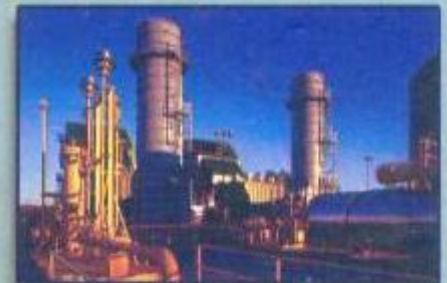


48th Annual Report 2007

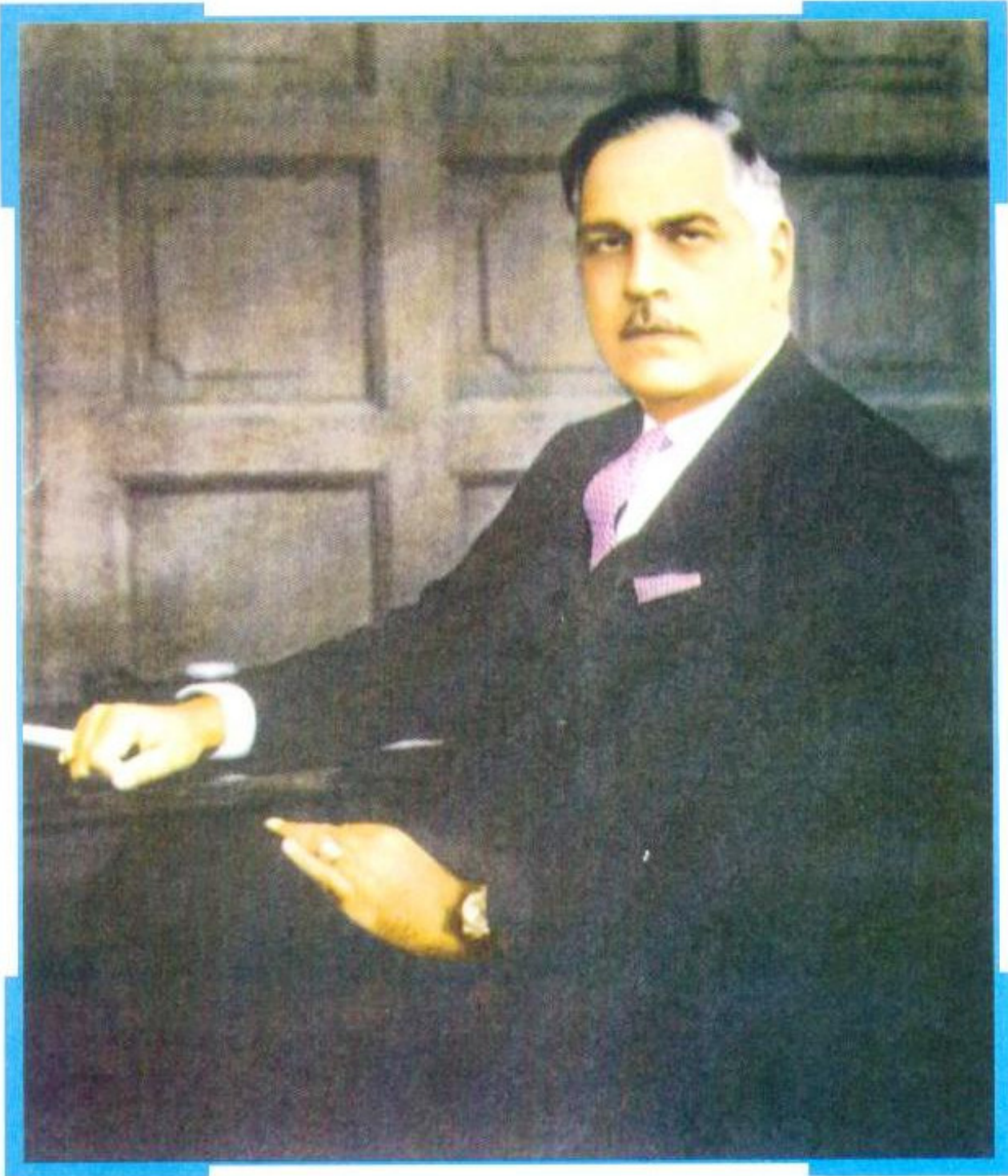


The Universal Insurance Co. Ltd.



BIBOJEE GROUP





Lt. Gen. (Late) M. Habib ullah Khan Khattak
Founder Chairman
Bibojee Group of Companies



Annual Conference-2007



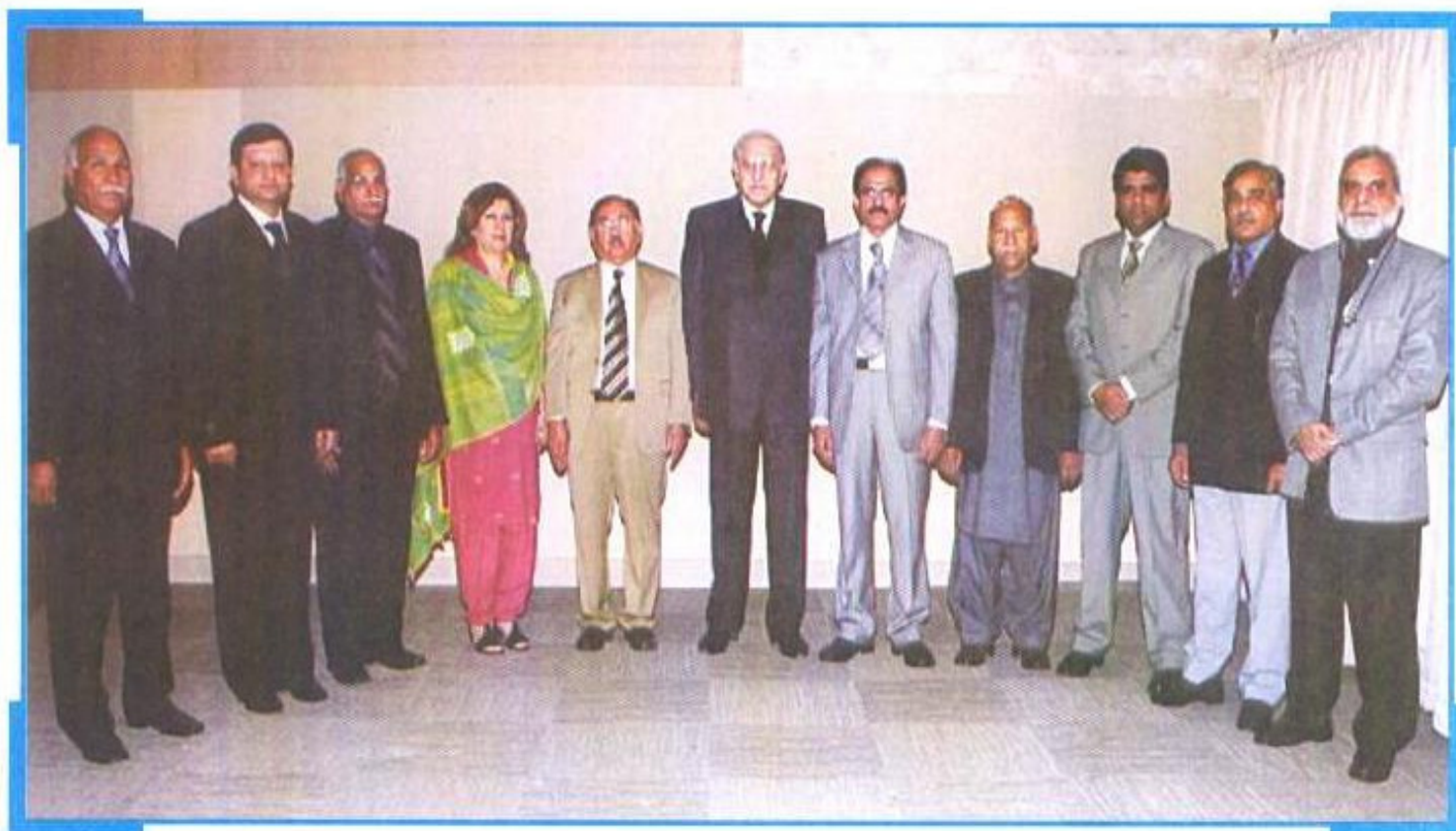
MD addressing the Annual Conference-2007



Participants of Annual Conference-2007



Participants of Annual Conference-2007



Senior Executives with the Chairman at Annual Conference-2007



Man of the Year 2007



Man of the Year 2007 (Runner-up)



Performance Award 2007

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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 FINANCIAL OFFICER	MR. AMIR RAZA	
COMPANY SECRETARY	MR. IJAZ AHMED	
INTERNAL AUDITOR	MR. ABDUL WAHEED CHAUDHRY	
AUDITORS	M/S. HAMEED CHAUDHRI & COMPANY CHARTERED ACCOUNTANTS	
LEGAL ADVISOR	MR. MAQSOOD HASAN ADVOCATE	
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
 Lt. Gen. (R) Ali Kuli Khan Khattak
 Mr. Mushtaq Ahmed Khan F.C.A.
Chairman
 Member
 Member
2. **Investment Committee:-**
 Mr. Mushtaq Ahmed Khan F.C.A.
 Ch. Sher Mohammad
 Mr. Sardar Khan
Chairman
 Member
 Member
3. **Underwriting Committee:-**
 Mr. Mushtaq Ahmed Khan F.C.A.
 Mr. Muhammad Rafiq Chaudhry
 Mr. Fazal-ur-Rehman Malik
Chairman
 Member
 Member
4. **Claim Settlement Committee:-**
 Mrs. Shahnaz Sajjad Ahmed
 Ch. Sher Mohammad
 Mr. Sardar Khan
Chairperson
 Member
 Member
5. **Re- Insurance & Co- Insurance Committee:-**
 Mr. Mushtaq Ahmed Khan F.C.A.
 Mr. Muhammad Rafiq Chaudhry
 Mr. Ghulam Qamber Naqvi
Chairman
 Member
 Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 48th Annual General Meeting of the Shareholders of the Universal Insurance Company Limited will be held on Monday 31st March, 2008 at 10:00 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 47th Annual General Meeting held on 28th April, 2007.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2007 and reports of the Directors and Auditor's thereon.
3. To elect 10 Directors of the Company, as fixed by the Board of Directors, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years commencing April 30, 2008 in place of the following retiring Directors:-

1-Mr. Raza Kuli Khan Khattak	6- Dr. Shaheen Kuli Khan Khattak
2- Lt. Gen. (R) Ali Kuli Khan Khattak	7- Mr. Mushtaq Ahmed Khan F.C.A.
3- Mr. Ahmed Kuli Khan Khattak	8- Ch. Sher Mohammad
4- Begum Zeb Gohar Ayub Khan	9- Mr. Sardar Khan
5- Mrs. Shahnaz Sajjad Ahmed	10- Mr. Mohammad Kuli Khan Khattak

Any person who seeks to contest an election to the office of Director shall file with the Company at its Registered Office, 63-Shahrah-e-Quaid-e-Azam, Lahore, a notice of his intention to offer himself for election not later than 14 days before the date of the General Meeting. The consent should accompany the relevant declarations as required under the "Code of Corporate Governance."

4. To appoint Auditors for the year 2008 and to fix their remuneration. All listed companies are required to change their external auditors every five years as per clause xii of the Code of Corporate Governance under listing regulations of the Stock Exchanges. M/s Hameed Chaudhri & Company Chartered Accountants have been Auditors of the company for period of five years. The Board on the recommendation of the Audit Committee of the company has proposed the appointment of M/s Munif Ziaud-din & Company Chartered Accountants for the year 2008. A notice under section 253(1) of the Companies Ordinance, 1984 has also been received from a share holder of the company to the same effect.

