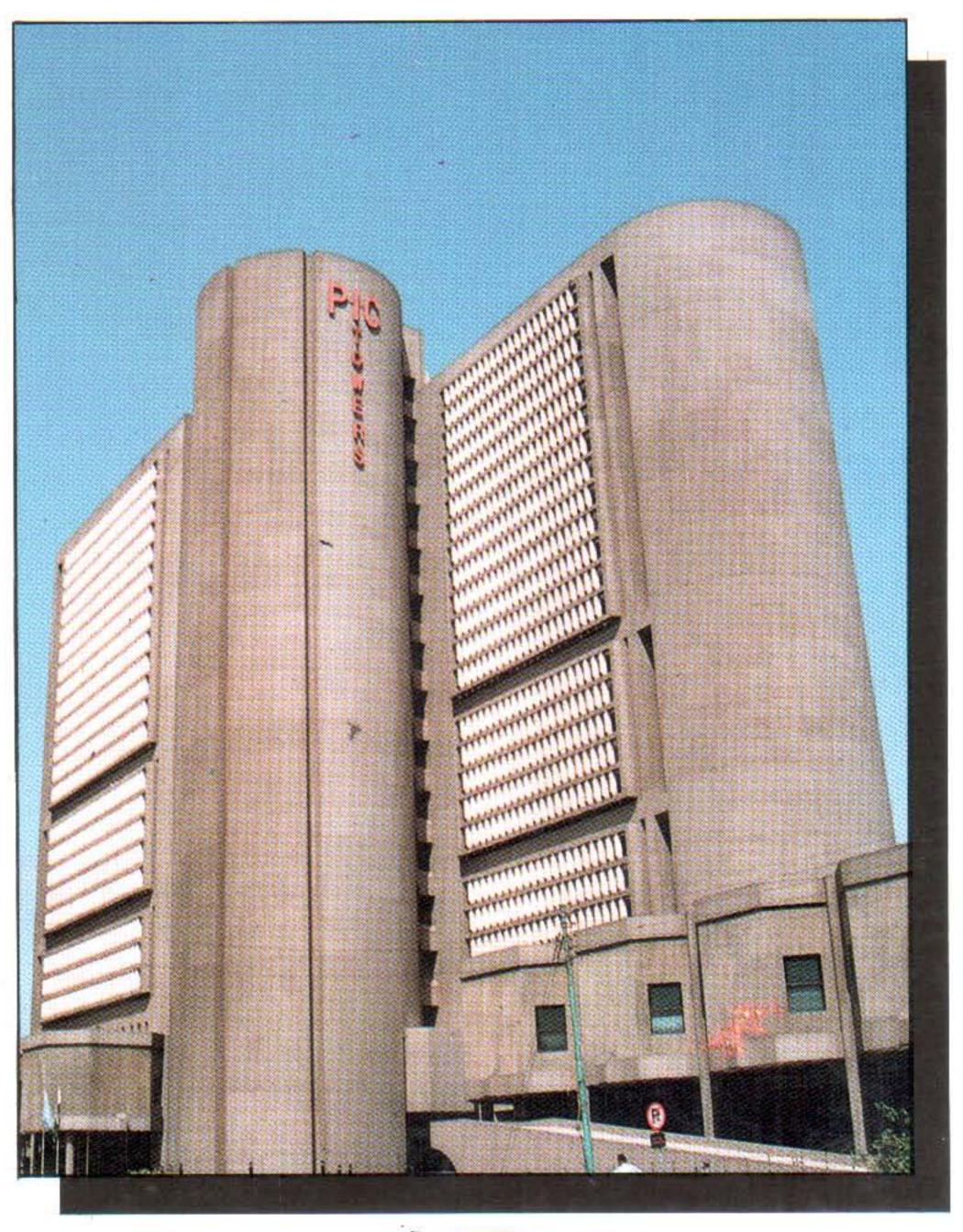
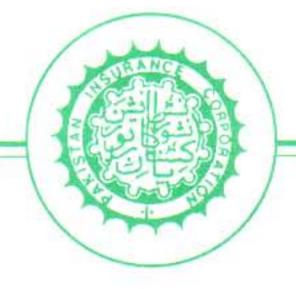
43rd ANNUAL REPORT

1995





PAKISTAN INSURANCE CORPORATION





CONTENTS



Board of Directors
Notification4
Directors' Report to the Shareholders5
Chart and Graphs9
43 Years at a Glance
Auditors' Report to the Members
Consolidated Revenue Account
Revenue Account- Fire16
Revenue Account-Marine
Revenue Account-Miscellaneous
Profit and Loss and Profit and Loss Appropriation Account
Balance Sheet
Cash Flow Statement for the year ended December 31, 1995
Notes to the Accounts
Shareholders' Statistics for the year ended December 31, 1995
Form of Proxy

BOARD OF DIRECTORS



MR. FIROZUDDIN AHMED	CHAIRMAN
MR. S. M. RAFIQUE AKHTAR	DIRECTOR
MR. AFTAB AHMED KHAN	DIRECTOR
MR. M. JAMIL ERICKZADA	DIRECTOR
MR. M. JAVED ASHRAF HUSSAIN	DIRECTOR
MR. IKRAMULLAH MIR	DIRECTOR
MR. NAVEED HASAN	DIRECTOR
MR. KHALID AMIN	DIRECTOR

AUDITORS:

AKBAR G. MERCHANT & CO. Chartered Accountants

RAHMAN SARFARAZ & CO.
Chartered Accountants

HEAD OFFICE:

PIC TOWERS, 32-A, Lalazar Drive, M. T. Khan Road, P.O. Box: 4777, Karachi-Pakistan.

Telephone: 5610334, 5611823 - 5611824, 5611145,

5611168, 5611188, 5611077, 5611078

Telex: 20428 PAKRE



NOTICE is hereby given that the 43rd Annual General Meeting of the shareholders of the Pakistan Insurance Corporation will be held on Monday the 30th September, 1996 at 11.00 a.m. at PIC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi, to transact the following business:-

- (1) To confirm the minutes of the 42nd Annual General Meeting held on Saturday the 30th September, 1995;
- (2) To receive and adopt the audited balance sheet as at 31-12-1995, the Revenue Accounts, the Profit & Loss Account and the Profit & Loss Appropriation Account for the year ended 31st December, 1995;
- (3) To declare dividend, as recommended by the Board of Directors for the year ended 31st December, 1995; and
- (4) To transact any other business with the permission of the Chair.

By Order of the Board

(NADIR ALI MARKHIANI)
Secretary

Karachi, the 22nd August, 1996.

- NOTES: (i) The Share Transfer Books of the Corporation shall remain closed for 8 days from 23rd September, 1996 to 30th September, 1996 (both days inclusive) to ascertain entitlement of the dividend.
 - (ii) A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Corporation not less than four (4) clear days before the date of the meeting.
 - (iii) The shareholders are requested to immediately notify change in their address, if any.

REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1995



The Shareholder Pakistan Insurance Corporation.

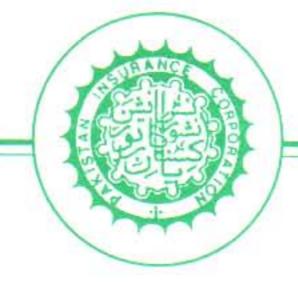
Gentlemen,

Your Directors again feel pleasure in presenting herewith the 43rd Annual Report on the Accounts of the Corporation for the year 1995.

