

Notes to the Accounts Financial Year Ended 31 December 2003

1. Status and nature of business

The Company is engaged in life insurance business and is incorporated as a public limited company. The shares of the Company are quoted on Karachi Stock Exchange.

The Head Office of the Company is located at 37 K, Block 6, PECHS, Karachi.

2. Basis of presentation

These financial statements have been prepared in accordance with the formats prescribed under the Insurance Rules 2002.

3. Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Insurance Ordinance, 2000. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Where the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 or of the said directives take precedence.

4. Basis of measurement

a) Accounting convention:

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

b) Policyholder liabilities:

Policyholder liabilities have been determined by the appointed actuary as required by Section 50 of the Insurance Ordinance, 2000.

c) Investments:

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are considered as available for sale. Investments with fixed maturity, where management has both the intent and the ability to hold to maturity are considered as held to maturity.

Investments considered as held to maturity are initially recognized at cost. Subsequently the same are measured at amortized cost.

Investments considered as available for sale have been measured at the lower of cost and market value.

5. Significant accounting policies

a) Revenue recognition:

New individual life premiums are recognized once the related policies have been issued and the premiums received. Renewal premiums are recognized upon receipt, provided the policy is still in force.

Group life premiums are recognized when due. A provision for unearned premiums is included in the policyholder liabilities.

b) Claims:

Claims are considered to be incurred when intimation is received. However, claims incurred but not reported at the year end are determined by the appointed actuary and are included in the policyholder's liabilities.

c) Return on investment:

Return on Fixed Income Investments are recognized on accrual basis. Dividend Income and entitlement to Bonus Shares are recognized when right to receive such dividend and bonus shares is established.

d) Employees retirement benefits:

The Company operates two defined contribution retirement benefit plans, viz., a provident fund scheme for all permanent employees and a defined contribution pension scheme for eligible officers. Contributions to these are made monthly in accordance with their rules.

e) Taxation:

Provision for Taxation is based on taxable income determined under the Fourth Schedule to the Income Tax Ordinance, 2001.

f) Administrative fixed assets:

Fixed assets are valued at cost less depreciation. Full year's depreciation is charged on fixed assets capitalized during the year but no depreciation is charged in the year of disposal. Depreciation has been calculated on the reducing balance method at the following rates;

Office Equipment	10%
Furniture & Fixture	10%
Vehicle	20%
Computers	30%

Normal repairs and maintenance are charged to income currently.

g) Zakat deductible compulsorily under the Zakat and Ushr Ordinance 1980 is accounted for in the year of deduction.**h) Rate of exchange:**

Revenue transactions in foreign currencies are converted into rupees at the rate ruling on the date of transaction as quoted by the Inter Bank Rate. Assets and Liabilities in foreign currencies are translated into rupee at the rate of exchange prevailing on the Balance Sheet date.

6. Movements in equity

(Rupees '000)

	Statutory Funds				Aggregate 2003	Aggregate 2002
	Investment Linked Business	Conventional Business	Pension Business	Accident & Health Business		
Policyholder liabilities						
Balance at the beginning of the year	1 232 864	91 663	–	4 774	1 329 301	790 041
Increase/(decrease) during the year	1 044 346	24 418	1 314	(718)	1 069 360	539 260
Balance at end of the year	<u>2 277 210</u>	<u>116 081</u>	<u>1 314</u>	<u>4 056</u>	<u>2 398 661</u>	<u>1 329 301</u>
Retained earnings on other than Participating business						
Balance at the beginning of the year	–	9 500	–	–	9 500	–
Surplus allocated in respect of the year	70 183	34 342	808	3 383	108 716	37 522
Surplus appropriated to Shareholders' Fund	(70 183)	(37 842)	(808)	(3 383)	(112 216)	(28 022)
Balance at end of the year	<u>–</u>	<u>6 000</u>	<u>–</u>	<u>–</u>	<u>6 000</u>	<u>9 500</u>

7. Taxation

7.1 The Income Tax assessment of the Company has been finalised upto and including assessment year 2002-2003. Appeals relating to the assessment years 1994-1995 to 1998-1999 are pending before the High Court of Sindh regarding levy of Turnover Tax. Appeals in respect of assessment years 1999-2000 and 2000-2001 are pending with the appellate authority and there could arise a contingent tax liability of Rs. 1.1 million if the matter is decided against the Company.

