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COMPANY INFORMATION

BOARD OF DIRECTORS
Chairman Yusuf H. Shirazi
Chief Executive S.C. Subjally
Directors Frahim Ali Khan
Iftikhar H. Shirazi
Jawaid Iqbal Ahmed
Muhammad Faruque
Saquib H. Shirazi

GROUP EXECUTIVE COMMITTEE
President Aamir H. Shirazi
Members Frahim Ali Khan
Iftikhar H. Shirazi
Jawaid Iqbal Ahmed
Saquib H. Shirazi
Saleem Ahmed
Secretary Theresa Dias

GROUP PERSONNEL COMMITTEE
Chairman Yusuf H. Shirazi
Members Aamir H. Shirazi
Jawaid Haider Malik

BOARD AUDIT COMMITTEE
Chairman Jawaid Iqbal Ahmed (Non-Executive Director)
Members Iftikhar H. Shirazi (Non-Executive Director)
Saquib H. Shirazi (Non-Executive Director)

COMPANY MANAGEMENT
Chief Executive S. C. Subjally
Chief Operating Officer Arshad P. Rana
Senior Manager Accounts Muhammad Zafar Riaz
Senior Manager Accounts Nasim Ahmed Khan
Senior Manager Finance Fariq M. K. Rohilla
Senior Manager Technical Muhammad Munir
Senior Manager Administration Pervaiz I. Malik
Auditors Ford Rhodes Robson Morrow
Chartered Accountants
Legal Advisors Mobsin Tayebaly & Co.
Ch. Marood Advocate
Tax Advisor Mahmood Law Associates
CHAIRMAN’S REVIEW

I feel pleasure in presenting to you the third quarter report on performance of your company for the period ended September 30, 2002.

The Economy

During the quarter under review the foreign exchange reserves increased to US $ 8.192 billion. The exports at US $ 2.581 billion were up, 14.0% over the same period of last year and imports at US $ 2.782 billion, up 11.1%. The first quarter recorded 16.0% reduction in trade deficit to US $ 201.2 million as compared to the corresponding period of last year. The remittances at US $ 700 million were received in the first two months against US $ 182 million in the same period of the last year. In addition, the company results are pouring in with substantial improved results and better dividend announcements. The Stock Exchange is thus buoyant, and, as such economic indicators promising.

Company Results

I am happy to state that Pakistan Credit Rating Agency (PACRA) has assigned an IFS rating of ‘A’ (Single A) to your Company, a privilege, just a couple companies can claim. The rating denotes strong capacity to meet policy holder and contract obligations. We are focusing on a better rating not in the distant future.

On the other hand, your company did quite well for the third quarter under review. The gross premium was Rs.158.058million as against Rs.138.216million of the previous quarter, up 14.36%. The net premium was Rs.78.344million as against Rs.73.459million last year, up 6.64%. The underwriting profit rose to Rs.26.431million from Rs.17.421million last year. The investment portfolio at book value was Rs.119.777million against Rs.86.943million for the same period last year, an increase by 37.76%. The market value was Rs.152.776million as at October 22, 2002. The investment income was Rs.14.074million against Rs.5.837million of last corresponding period.

The improved underwriting profit helped to raise net profit before tax to Rs.40.670million from Rs.40.670million from Rs.20.794million of the last year. However, a prudent tax provision of Rs.11.441million for the current year and Rs.17.114million for prior period led the net profit after tax to Rs.12.115m., against Rs.14.985m. of the corresponding period.

We have filed appeals against the assessment orders against the demand raised resulting into the provision and are hopeful that tax demand raised arbitrarily shall be knocked off and provisions reversed in due course of time.

Future Outlook

Continuity in the economic policies and restoration of investors’ confidence being critical for economic revival is the key challenge faced by the Government. The economy is showing resilience and I hope steps taken by the Government will put the economy back on the track. On the company level we are focusing on diversification of the customer base and targeting good corporate clients to build a sound portfolio. We are also focusing on a good portfolio of investment and aiming to maintain the investment to equity ratio 1:1, which we have achieved during the last year. I thus see brighter prospects for your company.

May I thank the Group President, Mr. Aamir H. Shirazi, the Chief Executive Officer, Mr. S.C. Subjally and their team for their commitment to maintaining the company’s growth to an acceptable level. May I thank the SECP, the bankers and the clients for their continued trust in the company’s management.