2. The growth of PIC Business since 1968 is shown in the following table:-

Year	Gross Premium Income	Profit	Total Reserve	Total Investment
1968	131.9	7.4	63.4	42.3
1973	238.9	10.9	127.4	37.1
1978	578.6	33.6	390.0	251.5
1983	897.6	66.6	640.0	476.6
1988	1104.6	119.4	885.0	620.0
1990	1333.1	83.2	1058.5	715.5
1991	1526.3	49.0	1175.4	724.3
1992	1735.4	116.1	1329.5	847.5
1994	1983.7	142.2	1442.9	903.9
1995	2207.8	136.2	1468.8	860.2

Increase in gross premium of Rs. 224.1 million is a healthy sign and shows the growth rate of about 11% in the previous income.



3. At glance, the position of Revenue Accounts is as under:-

(In million of Rupees)

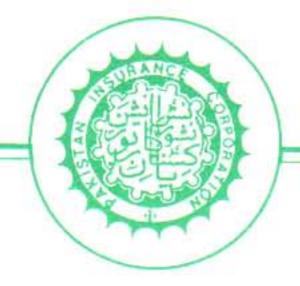
	F	ire	Ma	arine	N	lisc.	T	otal
	1994	1995	1994	1995	1994	1995	1994	1995
Gross Premium	535	575	309	361	1140	1272	1984	2208
Retro Premium	288	276	_134	149	736	798	1158	1223
Net Premium	247	299	175	212	404	474	826	985
Net Commission	132	136	58	70	130	148	320	354
Net Claims	110	118	97	92	271	253	479	463
Prem. Res. Adj.	(10)	21	3	23	(30)	28	(37)	72
Underwriting Surplus	15	24	17	27	33	45	64	96
Management Exp.	23	26	16	19	37	46	76	91
Underwriting Profit/(Loss)	(8)	(2)	1	8	(4)	(1)	(12)	5

The net commission as a percentage of net premium has decreased in 1995 over 1994. The net claims in 1995 as a percentage of net premium has also decreased from 57.99% in 1994 to 47.05% in 1995. Hence, there is an underwriting profit of Rs. 5.23 million in 1995 as compared to underwriting loss of Rs. 12.1 million in 1994.

4. The experience of individual classes of business during the year 1995 has been produced as follows:-

a) FIRE BUSINESS:

The Gross Premium of Fire portfolio has increased from Rs. 535 million in 1994 to Rs. 576 million in 1995 by showing an increase of 7.7%. The said increase is mainly due to increase of exploration business and also due to normal increase under compulsory and foreign pool. Net premium has increased due to less payment of XL premium and full retention of Pak Fire Treaty Pool in PIC account. The net commission has decreased due to earning commission in oil exploration business adjusted commission rate on local facultative acceptance.



b) MARINE BUSINESS:

The Gross Premium in the Marine Business (Cargo & Hull) has increased in the year 1995 due to increased premium from NIC and in compulsory and Treaty business from Local Market. The Net Premium has increased in the year 1995 as compared to 1994 due to less retrocession.

c) MISCELLANEOUS BUSINESS:

The overall increase in Gross Premium is Rs. 131.107 million in 1995 as compared to 1994 is due to increase in NIC/PIA Fleet Insurance Business, increase in compulsory cession in Motor business.

There is an overall increase in the net premium of Rs. 69.245 million in 1995 mainly due to less retrocession.

5. PREMIUM RESERVE:

Premium Reserve has been calculated as before as 100% of the net premium in respect of Marine Hull and Aviation, 50% of the net premium in the Marine Cargo and 40% of the net premium in Fire, Accident and Engineering Business.

6. INVESTMENT:

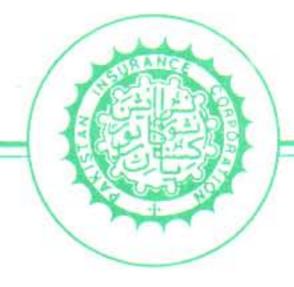
The PIC investment portfolio as at 31.12.1995 is Rs. 860.162 million as against Rs. 903.889 million in 1994. There is a decrease of Rs. 43.726 million in 1995 over 1994.

PROFIT & LOSS ACCOUNT:

The Profit and Loss Account for the year 1995 shows a net profit of Rs. 136.183 million before tax. The break-up of appropriation of net profit for 1995 including balance brought forward from last year is given below:-

(In million of Rupees)

	Total:	136.2
Other Income (net of Expenses)		(18.8)
Investment Income		149.8
Underwriting Profit		5.2
Balance brought forward from 1994 23.4 Less Surplus Profit as approved by the Federal Govt. 23.4		



8. Allocation of Profit:

(In million of Rupees)

(i)	Provision for bad & doubtful debts	5.0
(ii)	Provision for Taxation	125.9
(iii)	Provision for doubtful debenture loans	0.3
(i∨)	Proposed dividend	5.0
vi)	Balance carried forward	

Total: 136.2

9. BALANCE SHEET:

The reserves and provisions have increased from Rs. 1448 million in 1994 to Rs. 1469 million in 1995.

10. DIVIDEND:

The Directors are pleased to declare a dividend of 10% for the year 1995.

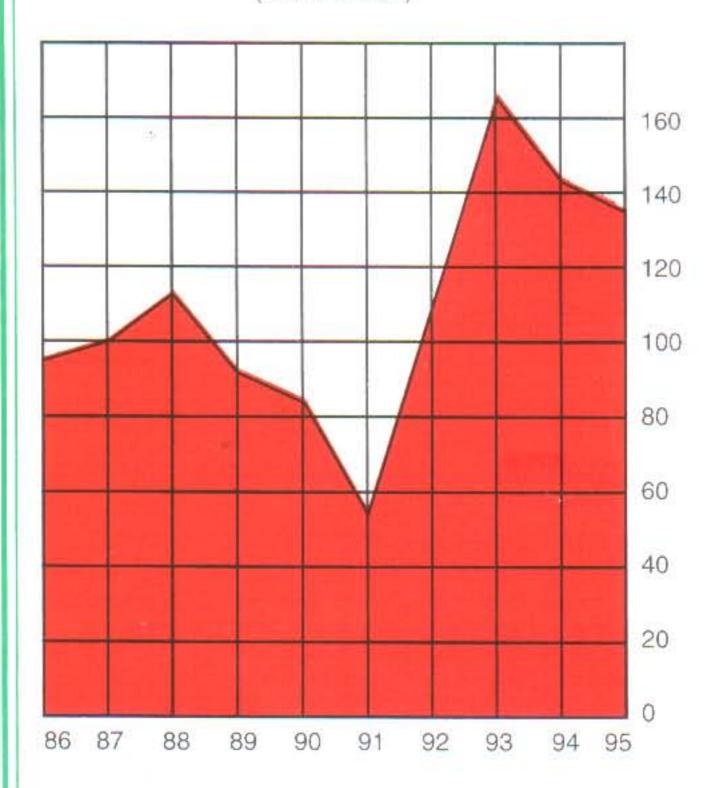


CASH & INVESTMENT PREMIUM & CLAIMS INVESTMENT (Rs. in million) (Rs. in million) PREMIUM CASH CLAIMS 2400 2200 - 1000 2000 900 1800 - 800 1600 700 1400 - 600 1200 500 - 1000 300 600 200 400 100 200



