

American Life Insurance Company (Pakistan) Limited

Annual Report 2000

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BOARD OF DIRECTORS

CHAIRMAN

ARIF SULTAN MUFTI Chairman & Chartered Accountant
Bungalow No. 85 / C, 16th Street, Chief Executive
Phase-VI, Defence Housing Authority,
Karachi.

DIRECTORS

ABBAS KHALAF Director Business Executive
Verdun Street,
Verdun 2000 Building, 9th Floor,
Beirut - Lebanon,

BILAL AHMED QURESHI Director Business Executive
67, Khayaban-e-Mujahid,
Defence Housing Authority,
Phase V, Karachi.

BRUCE EMMITT DOZIER Director Attorney
18 Quail Hollow Drive,
Hockessin DE 19707- 1404, USA.

EHSAN AHMAD NOMANI Director Advocate
6, Embassy Villas, Clifton,
Karachi.

KHALID ANIS-UR-REHMAN Director Business Executive
19 / 2 / A, 32nd Street, Phase V,
Defence Housing Society, Karachi.

KHURSHID MALIK Director Business Executive
6th Floor, Sidco Avenue Centre,
Maulana Deen Mohammad Wafai Road,
Karachi.

MOHAMMADMIAN SOOMRO Director Business Executive
D-7 Akbar Apartment,
Opp. British Council Library,
Black House Road, Karachi.

MUHAMMAD KALIM Director Business Executive
115-C, Shahrah-e-Iran,
Clifton-5, Karachi.

NISAR A. MEMON Director Business Executive
78/2, Khayaban-e-Sehar,
Defence Housing Authority,
Phase VI, Karachi.

ROBINSON K. NOTTINGHAM Director Business Executive
2401 Pennsylvania Avenue,
Unit 1603 Wilmington DE 19806, USA.

SAIYID SAEED AKHTAR Director Consulting Actuary
6A-1, Third North Street,
Phase 1, DHA, Karachi-75500.

SIMON RATTRAY Director Insurance Executive
22 Maule Street, Monifieth, Angus,
Scotland DD'54 NR.

CORPORATE INFORMATION

COMPANY SECRETARY

S.G. Shahabuddin,
A-15, Block "C" North Nazimabad, Karachi.
Office Tel No. 5683564

AUDITORS

A.F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
State Life Building 1-C,
Off. I.I. Chundrigar Road, Karachi.
Tel No. 2426682-6, 2426711-5
Fax No. 2415007, 2427938

LEGAL ADVISERS

Surridge and Beecheno
Finlay House, I.I. Chundrigar Road, Karachi - 74000
Tel No. 2427292 - 94 & 97
Fax No. 92 (21) 2418298

BANKERS

Muslim Commercial Bank Ltd.
Habib Bank Ltd.

Standard Chartered Grindlays Bank.
Hongkong Shanghai Banking Corporation.

REGISTERED OFFICE

Lakson Square, Bldg. No. 1, 11th Floor,
Sarwar Shaheed Road, Karachi-74200 Pakistan
Tel No. 5685241, 5687339, 5682876, 5661146-48
Fax No. 92(21) 5688042

SHARE DEPARTMENT

Ground Floor Sheikh Sultan Trust Building No. 2,
Beaumont Road, Karachi.
Tel No. 5686658, 5689021
Fax No. 92(21) 5685095

HEAD OFFICE

Lakson Square, Bldg. No. 1, 11th Floor,
Sarwar Shaheed Road, Karachi-74200 Pakistan.
Tel No. 111-111-711
Fax No. 92(21) 5688042

KARACHI AGENCY OFFICES

76-Atoll Colony No. 2,
Jamshed Quarter Nariman Road, Karachi.
Tel No. 4914142, 4913268, 4913417, 4913832
Fax No. 4922712

Room No. 501, 5th Floor,
Madina City Mall,
Abdullah Haroon Road, Karachi.
Tel No. 5651530-37
Fax No. 5681539

LAHORE OFFICE

Al Malik Bldg, 3rd Floor,
19 Davis Road, Lahore - Pakistan
Tel No. 111-111-711
Fax No. 92 (42) 6375589

Suite No. 701-702, Park Avenue,
Shahrah-e-Faisal Block-6,
P.E.C.H.S. Karachi.
Tel No. 4312068-79
Fax No. 4312076

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of **American Life Insurance Company (Pakistan) Limited** will be held at Crystal Ball Room, Pearl Continental Hotel, Karachi on Friday, March 16, 2001 at 10:30 a.m. to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the Annual Audited Accounts of the Company together with the Directors' and Auditors' reports thereon for the year ended December 31,2000.
2. To appoint auditors for the year ended December 31,2001 and to fix their remuneration. The retiring auditors M/s A.F. Ferguson & Co. Chartered Accountants, being eligible have offered themselves for re-appointment.

Special Business

3. To consider and if thought fit, to pass the following as a special resolution with or without modification(s);

"RESOLVED that the Articles of Association of the company be and hereby amended as follows:

a) In Article 2(c) and Article 24 the words "Insurance Act 1938" shall be substituted by the words "Insurance Ordinance 2000".

b) In Article 3(b) the words "Section 7 of the Insurance Act 1938" shall be substituted by the word "Section 29 of the Insurance Ordinance 2000".

c) The second sentence in Article 59 shall be deleted.

d) In Article 71 the words "Section 32(B) of the Insurance Act 1938" shall be substituted by the words "Insurance Ordinance 2000, if applicable".

e) In Article 89 the words "Insurance Act, 1938" shall be substituted by the words "Insurance Ordinance 2000".

f) In Article 97(b) the words "Section 13 of Insurance Act, 1938" shall be substituted by the words "Section 50 of Insurance Ordinance 2000".

g) Further the words "Insurance Act, 1938" wherever appearing in Articles of Association shall be substituted by the words "Insurance Ordinance 2000".

Statement under Section 160 of the Company's Ordinance appears below:

The amendments in the Articles of Association are necessary in view of the repeal of the insurance Act 1938 and enforcement of the Insurance Ordinance 2000. No director is either directly or indirectly interested in this business.

By order of the Board

February 21,2001
Karachi

**S.G. Shahabuddin
Company Secretary**

NOTES:

1. The Share Transfer Books of the Company will remain closed from March 07, 2001 to March 16, 2001 (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him. A company or corporation may, by means of a resolution of its directors, appoint a person who is not a member, as proxy or as its representative under section 162 of the Companies Ordinance 1984. Form of proxy is enclosed with the Annual Report.

