

*Condensed Interim  
Financial Information for the  
Six Months Period Ended 30 June  
2011*



**The Universal Insurance Co. Ltd.**





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## 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  
CAPT. M. JAMIL AKHTAR 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. RIAZ AHMAD & 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 # 042-37235081-82  
FAX # 042-37358817

### REGISTERED OFFICE:

UNIVERSAL INSURANCE HOUSE  
63-SHAHRAH-E-QUAID-E-AZAM,  
LAHORE, 54000  
PAKISTAN.  
PH: 042-37353453-37353458  
FAX: 042-37230326  
WEB: [www.uic.com.pk](http://www.uic.com.pk)  
EMAIL: [info@uic.com.pk](mailto:info@uic.com.pk)



## DIRECTOR'S REVIEW

On behalf of the Board of Directors we are presenting the un-audited Financial Information of the Company for the period ended 30th June, 2011.

### FINANCIAL PERFORMANCE

The Gross Premium of the Company has decreased by Rs. 17.208 Million over the Gross Premium of corresponding period due to selective underwriting whereas the Net Premium reflects an increase of Rs. 0.885 Million as compared to the period ended June, 2010.

Further there is a significant fall in overall net claim ratio by 11% However the management expense has increased by 18%

	<u>2011</u>	<u>2010</u>
	.....Rupees in millions.....	
Gross premium	243.592	260.800
Net premium	156.300	155.415
Loss from underwriting business	(13.884)	(21.330)
Net claims (paid & outstanding)	(82.953)	(98.948)
Management / administrative expenses	(119.462)	(101.039)
Capital and reserves	192.459	213.996
Loss before taxation	(58.478)	(57.605)
Loss after taxation	(41.491)	(55.701)
Other comprehensive Income / (loss)	-	0.850
Add: Balance of unappropriated (Loss) profit - b/f	(46.119)	44.479
(Loss) / Profit available for appropriation	(87.610)	10.372

### FUTURE OUTLOOK

In the view of losses after tax the management has initiated remedial measures for the increase of business and decrease of management expenses up to a satisfactory level.

Your Directors would like to place on record their highest appreciation to the field force, officers and staff of the company for the dedicated contribution.

Your Directors would also like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our re-insurers for their continued guidance and support.

For & on behalf of the Board of Directors

**Raza Kuli Khan Khattak**  
Chairman

**Dated: August 19, 2011**  
**Place: Lahore**





## **REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of THE UNIVERSAL INSURANCE COMPANY LIMITED as at 30 June 2011 and the related:

- (i) condensed interim profit and loss account;
- (ii) condensed interim statement of comprehensive income;
- (iii) condensed interim statement of changes in equity;
- (iv) condensed interim cash flow statement;
- (v) condensed interim statement of premium;
- (vi) condensed interim statement of claims;
- (vii) condensed interim statement of expenses;
- (viii) condensed interim statement of investment income;

*and notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information").* Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 30 June 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other Matter**

The figures of the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended 30 June 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2011.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Name of engagement partner:**  
**Syed Mustafa Ali**