B. SPECIAL BUSINESS

1. To approve the issue of Bonus Shares to the Shareholders @ 40% in the ratio of 2:5 i.e. two Bonus Share for every five Ordinary Shares held as recommended by the

Board, and to consider and if thought fit to pass with or without modification(s) the following Resolutions:-

- 1.1 "Resolved that a sum of Rupees 48,000,000 (Rupees Forty Eight Million only) out of the Company's Reserve be capitalized for Bonus Shares and may be applied towards the issue of 4,800,000 Ordinary Shares of Rs.10 each as Bonus Shares @ 40% in the ratio of 2:5 i.e. two Bonus Share for every five Ordinary Shares held by the Members whose names appear on the Members Register on 28th March, 2008. These Bonus Shares shall rank pari passu in all respects with the existing shares".
 - 1.2 "Further resolved that in the event of any member holding shares which are less than the number for which one Bonus Share is decided to be issued or in excess by exact Multiple thereof, the Directors be and are hereby authorized to combine them to sell the Bonus Shares of so combined Shares in the Stock Market and to pay the proceeds of sale thereof when realized to "Waqaf-e-Kuli Khan Trust" a charitable institution.
 - 1.3 " Further resolved that the Directors be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of the said 4,800,000 shares".
2. To consider & approve the increase in the authorized capital of the company from Rs.250 million to Rs.500 million by incorporating the amendment in the Memorandum & Article of Association of the company, and if though fit to pass with or without modification the following resolution:
- "Resolved that the authorized capital of the company be increased from Rs.250 million to Rs.500 million i.e. 50 million ordinary shares of Rs.10/- each."
- "Further resolved that words & figures of Rs.250 million (Rupees two hundred & fifty million) divided into 25,000,000 (Twenty five million) ordinary shares of Rs.10/- each appearing in clause IV of Memorandum and clause IV of Article of Association of the company be substituted with figure of Rs.500 million (Rupees five hundred million) divided into 50 million (fifty million) Ordinary Shares of Rs.10/- each.

C. Any other business with permission of the Chair.

By Order of the Board

(IJAZ AHMED)
Secretary

Dated: March 7, 2008

NOTES:

1. The Share Transfer Books of the Company will remain closed from 28th March, 2008 to 3rd April, 2008 (both days inclusive).
2. A member entitled to attend and vote at the above meeting may appoint another members 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, Accounts, Sub-Account Number 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.

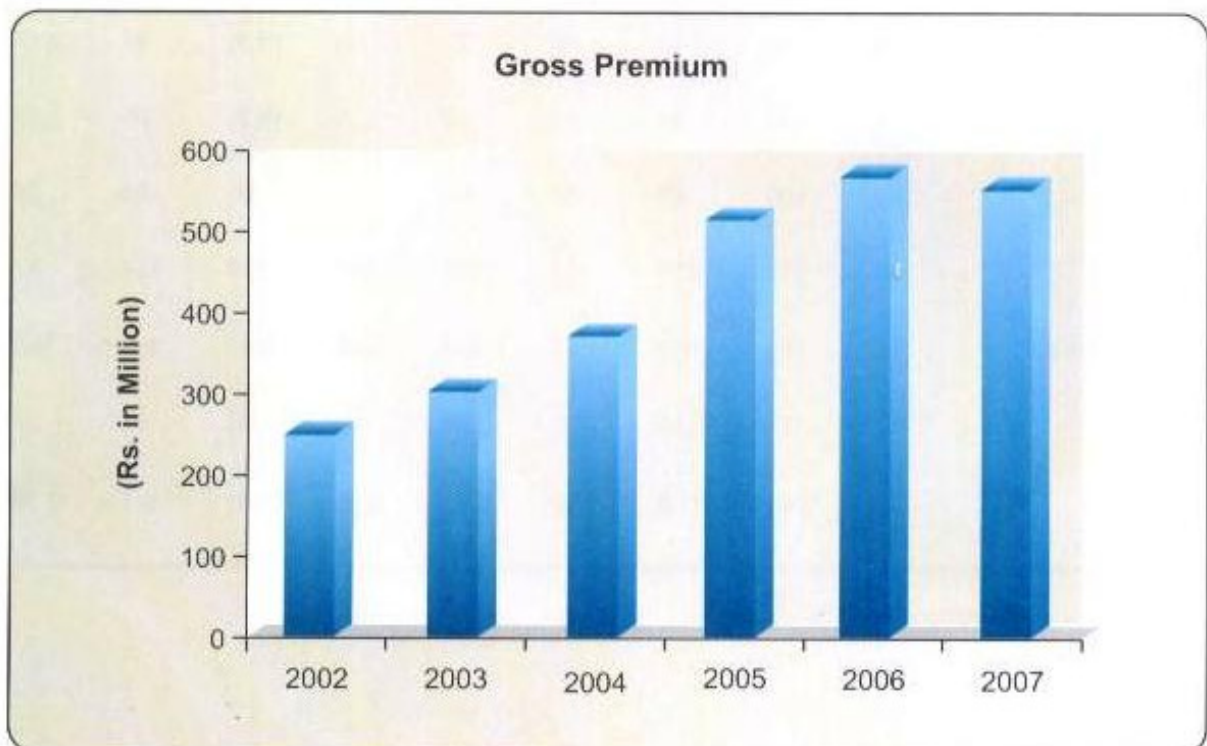
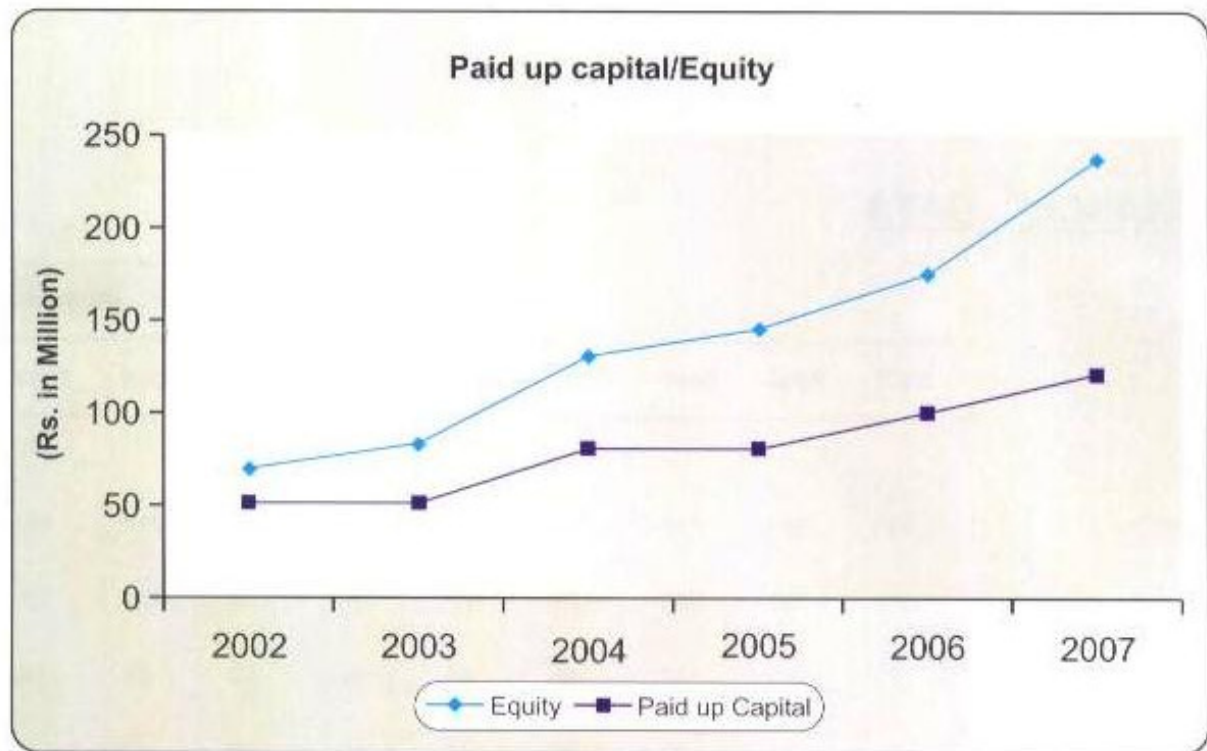
1. The Directors have recommended the issue of 4,800,000 bonus shares by capitalization of a part of the Free Reserves of the Company. After the issue, the total paid up capital will be increased to Rs.168,000,000/-
2. In order to compete in the market it has been felt necessary to increase the Paid-up Capital of the Company at suitable times, and for the purpose it is necessary that the Authorized Capital be increased in advance.

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

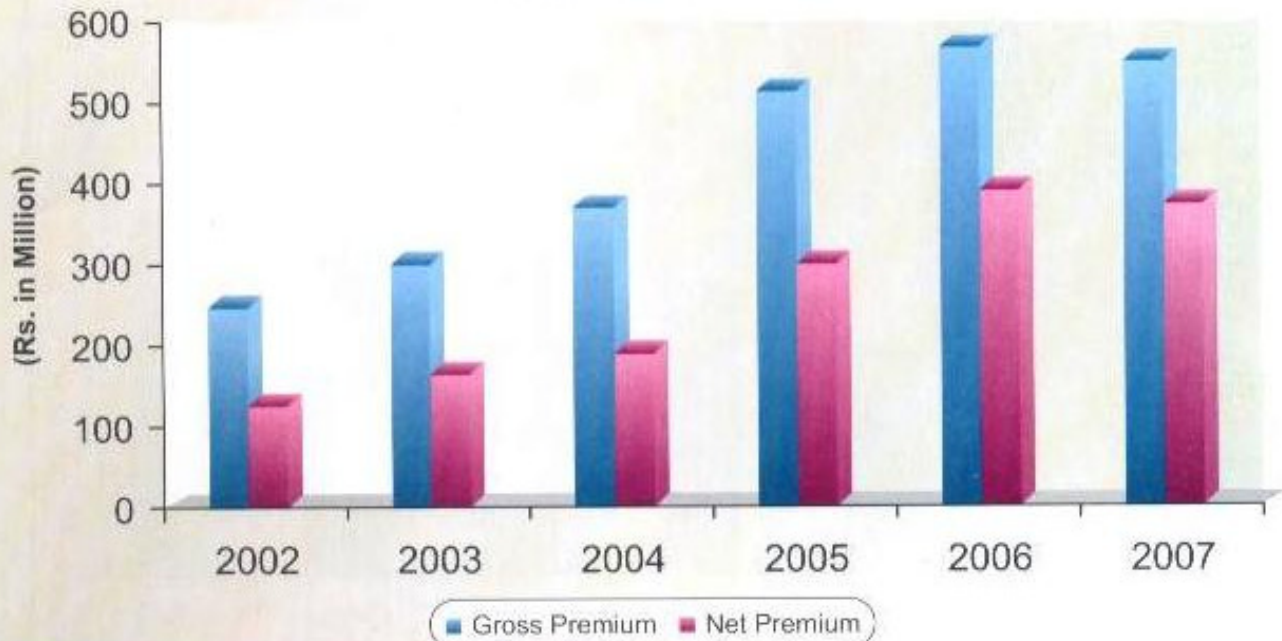
KEY FINANCIAL DATA

(Rs. in Millions)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Gross Premium	550	568	514	371	301	247	238	214	187	149
Net Premium	372	391	300	188	162	125	132	101	101	79
Net Claim	187	203	147	86	69	57	58	48	36	23
Investment	89	46	39	23	11	10	8	2	1	1
Underwriting profit	28	37	39	23	18	3	(0.5)	29	2	6
Profit Before tax	70	41	42	26	21	8	(0.5)	32	2.14	8
Profit After Tax	57	30	29	17	14	5	(0.5)	29	2.05	6
Paid-up Capital	120	100	80	80	50	50	50	26	26	22
Cash and Banks	143	212	239	171	158	128	129	114	81	67
Total Property & Assets	788	753	663	547	432	346	207	196	153	133
Equity	236	174	145	130	83	69	64	65	36	34
EPS (Rs)	4.78	2.49	2.86	3.32	2.73	0.99	(0.09)	5.7	0.79	2.3

