



49TH

ANNUAL
REPORT

2008



The Universal Insurance Co. Ltd.





*Annual Conference-2008
At Avari Hotel Lahore*



Senior Executives



Participants of Annual Conference-2008



New Product Trophy



New Product Trophy



Man of the Year-2008



Man of the Year-2008 (Runner up)

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VISION STATEMENT

We, at Universal Insurance Company Limited recognize the importance of satisfying our customers by consistently providing quality insurance services in accordance with their needs and expectations. We strive to be competent partner of our customers against insured perils.

MISSION STATEMENT/QUALITY POLICY

We strive to provide our customers cost effective insurance cover by continually increasing the productivity of our employees. To increase productivity, we conduct regular training programs during which employees are assessed and allocated a career path in accordance with their performance.

We diligently follow the applicable laws and ensure strict compliance by conducting regular internal audits and educating our employees about the law.

We try to improve our services by continually assessing our systems and procedures based on customers and team feedback. We strive to maintain a customer focused approach by ensuring that our service is delivered to the customer on time, according to the customer required specifications and with in our stipulated cost.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. RAZA KULI KHAN KHATTAK (Chairman)
 LT. GEN (R) ALI KULI KHAN KHATTAK
 MR. AHMED KULI KHAN KHATTAK
 BEGUM ZEB GOHAR AYUB KHAN (Chief Executive)
 MRS. SHAHNAZ SAJJAD AHMED
 DR. SHAHEEN KULI KHAN KHATTAK
 MR. MUSHTAQ AHMED KHAN F.C. A.
 CH. SHER MOHAMMAD
 MR. MOHAMMAD KULI KHAN KHATTAK
 MR. SARDAR KHAN (Managing Director)

CHIEF OPERATING OFFICER

MR. OMAR AYUB KHAN

CHIEF FINANCIAL OFFICER

MR. AMIR RAZA

COMPANY SECRETARY

MR. IJAZ AHMED

INTERNAL AUDITOR

MR. ABDUL WAHEED CHAUDHRY

AUDITORS

M/S. MUNIFF ZIA UDDIN & COMPANY
 CHARTERED ACCOUNTANTS

LEGAL ADVISOR

MR. MAQSOOD HASAN ADVOCATE

SHARE REGISTRAR

M/S HAMEED MAJEED ASSOCIATES (PVT) LTD.
 H.M HOUSE, 7-BANK SQUARE, LAHORE
 PHONE # 042-7235081-82
 FAX # 042-7358817

REGISTERED OFFICE:

UNIVERSAL INSURANCE HOUSE
 63-SHAHRAH-E-QUAID-E-AZAM,
 LAHORE, 54000
 PAKISTAN.
 PH: 042-7353453-7353458
 FAX: 042-7230326
 WEB: www.uic.com.pk
 EMAIL: tuic@nexlinx.net.pk

BOARD & MANAGEMENT COMMITTEES

- 1. Audit Committee:-**

Ch. Sher Mohammad	Chairman
Lt. Gen (R) Ali Kuli Khan Khattak	Member
Mr. Mushtaq Ahmed Khan F.C.A.	Member

- 2. Investment Committee:-**

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Ch. Sher Mohammad	Member
Mr. Sardar Khan	Member

- 3. Underwriting Committee:-**

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Mr. M. Rafiq Chaudhry	Member
Mr. Fazal-ur-Rehman Malik	Member

- 4. Claim Settlement Committee:-**

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Mr. Sardar Khan	Member
Mr. Omar Ayub Khan	Member

- 5. Re- Insurance & Co- Insurance Committee:-**

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Mr. M. Rafiq Chaudhry	Member
Mr. Ghulam Qamber Naqvi	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 49th Annual General Meeting of the Shareholders of the Universal Insurance Company Limited will be held on Wednesday 27th May, 2009 at 11:00 a.m. at the Registered Office of the Company at 63-Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

A. ORDINARY BUSINESS

1. To Confirm the Minutes of the 48th Annual General Meeting held on 31st March, 2008.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2008 and reports of the Directors and Auditor's thereon.
3. To appoint Auditors for the year 2009 and to fix their remuneration. The present auditors M/s Muniff Ziauddin & Company Chartered Accountants retire and being eligible, offer themselves for re-appointment.


B. SPECIAL BUSINESS

1. To approve the issuance of Interim Bonus Shares already issued to the Shareholders @ 10% in the ratio of 1:10 i.e. One Bonus Share for every ten ordinary shares held, as passed in the Board of Directors Meeting held on 29th August, 2008. If thought fit to pass with or without modification(s) the following Resolutions:-

"RESOLVED that capitalization and application of a sum of Rs.16,800,000/- (rupees sixteen million & eight hundred thousand only) out of company's General Reserve be capitalized for Issuance of Bonus Shares namely 1,680,000 ordinary shares of Rs.10/- each in the ratio of one bonus share for every ten shares held as on 30th September, 2008 as per decision of the Board of Directors in their meeting held on 29th August, 2008 is hereby approved and appreciated. These Bonus Shares shall rank pari passu in all respects with previously existing shares. It is further resolved that the fractional shares i.e. eligibility on less than the number for which one bonus share in accordance with the aforesaid decision of the Board of Directors or in excess thereof by exact multiple (which comes 241 shares) were sold for Rs.4,097/- (rupees four thousand & ninety seven only) and the said sum be donated to Waqf-e-Kuli Khan Trust, a Charitable Institution."

- C. Any other business with permission of the Chair.

By Order of the Board


(IJAZ AHMED)
Secretary

Dated: 26 April, 2009
Place: Lahore

NOTES:

1. The Share Transfer Books of the Company will remain closed from 21st May, 2009 to 27th May, 2009 (both days inclusive).
2. A member entitled to attend and vote at the above meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies, in order to be effective, must be received by the Universal Insurance Company Limited, Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
3. CDC shareholder are requested to bring their original National Identity Cards, Account, Sub-Account Numbers and participant's Number in Central Depository Company for identification purposes for attending the meeting. In case of Corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. Members are requested to notify change in the address, if any.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS:-

Bonus Shares – Item No.B-1 of the Notice.

The Directors have recommended the issue of 1,680,000 bonus shares by capitalization of a part of the Free Reserves of the Company. After the issue, the total paid up capital will be increased to Rs. 210,000,000/-

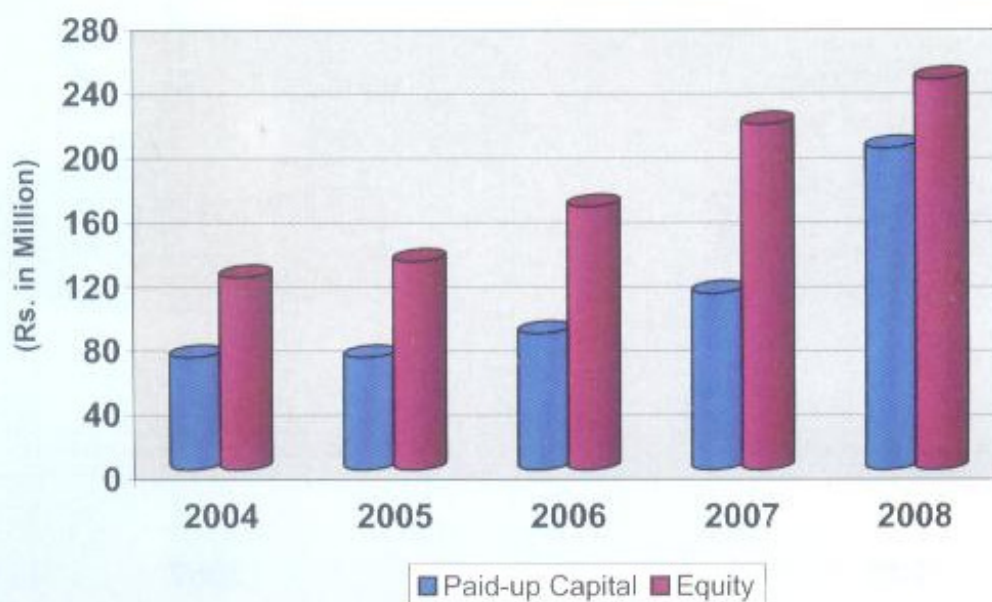
The Directors are interested only to the extent of their shareholding.

TEN YEARS KEY FINANCIAL DATA

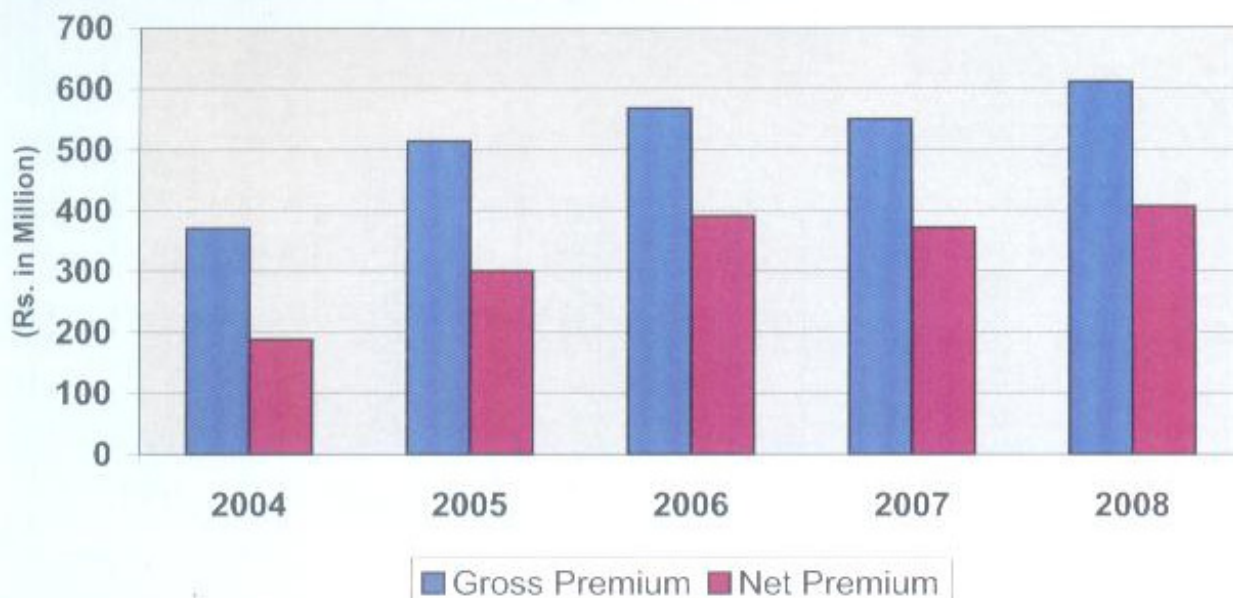
(Rupees in million)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Gross Premium	611	550	568	514	371	301	247	238	214	187
Net Premium	407	372	391	300	188	162	125	132	101	101
Net Claim	197	187	203	147	86	69	57	58	48	36
Investment	84	89	46	39	23	11	10	8	2	1
Underwriting Profit	96	75	80	75	54	47	30	26	52	23
Profit Before Tax	17	70	41	42	26	21	8	(0.5)	32	2.14
Profit After Tax	4	57	30	29	17	14	5	(0.5)	29	2.05
Paid-up Capital	210	120	100	80	80	50	50	50	26	26
Cash and Banks	152	143	212	239	171	158	128	129	114	81
Total Property & Assets	856	788	753	663	547	432	346	207	196	153
Equity	257	236	174	145	130	83	69	64	65	36
EPS (Rs)	0.18	2.89	2.49	2.86	3.32	2.73	0.99	(0.09)	5.7	0.79

