	Rupees	1,097,513	1,100,717
		=====	=====
Balance of Account at the beginning of the year --			
Reserve for unexpired risks 2(a) Premiums, less Reinsurances in Pakistan		204,216	131,866
		420,781	510,541
Loss Transferred to Profit & Loss Account		472,516	458,310
		-----	-----
	Rupees	1,097,513	1,100,717
		=====	=====

As per Section 40(c) (2) of the Insurance Act, 1938 (repealed), as amended, we certify that all Expenses of Management in respect of the Fire Insurance Business wherever incurred, whether directly or indirectly, have been fully debited in the Fire insurance Revenue Account as expenses.

Note: The annexed notes form an integral part of these accounts.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

MOHAMMED SHARIF
DIRECTOR

LT. COL (R) RIFAT MAHMUD
DIRECTOR

M. SHAHNAWAZ AGHA
CHAIRMAN & CHIEF EXECUTIVE

Karachi: 8th June, 2001.

MARINE INSURANCE REVENUE ACCOUNT **For the year ended 31st December, 2000**

	<i>Notes</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Claims under policies less Reinsurances --			
Paid during the year in Pakistan		15,334	20,676
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated		1,971,984	1,058,910
		-----	-----
Less: outstanding at the end of the previous year in Pakistan		1,987,318	1,079,586
		1,058,910	841,175
		-----	-----
		928,408	238,411
Expenses of Management (Less - Administrative Surcharge recovered)	2(a)	236,559	94,285
Commission		(31,745)	35,116
Balance of Account at the end of the year as shown in the Balance Sheet-			
Reserve for unexpired risks being 40% of the premium income of the year		21,910	54,463

	Rupees	1,155,132	422,275
Balance of Account at the beginning of the year -- Reserve for unexpired risks	2(a)	54,463	168,541
Premiums, less Reinsurances in Pakistan		54,775	136,157
Loss Transferred to Profit & Loss Account		1,045,894	117,577
	Rupees	1,155,132	422,275

As per Section 40(c) (2) of the Insurance Act, 1938 (repealed), as amended, we certify that all Expenses of Management in respect of the Marine Insurance Business wherever incurred, whether directly or indirectly, have been fully debited in the Marine Insurance Revenue Account as expenses.

Note: The annexed notes form an integral part of these accounts.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

MOHAMMED SHARIF
DIRECTOR

LT. COL (R) RIFAT MAHMUD
DIRECTOR

M. SHAHNAWAZ AGHA
CHAIRMAN & CHIEF EXECUTIVE

Karachi: 8th June, 2001.

MOTOR & MISCELLANEOUS INSURANCE REVENUE ACCOUNT **For the year ended 31st December, 2000**

<i>Notes</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Claims under policies less Reinsurances --		
Paid during the year in Pakistan	69,966	79,258
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated	2,333,088	2,260,788
	2,403,054	2,340,046
Less: outstanding at the end of the previous year in Pakistan	2,260,788	2,224,948
	142,266	115,098
Expenses of Management (Less - Administrative Surcharge recovered)	2(c) 1,830,785	1,591,590
Commission	40,091	26,250
Balance of Account at the end of the year as shown in the Balance Sheet-		
Reserve for unexpired risks being 40% of the premium		

income of the year		403,748	294,441
	Rupees	2,416,890	2,027,379
Balance of Account at the beginning of the year --			
Reserve for unexpired risks Premiums, less Reinsurances in Pakistan	2(a)	294,441	398,179
		1,009,369	736,103
Loss Transferred to Profit & Loss Account		1,113,080	893,097
	Rupees	2,416,890	2,027,379

As per Section 40(c) (2) of the Insurance Act, 1938 (repealed), as amended, we certify that all Expenses of Management in respect of the Motor and Miscellaneous Insurance Business wherever incurred, whether directly or indirectly, have been fully debited in the Motor and Miscellaneous Insurance Revenue Account as expenses.

Note: The annexed notes form an integral part of these accounts.

F.R. MERCHANT & COMPANY
CHARTERED ACCOUNTANTS

MOHAMMED SHARIF
DIRECTOR

LT. COL (R) RIFAT MAHMUD
DIRECTOR

M. SHAHNAWAZ AGHA
CHAIRMAN & CHIEF EXECUTIVE

Karachi: 8th June, 2001.