7.2 Reconciliation of tax rate

	2003	2002
	%	%
Applicable tax rate	35.00	35.00
Add: Tax effect of amount that are not deductible for tax purpose	(0.08)	3.64
Less: Tax effect of amount taxed at reduced rates	(1.33)	–
Average effective tax rate charged on income	33.59	38.64

8. Government securities– at book value □

	2003 □	2002 □
Deposited with State Bank of Pakistan□□□□		
- Pakistan Investment Bond□	8 268□	8 301□
Pakistan Investment Bonds□	1 033 544□	527 112□
Defence Saving Certificates□	146 950□	146 950□
Regular Income Certificates□	94 200□	94 200□
Federal Investment Bonds□	17 010□	34 846□
WAPDA Bonds□	33 620□	2 000□□□
	<u>1 333 592□</u>	<u>813 409</u>

9. Other fixed income securities in Pakistan – at book value

No of Certificates		Face Value of Certificate	Name of Investment	2003	2002
2003	2002	('000)		2003	2002
Term Finance Certificates					
Quoted□					
998□	998□	5□	Atlas Lease Limited□	3 345□	5 019 □
3 000□	2 000□	5□	Dawood Leasing Company Limited□	16 133□	10 000 □
4 490□	3 810□	5□	Orix Leasing Pakistan Limited□	22 554□	19 246 □
78□	12□	100□	Network Leasing Corporation Limited□	8 403□	1 169 □
1 500□	1 500□	5□	Pakistan Industrial Leasing Corporations Limited□	3 143□	6 622□
400□	400□	5□	Paramount Leasing Limited□	500□	1 469 □
– □	71□	100□	Saudi Pak Leasing Company Limited□	– □	976 □
– □	400□	5□	Sigma Leasing Corporation Limited□	– □	773 □
1 379□	– □	5□	Trust Leasing Company Limited□	7 168□	– □
– □	260□	5□	First International Investment Bank Limited□	– □	393□
65□	– □	5□	Jahangir Siddiqui & Co. Limited□	325□	– □
1 206□	111□	5□	Bank Alfalah Limited□	7 332□	555 □
2 500□	2 500□	5□	Muslim Commercial Bank Limited□	13 309□	13 833 □
500□	500□	5□	NDLC – IFIC Bank Limited□	871□	1 741 □
6 300□	135□	5□	Union Bank Limited□	36 996□	2 000 □
258□	258□	5□	Reliance Weaving Limited□	1 290□	1 290 □
1 480□	500□	5□	Nishat Mills Limited□	9 911□	4 461 □
2 700□	2 700□	5□	Dewan Salman Fiber Limited□	3 626□	10 877 □
– □	99□	100□	Gatron Industries Limited□	– □	2 641 □
10□	10□	100□	Alnoor Sugar Mills Limited□	500□	750 □
500□	500□	5□	Shakarganj Sugar Mills Limited□	1 250□	2 083 □
4 000□	4 000□	5□	Pak Arab Refinery Limited□	19 984□	19 992 □
600□	– □	5□	First Oil & Gas Securitisation Company□	3 269□	–

(Rupees '000)

No of Certificates		Face Value of Certificate	Name of Investment		
2003	2002	('000)		2003	2002
210	105	5	World Call Communication Limited	1 144	525
4 000	4 000	5	Engro Ashai Polymer & Chemicals Limited	19 980	19 988
2 000	2 000	5	Engro Chemicals Pakistan Limited	9 992	9 996
9 840	8 000	5	Pakistan PTA Limited	44 225	43 007
3 455	3 455	5	Packages Limited	17 285	17 293
			Sub Total	252 535	196 699
Unquoted					
3 300	-	5	Pakistan Mobile Communications	16 725	-
			Sub Total	269 260	196 699
Certificate of Investments					
1	1	500	Int'l Housing Finance Limited	500	500
Grand total				269 760	197 199

10. Investment in ordinary shares certificates and units of companies in Pakistan - at book value

(Rupees '000)

