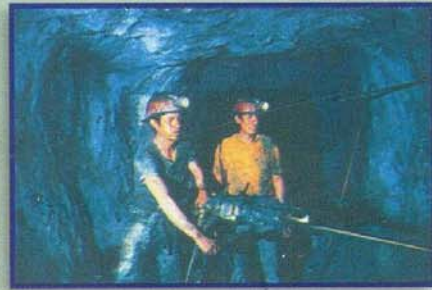


**QUARTERLY
FINANCIAL
STATEMENTS**

**31-MARCH 2008
(UN-AUDITED)**



The Universal Insurance Co. Ltd.

BIBOJEE GROUP



CORPORATE INFORMATION

BOARD OF DIRECTORS	<p>MR. RAZA KULI KHAN KHATTAK (Chairman)</p> <p>LT. GEN (R) ALI KULI KHAN KHATTAK</p> <p>MR. AHMED KULI KHAN KHATTAK</p> <p>BEGUM ZEB GOHAR AYUB KHAN (Chief Executive)</p> <p>MRS. SHAHNAZ SAJJAD AHMED</p> <p>DR. SHAHEEN KULI KHAN KHATTAK</p> <p>MR. MUSHTAQ AHMED KHAN F.C.A</p> <p>CH. SHER MOHAMMAD</p> <p>MR. MOHAMMAD KULI KHAN KHATTAK</p> <p>MR. SARDAR KHAN (Managing Director)</p>
AUDIT COMMITTEE	<p>CH. SHER MOHAMMAD (Chairman)</p> <p>LT. GEN. (R) ALI KULI KHAN KHATTAK (Member)</p> <p>MR. MUSHTAQ AHMED KHAN F.C.A (Member)</p>
CHIEF FINANCIAL OFFICER	MR. AMIR RAZA
COMPANY SECRETARY	MR. IJAZ AHMED
INTERNAL AUDITOR	MR. ABDUL WAHEED CHAUDHRY
AUDITORS	M/S. MUNIFF ZIA-UD-DIN & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. MAQSOOD HASAN ADVOCATE
REGISTERED OFFICE:	<p>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</p>

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. M. 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. M. Rafiq Chaudhry
Mr. Ghulam Qamber Naqvi

Chairman
Member
Member

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors is pleased to present the Un-audited Financial Statements of the company for the 1st quarter ended as on 31st March 2008.

FINANCIAL PERFORMANCE

The Gross premium of the company has increased from Rs. 124.004 millions to **Rs. 130.657** millions during the the 1st quarter reflecting the growth rate of **5.40%**

The Underwriting profits have also increased significantly by **Rs. 14.451** millions over the Underwriting profits of previous period.

Profit before taxation shows appreciable improvement from Rs. 6.689 millions to **Rs. 18.655** millions and as the result of this Profit after taxation has enhanced from Rs. 4.372 millions to **Rs. 15.217** millions which improved the earning per share from Rs. 0.26 to **Rs. 0.91** .

The brief of financial indicators in comparative form is produced below:

	<u>2008</u>	<u>2007</u>
	-----Rupees in millions-----	
Gross premium	130.657	124.004
Net premium	106.615	106.294
Profit from underwriting business	19.431	4.980
Net claims (paid & outstanding)	45.686	65.737
Management / administrative expenses	40.544	35.459
Capital and reserves	251.217	179.345
Profit before taxation	18.655	6.689
Profit after taxation	15.217	4.372
Add: Balance of unappropriated profit - b/f	97.534	60.193
Less: Bonus shares	(48.000)	(20.000)
Profit available for appropriation	64.751	44.565

The financial highlights as indicated above for the period ended 31 March, 2008 are very impressive and would be beneficial for the enhancement of **Premium Retention capacity** of the company.

FUTURE OUTLOOK

In view of the changing business scenario in insurance sector the management of the company is fully conversant and prepared to accept the challenges.

ACKNOWLEDGMENT

Your Directors are pleased to record their appreciation of the dedicated efforts put by all members of the staff and they hope the same dedication would continue in future.