CASH FLOW STATEMENT

For the year ended December 31, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss after taxation	(3,229,943)	(2,226,928)
Adjustment for:		
Depreciation	201,463	280,514
Profit on disposal of fixed assets	(342,918)	(69,002)
Decrease in reserve for unexpired risks	40,850	(145,466)
	(100,605)	66,046
Operating Loss before working capital charges	(3,330,548)	(2,160,882)
Decrease / (Increase) in:		
Current assets other than cash and bank balances	264,282	(45,873,418)
(Decrease)/Increase in:		
Current liabilities other than bank overdraft	2,445,039	2,907,706
Net cash flow from operating activities	(662,127)	(45,126,594)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	--	(246,000)
Sale proceeds of fixed assets	277,517	100,000
Gain on investment	266,198	--
Net cash used in investing activities	544,115	(146,000)

(77,112)	(45,272,594)
----------	--------------

CASH FLOW FROM FINANCING ACTIVITIES

Advance against right shares	--	45,077,391
Net (decrease)/increase in cash and cash equivalents	(77,112)	(195,203)
Cash and cash equivalents at the beginning of the year	407,489	602,692
Cash and cash equivalents at the end of the year	330,377	407,489

Rupees

STATEMENT OF CHANGES IN EQUITY**For the year ended 31st December, 2000**

		<i>Issued Subscribed & Paid up Capital</i>	<i>Advance for issue of Right Shares</i>	<i>Reserve for Exceptional Losses</i>	<i>Reserve for Bad/Doubtful Items</i>	<i>Unappropriated Loss</i>	<i>Total</i>
Balance as at January 1, 1999	Rs.	41,250,000	45,077,391	662,124	267,482	(6,903,472)	80,353,525
Net Loss for the Year	Rs.	--	--	--	--	(2,226,928)	(2,226,928)
Balance as at December 31, 1999	Rs.	--	--	--	--	--	--
	Rs.	41,250,000	45,077,391	662,124	267,482	(9,130,400)	78,126,597
Loss for the year	Rs.	--	--	--	--	(3,229,943)	(3,229,943)
	Rs.	41,250,000	45,077,391	662,124	267,482	(12,360,343)	74,896,654

NOTES TO THE ACCOUNTS**For the year ended 31st December, 2000****1. STATUS**

Beema Pakistan Company Limited (Formerly--Heritage Insurance Company Limited) was incorporated in the year 1960 as a Public Limited Company and its shares are quoted on the Karachi and Lahore Stock Exchange (Guarantee) Limited.

2. SIGNIFICANT ACCOUNTING POLICIES:**a) Reserve for Un-expired Risks:**

The Company maintains its reserves for un-expired risk at the end of the year at 40% of the net premium of the year.

b) Investment:

Investments are taken on book values, depreciation/appreciation in respect thereof as compared with market value at the year end is taken into account.

c) Expenses of Management:

Expenses of management are allocated to the various revenue accounts on the basis of gross premium income.

d) Furniture & Fixture, Office Equipment & Vehicles:

These are stated at written down value and depreciation is provided on reducing balance method at the following rates:

Furniture & Fixture	10%
Office Equipment	10%

Office Vehicles

20%

e) Deferred Expenses:

These represent deferred expenses, the benefit of which will be achieved in future years to be amortized in three years, as reported last year. Moreover, during the year under review no amount has been amortized from Deferred expenses in view of Board Resolution.

f) Provision for Zakat:

Provision for Zakat under Zakat and Ushr Ordinance, 1980 has not been made in the accounts, however it will be accounted for as and when paid.

g) Sundry Debtors:

No amount has been provided for bad and doubtful debts during the year under review as full amount had already been provided during the past year.

h) Revenue Recognition:

	<i>2000</i>	<i>1999</i>
Premium Income is recognized on the basis of policy issue date	19,225,417	23,884,986
	=====	=====

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:

550,000 Ordinary Share of Rs. 10/- each	5,500,000	5,500,000
825,000 Right Shares of Rs. 10/- each	8,250,000	8,250,000
1,172,739 Right Shares of Rs. 10/- each (paid-up)	11,727,390	11,727,390
1,577,261 5th Right Shares of Rs. 10/- each (reallotted under pr	15,772,610	15,772,610
	-----	-----
Rs.	41,250,000	41,250,000
	=====	=====

3.1 The 5th Right Shares Issued to Mr. Hameed Ullah had been rescinded by the Board of Directors and have been subsequently re-issued and allotted to Mr. M. Shahnawaz Agha, present Chairman & Chief Executive of the Company.