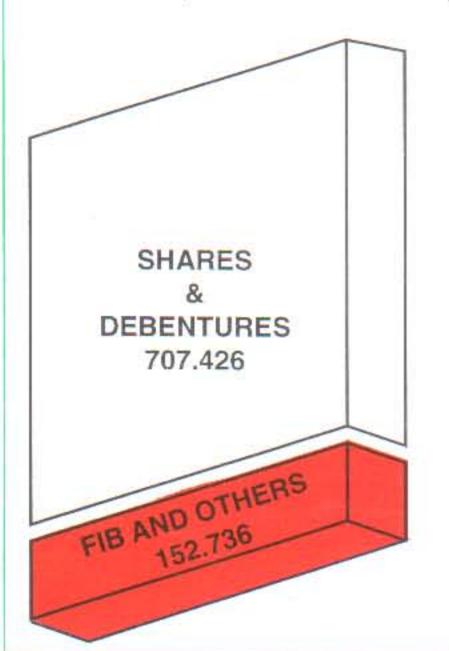
PROFIT BEFORE TAXATION

(Rs. in million)



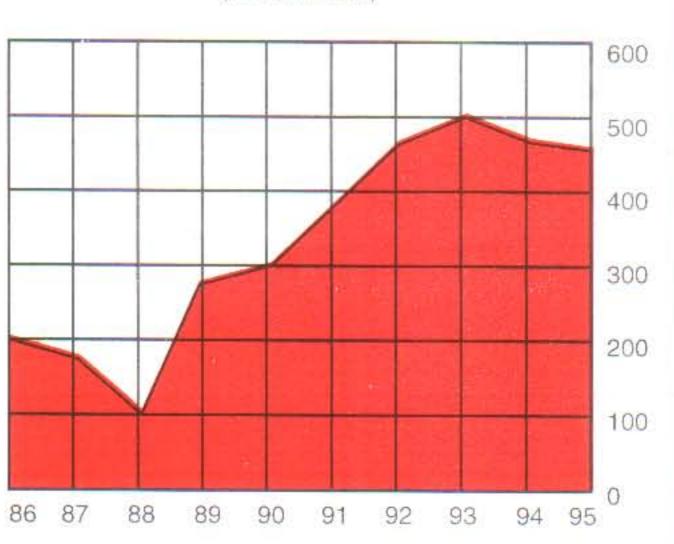
INVESTMENTS

(Rs. 860.162 million Mix)



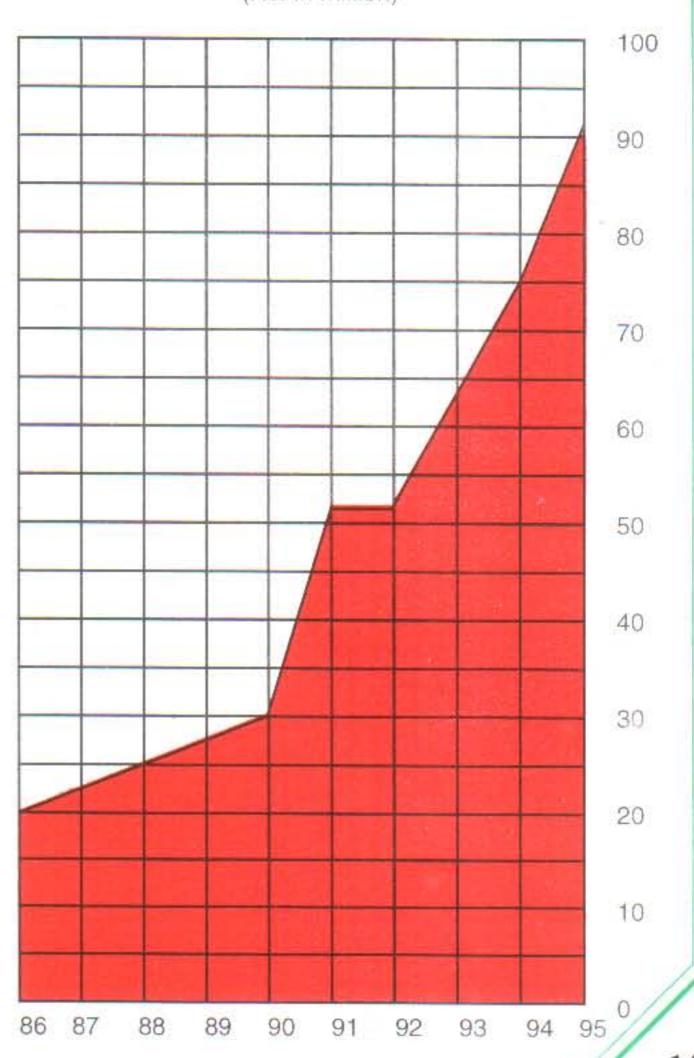
NET CLAIMS

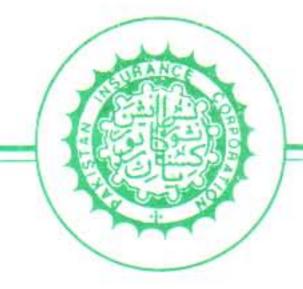
(Rs. in million)



ADMINISTRATION EXPENSES

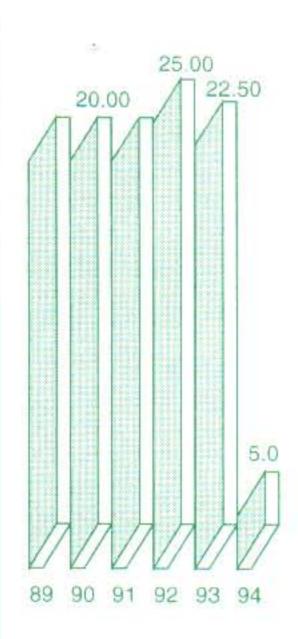
(Rs. in million)

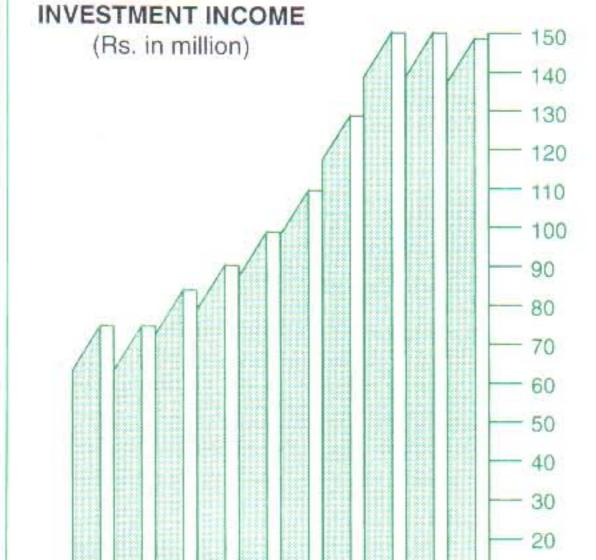




DIVIDEND/SURPLUS (CASH)

