MISSION STATEMENT

"To build value for our policyholders, field force, employees and shareholders, by providing quality products and services through multiple distribution channels for the Pakistani market and through investing in Pakistani financial institutions, thereby serving the Pakistani people."

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Arif Sultan Mufti	Chairman and Chief Executive	Chartered Accountant
Ehsan Ahmed Nomani	Director	Advocate
Khalid Anis-ur-Rehman	Director	Advocate
Shahid Siddqui	Director	Actuary
Patrick Choffel	Director (Alternate Mr. Irfan Amir)	Business Executive
Nurul Islam	Director	Business Executive
Arif Abdul Aziz	Director	Financial Executive
Qasim Rabbani	Director	Business Executive

COMPANY SECRETARY

Asim Iftikhar — Cost and Management Accountant

APPOINTED ACTUARY

Syed Waqar Ahmed — FSA, CFA, FRM

CONSULTING ACTUARY

Saiyid Saeed Akhtar — M.Sc., FIA, MAAA, ASA

AUDIT COMMITTEE

Arif Abdul Aziz	Chairman
Khalid Anis-ur-Rehman	Member
Shahid Siddqui	Member
Salman Qureshi	Secretary & Internal Auditor

BANKERS

MCB Bank Limited
Standard Chartered Bank
Hong Kong Shanghai Banking Corporation
Habib Bank Limited
National Bank of Pakistan
Citi Bank N.A.
NIB Bank Limited
Bank Al-Habib Limited

LEGAL ADVISOR

Surridge and Beecheno

AUDITORS

KPMG Taseer Hadi & Co. - Chartered Accountants

SHARE REGISTRARS

THK Associates (Private) Limited
Ground Floor, State Life Building - 3
Ziauddin Ahmed Road, Karachi-75530 P.O. Box No. 8533
Phone: +92 (21) 111-000-322 Fax: +92 (21) 5655595

REGISTERED OFFICE

P.O. Box No. 10528, Floor 13 (Level 16),
Dolmen City Mall, Block - 4, Clifton, Karachi.
Phone: 111-111-711 Fax: 529-0042

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting to you the 13th Annual Report of the Company along with the audited financial statements for the year ended 31 December 2007.

ECONOMY

This year country had faced many challenges including assassination of the former Prime Minister Benazir Bhutto which greatly affected the country's economy which was otherwise booming. Apart from this, high inflation and crises of essential commodities have greatly affected the common men. However despite all these challenges the economy is showing sustainable growth with rising disposable income and supportive government policies in the rationalization of taxes and market place liberalization. Facing these challenges your Company has kept full focus for sustainable future growth aligned with its strategic objectives.

REVIEW OF OPERATIONS

Company has completed its 12 full years of operation and the current year results represent modest growth. The individual life products, IGP Plus and the Savings Plan continue to register remarkable growth. The accidental and health product business also shows healthy growth with the introduction of new products last year, namely, My Child and Safe Road. During the year a new life product, Life cover plus, was introduced which is also contributing to healthy business growth.

Portfolio of the Bancassurance business continues to show remarkable growth.

The combined all lines gross premium income has reached a level of Rs.888 million, a growth of 18% over the previous year with the major increase in group health followed by group life and individual life.

Profit / Loss	**2007**	**2006**
Net Surplus of Statutory Funds	92,808	34,373
Profit before appropriation of surplus to Shareholders' Fund	13,194	13,834
Taxation	14,822	392

CLAIMS

Your Company believes in par excellence service to its policyholders in all areas, particularly, in the prompt settlement of claims, with strict measures to ensure payments of genuine claims only.

This year, claims experience was unfavourable compared to last year. In particular claims under individual life were higher. This year the claim ratio was 15 % compared to 8.2% last year.

The Company continues to adhere to its long standing policy of strict underwriting to entertain only good risks. Further, we have in place reinsurance treaties with reputable international reinsurers to protect the Company from losses above our local retention and, also, to protect our retained account.

INVESTMENTS

In view of the nature of our individual life products, we invest only in Government securities and in those securities having minimum rating of AA-. Accordingly, besides seeking good return we have to go for secured investments. During the year yield on Government securities showed some rising trend and remained above the rates offer by banks. Therefore, our focus was on investment in Government securities to generate higher investment yield.

Our investment portfolio increased by Rs. 465 million and at the end of 2007 stood at Rs. 1,902, (2006: Rs. 1,437 million) showing an increase of 32% over the previous year. 93 % (2006:77%) of our total investment portfolio is invested in Government securities. Our total net investment income during 2007 was Rs.157 million (2006: Rs. 127 million), showing an increase of 24 % over last year.

DIVIDEND

The Directors do not recommend the payment of any dividend to the shareholders for the year ended December 31, 2007 (2006: 5%).

AGENCY DEVELOPMENT

A 'quality not quantity' recruiting approach has measurably improved the persistency of new business and has helped to reduce policy lapses. Our recruitment approach is to increase the agent count with agents writing a reasonably steady volume of quality business, without relying on a few agents writing a considerable amount of business but with poor persistency. Our current agents are giving us good quality, persistent business. We continue to monitor individual agent persistency through several reports generated monthly for the Agency Department management team.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board and the management is fully committed to good corporate governance. As required under the Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan, the Directors are pleased to state the following:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained.

c) Accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent assessment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The Board is ultimately responsible for the Company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss.

The process used by the Board to review the effectiveness of system of internal control includes, inter alia, the following:

- The Audit Committee has written terms of reference and reports to the Board. It reviews the approach adopted by the Company's Internal Audit Department and the scope of, and the relationship with, the external auditors. It also receives reports from the Internal Audit Department and the external auditors on the system of internal control and any material control weaknesses that have been identified, and discusses the actions to be taken in areas of concern with the relevant executive directors.

- An organization structure has been established which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.

- Business strategies agreed at departmental level are approved by the Board. In addition, there is an annual budgeting and strategic planning processes. These strategies are reviewed during the year to reflect significant changes in business environment.

The principal features of control framework include:

Evaluation and approval procedures for all capital expenditure and other transactions.

- Regular reporting and monitoring of financial performance of the line of business using operating statistics and monthly management accounts which highlight key performance indicators and variance from budgets and quarterly forecasts.

Further, reviews of the Company's system of internal control are also carried out by the Internal Audit Department. The documented conclusions are confirmed at departmental level to the Board.

f) There are no doubts upon the Company's ability to continue as a going concern.

g) There has been no departure from the best practices of corporate governance, as detailed in Listing Regulations of the stock exchanges of Pakistan.

h) Information about outstanding taxes and levies is given in the Notes to the Accounts.

i) The un audited value of investments of Recognized Provident Fund as at December 31, 2007 was Rs. 18 million (2006: Rs. 19 million).

Key operating and financial data of last six years of American Life Insurance Company (Pakistan) Limited are as under:

Description	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Gross Premium Income	888,204	747,156	691,797	544,078	346,249	249,292
Net Premium Income	802,053	655,042	631,422	504,368	312,955	230,319
Interest and Other Income	193,811	158,176	118,409	80,894	70,841	81,559
Net Claims	261,600	230,160	176,884	96,853	81,444	79,440
Net Commission and Acquisition Costs	179,470	153,194	129,214	117,288	73,491	60,296
Administration Expenses	186,235	159,408	118,304	116,237	108,120	103,638
Policy Holder Liability	1,401,793	1,140,077	918,487	643,265	376,394	266,606
Total Assets	2,255,694	1,667,052	1,380,889	998,839	742,936	566,481

Board Meetings and Change in Directorships

Since the last report, no casual vacancies arose on the Board. During the year four meetings of the Board of Directors were held and were attended as follows:

Date of Meeting	Attended by
April 3, 2007	Mr. Arif Sultan Mufti Mr. Khalid Anis-ur-Rehman Mr. Shahid Siddiqui Mr. Irfan Amir (Alternate to Patrick Choffel) Mr. Qasim Rabbani
April 28, 2007	Mr. Arif Sultan Mufti Mr. Qasim Rabbani Mr. Shahid Siddiqui Mr. Irfan Amir (Alternate to Patrick Choffel)
August 22, 2007	Mr. Arif Sultan Mufti Mr. Shahid Siddiqui Mr. Qasim Rabbani Mr. Ehsan Ahmed Nomani Mr. Irfan Amir (Alternate to Patrick Choffel)
October 29, 2007	Mr. Arif Sultan Mufti Mr. Ehsan Ahmed Nomani Mr. Arif Abdul Aziz Mr. Khalid Anis-ur-Rehman Mr. Shahid Siddiqui Mr. Irfan Amir (Alternate to Patrick Choffel)

Leave of absence was granted to Directors who could not attend some of the Board meetings.

Strategy

Our principal strategy has been to strengthen our market share, while continuing to emphasize our core values of discipline in underwriting, tight management of expenses, and innovation in products and services. To achieve this, we continually seek to broaden distribution and intensify agency training and monitoring programs. Our agency force forms the cornerstone of our business. We rely on a three-tiered distribution operation for Ordinary Life which focuses on segmenting the market into three income classes. By developing products which cater to the specific needs of each category we continue to make inroads in the local market and strive to make ALICO a household name.

Developing and promoting Personal Accident products is also part of our strategy. Through Individual Accident & Health products and Direct Marketing initiatives we strive to increase premium, at the same time provide agents with alternative products and improved commission earnings.

Our Group Operation has been able to develop a sizable portfolio of multinational and reputed local organizations over the years. We continue to expand this business by adding new products, seeking alternative distribution channels and focusing on marketing additional products and services to our existing clients.

Finally, constant training is required to maintain the professionalism of our agency forces and our own employees, and this priority ranks very high in our overall strategy.