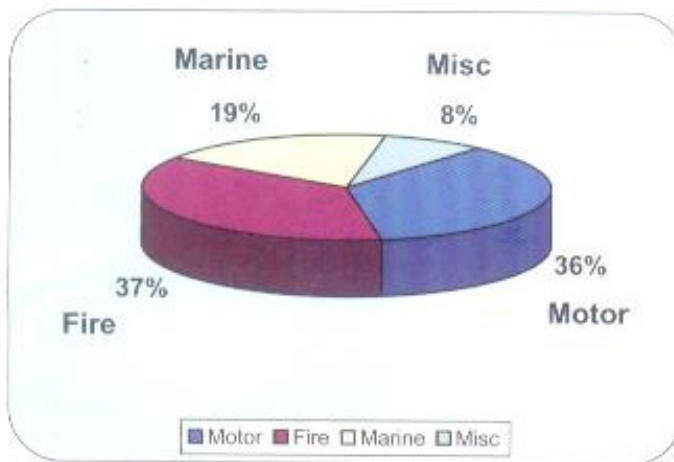
Paid Up Capital / Equity



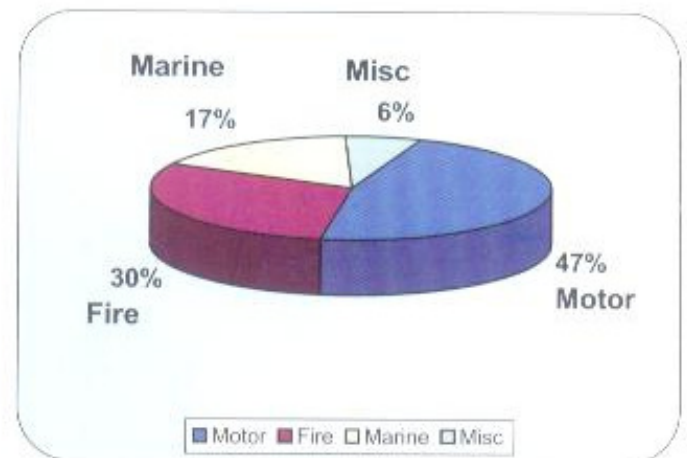
Gross Premium & Net Premium



Gross Premium-Class Wise

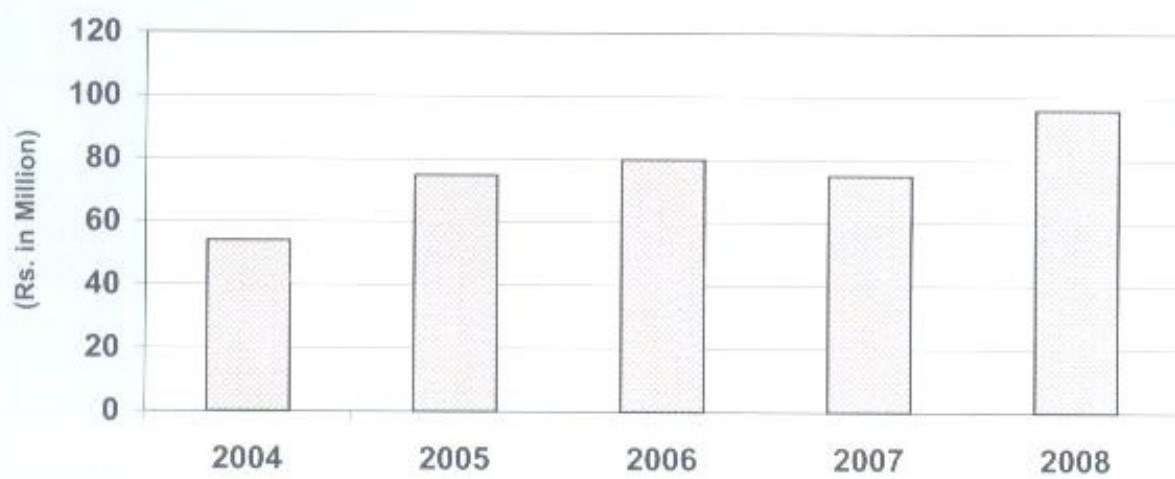


2008



2007

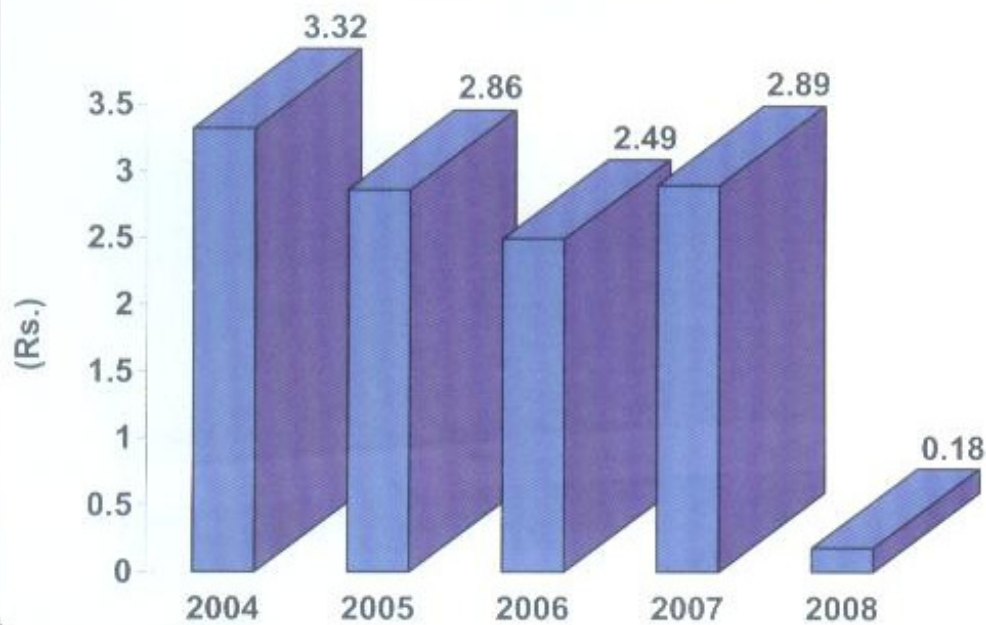
Underwriting Profit



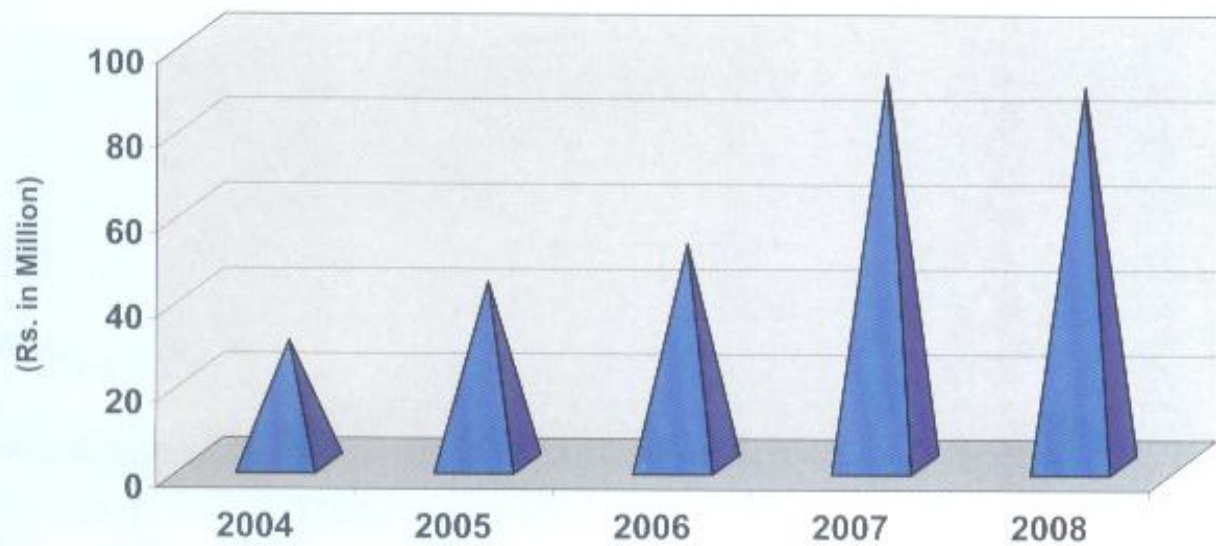
Profit



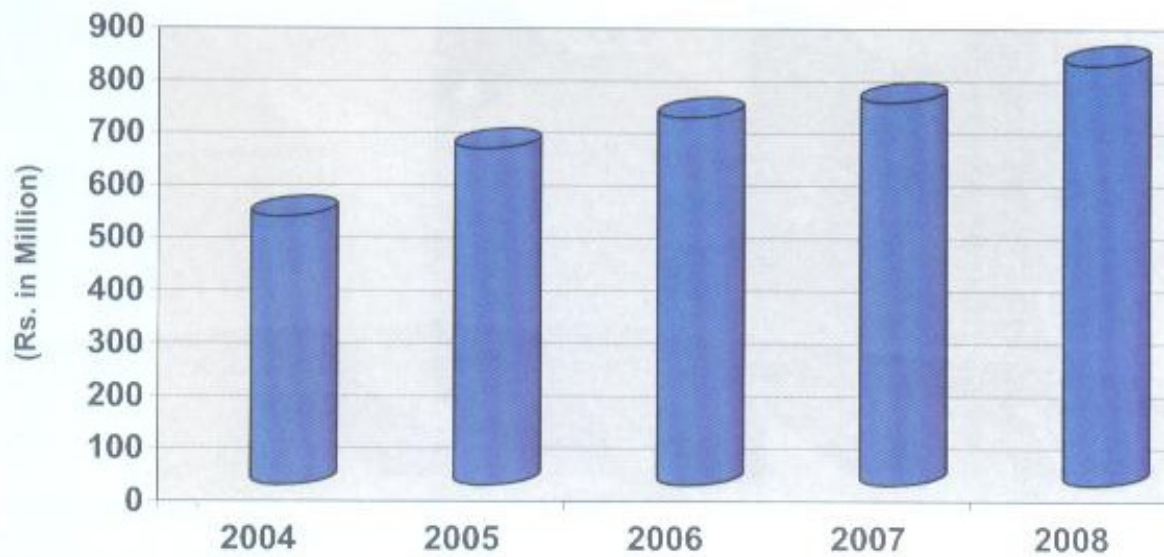
Earning Per Share (Rs)



Investment



Total Assets



DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, it gives me great pleasure to present the **49th Annual Report** and the audited account of the company for the year ended December 31, 2008.

OPERATING RESULTS:

The operating results for the year ended 31 December, 2008 are given below.

	<u>2008</u>	<u>2007</u>
	-----Rupees in '000-----	
Gross premium	611,236	550,254
Net premium	407,075	371,535
Profit from underwriting business	95,869	74,690
Net claims (paid & outstanding)	196,970	187,049
Management / administrative expenses	165,448	150,474
Capital and reserves	256,914	235,606
Profit before taxation	16,808	70,107

DIVIDEND & APPROPRIATION OF PROFIT :

The amount available for appropriation is:

Profit after taxation	3,632	57,341
Add: Balance of unappropriated profit - b/f-Restated	93,714	60,193
Less: Bonus/Dividend paid during the year	(64,800)	(20,000)
Profit carry forward to next year	<u>32,546</u>	<u>97,534</u>

REVIEW OF OPERATING RESULTS:

With the grace of Allah almighty the financial results of your's company inspite of deteriorating law & order situation of the country during the year 2008, which adversely impacted on the economic conditions , are positive. These financial results have further strengthened the company financial capacity as compared to the last year.

During the year under review your company has earned a profit before taxation amounting to Rs.16.808 millions as compared to profit before taxation of Rs.70.107 millions over the last year reflecting significant decrease due to economic recession in the country during 2008 particularly turmoil in the financial market.

Gross premium has increased by appreciable amount of Rs. 61 millions over the corresponding period on account of our impressive marketing strategy recording a growth of 11%. In 2008 company managed to keep a balanced portfolio mix and it strives hard to focus at all classes instead of increasing its volume of business in any particular class.

The Company underwriting profit have increased from Rs. 74.690 million to Rs. 95.869 million reflecting an increase by 28%. All classes of business have been profitable for the year 2008. The underwriting result of the company have been computed for the year 2007 & 2008 after the re-classification of company expenses into management expenses and Administrative & General expenses.

UNCONFIRMED RECEIVABLES FROM ASSOCIATES

Auditor's report reveals balances of outstanding premium from associates amounting to Rs. 37 million although unconfirmed but are considered to be accurately stated by the management as at note 8 annexed to the financial statements. During subsequent reconciliation clerical and IT related errors were found in the accounts of Associates. After making necessary corrections Balance confirmation certificates were obtained.

INVESTMENT INCOME.

The decrease in profit was mainly due to the loss in investment income amounting to Rs. 4.071 million for 2008 as compared to Rs. 15.067 million (income) last year manifesting a big decline by the end of the year. Karachi Stock Exchange imposed 'Floor Mechanism' on the closing price of securities as on August 27, 2008 to arrest the falling trend in the stock prices. On December 15, 2008 this floor was removed. The benchmark index immediately fell to a two-and-a-half-year low. The KSE 100 index as on December 31, 2008 was 5,865 points as against December 31, 2007, when it was 14,075 points.

STOCK DIVIDEND AND RIGHT ISSUE

During the year 2008 company issued interim Bonus shares to the shareholders @ 10% in the ratio of 1:10 i.e. one bonus share for every ten ordinary shares held as passed in the Board of Director Meeting held on 29 August, 2008.

During the year under review company issued Right Issue @ 15% in the ratio of 15:100 i.e. 15 Right Issue for every 100 ordinary shares held as passed in the Board of Directors Meeting held on 29 August 2008. The Right Issue has successfully completed within allowed timeframe.

