

## **BEEMA-PAKISTAN COMPANY LIMITED**

### **DIRECTORS' REPORT TO THE SHAREHOLDERS**

This report has been prepared in November 2004 after the resolution of disagreement between the Company and SECP and after receipt of letter No 23(6) INS: SECP / 2004 of 13 September 2004 from Securities and Exchange Commission of Pakistan.

The Directors are pleased to present the forty third Annual Report of the Company together with the Audited Accounts and their Report thereon for the year ended 31 December 2003.

#### **Business Review**

During the year under review too, the Company remained almost commercially non-operational in continuation since 2001. It is evident from the statement of premium that a very small gross premium of Rs.3,249 was underwritten during the year, against Rs.233,904 in the previous year 2002. This premium was received as residual revenue from underwriting activity of previous years.

Now it is expected that your Company will resume its usual business activities from the start of coming year 2005 after obtaining clearance from the Securities and Exchange Commission of Pakistan against certain issues and permission to underwrite proposed products for which the Company is fully prepared.

Profit and Loss statement reflects, an overall loss amounting to Rs.3,679,457 during the year under review which mainly consists of administrative and management expenses as against Rs.7,010,706 during the previous year 2002. (Reduced by 48%).

Necessary steps have already been taken by the Management of the Company to re-organise the affairs to boost up business activities during the year 2005. Experienced, qualified staff and Marketing team are ready to meet the challenges of existing competition.

#### **Compliance with the Code of Corporate Governance**

The Board of Directors remained engaged in performing their duties as required under the Code of Corporate Governance. In addition, the Code of Corporate Governance for Insurance Companies has also been adopted and complied with, and such compliance is attached with this Report.

#### **Change in the Board of Directors**

There was no change in the Board of Directors of the Company during the year 2003.

#### **Board of Audit Committee**

There was no change in the Board Audit Committee during the year 2003.

#### **Appointment of Auditors**

The Board of Directors and the Audit Committee of the Company have recommended appointment of Messrs. Rao & Company, Chartered Accountants, as Auditors of the Company for the year 2004, at a remuneration to be mutually agreed by the Management and the Auditors. This appointment was ratified by the SECP.

## **BEEMA-PAKISTAN COMPANY LIMITED**

### **Pattern of Shareholding**

A Statement showing the Pattern of Shareholding is attached with this Report

### **Corporate Financial Reporting**

1. The financial statements together with the notes forming an integral part of these statements are drawn up in conformity with the Companies Ordinance 1984, and the Insurance Ordinance 2000. Prepared by the management of your Company, these present fairly the state of affairs, the result of the operations, cash flows and changes in equity.
2. Proper Books of Accounts of the Company have been maintained.
3. Appropriate accounting policies have consistently been applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.
5. The system of internal control is satisfactory in design and has been continuously monitored by the internal audits. This is in course of process and any weaknesses will be removed soon after Company comes into operation.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is attached with this Report.
9. Outstanding amounts, taxes and duties are given in the financial statements.

### **Financial Statements**

The Financial Statements of the Company have been audited by M/s. Rao & Company, Chartered Accountants who have approved the Accounts.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year and up to the date of signing the Directors Report.

### **Insurance Ordinance 2000**

As required under the Insurance Ordinance and rules framed thereunder the Directors confirm that:

- 1) In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and the rules made thereunder
- 2) The Company has, all times in the year, where practicable complied with the provision of the Ordinance and the rules made thereunder.
- 3) As at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed thereunder as mentioned above.

## BEEMA-PAKISTAN COMPANY LIMITED

### Internal Control

Since the Company remained erroneously non-operational and was almost dormant during the year under review, these controls shall be fully implemented and monitored on resuming of business operation of the Company.

### Paid-up-Capital of the Company

During the year under review, the Paid-up-Capital of the Company was Rs.475.90 million. In 2002, it was increased from Rs.50 million to Rs.475.90 million and since then there has been no change. Details of issued, subscribed and preference Shares are as under.

Likewise, Authorised Capital of the Company was also increased during the year 2002, from Rs.50 million to Rs.500 million, and since then there was no change.

### Shares Issued, Subscribed and Paid-up Share Capital Ordinary and Preference Shares of Rs.10/- each

No. of Shares Issued	Particulars of Shares Issued	Face Value Rupees	Nature of Issue
550,000	Fully paid Ordinary shares of Rs.10/- each, issued for cash	Rs.5,500,000	Ordinary Shares
825,000	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.8,250,000	“
1,172,739	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.11,727,390	“
1,577,261	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.15,772,610	“
875,000	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.8,750,000	“
3,627,739	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.36,277,390	“
33,056,000	Fully paid Right shares of Rs.10/- each, issued for cash	Rs.330,560,000	“
41,683,739		Rs.416,837,390	
5,906,000	Preference shares of Rs.10/- each with the right to hold Management of the Company, issued to Mr. M. Shahnawaz Agha, Chairman & Chief Executive of the Company.	Rs.59,060,000	Preference Shares
47,589,739		475,897,390	

## BEEMA-PAKISTAN COMPANY LIMITED

### SUMMARY

	No. of Shares	Face Value of Shares Issued
Ordinary Shares of Rs.10/- each, Issued for cash	2,547,739	Rs.25,477,390
Ordinary Shares of Rs.10/- each, Issued against Immovable Property and Land	39,136,000	Rs.391,360,000
<b>Total Ordinary Shares</b>	<b>41,683,739</b>	<b>Rs.416,837,390</b>
Preference Shares of Rs.10/- each, To Mr. M. Shahnawaz Agha, Chairman And Chief Executive of the Company	5,906,000	Rs.59,060,000
<b>Total Paid-up Capital</b>	<b>47,589,739</b>	<b>Rs.59,060,000</b>

### Corporate Governance

Since the Company was almost dormant during the year under review and there was almost no business operation, therefore with these limitations in mind, the Company had tried its efforts to comply with the Code of Corporate Governance. However, the Company will fully implement the requirements of these codes in its organization when it runs into operation on full year basis.

### Future Outlook

The Directors and Management of the Company are quite confident and very much hopeful for a quick and better growth of the Company. The Management has taken very strong measures and made certain policies to upgrade the Company. It has been studied and projected that the total business of the group of Management owners would be diverted to this Company.

The future outlook for the short and medium term is dependent on improved political situation in the region, besides the continuation of economic and fiscal policies by the Government. All economic indicators are however, positive and should lead to higher growth in future years.

As indicated earlier that the paid-up-capital was enhanced to Rs.475 million, in view thereof, the management is hopeful of a bright future and considerable business will be generated in the coming year.

### General

We take the opportunity to express our appreciation to our valued clients, Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited, other Re-insurers, Banks, DFIs and statutory bodies our Auditors, Messrs. Rao & Company (Chartered Accountants) for their extensive co-operation and support to the Company.

The Directors are also pleased to record their appreciation of the valuable services rendered by the staff of the Company.

Director

Director

**M. SHAHNAWAZ AGHA**  
Chairman & Chief Executive

Karachi: 22<sup>nd</sup> November, 2004