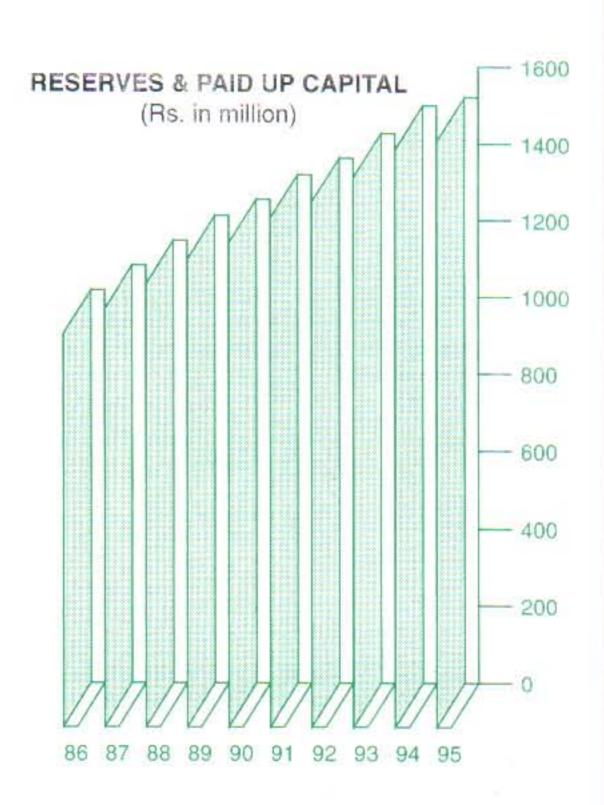
(Rs. in million)

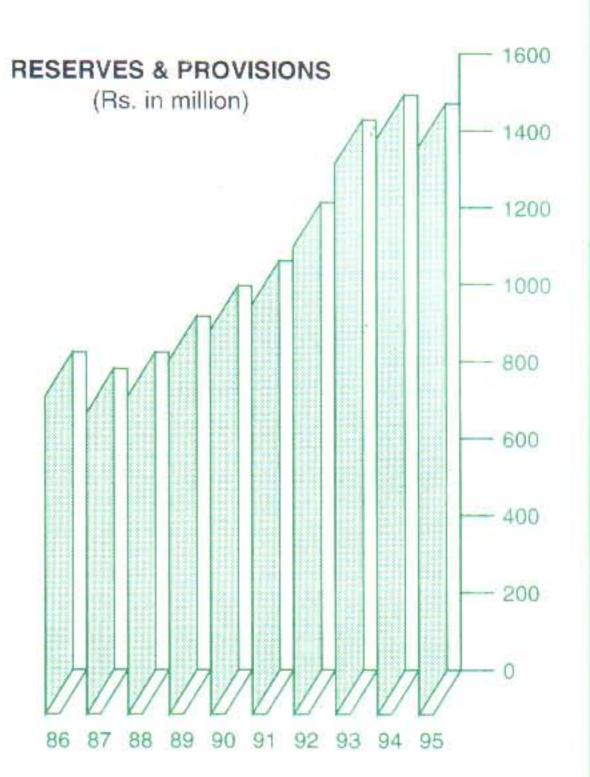




86 87 88 89 90 91 92 93 94 95

- 10





43 YEARS AT A GLANCE



(In Million of Rupees)

Years	Gross Premium Income	Profit	Dividend Declared %	Total Reserves/ Provisions	Total Investment including Land & Building
1953	1.638	0.013		0.795	1.046
1954	4.492	0.106	5	3.202	3.514
1955	5.674	0.510	4	3.462	4.510
1956	8.045	0.575	5	4.844	5.099
1957	9.461	0.634	6-1/4	6.424	6.030
1958	20.734	1.069	10	8.704	8.993
1959	25.012	1.592	10	0.995	10.455
1960	33.110	1.694	10	11.258	11.381
1961	37.663	1.509	10	13.624	12.299
1962	47.889	1.561	10	17.032	14.902
1963	57.165	1.648	10	21.069	20.306
1964	67.400	2.017	10	25.901	25.789
1965	72.298	2.334	10	35.547	31.040
1966	93.806	2.308	10	39.501	35.407
1967	108.431	3.621	10	49.117	38.709
1968	131.942	7.397	10	63.364	42.256
1969	156.291	6.728	10	77.448	47.762
1970	155.445	8.752	10	91.108	51.242
1971	166.767	7.079	10	107.060	52.084
1972	215.202	6.287	10	116.223	35.986
1973	238.288	10.924	7-1/2	127.400	37.075
1974	319.887	16.022	7-1/2	174.027	47.584
1975	399.717	19.865	10	207.712	92.768
1976	462.368	26.518	10	262.956	138.739
1977	554.482	18.069	10	330.725	212.265
1978	578.556	33.550	3:5B10	390.044	251.465
1979	666.478	6.975	10	474.789	249.973
1980	733.309	7.396	10	539.195	327.114
1981	780.507	70.606	1:4B10	588.358	387.655
1982	872.829	72.639	1:4B10	577.241	414.704
1983	897.624	66.580	2:5B10	640.010	476.642
1984	817.497	76.049	2:5B10	707.578	505.673
1985	903.596	90.760	3:7B10	730.558	620.673
1986	1,081.198	96.893	3:7B10	748.086	591.001
1987	1,165.766	102.836	10	815.746	623.446
1988	1,104.600	119.411	10	884.675	678.644
1989	1,156.986	88.889	30S10	958.312	719.463
1990	1,333.101	82.962	30S10	1.058.624	776.851
1991	1,526.299	48.971	30S10	1,175.438	801.015
1992	1,735.423	115.957	24S10	1,329,442	968.968
1993	1,677.307	169.491	35S10	1,447.679	1,020.004
1994	1,983.690	142.193	10	1,442.878	1,122.541
1995	2,207.803	136.183	10	1,468.831	1,059,532

AUDITORS REPORT TO THE MEMBERS



We have audited the annexed Balance Sheet of PAKISTAN INSURANCE CORPORATION as at 31st December, 1995 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit & Loss Appropriation Account and the 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 and after due verification thereof, we report that :

- (a) in our opinion, proper books of account have been kept by the Corporation as required by the law;
- in our opinion:
 - the Balance Sheet, the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and the Profit & 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 account and are further in accordance with accounting policies applied save and except for accounting policies in regard to Taxation and provision for Bad and Doubtful Debts. which remain uncomplied, because they are not adequately provided for;
 - the expenditure incurred during the year was for the purpose of the Corporation's business; and
 - the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Corporation;
- In our opinion, the unreconciled balances of many years in respect of:
 - Taxation, because all payments of taxes are reflected as "Advance for Taxation" and all provisions on declared taxable income are only provided and reflected as "Provisions for Taxation" in Balance Sheet, from year to year, without any adjustments for assessed tax liability;
 - Outstanding claims (Note 6.2);
 - Creditors (Note 7);
 - Assets in Bangladesh (Note 9);
 - National Co-Insurance Scheme (Notes 10);
 - That the statement of amounts due to/from persons and bodies carrying on insurance business; and
 - The fact that the Foreign Currency balance other than Bank Accounts have not been translated at the year end rates (Note 2(j);

which in our opinion, may have material effect and may result in substantial under provision but the extent of which could not be quantified.