**DATE: August 19, 2011**

**LAHORE**

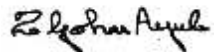


## CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2011

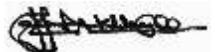
Note	Un-audited 30 June 2011 (Rupees in thousand)	Audited 31 December 2010 (Rupees in thousand)	Note	Un-audited 30 June 2011 (Rupees in thousand)	Audited 31 December 2010 (Rupees in thousand)
<b>SHARE CAPITAL AND RESERVES</b>			<b>CASH AND BANK DEPOSITS</b>		
Authorized share capital 50,000,000 (2010: 50,000,000) ordinary shares of Rupees 10 each	500,000	500,000	Cash and other equivalents	217	81
Issued, subscribed and paid-up share capital	262,500	262,500	Current and other accounts	43,878	83,628
Accumulated loss	(84,168)	(43,630)	Deposits maturing within 12 months	40,000	4,600
Reserves	14,127	14,127		84,095	88,309
	(70,041)	(29,503)	Loans to employees - secured, considered good	414	643
<b>TOTAL EQUITY</b>	192,459	232,997	<b>INVESTMENTS</b>	6	133,874
Surplus on revaluation of fixed assets	210,727	211,373	<b>DEFERRED TAXATION</b>	18,836	-
<b>UNDERWRITING PROVISIONS</b>			<b>CURRENT ASSETS - OTHERS</b>		
Provision for outstanding claims (including IBNR)	325,840	318,351	Premiums due but unpaid	7	174,132
Provision for unearned premium	152,823	155,657	Amounts due from other insurers / reinsurers	8	191,932
Commission income unearned	8,916	12,936	Salvage recoveries accrued	875	2,910
<b>Total underwriting provisions</b>	487,579	486,944	Accrued investment income	596	124
<b>DEFERRED LIABILITIES</b>			Reinsurance recoveries against outstanding claims	187,687	193,437
Deferred taxation	-	2,300	Deferred commission expense	23,791	27,065
Staff retirement benefit - gratuity	14,955	276	Prepayments	44,818	62,263
	14,955	2,576	Sundry receivables	15,985	16,959
<b>CREDITORS AND ACCRUALS</b>				639,816	667,795
Amounts due to other insurers / reinsurers	113,144	153,100	<b>FIXED ASSETS - TANGIBLE</b>	9	
Accrued expenses	30,156	9,715	<b>Owned</b>		
Taxation - payment less provision	4,053	1,200	Land and buildings	183,552	185,280
Other creditors and accruals	58,059	59,473	Furniture, fixtures and office equipment	11,628	10,476
	205,412	223,488	Computer equipment	6,776	7,495
<b>BORROWINGS</b>			Motor vehicles	35,334	38,833
Liabilities against assets subject to finance lease	1,221	2,447		237,290	242,084
<b>OTHER LIABILITIES</b>			<b>Leased</b>		
Deposits against performance bonds	3,659	3,538	Furniture, fixtures and office equipment	-	1,390
Unclaimed dividends	610	610	Motor vehicles	2,297	3,577
<b>TOTAL LIABILITIES</b>	713,436	719,603		2,297	4,967
<b>CONTINGENCIES AND COMMITMENTS</b>	5		<b>TOTAL ASSETS</b>	1,116,622	1,163,973
<b>TOTAL EQUITY AND LIABILITIES</b>	1,116,622	1,163,973			

The annexed notes form an integral part of this condensed interim financial information.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
Begum Zeb Gohar Ayub Khan  
CHIEF EXECUTIVE

  
Mushtaq Ahmed Khan F.C.A.  
DIRECTOR

  
Capt. M. Jamil Akhtar Khan  
MANAGING DIRECTOR &  
PRINCIPAL OFFICER

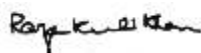


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2011**

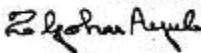
HALF YEAR ENDED 30 JUNE 2011							
Fire and Property Damage	Marine and Transport	Motor	Others	Treaty	Half year ended 30 June 2011	Half year ended 30 June 2010	
(Rupees in thousand)							
<b>Revenue account</b>							
Net premium revenue	35,342	22,455	75,153	23,350	-	156,300	155,415
Net claims	(7,739)	(3,443)	(49,378)	(22,393)	-	(82,953)	(98,948)
Management expenses	(19,257)	(11,592)	(27,001)	(6,818)	-	(64,668)	(58,849)
Net commission	(9,432)	(2,501)	(9,132)	(1,498)	-	(22,563)	(18,948)
<b>Underwriting result</b>	<b>(1,086)</b>	<b>4,919</b>	<b>(10,358)</b>	<b>(7,359)</b>	<b>-</b>	<b>(13,884)</b>	<b>(21,330)</b>
<b>Other income and expenses</b>							
Investment income						4,253	1,759
Rental income						1,062	582
Other income						4,811	2,138
						(3,758)	(16,851)
General and administration expenses						(54,693)	(41,825)
Finance charge on lease rentals						(101)	(365)
Share of profit from associates - net of tax						74	5,190
<b>Loss before taxation</b>						(58,478)	(53,851)
Provision for taxation - Current						(3,843)	(1,623)
- Deferred						20,830	3,527
<b>Loss after taxation</b>						(41,491)	(51,947)
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT</b>							
<b>Balance at the commencement of the period</b>						(43,630)	38,627
Loss after taxation for the period						(41,491)	(51,947)
Items directly recognized in condensed interim statement of changes in equity						953	939
<b>Balance at the end of the period</b>						(84,168)	(12,381)
<b>Loss per share - basic and diluted - Rupees</b>						(1.58)	(2.47)