No of Shares/ Units/Certificates		Face Value of Certificate	Name of Investment		
2003	2002	('000)		2003	2002
Quoted					
660 300	-	10	B. S. J. S. Balanced Fund	6 881	-
100 000	-	100	Crosby Dragon Fund	10 000	-
153 550	45 000	10	ICP 1st	1 631	544
25 875	7 500	10	ICP 2nd	325	72
187 875	33 500	10	ICP 3rd	2 542	480
56 025	10 000	10	ICP 4th	1 801	349
464 312	39 500	10	ICP 5th	6 629	456
156 687	24 500	10	ICP 6th	4 150	500
576 437	98 000	10	ICP 7th	8 071	1 051
101 650	18 500	10	ICP 8th	1 644	347
28 750	10 000	10	ICP 9th	733	302
227 125	41 000	10	ICP 10th	4 270	617
435 937	47 500	10	ICP 11th	7 386	684
910 912	117 000	10	ICP 12th	11 490	1 448
231 437	33 000	10	ICP 13th	8 620	1 094
356 500	54 500	10	ICP 14th	4 826	547
874 674	289 000	10	ICP 15th	10 071	3 694
474 375	37 000	10	ICP 16th	5 637	352
855 312	103 000	10	ICP 17th	12 181	1 137

(Rupees '000)

No of Shares/ Units/Certificates		Face Value of Certificate	Name of Investment		
2003	2002	('000)		2003	2002
127 937	33 500	10	ICP 18th	1 577	284
165 900	9 500	10	ICP 19th	3 016	137
214 850	15 000	10	ICP 20th	3 481	210
234 500	145 000	10	ICP 21st	1 115	630
1 900 950	301 000	10	ICP 22nd	19 136	2 247
632 000	75 500	10	ICP 23rd	3 278	340
885 500	303 000	10	ICP 24th	4 828	1 472
768 500	216 000	10	ICP 25th	7 448	1 762
579 750	218 500	10	I.C.P. S.E.M.F.	17 188	6 456
95 875	–	50	Pakistan Income Fund	5 000	–
95 544	–	50	Pakistan Stock Market Fund	9 000	–
10 889	10 000	500	UTP Income Fund	5 452	5 000
4 488	1 019	5 000	Unit Trust of Pakistan	32 161	5 582
20 000	20 000	500	UTP Islamic Fund	10 000	10 000
100 000	100 000	10	B. R. R. International Modaraba	692	692
150 000	150 000	10	Equity Modaraba	987	987
414 900	87 500	5	First Habib Modaraba	3,807	128
5 000	5 000	10	First Mehran Modaraba	76	76
368 460	276 460	10	Grindlays Modaraba First	9 815	6 307
87 500	87 500	10	HBL Modaraba	753	753
83 500	83 500	10	Modaraba Al-Mali	692	692
63 600	106 600	10	UDL Modaraba	436	731
–	3 000	10	First Leasing Corporation Limited	–	103
7 150	6 500	10	Ibrahim Leasing Limited	40	40
33 500	33 500	10	Orix Leasing Pakistan Limited	897	266
232	2 235	10	Trust Leasing Company Limited	8	84
–	300	10	Fidelity Investment Bank Limited	–	13
–	21 040	10	First International Bank Limited	–	441
424 132	231 523	10	Jahangir Siddiqui & Co. Limited	14 496	5 788
74 000	–	10	Orix Investment Bank Limited	1 794	–
70 626	67 263	10	Askari Commercial Bank Limited	976	976
30 000	30 000	10	Faysal Bank Limited	834	834
30 500	30 500	10	Metropolitan Bank Limited	713	713
212 531	203 291	10	Muslim Commercial Bank Limited	4 703	4 703
431 857	392 598	10	National Bank of Pakistan Limited	5 982	5 982
651 250	461 000	10	N D L C – IFIC Bank Limited	3 300	3 045
2 670	1 001	10	KASB Bank Limited	13	13

(Rupees '000)