Future Outlook

Your Company remains optimistic about the long term opportunities while at the same time meeting the short term challenge. Your Company responded to the challenge by enhancing customer focus and by building an efficient field force. Your Company is closely monitoring the market situation, and believes that its unique business model and prudent risk management practice, coupled with a strong customer base and deep client relationship, will give it a sustainable long term competitive advantage. The Company will aggressively pursue new opportunities, and will ensure adequate internal preparedness to take maximum advantage of such opportunities.

HUMAN RESOURCES AND TRAINING

The Company continued to recruit staff on merit and provide training for desired skills. Company believes in retention of best talent. The Management continues to provide training to the staff at local as well as regional level in all spheres of business activities, including technical and operational support.

We are staffed with the local personnel who are constantly studying the need of individuals and developing innovative products to the specific need of each market segment.

The Company provides full financial assistance and encourages employees to appear in insurance diploma exams of the Life Office Management Association and the Society of Actuaries, USA.

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 31 December 2007 is included with the report. American Life Insurance Company holds 61.8% while other shareholders hold 38.2% of the Company's total shareholding.

All trades in the shares of the Company carried out by the Directors, CEO, CFO and Company Secretary, their spouses and minor children is reported as under:

Arif Sultan Mufti, CEO	avail Right Shares entitlement 44,153

SUBSEQUENT EVENTS

There have been no material changes since 31 December 2007 and the Company has not entered into any commitment which could affect its financial position between the end of the financial year and the date of this report.

AUDITORS

Our present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for appointment as auditors for the forthcoming year. The Board of Directors on the recommendations of the audit committee has proposed its appointment as auditors for the year 2008.

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 the remarkable contribution made by the ALICO employee towards the Company's present achievements.

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

On behalf of the Board of Directors.

Arif S. Mufti
CHAIRMAN & CEO
29 February 2008

Pattern of Shareholding as at December 31, 2007

Number of Shareholders	Having shares From	Having shares To	Total shares held
387	1	100	14749
143	101	500	52835
69	501	1000	55662
94	1001	5000	215273
11	5001	10000	83151
4	10001	15000	49114
4	15001	20000	66998
2	20001	25000	45307
4	25001	30000	109844
4	35001	40000	150421
1	60001	65000	61538
1	75001	80000	75115
2	125001	130000	252806
1	150001	155000	153846
1	195001	200000	200000
1	2095001	2100000	2100000
1	2270001	2275000	2270038
1	2310001	2315000	2314000
1	2525001	2530000	2527350
1	2540001	2545000	2544594
1	2620001	2625000	2620769
1	3120001	3125000	3125000
1	30910001	30915000	30911590
736			50000000

Categories of shareholders	Number of shareholders	Total shares held	Percentage
Individuals	719	11,276,536	22.55
Joint Stock Companies	7	34,913	0.07
Financial Institutions	7	5,155,385	10.31
Foreign Companies	3	33,533,166	67.07
	736	50,000,000	100.00

Disclosure of Pattern of Shareholding as at December 31, 2007

Shareholders' category	Number of shareholders	Shares held
Associated companies, undertakings and related parties	1	30,911,590
NIT and ICP	1	1,000
Directors, CEO and their spouse and minor children	4	3,252,153
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarbas and Mututal funds	9	7,776,961
Joint Stock Companies and Others	7	34,913
Shareholders holding ten percent or more voting interest	1	30,911,590

Disclosure of Pattern of Shareholding as at December 31, 2007

Asscociated companies undertakings and related parties	**No. of shares held**
American Life Insurance Company, Inc. USA	30,911,590
NIT and ICP	
Investment Corporation of Pakistan	1,000
Directors, CEO and their spouse and minor children	
Mr. Arif Abdul Aziz	3,125,000
Mr. Arif Sultan Mufti	126,153
Mr. Ehsan Ahmed Nomani	500
Mr. Khalid Anis-ur-Rehman	500
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarbas and Mutual Funds	
Crescent Investment Bank Limited	3,100
Trust Investment Bank Limited	500
First Dawood Investment Bank Limited	2,548,594
CDC - Trustee First Dawood Mutual Fund	2,270,038
Dawood Capital Management Limited	128,153
Dawood Equities Limited	200,000
Karachi Investment Company (Pvt.) Limited	5,000
The Bank of New York	2,620,769
Habib Bank AG Zurich, London	807
Joint Stock Companies and Others	
Ali Husain Rajabali Limited	16,500
MTM Securities (Pvt.) Limited	13,846
Y. S. Securities & Services (Pvt.) Limited	769
A. Sattar Motiwala Securities (Pvt.) Limited	645
Time Securities (Pvt.) Limited	2,000
HUM Securities Limited	1,000
KAI Securities (Pvt.) Limited	153
Shareholders holding ten percent or move voting interest	
American Life Insurance Company, Inc. USA	30,911,590

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ended 31 December 2007

The Board of Directors of American Life Insurance Company (Pakistan) Limited has always supported and reconfirm its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

The Securities and Exchange Commission of Pakistan (SECP) vide its letter no. 2(10)SE/SMD/202 dated March 28, 2002 has directed all the Stock Exchanges to fully adopt the Code of Corporate Governance ("Code") in their listing regulations. In May 2002, the Stock Exchanges have formally incorporated this code in their listing rules.

In addition to the above, this statement is being presented to comply with the Code of Corporate Governance applicable to listed Insurance Companies issued under SRO. 68(1)/2003, for the purpose of establishing a framework of good governance, whereby an Insurance company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non-executive directors and one executive director.

2. None of the directors of the Company is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFC. No director is a member of Stock exchange.

4. A casual vacancy occurring in the Board on February 14, 2007 was filled up by the directors within 5 days thereof.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met Four times in the year. The written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.

9. The Board has established a system of sound Internal Control, which is effectively implemented at all levels of the company. The company includes all the necessary aspects of Internal Control given in the Code.

10. The Directors are well conversant with the listing regulations, legal requirements and operational imperatives of the Company, and as such fully aware of their duties and responsibilities. Furthermore, an in-house orientation course was also held during the year.

11. The Board had approved appointment of CFO, including their remuneration and terms and conditions of employment, as determined by the CEO.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed Underwriting, Claim settlement, Reinsurance committees. The meetings of these committees held at least once in each quarter.

17. The Board has formed an Audit Committee. It comprises three members; all are non executive directors including the chairman of the committee.

18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.The terms of reference of the Committee have been formed and advised to the Committee for compliance.

19. The Board has set-up an effective Internal Audit function. The Internal Audit Department reports directly to the Chairman of the Audit Committee.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The actuary appointed by the company has confirmed that he or his spouse and minor children do not hold shares of the company.

23. The Board ensures that the Appointed Actuary complied with the requirements set out for him in this code.

24. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board

Arif S. Mufti
Chairman & CEO
Karachi: February 29, 2008

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of American Life Insurance Company (Pakistan) Limited (" the Company") to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed, and the Code of Corporate Governance applicable to listed insurance companies, issued under SRO 68(1)/2003, by the Securities and Exchange Commission of Pakistan.

The responsibility for compliance with the above Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of such Codes and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with these Codes.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes of Corporate Governance as applicable to the Company for the year ended 31 December 2007.

KPMG Taseer Hadi & Co.

Chartered Accountants

Karachi : 29 February 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

(i) balance sheet;
(ii) profit and loss account;
(iii) statement of changes in equity;
(iv) cash flow statement;
(v) revenue account;
(vi) statement of premiums;
(vii) statement of claims;
(viii) statement of expenses; and
(ix) statement of investment income

of **American Life Insurance Company (Pakistan) Limited** as at 31 December 2007 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in confirmity with the Approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts an disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2007 and of the profit, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary.

e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: 29 February 2008
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2007

	Note	SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE	
			Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
				Individual	Group	Individual	Group			
		(Rupees in 000')								
Share Capital and Reserves										
Authorized share capital (50,000,000 ordinary shares of Rs. 10/- each)		500,000	-	-	-	-	-	-	**500,000**	500,000
Issued, subscribed and paid-up share capital	6	500,000	-	-	-	-	-	-	**500,000**	325,000
Accumulated defict net	7	(170,458)	-	-	-	-	-	-	**(170,458)**	(191,751)
Net Shareholders' Equity		329,542	-	-	-	-	-	-	**329,542**	133,249
Balance of Statutory Fund [including policyholders' liabilities Rs. 1,402 million (2006: Rs. 1,140 million)]		-	439,215	743,578	315,677	18,166	77,797	591	**1,595,024**	1,279,671
Deferred Liabilities										
Staff gratuity		-	-	-	-	-	-	-	-	13,013
Creditors and Accruals										
Outstanding claims		-	4,025	47,726	91,608	8,930	25,316	-	**177,605**	139,814
Payable to gratuity fund	9	-	4,240	6,687	2,677	179	805	2	**14,590**	-
Premiums received in advance		-	965	14,873	350	1,240	-	-	**17,428**	22,156
Amount due to other insurers/reinsurers		-	546	861	28,209	7,704	7,450	-	**44,770**	23,471
Amount due to agents		-	1,741	2,748	-	403	-	-	**4,892**	4,796
Accrued expenses		-	8,254	13,019	5,211	349	1,567	2	**28,402**	24,034
Provision for tax less payments		305	-	-	-	-	-	-	**305**	-
Other creditors and accruals	10	-	8,489	10,578	2,738	201	4,526	1	**26,533**	18,526
		305	28,260	96,492	130,793	19,006	39,664	5	**314,525**	232,797
Other Liabilities										
Dividend	11	16,603	-	-	-	-	-	-	**16,603**	8,322
TOTAL LIABILITIES		16,908	467,475	840,070	446,470	37,172	117,461	596	**1,926,152**	1,533,803
TOTAL EQUITY AND LIABILITIES		346,450	467,475	840,070	446,470	37,172	117,461	596	**2,255,694**	1,667,052