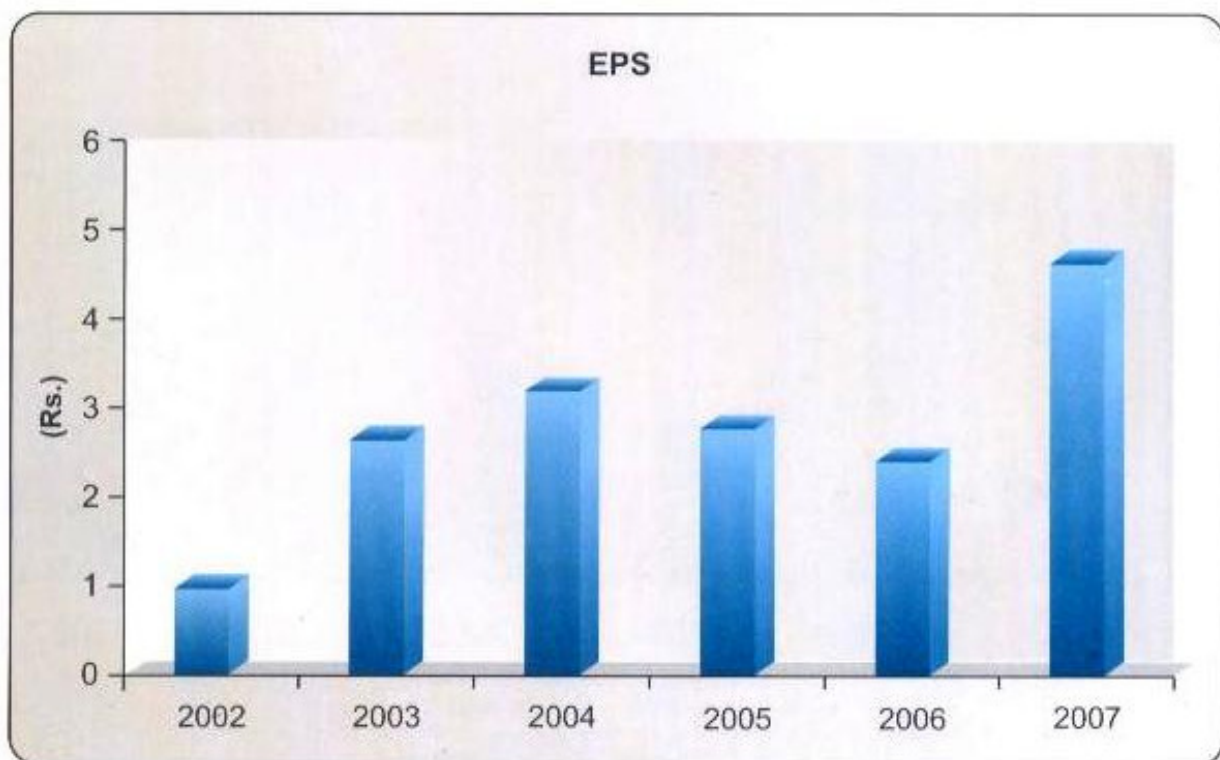
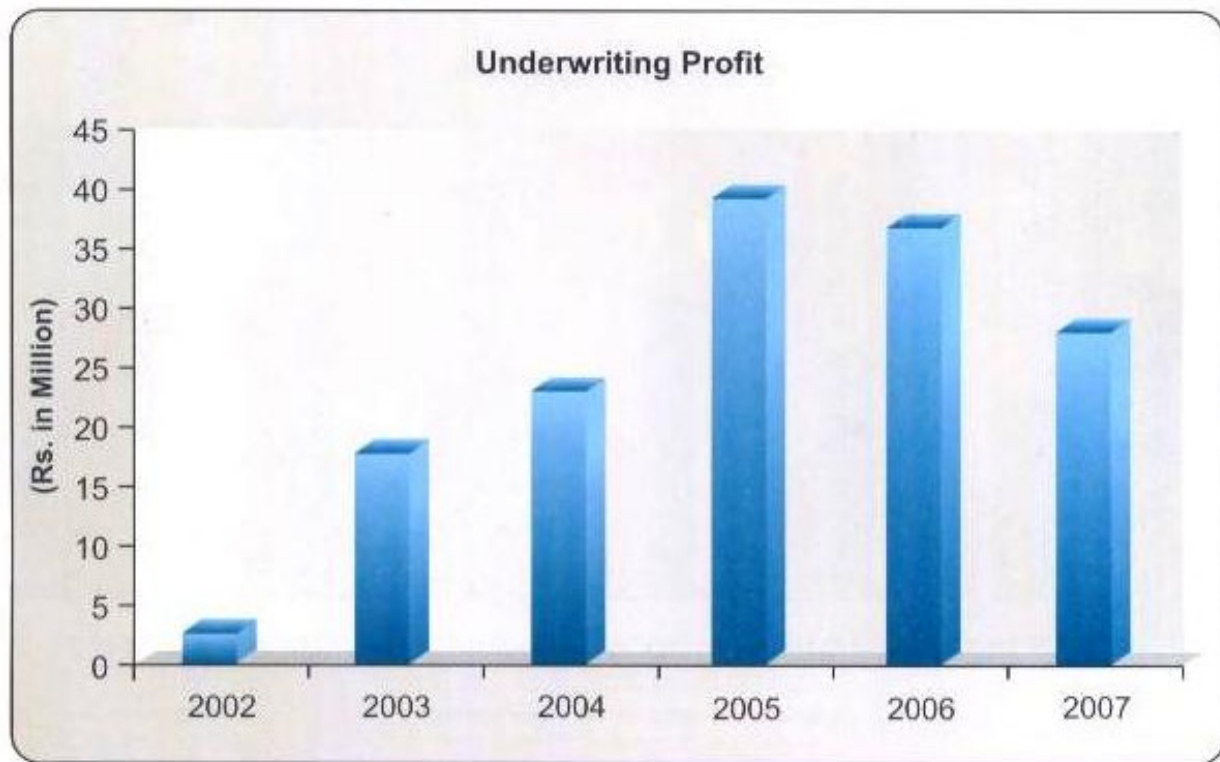


Gross & Net Premium

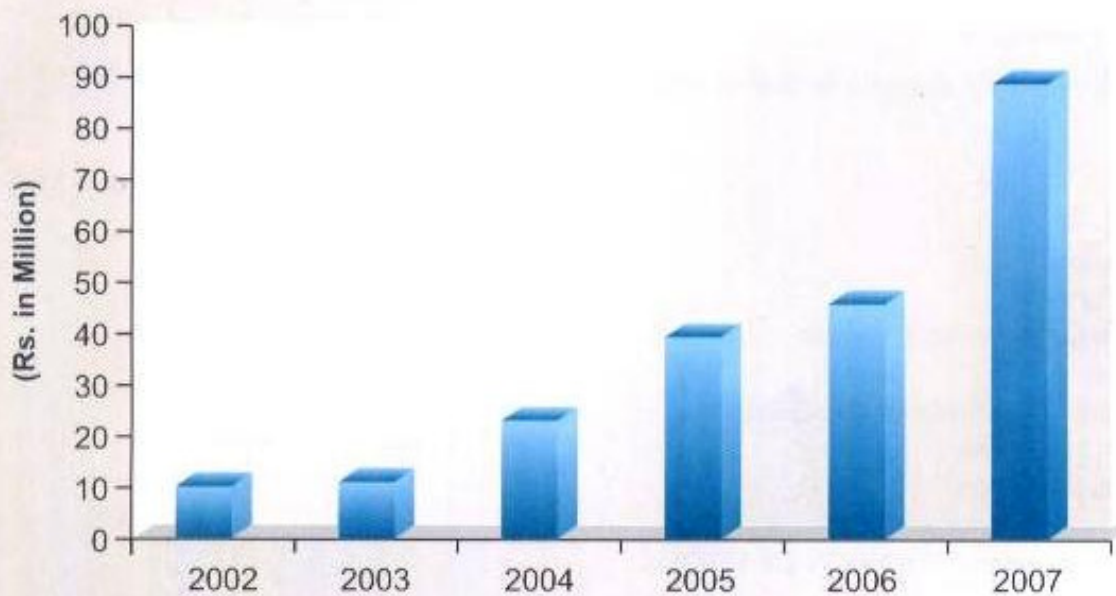


Profit

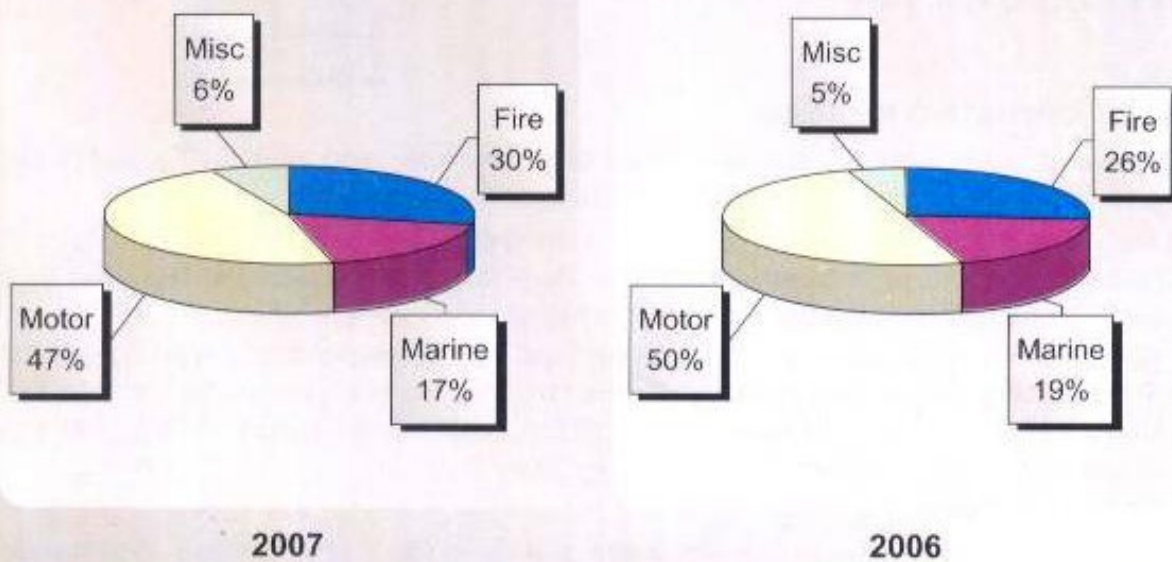




Investment



Gross Premium



DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, it gives me great pleasure to present the **48th Annual Report** and the audited account of the company for the year ended December 31, 2007.

OPERATING RESULTS:

The operating results for the year ended 31 December 2007 are given below.