3. The instrument appointing a proxy, in order to be effective, must be received at the registered office of the Company, duly signed, stamped and witnessed, not later than forty-eight hours before the time appointed for the meeting. A member shall not be entitled to appoint more than one proxy. If more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

4. Members are requested to communicate promptly to the Company of any change in their address.

FINANCIAL HIGHLIGHTS

(Rupees in 000)

<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
<i>2000</i>	<i>1999</i>	<i>1998</i>

Balance Sheet

- Total Equity	325,000	325,000	325,000
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- Total Liabilities (other than shareholders' equity)	52,007	48,622	36,145
- Total Assets	401,437	357,489	322,599
- Total Capital Funds (Shareholders' equity)	349,430	308,867	286,454
- Ordinary Share value (Face value per Share Rs. 10-)			
- Market Price Per Share (February 15,2000)	14.50	15.00	17.50
- Right Share issue	--	--	150%

Revenue Account

Net Premium Income	101,576	89,400	64,235
Investment and other Income	42,310	36,499	12,716

Operating Expenses

- Net Claims	18,899	12,922	7,623
- Direct Expense Commission	10,825	14,240	11,604
- Management Expenses	70,482	74,591	66,843

REPORT OF THE DIRECTORS

The Directors of the company are pleased to place once again before you the audited financial statements for the year ended 31st December 2000 along with an overview of your Company's progress and salient features of the financial results for the year.

ECONOMY

The economy of the country is stagnant with poor economic growth rate struggling to come back on track. Pakistan is caught in deadly debt trap with three major economic issues, i.e. debt burden, fiscal deficit and trade deficit. Current government has recently tried to address these issues to some extent for revival of the economy and it is claimed that economic slide has been checked. However it is believed that economic progress will remain slow and substantial growth is not expected in operations unless above major crisis are resolved.

OPERATIONS

Your Company is in sixth year of operation with an overall adequate growth. Net premium income grew to Rs. 101.6 million, an increase of 14% over Rs. 89.4 million registered in the previous year. As a result of the Company's new Agents Training Program the development of many qualified agents has been attained according to the company's established worldwide standard.

Significant amounts of premiums came from individual policyholders, which sounds well for future growth with high persistency and stability of the portfolio. The market sentiments remain positive and continues to welcome our various unique policies reflecting the increasing popularity of the company's products amongst wide range of income groups.

ORDINARY LIFE

Ordinary Life premium income during 2000 amounted to Rs. 73 million recording a growth of 11% over 1999.

Ordinary Life premiums include those of ordinary life riders and Income Shield Care riders.

Muhafiz Technical and Muhafiz Executive plans launched in 1999 are doing well and are being welcomed in the market. Basic Training School (BTS) and Sales Trainees under Senior Management Trainee (SMT) program continued to provide good quality agents.

Despite the slow growth of country's economy your company continued to progress moderately with expansion of branches in up-country under new marketing strategy thus inviting higher production and stronger growth. The year 2000 was marked by strengthening agency leadership and enhancing the Field Force compensation structure.

ALICO worldwide conference at San Francisco took place in August 2000. This was a global challenge motivating all field force to explore their potential and achieve award on account of hard work and sales excellence.

There were 4 qualifiers from ALICO Pakistan selected out of 200 qualifiers from Middle East and Africa and 600 for worldwide. Their spouses also enjoyed a most memorable trip to San Francisco, USA.

GROUP

Group premiums amounted to Rs. 29.0 million an increase of 23.4% for the year under report compared to Rs. 23.5 million in the previous year. Additional sales in the first quarter of year 2001 are encouraging and indicate that another substantial increase in income from group business, can be expected in 2001. We are confident of exciting progress in the future, for this product line, and expect continued improvement. A recently developed VGA product for Group line of business is very promising.

Group Life had a remarkable year as there was a significant increase in proposal activity, and activity per Group Sales Representative rose by 60%. As a result of closer control and effective management of the PPO network, loss ratios on medical benefits remained under control. Moreover, Credit Life was successfully introduced at leading banks. "Most of our new business in 2000 came from strong industries like the financial sector, telecommunication and information technology".

The Global PA day was a special day at ALICO Pakistan. It started with enthusiasm, with more than a hundred agents and their Managers on board, full of energy, resulting in a flow of applications that kept pouring in throughout the day, and turning in 400 PA applications. "It was a day of great team work. Strong cooperation among field force and staff helped us achieve our target"

CLAIMS

We repeat again that risk selection, discipline and quality underwriting, better service to policyholders, prompt payment of claims has been laudable and excellent.

Total claims amounted to Rs. 18.9 million compared to Rs. 12.9 million in previous year an increase of 46.5%. However, the claim is 18.6% of total income compared to 14.4% of total income experienced in previous year.

INVESTMENTS

Total Investment Income amounted to Rs. 41.1 million out of total income of Rs. 143.8 million compared to investment income of Rs. 35.4 million out of total income of Rs. 125.9 million in the previous year. The increase in investment income is the result of careful use of additional capital and good selection of investment in high yield Government Securities and quality Corporate Bonds. The composition of income analysis given below includes investment at 28.5% compared to 28% from previous year of total income, well maintained over and above target.

OPERATING RESULTS

Net income over outgo amounted to Rs. 40.6 million compared to Rs. 22.4 million recorded in the previous year, showing Rs. 18.2 million over 1999 figure, a positive cash flow due to consistent growth in premium and maximization of investment income.

The loss in the initial years of inception for a Life Insurance Company are expected to vanish in subsequent years. The negative life fund of the company will quickly move into positive in near future.

AGENCY DEVELOPMENT

The main objective and prime focus have been dedicated to agency buildup at full speed.

The Direct Sales Training School which was introduced in 1998 continued during the year with the help of ALICO's regional personnel to provide intensive training of agency recruits, to better prepare them to cope with ongoing marketing challenges and to accelerate their start into life insurance sales. This initiative proved to be a valuable aid in launching products, development of agents and equipping them with the necessary selling skills. Graduates of this program are now the mainstay of the agency force. Presently the number of agents working with us is 200 as on December 31,2000.

During the year 2000 ALICO Pakistan aggressively pursued Direct Marketing initiatives and the marketing of Bancassurance Products. By the end of the year three credit life deals had been closed and agreements have been signed with leading banks in Pakistan.