3.2 That the above allotment of 5th right has been made from capital credit of Rs. 60.80 million made in kind by M. Shahnawaz Agha. The balance of the said credit yields of figure of Rs. 45.077 million which is being held for further issue of right shares to Mr. M. Shahnawaz Agha pending process of capitalization and mutation of property, both under J.M8/2000.

3.3 The above level of capitalization meets with the min. requirement of the Insurance Ordinance 2000 of Rs. 80 million for General Insurance Companies and Rs. 10 million from thereof towards statutory deposit to be placed with the State Bank of Pakistan.

4. ESTIMATED LIABILITY IN RESPECT OF CLAIMS WHETHER DUE OR INTIMATED:

In respect of claims under the head misc. engineering lodged by Sind Alkalis Limited and award was given by the arbitrator for Rs. 1,750,000/- the Company's liability is Rs. 35,000/- while the balance is payable by the Re-insurance companies. When it came to the knowledge of the Company the assured have received full indemnity from the supplier of the machinery, the Company filed an application in the Court to set aside the decree.

Further 29,569 shares of Sind Alkalis Limited, lodged by the Company with Sind Alkalis Limited, for transfer have been with held by the later settlement of the above claim.

5. SCHEDULE OF LONG TERM INVESTMENT:**INVESTMENT IN ORDINARY SHARES COMPARE:**

<i>Number of Shares</i>		<i>Face value per Share</i>	<i>Company's Name</i>	<i>Cost</i>	
<i>2000</i>	<i>1999</i>			<i>2000</i>	<i>1999</i>
--	640		100 Pakistan Insurance Corporation	--	19,302
72,310	72,310		10 Allied Textile Mills Limited	452,822	452,822
1,342	1,342		10 Nishat Mills limited	8,130	8,130
62	62		10 Burewala Textile Mills Limited	1,214	1,214
3,794	3,794		10 Khyber Textile Mills Limited	45,919	45,919
2,126	2,126		10 Noon Sugar Mills Limited	11,602	11,602
1,452	1,452		10 Fecto Sugar Mills Limited	14,805	14,805

887	887	10 Sun Publication (Debentures)	443,500	443,500
28,109	28,109	10 Sun Publication (Ordinary Shares)	218,906	218,906
21,507	21,507	10 Sind Alkalis Limited	237,170	237,170
8,089	8,089	10 Sind Alkalis Limited	90,403	90,403
40	40	10 Dawood Cotton Mills Limited	700	700
474	474	10 P.I.C.I.C.	4,330	3,620
			-----	-----
		Book Value	Rs. 1,529,501	1,548,043
			=====	=====
		Market Value	Rs. 252,451	330,284
		As on 31st December	=====	=====

5.1 INVESTMENT

28,109 ordinary shares Rs. 10/- each, 887 Debentures of Rs. 10/- each of Sun Publication and 72,310 ordinary shares of Rs. 10/- each of Allied Textile Mills Limited has no market and thus were de-listed from stock exchanges. These shares have no intrinsic value for which full depreciation has been provided in the books.

	2000	1999
6. ADVANCES, DEPOSITS & PREPAYMENTS:		
i) Advances	1,710,214	1,700,046
ii) Advances against properties (6.1)	60,800,000	60,800,000
iii) Deposits	187,395	187,395
iv) Prepayments	21,700	21,700
	-----	-----
	62,719,309	62,709,141
	=====	=====

6.1 In accordance with the decision of the Hon'ble High Court Sindh, Karachi, capitalization was undertaken on the basis of Sale Agreement & Power of Attorney in respect of Immoveable Properties at Rs.60.80 million. Since the properties have not been mutated and registered in the name of the Company by the date of signing of the Auditors' Report, the amount involved has been considered as advance against purchase of properties.

7. DEFERRED EXPENSES:

This year an amount Rs. 10,512,036/- has been debited to Mr. Hameed Ullah personal A/c from deferred expenses in view of Board Resolution.