JCR-VIS Rating:

Insurer Financial Strength rating of A - (single A minus) assigned by JCR-VIS indicates management firm commitment for the fulfillment of all its financial obligations and it will endeavors for its improvement through prudent underwriting & claims settlement procedures, and by rationalizing all reinsurance arrangements; extensive investment activities and improved service standards.

EARNING PER SHARE

Earnings per share after tax is Rs.0.18 per share (2007: Rs. 2.89 per share).

INFORMATION TECHNOLOGY (IT)

During the year 2008 company has enhanced its IT capability realizing the increasing competitive environment of the insurance industry in term of providing quality and prompt services to the clients. Management is fully determined to accelerate the present momentum of automation in order to capitalize maximum benefits out of this technology in the shape of cost effectiveness in the way of underwriting and claim settlement process.

HUMAN RESOURCES

Quality Human Resource is the key for providing excellent service to the clients and your company strongly believes that to achieve this target training plays a vital role in the development and success of both the employer and the employee. We have launched effective training programs for the development of high quality human resource.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- (a) The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) The company has maintained proper books of accounts as required under the companies Ordinance, 1984.
- (c) The company has followed consistently appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.
- (d) Financial statement have been prepared by the company in accordance with the International Accounting Standards as applicable in Pakistan. The departure there from, if any, is disclosed adequately.
- (e) The system of internal control is sound and is being implemented and monitored.
- (f) The fundamentals of the company are strong and there are no doubts about its ability to continue as a going concern.
- (g) The company has followed the best practices of the Corporate Governance as laid down in the Listing Regulations of the stock exchanges and there has been no material departure there from.
- (h) Key operating and financial data for the last ten years in summarized form is annexed to this annual report.

(i) Outstanding Taxes and Duties

Details of outstanding taxes and duties are given in the financial statements.

(j) Related Party Transactions

The related party transactions are ratified by the Audit Committee and approved by the Board of Directors.

AUDIT COMMITTEE

The Board of Directors, in compliance with the Code, has constituted an Audit Committee comprising of the following non-executive directors:

Ch. Sher Mohammad	Chairman
Lt. Gen. (R) Ali Kuli Khan Khattak	Member
Mr. Mushtaq Ahmad Khan - FCA	Member

Major responsibilities of the Audit Committee include reviewing reports of the Company's financial results, monitoring internal audit functions and compliance with the relevant statutory requirements, assisting the Board in discharging its responsibilities for safeguarding the Company's assets, and development & implementation of an effective internal control system.

BOARD OF DIRECTORS' MEETINGS.

During the year, Six Board meetings were held. The number of meetings attended by each Director is given hereunder :

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Raza Kuli Khan Khattak	6
Lt. Gen. (R) Ali Kuli Khan Khattak	6
Mr. Ahmed Kuli Khan Khattak	2
Begum Zeb Gohar Ayub Khan	6
Mrs. Shahnaz Sajjad Ahmad	5
Dr. Shaheen Kuli Khan Khattak	4
Mr. Mushtaq Ahmad Khan - FCA	5
Ch. Sher Mohammad	3
Mr. Muhammad Kuli Khan Khattak	1
Mr. Sardar Khan	6

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

Fixation of Remuneration of Managing Director

The Board in its meeting has approved the managerial remuneration of Mr. Sardar Khan, Managing Director & Principal Officer of the Company effective 1st January 2009 at Rs.425,000/- per month.

In addition, the Company shall provide transportation, security, club expenses, telephone and medical expenses at actual. He shall also be entitled to receive other benefits as per Company's policy applicable to all management employees.

Pattern of Shareholding

The pattern of shareholding is separately shown in the report

Trading in Company's Shares

No trading in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

Appointment of Auditors

The Audit Committee has suggested to the Board for the appointment of M/S Muniff Ziauddin & Co, Chartered Accountants - as the Auditors of the Company for the year ending 31 December, 2009 and the Board of Directors has recommended this firm for appointment. M/s Muniff Ziauddin & Co. Chartered Accounts being eligible, has offered themselves for appointment.

Staff Retirement Benefits

The Company operates a contributory provident fund scheme for all its employees. Value of investments of this fund, based on its audited financial statements for the year ended 30 June, 2008, aggregated Rs. 47.961 million (2007: Rs. 38.564 million).

Future Outlook

The fluctuating global economic scenario and uncertain political situation of the country is a major challenge for the company during the year 2009 because the growth of the general Insurance industry is dependent on the growth of the economy particularly in the manufacturing and service sectors the future of which looks very challenging. Decrease in Foreign Direct Investment (FDI) and the slow process of privatization of state owned enterprises would also force the insurance companies to put their efforts to capture the other prospective business avenues. For this purpose management has designed the plans for the acceleration of its growth by further strengthening its present marketing network and through the induction of professionals in the company while maintaining profitability and high ethical norms.


The performance of your company in 2008 was satisfactory. In 2009, we shall continue our endeavor to focus on meeting the expectations of our existing and prospective clients through managing selective risks and designing insurance products in the light of future needs.

Acknowledgement

Your Directors are pleased to record their appreciation for the hard work & dedicated efforts put by all members of the staff and they hope the same spirit of devotion will prevail in 2009.

We would also like to thank the Insurance Division - Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Ltd., State Bank of Pakistan and the Reinsurers for their continued cooperation and guidance through-out the year and our valued clients for their continued patronage extended to us.

For & on behalf of the Board of Directors



Raza Kuli Khan Khattak
CHAIRMAN

Dated: 26 April, 2009

Place: Lahore

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2008

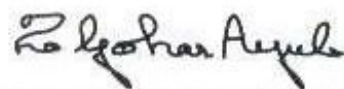
This statement is being presented to comply with the Code of Corporate Governance (the code) contained in the listing regulation No. 37 and Chapter XIII of the Karachi and Lahore stock exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed 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 on its Board of Directors. At present the Board includes eight independent non-executive directors out of ten directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non Banking Finance Company and none of them is a member of any of the stock exchange.
4. No casual vacancy occurred during the year ended December 31, 2008.
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 and the executive director, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
10. An orientation course for Directors has been arranged previously to apprise them of their duties and responsibilities.

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
12. The directors' report 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 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, claims settlement, reinsurance, Investment and coinsurance committees.
17. The Board has formed an audit committee. It comprises of three members, all of whom 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 term of references of the committee have been formed and advised to the committee for compliance.
19. The Company has an internal audit department and is headed by an experienced person, who is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

Dated: 26 April, 2009
Place: Lahore


BEGUM ZEB GOHAR AYUB KHAN
CHIEF EXECUTIVE



STATEMENT OF COMPLIANCE WITH BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED DECEMBER 31, 2008

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the respective stock exchanges where the Company is listed.

For & on behalf of the Board of Directors

RAZA KULI KHAN KHATTAK
CHAIRMAN

BEGUM ZEB GOHAR AYUB KHAN
CHIEF EXECUTIVE

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

We have reviewed Statement of Compliance with best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **THE UNIVERSAL INSURANCE COMPANY LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 the Code of Corporate Governance 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 the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal 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 the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended **31st December, 2008**.



**For MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS**

**Dated: 26 April, 2009
Place: Lahore**

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) statement of premiums;
- (vi) statement of claims;
- (vii) statement of expenses; and
- (viii) statement of investment income

of **THE UNIVERSAL INSURANCE COMPANY LIMITED** as at **31 December, 2008** together with the notes forming part thereof, for the year then ended. It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with 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 International Standards on Auditing 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 and 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.

As disclosed in note 8 to the accounts, out of the total balances receivable from associated concerns Rs. 55.5 Million, Rs. 37 Million are unconfirmed.

In our opinion:

- a) proper books of account 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) subject to the effects of such adjustments, if any, as might have been necessary, had the required information as mentioned above, been available, the financial statements, together with the notes, present fairly in all material respects, the state of the Company's affairs as at **31 December, 2008** 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) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) The financial statements for the year ended 31 December, 2007 were audited by another firm of chartered accountants who had expressed their audit report unqualified opinion vide their report dated 7 March, 2008.



**For MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS**

**Dated: 26 April, 2009
Place: Lahore**

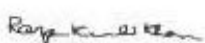


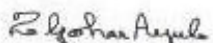
BALANCE SHEET

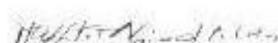
BALANCE SHEET AS AT 31 DECEMBER, 2008

	Note	2008	2007
		(Rupees in '000)	
SHARE CAPITAL AND RESERVES			
Authorised Share Capital:			
50,000,000 ordinary shares of Rs. 10/- each		<u>500,000</u>	<u>250,000</u>
Issued, Subscribed and Paid-up Share Capital	5	210,000	120,000
Retained earnings		32,546	97,534
Reserves	6	<u>14,368</u>	<u>18,072</u>
TOTAL EQUITY		<u>256,914</u>	<u>235,606</u>
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		<u>207,842</u>	<u>200,193</u>
Provision for unearned premium		<u>182,631</u>	<u>177,264</u>
Commission income unearned		<u>15,605</u>	<u>13,557</u>
Total underwriting provisions		<u>406,078</u>	<u>391,014</u>
DEFERRED TAXATION	7	16,873	7,332
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers - including portfolio accounts aggregating Rs. 85.434 million (2007 : Rs. 74.062 million)	8	<u>119,646</u>	<u>101,230</u>
Taxation	9	<u>7,646</u>	<u>9,906</u>
Accrued expenses	10	<u>4,980</u>	<u>970</u>
Other creditors	11	<u>29,330</u>	<u>18,310</u>
		<u>161,602</u>	<u>130,416</u>
OTHER LIABILITIES			
Unclaimed dividend		612	612
Liabilities against assets subject to finance lease		<u>13,652</u>	<u>22,748</u>
TOTAL LIABILITIES		<u>598,817</u>	<u>552,122</u>
TOTAL EQUITY AND LIABILITIES		<u><u>855,731</u></u>	<u><u>787,728</u></u>
CONTINGENCIES AND COMMITMENTS			
	13	-	-

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN

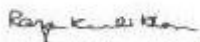

Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

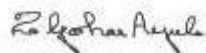

Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

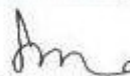
BALANCE SHEET AS AT 31 DECEMBER, 2008

	Note	2008	2007
		(Rupees in '000)	
CASH AND BANK DEPOSITS			
Cash and other equivalents	14	56	119
Current and other accounts	15	107,116	87,357
Deposits maturing within 12 months	16	44,802	55,756
		151,974	143,232
LOANS TO EMPLOYEES	17	554	635
INVESTMENTS	18	84,172	88,620
OTHER ASSETS			
Premiums due but unpaid - unsecured, considered good	19	149,446	118,849
Amounts due from other insurers/reinsurers - unsecured, considered good	8	150,666	114,023
Accrued investment income	20	1,809	2,350
Reinsurance recoveries against outstanding claims	8	92,562	97,601
Deferred commission expense		23,019	21,181
Advance income tax		11,708	32,992
Prepayments	21	57,277	51,802
Sundry receivables	22	18,817	14,039
		505,304	452,837
FIXED ASSETS - Tangible			
Land and buildings	23	47,297	37,175
Furniture, fixtures and office equipment	23	20,848	15,230
Motor vehicles including vehicles acquired under finance lease arrangements	23	45,582	49,999
		113,727	102,404
TOTAL ASSETS		855,731	787,728


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

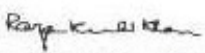

Mushtaq Ahmed Khan FCA
DIRECTOR

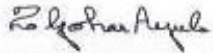

Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2008

Note	Fire and Property Damage	Marine and Transport	Motor Accident	Miscellane- ous	Aggregate			
	2008				2007			
	(Rupees in '000)							
REVENUE ACCOUNT								
	Net premium revenue	89,076	55,971	222,592	39,436	407,075	371,535	
	Net claims	(29,365)	(7,035)	(136,635)	(23,935)	(196,970)	(187,049)	
	Expenses	24	(36,866)	(18,880)	(35,922)	(8,178)	(99,846)	(93,439)
	Net commission		6,180	5,479	(22,064)	(3,985)	(14,390)	(16,357)
	Underwriting result		29,025	35,535	27,971	3,338	95,869	74,690
	Investment (loss)/income					(4,071)	15,067	
	Rental income					744	120	
	Gain on disposal of fixed assets	23.2				827	29,607	
	Miscellaneous income	25				3,931	2,467	
	General and administrative expenses	26				(65,602)	(57,034)	
	Share of (loss)/profit of associates- net of taxation					(14,890)	5,190	
	Profit before taxation					16,808	70,107	
	Taxation							
	- Current and prior year	9				7,456	11,330	
	- Deferred					5,720	1,436	
						13,176	12,766	
	Profit after taxation					3,632	57,341	
PROFIT AND LOSS APPROPRIATION ACCOUNT								
	Balance at commencement of year (Restated)					93,714	60,193	
	Profit after taxation for the year					3,632	57,341	
	Bonus shares issued					(64,800)	(20,000)	
	Balance of unappropriated profit at the end of year					32,546	97,534	
BASIC EARNINGS PER SHARE	27					0.18	2.89	