QUARTER ENDED 30 JUNE 2011							
	Fire and Property Damage	Marine and Transport	Motor	Others	Treaty	Quarter ended 30 June 2011	Quarter ended 30 June 2010
(Rupees in thousand)							
<b>Revenue account</b>							
Net premium revenue	16,261	11,867	40,652	17,801	-	86,581	79,414
Net claims	(4,700)	(1,744)	(30,277)	(12,167)	-	(48,888)	(44,171)
Management expenses	(9,356)	(7,199)	(19,251)	(3,315)	-	(39,121)	(28,758)
Net commission	(4,165)	(1,214)	(5,820)	(827)	-	(12,026)	(12,276)
<b>Underwriting result</b>	<b>(1,960)</b>	<b>1,710</b>	<b>(14,696)</b>	<b>1,492</b>	<b>-</b>	<b>(13,454)</b>	<b>(5,791)</b>
<b>Other income and expenses</b>							
Investment income						2,265	1,192
Rental income						408	291
Other income						2,669	350
						(8,112)	(3,958)
General and administration expenses						(33,595)	(21,951)
Finance charge on lease rentals						(29)	(62)
Share of profit from associates - net of tax						74	5,190
<b>Loss before taxation</b>						(41,662)	(20,781)
Provision for taxation - Current						(3,542)	(976)
- Deferred						20,830	4,966
<b>Loss after taxation</b>						(24,374)	(16,791)
<b>Loss per share - basic and diluted - Rupees</b>						(0.93)	(0.80)

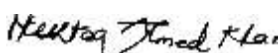
The annexed notes form an integral part of this condensed interim financial information.

  
Raza Kuli Khan Khattak

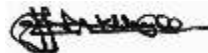
CHAIRMAN

  
Begum Zeb Gohar Ayub Khan

CHIEF EXECUTIVE

  
Mushtaq Ahmed Khan F.C.A.

DIRECTOR

  
Capt. M. Jamil Akhtar Khan

MANAGING DIRECTOR &  
PRINCIPAL OFFICER

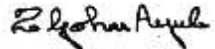


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2011**

	HALF YEAR ENDED		QUARTER ENDED	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	----- (Rupees in thousand) -----			
LOSS AFTER TAXATION	(41,491)	(51,947)	(24,374)	(16,791)
OTHER COMPREHENSIVE INCOME / (LOSS)	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(41,491)</b>	<b>(51,947)</b>	<b>(24,374)</b>	<b>(16,791)</b>

The annexed notes form an integral part of this condensed interim financial information.

  
**Raza Kuli Khan Khattak**  
**CHAIRMAN**

  
**Begum Zeb Gohar Ayub Khan**  
**CHIEF EXECUTIVE**

  
**Mushtaq Ahmed Khan F.C.A.**  
**DIRECTOR**

  
**Capt. M. Jamil Akhtar Khan**  
**MANAGING DIRECTOR &  
 PRINCIPAL OFFICER**

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2011



	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		TOTAL EQUITY
		Share Premium	Capital	Revenue	Accumulated Loss	
----- (Rupees in thousand) -----						
<b>Balance as at 31 December 2009 - (audited)</b>	210,000	4	2,303	14,090	38,627	265,024
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	850	850
Share of associates accounted for under equity method	-	-	-	-	89	89
Total comprehensive loss for the half year ended 30 June 2010	-	-	-	-	(51,947)	(51,947)
<b>Balance as at 30 June 2010 - (un-audited)</b>	210,000	4	2,303	14,090	(12,381)	214,016
Issue of ordinary share capital - other than right	52,500	-	-	-	-	52,500
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	850	850
Share of associates accounted for under equity method	-	-	(2,285)	15	2,439	169
Total comprehensive loss for the half year ended 31 December 2010	-	-	-	-	(34,538)	(34,538)
<b>Balance as at 31 December 2010- (audited)</b>	262,500	4	18	14,105	(43,630)	232,997
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	874	874
Share of associates accounted for under equity method	-	-	-	-	79	79
Total comprehensive loss for the half year ended 30 June 2011	-	-	-	-	(41,491)	(41,491)
<b>Balance as at 30 June 2011 - (un-audited)</b>	262,500	4	18	14,105	(84,168)	192,459

The annexed notes form an integral part of this condensed interim financial information.