No of Shares/ Units/Certificates		Face Value of Certificate	Name of Investment		
2003	2002	('000)		2003	2002
110 000	–	10	Union Bank Limited	1 908	–
–	2 500	10	Elcot Spinning Mills Limited	–	5 4
400	400	10	Ideal Spinning Mills Limited	5	5
29 500	29 500	10	Idrees Textile Mills Limited	393	393
5 380	5 380	10	Nagina Cotton Mills Limited	86	8 6
6 050	6 050	10	Sahrish Textile Mills Limited	84	8 4
10 000	10 000	10	Ellahi Spinning & Weaving Mills Limited	131	131
2 100	–	10	Prosperity Weaving Limited	–	–
32 484	29 531	10	Kohinoor Weaving Mills Limited	277	277
34 650	31 500	10	Nishat Chunian Limited	1 074	1 074
69 000	40 000	10	Nishat Mills Limited	2 118	1 037
135 000	135 000	10	Ibrahim Fibre Limited	1 871	1 871
–	8 750	10	Pakistan Synthetics Limited	–	419
1 900	1 900	10	Premier Sugar Mills Limited	89	8 9
100 000	100 000	10	Attock Cement Limited	1 575	1 575
45 000	45 000	10	Cherat Cement Limited	951	951
29 500	29 500	10	National Refinery Limited	1 307	1 307
–	300	10	Genertech Limited	–	4
2 180 000	900 000	10	Hub Power Company Limited	77 521	28 257
425 500	–	10	Kohinoor Energy Limited	12 651	–
105 000	–	10	Southern Electric Co. Limited	1 945	–
126 600	106 600	10	Pakistan State Oil Co. Limited	21 503	17 343
36 350	36 350	10	Shell Pakistan Limited	7 814	7 814
559 500	559 500	10	Sui Northern Gas Company Limited	10 554	10 554
51 500	51 500	10	Mari Gas Limited	2 256	2 256
1 531 683	–	10	Oil & Gas Development Co. Limited	73 458	–
156 480	75 800	10	Pakistan Oilfields Co. Limited	14 025	9 303
4 500	4 500	10	Al Ghazi Tractors Limited	320	320
217 000	151 000	10	Dewan Farooque Motor Limited	2 708	1 930
5 250	5 250	10	Honda Atlas Car Limited	112	112
58 000	18 000	10	Indus Motors Company Limited	2 392	384
12 000	3 000	10	Millat Tractors Limited	1 635	367
37 400	14 900	10	Pak Suzuki Motors Limited	2 468	883
12 500	2 500	5	Baluchistan Wheels Limited	366	5 7
500	–	10	Pakistan International Container Limited	5	–
15 000	15 000	10	Tristar Shipping Corporation Limited	196	196
2 472 500	1 232 500	10	Pakistan Telecommunication Co. Limited	55 247	24 395

(Rupees '000)

No of Shares/ Units/Certificates		Face Value of Certificate	Name of Investment		
2003	2002	('000)		2003	2002
301 150	136 500	10	Engro Chemicals (Pak) Limited	20 955	8 206
150 000	–	10	Fauji Fertilizer Bin Qasim Limited	1 861	–
352 500	202 500	10	Fauji Fertilizer Co. Limited	23 671	10 740
48 840	23 000	10	Glaxo Smithkline Pakistan Limited	5 160	2 152
11 260	11 260	10	Reckitt & Benckiser (Pak) Limited	1 289	1 289
35 103	35 103	10	Searle Pakistan Limited	382	382
5 480	3 480	10	BOC Pakistan Limited	621	358
31 000	31 000	10	I.C.I. Pakistan Limited	1 138	1 138
30 000	30 000	10	Pakistan P T A Limited	728	728
7 115	7 115	10	Sitara Chemicals Limited	179	179
51 000	51 000	10	Cherat Papersack Limited	1 729	1 729
28 612	28 612	10	Packages Limited	1 775	1 775
25 000	–	10	Service Industries Limited	753	–
24 180	18 060	50	Unilever Pakistan Limited	23 591	16 126
228 000	228 000	10	Tripack Films Limited	9 060	9 060
32 294	33 644		Global Equity Shares	23 597	23 957
16 691	15 488		US Equity Bonds	10 137	9 745
6 176	1 931		Emerging Bonds	4 953	1 457
Associated Undertakings					
695 182	543 105	10	EFU General Insurance Limited	22 116	19 440
Unquoted					
67150	50 000	10	Security General Insurance Limited	508	508
				<u>735 830</u>	<u>303 658</u>

a) Investment in EFU General Insurance Limited represents 3.7 % (2002: 2.2 %) of the issued capital of that Company.