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

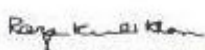

Mushtaq Ahmed Khan FCA
DIRECTOR

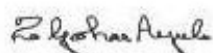

Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

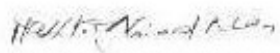
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2008

	Share capital	Reserves				Sub-total	Retained earnings	Total
		General	Doubtful debts	Exceptional losses	Unrealised gain/(loss) on re-measurement of investments			
(Rupees in '000)								
Balance as at 31 December, 2006	100,000	13,125	25	700	(203)	13,647	60,193	173,840
Bonus Shares issued	20,000	-	-	-	-	-	(20,000)	-
Adjustment on remeasurement of investments to fair value	-	-	-	-	4,194	4,194	-	4,194
Effect of items directly taken in equity by associates	-	-	-	-	231	231	-	231
Profit for the year ended 31 December, 2007	-	-	-	-	-	-	57,341	57,341
Balance as at 31 December, 2007	120,000	13,125	25	700	4,222	18,072	97,534	235,606
Deferred tax - prior year adjustment	-	-	-	-	-	-	(3,820)	(3,820)
Balance as at 31 December, 2007 (Restated)	120,000	13,125	25	700	4,222	18,072	93,714	231,786
Bonus Shares issued	64,800	-	-	-	-	-	(64,800)	-
Rights Shares issued	25,200	-	-	-	-	-	-	25,200
Adjustment on remeasurement of investments to fair value	-	-	-	-	(3,904)	(3,904)	-	(3,904)
Transfer of Doubtful Debts and Exceptional losses to Reserves	-	725	(25)	(700)	-	-	-	-
Effect of items directly taken in equity by the associates	-	-	-	-	200	200	-	200
Profit for the year ended 31 December, 2008	-	-	-	-	-	-	3,632	3,632
Balance as at 31 December, 2008	210,000	13,850	-	-	518	14,368	32,546	256,914

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2008

	2008	2007
	(Rupees in '000)	
OPERATING CASH FLOWS		
(a) Underwriting activities		
Premiums received	580,639	525,503
Reinsurance premiums paid	(203,657)	(179,319)
Claims paid	(289,786)	(319,513)
Reinsurance and other recoveries received	105,502	115,101
Commissions paid	(77,133)	(66,511)
Commissions received	62,953	51,369
Net cash inflow from underwriting activities	178,518	126,630
(b) Other operating activities		
Income tax paid/Refunds received - net	10,402	(14,712)
General management expenses	(85,627)	(81,086)
Other operating payments	(58,352)	(50,551)
Other operating receipt	3,931	2,467
Loans to employees - net	81	40
Other payments in respect of operating assets - net	(10,710)	(50,327)
Net cash outflow from other operating activities	(140,275)	(194,169)
TOTAL CASH INFLOW/(OUTFLOW) FROM ALL OPERATING ACTIVITIES	38,243	(67,539)
INVESTING ACTIVITIES		
Profit / return received	5,884	7,083
Dividends received	1,964	5,987
Rentals received	24	210
Held-to-maturity investments - Sold	-	8,000
- purchased	(11,711)	(10,000)
Payments made for Investment	(25,000)	(51,782)
Proceeds from disposal of Investment	11,189	26,790
Fixed capital expenditure including assets acquired under finance lease arrangements	(28,499)	(43,390)
Proceeds from disposal of fixed assets	3,575	64,595
TOTAL CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(42,574)	7,493

	2008	2007
	(Rupees in '000)	
FINANCING ACTIVITIES		
Share capital received - (Right Issue)	25,200	-
Lease finance charges paid	(3,032)	(3,358)
Dividend paid	-	(1)
Lease finances - net	(9,096)	(5,344)
TOTAL CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	13,072	(8,703)
NET CASH INFLOW/(OUTFLOW) FROM ALL ACTIVITIES	8,741	(68,749)
CASH AND CASH EQUIVALENTS - At the beginning of the period	143,232	211,981
CASH AND CASH EQUIVALENTS - At the end of the period	151,973	143,232
Reconciliation to profit and loss account		
Operating cash flows	38,243	(67,539)
Depreciation expense	(14,428)	(15,008)
Rental income	744	120
Lease finance charges	(3,032)	(3,358)
Gain on disposal of fixed assets - net	827	29,607
Investment (loss)/Income	(4,070)	15,067
Share of (loss)/profit from Associates - net of taxation	(14,890)	5,190
(Decrease)/Increase in assets other than cash	(61,685)	71,189
Decrease in liabilities	61,923	22,073
Profit after taxation	3,632	57,341

DEFINITION OF CASH

Cash and other equivalents, current and other bank accounts and deposits maturing within 12 months.

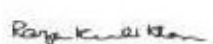
Cash for the purpose of the cash flow statement consists of:

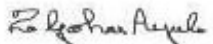
Cash and bank deposits:


- cash and other equivalents
- current and other accounts
- deposits maturing within 12 months

56	119
107,115	87,357
44,802	55,756
151,973	143,232

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

**STATEMENT OF PREMIUMS
FOR THE YEAR ENDED 31 DECEMBER, 2008**

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		2008	2007

(Rupees in '000)

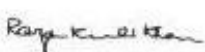
DIRECT AND FACULTATIVE

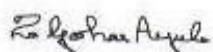
Fire and property damage	225,685	53,597	72,338	206,944	123,539	34,838	40,509	117,868	89,076	54,290
Marine and transport	115,593	10,128	11,335	114,386	58,318	5,976	5,894	58,400	55,986	43,999
Motor accident	219,904	96,681	77,164	239,421	16,234	6,768	6,173	16,829	222,592	249,211
Miscellaneous	50,069	16,857	21,794	45,132	5,565	2,528	2,397	5,696	39,436	24,023
	611,251	177,263	182,631	605,883	203,656	50,110	54,973	198,793	407,090	371,523

TREATY RETROCESSION


Fire and property damage	-	-	-	-	-	-	-	-	-	1
Marine and transport	(15)	-	-	(15)	-	-	-	-	(15)	10
Motor accident	-	-	-	-	-	-	-	-	-	1
	(15)	-	-	(15)	-	-	-	-	(15)	12
	611,236	177,263	182,631	605,868	203,656	50,110	54,973	198,793	407,075	371,535

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF CLAIMS FOR THE YEAR ENDED 31 DECEMBER, 2008

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing			
									2008	2007

(Rupees in '000)

DIRECT AND FACULTATIVE

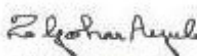
Fire and property damage	98,656	68,472	69,934	100,118	72,421	52,703	51,196	70,914	29,204	16,760
Marine and transport	31,098	47,200	33,841	17,739	22,666	36,652	24,728	10,742	6,997	12,073
Motor accident	139,200	66,387	79,791	152,604	9,342	6,113	12,740	15,969	136,635	141,234
Miscellaneous	20,633	17,165	23,306	26,774	1,073	2,133	3,898	2,636	23,936	16,766
	289,587	199,224	206,872	297,235	105,502	97,601	92,562	100,463	196,772	186,835

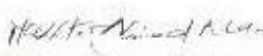
TREATY RETROCESSION

Fire and property damage	161	582	582	161	-	-	-	-	161	173
Marine and transport	37	246	246	37	-	-	-	-	37	8
Motor accident	-	141	141	-	-	-	-	-	-	33
	198	969	969	198	-	-	-	-	198	214
	289,785	200,193	207,841	297,433	105,502	97,601	92,562	100,463	196,970	187,049

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF EXPENSES FOR THE YEAR ENDED 31 DECEMBER, 2008

Class	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses refer note 24	Under-writing expenses	Commission from reinsurers refer note below	Net underwriting expenses	
		Opening	Closing					2008	2007

(Rupees in '000)

DIRECT AND FACULTATIVE

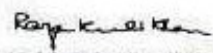
Fire and property damage	31,783	8,358	10,488	29,653	36,866	66,519	35,833	30,686	21,203
Marine and transport	17,896	1,492	1,789	17,601	18,880	36,481	23,074	13,407	11,434
Motor accident	19,143	10,010	7,083	22,070	35,922	57,992	6	57,986	70,664
Miscellaneous	8,315	1,321	3,659	5,977	8,179	14,156	1,992	12,164	6,452
	77,139	21,181	23,019	75,301	99,847	175,148	60,905	114,243	109,753

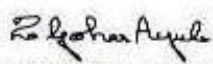
TREATY RETROCESSION

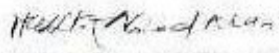
Fire and property damage	-	-	-	-	-	-	-	-	34
Marine and transport	(6)	-	-	(6)	-	(6)	-	(6)	7
Motor accident	-	-	-	-	-	-	-	-	1
	(6)	-	-	(6)	-	(6)	-	(6)	42
	77,133	21,181	23,019	75,295	99,847	175,142	60,905	114,237	109,795

Note: Commission from reinsurers is calculated after taking the effect of opening and closing unearned commission.

The annexed notes form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER, 2008

2008 2007
(Rupees in '000)

Income from investment at fair value through profit or loss

Unrealised (loss)/gain on remeasurement of investment to fair value	(7,566)	3,581
Dividend income	442	-
(Loss)/gain on sale of investment - net	(1,271)	2,386
	(8,395)	5,967

Income from non-trading investments

Held-to-maturity

Return on Government securities	1,225	915
Return on other fixed income securities and deposits:		
- term deposit receipts	2,685	3,837
- profit on PLS accounts	1,432	2,272
	5,342	7,024

Available-for-sale

(Loss)/gain on sale of investments (net)	(2,540)	-
Dividend income	1,588	2,411
	(952)	2,411
	(4,005)	15,402

Less: Investments related expenses


Zakat deducted	(66)	(335)
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Net investment (loss)/income

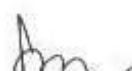
	(4,071)	15,067
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Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


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PRINCIPAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2008

1. STATUS AND NATURE OF BUSINESS

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 09 May, 1958 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges and is engaged in the non-life insurance business. The registered office of the Company is situated at Universal Insurance House, 63- Shahrah-e-Quaid-e-Azam, Lahore. Bibojee Services (Private) Limited (the Holding Company) held 15,158,326 i.e. 72.18% (2007: 8,573,022) ordinary shares of the Company as at 31 December, 2008.

2. STATEMENT OF COMPLIANCE

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

The SECP has allowed the insurance companies to defer the application of International Accounting standard 39(IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "available for sale investment". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

ACCOUNTING STANDARD NOT YET EFFECTIVE

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

STANDARD OR INTERPRETATION

IAS 1	Presentation of financial statements	Effective from January 01, 2009
IAS 23	Borrowing Costs	Effective from January 01, 2009
IAS 27	Consolidated and Separate Financial Statement	Effective from July 01, 2009
IAS 32	Financial Instrument: Presentation	Effective from July 01, 2009
IFRS 2	Share-based Payment	Effective from July 01, 2009
IFRS 3	Business Combinations	Effective from July 01, 2009
IFRS 4	Insurance Contracts	Effective from January 01, 2009
IFRS 7	Financial Instruments Disclosures	Effective from April 28, 2009
IFRS 8	Operating Segments	Effective from January 01, 2009

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the measurement at fair value/amortised cost of certain financial assets as stated in note 4.11.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgment are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) Provision for outstanding claims including incurred but not reported – IBNR (note 4.1);
- (b) Taxation including the amount relating to tax contingency (note 4.6);
- (c) Classification of investments (note 4.11); and
- (d) Useful life of depreciable assets and provision for impairment there against (notes 4.15 and 4.16).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Provision for outstanding claims including incurred but not reported (IBNR)

The liability for outstanding claims is recognized in respect all claims incurred as at the balance sheet date which represents the estimates of claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of the expected future payments. Provision for such outstanding claims is not made where the quantum of loss is not known.

Provision for outstanding claims amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR), which is based on the management's judgment, and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

4.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage.

Provision for unearned premium is being calculated as a proportion of the gross premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

4.3 Commission income unearned

Commission income receivable from reinsurers is taken to profit and loss account in accordance with the pattern of recognition of the reinsurance premium to which they relate.

4.4 Premium deficiency reserve

Premium deficiency reserve is maintained where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business, to comply with the requirements of the Securities and Exchange Commission (Insurance) Rules, 2002. Any movement in the reserve is charged to the profit and loss account.

The management considers that the unearned premium reserve for all classes of business as at the year-end was adequate to meet the

expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in the books of accounts.