	<u>2007</u>	<u>2006</u>
	-----Rupees in '000-----	
Gross premium	550,254	567,547
Net premium	371,535	390,820
Profit from underwriting business	28,179	36,620
Net claims	187,049	202,804
Management / administrative expenses	150,474	140,250
Capital and reserves	235,606	173,840
Profit before taxation	70,107	40,511

DIVIDEND & APPROPRIATION OF PROFIT :

The amount available for appropriation is:

Profit after taxation	57,341	29,877
Add: Balance of unappropriated profit - b/f	60,193	50,316
Less: Bonus/Dividend paid during the year	(20,000)	(20,000)
Profit available for appropriation	97,534	60,193

The Directors recommend that this amount be appropriated in the following manner.

■ Issue of Bonus shares at 40% (2006: 20%)	48,000
■ Carry forward to next year	49,534
	97,534

REVIEW OF OPERATING RESULTS:

By the grace of Allah allmighty business have been profitable and contributing significantly to the bottom line of the company and strengthening its financial capacity.

During the year under review your company has earned profit before taxation amounting to Rs.70.107 millions as compared to profit before taxation of Rs.40.511 millions over the last year reflecting an increase by 73 % whereas profit after taxation has increased by 92 %.

Gross premium has reduced by Rs. 17 millions over thre corresponding period on account of our selective behavior in underwriting the motor business during the year and as the result of this prudent underwriting motor business generated underwriting profit of Rs.15.354 millions as against the underwriting (loss) of Rs. 1 million during the year 2006.

INVESTMENT INCOME.

Investment income also increased from Rs 6.639 millions to Rs. 15.067 millions showing appreciable improvement by 127 % over the corresponding period.

JCR-VIS Rating:

Insurer Financial Strength rating of A - (single A minus) by JCR-VIS indicates the 'Stable' outlook of the company and management has firm commitment for its further improvement through prudent underwriting & claims settlement procedures, rationalising reinsurance arrangements and extensive investment activities.

EARNING PER SHARE

Earnings per share after tax is Rs.4.78 per share (2006: Rs. 2.49 per share).

PROPOSED ISSUE OF BONUS SHARES

The directors have proposed an issue of bonus shares of 40% for the year under review.

INFORMATION TECHNOLOGY (IT)

In order to cater the increasing competitive environment of the insurance industry Information technology got special emphasis during the year and as the result of this measure improved quality and prompt services were provided to the clients. Further Management has intention to accelerate the present momentum of automation for getting maximum benefits out of this technology in the shape of cost effectiveness in the way of underwriting and claim settlement process.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed thereunder 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 financials and any changes adequately disclosed 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 therefrom, 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 therefrom.
- (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 consisting of the following non-executive directors:

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

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, to assist the Board in discharging its responsibilities for safeguarding the Company's assets, development and implementation of an effective internal control system.

BOARD OF DIRECTORS' MEETINGS.

During the year, four 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	4
Lt. Gen. (R) Ali Kuli Khan Khattak	2
Mr. Ahmed Kuli Khan Khattak	1
Begum Zeb Gohar Ayub Khan	4
Mrs. Shahnaz Sajjad Ahmad	3
Dr. Shaheen Kuli Khan Khattak	3
Mr. Mushtaq Ahmed Khan - FCA	4
Ch. Sher Mohammad	4
Mr. Muhammad Kuli Khan Khattak	0
Mr. Sardar Khan	4

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

Pattern of Shareholding

The pattern of shareholding is annexed with the report.

Trading of 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 recommended the appointment of M/S Muniff Ziauddin & Co, Chartered Accountants - as the Auditors of the Company for the year ending 31 December, 2008.

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, 2007, aggregated Rs. 38.564 million (2006: Rs. 21.024 million).

Future Outlook

The growth of the general Insurance industry is linked directly to the growth of the economy particularly in the manufacturing and service sectors the future of which looks very bright. Foreign Direct Investment (FDI) and the privatisation of state owned enterprises would also give the space for the private insurance companies to put their efforts to capture the prospective potential business. The management has also formalised the plans for the acceleration of its growth by further strengthening its present marketing network and through the induction of professionals in the company.

The performance of your company in 2007 was satisfactory. In 2008 , 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 of the dedicated efforts put by all members of the staff and they hope the same spirit will continue in future as well.

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 confidence reposed by them in the Company.

For & on behalf of the Board of Directors

Lahore: 07 March, 2008

Raza Kuli Khan Khattak
Chairman

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007.
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 directors, 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 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.

Lahore: 07 March, 2008

BEGUM ZEB GOHAR AYUB KHAN
CHIEF EXECUTIVE

**STATEMENT OF COMPLIANCE WITH BEST
PRACTICES ON TRANSFER PRICING
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 the Statement of Compliance with the 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 control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that 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 31 December, 2007.

Lahore: 07 March, 2008

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS.**

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, 2007 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 the 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.

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) the financial statements, together with the notes thereon, present fairly in all material respects, the state of the Company's affairs as at 31 December, 2007 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore: 07 March, 2008

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Balance Sheet

The Universal Insurance Company Limited

BALANCE SHEET

	Note	2007 (Rupees in '000)	2006
SHARE CAPITAL AND RESERVES			
Authorised share capital 25,000,000 ordinary shares of Rs. 10 each		<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid-up share capital	5	120,000	100,000
Retained earnings		97,534	60,193
Reserves	6	18,072	13,647
TOTAL EQUITY		235,606	173,840
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		200,193	250,657
Provision for unearned premium		177,264	169,948
Commission income unearned		13,557	11,482
Total underwriting provisions		391,014	432,087
DEFERRED TAXATION	7	7,332	5,896
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers - including portfolio accounts aggregating Rs.74.062 million (2006: Rs.71.166 million)	8	101,230	89,227
Taxation	9	9,906	4,542
Accrued expenses	10	970	499
Other creditors	11	18,310	18,584
		130,416	112,852
OTHER LIABILITIES			
Unclaimed dividend		612	613
Liabilities against assets subject to finance lease	12	22,748	28,092
TOTAL LIABILITIES		552,122	579,540
TOTAL EQUITY AND LIABILITIES		787,728	753,380
CONTINGENCIES AND COMMITMENTS	13		

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

AS AT 31 DECEMBER, 2007

	Note	2007 (Rupees in '000)	2006
CASH AND BANK DEPOSITS			
Cash and other equivalents	14	119	310
Current and other accounts	15	87,357	143,276
Deposits maturing within 12 months	16	55,756	68,395
		143,232	211,981
LOANS TO EMPLOYEES	17	635	675
INVESTMENTS	18	88,620	46,047
OTHER ASSETS			
Premiums due but unpaid - unsecured, considered good	19	118,849	94,098
Amounts due from other insurers / reinsurers - unsecured, considered good	8	114,023	56,350
Accrued investment income	20	2,350	2,744
Reinsurance recoveries against outstanding claims	8	97,601	130,702
Deferred commission expense		21,181	20,320
Advance income tax / income tax refundable		32,992	24,222
Prepayments	21	51,368	42,686
Sundry receivables	22	14,473	14,545
		452,837	385,667
FIXED ASSETS - Tangible			
Land and buildings	23	37,175	39,097
Furniture, fixtures and office equipment	23	15,230	11,843
Motor vehicles including vehicles acquired under finance lease arrangements	23	49,999	58,070
		102,404	109,010
TOTAL ASSETS		787,728	753,380

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

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

Note	Fire and property damage	Marine and transport	Motor accident	Miscellaneous	Aggregate	
					2007	2006
----- (Rupees in '000) -----						
Revenue account						

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

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

Share capital	Reserves					Retained earnings	Total
	General	Doubtful debts	Exceptional losses	Unrealised gain / (loss) on remeasur-ement of investments	Sub-total		
(Rupees in '000)							
80,000	13,125	25	700	1,127	14,977	50,316	145,293
20,000	0	0	0	0	0	(20,000)	0
0	0	0	0	(1,416)	(1,416)	0	(1,416)
0	0	0	0	86	86	0	86
0	0	0	0	0	0	29,877	29,877
100,000	13,125	25	700	(203)	13,647	60,193	173,840
20,000	0	0	0	0	0	(20,000)	0
0	0	0	0	4,194	4,194	0	4,194
0	0	0	0	231	231	0	231
0	0	0	0	0	0	57,341	57,341
120,000	13,125	25	700	4,222	18,072	97,534	235,606

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2007

	2007	2006
	(Rupees in '000)	
OPERATING CASH FLOWS		
(a) Underwriting activities		
Premiums received	525,503	531,109
Reinsurance premiums paid	(179,319)	(168,772)
Claims paid	(319,513)	(251,555)
Reinsurance and other recoveries received	115,101	88,060
Commissions paid	(66,511)	(70,024)
Commissions received	51,369	50,462
Net cash inflow from underwriting activities	126,630	179,280
(b) Other operating activities		
Income tax paid / refunds received - net	(14,712)	(16,673)
General management expenses	(127,866)	(120,360)
Other operating payments	(3,771)	(3,902)
Other operating receipts	2,467	0
Loans to employees - net	40	(26)
Other payments in respect of operating assets - net	(50,327)	(21,495)
Net cash outflow from other operating activities	(194,169)	(162,456)
TOTAL CASH (OUTFLOW) / INFLOW FROM ALL OPERATING ACTIVITIES	(67,539)	16,824
INVESTING ACTIVITIES		
Profit / return received	7,083	8,480
Dividends received	5,987	2,169
Rentals received	210	184
Equity instruments of associates - purchased	0	(12,134)
Held-to-maturity investments - sold	8,000	7,255
- purchased	(10,000)	(8,000)
Available-for-sale investments	0	(5,000)
Investments at fair value through profit & loss - purchased	(51,782)	(64,483)
- sold	26,790	70,105
Fixed capital expenditure including assets acquired under finance lease arrangements	(43,390)	(73,055)
Proceeds from disposal of fixed assets	64,595	10,692
TOTAL CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	7,493	(63,787)
FINANCING ACTIVITIES		
Lease finance charges paid	(3,358)	(2,365)
Dividend paid	(1)	(131)
Lease finances - net	(5,344)	22,629
TOTAL CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	(8,703)	20,133
NET CASH OUTFLOW FROM ALL ACTIVITIES	(68,749)	(26,830)
CASH AND CASH EQUIVALENTS - At the beginning of the year	211,981	238,811
CASH AND CASH EQUIVALENTS - At the end of the year	143,232	211,981

2007 2006
(Rupees in '000)

Reconciliation to profit and loss account

Operating cash flows	(67,539)	16,824
Depreciation expense	(15,008)	(13,514)
Rental income	210	184
Lease finance charges	(3,358)	(2,364)
Gain on disposal of fixed assets - net	29,607	2,547
Investments income	15,067	6,639
Share of profit of associates - net of taxation	5,190	3,709
Increase in assets other than cash	71,099	55,254
Decrease in liabilities	22,073	(39,402)
Profit after taxation	<u>57,341</u>	<u>29,877</u>

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	119	310
- current and other accounts	87,357	143,276
- deposits maturing within 12 months	55,756	68,395
	<u>143,232</u>	<u>211,981</u>

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF PREMIUMS FOR THE YEAR ENDED 31 DECEMBER, 2007

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2007	2006

(Rupees in '000)

DIRECT AND FACULTATIVE

Fire and property damage	162,515	39,317	53,597	148,235	103,227	25,556	34,838	93,945	54,290	60,236
Marine and transport	93,703	14,351	10,128	97,926	52,727	7,176	5,976	53,927	43,999	55,455
Motor accident	259,390	105,256	96,681	267,965	18,154	7,368	6,768	18,754	249,211	256,751
Miscellaneous	34,634	11,024	16,858	28,800	5,211	2,095	2,529	4,777	24,023	18,376
	550,242	169,948	177,264	542,926	179,319	42,195	50,111	171,403	371,523	390,818