For & on behalf of the Board of Directors

Raza Kuli Khan

Raza Kuli Khan Khattak
Chairman

Lahore: 27 April, 2008

BALANCE SHEET AS AT 31 MARCH, 2008

	Mar-08	Dec-07		Mar-08	Dec-07
	(Rupees in '000)			(Rupees in '000)	
SHARE CAPITAL AND RESERVES			CASH AND BANK DEPOSITS		
Authorised share capital 50,000,000 ordinary shares of Rs. 10 each	<u>500,000</u>	<u>250,000</u>	Cash and other equivalents	208	119
Issued, subscribed and paid-up share capital	168,000	120,000	Current and other accounts Deposits maturing within 12 months	80,719	87,357
Retained earnings	64,751	97,534		<u>117,540</u>	<u>143,232</u>
Reserves	18,466	18,072	LOANS TO EMPLOYEES	633	635
TOTAL EQUITY	<u>251,217</u>	<u>235,606</u>	INVESTMENTS	96,095	88,620
UNDERWRITING PROVISIONS			OTHER ASSETS		
Provision for outstanding claims (including IBNR)	191,599	200,193	Premiums due but unpaid - unsecured, considered good	120,324	118,849
Provision for unearned premium	155,671	177,264	Amounts due from other insurers / reinsurers - unsecured, considered good	90,474	114,023
Commission income unearned	8,800	13,557	Accrued investment income	2,310	2,350
Total underwriting provisions	356,071	391,014	Reinsurance recoveries against outstanding claims	91,414	97,601
DEFERRED TAXATION	7,567	7,332	Deferred commission expense	18,114	21,181
CREDITORS AND ACCRUALS			Advance income tax	17,424	32,992
Amounts due to other insurers / reinsurers	55,431	101,230	Prepayments	37,332	51,368
Taxation	13,109	9,906	Sundry receivables	16,786	14,473
Accrued expenses	5,407	970		<u>394,178</u>	<u>452,837</u>
Other creditors	15,044	18,310	FIXED ASSETS - Tangible		
	<u>88,991</u>	<u>130,416</u>	Land and buildings	47,092	37,175
OTHER LIABILITIES			Furniture, fixtures and office equipment	17,983	15,230
Unclaimed dividend	614	612	Motor vehicles including vehicles acquired under finance lease arrangements	52,124	49,999
Liabilities against assets subject to finance lease	21,186	22,748		<u>117,198</u>	<u>102,404</u>
TOTAL LIABILITIES	<u>474,428</u>	<u>552,122</u>	TOTAL ASSETS	<u>725,645</u>	<u>787,728</u>
TOTAL EQUITY AND LIABILITIES	<u>725,645</u>	<u>787,728</u>			

Raza Kuli Khan

Raza Kuli Khan Khattak
Chairman

Begum Zeb Gohar Ayub Khan

Begum Zeb Gohar Ayub Khan
Chief Executive

Shahnaz Sajjad Ahmed

Shahnaz Sajjad Ahmed
Director

Sardar Khan

Sardar Khan
Managing Director &
Principal Officer

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2008

Fire and Property Damage	Marine and Transport	Motor Accident	Others	Total	
				March-2008	March-2007

(Rupees in '000)

PROFIT & LOSS ACCOUNT

Net premium revenue	26,602	15,535	58,369	6,109	106,615	106,294
Net claims	(6,984)	(1,587)	(33,443)	(3,672)	(45,686)	(65,737)
Expenses of management	(12,270)	(6,453)	(16,134)	(874)	(35,731)	(32,542)
Net commission	568	(175)	(5,923)	(237)	(5,767)	(3,034)
Underwriting result	7,917	7,320	2,869	1,326	19,431	4,980
Investment income					3,299	3,703
Rental income					6	54
Gain on disposal of fixed assets					169	869
Misc. income					563	0
General and administrative expenses					(4,813)	(2,916)
Profit before tax					18,655	6,689
Taxation						
-current					3,203	1,946
-deferred					235	371
					3,438	2,317
Profit after tax					15,217	4,372

PROFIT & LOSS APPROPRIATION ACCOUNT

Balance at commencement of period					97,535	60,193
Profit after tax for the period					15,217	4,372
Bonus shares					(48,000)	(20,000)
Balance of unappropriated profit at the end of period					64,751	44,565
EARNINGS PER SHARE					0.91	0.26

Raza Kuli Khan
Raza Kuli Khan Khattak
Chairman

Begum Zeb Gohar Ayub Khan
Begum Zeb Gohar Ayub Khan
Chief Executive

Shahnaz Sajjad Ahmed
Shahnaz Sajjad Ahmed
Director


Sardar Khan
Sardar Khan
Managing Director &
Principal Officer

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH, 2008

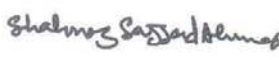
Share capital	Reserves					Sub-total	Retained earnings	Total
	General	Doubtful debts	Exceptional losses	Unrealised gain / (loss) on remeasurement of investments				