	Note	SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE	
			Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
				Individual	Group	Individual	Group			
		(Rupees in 000')								
Cash and Bank Deposits										
Cash and others		-	74	116	46	3	14	-	**253**	251
Current and other accounts		11,269	25,575	18,461	11,216	660	1,767	4	**68,952**	35,021
Deposits maturing within 12 months		4,900	47,700	68,526	17,977	867	-	30	**140,000**	340,467
		16,169	73,349	87,103	29,239	1,530	1,781	34	**209,205**	375,739
Loans secured against Life Insurance Policies		-	15,313	24,152	-	-	-	-	**39,465**	27,687
Loans secured against other assets										
To employees		511	-	-	-	-	-	-	**511**	1,048
To agents		1,577	-	-	-	-	-	-	**1,577**	2,268
Investments	12									
Government securities		274,250	352,146	636,340	369,914	38,478	89,040	1,227	**1,761,395**	1,090,644
Term finance certificates		-	-	-	563	-	-	-	**563**	5,824
		274,250	352,146	636,340	370,477	38,478	89,040	1,227	**1,761,958**	1,096,468
Current Assets - Others										
Premiums due but unpaid	13	-	4,611	27,024	19,072	-	35,193	-	**85,900**	45,859
Amount due from other insurers/reinsurers		-	-	-	-	7,194	-	-	**7,194**	13,717
Advance Tax - net		-	-	-	-	-	-	-	-	7,253
Prepayments		-	6,459	10,188	4,078	273	1,228	1	**22,227**	17,697
Inter-fund balances		49,453	(19,789)	-	-	(11,971)	(17,015)	(678)	-	-
Sundry receivables	14	80	5,569	8,784	3,516	235	1,059	1	**19,244**	15,180
Accrued interest		4,410	8,152	12,305	6,409	517	2,057	6	**33,856**	21,547
		53,943	5,002	58,301	33,075	(3,752)	22,522	(670)	**168,421**	121,253
Fixed Assets - tangible										
Capital work in progress		-	2,344	3,697	1,480	99	445	1	**8,066**	11,324
Leasehold improvements, furniture & fixtures, office equipments, computers and vehicles	15	-	19,321	30,477	12,199	817	3,673	4	**66,491**	31,265
		-	21,665	34,174	13,679	916	4,118	5	**74,557**	42,589
TOTAL ASSETS		346,450	467,475	840,070	446,470	37,172	117,461	596	2,255,694	1,667,052

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	2007	2006
		(Rupees in 000')	
Investment income not attributable to statutory funds			
Return on Government Securities		**13,011**	13,424
Less: Amortisation of premium relative to par		**972**	931
Net Investment Income		**12,039**	12,493
Return on PLS term deposits and saving accounts		**1,996**	2,000
		14,035	14,493
Expenses not attributable to statutory funds			
Administration and miscellaneous expnses		**841**	659
Profit before appropriation of surplus to Shareholders' Fund		**13,194**	13,834
Surplus appropriated to Shareholders' Fund from Ledger Account D		**33,706**	27,000
Profit before tax		**46,900**	40,834
Taxation	19		
- Current		**14,822**	-
- Deferred		**-**	392
		14,822	392
Profit after tax		**32,078**	40,442
		(Rupees)	
Earnings per share - basic and diluted - restated	20	**0.72**	0.91

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007

	Share Capital	Accumulated Surplus/(Deficit): Accumulated Surplus	Accumulated Surplus/(Deficit): Capital contributed to Statutory Funds	Accumulated Surplus/(Deficit): Sub-total	Total
	(Rupees in 000')				
Balance as at 1 January 2006	325,000	169,450	(364,849)	(195,399)	129,601
Capital contributed during the year	-	-	(48,622)	(48,622)	(48,622)
Capital withdrawn during the year	-	-	11,828	11,828	11,828
	-	-	(36,794)	(36,794)	(36,794)
Profit for the year - total recognised income and expense for the year	-	40,442	-	40,442	40,442
Balance as at 31 December 2006	325,000	209,892	(401,643)	(191,751)	133,249
Dividend for the year ended 31 December 2006 @ 5%	-	(16,250)	-	(16,250)	(16,250)
Right shares issued	175,000	-	-	-	175,000
Capital contributed during the year	-	-	-	-	-
Capital withdrawn during the year	-	-	5,465	5,465	5,465
	-	-	5,465	5,465	5,465
Profit for the year - total recognised income and expense for the year	-	32,078	-	32,078	32,078
Balance as at 31 December 2007	500,000	225,720	(396,178)	(170,458)	329,542

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE	
			Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
				Individual	Group	Individual	Group			
						(Rupees in 000')				
Operating Cash Flows										
a) Underwriting activities										
Premium received net of policy transfers		-	57,368	419,362	216,188	39,542	110,975	-	**843,435**	758,630
Reinsurance premium paid		-	3,060	(16,185)	(37,080)	(6,088)	8,623	-	**(47,670)**	(103,462)
Claims paid		-	(13,923)	(25,057)	(95,496)	(5,540)	(72,065)	-	**(212,081)**	(199,700)
Surrenders paid		-	(3,198)	(24,659)	-	-	-	-	**(27,857)**	(21,267)
Reinsurance recovery received		-	62	4,931	8,298	2,308	530	-	**16,129**	2,665
Commission paid		-	(8,865)	(97,446)	(59,826)	(10,545)	(926)	-	**(177,608)**	(155,545)
Commission received		-	(1,224)	6,474	14,832	2,435	(3,449)	-	**19,068**	41,386
Net cash flow from underwriting activities		-	33,280	267,420	46,916	22,112	43,688	-	**413,416**	322,707
b) Other operating activities										
Income tax (paid)		(7,264)	-	-	-	-	-	-	**(7,264)**	(1,845)
General management expenses and other opearting payments		(921)	(9,949)	(110,235)	(48,220)	(11,724)	(19,389)	(9)	**(200,447)**	(178,660)
Other operating receipts		(1,892)	(1,241)	13,391	8,842	1,942	5,994	-	**27,036**	22,101
Loans		1,228	(15,313)	3,535	-	-	-	-	**(10,550)**	(8,852)
Inter fund transaction		(18,565)	65,843	(81,805)	35,665	5,119	(5,399)	(858)	**-**	-
Net cash flow from other operating activities		(27,414)	39,340	(175,114)	(3,713)	(4,663)	(18,794)	(867)	**(191,225)**	(167,256)
Total cash flows from all operating activities		(27,414)	72,620	92,306	43,203	17,449	24,894	(867)	**222,191**	155,451
Investment activities										
Profit/return received		9,163	19,454	29,983	24,594	3,810	8,085	109	**95,198**	47,848
Proceeds from short term deposits		7,016	68,302	98,124	25,741	1,241	-	42	**200,466**	(240,467)
Payments for investments		(231,941)	(147,252)	(243,049)	(154,635)	-	(17,082)	-	**(793,959)**	(215,844)
Proceeds from redemption of investments		53,708	10,000	50,558	74,134	-	-	-	**188,400**	262,881
Fixed capital expenditure		-	(14,166)	(24,714)	(7,807)	(371)	(3,342)	16	**(50,384)**	(12,266)
Capital work in progress		-	841	1,151	1,161	137	(39)	7	**3,258**	(11,324)
Proceeds from disposal of fixed assets		-	487	850	268	13	115	(1)	**1,732**	-
Total cash flows from investing activities		(162,054)	(62,334)	(87,097)	(36,544)	4,830	(12,263)	173	**(355,289)**	(169,172)
Financing activities										
Capital payments received by statutory funds		-	-	-	-	-	-	-	**-**	-
Surplus appropriated to Shareholders' fund		33,706	-	-	-	(22,056)	(11,186)	(464)	**-**	-
Proceeds from issue of right shares		175,000	-	-	-	-	-	-	**175,000**	-
Dividends paid		(7,969)	-	-	-	-	-	-	**(7,969)**	-
Total cash flows from financing activities		200,737	-	-	-	(22,056)	(11,186)	(464)	**167,031**	-
Net cash inflow/(outflow) from all activities		11,269	10,286	5,209	6,659	223	1,445	(1,158)	**33,933**	(13,721)
Cash and cash equivalents at the beginning of the year		-	15,363	13,368	4,603	440	336	1,162	**35,272**	48,993
Cash and cash equivalents at the end of the year	21	11,269	25,649	18,577	11,262	663	1,781	4	**69,205**	35,272
Reconciliation to Profit and Loss Account										
Operating cash flows									**222,272**	155,451
Depreciation expense									**(12,764)**	(8,517)
Loss on disposal of fixed assets									**(661)**	-
Increase/(decrease) in assets other than cash									**45,329**	3,155
(Increase)/decrease in liabilities									**(330,431)**	(238,349)
Investment income									**155,125**	124,799
Profit received on bank deposits									**12,310**	11,276
Deficit/(Surplus) of statutory funds									**(92,808)**	(34,373)
Surplus appropriated to Shareholders' fund									**33,706**	27,000
Profit after taxation									**32,078**	40,442