TREATY RETROCESSION

Fire and property damage	1	0	0	1	0	0	0	0	1	(1)
Marine and transport	10	0	0	10	0	0	0	0	10	4
Motor accident	1	0	0	1	0	0	0	0	1	(1)
	12	0	0	12	0	0	0	0	12	2
	550,254	169,948	177,264	542,938	179,319	42,195	50,111	171,403	371,535	390,820

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF CLAIMS FOR THE YEAR ENDED 31 DECEMBER, 2007

Business underwritten inside Pakistan

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		2007	2006

(Rupees in '000)

DIRECT AND FACULTATIVE

Fire and property damage	95,322	96,034	68,472	67,760	71,593	73,296	52,703	51,000	16,760	21,248
Marine and transport	25,737	25,404	47,200	47,533	17,687	18,879	36,652	35,460	12,073	5,425
Motor accident	172,871	90,771	66,387	148,487	12,202	11,062	6,113	7,253	141,234	164,063
Miscellaneous	25,369	37,479	17,165	5,055	13,619	27,465	2,133	(11,713)	16,768	11,867
	319,299	249,688	199,224	268,835	115,101	130,702	97,601	82,000	186,835	202,603

TREATY RETROCESSION

Fire and property damage	173	582	582	173	0	0	0	0	173	97
Marine and transport	8	246	246	8	0	0	0	0	8	35
Motor accident	33	141	141	33	0	0	0	0	33	69
	214	969	969	214	0	0	0	0	214	201
	319,513	250,657	200,193	269,049	115,101	130,702	97,601	82,000	187,049	202,804

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF EXPENSES FOR THE YEAR ENDED 31 DECEMBER, 2007

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses refer note 24	Underwriting expense	Commissions from reinsurers refer note below	Net underwriting expense	
		Opening	Closing					2007	2006

(Rupees in '000)

DIRECT AND FACULTATIVE

Fire and property damage	24,550	6,249	8,359	22,440	41,334	63,774	28,836	34,938	29,543
Marine and transport	13,559	2,232	1,492	14,299	23,835	38,134	18,778	19,356	21,259
Motor accident	25,664	10,962	10,009	26,617	65,973	92,590	0	92,590	93,449
Miscellaneous	2,696	877	1,321	2,252	8,809	11,061	1,680	9,381	7,118
	66,469	20,320	21,181	65,608	139,951	205,559	49,294	156,265	151,369

TREATY RETROCESSION

Fire and property damage	34	0	0	34	0	34	0	34	1
Marine and transport	7	0	0	7	0	7	0	7	26
Motor accident	1	0	0	1	0	1	0	1	1
	42	0	0	42	0	42	0	42	28
	66,511	20,320	21,181	65,650	139,951	205,601	49,294	156,307	151,397

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.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

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

	2007 (Rupees in '000)	2006
Income from investments at fair value through profit or loss		
Unrealised gain / (loss) on remeasurement of investments to fair value	3,581	(9,743)
Gain on sale of investments - net	2,386	5,364
	5,967	(4,379)
Income from non-trading investments		
Held-to-maturity		
Return on Government securities	915	1,061
Return on other fixed income securities and deposits:		
- term deposit receipts	3,837	5,325
- profit on PLS accounts	2,272	2,608
	7,024	8,994
Available-for-sale		
Dividend income	2,411	2,167
	15,402	6,782
Less: Investments related expenses		
Zakat deducted	(335)	(143)
Net investment income	15,067	6,639

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

MANAGING DIRECTOR &
PRINCIPAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2007

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 (Pvt.) Ltd. (the Holding Company) held 8,573,022 (2006: 7,144,185) i.e. 71.44% ordinary shares of the Company as at 31 December, 2007 and 31 December, 2006 respectively.

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, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except 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 recognised in respect of 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 include 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 recognised 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 account.

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 recognised for the difference between the recoverable amount and the carrying amount.

4.6 Taxation

(a) Current

Provision for 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 rebates and tax credits available, if any.

(b) Deferred

Deferred tax is recognised 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 asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 reliable 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 the 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 additions 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 fund (defined contribution plan) for all its permanent employees. The Company and the employees make monthly contributions at the rate of 10% of basic salary.

4.19 Foreign currency translations

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

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of net premium income. Expenses not allocable to the underwriting business are charged as administrative expenses.

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 derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised 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 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 realise the asset and settle the liability simultaneously.

4.27 Segment reporting

The Company's operating businesses are organised 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.

5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	Note	2007	2006
		(Rupees in '000)	
3,200,000 (2006: 3,200,000) ordinary shares of Rs.10 each issued for cash		32,000	32,000
8,800,000 (2006: 6,800,000) ordinary shares of Rs.10 each issued as fully paid bonus shares		88,000	68,000
12,000,000		120,000	100,000
6. RESERVES			
General reserve		13,125	13,125
Reserve for doubtful debts		25	25
Reserve for exceptional losses	6.1	700	700
Unrealised gain / (loss) on remeasurement of investments		4,222	(203)
		18,072	13,647
<p>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 been so retained to date except transfer of Rs.658 thousand to Motor Insurance Revenue Account during the years 1984 and 1985.</p>			
7. DEFERRED TAXATION			
The deferred taxation liability comprises of temporary differences arising due to:			
Credit balances arising in respect of:			
- accelerated tax depreciation allowances		8,133	6,589
- undistributed post acquisition profits of associates		576	11
Debit balance arising in respect of lease finances		(1,377)	(704)
		7,332	5,896

8. AMOUNTS DUE TO / FROM OTHER INSURERS / RE-INSURERS AND PREMIUMS DUE BUT UNPAID

The balances as at 31 December, 2007 relating to amounts due to / from other insurers and reinsurers and premiums due but unpaid, except for associates' balances, are although unconfirmed but are considered to be accurately stated by the management.

	2007 (Rupees in '000)	2006
9. TAXATION - Net		
Opening balance	4,542	13,500
Add: provision made during the year:		
- current	9,850	4,542
- prior years'	1,480	803
	11,330	5,345
	15,872	18,845
Less: payments / adjustments against completed assessments	5,966	14,303
	9,906	4,542

9.1 Initially, the Company has filed tax return for the Tax Year 2007 on 29 September, 2007 declaring tax liability at Rs.13.889 million; however, the revised return for the said year has been filed on 26 February, 2008 and the tax liability has been reduced to Rs.5.953 million.

9.2 The assessing officers, while finalising assessments for the Assessment Years 2000-01 and 2001-02, had raised demands aggregating Rs.18.093 million on account of excess expenses of management under the amendment made during the year 1999 in Rule 5 of the Fourth Schedule to the repealed Income Tax Ordinance, 1979. The Company, for the aforementioned years, had filed appeals before the Income Tax Appellate Tribunal (ITAT), which vide its order dated 19 November, 2007 decided the appeals in favour of the Company and management expenses disallowed were ordered to be deleted. The taxation officer of Income Tax Enforcement, in the light of ITAT's judgment, has issued appeal effect orders for the said two years determining a refund of Rs.8.786 million in respect of Assessment Year 2000-01 and a refund of Rs.9.307 million for the Assessment Year 2001-02.

9.3 Relationship between tax expense and accounting profit

Accounting profit before taxation	70,107	40,511
Tax at the applicable rate of 35%	24,537	14,179
Tax effect of expenses which were not deductible for tax purposes and were taken to profit and loss account	10,715	4,263
Tax effect of expenses which were deductible for tax purposes and were not taken to profit and loss account	(25,633)	(13,429)
Dividend income taxed at different tax rate	231	(471)
Prior years' current tax charge	1,480	803
Deferred taxation	1,436	5,289
Tax charge (net)	12,766	10,634

10. ACCRUED EXPENSES

2007 2006
(Rupees in '000)

Salaries payable	317	36
Audit fee payable	167	177
Expenses payable	486	286
	970	499

11. OTHER CREDITORS

Excise duty	5,061	3,990
Federal insurance fee	1,215	899
Survey fee payable	2,164	2,198
Sundry creditors	4,854	4,850
Employees' union fund	6	3
Bonus shares fractions	14	14
E.O.B.I. contribution payable	12	7
Deposits from employees against vehicles	1,264	2,462
Tax deducted at source :		
- agents	1,116	1,581
- others	395	356
Guarantee deposits - refundable	2,209	2,224
	18,310	18,584

12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

	Upto one year	From one to five years	2007	Upto one year	From one to five years	2006
	(Rupees in '000)					
Minimum lease payments	16,367	14,818	31,185	13,958	23,881	37,839
Less: finance cost allocated to future periods	2,286	762	3,048	3,150	1,858	5,008
	14,081	14,056	28,137	10,808	22,023	32,831
Less: security deposits adjustable on expiry of lease terms	901	4,488	5,389	0	4,739	4,739
Present value of minimum lease payments	13,180	9,568	22,748	10,808	17,284	28,092

12.1 The Company has entered into lease agreements with ORIX Leasing Pakistan Limited, Askari Leasing Limited and Saudi Pak Leasing Company Limited to acquire vehicles. The liabilities under the lease agreements are payable in monthly instalments by November, 2010 and are subject to finance charges at the rates ranging from 12.98% to 19.02% 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, 2007, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rs.664 thousand (2006: Rs.645 thousand).

13.2 No commitments for capital expenditure were outstanding as at 31 December, 2007 (2006: Rs.Nil).

14. CASH AND OTHER EQUIVALENTS

	Note	2007 (Rupees in '000)	2006
Cash-in-hand		0	7
Stamps-in-hand		119	303
		<u>119</u>	<u>310</u>

15. CURRENT AND OTHER ACCOUNTS

PLS accounts	15.1	61,570	84,362
Current accounts		25,787	58,914
		<u>87,357</u>	<u>143,276</u>

15.1 These include balance amounting Rs.639 thousand (2006: Rs.564 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 11% per annum (2006: at the rates ranging from 6% to 11% per annum).