Karachi: October 23, 2002

Yusuf H. Shirazi

Chief Executive

S. C. Subjally

Director

Iftikhar H. Shirazi

Chairman

BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2002

<table>
<thead>
<tr>
<th>September 30</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>(Rupees in 000's)</td>
<td></td>
</tr>
<tr>
<td><strong>Property and Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets at Cost less Depreciation</td>
<td></td>
</tr>
<tr>
<td>Office Equipment, Furniture &amp; Fixture</td>
<td>10,237</td>
</tr>
<tr>
<td>Land &amp; Building</td>
<td>5,599</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,836</td>
</tr>
<tr>
<td><strong>Investments at Cost</strong></td>
<td></td>
</tr>
<tr>
<td>Statutory deposit with SBP.</td>
<td>350</td>
</tr>
<tr>
<td>Shares of joint stock companies</td>
<td>119,427</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>119,777</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Agents’ Balances</td>
<td>23,864</td>
</tr>
<tr>
<td>Amount due from Ins. Companies</td>
<td>54,518</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>8,289</td>
</tr>
<tr>
<td>Advances, Deposits &amp; Prepayments</td>
<td>4,669</td>
</tr>
<tr>
<td>Cash &amp; Bank Balances</td>
<td>16,704</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>108,044</td>
</tr>
<tr>
<td><strong>Capital and Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ Equity:</td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>88,542</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>2,251</td>
</tr>
<tr>
<td>General Reserve</td>
<td>15,950</td>
</tr>
<tr>
<td>Investment Fluctuation Reserve</td>
<td>3,000</td>
</tr>
<tr>
<td>Reserve for Bonus Shares</td>
<td>8,049</td>
</tr>
<tr>
<td>Reserve for exceptional losses</td>
<td>2,164</td>
</tr>
<tr>
<td>Unappropriated Profits</td>
<td>12,136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>124,043</td>
</tr>
<tr>
<td>Reserve for unexpired Risks</td>
<td>41,047</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>165,090</td>
</tr>
<tr>
<td>Liabilities &amp; Provisions</td>
<td></td>
</tr>
<tr>
<td>Other Payables</td>
<td>18,481</td>
</tr>
<tr>
<td>Amount due to Other Ins. Companies</td>
<td>25,328</td>
</tr>
<tr>
<td>Provision for outstanding claims</td>
<td>10,286</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>4,669</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,567</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>243,657</td>
</tr>
</tbody>
</table>

Dated: October 23, 2002
CONSOLED REVENUE ACCOUNT (UNAUDITED)
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

<table>
<thead>
<tr>
<th>September 30</th>
<th>September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rupees in 000's)</td>
</tr>
<tr>
<td>Reserve for unexpired risks as on 1st January</td>
<td>38,837</td>
</tr>
<tr>
<td>Premium less re-insurance</td>
<td>78,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>117,181</td>
</tr>
</tbody>
</table>

Commission and discount | (4,538) | 2,371 |
Claims Incurred | 17,222 | 12,952 |
Expenses of Management | 37,018 | 35,995 |
Reserve for unexpired risks as on 30th Sept. | 41,047 | 37,607 |
Underwriting Profit: Carried down | 90,749 | 88,925 |

PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

<table>
<thead>
<tr>
<th>September 30</th>
<th>September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rupees in 000's)</td>
</tr>
<tr>
<td>Underwriting Profit: Carried down</td>
<td>26,432</td>
</tr>
</tbody>
</table>

Expenses of Management (not applicable to revenue accounts): 3,942 2,837
Depreciation on Assets | 1,766 | 602 |
Commission and discount | 792 | 976 |
Net Profit for the quarter before taxation | 19,946 | 6,813 |
| **Total** | 46,378 | 24,233 |

CONSOLIDATED REVENUE ACCOUNT (UNAUDITED)
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

Cash flow from operating activities
Net profit before taxation | 40,670 | 20,794 |
Adjustment for:
Depreciation | 1,766 | 602 |
Investment Income | (14,074) | (5,367) |
Provision for gratuity | 112 | 113 |
Provision for permanent diminution in value of investment | (5,080) | - |
Increase in reserve for unexpired risks | (15,422) | (858) |
Operating profit before working capital changes | 25,248 | 19,936 |