b) Market value of quoted shares and securities as at 31 December 2003 amounted to Rs. 1,322 million (2002: Rs. 569 million)

c) Market value of Pakistan Investment Bonds and Federal Investment Bonds as at 31 December 2003 amounted to Rs. 1,195 million (2002: 757 million).

d) Term Finance Certificates carry mark up ranging from 6 % to 19 % and are due for redemption between 2004-2008.

Investments considered as available for sale have been measured at the lower of cost and market value. The Securities and Exchange Commission of Pakistan, vide its letter SC/MF/D/179/2002 dated 16 October 2002 has granted exemption from the adoption of IAS-39. Had the company adopted IAS-39 and valued investments held for sale at fair value, the value of investments as on 31 December 2003 would have been higher by Rs.299 million of which Rs. 252 million would relate to unit linked funds and would therefore result in an increase in policyholder liabilities by the same amount. The balance Rs.47 million would directly impact the retained earnings of the company.

11. Administrative fixed assets

(Rupees in '000)

	COST				Rate %	DEPRECIATION				
	As at 01 January 2003	Purchases during the year	Sale/ Adjust-ments	As at 31 December 2003		As at 01 January 2003	For the year	Sale/ Adjust-ments	As at 31 December 2003	Written Down Value
Office equipment	9 818	1 009	–	10 827	10	3 578	725	–	4 303	6 524
Computers	9 144	1 316	–	10 460	30	5 358	1 531	–	6 889	3 571
Furniture and fixture	53 088	3 710	–	56 798	10	19 553	3 725	–	23 278	33 520
Vehicles	23 573	3 999	2 253	25 319	20	12 762	2 774	1 317	14 219	11 100
2003	95 623	10 034	2 253	103 404		41 251	8 755	1 317	48 689	54 715
2002	84 635	13 167	2 179	95 623		33 919	8 745	1 413	41 251	54 372

12. Sale of administrative fixed assets

(Rupees in '000)

	Original Cost	Accumulated Depreciation	Book Value	Sale Proceed	Mode of Disposal	Sold to
Vehicle	338	267	71	180	Negotiation	Mr. Moazzam Bashir, Lahore
Vehicle	377	278	99	147	Negotiation	Mr. Zeeshan, Karachi
Vehicle	310	183	127	170	Negotiation	Mr. Manik Ram, Dharki
Vehicle	397	234	163	285	Negotiation	Mr. Abdul Nasir Qureshi, Karachi
Vehicle	349	70	279	220	Negotiation	Mr. M. Faisal, Karachi
Vehicle	51	30	21	16	Negotiation	Mr. Ahmed, Karachi
Vehicle	431	255	176	375	Insurance claim	
TOTAL 2003	2 253	1 317	936	1 393		
TOTAL 2002	2 179	1 413	766	930		

13. Commitments

Commitments under operating lease for equipment, vehicles and computers amounts to Rs. 2.6 million (December 2002: Rs. 8.8 million) and the period in which these payments will become due are:

	(Rupees '000)	
	2003	2002
Year to 31 December 2003	–	6 216
Year to 31 December 2004	2 604	2 604
	2 604	8 820

14. Remuneration of Chief Executive, Directors and Executives

The Aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

		(Rupees '000)			
		Chief Executive	Directors	Executives	Total
Managerial remuneration		4 074	–	71 207	75 281
Utilities		118	–	34	152
Medical expenses		125	–	1 270	1 395
Leave passage		–	–	99	99
Total	2003	<u>4 317</u>	<u>–</u>	<u>72 610</u>	<u>76 927</u>
Total	2002	<u>4 061</u>	<u>–</u>	<u>40 187</u>	<u>44 248</u>
Number of persons	2003	<u>1</u>	<u>–</u>	<u>110</u>	<u>111</u>
Number of persons	2002	<u>1</u>	<u>–</u>	<u>99</u>	<u>100</u>

In addition, the Chief Executive and certain Executives are provided with free use of Company cars and certain items of household furniture in accordance with their entitlement. The Chief Executive is provided with maintained furnished accommodation.