17. LOANS TO EMPLOYEES - Secured

Considered good

- for vehicles	17.1	158	224
- against salaries		477	451
		<u>635</u>	<u>675</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 instalments 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	18,055	12,634
Held-to-maturity	18.2	10,000	8,000
Available-for-sale	18.3	15,067	10,874
Investments at fair value through profit or loss	18.4	45,498	14,539
		<u>88,620</u>	<u>46,047</u>

18.1 Equity instruments of associates

No. of shares		Face value	Name of entity	2007	2006
2007	2006				
Rupees				(Rupees in '000)	
Quoted - associates					
<u>Woollen</u>					
7,152	4,768	10	Bannu Woollen Mills Ltd.		
			Equity held 0.09% (2006:0.09%)		
			Cost	32	32
			Share of post acquisition profits - net of tax	253	216
				285	248
<u>Automobile Assembler</u>					
1,192,148	1,192,148	10	Ghandhara Industries Ltd.		
			Equity held 5.60% (2006:5.60%)		
			Cost	12,160	26
			Cost of shares acquired during the year	0	12,134
			Share of post acquisition profits - net of tax	5,525	3,739
			Dividends	0	(3,578)
				17,685	12,321
5,000	5,000	10	Ghandhara Nissan Ltd.		
			Equity held 0.01% (2006:0.01%)		
			Cost	103	103
			Share of post acquisition losses - net of tax	(18)	(38)
				85	65
				18,055	12,634
Held-to-maturity (deposited with State Bank of Pakistan)					
9.30% (2006:10%) Pakistan Investment Bonds (note 18.7)				10,000	8,000

18.3 Available-for-sale

No. of shares/ certificates/units		Face value	Name of entity	2007	2006
2007	2006				
Rupees				(Rupees in '000)	
Quoted					
<u>Closed-end Mutual Funds</u>					
7,613	7,613	10	UTP Growth Fund (2006: ABAMCO Capital Fund)	135	135
6,391	6,391	10	PICIC Investment Fund	85	85
<u>Textile Spinning</u>					
26,740	26,740	10	Fawad Textile Mills Ltd.	267	267
<u>Textile Composite</u>					
49,000	49,000	10	Hamid Textile Mills Ltd.	490	490
<u>Transport</u>					
888	770	10	Pakistan National Shipping Corporation Ltd.	24	24
				1,001	1,001
Un-quoted					
1,106	1,106	10	Nowshera Engineering Works Ltd. (note 18.8)	11	11
Others					
231,842	231,842	10	<u>Open-end Mutual Fund</u> National Investment Trust Units	10,150	10,150
				11,162	11,162
				3,905	(288)
				15,067	10,874
Add: adjustment arising from remeasurement to fair value - net					
Market value as at 31 December,					

Add: adjustment arising from remeasurement to fair value - net

Market value as at 31 December,

18.4 Investments at fair value through profit or loss

No. of shares		Face value	Name of entity	2007	2006
2007	2006				
Rupees			(Rupees in '000)		
Quoted					
<u>Commercial Banks</u>					
11,500	10,000	10	National Bank of Pakistan	3,097	3,097
<u>Synthetic & Rayon</u>					
0	150,000	10	Dewan Salman Fibre Ltd.	0	3,797
<u>Cement</u>					
104,511	104,511	10	Pioneer Cement Ltd.	6,402	6,402
0	30,000	10	Zeal Pak Cement Factory Ltd.	0	387
<u>Power Generation & Distribution</u>					
40,000	40,000	10	The Hub Power Co. Ltd.	1,198	1,197
<u>Cable & Electrical Goods</u>					
0	11	10	Pak Elektron Ltd.	0	1
<u>Insurance</u>					
0	4,500	10	Adamjee Insurance Company Ltd.	0	649
<u>Fertilizer</u>					
95,000	95,000	10	Fauji Fertilizer Bin Qasim Ltd.	4,041	4,041
<u>Textile</u>					
0	11,000	10	Nishat Mills Ltd.	0	1,432
<u>Chemicals</u>					
0	300,000	10	Pakistan PTA Ltd.	0	4,306
<u>Closed-end Mutual Funds</u>					
63,000	63,000	10	PICIC Growth Fund	2,889	2,889
<u>Open-end Mutual Funds</u>					
206,252	0	10	Askari Income Fund	21,782	0
102,648	0	10	HBL Income Fund	10,000	0
				49,409	28,198
Add: adjustment arising from measurement to fair value				(3,911)	(13,659)
Market value as at 31 December,				45,498	14,539

- 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, 2007		From 01 January, 2007 to 31 December, 2007	
	(Rupees in '000)			

Gandhara Industries Ltd.	2,432,494	1,126,189	1,544,585	91,826
Gandhara Nissan Ltd.	2,367,766	1,263,152	2,781,166	159,553
Bannu Woollen Mills Ltd.	703,085	142,364	319,091	35,354

Name	Assets	Liabilities	Revenues	Profit
	As at 31 December, 2006		From 01 January, 2006 to 31 December, 2006	
	----- (Rupees in '000) -----			

Gandhara Industries Ltd.	2,225,172	1,010,694	1,859,971	135,764
Gandhara Nissan Ltd.	2,691,751	1,746,690	3,790,274	178,545
Bannu Woollen Mills Ltd.	676,338	152,120	274,143	17,682

- 18.6** Fair value of investments in associates is as follows:

	31 December 2007	31 December 2006
	(Rupees in '000)	
- Gandhara Industries Ltd.	46,911	63,422
- Gandhara Nissan Ltd.	238	210
- Bannu Woollen Mills Ltd.	472	248

- 18.7** These are maturing on 19 May, 2011.

- 18.8** Net assets value of the investments could not be ascertained as at 31 December, 2007 due to non-availability of financial statements of the investee company.

- 18.9** Equity percentage of investments in all the investees was less than 10%.

19. PREMIUMS DUE BUT UNPAID - Unsecured, considered good	Note	2007	2006
		(Rupees in '000)	
Due from associates	19.1	52,874	42,677
Others - refer contents of note 8		65,975	51,421
		118,849	94,098

		2007	2006
		(Rupees in '000)	
19.1	Due from associates on account of normal trading transactions:		
	Janana De Malucho Textile Mills Ltd.	8,567	7,935
	Babri Cotton Mills Ltd.	2,527	637
	Rahman Cotton Mills Ltd.	6,450	7,528
	Bannu Woollen Mills Ltd.	821	537
	Ghandhara Nissan Ltd.	22,563	14,397
	Ghandhara Industries Ltd.	11,946	11,643
		52,874	42,677
20.	ACCRUED INVESTMENT INCOME		
	Interest / profit accrued on:		
	- Term deposit receipts	1,703	2,450
	- Government securities	109	206
	- PLS accounts	538	88
		2,350	2,744
21.	PREPAYMENTS		
	Prepaid reinsurance premium ceded	50,111	42,194
	Rent	1,257	492
		51,368	42,686
22.	SUNDRY RECEIVABLES		
	Advance for expenses at branches - considered good	3,005	3,305
	Security deposits	3,263	1,440
	Due from provident fund trust	139	1,974
	Advance tax	994	1,018
	Rent recoverable	0	90
	Dividend receivable from an associate - (Ghandhara Industries Ltd.)	0	3,576
	Dividend receivable - others	1	0
	Wealth tax	10	10
	Amount deposited with the Holding Company for purchase of fixed assets	0	2,915
	Advance lease rentals	434	217
	Premium receivable from travel agent on account of medical travel insurance	6,627	0
		14,473	14,545

23. FIXED ASSETS - Tangible

Particulars	C O S T			Rate %	D E P R E C I A T I O N			NET BOOK VALUE AS AT 31 DECEMBER, 2007
	As at 01 January, 2007	Additions / (disposals)	As at 31 December, 2007		To 01 January, 2007	For the year / (on disposals)	To 31 December, 2007	
----- (Rupees in '000) -----								
OWNED:								
Land and buildings								
Land - freehold	157	0	57	0	0	0	0	57
		(100)						
Buildings	45,005	30,335	44,154	5	7,133	1,922	7,036	37,118
		(31,186)				(2,019)		
LEASED:								
Buildings	1,101	0	0	1.01	33	6	0	0
		(1,101)				(39)		
	46,263	30,335	44,211		7,166	1,928	7,036	37,175
		(32,387)				(2,058)		
Furniture, fixtures, office equipment & others								
Furniture and fixtures	6,951	1,418	8,369	10	4,102	383	4,485	3,884
Air-conditioning equipment	3,485	494	3,979	10	1,617	219	1,836	2,143
Electrical appliances	698	141	839	10	357	45	402	437
Library books	60	0	60	30	57	1	58	2
Typewriters and calculators	640	0	640	10	450	19	469	171
Telephone installations	957	223	1,180	10	636	47	683	497
Electric installations	441	0	441	10	238	20	258	183
Office equipment	1,268	327	1,595	10	547	87	634	961
Computers	7,718	2,260	9,978	10	2,371	655	3,026	6,952
	22,218	4,863	27,081		10,375	1,476	11,851	15,230
Motor Vehicles								
Cycles / motor cycles	4,378	544	4,632	20	2,012	544	2,356	2,276
		(290)				(200)		
Vehicles	35,885	886	27,490	20	16,009	3,589	14,886	12,604
		(9,281)				(4,712)		
	40,263	1,430	32,122		18,021	4,133	17,242	14,880
		(9,571)				(4,912)		
LEASED:								
Vehicles	40,953	6,762	47,715	20	5,125	7,471	12,596	35,119
	81,216	8,192	79,837		23,146	11,604	29,838	49,999
		(9,571)				(4,912)		
2007	149,697	43,390	151,129		40,687	15,008	48,725	102,404
		(41,958)				(6,970)		
2006	94,778	73,055	148,697		37,164	13,514	40,687	109,010
		(18,136)				(9,991)		

23.1 Depreciation expense for the year has been apportioned as follows:

	2007 (Rupees in '000)	2006
Management expenses	11,604	10,605
General and administrative expenses	3,404	2,909
	15,008	13,514

23.2 Disposals of fixed assets - tangible

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds / insurance claim	Gain	Sold through negotiations to / insurance claims received from
(Rupees in '000)						
Land and buildings						
House # 29 Street # 4, Sector F-8/3, Islamabad.	30,732	1,749	28,983	33,000	4,017	Miangul Hassan Aurangzeb, Saidu Sharif, Swat.
House # 428, Sadar Road, Peshawar.	1,655	309	1,346	25,490	24,144	Mr. Nazim-ud-din, Peshawar.
	32,387	2,058	30,329	58,490	28,161	
Vehicles						
Honda Civic	1,235	419	816	970	154	Mr. Mushtaq Lodhi, Lahore.
Nissan Sunny	777	581	196	325	129	Mr. Salman Ahmad, Karachi.
Toyota Corolla	1,282	485	797	932	135	Mrs. Zareena Mushtaq, Lahore.
Honda City	690	528	162	500	338	Muhammad Zahid, Faisalabad.
Honda Civic	590	232	358	377	19	Mr. Ghulam Shabbir Alvi, ex-employee, Lahore.
Suzuki Mehran	353	70	283	338	55	Mian Yousaf Jamal Mustafa, ex-employee, Lahore.
Suzuki Khyber	255	199	56	140	84	Mr. Nadeem Mubarak, Patoki, Kasur.
Stavic	2,805	1,108	1,697	1,725	28	Sheikh Noor-ud-din Lahore.
Suzuki Khyber	441	377	64	215	151	Insurance claim
Suzuki Mehran	391	313	78	210	132	- do -
	8,819	4,312	4,507	5,732	1,225	
Aggregate of items with individual book value not exceeding Rs.50,000	752	600	152	373	221	Various parties.
	41,958	6,970	34,988	64,595	29,607	

24. MANAGEMENT EXPENSES

	2007	2006
	(Rupees in '000)	
Salaries and benefits	81,043	78,666
Rent, electricity etc.	7,688	5,829
Communication	6,528	5,983
Printing and stationery	3,451	2,441
Travelling and entertainment	14,140	13,942
Depreciation	11,604	10,605
Repair and maintenance	3,849	3,560
Legal and professional charges	258	265
Advertisement	679	1,907
Others	10,711	7,832
	139,951	131,030

25. MISCELLANEOUS INCOME

2007
(Rupees in '000)

Fronting fees	1,076	0
Payable balances written-back	1,391	0
	<u>2,467</u>	<u>0</u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

Auditors' remuneration:

- statutory audit - current year
- preceding year
- half yearly review
- certification and other charges
- fees of special assignments

170	170
35	90
80	80
30	15
120	0
<u>435</u>	<u>355</u>
43	12
948	928
776	611
633	311
926	1,730
3,404	2,909
3,358	2,364
<u>10,523</u>	<u>9,220</u>

Charity and donations (without directors' interest)

Directors' fees and expenses

Legal charges (other than Auditors')