*Raza Kuli Khan*  
Raza Kuli Khan Khattak  
CHAIRMAN

*Begum Zeb Gohar Ayub Khan*  
Begum Zeb Gohar Ayub Khan  
CHIEF EXECUTIVE

*Mushtaq Ahmed Khan*  
Mushtaq Ahmed Khan F.C.A.  
DIRECTOR

*Capt. M. Jamil Akhtar Khan*  
Capt. M. Jamil Akhtar Khan  
MANAGING DIRECTOR &  
PRINCIPAL OFFICER



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR 30 JUNE 2011

Half year ended	
30 June 2011	30 June 2010

----- (Rupees in thousand) -----

### OPERATING CASH FLOWS

#### a) Underwriting activities

Premiums received	212,176	260,133
Reinsurance premiums paid	(71,586)	(101,103)
Claims paid	(112,142)	(138,022)
Reinsurance and other recoveries received	42,428	56,887
Commissions paid	(41,549)	(50,307)
Commissions received	18,240	25,887
<b>Net cash flow from underwriting activities</b>	<b>47,567</b>	<b>53,475</b>

#### b) Other operating activities

Income tax	1,836	963
General management expenses paid	(24,370)	(50,657)
Other operating payments	(52,104)	(40,460)
Other operating receipts	1,954	1,706
Loans to employees - net	228	(32)
Deposits against performance bonds received	121	-
Other payments on operating assets - net	(12,543)	(23,798)
<b>Net cash flow from other operating activities</b>	<b>(84,878)</b>	<b>(112,278)</b>
<b>Total cash flow from all operating activities</b>	<b>(37,311)</b>	<b>(58,803)</b>

### INVESTMENT ACTIVITIES

Profit / return received	2,207	2,265
Dividends received	794	472
Rentals received	2,502	6
Payments for investments	-	(22,728)
Proceeds from disposal of investments	28,464	-
Fixed capital expenditure	(1,776)	(10,307)
Proceeds from disposal of fixed assets	2,233	1,073
<b>Total cash flow from investing activities</b>	<b>34,424</b>	<b>(29,219)</b>

### FINANCING ACTIVITIES

Financial charges paid	(101)	(2,421)
Payments on finance leases	(1,226)	-
<b>Total cash flow from financing activities</b>	<b>(1,327)</b>	<b>(2,421)</b>
<b>Net cash outflow from all activities</b>	<b>(4,214)</b>	<b>(90,443)</b>
Cash at the beginning of the period	88,309	158,900
<b>Cash at the end of the period</b>	<b>84,095</b>	<b>68,457</b>



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2011

Half year ended	
30 June 2011	30 June 2010
----- (Rupees in thousand) -----	

### RECONCILIATION TO CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

Operating cash flows	(37,311)	(58,803)
Depreciation expense	(7,767)	(6,920)
Finance charges	(101)	(365)
Profit on disposal of fixed assets	760	432
Share of profit from associates - net of tax	74	5,190
Investment income	4,253	1,759
Increase / (decrease) in assets other than cash	(26,026)	24,836
(Increase) / decrease in liabilities	20,294	(22,318)
	(45,824)	(56,189)

### OTHER ADJUSTMENTS

Profit on investments and deposits	3,271	3,660
Rental income	1,062	582
	4,333	4,242
<b>Loss after taxation</b>	<b>(41,491)</b>	<b>(51,947)</b>

### Definition of cash

Cash comprises of cash in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

**Cash for the purposes of the condensed interim Cash Flow Statement consists of:**

### Cash and other equivalent

Cash in hand	217	111
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### Current and other accounts

Current accounts	19,092	36,824
Saving accounts	24,786	13,189
	43,878	50,013

### Deposits maturing within 12 months

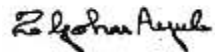
Fixed and term deposits accounts	40,000	18,333
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### Total cash and cash equivalents