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
		(Rupees in 000')							
Income									
Premiums less reinsurances		54,996	392,865	190,343	29,369	134,480	-	**802,053**	655,042
Policy transfers from other statutory funds		34,682	-	-	-	-	-	**34,682**	43,105
Net investment income		30,387	67,749	33,994	3,204	7,645	108	**143,087**	112,306
Other income-net	18	1,039	17,743	9,727	1,806	6,374	-	**36,689**	31,377
Total net income		121,104	478,357	234,064	34,379	148,499	108	**1,016,511**	841,830
Claims and expenditure									
Claims, including bonuses, net of reinsurance recoveries		21,084	46,216	109,196	4,745	80,359	-	**261,600**	230,160
Policy transfers to other statutory funds		-	34,682	-	-	-	-	**34,682**	43,105
Management expenses less recoveries		22,388	201,022	100,218	17,485	24,592	-	**365,705**	312,602
Total Claims and Expenditure		43,472	281,920	209,414	22,230	104,951	-	**661,987**	585,867
Excess of income over claims and expenditure		77,632	196,437	24,650	12,149	43,548	108	**354,524**	255,963
Add: Policyholders' liabilities at beginning of the year	5	320,708	488,059	265,863	23,777	40,861	809	**1,140,077**	918,487
Less: Policyholders' liabilities at end of the year	8	(407,369)	(642,544)	(257,193)	(17,210)	(77,386)	(91)	**(1,401,793)**	(1,140,077)
Movement in policyholders' liabilities		(86,661)	(154,485)	8,670	6,567	(36,525)	718	**(261,716)**	(221,590)
Surplus / (deficit)		(9,029)	41,952	33,320	18,716	7,023	826	**92,808**	34,373
Movement in policyholders' liabilities		86,661	154,485	(8,670)	(6,567)	36,525	(718)	**261,716**	221,590
Transfers (to) or from Shareholders' Fund									
- Capital returned to Shareholders' Funds		-	-	-	-	(3,888)	(1,577)	**(5,465)**	(11,828)
- Capital contributions from Shareholders' Fund		-	-	-	-	-	-	**-**	48,622
- Surplus appropriated to Shareholders' Fund		-	-	-	(22,056)	(11,186)	(464)	**(33,706)**	(27,000)
		-	-	-	(22,056)	(15,074)	(2,041)	**(39,171)**	9,794
Balance of Statutory Fund at beginning of the year		361,583	547,141	291,027	28,073	49,323	2,524	**1,279,671**	1,013,914
Balance of Statutory Fund at end of the year		439,215	743,578	315,677	18,166	77,797	591	**1,595,024**	1,279,671
Represented by:									
Capital contributed by Shareholders' Fund	5	28,916	223,452	143,810	-	-	-	**396,178**	401,643
Policyholders' liabilities		407,369	642,544	257,193	17,210	77,386	91	**1,401,793**	1,140,077
Retained earnings attributable to policyholders (Ledger account A)		(1,776)	-	-	-	-	-	**(1,776)**	10,050
Retained earnings on par business attributable to shareholders-undistributable (Ledger account B)		4,706	-	-	-	-	-	**4,706**	1,909
Retained earnings on other than participating business (Ledger account D)		-	(122,418)	(85,326)	956	411	500	**(205,877)**	(274,008)
Balance of statutory fund		439,215	743,578	315,677	18,166	77,797	591	**1,595,024**	1,279,671

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

ALICO AIG Life

STATEMENT OF PREMIUMS FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
		(Rupees in 000')							
Gross premiums									
Regular premium individual policies*									
First year		11,483	151,981	-	20,508	-	-	**183,972**	186,301
Second year renewal		10,478	101,716	-	19,182	-	-	**131,376**	100,049
Subsequent year renewal		37,284	170,132	-	-	-	-	**207,416**	185,514
Group policies without cash values		-	-	230,275	-	135,165	-	**365,440**	275,292
Total gross premiums		59,245	423,829	230,275	39,690	135,165	-	**888,204**	747,156
Less : Reinsurance premiums ceded									
On individual life first year business		899	11,898	-	-	-	-	**12,797**	18,773
On individual life second year business		735	7,134	-	-	-	-	**7,869**	8,761
On individual life renewal business		2,615	11,932	-	-	-	-	**14,547**	19,500
On individual accident and health first year		-	-	-	4,772	-	-	**4,772**	4,854
On individual accident and health second year		-	-	-	5,549	-	-	**5,549**	1,580
On group policies		-	-	39,932	-	685	-	**40,617**	38,646
		4,249	30,964	39,932	10,321	685	-	**86,151**	92,114
Net Premiums		54,996	392,865	190,343	29,369	134,480	-	**802,053**	655,042

* Individual policies are those undewritten on an individual basis, and include joint life policies underwritten as such.

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

STATEMENT OF CLAIMS FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
			Individual	Group	Individual	Group			
		(Rupees in 000')							
Gross claims									
Claims under individual policies									
by death		1,953	26,488	-	6,173	-	-	34,614	8,507
by insured event other than death		-	-	-	880	-	-	880	1,583
by maturity		15,995	-	-	-	-	-	15,995	11,571
by surrender		3,198	24,659	-	-	-	-	27,857	21,267
Total gross individual policy claims		21,146	51,147	-	7,053	-	-	79,346	42,928
Claims under group policies									
by death		-	-	97,136	-	-	-	97,136	114,458
by insured event other than death		-	-	-	-	78,574	-	78,574	52,946
experience refund		-	-	20,358	-	2,315	-	22,673	22,493
Total gross group claims		-	-	117,494	-	80,889	-	198,383	189,897
Total Gross Claims		21,146	51,147	117,494	7,053	80,889	-	277,729	232,825
Less : Reinsurance Recoveries									
On individual life first year business claims		13	1,895	-	-	-	-	1,908	318
On individual life second year business claims		11	1,136	-	-	-	-	1,147	133
On individual life renewal business claims		38	1,900	-	-	-	-	1,938	297
On individual accident and health business claims		-	-	-	2,308	-	-	2,308	(500)
On group business claims		-	-	8,298	-	530	-	8,828	2,417
		62	4,931	8,298	2,308	530	-	16,129	2,665
Net Claims		21,084	46,216	109,196	4,745	80,359	-	261,600	230,160

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

STATEMENT OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
			Individual	Group	Individual	Group			
		(Rupees in 000')							
Acquisition Costs									
Remuneration to insurance intermediaries on individual policies:									
Commission on first year premiums		6,244	82,632	-	6,249	-	-	**95,125**	94,162
Commission on second year premiums		739	7,174	-	4,295	-	-	**12,208**	7,932
Commission on subsequent renewal premiums		1,881	7,738	-	-	-	-	**9,619**	10,695
Other benefits to insurance intermediaries		2,649	21,933	-	1,612	-	-	**26,194**	23,745
		11,513	119,477	-	12,156	-	-	**143,146**	136,534
Remuneration to insurance intermediaries on group policies:									
Commission		-	-	59,826	-	926	-	**60,752**	38,913
Other benefits to insurance intermediaries		-	-	759	-	-	-	**759**	1,010
Branch Overheads									
- Salaries and other benefits		1,247	8,938	4,722	845	2,297	-	**18,049**	17,014
- Other operational cost		2,061	14,769	7,803	1,396	3,795	-	**29,824**	24,677
		3,308	23,707	12,525	2,241	6,092	-	**47,873**	41,691
Other acquisition cost									
Policy stamps		202	2,342	1,418	314	264	-	**4,540**	5,830
		15,023	145,526	74,528	14,711	7,282	-	**257,070**	223,978
Administration Expenses									
Salaries & other benefits		3,078	27,758	12,532	4,171	8,150	-	**55,689**	44,308
Travelling expenses		145	1,336	687	123	334	-	**2,625**	1,662
Auditors' remuneration	16	42	382	196	35	95	-	**750**	675
Actuary's fees		114	1,043	536	96	261	-	**2,050**	1,810
Medical fees		65	599	784	-	72	-	**1,520**	1,772
Legal and professional expenses		41	374	193	35	94	-	**737**	406
Advertisements		139	1,282	659	118	321	-	**2,519**	2,991
Computer expenses		39	362	187	33	91	-	**712**	721
Printing and Stationery		382	3,512	1,805	324	878	-	**6,901**	7,014
Depreciation		2,967	6,596	2,341	156	704	-	**12,764**	8,517
Rental		998	9,184	4,721	845	2,296	-	**18,044**	14,524
Other Management Expenses	17	1,474	18,256	8,599	1,537	4,185	-	**34,051**	33,317
Gross Management Expenses		24,507	216,210	107,768	22,184	24,763	-	**395,432**	341,695
Commission from Reinsurers		(2,119)	(15,188)	(7,550)	(4,699)	(171)	-	**(29,727)**	(29,093)
Net Management Expenses		22,388	201,022	100,218	17,485	24,592	-	**365,705**	312,602

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
		(Rupees in 000')							
Investment Income									
Return on									
- Government Securities		32,777	69,228	36,719	3,809	8,190	108	**150,831**	117,370
- Term Finance Certificates		-	152	191	-	-	-	**343**	3,633
		32,777	69,380	36,910	3,809	8,190	108	**151,174**	121,003
Less : Amortisation of premium		2,390	1,631	2,916	605	545	-	**8,087**	8,697
		30,387	67,749	33,994	3,204	7,645	108	**143,087**	112,306

The annexed notes from 1 to 27 are an integral part of these financial statements.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

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 registered office of the Company is situated at Floor 13 (Level 16), Dolmen City Mall, Block 4, Clifton, Karachi. The Company commenced its operations on 25 May 1995 after registration with the Controller of Insurance on 30 April 1995.

The Company is a subsidiary of American Life Insurance Company (incorporated in the United States of America). The ultimate parent of the Company is American International Group (incorporated in the United States of America).

The Company is engaged in life insurance, carrying on both participating and non-participating business. In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders ' Fund and separate Statutory Funds, in respect of each class of life insurance business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary, are as follows:

- Life (participating)
- Life (non-participating) - Individual
- Life (non-participating) - Group
- Accident & Health– Individual
- Accident & Health– Group
- Pension Business Fund*

* The Company has dicontinued pension business and accordingly no new business has been written under this fund.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Inusrance) Rules, 2002. In case the requirements differ, the provisions or diretives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.1 Use of judgements and assumptions

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recongised in the period in which the estimate in revised and in any future periods affected.

Actual results may differ from these estimates. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are described in note 23.

3.2 Functional and presentation currency

These financial statements have been presented in Pakistani Rupee, which is the Company's functional currency.