4.5 Amounts due to/from other insurers/reinsurers

Amounts due to/from other insurers/reinsurers are carried at cost, which is the fair value of the consideration to be received/paid in the future for services. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

4.6 Taxation:

a) Current:

Provision for current taxation is based on taxable income at the current rates of taxation, under the relevant provisions of the Income Tax Ordinance, 2001, after taking into account tax rebates and tax credits available, if any.

b) Deferred:

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Company records deferred tax assets/liabilities using the tax rates, enacted or substantially enacted at the balance sheet date, expected to be applicable at the time of its reversal.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.7 Creditors, accruals and provisions:

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Company.

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

4.8 Dividend:

Dividends (including stock dividends) are recognised in the period in which these are declared.

4.9. Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any.

4.10 Loans to employees and agents

These are recognised at cost, which is the fair value of the consideration given.

4.11 Investments

All investments are initially recognised at cost being the fair value of the consideration given and include transaction cost.

All purchases and sales of financial assets are accounted for at the trade date.

The above investments are classified into the following categories:

- investments in equity instruments of associates;
- held-to-maturity;
- available-for-sale; and
- investments at fair value through profit or loss.

Investments in equity instruments of associates

Investments in equity instruments of associates are stated at the Company's share of their underlying net assets using the equity method.

Held-to-maturity

Investments with fixed maturity, where the management has both the intent and the ability to hold the investments to maturity, are classified as held-to-maturity.

Subsequent to initial recognition at cost, these investments are measured at amortised cost less any accumulated impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition by using effective interest rate method.

Available-for-sale – marketable 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 classified as available-for-sale.

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by reference to the net assets and financial position of the investee on the basis of the latest available audited financial statements.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in income.

4.12 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognised in accordance with the pattern of recognition of premium income to which they relate. For non-proportional reinsurance contracts, the reinsurance expense is recognised evenly in the period of indemnity. The portion of reinsurance premium not recognised as an expense is shown as a prepayment.

4.13 Claim recoveries

Claim recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

4.14 Deferred commission expense

Commission costs incurred in obtaining and recording policies of insurance and reinsurance are being deferred and recognised as an asset in correlation with unearned premium that will be recognised in the subsequent reporting periods.

4.15 Fixed assets and depreciation - owned

Fixed Assets are stated at written down values except for freehold land and capital work-in-progress, which are stated at cost. Depreciation on leased buildings is provided applying straight-line method over the lease term of buildings. Depreciation on other fixed assets is provided on reducing balance method so as to write-off the historical cost of an asset over its useful life without taking into account any residual value as considered immaterial. Depreciation on addition is charged from the date the assets are available for use while on disposals, depreciation is charged upto the date to which the assets are disposed-off. The assets residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Rates of depreciation are stated in note 23.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Normal repairs and maintenance are taken to profit and loss account as and when incurred.

Gain/loss on disposal of fixed assets, if any, is taken to profit and loss account.

4.16 Assets subject to finance lease

Assets held under finance leases are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at the end of lease term.

The finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

4.17 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognised in the profit and loss account.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income/expense currently.

4.18 Staff Retirement Benefits:

The Company operates a provident funded (defined contribution plan) for all its permanent employees. The Company and the employees make monthly contributions at the rate of 10% of the basic salary.

4.19 Foreign currency transactions:

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date. Exchange differences are taken to profit and loss account.

4.20 Revenue recognition:

(a) **Premium income earned**

Premium income under a policy is recognised over the period of insurance from the date of issuance of the policy to which it relates to its expiry as follows:

- | | |
|----------------------------------------------|-------------------------------------------------------------|
| - for direct business | evenly over the period of the policy |
| - for proportional re-insurance business | evenly over the period of the underlying insurance policies |
| - for non-proportional re-insurance business | in accordance with the pattern of re-insurance service |

Where the pattern of incidence of risk varies over the period of policy, the premium is recognised as revenue in accordance with the pattern of incidence of risk.

(b) **Administrative surcharge**

This represents documentation and other charges recovered by the Company from policy-holders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognised as revenue at the time, the policies are written.

(c) **Commission income**

Commission income from reinsurers is recognised at the time of issuance of underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

(d) **Investment income**

Income from available-for-sale investments

- Return on fixed income investments

Return on fixed income securities classified as available-for-sale is recognised on a time proportion basis.

- Gain/loss on sale of available-for-sale investments

Gain/loss on sale of available-for-sale investments is included in income currently.

- Income from held-to-maturity investments

Income from held-to-maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

(e) Dividend income and bonus shares

Dividend income is recognised when the right of receipt is established.

Bonus shares are accounted for by increase in number of shares without any change in the value of investments.

(f) Rental and other income

Rental and other income is recognised on accrual basis.

4.21 Pakistan Reinsurance Company Limited (PRCL) Retrocession:

PRCL: retrocession business is accounted for on the basis of PRCL's statements pertaining to the first two quarters of the current financial year and the last two quarters of the preceding financial year.

4.22 Expenses of management:

Management Expenses for the year 2008 & accordingly 2007 are re-classified for more appropriate presentation as follows. Management Expenses were minutely scrutinized and the expenses which are directly attributable to the underwriting business are allocated in accordance with the volume of each class of business and the portion of management expenses which are not allocable to the underwriting business are charged as General & Administrative expenses. Corresponding figures of management expenses are stated on the same pattern for comparative purposes.

4.23 Cash and cash equivalents:

For the purpose of cash flow statement, cash and cash equivalents include cash and bank deposits.

4.24 Related party transactions:

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa. The Company, in the normal course of business, carries-out transactions with such parties. The transactions with related parties are priced at Comparable Uncontrolled Market Price. The Comparable Uncontrolled Price Method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the amount charged in a comparable uncontrolled transaction.

4.25 Financial instruments:

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial of the financial assets and financial liabilities are taken to profit and loss account currently. Financial instruments carried on the balance sheet have been detailed in note 28. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.26 Off setting of financial assets and financial liabilities:

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.27 Segment reporting:

The Company's operating business are organized and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and its impact.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash-in-transit, personal accident, money, engineering losses and other coverages.

Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

	NOTE	2008 (Rupees in '000)	2007
5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
5,720,000 (2007 : 3,200,000) Ordinary Shares of Rs. 10/- each issued for cash		57,200	32,000
15,280,000 (2007 : 8,800,000) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares		152,800	88,000
		210,000	120,000
6. RESERVES			
General reserves		13,850	13,125
Reserve for doubtful debts		-	25
Reserve for exceptional losses	6.1	-	700
Unrealised gain/(loss) on remeasurement of investments		518	4,222
		14,368	18,072
6.1 This reserve was created prior to the year 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922. This reserve has now been transferred to General Reserves.			
7. DEFERRED TAXATION			
The deferred taxation liability comprises of temporary differences arising due to:			
Credit balances arising in respect of:			
- accelerated tax depreciation allowances		11,987	8,133
- undistributed post acquisition profits of associates		-	576
Credit balance arising in respect of lease finances		4,886	(1,377)
		16,873	7,332
8. AMOUNTS DUE TO/FROM OTHER INSURERS/ RE-INSURERS AND PREMIUMS DUE BUT UNPAID			

The balances as at 31 December, 2008 relating to amounts due to/from other insurers and reinsurers and premiums due but unpaid, include associates' balances, Rs. 37 million are although unconfirmed but are considered to be accurately stated by the management.

	2008 (Rupees in '000)	2007
9. TAXATION - Net		
Opening balance	9,906	4,542
Add: Provision made during the year		
- current	7,327	9,850
- prior years'	129	1,480
	<u>7,456</u>	<u>11,330</u>
	17,362	15,872
Less: Payments/Adjustments against completed assessments		
	<u>9,716</u>	<u>5,966</u>
	<u>7,646</u>	<u>9,906</u>
9.1 Return filed by the company for tax year 2008 has been deemed assessment under the self-assessment scheme envisaged in section 120 of the Income Tax Ordinance 2001.		
9.2 Relationship between tax expense and accounting profit		
Accounting profit before taxation	<u>16,808</u>	<u>70,107</u>
Tax at the applicable rate of 35%	5,883	24,537
Tax effect of expenses which were not deductible for tax purposes and were taken to profit and loss account	14,735	10,715
Tax effect of expenses which were deductible for tax purposes and were not taken to profit and loss account	(13,549)	(25,633)
Rental income taxed at different tax rate	54	-
Dividend income taxed at different tax rate	203	231
Prior years' tax charge	130	1,480
Deferred taxation	5,720	1,436
Tax charge (net)	<u>13,176</u>	<u>12,766</u>
10. ACCRUED EXPENSES		
Salaries payable	4,518	317
Audit fee payable	170	167
Expenses payable	292	486
	<u>4,980</u>	<u>970</u>

	2008 (Rupees in '000)	2007
11. OTHER CREDITORS		
Excise duty	14,989	5,061
Federal insurance fee	1,649	1,215
Survey fee payable	1,286	2,164
Sundry creditors	5,783	4,854
Employees' union fund	6	6
Bonus shares fractions	4	14
E.O.B.I contribution payable	20	12
Zakat payable	18	-
Mark-up payable	17	-
Deposits from employees against vehicles	620	1,264
Tax deducted at source:		
- agents	1,794	1,116
- others	552	395
Guarantee deposits - refundable	2,592	2,209
	29,330	18,310

12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

	Upto one Year	From one to five years	2008	Upto one Year	From one to five years	2007
----- (Rupees in '000) -----						
Minimum lease payments	14,442	6,100	20,542	16,367	14,818	31,185
Less: Finance cost allocated to future periods	1,270	419	1,689	2,286	762	3,048
	13,172	5,681	18,853	14,081	14,056	28,137
Less: Security deposits adjustable on expiry of lease terms	3,838	1,363	5,201	901	4,488	5,389
Present value of minimum lease payments	9,334	4,318	13,652	13,180	9,568	22,748

12.1 The Company has entered into lease agreements with ORIX Leasing Pakistan Limited, Askari Leasing Limited, Bank Alfalah Limited, First Habib Modaraba, NBP Capital Limited and Saudi Pak Leasing Company Limited to acquire vehicles and a generator. The liabilities under the lease agreements are payable in monthly installments by **June 2011** and are subject to finance charges at the rates ranging from 12.98% to 19.28% per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

13. CONTINGENCIES AND COMMITMENTS

13.1 As at **31 December, 2008**, commitments for revolving letters of credits, other than for capital expenditure, were outstanding for **Rs. 624** thousand (31 December, 2007: Rs. 664 thousand).

13.2 No commitments for capital expenditure were outstanding as at **31 December, 2008** (2007 : Rs. NIL).

	NOTE	2008 (Rupees in '000)	2007
14. CASH AND OTHER EQUIVALENTS			
Stamps-in-hand		<u>56</u>	<u>119</u>
15. CURRENT AND OTHER ACCOUNTS			
PLS accounts	15.1	62,251	61,570
Current accounts		44,865	25,787
		<u>107,116</u>	<u>87,357</u>
15.1 These includes balance amounting Rs. 666 thousand (31 December, 2007: Rs. 639 thousand) which has been kept with a bank as security against letters of credit.			
16. DEPOSITS MATURING WITHIN 12 MONTHS			
These represent Term Deposit Receipts issued by different banks and carry interest at the rates ranging from 5 % to 15.75 % per annum (2007 : at the rates ranging from 5% to 11% per annum).			
17. LOANS TO EMPLOYEES - Secured Considered Good			
- for vehicles	17.1	0	158
- against salaries		554	477
		<u>554</u>	<u>635</u>
17.1 Loans to employees are granted in accordance with the terms of their employment for the purchase of vehicles. These interest-free loans are recoverable in monthly installments over various periods and are secured by registration of vehicles in the Company's name.			
18. INVESTMENTS			
These investments comprise of the following:			
- Equity instruments of associates	18.1	3,366	18,055
- Held-to-maturity	18.2	21,711	10,000
- Available-for-sale	18.3	11,662	15,067
- Investments at fair value through profit or loss	18.4	47,433	45,498
		<u>84,172</u>	<u>88,620</u>

18.1 Equity instruments of associates

Number of Shares		Face Value	Name of entity	2008	2007
2008	2007				

Rupees

(Rupees in '000)

Quoted - associates

		Woollen			
7,152	7,152	10	Bannu Woollen Mills Limited Equity held 0.09% (2007 : 0.09%) Cost	32	32
			Share of post acquisition profit - net of tax	284	253
				316	285
		Automobile Assembler			
1,192,148	1,192,148	10	Gandhara Industries Limited Equity held 5.60% (2007 : 5.60%) Cost	12,160	12,160
			Share of post acquisition (loss)/profit - net of tax	(9,184)	5,525
				2,976	17,685
5,000	5,000	10	Gandhara Nissan Limited Equity held 0.01% (2007 : 0.01%) Cost	103	103
			Share of post acquisition (loss) - net of tax	(29)	(18)
				74	85
				3,366	18,055

18.2 Held-to-maturity (deposited with State Bank of Pakistan)

9.30% (2007 : 9.30%)	Pakistan Investment Bonds (Face Value Rs. 10 million) (Maturing 19th May 2011)	10,000	10,000
8.00% (2007 : NIL)	Pakistan Investment Bonds (Face Value Rs. 15 million) (Maturing 19th May 2013)	11,711	-
		21,711	10,000

18.3 Available-for-sale

Number of Shares/Units		Face Value	Name of entity	2008	2007
2008	2007				
Rupees				(Rupees in '000)	
Quoted					
Closed-end Mutual Fund					
23,245	23,245	10	UTP Growth Fund	135	135
8,391	6,391	10	PICIC Investment Fund	85	85
Textile Spinning					
26,740	26,740	10	Fawad Textile Mills Limited	267	267
Textile Composite					
49,000	49,000	10	Hamid Textile Mills Limited	490	490
Transport					
888	888	10	Pakistan National Shipping Corporation Limited	24	24
				1,001	1,001
Un-Quoted					
1,106	1,106	10	Nowshera Engineering Works Limited (Note 18.7)	11	11
Others					
Open-end Mutual Fund					
231,842	231,842		National Investment Trust Units	10,150	10,150
1,061	-		Atlas Stock Fund	500	-
				11,662	11,162
Add: Adjustment arising from remeasurement to fair value - net				-	3,905
Cost/Market value as at 31 December				11,662	15,067

18.3(A)

As per requirement of the SEC (Insurance) Rules, 2002, the available-for-sale Investment are to be stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). In view of the above circumstances, a clarification was sought from the SECP on the treatment of such fall in market value as at December 31, 2008. The SECP through Circular No. 3/2009 dated February 16, 2009 clarified that where the market value of any available-for-sale investment as at December 31, 2008 is less than the cost, the fall in value may be treated as temporary and the investment be valued at cost.