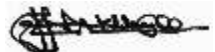
	84,095	68,457
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The annexed notes form an integral part of this condensed interim financial information.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
Begum Zeb Gohar Ayub Khan  
CHIEF EXECUTIVE

  
Mushtaq Ahmed Khan F.C.A.  
DIRECTOR

  
Capt. M. Jamil Akhtar Khan  
MANAGING DIRECTOR &  
PRINCIPAL OFFICER

# **CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)** **FOR THE HALF YEAR ENDED 30 JUNE 2011**

Business underwritten inside Pakistan

Class	Premiums						Reinsurance				Net premium revenue	
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Half year ended 30 June 2011	Half year ended 30 June 2010		
		Opening	Closing			Opening	Closing					
(Rupees in thousand)												
Direct and facultative												
Fire and property damage	72,539	56,200	40,196	88,543	40,789	36,530	24,118	53,201	35,342		32,166	
Marine and transport	43,663	10,128	10,879	42,912	20,615	5,064	5,222	20,457	22,455		24,719	
Motor	101,708	65,036	83,419	83,325	5,925	9,755	7,508	8,172	75,153		74,365	
Others	25,682	24,293	18,329	31,646	4,257	8,988	4,949	8,296	23,350		24,165	
Total	243,592	155,657	152,823	246,426	71,586	60,337	41,797	90,126	156,300		155,415	
Treaty	-	-	-	-	-	-	-	-	-		-	
Grand Total	243,592	155,657	152,823	246,426	71,586	60,337	41,797	90,126	156,300		155,415	

FOR THE QUARTER ENDED 30 JUNE 2011

Class	Premium				Reinsurance				Net premium revenue	
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded	Reinsurance expenses		Quarter ended 30 June 2011	Quarter ended 30 June 2010
		Opening	Closing				Opening	Closing		
(Rupees in thousand)										
Direct and facultative										
Fire and property damage	31,073	48,901	40,196	17,806	29,829	24,118	23,517	16,261	11,724	
Marine and transport	25,265	7,695	10,879	11,665	3,771	5,222	10,214	11,867	13,163	
Motor	69,250	57,813	83,419	2,406	8,094	7,508	2,992	40,652	39,842	
Others	11,012	31,528	18,329	3,162	8,197	4,949	6,410	17,801	14,685	
Total	136,600	145,937	152,823	35,039	49,891	41,797	43,133	86,581	79,414	
Treaty	-	-	-	-	-	-	-	-	-	
Grand Total	136,600	145,937	152,823	35,039	49,891	41,797	43,133	86,581	79,414	

The annexed notes form an integral part of this condensed interim financial information.

*Raza Kuli Khan*  
**Raza Kuli Khan Khattak**  
**CHAIRMAN**

*Begum Zeb Gohar Ayub Khan*  
**Begum Zeb Gohar Ayub Khan**  
**CHIEF EXECUTIVE**

*Mushtaq Ahmed Khan F.C.A.*  
**Mushtaq Ahmed Khan F.C.A.**  
**DIRECTOR**

*Capt. M. Jamil Akhtar Khan*  
**Capt. M. Jamil Akhtar Khan**  
**MANAGING DIRECTOR & PRINCIPAL OFFICER**





# CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2011

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	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		Half year ended 30 June 2011	Half year ended 30 June 2010	
(Rupees in thousand)											
Direct and facultative											
Fire and property damage	23,201	145,668	152,411	29,944	17,287	118,007	122,925	22,205	7,739	15,199	
Marine and transport	18,865	46,454	32,416	4,827	11,178	28,350	18,556	1,384	3,443	6,096	
Motor	48,144	74,306	79,705	53,543	8,785	16,583	11,963	4,165	49,378	58,616	
Others	21,932	50,954	60,339	31,317	5,178	30,497	34,243	8,924	22,393	19,037	
Total	112,142	317,382	324,871	119,631	42,428	193,437	187,687	36,678	82,953	98,948	
Treaty - Proportional	-	969	969	-	-	-	-	-	-	-	
Grand Total	112,142	318,351	325,840	119,631	42,428	193,437	187,687	36,678	82,953	98,948	