Rent & rates

Subscription

Depreciation

Lease finance charges

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

57,341 29,877

No. of shares
Restated

Weighted average number of shares
outstanding during the year

12,000,000 12,000,000

Rupees

Basic earnings per share

4.78 2.49

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, 2006 have been restated due to the issuance of bonus 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)

2007

Financial assets:

Cash & bank deposits	5% to 11%	117,326	0	117,326	25,906	0	25,906	143,232
Loans to employees		0	0	0	635	0	635	635
Investments	9.30%	0	10,000	10,000	60,565	0	60,565	70,565
Premiums due but unpaid		0	0	0	118,849	0	118,849	118,849
Amounts due from other insurers / reinsurers		0	0	0	114,023	0	114,023	114,023
Accrued investment income		0	0	0	2,350	0	2,350	2,350
Reinsurance recoveries against outstanding claims		0	0	0	97,601	0	97,601	97,601
Sundry receivables		0	0	0	10,030	0	10,030	10,030
		117,326	10,000	127,326	429,959	0	429,959	557,285

Financial liabilities:

Provisions for outstanding claims (including IBNR)		0	0	0	200,193	0	200,193	200,193
Amounts due to other insurers / reinsurers		0	0	0	101,230	0	101,230	101,230
Accrued expenses		0	0	0	970	0	970	970
Other creditors		0	0	0	9,259	0	9,259	9,259
Unclaimed dividend		0	0	0	612	0	612	612
Liabilities against assets subject to finance lease	12.98% to 19.02%	13,180	9,568	22,748	0	0	0	22,748
		13,180	9,568	22,748	312,264	0	312,264	335,012

2006

Financial assets:

Cash & bank deposits	2% to 11%	152,757	0	152,757	59,224	0	59,224	211,981
Loans to employees		0	0	0	675	0	675	675
Investments	10%	8,000	0	8,000	25,413	0	25,413	33,413
Premiums due but unpaid		0	0	0	94,098	0	94,098	94,098
Amounts due from other insurers / reinsurers		0	0	0	56,350	0	56,350	56,350
Accrued investment income		0	0	0	2,744	0	2,744	2,744
Reinsurance recoveries against outstanding claims		0	0	0	130,702	0	130,702	130,702
Sundry receivables		0	0	0	7,080	0	7,080	7,080
		160,757	0	160,757	376,286	0	376,286	537,043

Financial liabilities:

Provisions for outstanding claims (including IBNR)		0	0	0	250,657	0	250,657	250,657
Amounts due to other insurers / reinsurers		0	0	0	89,227	0	89,227	89,227
Accrued expenses		0	0	0	499	0	499	499
Other creditors		0	0	0	11,234	0	11,234	11,234
Unclaimed dividend		0	0	0	613	0	613	613
Liabilities against assets subject to finance lease	12.98% to 19.02%	10,808	17,284	28,092	0	0	0	28,092
		10,808	17,284	28,092	352,230	0	352,230	380,322

29. RISKS MANAGEMENT

29.1 Reinsurance risk

In common with other insurance companies, in order to minimise 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 effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise 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.97.601 million (2006: Rs.130.702 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 it 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 minimises 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 finance lease.

29.6 Currency risk

Foreign currency risk arises mainly where receivables / payables 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. 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 been disclosed in the relevant notes. Other material transactions with related parties during the year ended 31 December, 2007 are given below:

Name of associate	Premiums charged	Claims paid	Dividend income	Purchase of vehicles
----- (Rupees in '000) -----				
Gandhara Nissan Ltd.	15,238	3,577	0	1,249
Gandhara Industries Ltd.	5,372	220	0	0
Janana De Malucho Textile Mills Ltd.	20,814	41	0	0
Babri Cotton Mills Ltd.	5,136	381	0	0
Rahman Cotton Mills Ltd.	12,420	3,236	0	0
Bannu Woollen Mills Ltd.	3,183	336	0	0
2007	62,163	7,791	0	1,249
2006	38,843	16,260	3,578	24,078
Transactions with the Holding Company				
Bibojee Services (Pvt.) Ltd.				
2007	0	0	0	0
2006	0	0	0	3,200

Maximum aggregate debit balance of the associates at any month-end during the year was Rs.64,459 million (2006: Rs.45,500 million).

31. 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	Miscellane- ous	Total
----- (Rupees in ' 0 0 0) -----					
2007					
Gross premium earned	148,235	97,926	267,965	28,800	542,926
Segment results	2,386	12,565	15,354	(2,126)	28,179
Other information					
Segment assets	179,537	88,706	165,566	17,955	451,764
Unallocated corporate assets					335,964
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	2,236	1,478	4,043	435	8,192
Depreciation	3,168	2,093	5,727	616	11,604
2006					
Gross premium earned	157,890	106,832	275,402	23,068	563,192
Segment results	9,346	28,713	(830)	(609)	36,620
Other information					
Segment assets	179,329	74,050	109,966	38,385	401,730
Unallocated corporate assets					351,650
Consolidated total assets					753,380
Segment liabilities	189,971	67,747	211,473	52,124	521,315
Unallocated corporate liabilities					58,225
Consolidated total liabilities					579,540
Capital expenditure	10,994	7,439	19,177	1,606	39,216
Depreciation	2,973	2,012	5,186	434	10,605

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Managing Director		Executives	
	2007	2006	2007	2006	2007	2006
----- (Rupees in '000) -----						
Managerial remuneration	840	840	2,880	2,400	3,494	4,470
House rent	360	360	1,020	780	1,560	2,051
Bonus	0	0	422	302	502	839
Provident fund	0	0	288	240	349	447
Utilities	285	502	76	150	0	417
Rupees	1,485	1,702	4,686	3,872	5,905	8,224
Number of persons	1	1	1	1	5	5

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

32.2 The Company, during the year, paid meeting fee aggregating Rs.350 thousand (2006: Rs.342 thousand) to eight (2006: nine) non-executive directors.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 07 March, 2008 by the board of directors of the Company.

34. POST BALANCE SHEET EVENT

The Board of Directors at their meeting held on 7th March, 2008, have proposed a stock dividend @ 40% i.e. two bonus shares for every five ordinary shares held for the year ended 31 December, 2007 for approval of members at the Annual General Meeting to be held on 31st March, 2008. These financial statements do not reflect the proposed stock dividend as per policy.

35. FIGURES

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.
- 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, 2006 as stated in note 27.2.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

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.	8,573,022
2 N.I.T. & I.C.P	
M/s. Investment Corporation of Pakistan	3,881
3 Directors, CEO & their Spouse and Minor Children.	
Mr. Raza Kuli Khan Khattak (Chairman)	291,662
Lt. Gen. (Retd) Ali Kuli Khan Khattak (Director)	141,674
Mr. Ahmed Kuli Khan Khattak (Director)	131,384
Begum Zeb Gohar Ayub Khan (Chief Executive)	70,836
Mrs. Shahnaz Sajjad Ahmed (Director)	44,271
Dr. Shaheen Kuli Khan Khattak (Director)	44,271
Mr. Mushtaq Ahmed Khan. FCA (Director)	1,500
Mr. Mohammad Kuli Khan Khattak (Director)	3,750
Ch. Sher Mohammad (Director)	3,750
Mr. Sardar Khan (Managing Director)	17,976
4 Executives	
Mr. Muhammad Rafiq Ch. (Executive Director Head Office)	37,500
Mr. Fazal-ur-Rehman Malik (Executive Director Operations)	37,500
5 Public Sector Companies & Corporations.	32,651
6 Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarbas & Mutual Funds.	390,375
7 Shareholders Holding 10% or More.	
M/s. Bibojee Services (Pvt) Ltd.	8,573,022
8 General Public & Others	2,173,997

PATTERN OF SHAREHOLDINGS
As on 31 December, 2007

S.No.	Size of Holding		No. of Share Holders	No. of Shares Held	Percentage	
1	1	To	100	195	5,861	0.05
2	101	"	500	170	48,341	0.40
3	501	"	1,000	100	78,303	0.65
4	1,001	"	5,000	223	494,466	4.12
5	5,001	"	10,000	35	256,858	2.14
6	10,001	"	15,000	11	129,100	1.08
7	15,001	"	20,000	5	88,087	0.73
8	20,001	"	25,000	3	68,417	0.57
9	25,001	"	30,000	4	107,250	0.89
10	30,001	"	35,000	0	-	-
11	35,001	"	40,000	4	149,900	1.25
12	40,001	"	60,000	8	395,539	3.30
13	60,001	"	65,000	1	62,456	1.22
14	65,001	"	95,000	4	357,194	2.98
15	95,001	"	100,000	0	-	-
16	100,001	"	150,000	3	375,744	3.13
17	150,001	"	200,000	0	-	-
18	200,001	"	250,000	1	204,000	1.70
19	250,001	"	300,000	1	291,662	2.43
20	300,001	"	350,000	1	313,800	2.62
21	350,001	"	450,000	0	-	-
22	450,001	"	500,000	0	-	-
23	500,001	"	900,000	0	-	-
24	900,001	"	2,900,000	0	-	-
25	2,900,001	"	10,000,000	1	8,573,022	71.44
			770	12,000,000	100.00	

Categories of Share Holders	Number	Shares Held	Percentage
Individuals	752	3,048,821	25.41
Joint Stock Companies	14	8,597,745	71.65
Insurance Companies	1	14,444	0.12
Investment Companies	2	314,683	2.62
Modaraba Companies	0	-	-
Administrator of Abandoned Properties	1	24,307	0.20
Govt. of Pakistan.	-	-	-
Total	770	12,000,000	100

HEAD OFFICE / MARKETING EXECUTIVES / MANAGERS

Name / Designation	Telephone No.	Fax No.	Tel. Res.	Mobile
Begum Zeb Gohar Ayub Khan Chief Executive	042-7322974	042-7230326	—	0300-5000888
Mr. Sardar Khan Managing Director	042-7355579	042-7230326	—	0300-8476777
Mr. Muhammad Rafiq Chaudhary Executive Director Head Office	042-7112671	042-7353209	042-5302478	0300-8462940
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	042-7350482	042-7230326	042-6850023	0300-8441829
Mr. Zahoor Ahmed Malik Assistant General Manager Accounts	042-7313878	042-7230326	042-6541275	0300-4877012
Syed Ghulam Qamber Naqvi Assistant General Manager Reinsurance	042-7238616	042-7230326	042-7400151	0300-4218945
Mr. Muhammad Ashraf Khokhar Senior Manager Accounts	042-7353458	042-7230326	042-7419921	0301-4005952
Mr. Ijaz Ahmed Company Secretary	042-7353458	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	042-5122740	0300-4508904
Mr. Aftab Rashid Manager I.T.	042-7353458	042-7230326	—	0333-4090017
Mr. Farooq Ahmed Manager Stationery	042-7353458	042-7230326	—	—
Mr. Kamal Ahmad Manager	042-7353458	042-7353209	—	0333-4139085