The above mentioned fall in the market value of available-for-sale Investments aggregated to Rs.3.115 Million as at December 31, 2008. In accordance with the methodology prescribed under the said Circular, the company will recognize the fall in value of Rs.3.115 Million, through the profit & loss account, during each calendar quarter of the year ending December 31, 2009 after adjusting for the relevant price movements. However, such fall in the value shall be treated as a charge to the profit & loss account for the purposes of distribution as dividend.

Had these investments been measured at fair value as required by "IAS 39 Financial Instruments Recognition and Measurement". The Company net equity would have been lower by Rs.3.115 Million.

18.4 Investment at fair value through profit or loss

Number of Shares/Units		Face Value	Name of entity	2008	2007
2008	2007				
		Rupees		(Rupees in '000)	
Quoted					
Commercial Banks					
12,650	11,500	10	Natioanl Bank of Pakistan	3,097	3,097
Cement					
104,511	104,511	10	Pioneer Cement Limited	6,402	6,402
Power Generation & Distribution					
40,000	40,000	10	The Hub Power Co. Limited	1,198	1,198
Fertilizer					
95,000	95,000	10	Fauji Fertilizer Bin Qasim Ltd.	4,041	4,041
Closed-end Mutual Funds					
76,500	63,000	10	PICIC Growth Fund	2,889	2,889
Open-end Mutual Funds					
280,773	206,252	10	Askari Income Fund	26,782	21,782
115,241	102,648	10	HBL Income Fund	10,000	10,000
811	-		Atlas Income Fund	500	-
50,062	-		ABL Income Fund	500	-
34,701	-		Faysal Saving & Growth Fund	3,500	-
				58,909	49,409
Add: Adjustment arising from remeasurement to fair value				(11,476)	(3,911)
Market value as at 31 December, 2008.				47,433	45,498

18.5 Summarised un-audited financial statements of the associates, including the aggregated amounts of assets, liabilities, revenues and profits are as follows:

Name	Assets	Liabilities	Revenues	Profit
	As at 31 December, 2008		From 01 January, 2008 to 31 December, 2008	
	----- (Rupees in '000) -----			
Gandhara Industries Limited	2,522,211	1,383,192	1,644,942	(178,286)
Gandhara Nissan Limited	3,686,104	2,499,056	3,108,848	(185,169)
Bannu Woollen Mills Limited	742,973	150,089	379,740	30,443

Name	Assets	Liabilities	Revenues	Profit
	As at 31 December, 2007		From 01 January, 2007 to 31 December, 2007	
	----- (Rupees in '000) -----			
Gandhara Industries Limited	2,432,494	1,126,189	1,544,585	91,826
Gandhara Nissan Limited	2,367,766	1,263,152	2,781,166	159,553
Bannu Woollen Mills Limited	703,085	142,364	319,091	35,354

18.6 Fair value of investments in associates is as follows:

	31 December 2008	31 December 2007
	(Rupees in '000)	
Gandhara Industries Limited	30,996	46,911
Gandhara Nissan Limited	83	238
Bannu Woollen Mills Limited	390	472

18.7 Net assets value of the investments could not be ascertained as at 31 December, 2008 due to non-availability of financial statements of the investee company.

18.8 Equity percentage of investments in all the investees was less than 10%.

	NOTE	2008 (Rupees in '000)	2007
19. PREMIUMS DUE BUT UNPAID - Unsecured			
Considered good-(refer contents of note 8)			
Due from associates	19.1	55,540	52,874
Others - refer contents of note 8		93,906	65,975
		<u>149,446</u>	<u>118,849</u>
19.1 Due from associates on account of normal trading transactions:			
- Janana De Malucho Textile Mills Limited		8,246	8,567
- Babri Cotton Mills Limited		4,109	2,527
- Bannu Woollen Mills Limited		388	821
- Rahman Cotton Mills Limited		5,972	6,450
- Ghandhara Nissan Limited		22,350	22,563
- Ghandhara Industries Limited		14,475	11,946
		<u>55,540</u>	<u>52,874</u>
20. ACCRUED INVESTMENT INCOME			
Interest/Profit accrued on:			
- Term deposit receipts		1,414	1,703
- Government securities		296	109
- PLS accounts		99	538
		<u>1,809</u>	<u>2,350</u>
21. PREPAYMENTS			
Prepaid reinsurance premium ceded		54,974	50,111
Rent		2,014	1,257
Advance lease rentals		289	434
		<u>57,277</u>	<u>51,802</u>
22. SUNDRY RECEIVABLES			
- Advance for expenses at branches considered good		3,726	3,005
- Security deposits		2,757	3,263
- Due from provident fund trust		61	139
- Advance Tax		2,163	994
- Rent recoverable		720	-
- Dividend receivable - others		-	1
- Wealth tax		-	10
- Premium receivable from travel agent on account of medical travel insurance		8,885	6,627
- Others		505	-
		<u>18,817</u>	<u>14,039</u>

23. FIXED ASSETS - Tangible

PARTICULARS	COST			RATE %	DEPRECIATION			Net Book Value as at 31 December, 2008
	As at 01 January 2008	Additions/ (Disposals)	As at 31 December 2008		As at 01 January 2008	For the Year/(On disposals)	As at 31 December 2008	
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
OWNED:								
Land and buildings								
Land - freehold	57	-	57	--	-	-	-	57
Buildings on freehold land	44,154	12,495	56,649	5	7,036	2,372	9,408	47,241
	44,211	12,495	56,706		7,036	2,372	9,408	47,298
Furniture, fixtures, office equipments & others								
Furniture and fixtures	8,369	505 (12)	8,862	15	4,485	415 (7)	4,893	3,969
Air-conditioning equipments	3,979	745 (25)	4,699	15	1,836	256 (16)	2,076	2,623
Electrical appliances	839	68	907	30	402	48	450	457
Library books	60	120	180	15	58	1	59	121
Typewriters and calculators	640	-	640	15	469	17	486	154
Telephone installations	1,180	53	1,233	10	683	53	736	497
Electric installations	441	-	441	10	258	18	276	165
Office equipment	1,595	408 (100)	1,903	10	634	115 (48)	701	1,202
Computers	9,978	3,112 (44)	13,046	10	3,026	870 (9)	3,887	9,159
Mobile sets	-	218	218	30	-	41	41	177
Generators (owned)	-	455	455	15	-	54	54	401
Generators (leased)	-	2,258	2,258	15	-	335	335	1,923
	27,081	7,942 (181)	34,842		11,851	2,223 (80)	13,994	20,848
Motor Vehicles								
Owned								
Cycles/motor cycles	4,632	176 (52)	4,756	20	2,356	476 (18)	2,814	1,942
Vehicles	27,490	3,269 (5,183)	25,576	15	14,886	3,027 (2,570)	15,343	10,233
Vehicles (transfer from lease)	-	5,954	5,954		-	3,439	3,439	2,515
	32,122	9,399 (5,235)	36,286	15	17,242	6,942 (2,588)	21,596	14,690
Leased								
Vehicles	47,715	4,616 (5,954)	52,331 (5,954)	20	12,596	6,329 (3,439)	15,486	30,891
Vehicles (transfer to owned)	-	(1,338)	46,377		-	2,890	-	-
	47,715	(1,338)	46,377		12,596	2,890	15,486	30,891
	79,837	8,061 (5,235)	82,663		29,838	9,832 (2,588)	37,082	45,581
TOTAL	151,129	28,498 (5,416)	174,211		48,725	14,427 (2,668)	60,484	113,727

2007	149,697	43,390 (41,958)	151,129	40,687	15,008 (6,970)	48,725	102,404
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	2008 Rupees	2007 Rupees
23.1 Depreciation Charged to:		
Management Expenses	10,990	11,256
General and Administrative Expenses	3,437	3,752
	14,427	15,008

23.2 Disposal of Fixed Assets - Tangible

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds/ Insurance Claim	Gain/(loss)	Sold through tender / negotiations to
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----- (Rupees in '000) -----

Office Equipment

Photocopier	100	48	52	10	(42)	M & M Traders
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Vehicles

Nissan Sunny (LXR - 3548)	300	99	201	300	99	Mr. Khalid Mahmood
Suzuki Mehran (LXD-2816)	253	112	141	252	111	Mr. Abdul Waheed
Nissan Sunny (LRH-853)	897	616	281	366	85	Mr. Muhammad Nouman
Suzuki Khyber (LXM-16)	482	399	83	237	154	Mr. Naveed Ijaz
Nissan Tida (LT-293)	1,277	311	966	1,225	259	Mr. Razaqat Mehmood
Suzuki Cultus (LXW - 608)	271	167	104	104	0	Mr. Zahoor Ahmed Malik
Honda City (LZT - 9966)	897	462	435	408	(27)	Mr. Muhammad Nawaz
Suzuki Baleno (LWC - 766)	806	404	402	609	207	Dr. Sheikh Rehmat Ali
	5,183	2,570	2,613	3,501	888	

Aggregate of items with individual

Book Value not exceeding

Rs. 50,000/-

5,417	2,670	2,747	3,574	827
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	NOTE	2008 (Rupees in '000)	2007
24. MANAGEMENT EXPENSES			
- Salaries and benefits		60,518	53,708
- Rent, electricity etc.		6,354	5,791
- Communication		5,427	4,871
- Printing and stationery		1,824	1,052
- Travelling and entertainment		3,836	4,241
- Depreciation		10,991	11,255
- Repairs and maintenance		3,388	3,038
- Legal and professional charges		217	491
- Advertisement		480	244
- Others		5,800	7,640
- Lease finance charges		1,011	1,108
		99,846	93,439
25. MISCELLANEOUS INCOME			
Fronting fees		3,372	1,076
Payable balances written-back		559	1,391
		3,931	2,467

	NOTE	2008 (Rupees in '000)	2007
26. GENERAL AND ADMINISTRATIVE EXPENSES			
Auditors' remuneration:			
- Statutory audit - current year		170	170
- preceding year		-	35
- Half yearly review		80	80
- Certification and other charges		10	30
- Fees of special assignments		-	120
		260	435
Salaries and benefits		40,443	33,914
Rent, rates & electricity		2,452	1,738
Communication		1,368	1,285
Printing and stationery		900	2,409
Travelling and entertainment		3,212	3,381
Depreciation		3,437	3,752
Repairs & maintenance		1,146	810
Legal charges (other than Auditors')		1,822	271
Lease finance charges		2,021	2,250
Advertisemnt		867	435
Others		7,674	6,354
		65,602	57,034
27. BASIC EARNINGS PER SHARE			
Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.			
Profit after taxation attributable to ordinary shareholders		3,632	57,341
		Number of Shares	
Weighted average number of shares outstanding during the year		19,863,662	Restated 19,814,256
		Rupees	
Basic earnings per share		0.18	2.89
27.1	No figure of diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.		
27.2	Earnings per share for the year ended 31 December, 2007 have been restated due to the issue of bonus and rights shares during the current year.		