OUTLOOK FOR THE FUTURE

The management will continue its policy of focusing on quality underwriting and direct sales through qualified trained agents. With the addition of new products during the year in both the individual and group life business, the company has started providing more attractive selection of benefits for a wider variety of clients. Most recently introduced were the Muhafiz, Tahafuz and VGA policies. These policies offer Worldwide Protection in case of accidental loss of life and a major disability coverage, 24 hour protection, on or off the job. Both products are being welcomed in the market and generated good business in the year under report. We expect to add further range of products in 2001 allowing us to better serve the needs of the market.

ALICO Pakistan looks ahead to a year of Agency Building and High Productivity in 2001 a year of intriguing challenge!

HUMAN RESOURCES AND TRAINING

The Company continued to recruit staff on merit and provide training for desired skills.

Our computer systems have been further upgraded and linked with LAN networking attached with main frame computer of IBM AS400. This has provided time saving and computer based good working environment.

The Management continues to provide training at local and as well as regional level in all spheres of business activities, including technical and operational support.

The Company provides full financial assistance and encourages employees to appear in insurance diploma exams of LOMA. So far we have two employees who have attained the FLMI designation and more are to follow in the year 2001.

PARENT COMPANY

American Life Insurance Company (ALICO) incorporated in the United States of America having its registered office at ONE ALICO PLAZA, Wilmington, State of Delaware, 19899, U.S.A. is the sponsor and holding company of American Life Insurance Company (Pakistan) Limited.

PATTERN OF SHAREHOLDING

The pattern of Shareholding in the company as at December 31, 2000 is included with the report. American Life Insurance Company holds 51% while local shareholders hold 49% of the company's total shareholding.

SUBSEQUENT EVENTS

There have been no material changes since 31st December 2000 and the company has not entered into any commitment which could effect financial position of the company between the end of the financial year and the date of this report.

AUDITORS

Our present auditors M/s. A.F. Ferguson and Company, Chartered Accountants have offered themselves for appointment as auditors for the next year. The Board has considered their offer and recommend to appoint them auditors for the year 2001.

GRATITUDE

We take this opportunity to express our appreciation to the Government of Pakistan, Ministry of Commerce and Department of Insurance under Securities and Exchange Commission of Pakistan for their invaluable assistance, support and guidance.

The Board of Directors would like to express their sincere thanks and wish to record their appreciation for remarkable contribution offered by the company's officers, field force, sales consultants and staff towards the company's present achievements during this difficult year.

Lastly, our thanks go to thousands of shareholders and policyholders whose confidence, continued commitment and support for the Company has been a leading source of encouragement and inspiration.

On behalf of the Board of Directors.

Arif S. Mufti
CHAIRMAN & CEO

February 16, 2001

**PATTERN OF SHAREHOLDING
AS OF 31 DECEMBER 2000**

<i>No. of Share Holders</i>	<i>Having Share</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
103	1	100	9100	0.028
405	101	500	185100	0.570
40	501	1000	36600	0.113
97	1001	5000	192450	0.592
11	5001	10000	77450	0.238
3	10001	15000	37100	0.114
4	15001	20000	75850	0.233
20	20001	25000	491400	1.512
3	25001	30000	88500	0.272
1	45001	50000	49500	0.152
1	55001	60000	58000	0.178
1	60001	65000	62500	0.192
1	65001	70000	69000	0.212
1	70001	75000	72000	0.222
1	85001	90000	88100	0.271
1	90001	95000	91000	0.280
1	95001	100000	96750	0.298
1	445001	450000	449300	1.382
1	1210001	1215000	1215000	3.738
1	2095001	2100000	2100000	6.462
1	2310001	2315000	2314000	7.120
1	2450001	2455000	2450050	7.539
1	2495001	2500000	2500000	7.692
1	3120001	3125000	3125000	9.615
1	16565001	16570000	6566250	50.974
-----				-----
702			22500000	100.000
=====				=====

CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
INDIVIDUAL	692	12038500	37.0417%
INSURANCE COMPANIES	1	1000	0.0030%
JOINT STOCK COMPANIES	4	1369000	4.2123%
FINANCIAL INSTITUTIONS	4	2525250	7.7000%
FOREIGN COMPANIES	1	16566250	50.9730%

COMPANY TOTAL	702	32500000	100.0000%

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of American Life Insurance Company (Pakistan) Limited as at 31 December 2000 and the related revenue account, profit and loss account, statement of changes in equity and cash flow statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, 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 account, profit and loss account, statement of changes in equity and cash flow statement together with the notes thereon, have been drawn up in conformity with the provisions of the Insurance Ordinance, 2000, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;

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) we have verified the cash and bank balances and the securities relating to the Company's loans and investments by actual inspection or by production of certificates, from the Ioanees, custodians of investment and Company's bankers;

(d) no part of the assets of Life Insurance Fund has been directly or indirectly applied in contravention of the provisions of the Insurance Ordinance, 2000, relating to the application and investment of Life Insurance Fund;

(e) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, revenue account, profit and loss account, statement of changes in equity and cash flow statement, together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Insurance Ordinance, 2000, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of the profit, changes in equity and its cash flows for the year then ended; and

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

Without qualifying our opinion we would like to draw attention to note 2.3 wherein it is stated that as specific rules regarding the actuarial valuation of the Life Insurance Fund under the Insurance Ordinance, 2000 have yet to be framed, the Company has maintained its existing policy.

Karachi: February 16, 2001

A.F. Ferguson & Co.
Chartered Accountants

BALANCE SHEET AS AT 31 DECEMBER 2000

	<i>Note</i>	<i>2000 LIFE Rupees</i>	<i>2000 OTHER Rupees</i>	<i>2000 TOTAL Rupees</i>	<i>1999 TOTAL Rupees</i>
CAPITAL & LIABILITIES					
SHARE CAPITAL					
Authorised 50,000,000 ordinary shares of Rs. 10/- each		--	500,000,000	500,000,000	500,000,000
Issued, Subscribed & Paid-up 32,500,000/- ordinary shares of Rs. 10/- each fully paid up in cash	3	--	325,000,000	325,000,000	325,000,000
BALANCE OF FUND AND ACCOUNT					
Life Insurance Fund		(63,915,455)	--	(63,915,455)	(69,855,602)
Profit and Loss Account		--	88,345,371	88,345,371	53,722,169
		(63,915,455)	413,345,371	349,429,916	308,866,567
DEFERRED LIABILITY					
Staff Gratuity		3,077,844	--	3,077,844	1,758,615
LOANS AND ADVANCES AS PER CONTRA					
Loan from other class of business		125,250,848	--	125,250,848	121,786,877
ESTIMATED, LIABILITY IN RESPECT OF OUTSTANDING CLAIMS, WHETHER DUE OR INTIMATED					
		9,582,754	--	9,582,754	8,826,379
AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS					
SUNDRY CREDITORS (including outstanding and	4	18,794,950	--	18,794,950	16,880,442
		13,557,574	--	13,557,574	13,295,889
DEPOSIT ON APPLICATIONS					
AGENTS' BALANCES		5,916,163	--	5,916,163	6,619,313
		1,077,356	--	1,077,356	1,276,926
The annexed notes form an integral part of these accounts.		113,342,034	413,345,371	526,687,405	497,275,008

We Certify that

a) The investments shown in the balance sheet are at cost or market value whichever is lower and the market value of investments are ascertained from published market report and quotations of 31 December 2000.