BRANCHES NETWORK

OPERATIONAL / PRINCIPAL / CORPORATE OFFICES

<i>Name / Designation</i>	<i>Telephone #</i>	<i>Fax No.</i>	<i>Tel. Res.</i>	<i>Mobile</i>
<i>E. D. (O & D)</i>				
3rd Floor Waheed Plaza 52-W	051-2277555-56	051-2825554		
Jinnah Avenue Blue Area Islamabad	051-2825552		051-2878666/2875888	0300-5007666
Mr. Zia-ur-Rehman Malik Manager				
<i>General Manager (Operations)</i>				
<i>Sialkot</i>				
	052-4598402			
Oberoi Building, Paris Road, Sialkot	052-4596849	052-4593022		
Mr. Sheikh Musa Saleem	052-4591023-25		052-4267374	0300-8618080
General Manager (Operations)				
Mr. Asim Saleem Sheikh	052-4600394		052-4267374	0300-8618181
Assistant General Manager				
Mr. Qaiser Hameed Khan	052-4596849		052-4587010	0300-8617859
Zonal Manager				
Mr. Sheikh Nauman Shaukat	052-4596849		052-3550540	0300-8619922
Regional Manager				
Mr. Muhammad Ilyas				0300-8612425
Branch Manager				
<i>Principal Office Karachi</i>				
807-Business and Finance Centre	021-2446036-38	021-2446039		
I. I. Chundrigar Road Karachi				
Mr. Pervez Chaghtai				0300-8294592
General Manager (Development)				
Mr. Athar Jalil Jafri				0302-8296669
General Manager (Development)				
Mr. Muhammad Fareed Qureshi				0300-3344079
Regional Manager				
Mr. Muhammad Kamran Siddiqi	042-7353458	042-7230326	021-4918907	0345-2244414
Manager Medical Insurance				
<i>Corporate Office Peshawar</i>				
Dean Trade Centre, T.F. No.9 & 10	091-5273794	091-5272246		
3rd Floor Opp. State Bank of Pakistan	091-5250081			
Saddar Road, Peshawar Cantt.				
Mr. Javaid Akhter Khan				0333-9102267
Deputy General Manager				
Mr. Muhammad Sohail Khan				0300-8476713
Manager				

GENERAL MANAGER OFFICES

<i>Name / Designation</i>	<i>Telephone #</i>	<i>Fax No.</i>	<i>Tel. Res.</i>	<i>Mobile</i>
<i>Eden Centre Lahore</i>				
213-Eden Centre, 43-Jail Road, Lahore	042-7596684-6	042-7585297		
Mr. Mushtaq Ahmed General Manager (Development)			042-5727596	0321-8447890
Syed Nasim Hussain Jafree Assistant General Manager			042-5320782	0300-8459722
<i>Kashmir Road, Sialkot</i>				
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 0321-6109966	0300-8611501 0300-8619966
Mr. Nisar Ahmed Bhatti Zonal Manager			052-4588234	0300-8710518
Mr. Shakeel Ashraf Qureshi Zonal Manager			052-3551472	
Mr. Ahmed Ali Bhatti Regional Manager			052-3551472	
Mr. Javed Iqbal Barki Branch Manager			052-3551472 052-3241472	0333-8603052
<i>Multan</i>				
1st Floor Khawar Centre Nusrat Road	061-4540004	061-4581803	061-4524351	
Multan Cantt	061-4541004			
Rana Abdul Hameed General Manager (Development)	061-4545404		061-6521004	0300-8730104
Rana Irfan Hameed Regional Manager			061-6521004	0300-6349004
Syed Imtiaz Hassan Naqvi Regional Manager			061-6223933	0300-8374313
Mr. Muhammad Ashraf Branch Manager Mailsi	067-3411115			0300-7735414
Mr. Atiq-ur-Rehman Branch Manager Sadiqabad	068-5702195	068-5702195	068-5801195	0300-8678195

DEPUTY GENERAL MANAGER OFFICES

<i>Name / Designation</i>	<i>Telephone No.</i>	<i>Fax No.</i>	<i>Te. Res.</i>	<i>Mobile</i>
Senior Deputy General Manager Office				
Room No.23, 4th Floor, Al-Latif Centre, 88/D-1, Main Boulevard, Gulberg-III, Lahore Madam Shahida Gul Senior Deputy General Manager	042-5789980-81 042-5763066 8475355	042-5789979	 042-5728639	 0300-8474701
Islamabad				
3rd Floor Waheed Plaza, 52-W Jinnah Avenue Blue Area, Islamabad Malik Zafar Yousaf Deputy General Manager	051-2277555-56 Dir:051-2825558	051-2825554	 051-5475238	 0321-8556454 0300-8556454
Abbot Road, Sialkot				
Near OK Sports, Abbot Road, Sialkot Mr. Nadeem Sohail Qureshi Deputy General Manager Mr. Tohid Qaiser Qureshi Senior Branch Manager	052-4262603-4	052-4262601		0321-8617856 0300-8617856 0300-8616856
Cavalary Ground Lahore Cantt				
2nd Floor 54-Commercial Area Cavalary Ground Lahore Cantt Mr. Salman-ul-Haq Deputy General Manager Mr. Sheikh Rehmat Ali Branch Manager Mr. Muhammad Aslam Shad Manager (Dev)	PABX: 042- 6601470-71 042-6619727 Dir:042-6619991	 042-6601674	 042-5891828- 5891928 0321-4402529	 0300-8441828 0321-8441828 0300-4141431 0333-4246222 0301-4131731
Queens Road Lahore				
Mumtaz Centre Queens Road, Lahore Mr. Imtiaz Ahmed Chaudhry Deputy General Manager Mr. Javaid Talib Hussain Zonal Manager Mr. Manzoor Ahmed Chaudhry Branch Manager Mr. Hafiz Munir-ud-Din Hashmi Branch Manager	Dir:042-6374533 042-6374872 042-6365649 042-6365649 042-6362277	042-6303558	 042-5016496 0300-8422077 042-5017471 042-7577874	 0300-8416004 0300-8072201 0300-4017282 0300-4690884
Cavalary Ground Lahore Cantt				
2nd Floor 54-Commercial Area Cavalary Ground Lahore Cantt Mr. Khurram Mansoor Malik Deputy General Manager	PABX: 042- 6601472-73 Dir:042-6601675	 042-6619726	 042-8493773	 0300-4001539 0300-4541991

ASSISTANT GENERAL MANAGER OFFICES

Name / Designation	Telephone No.	Fax No.	Tel. Res.	Mobile
<i>Peshawar</i>				
Dean Trade Centre, T.F. No.9 & 10				
3rd Floor Opp. State Bank of Pakistan	091-5273789	091-5272246		
Saddar Road, Peshawar Cantt. Mr. Iftikhar-ud-Din Durrani Assistant General Manager				0333-9106008
<i>Kutchery Road Faisalabad</i>				
Akbar Manzil Kutchery Bazar	041-2632917	041-2601388		
	Dir:041-2641977		041-8713377	
Faisalabad Mr. Muhammad Irshad Chaudhry Assistant General Manager			041-8712277	0300-9656477
<i>Circular Road Faisalabad</i>				
P-184 Jamal Building Circular Road	Dir:041-2623322	041-2637546		
Faisalabad Mr. Muhammad Shaukat Rana Assistant General Manager	041-2601024			
Mr. Umer Din Branch Manager	041-2643532		041-8716252	0300-6601228
<i>Cavalry Ground Lahore Cantt</i>				
2nd Floor 54-Commercial Area	PABX: 042-6601470-3			
Cavalry Ground Lahore Cantt			042-5173799	0300-8404354
Mr. Imran Ali Khan Assistant General Manager	042-6619724	042-6619723		0321-8404354
<i>Faisalabad-III</i>				
4th Floor Ahmed Plaza Bilal Road, Civil Line Area, Faisalabad	041-2602234	041-2635800		
Mr. Muhammad Attiq Siddiqui Assistant General Manager	Dir:041-2602235			0300-8655265
Mr. Muhammad Imran Branch Manager				0301-7088355
<i>Gujrat</i>				
Near Sultan Public School	053-2108884	053-3535508		
G.T. Road, Gujrat				
Mr. Asim Habib Khan Assistant General Manager			053-3520031	0300-8621212
Mr. Sohail Malik Branch Manager			053-3603244	0333-8419384

ZONAL OFFICES

Name / Designation	Telephone No.	Fax No.	Tel. Res.	Mobile
Abbot Road Lahore				
Khursheed Plaza 2nd Floor	042-6364420-21	042-6278917		
10 Abbot Road, Lahore Haji Ch. Muhammad Ameen Zonal Manager			042-7582817	0321-4382817
Peshawar				
Dean Trade Centre, T.F. No.9 & 10 3rd Floor Opp. State Bank of Pakistan				
Saddar Road, Peshawar Cantt. Barkat Ali Bhatti Zonal Manager	091-5272217	091-5272001	091-5271312	0300-9007600
Rawalpindi				
Opposite Rwp. General Hospital	051-4571354	051-4414579		
Murree Road, Rawalpindi Haji Liaqat Ali Malik Zonal Manager				0300-5157344
Brandreth Road Lahore				
2nd Floor Shahzadi Razaqat Market	042-7641593	042-7630866		
83-Brandreth Road Lahore Mr. Afaq Ahmed Zonal Manager	042-7637367		042-6681975	0321-4620006 0300-4620006

REGIONAL OFFICE

Name / Designation	Telephone No.	Fax No.	Tel. Res.	Mobile
Sargodha				
Al-Munir Market Block No. 4 Sargodha Mr. Manzoor Hussain Khan Regional Manager	048-3720913	048-3720913	048-3220580	0321-6020170
Vehari				
55-Faisal Town, Vehari Mr. Muhammad Sharif Chaudhry Regional Manager	067-3363529	067-3363529	067-3363529	0300-7725029

BRANCH OFFICES

Name / Designation	Telephone No.	Fax No.	Tel. Res.	Mobile
<i>G. M. (Operations) Camp Office</i>				
301/2 Zia Chamber Mcleod Rd. Lahore	042-7356316	042-7221609		
Mr. M. N. Aqil Khan Branch Manager	042-7236247		042-6655160	0321-8400155
Mr. Muhammad Shahid Office Incharge				0300-4440091
<i>Mirpur (A.J.K.)</i>				
Al-Rahi Square Sector C-1	058610-36181	058610-36181		
Mirpur A. J. K. Mr. Shahid Majeed Khan			052-3510562	0300-8615212
<i>Gujranwala</i>				
Opp. General Bus Stand Near PSO Petrol Pump	055-8243300	055-3731948		
G.T.Road, Gujranwala Mr. Qaiser Saleem Chaudhary Branch Manager	055-8247700		055-3495899	0300-7444427
				0321-6435363
<i>Sahiwal</i>				
1/1 Manzoor Colony, Sahiwal Mr. Usman Mahmood Branch Manager	040-4463724		040-4463724	0300-9695618
<i>Sub Branch Office-113</i>				
2nd Floor 54-Commercial Area	PABX: 042-6601472-3			
Cavalary Ground Lahore Cantt Mr. Jehanzeb Mansoor Office Incharge	042-6619725	042-6619725	042-5876078	0300-9412837
<i>General Manager, Sialkot (Camp Office)</i>				
Room No.23, 4th Floor, Al-Latif Centre, 88/D-1, Main Boulevard, Gulberg-III, Lahore	042-5789980-81	042-5789979	042-6670053	0321-4301980
Mr. M. Haroon Hamid Khan Branch Manager	042-5763066			0301-7109154



Form of Proxy
48th Annual General Meeting

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

I _____ Foilo No. _____

Member of the Universal Insurance Company Limited hereby appoint _____

or failing him _____

as my proxy to vote for me and on my behalf at the 48th Annual General Meeting of the
Company to be held on Monday the 31st March, 2008 at ***Universal Insurance House,***
63-Shahrah-e-Quaid-e-Azam, Lahore and or any adjournment thereof.

Signature

Five Rupees
Revenue
Stamp

Important:

1. A member entitled to attend and vote at the General Meeting may appoint another member as a proxy to attend and vote instead of him/her. Proxies must be received at the Registered Office of the company not less than 48 hours before the time of holding the meeting. A proxy must be a member.
2. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