All financial information presented in Pak Rupees has been rounded to the nearest thousand.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Statutory funds

(i) The Company maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Company are referable to respective Statutory Funds, however, wherever, these are not referable to Statutory Funds, they are allocated to the Shareholders' Fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the Appointed Actuary.

(ii) Actuarial valuation of life insurance business is required to be carried out annually as at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at 31 December 2007.

(iii) As asvised by Securities and Exchange Commission of Pakistan vide letter No. 46/52/ALICO/2004 dated 12 October 2004, the Company adopted the following basis in respect of ledger account:

- Allocated (100%) to Ledger Account B the accumulated deficit in the Life (Participating) Statutory Fund up to 31 December 2001 with zero balance in Ledger Account A.

- Transfer of Surplus in the Life (Participating) Statutory Fund, before allocation of bonus to participating policyholders, to Ledger Account A and then appropriation thereof as bonus to policyholders; and

- In accordance with the SECP directive, capital contributed for the purpose of bonus, or contributed for solvency and later diverted to bonus allocation, should no longer be considered as capital (i.e loan from shareholder) but be made part of permanent money of the Life (Participating) Statutory Fund.

4.2 Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The bases used are applied consistently from year to year.

4.3 Staff retirement benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees. Monthly contributions are made by the Company and the employees @10% of basic salary.

During the year, Rs. 4,009 thousand (2006: Rs. 3,042 thousand) has been recognised in the revenue account in respect of defined contribution plan.

Defined benefit plan

The Company also operates a gratuity scheme, which covers all permanent employees in the regular service of the Company. The Scheme provides for a graduated scale of benefits, dependent on the length of the service, on termination date. Gratuity is based on the last drawn salary.

The latest actuarial valuation of the scheme was carried out as at 31 December 2007. The "Projected Unit Credit" actuarial cost method, using the following significant assumptions, was used by the actuary for valuation:

Discount rate	10%
Expected rate of increase in salary	10%

Actuarial gains or losses in excess of the 10% of the actuarial liability or plan assets are recognised over the average life of the employees.

During the year, the unfunded gratuity scheme has been converted into a funded scheme. As the approval from the tax authorities has not ben obtained at the year end, therefore funds have not yet been transferred.

4.4 Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and last drawn salary.

4.5 Taxation

Income tax expense comprises of current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using tax rates enacted or substantively enacted. The charge for the current tax also includes adjustments, where considered necessary, to provisions for tax made in prior years arising from assessments framed during the year for such years.

Deferred

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4.6 Liability for outstanding claims

Claims are recognised at the date at which the insured event occurs except for accident and health claims which are recognised as soon as a reliable estimate of the claim amount can be made. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet.

The claims liability constitutes amounts pertaining to unpaid claims and estimated claims settlement cost. Claims incurred but not reported (IBNR) are included in the policyholders' liabilities.

Claims recoveries receivable from reinsurers are recognized as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

Experience refund of premium is included in outstanding claims.

4.7 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Company to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.8 Investments

The Company has classified all its investments as held to maturity. These are investments with fixed or determinable payments and fixed maturity and the management has positive intent and ability to hold to maturity.

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date i.e. the date when the Company commits to purchase or sell the investment.

Subsequently, investments are measured at amortized cost, less provision for other than temporary impairment in value, using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss is recognised in the income when the investment is derecognised or impaired.

4.9 Fixed assets – tangible

These are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation charge is based on straight line method of depreciation to allocate the depreciable amount of an asset over its estimated useful life at the rates given in note 15. Depreciable amount represents cost less estimated residual value, if any. Depreciation on additions is charged from the month in which asset is put to use and on diposal, upto the month the asset is in use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the year in which these are incurred.

The asset's useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

Gains or Losses on disposal or retirement of assets are taken to the Revenue Account.

4.10 Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.11 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed quarterly and adjusted to reflect current best estimate.

4.12 Revenue recognition

Premiums

- First year premiums on individual policies are recognised when the related policies are issued and premiums received. Second year and subsequent year renewal premiums are recognised when due.

- Group premiums are recognised when due.

Markup / Interest

Return on Government Securities and Term Finance Certificates are recognised on a time proportion basis that takes into account the effective yield on the asset.

Mark-up on bank deposits, loans to employees and loans to policyholders are recognised on accrual basis.

4.13 Acquisition costs

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer is recognised as revenue.

4.14 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or subclasses of business (Statutory Funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company operates in Pakistan only.

4.15 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account or revenue account.

4.16 Financial assets and liabilities

All financial assets and liabilities are initially recognised at fair value plus all directly attributable transaction cost. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities are included in the profit and loss account or revenue account.

4.17 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.18 Cash and cash equivalents

For the purposes of cash flow statement cash means:
- Cash and stamps in hand
- Cash at bank on current and other accounts
- Deposits maturing within three months

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by actuary or allowed by Insurance Ordinance 2000, are recognised in the year in which these are approved.

5. MOVEMENT IN EQUITY

	Note	STATUTORY FUNDS						AGGREGATE	
		Life	Life (Non-Participating)		Accident & Health		Pension	2007	2006
		(Participating)	Individual	Group	Individual	Group	Business Fund		
					(Rupees in 000')				
Policyholders' liabilities									
Balance at the beginning of the year		320,708	488,059	265,863	23,777	40,861	809	**1,140,077**	918,487
Increase/(decrease) during the year		86,661	154,485	(8,670)	(6,567)	36,525	(718)	**261,716**	221,590
Balance at the end of the year		407,369	642,544	257,193	17,210	77,386	91	**1,401,793**	1,140,077
Retained earnings attributable to policyholders - Ledger Account A									
Balance at the beginning of the year		10,050	-	-	-	-	-	**10,050**	4,861
Surplus/(deficit) allocated during the year (note 5.1)		27,971	-	-	-	-	-	**27,971**	39,660
Surplus Adjustment - 10% transfer to Ledger Account B		(2,797)	-	-	-	-	-	**(2,797)**	(3,966)
Bonus allocated during the year		(37,000)	-	-	-	-	-	**(37,000)**	(30,505)
Closing balance at the end of the year		(1,776)	-	-	-	-	-	**(1,776)**	10,050
Retained earnings on par business attributable to shareholders - Ledger Account B									
Balance at the beginning of the year		1,909	-	-	-	-	-	**1,909**	(2,057)
Surplus Adjustment - 10% transferred from Ledger Account A		2,797	-	-	-	-	-	**2,797**	3,966
Closing balance at the end of the year		4,706	-	-	-	-	-	**4,706**	1,909
Retained earnings on other than participating business - Ledger Account D									
Balance at the beginning of the year		-	(164,370)	(118,646)	4,296	4,574	138	**(274,008)**	(272,226)
Surplus/(deficit) allocated during the year		-	41,952	33,320	18,716	7,023	826	**101,837**	25,218
Surplus appropriated to Shareholders' Fund		-	-	-	(22,056)	(11,186)	(464)	**(33,706)**	(27,000)
Closing balance at the end of the year		-	(122,418)	(85,326)	956	411	500	**(205,877)**	(274,008)
Capital contributed by shareholders' fund									
Balance at the beginning of the year		28,916	223,452	143,810	-	3,888	1,577	**401,643**	364,849
Capital contributed during the year		-	-	-	-	-	-	**-**	48,622
Capital withdrawn during the year		-	-	-	-	(3,888)	(1,577)	**(5,465)**	(11,828)
		-	-	-	-	(3,888)	(1,577)	**(5,465)**	36,794
Balance at the end of the year		28,916	223,452	143,810	-	-	-	**396,178**	401,643

5.1 This represents surplus earned in Life (Participating) Statutory Fund before allocation of bonus. Amount of surplus appearing in the Revenue Account is net off bonus allocated during the year.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2007	2006		2007	2006
(Number of shares in '000)			(Rupees in 000')	
50,000	32,500	Ordinary shares of Rs. 10 each fully paid in cash	500,000	325,000

American Life Insurance Company (incorporated in the United States of America) held 30,911,590 shares representing 61.82% (2006: 16,566,250 Shares representing 51%) of Company's shares as at 31 December 2007.

7. ANALYSIS OF ACUMULATED SURPLUS/(DEFICIT) AS SHOWN IN THE BALANCE SHEET

	2007	2006
	(Rupees in 000')	
Accumulated Surplus in the statement of changes in equity ignoring effect of capital transfers at beginning of the year	209,892	169,450
Add: Surplus in profit and loss account for the year	32,078	40,442
Less: Dividend declared	(16,250)	-
Accumulated surplus in the statement of changes in equity ignoring effect of capital transfers at end of the year	225,720	209,892
Less: Accumulated net capital transfers in statutory funds	(396,178)	(401,643)
Total as shown in the Balance Sheet	(170,458)	(191,751)

7.1 In order to achieve compliance with the requirements of the Insurance Ordinance, 2000 relating to i) solvency; and ii) return of capital from statutory funds to shareholders' fund, the Company as at 31 December 2007 has retained an amount of Rs. 190.3 million (2006: Rs. 127.6 million) in the statutory funds. This has resulted in the shareholders' equity being lower by this amount.