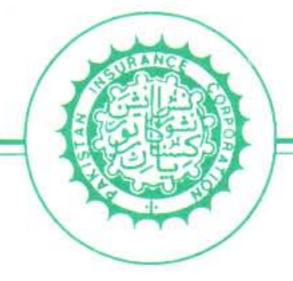
In our opinion and to the best of our information and according to the explanations given to us, except for the financial effect of the matters as discussed in preceding paragraphs, the Balance Sheet, Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit and Loss Appropriation Account, together with the Notes forming part thereof, give the information required by the law in the manner so required, and the Balance Sheet, Profit and Loss Account and Cash Flow Statement give, respectively, a true and fair view of the Corporation's affairs as at 31st December, 1995 and its profit and cash flows for the year then ended; and

in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Corporation and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

AKBAR G. MERCHANT & CO. Chartered Accountants

Karachi: the 5th September, 1996

RAHMAN, SARFARAZ & CO. Chartered Accountants



REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

PARTI	CI	II	AD	C
FARI		JIL	AK	

Commission (less: Retrocessions)

Claims (less: Retrocessions) paid during the year

Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated

Less: Outstanding at the end of the previous year

Management Expenses

Premium Reserve for the year

Profit transferred to Profit & Loss Account

1995	1994	
(Rs. '000)	(Rs. '000)	
353,704	320,495	
513,857	446,376	
241,229	291,758	
755,086	738,134	
291,757	259,232	
463,329	478,902	
91,320	75,858	
431,886	360,670	
5,232		
1,345,471	1,235,925	

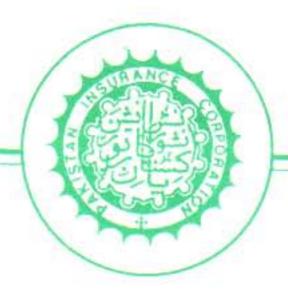
As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountants

Karachi: the 5th September, 1996

RAHMAN, SARFARAZ & CO. Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1995 CLASSES OF BUSINESS



PARTICULARS

Premium Reserve brought forward from last year

Premium

Less: Retrocessions

Loss transferred to profit and loss account

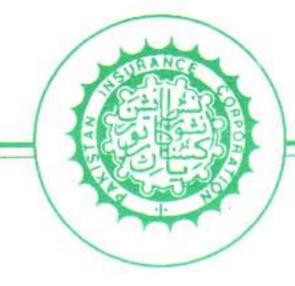
(Rs. '000) 360,671 2,207,803 1,223,003 984,800 (Rs. '000) 397,995 1,983,690 1,157,891 825,799

1,345,471

1,235,925

FIROZUDDIN AHMED Chief Executive

REVENUE ACCOUNT FOR THE FIRE



PA	ART	ICI	III A	ARS
			- J. B. of	

Commission (less: Retrocessions)

Claims (less: Retrocessions) paid during the year

Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated

Less: Outstanding at the end of the previous year

Management Expenses

Premium Reserve for the year

(Rs. '000)
132,453
89,352
101,533
190,885
80,599
110,286
22,683
99,950
365,372

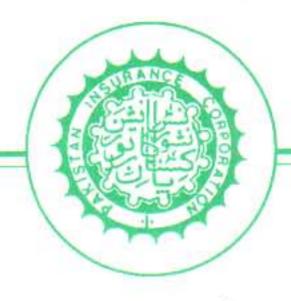
As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountants

Karachi: the 15th September, 1996

RAHMAN, SARFARAZ & CO. Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1995 BUSINESS



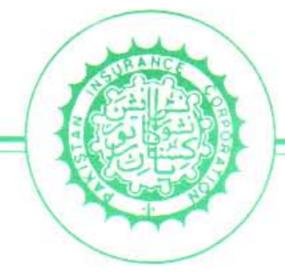
PARTICULARS	1995	1994
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	99,950	110,056
Premium	575 607	534 810

276,394	287,874
299,213	246,936

Loss transferred to Profit and Loss Account	2,160	8,380
	401,323	365,372

FIROZUDDIN AHMED
Chief Executive





PARTICULARS	1995	1994
	(Rs. '000)	(Rs. '000)
Commission (less: Retrocessions)	70,076	58,163
Claims (less: Retrocessions) paid during the year	105,107	83,453
Add: Total estimated liability in respect of outstanding claims at the end of the year whether	70.092	92.250
due or intimated	70,023	83,350
	175,130	166,803
Less: Outstanding at the end of the previous year	83,350	69,586
	91,780	97,217
Management Expenses	18,660	16,059
Premium Reserve for the year	109,993	87,269
Profit transferred to Profit & Loss Account	9,053	847
	299,562	259,555

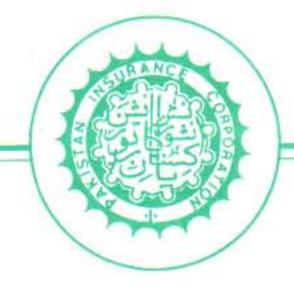
As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountants

Karachi: the 5th September, 1996

RAHMAN, SARFARAZ & CO. Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1995 **BUSINESS**



PARTICULARS

Premium Reserve brought forward from last year

Premium

Less: Retrocessions

1995	1994
(Rs. '000)	(Rs. '000)
87,269	84,741
360,661	308,451
148,368	133,637
212,293	174,814

299,562

FIROZUDDIN AHMED Chief Executive

M. JAVED ASHRAF HUSSAIN Director

259,555





PARTICULARS

Commission (less: Retrocessions)

Claims (less: Retrocessions) paid during the year

Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated

Less: Outstanding at the end of the previous year

Management Expenses

Premium Reserve for the year

1995	1994
(Rs. '000)	(Rs. '000)
147,694	129,878
268,179	273,571
92,017	106,875
360,196	380,446
106,875	109,047
253,321	271,399
46,359	37,116
201,033	173,452
648,407	611,845

As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountants

Karachi: the 5th September, 1996

RAHMAN, SARFARAZ & CO. Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1995 BUSINESS



PARTICULARS

Premium Reserve brought forward from last year

Premium

Less: Retrocessions

Loss transferred to Profit and Loss Account

1995

1994

(Rs. '000)

173,452

1,271,534

798,240

473,294

(Rs. '000)

203,198

1,140,428

736,379

404,049

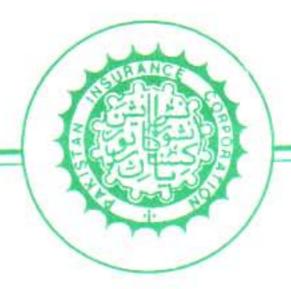
1,661

648,407

4,598

611,845

FIROZUDDIN AHMED Chief Executive



PROFIT AND LOSS ACCOUNT FOR THE YEAR

PARTICULARS

Note

1995

1994

EXPENSES OF MANAGEMENT (NOT ALLOCABLE TO ANY PARTICULAR REVENUE ACCOUNTS

Directors' Fee and T.A.

Auditors' Fee

Advertisement and Publicity

E.C.O. Expenses

Training and Research

Chairity and Donation

Interest paid on deposits retained

from other companies

Prime Minister Flood Relief Fund

Building Maintenance

Depreciation (PIC Towers)

Zakat deducted at source

3

Exchange loss/(gain)

Net Profit for the year carried to Profit and Loss Appropriation Account

(Rs. '000) 204 94 497 9 184 100 677 10,000 7,018 25,705 11,049 55,537 (2,943)136,183 188,777 (Rs. '000) 331 68 20 187 622 10,076 11,376 (776)142,193 152,793

PROFIT AND LOSS APPROPRIATION ACCOUNT

Provision for Bad and Doubtful Debts Provision for Taxation:

- Current year
- Prior's year

Provision for Doubtful Debenture Loans

Proposed Dividend

Unappropriated Profit Transferred to Balance Sheet

5,000 50,900 75,000 125,900 265 5,000 26 136,191

63,000 75,500 138,500 5,000 23,408 166,908

Note: These account should be read in Conjunction with the annexed notes.