28. FINANCIAL INSTRUMENTS

Particulars	Interest / Mark up Bearing				Non Interest / Mark up Bearing			Total
	Interest/mark-up rates range % per annum	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	%	(Rupees in '000)						
2008								
FINANCIAL ASSETS :								
Cash and bank deposits	5% to 11%	129,172	-	129,172	22,802	-	22,802	151,974
Loans to employees		-	-	-	554	-	554	554
Investments	8% to 9.30%	21,711	-	21,711	59,095	-	59,095	80,806
Premiums due but unpaid		-	-	-	149,446	-	149,446	149,446
Amounts due from other Insurers/reinsurers		-	-	-	150,666	-	150,666	150,666
Accrued investments income		-	-	-	1,808	-	1,808	1,808
Reinsurance recoveries against outstanding claims		-	-	-	92,562	-	92,562	92,562
Sundry receivables		-	-	-	12,428	-	12,428	12,428
		150,883	-	150,883	489,361	-	489,361	640,244
FINANCIAL LIABILITIES:								
Provision for outstanding claims (including IBNR)		-	-	-	207,842	-	207,842	207,842
Amounts due to other Insurers/reinsurers		-	-	-	119,646	-	119,646	119,646
Accrued expenses		-	-	-	4,980	-	4,980	4,980
Other creditors		-	-	-	9,727	-	9,727	9,727
Unclaimed dividend		-	-	-	612	-	612	612
Liabilities against assets subject to finance lease	12.98% to 19.28%	9,334	4,318	13,652	-	-	-	13,652
		9,334	4,318	13,652	342,807	-	342,807	356,459
2007								
FINANCIAL ASSETS :								
Cash and bank deposits	5% to 11%	117,326	-	117,326	25,906	-	25,906	143,232
Loans to employees		-	-	-	635	-	635	635
Investments	9.30%	-	10,000	10,000	60,565	-	60,565	70,565
Premiums due but unpaid		-	-	-	118,849	-	118,849	118,849
Amounts due from other Insurers/reinsurers		-	-	-	114,023	-	114,023	114,023
Accrued investments income		-	-	-	2,350	-	2,350	2,350
Reinsurance recoveries against outstanding claims		-	-	-	97,601	-	97,601	97,601
Sundry receivables		-	-	-	10,030	-	10,030	10,030
		117,326	10,000	127,326	429,959	-	429,959	557,285
FINANCIAL LIABILITIES:								
Provision for outstanding claims (including IBNR)		-	-	-	200,193	-	200,193	200,193
Amounts due to other Insurers/reinsurers		-	-	-	101,230	-	101,230	101,230
Accrued expenses		-	-	-	970	-	970	970
Other creditors		-	-	-	9,259	-	9,259	9,259
Unclaimed dividend		-	-	-	612	-	612	612
Liabilities against assets subject to finance lease	12.98% to 19.02%	13,180	9,568	22,748	-	-	-	22,748
		13,180	9,568	22,748	312,264	-	312,264	335,012

29. RISK MANAGEMENT

29.1 Reinsurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for re-insurance purposes. Such re-insurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurance ceded contracts do not relieve the Company from its obligations to policy-holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The maximum theoretical credit risk exposure in this connection is Rs. 100.237 million (2007 : 97.601 million).

29.2 Credit risk and concentration of credit risk exposure

Credit risk is the risk that 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. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs 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 in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and review and conservative estimates of provisions for doubtful assets, if any. The management is of the view that is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sector segments.

29.3 Fair value of financial instruments

The estimated fair values of financial instruments are not significantly different from their book values as shown in these financial statements. The fair values of the financial instruments are stated in their respective notes where the fair value is different from the book value.

29.4 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Company has invested its funds in ordinary shares, Mutual Funds and National Investment Trust Units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company actively monitors the key factors that affect the investment market.

29.5 Interest rate risk

Interest/yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest/yield rate risk for certain deposits with the banks and liabilities against assets subject to financial lease.

29.6 Currency risk

Foreign currency risk arises mainly where receivable/payable exist due to transactions with foreign undertakings. The Company is not exposed to currency risk as none of its financial assets and liabilities are payable in foreign currency at the year-end.

29.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

30 Capital Management

The Company's goals and objectives when managing capital are

- to be an appropriately capitalised institution in compliance with paid-up capital requirement set by the SECP. During the year, minimum paid up capital requirement for non-life insurers was raised to Rs. 300 million. The requirement is to be met in a phased manner by December 31, 2011.
- the company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.
- the company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economics conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payable to shareholders or issue new shares.

31. SUMMARY OF TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associates, directors, key management personnel and employee benefit plan. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from related parties and remuneration of directors & executives have disclosed in the relevant notes. Other material transactions with related parties during the year ended **31 December, 2008** are given below:

Name of associate	Premiums Charged	Claims Paid	Dividend Income	Purchase of Vehicles
----- (Rupees in '000) -----				
Gandhara Nissan Limited	18,008	1,741	-	2,800
Gandhara Industries Limited	12,391	569	-	-
Janana De Malucho Textile Mills Limited	4,898	781	-	-
Babri Cotton Mills Limited	3,940	1,297	-	-
Rehman Cotton Mills Limited	6,617	0	-	-
Bannu Woollen Mills Limited	2,605	64	-	-
2008	48,459	4,452	-	2,800
2007	33,672	7,791	-	1,249

Transactions with the Holding Company

Bibojee Services (Pvt) Limited

2008	-	-	-	-
2007	-	-	-	-

Maximum aggregate debit balance of the associates at any month-end during the year was Rs. 55.54 million (2007 : Rs. 64.459 million).

32. SEGMENT REPORTING

The Company has four primary business segments for reporting purposes namely fire & property damage, marine & transport, motor accident and miscellaneous.

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

Fire and property damage	Marine and transport	Motor accident	Miscellaneous	Total
--------------------------	----------------------	----------------	---------------	-------

----- (Rupees in '000) -----

2008

Gross premium earned	206,944	114,387	239,420	45,133	605,884
Segment results	29,025	35,536	27,971	3,337	95,869
Other information					
Segment assets	243,012	108,553	167,367	37,030	555,962
Unallocated corporate assets					299,769
Consolidated total assets					855,731
Segment liabilities	226,791	81,643	167,874	49,417	525,725
Unallocated corporate liabilities					73,092
Consolidated total liabilities					598,817
Capital expenditure	7,301	4,035	8,446	1,592	21,374
Depreciation	3,754	2,075	4,343	819	10,991

2007

Gross premium earned	148,235	97,926	267,965	28,800	542,926
Segment results	16,121	20,488	37,279	802	74,690
Other information					
Segment assets	186,855	93,542	178,794	19,377	478,568
Unallocated corporate assets					309,160
Consolidated total assets					787,728
Segment liabilities	163,119	78,647	210,362	40,116	492,244
Unallocated corporate liabilities					59,878
Consolidated total liabilities					552,122
Capital expenditure	8,885	5,870	16,062	1,726	32,543
Depreciation	3,073	2,030	5,555	597	11,255

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Managing Director		Executives	
	2008	2007	2008	2007	2008	2007
- Managerial remuneration	840	840	3,240	2,880	6,598	3,494
- House rent	360	360	1,200	1,020	2,278	1,560
- Bonus	-	-	498	422	741	502
- Provident fund	-	-	324	288	503	349
- Utilities	268	285	126	76	613	-
Rupees	1,468	1,485	5,388	4,686	10,733	5,905
Number of persons	1	1	1	1	6	5

33.1 Chief executive, managing director and executives are also provided with free use of the Company's maintained cars and residential telephones.

33.2 The Company, during the year, paid meeting fee aggregating Rs.490 thousand (2007 : Rs. 350 thousand) to eight (2007 : eight) non-executive directors.

34. DATE OF AUTHORISATION FOR ISSUE

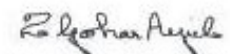
These financial statements were authorised for issue on **26 April, 2009** by the Board of Directors of the Company.


35. FIGURES


(a) Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.

(b) Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison; however, no significant rearrangements/reclassifications have been made in these financial statements except for the restatement of earnings per share for the year ended 31 December, 2007, as stated in note 27.2.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Mushtaq Ahmed Khan FCA
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Categories of Shareholders	Shares Held
1 Associated Companies, Undertakings & Related Parties. M/s. Bibojee Services (Pvt) Ltd.	15,158,326
2 N.I.T. & I.C.P M/s. Investment Corporation of Pakistan	1,609
3 Directors, CEO & their Spouse and Minor Children.	
- Mr. Raza Kuli Khan Khattak (Chairman)	510,406
- Lt. Gen. (Retd) Ali Kuli Khan Khattak (Director)	247,928
- Mr. Ahmed Kuli Khan Khattak (Director)	229,920
- Begum Zeb Gohar Ayub Khan (Chief Executive)	123,962
- Mrs. Shahnaz Sajjad Ahmed (Director)	77,472
- Dr. Shaheen Kuli Khan Khattak (Director)	77,472
- Mr. Mushtaq Ahmed Khan, FCA (Director)	2,625
- Mr. Mohammad Kuli Khan Khattak (Director)	6,562
- Ch. Sher Mohammad (Director)	6,562
- Mr. Sardar Khan (Managing Director)	31,456
4 Executives	
- Mr. Muhammad Rafiq Ch. Executive Director Head Office	85,625
- Mr. Fazal-ur-Rehman Malik Executive Director Operations	65,625
- Mr. Amir Raza Chief Financial Officer	25,000
- Sh. Musa Saleem General Manager (Operations)	10,000
- Mr. Rana Abdul Hameed General Manager (Dev.)	50,000
- Mr. Amir Majeed Khan General Manager (Dev.)	20,000
- Mr. Khurram Mansoor Malik Deputy General Manager (Dev.)	5,000
- Malik Zafar Yousaf Deputy General Manager (Dev.)	10,000
5 Public Sector Companies & Corporations.	
6 Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarbas & Mutual Funds.	121,235
7 Shareholders Holding 10% or More. M/s. Bibojee Services (Pvt) Ltd.	15,158,326
8 General Public & Others	4,133,215

THE UNIVERSAL INSURANCE COMPANY LIMITED
PATTERN OF SHAREHOLDINGS
AS ON DECEMBER 31ST, 2008

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
190	1	100	5,653	0.03
193	101	500	53,731	0.26
134	501	1000	95,741	0.46
338	1001	5000	792,067	3.77
62	5001	10000	430,456	2.05
29	10001	15000	336,248	1.60
13	15001	20000	224,514	1.07
6	20001	25000	134,011	0.64
2	25001	30000	54,342	0.26
3	30001	35000	99,384	0.47
2	35001	40000	74,931	0.36
3	40001	45000	124,582	0.59
2	45001	50000	95,155	0.45
1	55001	60000	56,302	0.27
2	65001	70000	131,950	0.63
3	75001	80000	231,944	1.10
1	80001	85000	80,193	0.38
2	85001	90000	172,850	0.82
1	90001	95000	91,080	0.43
1	95001	100000	96,181	0.46
1	100001	105000	104,125	0.50
3	105001	110000	324,909	1.55
2	120001	125000	245,285	1.17
1	155001	160000	158,136	0.75
1	225001	230000	229,920	1.09
1	245001	250000	247,928	1.18
1	290001	295000	292,600	1.39
1	345001	350000	347,050	1.65
1	510001	515000	510,406	2.43
1	151550001	15160000	15,158,326	72.18
1,001			21,000,000	100.00

Categories	No. of shareholders	Shares Held	%age of Capital
Executives	8	271,250	1.29
Directors, Chief Executive Officer, and Associated Companies, Undertakings	10	1,314,365	6.26
NIT and ICP	1	15,158,326	72.18
Banks, Development Financial	1	1,609	0.01
Insurance Companies	30	98,992	0.47
General Public (Local)	1	22,243	0.11
Others	949	4,131,367	19.67
	1	1,848	0.01
1,001		21,000,000	100.00

THE UNIVERSAL INSURANCE COMPANY LIMITED

HEAD OFFICE / MARKETING EXECUTIVES / MANAGERS

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
Begum Zeb Gohar Ayub Khan	Chief Executive		042-7230326		0300-5000888
Mr. Sardar Khan	Managing Director	042-7355579	042-7230326		0300-8476777
Mr. Omar Ayub Khan	Chief Operating Officer	042-7312836	042-7230326		0300-8555354
Mr. Muhammad Rafiq Chaudhary	Executive Director Head Office	042-7112671	042-7353209	042-5311518	0300-8462840
Mr. Fazal-ur-Rehman Malik	Executive Director Operations & Development	042-7311666	042-7230326	051-2878666/2875888	0300-8566777
Mr. Amir Raza	Chief Financial Officer	042-7242913	042-7230326	042-7466444	0300-4489217
Mr. Muhammad Saeed	General Manager - Claims	042-7350482	042-7230326	042-6850023	0300-8441829
Syed Ghulam Qamber Naqvi	Assistant General Manager - Reinsurance	042-7238616	042-7230326	042-7400151	0300-4218945
Mr. Ijaz Ahmed	Company Secretary	042-7359437	042-7230326	042-7587474	0300-4445296
Mr. Shahbaz Hameed	Senior Manager Law & Human Resources	042-7112691	042-7353209	042-6559892	0333-4231009
Mr. Abdul Waheed Chaudhry	Internal Auditor	042-7353357	042-7230326		0300-4508904
Mr. Aftab Rashid	Senior Manager I.T.	042-7353458	042-7325025	042-6669230	0333-4090017
Mr. Jawad Iftaf Rana	Manager - Claims	042-7353453	042-7230326	042-7840724	0300-4457894
Syed Hammad Hassan Rizwi	Manager Accounts	042-7243168	042-7230326	042-5310239	0333-4102005

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
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OPERATIONAL / SENIOR GENERAL MANAGER / PRINCIPAL / CORPORATE OFFICES

Executive Director (Operations & Development), Camp Office, Islamabad

3rd Floor Waheed Plaza 52-W

051-2277555-56 051-2825554

Jinnah Avenue, Blue Area, Islamabad.