8. POLICYHOLDERS' LIABILITIES

	STATUTORY FUNDS						AGGREGATE	
	Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
	(Rupees in 000')							
Gross of Reinsurance								
Actuarial liability relating to future events	408,689	645,197	220,259	18,100	52,872	91	**1,345,208**	1,097,019
Provision for outstanding reported claims payable over a period exceeding twelve months	-	2,536	758	3,862	-	-	**7,156**	6,560
Provision for incurred but not reported claims	644	2,707	43,000	1,955	24,865	-	**73,171**	52,481
Total	**409,333**	**650,440**	**264,017**	**23,917**	**77,737**	**91**	**1,425,535**	1,156,060
Net of Reinsurance								
Actuarial liability relating to future events	406,725	638,555	213,976	15,504	52,615	91	**1,327,466**	1,085,248
Provision for outstanding reported claims payable over a period exceeding twelve months	-	1,657	758	349	-	-	**2,764**	2,348
Provision for incurred but not reported claims	644	2,332	42,459	1,357	24,771	-	**71,563**	52,481
Total	**407,369**	**642,544**	**257,193**	**17,210**	**77,386**	**91**	**1,401,793**	1,140,077

9 STAFF GRATUITY

The liability resulting from the actuarial valuation carried out as at December 31, 2007 is as follows:

9.1 Reconciliation of payable to defined benefit plan

	Note	2007	2006
		Rupees in (000')	
Present value of defined benefit obligation	9.2	**16,376**	12,681
Net actuarial (gain) / loss not recognised		**(1,786)**	332
		14,590	13,013

9.2 Movement in present value of defined benefit obligation

	2007	2006
Opening balance	**12,681**	9,112
Current service cost	**2,354**	2,564
Interest cost	**1,268**	729
Loss on defined benefit obligation	**2,118**	1,316
Actual benefit paid during the year	**(2,045)**	(1,040)
Closing balance	**16,376**	12,681

9.3 Movement in liability recognised

	2007	2006
Opening balance	**13,013**	10,813
Charge for the year	**3,622**	3,240
Payment during the year	**(2,045)**	(1,040)
Closing balance	**14,590**	13,013

9.4 Charge for defined benefit plan

	2007	2006
Current service cost	**2,354**	2,564
Interest cost	**1,268**	729
Net actuarial gain recognised	**-**	(53)
	3,622	3,240

9.5 Historical information

	2007	2006	2005	2004	2003
	Rupees in (000')				
Actuarial loss/(gain) on obligation	**(1,786)**	332	1,701	2,513	-
Defined benefit obligation	**16,376**	12,681	9,112	8,086	9,149

10 OTHER CREDITORS AND ACCRUALS

	STATUTORY FUNDS						AGGREGATE	
	Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
		Individual	Group	Individual	Group			
	(Rupees in 000')							
Withholding tax deducted	585	923	110	25	34	-	1,677	2,481
Reserve for partial maturities	1,782	-	-	-	-	-	1,782	1,970
Other liabilities	6,122	9,655	2,628	176	4,492	1	23,074	14,075
	8,489	10,578	2,738	201	4,526	1	26,533	18,526

11 DIVIDEND

	2007	2006
	Rupees in (000')	
Unpaid (note 11.1)	**16,576**	8,288
Unclaimed	**27**	34
	16,603	8,322

11.1 This represents dividend payable to the holding company. The remittance of which has been withheld, as per their instructions, till further notice.

12. INVESTMENTS

	SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE	
		Life (Participating)	Life (Non-Participating)		Accident & Health		Pension Business Fund	2007	2006
			Individual	Group	Individual	Group			
	(Rupees in 000')								
Government Securities-held to maturity (note 12.1)									
Defence Saving Certificate	11,140	85,728	243,209	60,221	-	-	-	**400,298**	505,772
WAPDA Bonds	-	15,091	5,522	7,569	-	2,006	-	**30,188**	30,722
Pakistan Investment Bonds	263,110	251,327	387,609	302,124	38,478	87,034	1,227	**1,330,909**	554,150
	274,250	352,146	636,340	369,914	38,478	89,040	1,227	**1,761,395**	1,090,644
Term Finance Certificates-held to maturity (note 12.2)									
Sui Southern Gas Company Limited	-	-	-	-	-	-	-	-	3,911
MCB Bank Limited	-	-	-	563	-	-	-	**563**	1,913
	-	-	-	563	-	-	-	**563**	5,824
	274,250	352,146	636,340	370,477	38,478	89,040	1,227	**1,761,958**	1,096,468

12.1 Government Securities - held to maturity

	Maturity	Tenor	Coupon rate	Profit Payment	Aggregate 2007	Aggregate 2006
					Rupees in (000')	
Defence Saving Certificates	2007	10 Years	18.0 %	At Maturity	-	166,634
Defence Saving Certificates	2008	10 Years	18.0 %	At Maturity	**400,298**	339,138
					400,298	505,772
WAPDA Bonds	2008	5 Years	7.3 %	Half Yearly	**30,188**	30,722
Pakistan Investment Bonds	2009	3 Years	9.1 %	Half Yearly	**50,895**	50,833
Pakistan Investment Bonds	2007	5 Years	10.0 %	Half Yearly	-	10,238
Pakistan Investment Bonds	2008	5 Years	7.0 %	Half Yearly	**37,262**	37,576
Pakistan Investment Bonds	2009	5 Years	7.0 %	Half Yearly	**5,137**	5,233
Pakistan Investment Bonds	2010	10 Years	14.0 %	Half Yearly	**11,431**	11,898
Pakistan Investment Bonds	2011	10 Years	13.0 %	Half Yearly	**143,233**	146,944
Pakistan Investment Bonds	2011	10 Years	14.0 %	Half Yearly	**64,193**	66,177
Pakistan Investment Bonds	2011	10 Years	12.0 %	Half Yearly	**29,331**	30,013
Pakistan Investment Bonds	2012	10 Years	11.0 %	Half Yearly	**65,458**	66,255
Pakistan Investment Bonds	2014	10 Years	8.0 %	Half Yearly	**5,398**	5,445
Pakistan Investment Bonds	2019	15 Years	9.0 %	Half Yearly	**22,446**	22,524
Pakistan Investment Bonds	2016	10 Years	9.6 %	Half Yearly	**349,182**	-96,577
Pakistan Investment Bonds	2013	10 Years	8.0 %	Half Yearly	**4,495**	4,437
Pakistan Investment Bonds	2021	15 Years	10.0 %	Half Yearly	**542,448**	-
					1,330,909	554150
					1,761,395	1,090,644

12.2 Term Finance Certificates - held to maturity

MCB Bank Limited	2008	5 Years	11.8 %	Half Yearly	563	1,913
Sui Southern Gas Company Limited	2007	5 Years	11.5 %	Half Yearly	-	3,911
					563	5,824

12.3 The aggragate market value of Pakistan Investment Bonds, Treasury Bills and Term Finance Certificates as at December 31, 2007 was Rs. 1,308.710 million (December 31, 2006 : Rs. 564.226 million)

12.4 Interest accrued but not received on investments in DSCs as at December 31, 2007 amounting to Rs. 310.298 million (December 31, 2006: Rs. 382.772 million) has been included in the cost of investments, while calculating amortized cost.

12.5 Statutory deposit

13% ten years Pakistan Investment Bonds having a face value of amounting to Rs. 50 million have been deposited with the State Bank of Pakistan under section 29 of the Insurance Ordinance 2000.

13. PREMIUM DUE BUT UNPAID

	STATUTORY FUNDS						AGGREGATE	
	Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
	(Rupees in 000')							
Gross	5,914	36,318	19,072	-	35,193	-	**96,497**	55,529
Less: Loading (Note13.1)	1,303	9,294	-	-	-	-	**10,597**	9,670
	4,611	27,024	19,072	-	35,193	-	**85,900**	45,859

13.1 Loading represents an allocation of expected expenses to be incurred with respect to premiums outstanding.

14. SUNDRY RECEIVABLES

	STATUTORY FUNDS						AGGREGATE	
	Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
	(Rupees in 000')							
Advances to employees against expenses								
- Executives	108	171	68	5	21	-	**373**	615
- Others	350	552	221	15	67	-	**1,205**	1,232
	458	723	289	20	88	-	**1,578**	1,847
Deposits	1,798	2,836	1,135	76	342	-	**6,187**	6,130
Receivable against administrative services	-	-	-	-	-	-	**-**	2,710
Receivable from associated undertaking	199	314	126	8	38	-	**685**	1,589
Others	3,114	4,911	1,966	131	591	1	**10,714**	2,904
	5,569	8,784	3,516	235	1,059	1	**19,164**	15,180

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

Classification of Assets	Leasehold Improvements	Computers: IBM AS400	Computers: Personal Computers	Computers: Sub Total	Motor Vehicles	Furniture & Fixtures	Office Equipments	Total
	(Rupees in 000')							
As at 01 January 2006								
Cost	19,861	10,167	6,406	16,573	12,418	24,441	8,672	81,965
Accumulated depreciation	(11,834)	(10,146)	(5,638)	(15,784)	(8,658)	(13,747)	(4,426)	(54,449)
Net book value	8,027	21	768	789	3,760	10,694	4,246	27,516
Year ended 31 December 2006								
Opening net book value	8,027	21	768	789	3,760	10,694	4,246	27,516
Additions	472	3,713	1,846	5,559	3,557	1,934	744	12,266
Depreciation charge	(1,761)	(583)	(672)	(1,255)	(2,796)	(2,106)	(600)	(8,518)
Closing net book value	6,738	3,151	1,942	5,093	4,521	10,522	4,390	31,264
As at 31 December 2006								
Cost	20,333	13,880	8,252	22,132	15,975	26,375	9,416	94,231
Accumulated depreciation	(13,595)	(10,729)	(6,310)	(17,039)	(11,454)	(15,853)	(5,026)	(62,967)
Net book value	6,738	3,151	1,942	5,093	4,521	10,522	4,390	31,264
Year ended 31 December 2007								
Opening net book value	6,739	3,151	1,942	5,093	4,521	10,522	4,390	31,264
Additions	23,826	1,789	2,386	4,175	11,775	6,842	3,767	50,385
Disposals								
- Cost	4,981	-	-	-	669	5,589	1,668	12,907
- Accumulated depreciation	(3,653)	-	-	-	(669)	(4,630)	(1,561)	(10,513)
	1,328	-	-	-	-	959	107	2,394
Depreciation charge	(2,360)	(929)	(1,225)	(2,154)	(5,146)	(2,267)	(837)	(12,764)
Closing net book value	26,876	4,011	3,103	7,114	11,150	14,138	7,213	66,491
As at 31 December 2007								
Cost	39,178	15,669	10,638	26,307	27,081	27,628	11,515	131,709
Accumulated depreciation	(12,302)	(11,658)	(7,535)	(19,193)	(15,931)	(13,490)	(4,302)	(65,218)
Net book value	26,876	4,011	3,103	7,114	11,150	14,138	7,213	66,491
Annual rate of depreciation %	10 %	20%	33%		33%	10%	10%	