As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountants

RAHMAN, SARFARAZ & CO. Chartered Accountants

Karachi: the 5th September, 1996

ENDED 31ST DECEMBER, 1995



PARTICULARS	Notes	1995	1994
		(Rs. '000)	(Rs. '000)
INVESTMENT INCOME Interest and Dividends	3	149,801	153,222
OTHER RECEIPTS			
Rental income		14,338	
Interest received on deposits retained by other companies Interest on Short Term Deposits Miscellaneous Income		2,555 957 541	2,888 2,842 1,352
Profit on Sale of Investments Profit on Sale of Assets		15,084	4,620
		33,744	11,702
PROFIT/(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS Fire Marine Miscellaneous		(2,160) 9,053 (1,661)	(8,380) 847 (4,598)
		5,232	(12,131)
		188,777	152,793
FOR THE YEAR ENDED 31ST DECEMBE	R, 1995		
Balance Brought forward from Last year		23,408	30,815
Less: Surplus Profit as approved by the Federal Government	4	(23,400)	(6,100)
Section Company of the Company of th		8	24,715
Net Profit for the year as per Profit and Loss Account		136,183	142,193
		136,191	166,908

FIROZUDDIN AHMED
Chief Executive

BALANCE SHEET AS AT



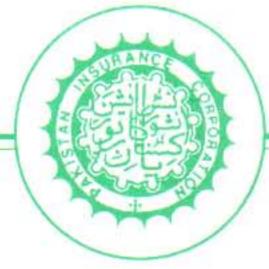
CAPITAL AND LIABILITIES	Notes	1995	1994
		(Rs. '000)	(Rs '000)
AUTHORISED CAPITAL 500,000 Ordinary Shares of Rs. 100/- each SSUED SUBSCRIBED AND PAID-UP CAPITAL:		50,000	50,000
0,000 ordinary shares of Rs. 100 each fully aid up in cash		5,000	5,000
50,000 ordinary shares of Rs. 100 each ssued as fully paid bonus shares Share Premium Account		45,000 11	45,000 11
reep, ice		50,011	50,011
RESERVES: Exceptional Losses Reserve nvestment Fluctuation Reserve General Reserve Unappropriated Profit		566,000 5,950 189,500 26	566,000 5,950 189,500 23,408
		761,476	784,858
PROVISIONS: Provision for Taxation Provision for Doubtful Debenture Loans Provision for Bad and Doubtful Debts	5	218,678 265 34,000	333,702
		252,943	362,702
PROPOSED DIVIDEND:		5,000	5,000
RESERVE FOR OUTSTANDING CLAIMS: Fire Marine Miscellaneous	6	79,189 70,023 92,017	101,533 83,350 106,875
		241,229	291,758
PREMIUM RESERVES: Fire Marine Miscellaneous		120,861 109,993 201,033	99.950 87.268 173.452
		431,887	360,670
Amount due to other persons and bodies carrying on insurance business Deposits retained/received from other companies Sundry Creditors Retention money payable Surplus payable	7	319,152 67,728 43,303 7,791 8,500	274,470 37,494 36,263 8,019
		446,474	356,246
		2,189,020	2,211,245

Note: These account should be read in Conjunction with the annexed notes.

As per our report annexed

AKBAR G. MERCHANT & CO. Chartered Accountant RAHMAN, SARFARAZ & CO. Chartered Accountant

31ST DECEMBER, 1995



PROPERTY AND ASSETS	Notes	1995	1994
		(Rs. '000)	(Rs. '000)
INVESTMENTS:			
Stock and Shares Debentures WAPDA Bonds Federal Investment Bonds NDFC (Standard Deposits Certificates) Term Deposits	=	707,109 323 20,000 132,730	705,784 374 20,000 156,730 15,000 6,000
(Aggregate market value Rs. 1,972,842 1994: Rs. 1,877,707)		860,162	903,888
Land and Buildings (including capital work-in-progress)	8	199,370	218,653
CURRENT ASSETS: Amount due from persons and bodies carrying on insurance business Deposits held by Ceding Companies Cash in hand and at bank Interest, Dividend and return accrued/outstandi Sundry debtors Advances including Taxation, Loans, Deposits and Prepaid Expenses Stocks of Stationery etc at cost	ng	431,239 71,043 159,723 22,692 25,980 396,766 36	360,467 69,544 157,288 26,985 33,473 420,653 35
ADMINISTRATIVE FIXED ASSETS:			
Furniture, Fixture, Office equipment, vehicles and books (cost less depreciation)		6,035	4,285
ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)	9	15,974	15,974
		2,189,020	2,211,245

FIROZUDDIN AHMED
Chief Executive

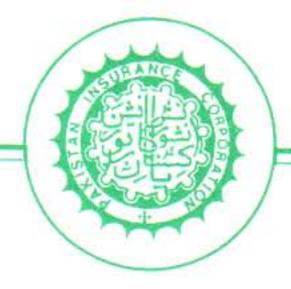


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 1995

	1995	1994
	(Rs. '000)	(Rs. '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Decrease)/Increase in profit balances Add)/Deduct Non-Operating Items	(23,382)	(7.407)
ayments as approved by Federal Government Provision for bad debts	23,400	6,100
rovision for taxation	5,265 (115,024)	138,500
ncrease in General Reserve ncrease in Exceptional Loss Reserve		
roposed Dividend Depreciation	5,000	5.000
rovision for outstanding Claims	27,093	897
Decrease)/Increase in Premium Reserve	(50,529) 71,215	32,525 (37,325)
nterest and Dividends-non operating income	(149,801)	(153,222)
rofit on Sale of Investment - non operating income	(15,084)	(4,620)
Loss)/Profit before working Capital Charges FFECT ON CASH FLOW DUE TO WORKING CAPITAL	221,847	(19,552)
CHANGE (SEE SCHEDULE ATTACHED)	53,627	84,692
ash Generated from Operation ASH FLOW FROM INVESTMENT ACTIVITIES	168,220	65,140
ale of Investments	187,850	61 240
iterest on Dividends	149,801	61,240 153,222
ivestment Purchased ixed Assets Acquired	(129,036)	(119,745)
crease in Building Cost & Work-in-Progress	(3,164) (6,396)	(1,445)
ayment as approved by Federal Government	(23,400)	(39,413) (6.100)
ACLI OLER DI OLLI DI CALLED	175,655	112,899
ASH OUT FLOW FROM FINANCING ACTIVITIES ividend paid	(5,000)	
et Increase in Cash & Cash Equivalent	SATE BARRA	(5,000)
ash and Cash Equivalent at the beginning of year	2,435 157,288	107,899 49,389
ash and Cash Equivalent at the end of year	159,723	157,288
FFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGE		107,200
icrease)/Decrease in Current Assets		
mount Due from person and bodies arrying on Insurance Business	70,772	D. Control
eposit held by ceding companies	(1,499)	36,617 11.885
terest, Dividend and Return Accrued andry Debtors	4,293	2,210
dvances, including Taxation, Loans,	7,493	(12,541)
eposits and Prepaid Expenses ationery Stocks	23,887	(65,538)
MONTH VERNEL AND	(1)	(1)
crease/(Decrease) in Current Liabilities	(36,600)	(27,374)
mount due to other persons and bodies arrying on Insurance Business	44,681	133,277
posit Retained/Received from Other Companies	30,234	(36,728)
etention Money Payable	7,040	10.901
irplus payable	(228) 8,500	4,616
	90,227	122,066
		1/201 12/2014
	53,627	84,692

FIROZUDDIN AHMED Chief Executive

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1995



1. STATUS AND NATURE OF BUSINESS:

The Pakistan Insurance Corporation was established under the Pakistan Insurance Corporation Act. No. XXXVIII of 1952 for the purpose of development of insurance and reinsurance business in Pakistan. Its shares are quoted on stock exchanges in Pakistan.

SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of accounting/format of accounts.

These accounts have been prepared on the basis of the historical cost convention.

The formats of the balance sheet, the revenue accounts and the profit and loss and appropriation account are as prescribed under sections 50 and 51 of PIC General Regulation, 1953.

(b) TAXATION:

Provision for taxation is based on taxable income. Deferred taxation being immaterial has not been provided for.

(c) PROVISION FOR BAD AND DOUBTFUL DEBTS:

General provisions, as considered adequate by the management, are made to cover doubtful debts.

(d) PREMIUM RESERVE:

Premium reserve represents the balance brought forward plus/minus the increase/decrease of the following percentages of the amounts by which the net premium income for the year exceed/decline in relation to the net premium income of the respective classes of business of the previous year:

Percent
40
50
100
40
100

(e) STAFF RETIREMENT BENEFITS:

The Corporation has established general provident fund and contributory provident fund for eligible employees which are administered through trustees. Further, the Corporation also operates funded gratuity and pension schemes for employees entitled/opted for either of the schemes. Provisions/payments are made to cover obligations under the funded gratuity scheme.

Provision for pensions are made on the basis of actuarial valuation.

(f) INVESTMENTS:

Investments are carried at cost; investment fluctuation reserve is maintained to cover possible diminution in value of investments.



Profit or loss on sale of investments is taken to the profit and loss account.

(g) DIVIDEND AND RENTAL INCOME ETC:

Dividend income is recognised in the accounts as and when declared, except for preference shares and other investments, where it is recognised on accrual basis. Rental is recognised on accrual basis.

(h) LAND AND BUILDINGS (INCLUDING CAPITAL WORK-IN-PROGRESS) AND ADMINISTRATIVE FIXED ASSETS:

Land and capital work-in-progress are shown at cost. Other fixed assets are shown at cost less depreciation calculated on the written down values using the following rates:-

Parcent

	reitein
Buildings	5
Lifts	20
Vehicles	20
Office Equipment	15
Furniture, Fixtures and Books	10
Computers	20

(i) MANAGEMENT EXPENSES:

These are allocated to various revenue accounts in proportion to the net premium income for the year.

(j) RATE OF EXCHANGE:

Revenue transactions in foreign currencies are converted into rupees at the rates ruling on the date of the translations.

Assets and liabilities in foreign currencies other than bank accounts consistent with previous years are not translated into rupees at the rates of exchange prevailing at the balance sheet date and the exchange fluctuations are adjusted at the time of settlement. Exchange gains/losses are dealt with through the profit and loss account. The rates of conversion used for bank accounts at the year and were as follows:-

	1995	1994
US\$	34,1033	30,6680
Pound Sterling	52,7884	47,9300

3. ZAKAT DEDUCTED AT SOURCE:

Investment income includes dividends paid on National Investment Trust units, which are shown at gross amounts and Zakat deducted at source by National Investment Trust from time to time has been charged off to expense in the year of such deduction, on consistent basis, although Corporation has filed a constitutional petition against deduction of Zakat by Administrator, Zakat and on basis of legal opinion, favourable decision is expected.

The aggregate amount of Zakat so charged upto 31-12-1995 amounts to Rs. 59.181 million of which Rs. 11.048 million is for the year.

In the event of a decision in favour of the Corporation, the aggregate amount will be reversed on realisation.

PAYMENTS AS APPROVED BY THE

/	SECTION AND ADDRESS OF THE PARTY OF THE PART	NC.	1
_ 1	355		
13			1
1	1		/

FEDERAL GOVERNMENT	1995 (Rs. '000)	1994 (Rs. '000)
Transferred from unappropriated Profit & Loss Account	23,400	Constant Con
	23,400	
Less: Paid to Federal Government @ Rs.30/- share of Rs. 100/- on 255,000 shares	9,000	220
Shareholders (Excluding Federal Government holding) @ Rs.24/- per share of Rs. 100/- on 245,000 shares	5,900	5,880
Transferred to Surplus payable	8,500	
	23,400	6,100

PROVISION FOR TAXATION:

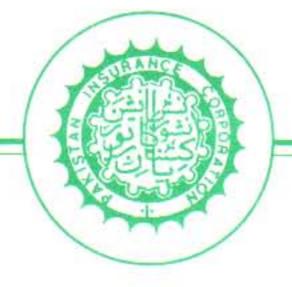
The Income-tax assessments of the Corporation have been finalised upto and including assessment year 1995-96. The appeals against these years have yet to be disposed off by the Appellate Tribunal, where the Corporation and the Income Tax Department both have filed appeals against the orders passed by CIT (Appeals). Further the Assessing Officer has not yet issued revised orders for assessment years, in which certain items have been deleted or set aside by the Commissioner of Income-Tax (Appeals).

An aggregate of Rs. 88.43 million (1994 Rs: 35.95 million) paid for various assessment years is shown under Advances and has not been debited to the Profit and Loss Appropriation Account as the Corporation expects that on various issues the appeals would be ultimately decided in its favour.

The Income-Tax authorities had raised a demand of Rs. 10.52 million against the Corporation after treating the income of Export Credit Guarantee Scheme (ECGS) as part of taxable income of the Corporation for the assessment years 1984-1985 to 1989-90. The demand was paid by the Corporation and it had so far recovered Rs. 8.59 million from the Export Credit Guarantee Scheme, under management of PIC. The Corporation has filed a reference application in the High Court of Sindh in this regard, which has not yet been decided.

The Corporation's income tax assessments for and upto Accounting year ended 31-12-1989 were originally completed by taxing divided income at the applicable reduced rates. During 1991 year, however, the Assessing Officer had re-opened Corporation's assessments for the financial year 1985 to 1989 and taxed dividend income at the normal rate applicable to business income. The Corporation filed Constitutional Petition in respect of financial years 1985 to 1987 and went in appeal in respect of financial years, 1988 and 1989. Similarly, in respect of financial years, 1990 to 1993 the Corporation has contested the issue of taxing of dividend income at normal rate in the normal assessment before the Appellate Tribunal & for the financial year, 1994 before the CIT (Appeals). The Hon'ble High Court has, however, upheld the action taken by the Department in respect of dividend income of all the Insurance Companies including the Corporation. The Corporation as well as all other insurance companies have filed appeals before the Hon'ble Supreme Court of Pakistan on the issue of dividend. In respect of financial years 1988 to 1993 the Corporation's appeals are pending before the Appellate Tribunal & for the financial year, 1994 before the CIT (Appeals).

The management of the Corporation is hopeful about outcome on the issue of taxing of dividend, contested before the Hon'ble Supreme Court of Pakistan.



5.3 The tax authorities have made assessments for the financial years 1988 to 1994 U/S 52 of the Income Tax Ordinance, 1979, and charged tax @ 10% on the commission allowed to the ceding companies. The demands raised for these years amounted to Rs. 199.27 million. These assessments are pending before Income Tax Appellate Tribunal and CIT Appeals. The management of the Corporation is hopeful of the favourable outcome of the appeals filed.