051-2825552

Mr. Fazal-ur-Rehman Malik Executive Director Operations & Development 051-2825544 051-2878666/2875888 0300-8566777

Mr. Zia-ur-Rehman Malik Senior Manager 0300-5007666

Senior General Manager (Operations) Office Paris Road Sialkot

052-4596849

Obero Building, Paris Road, Sialkot.

052-4598402 052-4593022

Mr. Sheikh Musa Saleem Senior General Manager - Operations 052-4591023-25 052-4267374 0300-8618080

Mr. Asim Saleem Sheikh Deputy General Manager - Development 052-4600394/95 052-4267374 0300-8618181

Mr. Sheikh Nauman Shaukat Zonal Manager - Development 052-4596849 052-3550540 0333-4619922

Mr. Muhammad Jamil Branch Manager - Development 052-3242477 0300-8612425

Senior General Manager Office, Multan

1st Floor, Khawar Centre, Nusrat Road,

061-4540004 061-4581803 061-6524351

Multan Cantt.

061-4541004

Rana Abdul Hameed Senior General Manager - Development 061-4545404 061-6521004 0300-8730104

Rana Irfan Hameed Regional Manager - Development 061-6521004 0300-6349004

Syed Imtiaz Hassan Naqvi Regional Manager - Development 061-6223933 0300-8374313

Mr. Atiq-ur-Rehman Senior Branch Manager - Development - Sadiqabad 068-5702195 068-5702195 068-5801195 0300-8678195

Mr. Muhammad Ashraf Branch Manager - Development - Mailsi 067-3411115 0300-7735414

Principal Office Karachi

807-Business and Finance Centre,

021-2446036-38 021-2446039

I. I. Chundrigar Road, Karachi.

Mr. Athar Jalil Jafri General Manager - Development 021-6803940 0302-8296669

Mr. Muhammad Kamran Siddiqi Asstt. General Manager - Medical Insurance 021-2446036/38 021-2446039 021-4918907 0345-2244414

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
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Corporate Office Peshawar

Dean Trade Centre, T.F. No.9 & 10,
3rd Floor Opp. State Bank of Pakistan,
Saddar Road, Peshawar Cantt.

091-5273794 091-5272246
091-5250081

Mr. Javaid Akhter Khan	General Manager - Development				0333-9102267
Mr. Iftikhar-ud-din Durrani	Asstt. General Manager - Development	091-5273789	091-5272246		0333-9106008
Mr. Barkat Ali Bhatti	Zonal Manager - Development	091-5272217	091-5272246	091-5271312	0300-9007600
Mr. Muhammad Sohail Khan	Senior Manager				0300-8476713

GENERAL MANAGER OFFICES

Eden Centre Lahore

213-Eden Centre, 43-Jail Road, Lahore.

042-7596684-6 042-7585297

Mr. Mushtaq Ahmed	General Manager - Development			042-5727596	0321-8447890
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Kashmir Road, Sialkot

Al-Nasir Zone Near Habib Bank Ltd, Kashmir Road, Sialkot.

052-4262770 052-4268073

Mr. Amer Majeed Khan	General Manager - Development	052-4263371-74		052-3510513	0300-8611501
Mr. Shakil Ashraf Qureshi	Assistant General Manager - Development			052-4588234	0300-8710518
Mr. Ahmed Ali Bhatti	Regional Manager - Development			052-3241572	
Mr. Javed Iqbal Barki	Regional Manager - Development			052-3551472	0333-8603052

Queens Road Lahore

Mumtaz Centre, Queens Road, Lahore.

042-6374533 042-6303558

Mr. Imtiaz Ahmed Chaudhry	General Manager - Development	042-6374872		042-5016496	0300-8416004
Mr. Javaid Talib Hussain	Zonal Manager - Development	042-6365649		042-6552790	0301-8472201
Mr. Manzoor Ahmed Chaudhry	Regional Manager - Development	042-6365649		042-5017471	0321-8413050
Mr. Hafiz Munir-ud-Din Hashmi	Branch Manager - Development	042-6362277		042-7577874	0300-4690884

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
<u>DEPUTY GENERAL MANAGER OFFICES</u>					
<i>Islamabad</i>					
<u>3rd Floor, Waheed Plaza, 52-W, Jinnah Avenue Blue Area, Islamabad.</u>		051-2277555-56	051-2825554		0321-8556454
Malik Zafar Yousaf	Deputy General Manager - Development	051-2825558		051-5475238	0300-8556454
<i>Abbot Road, Sialkot</i>					
<u>Near OK Sports, Abbot Road, Sialkot.</u>		052-4262603-4	052-4262601		0321-8617856
Mr. Nadeem Sohail Qureshi	Deputy General Manager - Development			052-4290409	0300-8617856
Mr. Tohid Qaiser Qureshi	Zonal Manager - Development			052-4266271	0300-8616856
<i>Cavalary Ground Lahore Cantt</i>					
<u>2nd Floor, 54-Commercial Area, Cavalary Ground, Lahore Cantt.</u>		042-6601470-71			
Mr. Salman-ul-Haq	Deputy General Manager - Development	042-6619727	042-6601674		0300-5441828
Mr. Sheikh Rehmat Ali	Senior Branch Manager - Development	042-6682323			0321-8441828
Mr. Muhammad Aslam	Branch Manager - Development	042-6619727			0300-4141431
		042-6601470			0333-4246222
					0301-4131731
<i>Deputy General Manager Office</i>					
<u>Room No.23, 4th Floor, Al-Latif Centre, 88/D-1, Main Boulevard, Gulberg-III, Lahore.</u>		042-5789980-81			0300-4001539
Mr. Khurram Mansoor Malik	Deputy General Manager - Development	042-5763066	042-5789979	042-5031301	0300-4541991
<u>ASSISTANT GENERAL MANAGER OFFICES</u>					
<i>Kutchery Road Faisalabad</i>					
<u>Akbar Manzil, Kutchery Bazar, Faisalabad.</u>		041-2632917	041-2601388		
		041-2641977		041-8713377	
Mr. Muhammad Irshad Chaudhry	Asstt. General Manager - Development			041-8712277	0300-9656477
<i>Circular Road Faisalabad</i>					
<u>P-184, Jamal Building, Circular Road, Faisalabad.</u>		041-2623322	041-2637546		
		041-2601024			
Mr. Muhammad Shaukat Rana	Asstt. General Manager - Development	041-2643532		041-8716252	0300-6601228
Mr. Umer Din	Branch Manager				

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
<i>Cavalary Ground Lahore Cantt</i>					
<u>2nd Floor, 54-Commercial Area, Cavalary Ground, Lahore Cantt.</u>		042-6601470-3			0300-8404354
Mr. Imran Ali Khan	Asstt. General Manager - Development	042-6619724	042-6619723	042-5173799	0321-8404354
<i>Faisalabad-III</i>					
<u>4th Floor, Ahmed Plaza Bilal Road, Civil Line Area, Faisalabad.</u>		041-2602234	041-2635800		
Mr. Muhammad Attiq Siddiqui	Asstt. General Manager - Development	041-2602235		041-2643200	0300-8655265
Mr. Muhammad Anwar	Regional Manager - Development				0321-9664800
Mr. Muhammad Ali	Branch Manager - Development				0300-7996008
Mr. Muhammad Akram	Branch Manager - Development				0300-8607050
<i>Gujrat</i>					
<u>Near Sultan Public School, G.T. Road, Gujrat.</u>		053-3514094	053-3514095		
Mr. Asim Habib Khan	Asstt. General Manager - Development			053-3520031	0300-8621212
Mr. Sohail Malik	Senior Branch Manager - Development			053-3603244	0333-8419384
<u>Zonal Offices</u>					
<i>Abbot Road Lahore</i>					
<u>Khursheed Plaza, 2nd Floor, 10 Abbot Road, Lahore.</u>		042-6364420-21	042-6278917		
Zeeshan Ahmed	Regional Manager - Development				0321-4624569
Mr. Asif Noor	Regional Manager - Development				0300-9479486
Mr. M. Nadeem Shahzad	Branch Manager - Development				0307-4443000
<i>Rawalpindi</i>					
<u>Opposite Rwp. General Hospital, Murree Road, Rawalpindi.</u>		051-4571354	051-4414579		
Haji Liaquat Ali Malik	Zonal Manager - Development				0300-5157344
<i>Brandreth Road Lahore</i>					
<u>2nd Floor, Shahzadi Rafiqat Market , 83-Brandreth Road, Lahore.</u>		042-7641593	042-7630866		
		042-7637367			
Mr. Muhammad Shahbaz	Zonal Manager - Development			042-6681975	0321-4620006

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
Regional Offices					
<i>Sargodha</i>					
<u>Al-Munir Market, Block No.4 Sargodha.</u>		048-3720913	048-3700655		
Mr. Manzoor Hussain Khan	Regional Manager - Development			048-3220580	0321-6020170
Mr. Hafiz M. Hassan Zia-ullah	Branch Manager - Development			048-3220580	0321-6036710
<i>Vehari</i>					
<u>55-Faisal Town, Vehari.</u>					
Mr. Muhammad Sharif Chaudhry	Regional Manager - Development	067-3363529	067-3363529	067-3363529	0300-7725029
Branch Offices					
<i>G. M. (Operations) Camp Office</i>					
<u>301/2-Zia Chamber Mcleod Road, Lahore.</u>		042-7356316	042-7221609		
Mr. M. N. Aqil Khan	Branch Manager - Development			042-6655160	0321-8400155
Mr. Muhammad Shahid	Office Incharge	042-7236247			0300-4440091
<i>Mirpur (A.J.K.)</i>					
<u>Al-Rahi Square, Sector C-1, Mirpur A.J.K.</u>		058610-36181	058610-36181		
Mr. Shahid Majeed Khan	Senior Branch Manager - Development			052-3510562	0300-8615212
<i>Gujranwala</i>					
<u>Opp. General Bus Stand, Near PSO Petrol Pump, G.T.Road, Gujranwala.</u>		055-8243300	055-3731948		
		055-8247700			
Mr. Qaiser Saleem Chaudhary	Senior Branch Manager			055-3495899	0300-7444427 0321-6435363
<i>Sub Branch Office (E.D. Camp Office, Islamabad)</i>					
<u>Room No.23, 4th Floor, Al-Latif Centre, 88/D-1, Main Boulevard, Gulberg-III, Lahore.</u>					
Mr. Jehanzeb Mansoor	Office Incharge	042-5789980-81	042-5789979		0300-9412837

FORM OF PROXY

I / We _____ of _____ being a member(s) of The Universal Insurance Company Limited and holder of _____ Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. _____ hereby appoint _____ of _____ or failing him / her _____ of _____ who is also member of The Universal Insurance Company Limited vide Registered Folio No./CDC Participant's ID and Account No. _____ as may / our proxy to vote for me / us and on my / our behalf at the 49th Annual General Meeting of the company to be held on Wednesday 27th May, 2009 at 11:00 a.m. and any adjournment thereof.

Signed this _____ day of _____ 2009.

AFFIX
REVENUE
STAMP
RS.5/-

Witness: _____

Name with NIC No.: _____

Address: _____

Signature: _____

Witness: _____

Name with NIC No.: _____

Address: _____

IMPORTANT:

1. This form of Proxy duly completed must be deposited at the Company's Registered office The Universal Insurance Company Limited, 63-Shahrah-e-Quaid-e-Azam, Lahore not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a member of the company.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card of Passport with this Proxy with this Proxy Form.

THE UNIVERSAL INSURANCE CO. LTD.
UNIVERSAL INSURANCE HOUSE
63-SHAHRAH-E-QUAID-E-AZAM
LAHORE-54000 PAKISTAN.
PH: 042-7353453, 7355426, 7324244, 7324194
FAX: 042-7230326
E-MAIL: tuic@nexlinx.net.pk