THE UNIVERSAL INSURANCE COMPANY LIMITED



## FOR THE QUARTER ENDED 30 JUNE 2011

Class	Claims paid	Outstanding claims		Claims expenses	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		Quarter ended 30 June 2011	Quarter ended 30 June 2010	
(Rupees in thousand)											
Direct and facultative											
Fire and property damage	15,829	159,058	152,411	9,182	11,897	130,340	122,925	4,482	4,700	4,605	
Marine and transport	11,882	42,704	32,416	1,594	6,661	25,367	18,556	(150)	1,744	2,308	
Motor	19,985	68,975	79,705	30,715	708	12,233	11,963	438	30,277	27,296	
Others	10,817	57,421	60,339	13,735	2,366	35,041	34,243	1,568	12,167	9,962	
Total	58,513	328,158	324,871	55,226	21,632	202,981	187,687	6,338	48,888	44,171	
Treaty - Proportional	-	969	969	-	-	-	-	-	-	-	
Grand Total	58,513	329,127	325,840	55,226	21,632	202,981	187,687	6,338	48,888	44,171	

The annexed notes form an integral part of this condensed interim financial information.

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 Mushtaq Ahmed Khan F.C.A.  
 Capt. M. Jamil Akhtar Khan  
**CHAIRMAN**  
**CHIEF EXECUTIVE**  
**DIRECTOR**  
**MANAGING DIRECTOR & PRINCIPAL OFFICER**

SECURITY - SERVICE - PROSPERITY

# CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2011

THE UNIVERSAL INSURANCE COMPANY LIMITED

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurer	Net underwriting expense	
		Opening	Closing					Half year ended 30 June 2011	Half year ended 30 June 2010
(Rupees in thousand)									
Direct and facultative									
Fire and property damage	17,795	16,306	10,571	23,530	19,257	42,787	14,098	28,689	23,683
Marine and transport	8,420	2,926	2,269	9,077	11,592	20,669	6,576	14,093	13,723
Motor	13,312	4,986	9,149	9,149	27,001	36,150	17	36,133	30,112
Others	2,022	2,847	1,802	3,067	6,818	9,885	1,569	8,316	10,279
Total	41,549	27,065	23,791	44,823	64,668	109,491	22,260	87,231	77,797
Treaty - Proportional	-	-	-	-	-	-	-	-	-
Grand Total	41,549	27,065	23,791	44,823	64,668	109,491	22,260	87,231	77,797



## FOR THE QUARTER ENDED 30 JUNE 2011

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurer	Net underwriting expense	
		Opening	Closing					Quarter ended 30 June 2011	Quarter ended 30 June 2010
(Rupees in thousand)									
Direct and facultative									
Fire and property	7,646	13,228	10,571	10,303	9,356	19,659	6,138	13,521	12,523
Marine and transport	4,884	1,745	2,269	4,360	7,199	11,559	3,146	8,413	7,445
Motor	10,186	4,786	9,149	5,823	19,251	25,074	3	25,071	15,006
Others	(152)	4,067	1,802	2,113	3,315	5,428	1,286	4,142	6,060
Total	22,564	23,826	23,791	22,599	39,121	61,720	10,573	51,147	41,034
Treaty - Proportional	-	-	-	-	-	-	-	-	-
Grand Total	22,564	23,826	23,791	22,599	39,121	61,720	10,573	51,147	41,034

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes form an integral part of this condensed interim financial information.

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**Raza Kuli Khan Khattak**  
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*Begum Zeb Gohar Ayub Khan*  
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**Capt. M. Jamil Akhtar Khan**  
**MANAGING DIRECTOR & PRINCIPAL OFFICER**



## CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME FOR THE HALF YEAR 30 JUNE 2011

Half year ended		Quarter ended	
30 June 2011	30 June 2010	30 June 2011	30 June 2010
----- (Rupees in thousand) -----			

### INCOME FROM TRADING INVESTMENTS

Dividend income

From related parties  
From others

-	-	-	-
789	460	789	247
789	460	789	247

### INCOME FROM NON-TRADING INVESTMENTS

**Held to maturity**

Return on fixed income securities

1,623      1,399      497      703

**Available for sale**

Dividend income

From related parties  
From others

-	-	-	-
5	12	5	12
5	12	5	12

Gain on sale of investments at fair value through profit or loss

727      -      727      -

Gain on sale of investments - available for sale

1,053      -      1,054      -

Gain / (loss) on revaluation of investments  
at fair value through profit or loss

30      565      (833)      (631)

(Provision) / Reversal for impairment in value of available for  
sale investments

26      (677)      26      861

Less: Investment related expenses

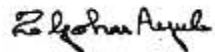
-      -      -      -

**Net investment income**

4,253      1,759      2,265      1,192

The annexed notes form an integral part of this condensed interim financial information.