ARIF SULTAN MUFTI
CHAIRMAN AND CHIEF EXECUTIVE

A.F. FERGUSON & CO.
CHARTERED ACCOUNTANTS

<i>ASSETS</i>	<i>Note</i>	<i>2000 LIFE Rupees</i>	<i>2000 OTHER Rupees</i>	<i>2000 TOTAL Rupees</i>	<i>1999 TOTAL Rupees</i>
LOANS AND ADVANCES AS PER CONTRA					
Loan to Life Business		--	125,250,848	125,250,848	121,786,877
OTHER LOANS					
Loan on insurance policies		1,447,890	--	1,447,890	512,442
Others-considered good		4,806,068	--	4,806,068	3,366,031
INVESTMENTS					
Government Securities					
Ten Years Defence Saving Certificates					
(deposited with State Bank of Paki - Maturity date 2007		24,000,000	400,000	24,400,000	244,001,000
- Maturity date 2007		--	8,600,000	8,600,000	8,600,000
- Maturity date 2008		--	90,000,000	90,000,000	90,000,000
Ten Years Federal Investment Bon - Maturity date 2005		--	24,400,000	24,400,000	24,400,000
Five Years Monthly Income Certifi - Maturity date 2003		--	27,000,000	27,000,000	27,000,000
Three Years Special Saving Certifi - Maturity date 2002		--	35,000,000	35,000,000	35,000,000
Five Years WAPDA Bonds - Maturity date 2005		--	20,000,000	20,000,000	--
Term Finance Certificates					
Dewan Salman - Maturity date 2004		--	3,132,946	3,132,946	3,134,146
Gatron Industries - Maturity date 2003		--	2,567,117	2,567,117	2,568,117
Saudi Pak Leasing - Maturity date 2003		--	1,601,392	1,601,392	2,226,392
Packages Ltd. - Maturity date 2000		--	--	--	332,868
Certificate of Investment					
National Development Leasing Co - Maturity date 2000		--	--	--	3,000,000
		-----	-----	-----	-----
		24,000,000	212,701,455	236,701,455	220,661,523
PRELIMINARY AND DEFERRED EXPENSES	5	--	2,224,997	2,224,997	2,966,660
LEASEHOLD IMPROVEMENTS, FURNITURE AND FIXTURES,					
OFFICE EQUIPMENTS, COMPUTERS AND VEHI	6	22,062,302	--	22,062,302	23,976,850
CAPITAL WORK-IN-PROGRESS		710,750	--	710,750	851,673
AGENTS' BALANCES		388,516	--	388,516	234,796
OUTSTANDING NET PREMIUMS	7	8,407,616	--	8,407,616	7,787,090
INTEREST, DIVIDENDS AND RENT OUTSTANDI	8	17,058,714	37,943,471	55,002,185	31,461,888
AMOUNT DUE FROM OTHER PERSONS OR BODIES					
CARRYING ON INSURANCE BUSINESS		10,072,389	--	10,072,389	7,345,512
SUNDRY DEBTORS, ADVANCES, DEPOSITS AND					
PREPAYMENTS	9	24,387,789	--	24,387,789	21,154,045
CASH					
On deposit account with banks - Net		--	34,377,983	34,377,983	36,941,109
In hand		--	846,617	846,617	228,512
		-----	-----	-----	-----
		--	35,224,600	35,224,600	37,169,621
		-----	-----	-----	-----

113,342,034	413,345,371	526,687,405	479,275,008
=====	=====	=====	=====

b) The value of all the assets in Pakistan have been reviewed as 31 December 2000 and in our belief the assets set forth in the Balance Sheet are shown in the aggregate amounts not exceeding their realizable market value under the several heading given therein.

c) No part of the assets of Life Insurance Fund has been directly or indirectly applied in contravention of the provisions of the Insurance Ordinance, 2000, relating to the application and investments of Life Insurance Fund.

SAIYID SAEED AKHTAR
DIRECTOR

E.A. NOMANI
DIRECTOR

REVENUE ACCOUNT FOR LIFE BUSINESS ONLY
FOR THE YEAR ENDED 31 DECEMBER, 2000

<i>Note</i>	<i>2000</i> <i>(Within Pakistan)</i> <i>Rupees</i>	<i>1999</i> <i>(Within Pakistan)</i> <i>Rupees</i>
CLAIMS UNDER POLICIES (including provision for claims due or intimated)		
Less reinsurance		
By death	18,898,662	12,922,611
Surrender Less Re-Insurance	2,597,540	955,878
EXPENSES OF MANAGEMENT		
1. (a) Commission to insurance agents (Less than on Re-insurance)	10,624,945	14,239,523
2. Salaries etc. (other than to agents and those contained in item No. 1	20,328,491	19,032,547
3. Travelling expenses	451,403	971,338
4. Auditors' remuneration	10 250,000	225,000
5. Medical fees	372,521	404,911
6. Advertisements	957,365	438,360
7. Printing and stationary and EDP supplies	2,191,171	2,791,288
8. Other expenses of management		
Bonus	1,188,003	1,120,375
Gratuity	1,381,806	951,078
Policy stamps	861,478	1,302,312
Employees benefits	3,578,782	3,366,120
Books and subscriptions	125,827	315,047
Postage, telegram and telephone	4,765,564	4,972,289
Electricity and gas	3,160,803	2,641,713
Entertainment	753,618	801,381
Vehicle maintenance	1,284,328	842,922
Repairs and maintenance	1,320,176	1,588,860
Legal & professional charges	126,214	456,495
Consultancy fees	1,695,326	1,133,218
Insurance	173,338	125,379
Brokerage and commission	--	40,000
Miscellaneous expenses	1,019,148	746,116
Social security	116,093	117,640
Provident fund (Co's contribution)	1,323,209	1,171,240
Computer repairs and maintenance	505,573	667,607