15.1 DISPOSAL OF FIXED ASSETS

Disposal of fixed assets during the year 2007 are as follows:

	Cost	Accumlated Depreciation	Net book value	Sale proceeds	Mode of sale	Name of buyer
	(Rupees in 000')					
Furniture and Fixtures						
Assets below Rs. 50,000 each	5,589	(4,630)	959	100	Negotiation	Miscellaneous
Office Equipment						
Generator	1,379	(1,379)	-	795	Negotiation	Jehangir Khan
Assets below Rs. 50,000 each	289	(182)	107	63	Negotiation	Miscellaneous
Leasehold Improvements						
Assets below Rs. 50,000 each	4,981	(3,653)	1,328	500	Negotiation	Miscellaneous
Motor Vehicles						
Suzuki Baleno	669	(669)	-	275	Negotiation	Khurram S. Awan
2007	**12,907**	**(10,513)**	**2,394**	**1,733**		
2006	-	-	-	-		

16 AUDITORS' REMUNERATION

	AGGREGATE 2007	AGGREGATE 2006
	Rupees in (000')	
Audit fee	**500**	475
Fee for review of half yearly accounts and other certifications	**125**	75
Out of pocket expenses	**125**	125
	750	675

17 OTHER MANAGEMENT EXPENSES

	STATUTORY FUNDS						AGGREGATE	
	Life (Participating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2007	2006
	(Rupees in 000')							
Vehicle and general repair and maintenance	229	3,848	1,833	364	988	-	**7,262**	6,026
Agency development	13	118	-	-	-	-	**131**	210
Books and subscription	4	38	20	4	10	-	**76**	33
Postage, telegraph and telephone	463	5,945	2,941	562	1,328	-	**11,139**	11,657
Utilities-electricity, water and gas	373	5,131	2,711	485	1,319	-	**10,019**	6,700
Entertainment	9	78	41	7	20	-	**155**	33
Insurance	11	99	52	9	25	-	**196**	606
Social security	32	287	151	27	74	-	**571**	803
Furniture and household appliances	46	408	215	39	105	-	**813**	580
Interest on policyholders' funds	7	112	-	-	-	-	**119**	149
Increase in loading on due premiums	91	814	-	-	-	-	**905**	5,067
Consultancy fee	122	1,097	580	104	282	-	**2,185**	1,346
Miscellaneous expenses	74	281	55	36	34	-	**480**	107
	1,474	18,256	8,599	1,537	4,185	-	**34,051**	33,317

18 OTHER INCOME

	STATUTORY FUNDS						AGGREGATE	
	Life	Life (Non-Participating)		Accident & Health		Pension	2007	2006
	(Participating)	Individual	Group	Individual	Group	Business Fund		
	----------	----------	----------	(Rupees in 000')	----------	----------	----------	----------
Return on saving accounts with banks	1,009	13,352	9,708	1,804	1,802	-	**27,675**	22,834
Loss on disposal of fixed assets	(192)	(303)	(121)	(8)	(37)	-	**(661)**	-
Interest on policy loans	-	3,737	-	-	-	-	**3,737**	2,642
Others	222	957	140	10	4,609	-	**5,938**	5,901
	1,039	17,743	9,727	1,806	6,374	-	**36,689**	31,377

19. TAXATION

	2007	2006
	Rupees in (000')	
Current - for the year	**14,822**	-
Deferred	**-**	392
	14,822	392

19.1 Relationship between tax expense and accounting profit

Profit before tax	**46,900**	40,834
Tax at the applicable rate of 35% (2006: 35%)	**16,415**	14,292
Tax effect of brought forward tax losses being adjusted	**(1,593)**	(14,292)
Minimum turnover tax	**-**	392
Tax expense for the year	**14,822**	392

20. EARNINGS PER SHARE - Basic and Diluted

Profit after tax	**32,078**	40,442
	Number of shares	
Weighted average number of shares	**44,823,000**	44,525,000
	(Rupees)	
Earning per share - Basic and diluted	**0.72**	0.91

21. CASH AND CASH EQUIVALENTS

	Share holders' Fund	STATUTORY FUNDS						AGGREGATE	
		Life	Life (Non-Participating)		Accident & Health		Pension	2007	2006
		(Participating)	Individual	Group	Individual	Group	Business Fund		
	----------	----------	----------	(Rupees in 000')	----------	----------	----------	----------	----------
Cash and others	-	74	116	46	3	14	-	**253**	251
Current and other accounts	11,269	25,575	18,461	11,216	660	1,767	4	**68,952**	35,021
	11,269	25,649	18,577	11,262	663	1,781	4	**69,205**	35,272

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2007			2006		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	(Rupees in 000')					
Managerial remuneration	3,235	40,050	43,285	3,164	29,745	32,909
Bonus	270	2,413	2,683	264	1,337	1,601
Retirement benefits	594	4,245	4,839	580	3,104	3,684
Utilities	128	2,572	2,700	120	7,697	7,817
Telephone	69	110	179	93	50	143
Other benefits	90	509	599	90	442	532
	4,386	49,899	54,285	4,311	42,375	46,686
	(Number)					
No. of persons including those who worked part of the year	1	35	36	1	29	30

Payment to non-executive director for consultancy services amounted to Rs. 5 thousand (2006: Rs. 10 thousand)

In addition to the above remuneration, the Chief Executive and the Agency Director has been provided with free furnished accomodation and Company maintained cars. Further, three executives have been provided with Company maintained cars and elven executives have been provided with Company cars maintained by them.

Chief Executive is also entitled for share based payment from AIG group. However, no expense has been charged in these financial statements since the group does not allocate any expense from the company in this regard.

23. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

23.1 Policyholders' liabilities

The general principles adopted by the Appointed Actuary to value the policyholders' liabilities of various classes of business are described below:

a) All classes of business except Universal Life Insurance, Group Insurance, Accident and Health Insurance and Pension, have been valued on the minimum valuation basis, prescribed by the SECP.

Valuation discount rate	3.75% pa
Mortality table	EFU 61-66
Valuation Method	1 year full preliminary term method for term greater than or equal to 20 years. For lower terms, combination of Net level premium method and full preliminary term method.

b) Universal Life and Pension policies have been valued at their full Account Values. No deduction has been made for surrender charges, if any. Death Benefit reserves have been provided.

c) Reduced Paid ups and Extended Term insurances have been valued by net single premium method.

d) Group Life Insurance and Group Accident and Health Insurance, Individual Accident & Health Policies, Extra premium and accident supplementary benefits to life policies have been valued by unearned gross premiums.

The principles adopted in the previous valuation as at 31 December 2006, were the same as those followed in this valuation. Hence there is no impact of any change in valuation basis.

Surrenders

For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

Claims provision

a) Proper reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in installments over a period of more then twelve month after the valuation date. In respect of all such claims reserves have been calculated using the minimum valuation basis.

b) Proper reserves have also been maintained for Incurred But Not Reported (IBNR) claims, based on the claims lag pattern experienced over the past few years, in each Statutory Fund. Appropriate margins have been added to ensure that the reserves set aside is resilient to changes in experience.

23.2 Classification of Investment

Investments are classified as held to maturity based on the assumption that the Company will be able to hold these investments till their maturity.

23.3 Provision for taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past.

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 Financial Assets and Liabilities

	Interest/ mark-up bearing					Non-Interest/ mark-up bearing					Total	
	Maturity upto one year	Maturity 1 to 3 year	Maturity 3 to 5 year	Maturity more than 5 years	Sub-total	Maturity upto one year	Maturity 1 to 3 year	Maturity 3 to 5 year	Maturity more than 5 years	Sub-total	2007	2006
	(Rupees in 000')											
Financial Assets												
Cash and bank deposits	208.914	-	-	-	208,914	291	-	-	-	291	**209,205**	375,739
Loans secured against life Insurance policies	39.465	-	-	-	39,465	-	-	-	-	-	**39,465**	27,687
Loans secured against other assets												
- To employees	-	-	511	-	511	-	-	-	-	-	**511**	1,048
- To agents	442	728	407	-	1,577	-	-	-	-	-	**1,577**	2,268
Investments	468,312	67.463	302,215	923,968	1,761,958	-	-	-	-	-	**1,761,958**	1,096,468
Premiums due but unpaid	-	-	-	-	-	85,900	-	-	-	85,900	**85,900**	45,859
Amounts due from other insurers/reinsurers	-	-	-	-	-	7,194	-	-	-	7,194	**7,194**	13,717
Sundry receivables	-	-	-	-	-	17,666	-	-	-	17,666	**17,666**	13,332
Accrued interest	-	-	-	-	-	33,857	-	-	-	33,857	**33,857**	21,547
	717,133	68,191	303,133	923,968	2,012,425	144,908	-	-	-	144,908	**2,157,333**	1,597,665
Financial Liabilities												
Outstanding claims	-	-	-	-	-	177,605	-	-	-	177,605	**177,605**	139,814
Amounts due to other insurers / reinsurers	-	-	-	-	-	44,770	-	-	-	44,770	**44,770**	23,471
Amount due to agents	-	-	-	-	-	4,892	-	-	-	4,892	**4,892**	4,796
Accrued expenses	-	-	-	-	-	28,401	-	-	-	28,401	**28,401**	24,034
Other creditors and accruals	-	-	-	-	-	26,533	-	-	-	26,533	**26,533**	18,526
Dividend	-	-	-	-	-	16,603	-	-	-	16,603	**16,603**	8,322
	-	-	-	-	-	298,804	-	-	-	298,804	**298,804**	218,963

24.2 The effective interest rates on financial assets are as follows:

	2007	2006
	%	%
Investments	4.47 - 18.04	4.47 - 18.04
Loans secured against life insurance policies	9-11	9-11
Loans secured against other assets:		
To employees	9	9
To agents	9	9
Bank balances and short term deposits	1-14	1-14

24.3 Liquidity and interest rate risk

(a) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against this risk, assets are managed with liquidity in mind maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

(b) Interest rate risk

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk while monitoring changes in interest rates on its deposits and investments.