  
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Capt. M. Jamil Akhtar Khan  
MANAGING DIRECTOR &  
PRINCIPAL OFFICER



## **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2011**

### **1. THE COMPANY AND ITS OPERATIONS**

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 The Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore.

### **2. BASIS OF PREPARATION**

This condensed interim financial information is unaudited but subject to limited scope review by the auditors and is being submitted to the shareholders in accordance with the listing regulations of the Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984 and being presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 dated 27 August 2003.

The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' in respect of 'Investment available-for-sale' until suitable amendments have been made in the law. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, have not been considered in the preparation of this condensed interim financial information.

This condensed interim financial information do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual published financial statements for the year ended 31 December 2010.

### **3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

Except for the change discussed in note 3.1 to this condensed interim financial information, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2010.

- 3.1 During the half year, as on 02 April 2011 the Company has changed its employee benefit scheme from defined contribution plan (approved contributory provident fund) to defined benefit plan (gratuity). Previously, in approved contributory provident fund, for all permanent employees equal monthly contributions were made by the Company and employees to the fund at the rate of 10 percent of basic salary. Now, the Company operates an unfunded gratuity scheme for all permanent employees according to the terms of employment. Annual provision will be made on the basis of actuarial valuation to cover the obligations under the scheme for all permanent employees eligible to gratuity benefits. However, provision for gratuity made in this condensed interim financial information is based on management's best estimate. The aforesaid change has no effect on the corresponding figures in this condensed interim financial information.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the preceding annual published financial statements of the Company for the year ended 31 December 2010.

### **5. CONTINGENCIES AND COMMITMENTS**

There is no change in the contingencies and commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2010.



	Un-audited 30 June 2011 (Rupees in thousand)	Audited 31 December 2010
<b>6. INVESTMENTS</b>		
<b>IN RELATED PARTIES</b>		
Investment in associates - equity method of accounting	95,939	95,865
<b>OTHERS</b>		
Held to maturity - Government securities (PIBs) (Note 6.2)	18,432	28,170
Deposit held with State Bank of Pakistan (Note 6.2)	10,000	-
<b>Available-for-sale</b>		
<b>Equity investments</b>		
Quoted	177	153
Un-quoted	-	9
<b>Mutual funds</b>		
Open ended	500	10,500
Close ended	173	170
	850	10,832
<b>Investment at fair value through profit or loss</b>		
Equity investments - quoted	7,037	7,056
<b>Mutual Funds</b>		
Open ended	593	17,238
Close ended	1,023	1,014
	8,653	25,308
	133,874	160,175
<b>6.1</b>	The market value of investments in associates and available for sale investments as on 30 June 2011 was Rupees 10.974 million (31 December 2010 : Rupees. 25.523 million). The recoverable amount of investments in associate is higher than its carrying amount.	
<b>6.2</b>	Pakistan Investment Bond of Rupees 10 million has matured on 19 May 2011. This amount is held with State Bank of Pakistan. Investment in Pakistan Investment Bond and deposit with State Bank of Pakistan are made to meet the statutory requirement as required by section 29(2)(a) of The Insurance Ordinance, 2000.	
	Un-audited 30 June 2011 (Rupees in thousand)	Audited 31 December 2010
<b>7. PREMIUMS DUE BUT UNPAID - Unsecured</b>		
<b>Considered good</b>		
Due from associates	50,308	36,740
Others	123,824	105,976
	174,132	142,716
<b>Considered doubtful</b>		
Due from associates	-	-
Others	18,247	12,399
	18,247	12,399
Provision for doubtful receivables	(18,247)	(12,399)
	174,132	142,716