		23,379,286	22,359,792
9. Rent of other offices occupied by insurer		8,555,725	9,400,310
10. Agency development		7,478,212	9,582,538
11. Furniture and household appliances		175,867	367,256
12. Other expenditures (including bank charges)		385,949	809,262
13. Depreciation on leasehold improvements, furniture fixtures, office equipments, computers and vehicles		5,185,468	5,608,073
14 interest on policyholders' funds		540,027	451,275
15 Provision for taxation	11	748,532	1,435,144
CHANGE IN LOADING ON OUTSTANDING PRE BALANCE OF FUND AT THE END OF THE YEAR AS SHOWN IN THE BALANCE SHEET	12	(539,717)	(241,047)
		(63,915,455)	(69,855,602)
		-----	-----
		38,665,992	31,898,457
		=====	=====

The annexed notes form an integral part of these accounts.

We certify that to the best of our knowledge and belief and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management wherever incurred, whether directly or indirectly in respect of life insurance business transacted by the Company in Pakistan, have been fully debited in the above Revenue Account as expenses.

We further certify that to the best of our knowledge and belief, the Company has not paid to any person any commission in any form, outside Pakistan, in respect of life insurance business transacted by it in Pakistan, and that the Company has not received, outside Pakistan, from any person any commission in any form in respect of life insurance business.

ARIF SULTAN MUFTI
CHAIRMAN AND CHIEF EXECUTIVE

BALANCE OF FUND AT THE BEGINNING OF THE YEAR		(69,855,602)	(63,704,533)
PREMIUM LESS REINSURANCE	13		
(i) First year premium, where the maximum Premium paying period is:			
Ten years		--	--
Eleven years		--	--
Twelve years or over (including throughout life)		23,086,272	28,283,450
(ii) Renewal premium		49,448,096	37,627,156
(iii) Group premium		29,041,654	23,489,403
		-----	-----
INTEREST, DIVIDENDS AND RENT	14	101,576,022	89,400,009
OTHER INCOME - Net	16	5,734,313	5,113,103
		1,211,259	1,089,878
		-----	-----
		38,665,992	31,898,457
		=====	=====

It is hereby certified that all expenses of management whether directly or indirectly in respect of Life Insurance business transacted by the Company in Pakistan have been fully debited in the above Revenue Account.

SAIYID SAEED AKHTAR
DIRECTOR

E.A. NOMANI
DIRECTOR

**REVENUE ACCOUNT FOR OTHER CLASS BUSINESS ONLY
FOR THE YEAR ENDED 31 DECEMBER, 2000**

		<i>2000</i>	<i>1999</i>
		<i>(Within Pakistan)</i>	<i>(Within Pakistan)</i>
<i>Note</i>		<i>Rupees</i>	<i>Rupees</i>
Preliminary and deterred expenses written off		741,663	1,732,044
Profit & loss account for the year		34,623,202	28,563,486
		-----	-----
		35,364,865	30,295,530
		=====	=====
Interest, dividends and rents	14	35,364,865	30,295,530
		-----	-----
		35,364,865	30,295,530
		=====	=====

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

		<i>2000</i>	<i>1999</i>
		<i>(Within Pakistan)</i>	<i>(Within Pakistan)</i>
		<i>Rupees</i>	<i>Rupees</i>
Reserve for taxes		--	--
Expenses of management (not applicable to any particular fund)		--	--
Balance of profit and loss account transferred to balance sheet as at December 31, 2000 / 1999		88,345,371	53,722,169
		-----	-----
		88,345,371	53,722,169
		=====	=====
Balance of profit and loss account brought forward from balance sheet as on January 01, 2000 / 1999		53,722,169	25,158,683
Interest, dividends and rent		--	--
Profit for the year ended December 31, 2000 / 1999 transferred from revenue account		34,623,202	28,563,486
		-----	-----
		88,345,371	53,722,169

The annexed notes form an integral part of these accounts.

ARIF SULTAN MUFTI SAIYID SAEED AKHTAR E.A. NOMANI
CHAIRMAN AND CHIEF EXECUTIVE DIRECTOR DIRECTOR

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

	<i>Issued, subscribed & paid up capital</i>	<i>Life Insurance Fund</i>	<i>Profit and loss account</i>	<i>Total</i>
<i>Rupees</i>				
Balance as at 1 January 1999	325,000,000	(63,704,533)	25,158,683	286,454,150
Profit for the year	--	--	28,563,486	28,563,486
Excess of expenditure over income	--	(6,151,069)	--	(6,151,069)
Balance as at 31 December 1999	325,000,000	(69,855,602)	53,722,169	308,866,567
Balance as at 1 January 2000	325,000,000	(69,855,602)	53,722,169	308,866,567
Profit for the year	--	--	34,623,202	34,623,202
Excess of income over expenditure	--	5,940,147	--	5,940,147
Balance as at 31 December 2000	325,000,000	(63,915,455)	88,345,371	349,429,916

The annexed notes form an integral part of these accounts.

ARIF SULTAN MUFTI SAIYID SAEED AKHTAR E.A. NOMANI
CHAIRMAN AND CHIEF EXECUTIVE DIRECTOR DIRECTOR

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2000**

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Movement of fund and account for the year	40,563,349	22,412,417
Adjustments for:		
Depreciation	5,185,468	5,608,073
Gain on disposal of fixed assets	(405,700)	(500,000)
Staff gratuity	1,319,229	802,473
Amortization of preliminary expenses	741,663	1,732,044
Other expenses	--	28,995
investment Income	(41,099,178)	(35,408,633)
	(34,258,518)	(27,737,048)
Movement of fund and account before working capital changes	6,304,831	(5,324,631)

(Increase)/Decrease in operating assets		
Agents' balances	(153,720)	(123,129)
Outstanding net premium	(620,526)	(3,969,969)
Sundry debtors, advances, deposits and prepayments	(806,376)	2,728,507
Amount due from other person or bodies carrying on insurance busin	(2,726,877)	(2,329,566)
	-----	-----
	(4,307,499)	(3,694,157)

Increase/(Decrease) in operating liabilities		
Sundry creditors (including outstanding and accruing expenses)	297,685	2,312,022
Deposits on applications	(703,150)	(207,316)
Estimated liability in respect of outstanding claims	756,375	3,228,780
Agents' balances	(199,570)	20,809
Amount due to other person or bodies carrying on insurance busines	1,914,508	6,319,885
	-----	-----
	2,065,848	11,674,180