Increase/(Decrease) in operating liabilities:
Outstanding Claims | 2,847 | 758 |
Amounts due to other persons or bodies carrying on insurance business | (6,615) | 17,197 |
Sundry creditors | 5,679 | 405 |
Premium received in advance and deposits | 308 | 6 |
Cash generated from operations | 21,220 | 20,557 |

Gratuity Paid | (110) | - |
Income tax paid | (12,429) | (9,142) |
Net cash from operating activities | 8,681 | 11,415 |

Cash flow from investing activities
Purchase of fixed assets | (1,603) | (389) |
Sale proceeds of fixed assets | 382 | 911 |
Purchase of investments | (8,407) | (18,993) |
Sale proceeds of investments | 4,980 | 1,141 |
Dividend Received | 5,002 | 519 |
Net cash used in investing activities | 354 | (11,133) |

Payments of Dividend | (8,049) | - |
Cash flow from financing activities | 986 | 282 |
Net cash used in financing activities | (549) | - |
Net increase/(decrease) in cash & cash equivalents | 16,704 | 13,319 |
Cash and cash equivalents at the end of the year | (Rupees in 000's) | 16,704 | 13,319 |
NOTES TO THE ACCOUNTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE 3RD QUARTER ENDED SEPTEMBER 30, 2002

<table>
<thead>
<tr>
<th>September 30</th>
<th>September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>(Rupees in 000's)</td>
<td>(Rupees in 000's)</td>
</tr>
<tr>
<td>Share Capital</td>
<td>88,542</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>2,251</td>
</tr>
<tr>
<td>General Reserve</td>
<td>15,950</td>
</tr>
<tr>
<td>Reserve for Bonus Shares</td>
<td>-</td>
</tr>
<tr>
<td>Exceptional Losses Reserve</td>
<td>2,164</td>
</tr>
<tr>
<td>Investment Fluctuation Reserve</td>
<td>3,000</td>
</tr>
<tr>
<td>23,365</td>
<td>20,965</td>
</tr>
<tr>
<td>Unappropriated (Loss)/ Profit</td>
<td>21</td>
</tr>
<tr>
<td>Net Profit / (Loss) for the period</td>
<td>12,115</td>
</tr>
<tr>
<td>Balance as on 30.09.2002</td>
<td>124,043</td>
</tr>
</tbody>
</table>

NOTES:-
These accounts are subject to audit and are presented as required under Section 245 of the Companies Ordinance 1984.

Figures have been rearranged where necessary

Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual published accounts except for calculation of Reserve for un-expired risks which is calculated as the aggregate of:-

a. 40% of Net Premium of Nine months, and  
b. 25% of the reserves as on 1st January

SEGMENT REPORTING
The Company has three primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets</td>
<td>27,794</td>
<td>30,589</td>
<td>37,083</td>
<td>47,676</td>
<td>13,595</td>
<td>15,826</td>
<td>78,382</td>
<td>94,092</td>
</tr>
<tr>
<td>Unallocated corporate assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated total assets</td>
<td>243,657</td>
<td>216,293</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>12,629</td>
<td>13,195</td>
<td>16,849</td>
<td>20,565</td>
<td>7,527</td>
<td>8,218</td>
<td>37,005</td>
<td>41,977</td>
</tr>
<tr>
<td>Unallocated corporate liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated total liabilities</td>
<td>78,567</td>
<td>62,204</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure-according to above ratios</td>
<td>568</td>
<td>126</td>
<td>788</td>
<td>197</td>
<td>276</td>
<td>65</td>
<td>1,603</td>
<td>389</td>
</tr>
<tr>
<td>Depreciation-according to above ratios</td>
<td>626</td>
<td>196</td>
<td>805</td>
<td>305</td>
<td>394</td>
<td>101</td>
<td>1,766</td>
<td>602</td>
</tr>
</tbody>
</table>
COMPANY OFFICES