24.4 Financial risk management

Financial risk factors

The Company's activities are exposed to a variety of financial risks most notably credit risk, foreign exchange risk, market risk and reinsurance risk. The Company has established adequate procedures to manage each of these risks as explained below:

(a) Credit risk and concentration of credit risk exposure

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations.

The Company is exposed to credit risk on premiums receivable from group clients, commission and claims recoverable from insurers and investment in term finance certificates. The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.

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

(b) Foreign exchange risk

Foreign currency risk arises mainly where receivables/payables exist due to transactions with foreign undertakings. The Company is not exposed to any significant foreign exchange risk.

(c) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments.

The Company limits market risk by maintaining a diversified portfolio and by continuously monitring developments in government securities, equity and term finance certificates (TFCs) market. In addition, the Company actively monitors the key factors that affect the value of these securities.

(d) Reinsurance risk

Reinsurance ceded do not relieve the Company from its obligations to policyholders and as a result the company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligations under the reinsurance agreements.

In order to minimize the financial exposure arising from large claims the Company obtains reinsurance cover only from companies with sound financial health.

(e) Capital Management

The Company's objective is to maintain a strong capital base to continue as a going concern so that it can continue to provide returns to shareholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

(f) Fair value of Financial Instrument

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transactions. Consequently, difference may arise between the carrying values and the fair values estimates.

As at 31 December 2007, the carrying value of all financial instruments is estimated to approximate their fair value, except investments, the market value lower by Rs. 22.5 million (2006: 4.2 million) on an aggregate portfolio basis.

25 TRANSACTIONS WITH RELATED PARTIES

25.1 Related parties comprise hloding company, associated companies, other companies with common directors, retirement benefit funds, directors and key management personnel.

25.2 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in the financial statements, are as follows :

	2007	2006
Balances outstanding	(Rupees in '000)	
Payable to reinsurers	**2,723**	10,773
Loans to key management employees	**922**	646
Other related party receivable balances	**637**	647
Other related parties payable balances	**1,262**	972

Transactions during the year	(Rupees in '000)	
Reinsurance premium (expense)	**2,723**	10,773
General insurance premium (expense)	**1,186**	1,113
Group insurance claims (expense)	**1,600**	1,942
Group insurance premium charged	**7,002**	1,025
Charges for administrative services provided	**116**	143
Reimbursement of expenses received	**3,559**	4,116
Remuneration paid to key management personnel	**28,323**	28,032
Contribution made to provident fund	**4,009**	3,042

25.3 There are no transactions with key management personnel other than under the terms of employment.

25.4 Transactions with related parties are carried out on commercial terms and conditions.

26. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards, with effective dates mentioned against each, are either not relevant to the Company's operations or are not expected to have significant effect on the Company's financial statements other than increased disclosures in certain cases:

Revised IAS-1 Presentation of Financial Statements	effective from accounting period beginning on or after 1 January 2009
Revised IAS 23 - Borrowing costs	effective from accounting period beginning on or after 01 January 2009
IFRIC 9 - Reassessment of embedded derivatives	effective during the year and will be applied together with application of IAS 39
IFRIC 11- IFRS 2 - Group and Treasury Share Transactions	effective for accounting period beginning on or after 1 March 2007
IFRIC 12 Services Concession Arrangements	effective for acccounting period beginning on or after 1 January 2008
IFRIC 13 - Customer Loyalty Programmes	effective for acccounting period beginning on or after 1 July 2008
IFRIC 14 - IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction	effective for acccounting period beginning on or after 1 January 2008

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 29 February 2008 by the Board of Directors of the Company.

CHAIRMAN & CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

STATEMENT OF DIRECTORS

(As per the requirement of section 46(6) and section 52 (2) of Insurance Ordinance, 2000)

Section 46 (6)

a) In our opinion the annual statutory accounts of the American Life Insurance Company (Pakistan) Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;

b) American Life Insurance Company (Pakistan) Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and

c) As at December 31, 2007, American Life Insurance Company (Pakistan) Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.

Section 52 (2)

d) In our opinion each statutory fund of American Life Insurance Company (Pakistan) Limited complies with the solvency requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2002.

CHAIRMAN & CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

STATEMENT OF ACTUARY

[As per the requirement of section 52(2) of the Insurance Ordinance, 2000

In my opinion:

a) the policyholder liabilities included in the balance sheet of American Life Insurance Company (Pakistan) Limited as at December 31, 2007 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

b) each Statutory fund of the American Life Insurance Company (Pakistan) Limited complies with the solvency requirements of the Insurance Ordinance,2000 as on 31 December 2007.

Date : February 29, 2008

Syed Waqar Ahmed CFA, FRM
Appointed Actuary

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteen Annual General Meeting of American Life Insurance Company (Pakistan) Limited will be held at Ball Room A, Karachi Sheraton Hotel, Karachi on Wednesday, March 26, 2008 at 9.00 a.m to transact the following business:-

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting of the Company held on April 28,2007.

2. To receive, consider and adopt the Annual Audited financial statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2007.

3. To appoint auditors for the year ended December 31, 2008 and fix their remuneration. The retiring auditors M/s KPMG Taseer Hadi & Co, being eligible have offered themselves for re-appointment.

4. To elect seven directors of the Company, as fixed by the Board of Directors, in accordance with the provisions of Section 178 (1) of the Companies Ordinance, 1984, for the period of three years. The name of present Directors who will retire on April 09, 2008 are as follows :

   i) Mr.Arif Abdul Aziz
   ii) Mr. Ehsan Ahmed Noman
   iii) Mr. Khalid Anis-ur-Rehman
   iv) Mr. Patrick Choffel
   v) Mr. Nurul Islam
   vi) Mr. Qasim Rabbani
   vii) Mr. Shahid Sidddiqui

The retiring Directors are eligible for re-election.

Special Business

5. To approve the remuneration of the Chief Executive Officer.

6. To approve payments made to non-executive director on account of technical advisory services, in accordance with Article 65 of the Articles of Association of the Company.

7. To consider to pass the following as a special resolution with or without modification;
   Resolve that the article of association of the company do hereby amended as follows:
   " In Compliance with SECP Circular, Article 3 (c) of the Company's Article of Association be removed."

March 3, 2008
Karachi

By order of the Board
Asim Iftikhar
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from March 20, 2008 to March 26, 2008 (both days inclusive).

2. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member 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.

3. The instrument appointing a proxy, in order to be valid, must be deposited at the office of Share Registrar, M/s THK Associates (Pvt) Limited, Ground Floor, State Life Building-3, Ziauddin Ahmed Road, Karachi, duly signed, stamped and witnessed, not less than fortyeight hours before the time of 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 whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Cards (CNIC) along with the participant's I.D. number and their account numbers in CDC to facilitate identification at the time of Annual General Meeting. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

5. Members are requested to promptly notify to M/s THK Associates (Pvt) Limited of any change in their address to ensure delivery of mail.

6. Every candidate for elections of Director, whether he is a retiring Director or otherwise, shall file with the Company, not later than 14 days before the date of the Annual General Meeting, a notice of his intention to offer himself/herself for election as a Director along with his/her consent in prescribed form to his/her appointment as Director of the Company.

Statement in Respect of Special Business and Related Draft Resolution

Under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the 13th Annual General Meeting of the Company to be held on March 26, 2008.

1. Approval of the Shareholders will be sought for the holding of office of profit by the Chief Executive as well as of the remuneration payable to him in accordance with his terms and conditions of service. For this purpose following resolution will be moved:

   "Resolved that:

   Approval is hereby given for the holding of office of profit with the Company by the Chief Executive, namely, Mr. Arif Sultan Mufti for payment of remuneration amounting to Rs. 4.9 million based on actual for the year ended December 31, 2007, and the remuneration amounting Rs. 12 million as estimated for the year ending December 31, 2008, together with other benefits in accordance with the rules of the Company.

2. Approval of Shareholders will be sought for the fee paid to Mr. Ehsan Ahmed Nomani on account of legal and technical advisory services amounting Rs. 10,000.

3. The amendment in Article of Asscociation is necessary in view of the SECP Circular No. ID/IO/Misc/2007 of May 28, 2007.

AlicoAIG Life

PROXY FORM
Thirteenth Annual General Meeting

Shareholder's Folio No.________________ Number of shares held ________________

I/We ________________________________

of (full address) ________________________________

____

being a member of American Life Insurance Company (Pakistan) Limited, hereby appoint

Mr./Ms. ________________________________

of (full address) ________________________________

________________________________ of failing him/her

Mr./Ms. ________________________________

of (full address) ________________________________

____

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held on Wednesday, March 26, 2008 at 9.00 a.m. at Ball Room A, Karachi Sheraton Hotel, Karachi and at any adjournment thereof.

Signed this__________ day of__________ 2008

Please
affix Rupee Five
Revenue Stamp
Signature of Member

Signed by the member in the presence of:

Witness: ________________

Adress: ________________

____

1. The Proxy Form, duly completed, to be effective, should be deposited at the Registered Office of the Company as soon as possible but not later than 48 hours before the time of holding the Meeting.

2. No person shall act as proxy unless he/she is a member of the company except corporation being a member may appoint as its proxy any officer of such corporation whether a member of the company or not.