Income tax paid	(2,427,368)	(2,750,636)
	-----	-----

NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITI	1,635,812	(95,244)
--	-----------	----------

CASH FLOW FROM INVESTING ACTIVITIES

Investments redeemed / sold:

Redemption of Term Finance Certificates- Saudi Pak Leasing	626,000	312,500
Redemption of Term Finance Certificates - Dewan Salman	1,200	600
Redemption of Term Finance Certificates - Gatron Ltd	1,000	500
Redemption of Term Finance Certificates - Packages Limited	332,868	333,066
Encashment of NDLC Certificate of investment	3,000,000	--

Investments purchased:

WAPDA Bonds	(20,000,000)	--
Special Saving Certificates	--	(35,000,000)
Saudi Pak Leasin9 TFCs	--	(2,546,250)
Dewan Salman TFCs	--	(3,150,000)
Gatron Ltd. TFCs	--	(2,575,000)
NDLC Certificate of investment	--	(3,000,000)

Interest and dividend received	17,558,881	15,815,726
Sale proceeds of fixed assets	844,000	500,000
Purchase of fixed assets	(3,709,220)	(8,427,653)
Capital work-in-progress	140,923	(413,673)
Other loans	(2,375,485)	(1,993,480)
	-----	-----

NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,580,833)	(40,143,664)
---	-------------	--------------

CASH FLOW FROM FINANCING ACTIVITIES

Issue of right shares	--	--
Organisation expenses	--	(32,000)
	-----	-----

NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	--	(32,000)
---	----	----------

NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,945,021)	(40,270,908)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE Y	37,169,621	77,440,529
	-----	-----

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35,224,600	37,169,621
	=====	=====

The annexed notes form an integral part of these accounts.

ARIF SULTAN MUFTI	SAIYID SAEED AKHTAR	E.A. NOMANI
CHAIRMAN AND CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on 9 October 1994 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The company is engaged in the Life Insurance and Accident and Health business.

The Company commenced Life Insurance operations on 25 May 1995 after registration with the Controller of Insurance on 30 April 1995.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Insurance Ordinance, 2000, and International Accounting Standards applicable in Pakistan. In the absence of a specific format under the Ordinance, these accounts have been prepared in the format prescribed in the Schedules to the repealed Insurance Act, 1938.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

2.3 Life Insurance Fund

As specific rules regarding the actuarial valuation of the Life Insurance Fund under the Insurance Ordinance, 2000 have yet to be framed, the Company has maintained its existing policy.

Consequently, latest available actuarial valuation carried is based on the position at 31 December 1999, at which date the liability on unmatured policies was determined by the valuing Actuary as Rs. 75,843,802.

The Life Insurance Fund is negative due to excess of expenditure over income.

2.4 Taxation

Under the provisions of the Fourth Schedule to the Income Tax Ordinance 1979, taxation is based on the surplus or deficit arrived at by actuarial valuation.

2.5 Preliminary and deferred expenses

These are being amortized over a period of five years.

2.6 INVESTMENTS

Investments are stated at cost and market value whichever is lower. Provision is made for decline, other than temporary, in the value of investments on an individual investment basis.

2.7 Leasehold Improvements, Furniture and Fixtures, Office Equipments, Computers and Vehicles

These are stated at cost less accumulated depreciation. Depreciation on these assets is charged to revenue account using straight line method at the following rates:

Rates of depreciation

Leasehold improvements	10%
Furniture and fixtures	10%
Office equipments	10%
Computers	20% & 33.33%
Vehicles	33.33%

- Depreciation on all additions during the period have been charged on proportionate basis and no depreciation is charged on items sold during the year.

- Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

- Gains and losses on disposal of fixed assets are taken to revenue account.

- Fixed assets items costing less than Rs. 10,000 are charged to income in the year of purchase.

2.8 Revenue recognition

- Premiums are included in the income as and when due.

- Return on Government Securities, Term Finance Certificates are recognized on accrual basis.

- Return on Defence Saving Certificates is recognized on accrual basis and the return is based on assumption that these investments will be held till maturity.

2.9. Rate of exchange

All monetary assets and liabilities, if any, in foreign currencies at the year-end are translated into Pak Rupees at the rate of exchange prevailing on that date. Gain or losses are taken to income currently.

2.10 Staff retirement benefits

The company operates a defined contribution plan i.e. Provident Fund for all its permanent employees. Contributions are made monthly by the company and the employees @ 10% of basic salary.

The company also operates an unfunded gratuity scheme covering all its employees. Provisions are made annually by the employer as per rules of the scheme.

2.11 Outstanding claims

Full provision is made for the estimated cost of claims intimated but not settled at the date of the balance sheet, less estimated reinsurance recoveries.

3. ISSUED, SUBSCRIBED & PAID-UP-CAPITAL

American Life Insurance Company (incorporated in United States of America) owns 51% of the Company's shares.

The remaining 49% of the shares are widely held. The ultimate parent of the company is American International Group (incorporated in United States of America).

4. SUNDRY CREDITORS (INCLUDING OUTSTANDING AND ACCRUING EXPENSES)	2000 <i>Rupees</i>	1999 <i>Rupees</i>
Provision for turnover tax	2,183,676	1,435,144
Accrued expenses	7,606,538	7,435,185
Employees Provident Fund	760,588	450,127
Other liabilities	3,006,772	3,939,433

13,557,574 13,259,889
 =====

5. PRELIMINARY AND DEFERRED EXPENSES

Preliminary expenses	671,317	671,317
Deferred expenses		
- Share floatation expenses	3,323,019	3,323,019
- Brokerage and commission on Public issue of shares	1,047,100	1,047,100
Right share issue expenses	3,708,330	3,708,330
	-----	-----
	8,749,766	8,749,766
Less: Amortized to date	(6,524,769)	(5,783,106)
	-----	-----
	2,224,997	2,966,660
	=====	=====