HEAD OFFICE

3 Bank Square
Shahrah-e-Quaid-e-Azam, Lahore.
PABX: 7520542-7520543-7322271 & 73
Direct: 7310598-7234757
Fax: 7234742

S.C. SUBJALLY
Chief Executive
Direct: 7310658
Extension: 313

ARSHAD P. RANA
Chief Operating Officer
Direct: 7234812
Extension: 301

MUHAMMAD ZAFAR RIAZ
Sr. Manager Accounts
Direct: 7234757
Extension: 306

NASIM AHMED KHAN
Sr. Manager Accounts
Direct: 7234757
Extension: 307

MUHAMMAD MUNIR
Sr. Manager Technical
Direct: 7314241
Extension: 309

PERVAIZ I. MALIK
Sr. Manager Admin.
Direct: 7314241
Extension: 308

ASAD MEHMOOD AWAN
Manager Marketing
Extension: 318

NORTH ZONE OFFICES & BRANCHES

LAHORE

SHEIKH MUHAMMAD ASHRAF
Chief Manager
Nairobi Mansion
7352560
Napier Road, Lahore.
7358190

A. A. RIZVI
Chief Manager
Hafeez Chambers,
6305955

ZAFAR HUSSAIN JAMAL
Branch Manager
Hafeez Chambers,
6305955

KHALID MAHMOOD
Branch Manager
Alnoor Building,
Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.
7358805

FAISALABAD

FAISALABAD BRANCH–I
IRSHAD AHMED SHEIKH
Chief Manager
Chartered Bank Chambers
647194
Railway Road, Faisalabad.
Fax: 635080

FAISALABAD BRANCH–II
IRSHAD FARRUKH BHATTI
Branch Manager
Room: 8 to 11,
Ismail Plaza, 3rd Floor, Satiana Road, Faisalabad.
721256
Fax: 721256

MULTAN

BASHIR AHMED GHAURI
Branch Manager
Atlas Honda Building
544494
Azmat Wasti Road, Multan

M. AKRAM KHAWAJA
Manager
Atlas Honda Building
544494
Azmat Wasti Road, Multan

RAWALPINDI

MAHMOOD AHMED
Chief Manager
101/13, Bank Road,
Grande Hotel Building,
7565413
Fax: 5560518
P. O. Box 119, Rawalpindi.

PESHAWAR

MANZAR ALI NAQVI
Branch Manager

SAHIWAL

HABIB-UR-REHMAN CH
Branch Manager

SIALKOT

AHMED SAEED RANA
Branch Manager

BAHAWALPUR

MUHAMMAD MASOOD CH.
Branch Manager

SOUTH ZONE OFFICE

2nd Floor, Ameecj Chamberns, Campbell Street,
P.O. Box: 5120, Karachi.

S.C. SUBJALLY
Chief Executive
FARIQ M.K. ROHILLA
Senior Manager Finance
S. MUBARAK AHMED
Manager Admin.
JAWAID IRSHAD
Manager Claims
MUHAMMAD IMRAN
Manager Claims
ALI ASGHAR
Manager Customer Service

SOUTH ZONE BRANCHES

KARACHI

AIJAZ ALI KHAN
Senior Manager

ABDUL AZIZ
Branch Manager

M. FAROOQ KANDLAWALA
Branch Manager

HYDERABAD

ZAFAR AHMAD GHOURI
Chief Manager

SUKKUR

ABDUL MAJEED QUreshI
Chief Manager

15-Sadder Road,
Peshawar Cantt.
Fax: 275705

147-Railway Road, Sahiwal
Fax: 66044

Allama Iqbal Market,
Fax: 592863

2nd Floor, Gulf Plaza,
Near Erum Hotel, Circular Road, Bahawalpur.
Fax: 880802

PABX: 2620081-5
Direct: 2620931, 2621520, 2621924
Fax: 2629532
PABX: 2620081-5 Extension: 305
Direct: 2621924
Extension: 302
Extension: 316
Extension: 303
Extension: 309
Extension: 312

Karachi Branch
2nd Floor Ameecj Chambers
Ext: 313
Campbell Street,
Direct: 2621925
P.O. Box: 5120, Karachi
Fax: 2621925

Corporate Branch
4th Floor Ameecj Chambers
Ext. 301 & 308
Campbell Street,
Direct: 2636576
P.O. Box: 5120, Karachi
Fax: 2625651

Tower Branch
State Life Building No. 7,
Room No. 101, 1st Floor
2315248
G. Allana Road, Karachi.
Fax: 2315248

Akbar Chamber, Saddar,
782659
P.O. Box: 284, Hyderabad.
Fax: 782600

House No.C-651/13,
Minara Road, Sukkur.
Fax: 25977