15. Auditors' remuneration

	2003	2002
Audit fee-annual	75	75
Other certification	40	40
	<u>115</u>	<u>115</u>

16. Basic earnings per share

Surplus for the year	82 032	24,770
Weighted average number of ordinary shares	15 000	15 000
Earnings per share	<u>5.47</u>	<u>1.65</u>

17. Number of employees

Number of employees as at 31 December 2003 were 359 (2002 : 321)

18. Financial instruments and related disclosures

a) Markup rate risk exposure

The Company's exposure to the markup rate risk, based on the earlier of contractual repricing or maturity date as at 31 December 2003 is as follows:

	Interest Mark-Up bearing Maturity			Non-Interest Mark-Up bearing Maturity			Total 2003	Total 2002
	Upto one year	after one year	Sub Total	Upto one year	after one year	Sub Total		
Financial assets								
Cash and stamps	–	–	–	420	–	420	420	1 000
Current and other accounts	134 793	–	134 793	107 869	–	107 869	242 662	156 413
Deposit	74 888	–	74 888	–	–	–	74 888	5 000
Loans	1 623	1 628	3 251	–	–	–	3 251	2 473
Investments	157 045	1 446 307	1 603 352	735 830	–	735 830	2 339 182	1 314 267
Premium due but unpaid	–	–	–	23 448	–	23 448	23 448	21 364
Amount due from other persons or bodies carrying on insurance Business	–	–	–	8 759	–	8 759	8 759	3 289
Agent balances	–	–	–	338	–	338	338	205
Interest, dividend and return due but outstanding	–	–	–	2 571	–	2 571	2 571	4 089
Interest, dividend and return accrued	–	–	–	33 758	199 055	232 813	232 813	170 478
Advances and other receivables	5 490	439	5 929	10 244	2 717	12 961	18 890	18 413
	<u>373 839</u>	<u>1 448 374</u>	<u>1 822 213</u>	<u>923 237</u>	<u>201 772</u>	<u>1 125 009</u>	<u>2 947 222</u>	<u>1 696 991</u>
Financial liabilities								
Outstanding claims	–	–	–	48 617	–	48 617	48 617	21 065
Premium received in advance	–	–	–	85 553	–	85 553	85 553	64 021
Amount due to other persons or bodies carrying on insurance business	–	–	–	70 620	–	70 620	70 620	104 742
Amount due to agents	–	–	–	47 211	–	47 211	47 211	26 762
Other creditors & accruals	–	–	–	83 107	–	83 107	83 107	7 479
Other liabilities	–	–	–	15 000	–	15 000	15 000	15 000
	<u>–</u>	<u>–</u>	<u>–</u>	<u>350 108</u>	<u>–</u>	<u>350 108</u>	<u>350 108</u>	<u>239 069</u>

b) The effective interest rates range for the financial assets is as follows:

	2003	2002
Investments	6 % to 19 %	8 % to 19 %
Bank balances	2 % to 3 %	4 % to 5 %

c) **Fair value**

The fair value of all major financial assets are estimated to be not significantly different from their carrying values except for the followings

	(Rupee'000)	
	Carrying Value	Fair Value
Term Finance Certificates, Federal Investment Bonds and Pakistan Investment Bonds	1 328 082	1 482 094
Mutual funds and ordinary shares	735 830	1 035 066

19. **Transaction with associated undertakings**

	(Rupee'000)	
	2003	2002
Premium written	3 402	1 609
Premium paid	2 950	2 251
Purchase and sale of securities under resale commitments	–	55 960
Brokerage and commission paid	–	752
Contribution to provident fund	2 684	2 383
Contribution to pension fund	1 920	1 122
Balance payable	27	5
Balance receivable	27	151

20. **General**

- a) Figures have been rounded off to the nearest thousand.
- b) Previous year figures have been rearranged wherever necessary to facilitate comparison with respect to the change in the accounting regulations and forms required by the circular of Securities and Exchange Commission of Pakistan dated 8 January 2004.
- c) These accounts were authorized for issue by the board of Directors in their meeting held on 27 March 2004.