6. LEASEHOLD IMPROVEMENTS, FURNITURE FIXTURES, OFFICE EQUIPMENTS, COMPUTERS AND VEHICLES

	<i>COST</i>					<i>DEPRECIATION</i>			<i>Written down value as at 31 December 2000</i>	
	<i>As at 01 January 2000</i>	<i>Addition</i>	<i>(Deletion)/ *Adjustment</i>	<i>As at 31 December 2000</i>	<i>Rate percent</i>	<i>As at 01 January 2000</i>	<i>For the year</i>	<i>(Deletion)/ Adjustment</i>		<i>As at 31 December 2000</i>
Leasehold improvements	11,095,590	719,928	--	11,815,518	10	3,124,681	1,172,155	--	4,296,836	7,518,682
Computers										
IBM AS400	9,705,783	155,352	--	9,861,135	20	6,305,694	1,276,909	--	7,582,603	2,278,532
Personal computers	2,771,155	793,563	--	3,564,718	33.33	1,826,862	643,185	--	2,470,047	1,094,671
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	12,476,938	948,915	--	13,425,853		8,132,556	1,920,094	--	10,052,650	3,373,203
Motor vehicles	4,611,685	1,718,150	(789,000)	5,540,835	33.33	3,191,569	622,973	(416,375)	3,398,167	2,142,668
Furniture and fixture	11,215,907	106,650	(69,000)	11,703,557	10	3,397,457	1,157,640	(3,325)	4,551,772	7,151,785
		--	*450,000							
Office equipments	3,548,886	215,577	*(450,000)	3,314,463	10	1,125,893	312,606	--	1,438,499	1,875,964
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	14,764,793	322,227	(69,000)	15,018,020						
Dec. 31, 2000	Rupees	42,949,006	3,709,220	(858,000)	45,800,226	18,972,156	5,185,468	(419,700)	23,737,924	22,062,302
		-----	-----	-----	-----	-----	-----	-----	-----	-----
Dec. 31, 1999	Rupees	35,755,103	8,427,653	(1,233,750)	42,949,006	14,597,833	5,608,073	(1,233,750)	18,972,156	23,976,850
		=====	=====	=====	=====	=====	=====	=====	=====	=====

6.1 DISPOSAL OF FIXED ASSETS

Detail of certain fixed assets disposed during the year are as follows:

<i>Particulars of assets</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Written down value</i>	<i>Sale Proceeds/Claim</i>	<i>Mode of disposal</i>	<i>Name and address of purchaser / Insurance company</i>
Motor Vehicles						
Toyota Corolla	789,000	416,375	372,625	775,000	Insurance claim	New Hampshire insurance company
	-----	-----	-----	-----		

	Rupees	789,000	416,375	372,625	775,000		
		=====	=====	=====	=====		
Furniture and Fixtures							
Sofa Set		48,000	2,800	45,200	47,610	Negotiation	Simon Rattray - Director
Chest drawer		21,000	525	20,475	21,390	Negotiation	Simon Rattray - Director
	Rupees	69,000	3,325	65,675	69,000		
		=====	=====	=====	=====		
G. Total	Rupees	858,000	419,700	438,300	844,000		
		=====	=====	=====	=====		

7. OUTSTANDING NET PREMIU**2000****1999**

	Gross Rupees	Loading Rupees	Net Rupees	Net Rupees
First Year - Ordinary	658,347	474,899	183,448	336,304
Renewal - Ordinary	6,758,374	361,576	6,396,798	5,121,866
Group Insurance	1,827,370	--	1,827,370	2,328,920
	-----	-----	-----	-----
Total	9,244,091	836,475	8,407,616	7,787,090
	=====	=====	=====	=====

7.1 Loading on outstanding premium

Loding on outstanding premium is the allocation of expected expenses to be incurred with respect to premium outstanding.

	2000 Rupees	1999 Rupees
8. INTEREST, DIVIDENDS AND RENT OUTSTANDING		
Return:		
- on Investments	53,908,487	30,348,558
- on Deposit with banks	1,093,698	1,113,330
	-----	-----
	55,002,185	31,461,888
	=====	=====

9. SUNDRY DEBTORS, ADVANCES, DEPOSITS AND PREPAYMENTS

Advance tax	9,566,707	7,139,339
Other advances	94,866	60,511
Advance against capital expenditure	--	1,489,567
Deposits	741,600	1,086,300
Prepayments	6,596,032	6,804,684
Receivable from associated undertaking		
New Hampshire Insurance Company, Pakistan branch	1,187,295	367,085
Others	6,201,069	4,206,559
	-----	-----
	24,387,789	21,154,045
	=====	=====

10. AUDITORS' REMUNERATION

Audit fee	150,000	125,000
Special audit fee	75,000	75,000
Out of pocket expenses	25,000	25,000

-----	-----
250,000	225,000
=====	=====

Special audit was conducted by Abbas Karjatwala & Co. under section 12-A of the repealed Insurance Act. 1938, for the year 1998 and Syed Ahmed & Co. have been appointed under section 49 of the Insurance Ordinance, 2000, for the year 1999.

11. TAXATION

No provision for taxation is required in the accounts as per the provisions of the Fourth Schedule to the Income Tax Ordinance, 1979.

However, consequent to the Income Tax assessments finalized during the year and as a matter of prudence, the Company has made provision for taxation in respect of Minimum Tax under section 80D.

12. CHANGES IN LOADING ON OUTSTANDING

PREMIUMS (See Note 7.1)

Ordinary Life- First Year	(382,966)	(455,391)
Ordinary Life - Renewal	(156,751)	214,344
	-----	-----
	(539,717)	(241,047)
	=====	=====

13. PREMIUM LESS RE- INSURANCE

(i) Ordinary Life First Year

Collected premium when maximum paying period is 12 years or over	24,922,539	30,067,622
Increase in outstanding premium	(535,822)	(511,840)
	-----	-----
	24,386,717	29,555,782
Less: Re-Insurance	(1,300,445)	(1,272,332)
	-----	-----
	23,086,272	28,283,450
	=====	=====

(ii) Ordinary Life Renewal

Collected premium	51,627,879	37,959,738
Increase in outstanding premium	1,118,183	2,430,996
	-----	-----
	52,746,062	40,390,734
Less: Re-Insurance	(3,297,966)	(2,763,578)
	-----	-----
	49,448,096	37,627,156
	=====	=====

(iii) Group Premium

Collected premium	32,400,400	24,049,970
Increase in outstanding premium	(501,550)	1,809,765
	-----	-----
	31,898,850	25,859,735
Less: Re-Insurance	(2,857,196)	(2,370,332)
	-----	-----
	29,041,654	23,489,403
	-----	-----
Total Premium	101,576,022	89,400,009
	=====	=====