6. RESERVE FOR OUTSTANDING CLAIMS:

- 6.1 This includes a sum of Rs. 13.0 million (1994: Rs. 13.0 million) in respect of Marine losses incurred but not reported, estimated on the basis of management experience.
- 6.2 It also includes an amount of Rs. 4.952 million (1994 Rs. 4.952 million) representing claims brought forward from previous years which relate to Bangladesh business. This is made up as follows:-

	1995 (Rs. '000)	1994 (Rs. '000)
Fire Insurance Marine Insurance Miscellaneous Insurance	2,382 1,470 1,100	2,382 1,470 1,100
	4,952	4,952

No adjustment has been made in this provision since, 1973 pending ascertainment of actual liabilities in this regard.

SUNDRY CREDITORS:

It includes an amount of Rs. 0.809 million (1994: Rs. 0.809 million) relating to Bangladesh creditors.

8. LAND AND BUILDING (INCLUDING CAPITAL WORK-IN-PROGRESS):

Capital work-in-progress including leasehold land (PIC Building at Moulvi Tamizuddin Khan Road) less realisation of contractor's bonds Rs. 8 million)

199,036 218,302

At written down value

PIC Head Office Building including Lifts PIC House (Residence)

204	215
130	136
334	351

218,653

199,370

ASSETS RELATING TO BANGLADESH: .

Assets relating to Bangladesh comprise of fixed assets and investments as follows:-



	(Rs. '000)	(Rs. '000)
FIXED ASSETS:		
Land and Building Furniture and fixtures	8,608 4	8,608 4
	8,612	8,612
INVESTMENTS:		
Stocks and Shares Debentures	7,112 250	7,112 250
	7,362	7,362
	15,974	15,974

The realisability of these assets is not determinable at the present time and no provision for the loss, that may arise as a result of the Corporation losing control over these assets, has been, made.

10. NATIONAL CO-INSURANCE SCHEME (NCS):

The Bonus Voucher Scheme was introduced by the Government of Pakistan on 15th July, 1970 and remained in force till 11th May, 1972 when Pak Rupee was devalued. NCS was entitled to bonus voucher earnings on its foreign currency premium income and likewise had to incur expenses for bonus vouchers on its foreign currency payments.

The relevant foreign currency transactions of NCS with Pakistan Insurance Corporation (PIC) spread over the period from 15th July, 1970 to 11th May, 1972 were accounted for by NCS in their books.

The accounts of NCS & PIC were finally reconciled for all transactions upto 31st December, 1987 comprising all reinsurances accepted by PIC and commission and claims paid to NCS including bonus vouchers entitlement, and the final reconciled balance was agreed in February, 1989 to Rs. 1,019,839.78.

This net liability of PIC to NCS remains subject to full verification and authorisation by the management of NCS and is to be certified by their auditors.

11. CAPITAL COMMITMENTS:

The Corporation is constructing a building for its head office at an estimated cost of Rs. 247 million. The cost incurred upto 31st December, 1995 amounts to Rs. 224 million (1994: Rs. 218 million).

Capital commitments outstanding as at December 31, 1995 amount Rs. 40 million (Rs. 29.00 million).

12. GENERAL:

- 12.1 The directors or their spouses do not have any interest in the donee fund.
- 12.2 Figures have been rounded off to the nearest thousand rupees.
- 12.3 Figures of previous year have been rearranged wherever necessary to facilitate Comparison.

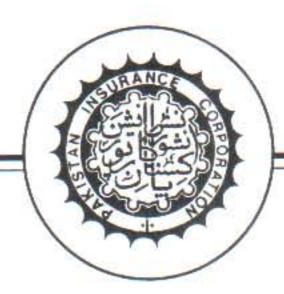
FIROZUDDIN AHMED
Chief Executive



SHAREHOLDERS' STATISTICS FOR THE YEAR ENDED 31ST DECEMBER, 1995

		No	. of Shar	e	Sh	nares held
From From From From From From From From	1 101 501 1,001 5,001 20,001 50,001 150,001		To To To To To To	100 500 1,000 5,000 20,000 50,000 150,000 255,000	Shares	10,254 22,716 10,758 19,324 16,258 24,280 141,410 255,000
nolders		Nu	ımber	Sh	are Held	Percentage
Individuals Investment Companies Insurance Companies Joint Stock Companies Government of Pakistan (Ministry of Commerce) Administator Abondoned Properties Modaraba & Leasing Companies Other (Staff Provident Fund)			382 2 14 6		43,189 1,590 193,117 6,154	3.64 0.31 38.63 1.23
			1 1 2	2	255,000 250 200	51.00 0.05 0.04
it i dild)			1		500	0.10
		-	409	Į	500,000	100.00
ONS STED COMPANIES		30.993 3.186 6.602 0.256 1.400 4.957 1.624 0.271 63.560 0.955 0.691 9.876 35.570 3.657 0.403 5.408			BOOK VALUE 152.730 25,915 511.785	
	From From From From From From From From	From 501 From 1,001 From 5,001 From 20,001 From 50,001 From 150,001 From 150,001 Anolders The sea of the sea	From 501 From 5,001 From 5,001 From 5,001 From 20,001 From 50,001 From 150,001 From 150,001 From 15	From 101 To From 501 To From 1,001 To From 20,001 To From 50,001 To From 50,001 To From 150,001 To Number 1 382 2 s 14 ies 6 stan (ce) 1 1 oned Properties Organisation 3 Companies 1 Tend) 1 1 409 NVESTMENT Ins ITED COMPANIES) 30.993 3.186 6.602 0.256 1.400 4.957 1.624 0.271 63.560 0.955 0.691 -9.876 35.570 3.657 0.403	From 101 To 500 From 501 To 1,000 From 1,001 To 5,000 From 5,001 To 20,000 From 20,001 To 50,000 From 50,001 To 150,000 From 150,001 To 150,000 From 150,001 To 255,000 Includers Number Share Includers Number Share Includers Number Share Includers Organisation I I I I I I I I I I I I I I I I I I I	From 101 To 500 " From 501 To 1,000 " From 1,001 To 5,000 " From 5,001 To 20,000 " From 50,001 To 50,000 " From 50,001 To 150,000 " From 150,001 To 150,000 " From 150,001 To 255,000 " Rolders Number Share Held asses 2 43,189 es 2 1,590 es 2 1,590 es 6 6,154 stan cce) 1 255,000 ened Properties Organisation 2 250 ened Properties Organisation 3 250 ened Properties Organisation 4 250 ened Properties Organisation 5 2 200 ened Properties Organisation 6 6,154 energy and 1 255,000 ened Properties Organisation 1 250 ened Properties Organisati

PAKISTAN INSURANCE CORPORATION KARACHI.



PROXY FORM

I/We	of
being a Shareholder of the I	Pakistan Insurance Corporation holding Shares Nos.
	hereby appoint
of	of failing him
of	as my/our proxy to vote for me/us and on my/
our behalf at a meeting of t	he shareholders of the Corporation to be held at
	Karachi on the and at any adjournment thereof.
Dated this	day of
Dated this	day of

Signature of Shareholder

Affix Rupees Two Revenue Stamp

IMPORTANT NOTES:

- No person shall be appointed a proxy who is not a Shareholder of the Corporation and qualified to vote, save that a Corporation being member of the Corporation may appoint as its proxy any officer of such Corporation whether a member of the Corporation or not.
- The instrument appointing proxy and the power of attorney or other authority if any, under which it is signed shall be deposited with the Corporation not less than 4 clear days before the date of meeting.
- 3. In case of joint holders any one of the joint holders may sign the instrument of proxy.
- The signature on the instrument of proxy must conform to the specimen signature filed with the Corporation.