	Un-audited 30 June 2011	Audited 31 December 2010
	(Rupees in thousand)	
<b>8. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - Unsecured</b>		
Amounts due from coinsurers	146,901	147,140
Amounts due from reinsurers	51,008	79,220
	197,909	226,360
Provision for doubtful receivables	(5,977)	(4,039)
Amounts due from other insurers / reinsurers - considered good	191,932	222,321
<b>9. FIXED ASSETS</b>		
Owned (Note 9.1)	237,290	242,084
Leased (Note 9.2)	2,297	4,967
	239,587	247,051
<b>9.1 Owned</b>		
Opening book value	242,084	224,541
Add: Cost of additions during the period / year (Note 9.1.1)	1,776	17,731
Add: Surplus on revaluation of land and buildings (Note 9.1.2)	-	11,207
Add: Book value of motor vehicles transferred from leased assets	2,277	4,715
	246,137	258,194
Less: Book value of deletions during the period / year (Note 9.1.3)	1,473	1,346
	244,664	256,848
Less: Depreciation charge for the period / year	7,374	14,764
	237,290	242,084
<b>9.1.1 Cost of additions</b>		
Furniture, fixture and office equipment	441	1,550
Computer equipment	454	1,958
Motor vehicles	881	14,223
	1,776	17,731



	Un-audited 30 June 2011 (Rupees in thousand)	Audited 31 December 2010
<b>9.1.2 Surplus on revaluation of land and buildings</b>		
Land	-	8,240
Buildings on freehold land	-	2,967
	<u>-</u>	<u>11,207</u>
<b>9.1.3 Book value of deletions</b>		
Furniture, fixture and office equipment	-	(176)
Computer equipment	-	(248)
Motor vehicles	(1,473)	(922)
	<u>(1,473)</u>	<u>(1,346)</u>
<b>9.2 Leased</b>		
Opening book value	4,967	12,000
Less: Book value of leased assets transferred to owned assets during the period / year	<u>2,277</u>	<u>4,715</u>
	2,690	7,285
Less: Depreciation charge for the period / year	<u>393</u>	<u>2,318</u>
	<u>2,297</u>	<u>4,967</u>

## 10. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its associates, employee benefit plans, key management personnel and other parties. Transactions are entered into with certain related parties for the issuance of policies to and disbursements of claims incurred by them and receipt of rentals for the use of premises.

Investment in related parties have been disclosed in note 6 to this condensed interim financial information. Other transactions with related parties are summarized as follows:

	Un-audited 30 June 2011 (Rupees in thousand)	Un-audited 30 June 2010
Premium underwritten	18,978	11,455
Premium received	10,508	30,923
Claims paid	6,815	5,315
Motor vehicles purchased	-	6,615
Rental income	1,056	576
Contribution to provident fund trust	1,142	2,382
Remuneration to key management personnel	17,615	13,496

**11. SEGMENT REPORTING**

Class of business wise revenue and results have been disclosed in the condensed interim profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets and liabilities:

Fire and property damage		Marine and Transport		Motor		Others		Total	
30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
------(Rupees in thousand)-----									
298,622	315,724	94,919	105,874	141,774	144,806	84,899	82,381	620,214	648,785
298,622	315,724	94,919	105,874	141,774	144,806	84,899	82,381	1,116,622	1,163,973
243,811	296,621	66,853	93,559	197,131	162,837	96,588	90,565	604,383	643,582
243,811	296,621	66,853	93,559	197,131	162,837	96,588	90,565	109,053	76,021
243,811	296,621	66,853	93,559	197,131	162,837	96,588	90,565	713,436	719,603

**OTHER INFORMATION****Segment assets**

Unallocated assets

**Total assets****Segment liabilities**

Unallocated liabilities

**Total liabilities**





## 12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2010.

## 13. AUTHORISATION FOR ISSUE

This condensed interim financial information has been approved and authorized for issue on August 19, 2011 by the Board of Directors of the Company.

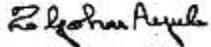
## 14. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison, however, there were no significant reclassifications during the period.

## 15. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

  
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Capt. M. Jamil Akhtar Khan  
MANAGING DIRECTOR &  
PRINCIPAL OFFICER

**UNDER POSTAL CERTIFICATE**



**THE UNIVERSAL INSURANCE CO. LTD.**

**UNIVERSAL INSURANCE HOUSE**

**63-SHAHRAH-E-QUAID-E-AZAM**

**LAHORE-54000 PAKISTAN.**

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