14. INTEREST, DIVIDENDS AND RENT

Return on government securities	37,050,730	30,716,443
Profit on PLS term deposits and savings account	2,139,534	3,622,222
Return on term finance certificates	1,368,184	801,843
Others	540,730	268,125
	-----	-----
	41,099,178	35,408,633
	=====	=====

15. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES

	<i>2000</i>				<i>1999</i>			
	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>	<i>Total</i>	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>	<i>Total</i>
	<i>1</i>	<i>1</i>	<i>48</i>	<i>50</i>	<i>1</i>	<i>1</i>	<i>48</i>	<i>50</i>
Managerial remuneration	2,690,437	1,497,867	14,262,648	18,450,952	2,270,520	1,693,040	13,439,796	17,403,356
Utilities	345,403	141,796	987,353	1,474,552	316,949	183,344	955,596	1,455,889
Telephone	94,008	21,836	33,097	148,641	26,614	5,880	--	31,494
Travel air fare	--	198,925	--	198,925	--	189,480	--	189,480
Other benefits	389,115	490,680	419,503	1,299,298	273,817	765,534	176,224	1,215,575
	-----	-----	-----	-----	-----	-----	-----	-----
Rupees	3,518,963	2,350,804	15,702,601	21,572,368	2,886,900	2,837,278	14,571,616	20,295,794
	=====	=====	=====	=====	=====	=====	=====	=====

In addition to above remuneration the Chief Executive, Director and one Executive have been provided with free furnished accommodation and Company maintained cars. Further, four executives have been provided with company maintained cars and two executives have been provided with company cars maintained by them.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
16. OTHER INCOME-Net		
Mark-up on staff loans and others	236,475	261,905
Profit on sale of fixed assets	405,700	500,000
Others	569,084	327,973
	-----	-----
	1,211,259	1,089,878
	=====	=====

17. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Reimbursable expenses incurred on behalf of an associated undertaking	--	416,895
	-----	-----
Receivable on account of claim of damaged vehicle and others	782,500	--
	=====	=====
Premium expense incurred against insurance cover obtained	514,831	1,407,172
	=====	=====

18. STAFF COST

Salaries, etc	20,328,491	19,032,547
Bonus	1,188,003	1,120,375
Gratuity	1,381,806	951,078
Employees benefits	3,578,782	3,366,120

Social security	116,093	117,640
Provident fund	1,323,209	1,171,240
	-----	-----
	27,916,384	25,759,000
	=====	=====

2000 **1999**

19. NO OF EMPLOYEES

Permanent	56	55
Temporary	12	12
	-----	-----
	68	67
	=====	=====

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**(i) Financial Assets and Liabilities**

	<i>Interest Mark-up bearing</i>			<i>Non-Interest bearing</i>			<i>Total 2000</i>
	<i>Maturity upto 1 year</i>	<i>Maturity after 1 year</i>	<i>Sub total</i>	<i>Maturity upto 1 year</i>	<i>Maturity after 1 year</i>	<i>Sub total</i>	
Rupees							
Financial Assets							
Investments	1,875,990	234,825,465	236,701,455	--	--	236,701,455	--
Agents' balances	--	--	--	388,516	--	388,516	388,516
Outstanding net premium	--	--	--	8,407,616	--	8,407,616	8,407,616
Interest Dividend and rent outstan	--	--	--	2,750,411	52,251,774	55,002,185	55,002,185
Others loans	--	--	--	6,253,958	--	6,253,958	6,253,958
Amount due from other persons/b	--	--	--	10,072,389	--	10,072,389	10,072,389
Sundry debtors, deposits and adv	--	--	--	8,225,050	--	8,225,050	8,225,050
Black and cash balance	34,296,537	--	34,296,537	928,063	--	928,063	35,224,600
	-----	-----	-----	-----	-----	-----	-----
	36,172,527	234,825,465	270,997,992	37,026,003	52,251,774	89,277,777	360,275,769
	=====	=====	=====	=====	=====	=====	=====
Financial Liabilities							
Claims outstanding	--	--	--	9,582,754	--	9,582,754	9,582,754
Amount due to other persons/bod	--	--	--	18,794,950	--	18,794,950	18,794,950
Sundry creditors	--	--	--	11,373,898	--	11,373,898	11,373,898
Deposit on applications	--	--	--	5,916,163	--	5,916,163	5,916,163
Agents' balances	--	--	--	1,077,356	--	1,077,356	1,077,356
	-----	-----	-----	-----	-----	-----	-----
	--	--	--	46,745,121	--	46,745,121	46,745,121
	=====	=====	=====	=====	=====	=====	=====

The effective interest rates for financial assets and liabilities are as follows:

	2000	1999
Investments	16.46	14.41
Bank and cash balance	6.07	9.75

(ii) Credit risk

Due to the nature of the financial assets, the Company believes it is not exposed to any major concentration of credit risk.

(iii) Fair value of financial assets and liabilities.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

21. GENERAL

21.1 Figures have been rounded off to the nearest rupee.

21.2 Prior year's figures have been re-arranged, wherever necessary for the purpose of comparison.

**ARIF SULTAN MUFTI
CHAIRMAN AND
CHIEF EXECUTIVE**

**SAIYID SAEED AKHTAR
DIRECTOR**

**E.A. NOMANI
DIRECTOR**

**CLASSIFIED SUMMARY OF THE ASSETS
IN PAKISTAN AS AT 31 DECEMBER 2000
FORM AA**

<i>CLASSES OF ASSETS</i>	<i>COST OR BOOK VALUE RS.</i>	<i>MARKET VALUE RS</i>	<i>REMARKS</i>
Federal Investment Bond	24,400,000	24,400,000	
Term Finance Certificates	7,301,455	7,301,455	Book Value
WAPDA Bonds	20,000,000	20,000,000	
Defence Saving Certificates	123,000,000	123,000,000	
Special Saving Certificates	35,000,000	35,000,000	
Monthly Income Certificates	27,000,000	27,000,000	

	236,701,455		
Cash on Deposit with banks in Pakistan	34,377,983	34,377,983	Book Value
Cash in hand and on Current Account with banks in Pakistan	846,617	846,617	Book Value
Interest, Dividends and Rent outstanding	55,002,185	55,002,185	Book Value
Leasehold Improvements, Furniture and Fixtures			
Office Equipments, Computers and Vehicles	22,062,302	22,062,302	Book Value
Other Loan	4,806,068	4,806,068	Book Value
Sundry Debtors, Advances, Deposit and pre-payments	24,387,789	24,387,789	Book Value
	-----	-----	
	378,184,399	378,184,399	
	=====	=====	