8. ADMINISTRATIVE FIXED ASSETS:

Particulars	Written Down Value as at 1st Jan. 2000	Addition/(Sold) Adjustment During the year	Total as at 31st Dec. 2000	Rate	Depreciation for the year	Written Down Value as on 31st Dec. 2000
Furniture & Fixture	720,428	--	720,428	10%	72,043	648,385
Office equipment	859,727	--	859,727	10%	85,927	773,800
Vehicles	419,766	(196,800) (4,398)	218,569	20%	43,493	175,076
	-----	-----	-----		-----	-----
	Rs. 1,999,921	(201,198)	1,798,724		201,463	1,597,261
	=====	=====	=====		=====	=====

9. DISPOSAL OF FIXED ASSETS:

Description of Vehicles	Original Cost	Accumulated Depreciation	Written Down Value	Adjustments/ Sale Proceeds	Profit	Mode of Disposal
Charade	246,000	49,200	196,800	227,917	31,117	By Negotiation
Suzuki	51,000	46,602	4,398	50,000	45,602	By Negotiation
	-----	-----	-----	-----	-----	
	Rs. 297,000	95,802	201,198	277,917	76,719	
	=====	=====	=====	=====	=====	

10. REMUNERATION OF DIRECTORS AND EXECUTIVES

Aggregate Amounts charged in the accounts for the year for remuneration, including all benefits to Chief Executive and Directors

of the Company are as follows:

	<i>CHIEF EXECUTIVE</i>		<i>DIRECTORS</i>		<i>EXECUTIVES</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Managerial Remuneration	566,000	50,000	131,500	300,000	201,000	33,720
Medical Expenses	--	--	--	--	--	--
Rent and Utilities	104,000	--	--	--	--	9,780
	-----	-----	-----	-----	-----	-----
Rs.	670,000	50,000	131,500	300,000	201,000	43,500
	=====	=====	=====	=====	=====	=====
	1	1	6	1	2	2
	=====	=====	=====	=====	=====	=====

11. AUDITORS FEE

Provision

For audit of Annual Accounts 2000 Rs. 20,000 F.R. Merchant & Company.

12. GENERAL

(a) All figures have been rounded off to the nearest rupee.

(b) The figures for the previous year have been re-arranged and re-grouped wherever necessary for the purpose of comparison.

FORM "A"

PATTERN OF SHAREHOLDING

as at 31st December, 2000

<i>Number of Shareholders</i>	<i>Shareholdings</i>		<i>Total Shares held</i>
	<i>From</i>	<i>To</i>	
33	1	100	1,841
30	101	500	12,808
8	501	1000	6,707
23	1001	5000	57,590
6	5001	10000	37,250
1	10001	15000	11,950
1	15001	50000	18,960
--	50001	100000	--
--	100001	150000	--
1	150001	2000000	1,577,761
1	2000001	2500000	2,400,133
	-----	-----	-----
104			4,125,000
	=====	=====	=====

Categories of Shareholders

	<i>Number of Shareholders</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	97	4,100,536	99.40
Investment Companies	4	3,192	0.08
Insurance Companies	1	500	0.02
Financial Institutions	1	18,960	0.46
Abandoned Properties	1	1,812	0.04
	-----	-----	-----
	104	4,125,000	100.00
	=====	=====	=====

FORM "AA"

CLASSIFIED SUMMARY OF THE ASSETS IN PAKISTAN

as at 31st December, 2000

<i>Class of Assets</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Remarks</i>
Cash	4	4	
Pakistan Central Government Securities	353,865	353,865	Market Value has been ascertained from published quotation of December 28th 2000.
Preference shares of Joint Stock Companies Incorporated in Pakistan	90,403	24,267	
Ordinary shares of Joint Stock Companies Incorporated in Pakistan	995,598	228,184	
Immoveable Property	323,000	323,000	
Debentures of Joint Stock Companies Incorporated in Pakistan	443,500	-- At Cost.	
Deferred Expenses	1,717,682	1,717,682	
Cash and Stamps in Hand, and at Banks on Current Accounts	330,377	330,377	
Agent's Balances and Outstanding Premiums	4,061,858	4,061,858	
Accrued Depreciation on Investment	(1,277,050)	(1,277,050)	
Accrued Interest & Dividend outstanding	138,890	138,890	
Advances, Deposits and Pre-payments	62,719,309	62,719,309	
Sundry Debtors	19,236,417	19,236,417	
Amounts due from other persons or bodies carrying on Insurance Business	444,624	444,624	
Furniture, Fixture, Office Equipment, and Vehicles	1,597,261	1,597,261	
Stock of printed forms and stationery in hand	105,640	105,640	
	Rupees	91,281,378	90,004,328

MOHAMMED SHARIF
Director

LT. COL (R) RIFAT MAHMUD
Director

M. SHAHNAWAZ AGHA
Chairman &