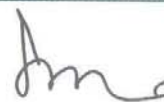
----- Rupees in '000 -----

Balance as at 31 December, 2006	100,000	13,125	25	700	(203)	13,647	60,193	173,840
Bonus Shares issued	20,000	0	0	0	0	0	(20,000)	0
Adjustment on remeasurement of investments to fair value	0	0	0	0	4,194	4,194	0	4,194
Effect of items directly taken in equity by associates	0	0	0	0	231	231	0	231
Profit for the year ended 31 December, 2007	0	0	0	0	0	0	57,341	57,341
<hr/>								
Balance as at 31 December, 2007	120,000	13,125	25	700	4,222	18,072	97,534	235,606
Bonus Shares issued	48,000	0	0	0	0	0	(48,000)	0
Adjustment on remeasurement of investments to fair value	0	0	0	0	394	394	0	394
Transfer of Doubtful debts & Exceptional losses to Reserves	0	725	(25)	(700)	0	0	0	0
Profit for the year ended 31 March, 2008	0	0	0	0	0	0	15,217	15,217
	168,000	13,850	0	0	4,616	18,466	64,751	251,217


Raza Kuli Khan Khattak
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Chief Executive


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Director


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Managing Director &
Principal Officer

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2008

	2008	2007
	(Rupees in '000)	
OPERATING CASH FLOWS		
(a) Underwriting activities		
Premiums received	129,181	137,121
Reinsurance premiums paid	(29,041)	(29,838)
Claims paid	(80,573)	(73,046)
Reinsurance and other recoveries received	32,480	17,771
Commissions paid	(15,850)	(11,398)
Commissions received	8,393	7,784
Net cash inflow from underwriting activities	44,590	48,394
(b) Other operating activities		
Income tax paid / refunds received - net	15,337	(3,096)
General management expenses	(28,537)	(35,459)
Other operating payments	(3,164)	85
Other operating receipts	563	0
Loans to employees - net	2	0
Other payments / receipts in respect of operating assets - net	(30,104)	(5,615)
Net cash outflow from other operating activities	(45,903)	(44,085)
TOTAL CASH (OUTFLOW) / INFLOW FROM ALL OPERATING ACTIVITIES	(1,312)	4,309
INVESTING ACTIVITIES		
Profit / return received	1,617	1,808
Dividends received	96	0
Investments-net	(5,500)	(42,902)
Fixed capital expenditure including assets acquired under finance lease arrangements	(18,797)	(1,409)
Proceeds from disposal of fixed assets	563	0
TOTAL CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(22,020)	(42,503)
FINANCING ACTIVITIES		
Lease finance charges paid	(798)	(1,157)
Dividend paid	2	0
Lease finances - net	(1,563)	(2,558)
TOTAL CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(2,359)	(3,715)
NET CASH (OUTFLOW) / INFLOW FROM ALL ACTIVITIES	(25,692)	(41,909)
CASH AND CASH EQUIVALENTS - At the beginning of the year	143,232	211,981
CASH AND CASH EQUIVALENTS - At the end of the year	117,540	170,072

Reconciliation to profit and loss account

	2008 (Rupees in '000)	2007
Operating cash flows	(1,312)	4,309
Depreciation expense	(3,608)	(3,623)
Rental income	6	54
Lease finance charges	(798)	(1,157)
Gain on disposal of fixed assets - net	169	869
Investments income	3,299	3,703
Increase/(Decrease) in assets and liabilities-net	17,462	218
Profit after taxation	<u>15,217</u>	<u>4,372</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	208	442
- current and other accounts	80,719	108,500
- deposits maturing within 12 months	36,613	61,129
	<u>117,540</u>	<u>170,072</u>


Raza Kuli Khan Khattak
Chairman


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Chief Executive


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Director


Sardar Khan
Managing Director &
Principal Officer

STATEMENT OF PREMIUMS FOR THE PERIOD ENDED MARCH 31, 2008

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		2008	2007
----- (Rupees in '000) -----										
DIRECT AND FACULTATIVE										
Fire and property damage	44,863	53,597	41,995	56,465	17,702	34,838	22,677	29,863	26,602	14,804
Marine and transport	23,597	10,128	7,837	25,888	7,591	5,976	3,213	10,353	15,535	16,475
Motor accident	59,002	96,681	93,084	62,598	3,047	6,768	5,585	4,229	58,369	70,209
Others	3,195	16,858	12,754	7,298	702	2,529	2,041	1,190	6,109	4,806
	130,657	177,264	155,671	152,249	29,041	50,110	33,516	45,634	106,615	106,294

Raza Kuli Khan
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Begum Zeb Gohar Ayub Khan
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Shahnaz Sajjad Ahmed
Director


Sardar Khan
Sardar Khan
Managing Director &
Principal Officer

STATEMENT OF CLAIMS FOR THE PERIOD ENDED MARCH 31, 2008

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense 2008	Net claims expense 2007
		Opening	Closing			Opening	Closing			
----- (Rupees in '000) -----										
DIRECT AND FACULTATIVE										
Fire and property damage	30,856	68,472	66,628	29,012	23,893	52,703	50,838	22,027	6,984	8,423
Marine and transport	7,594	47,200	43,719	4,112	5,195	36,652	33,983	2,525	1,587	1,661
Motor accident	38,062	66,387	63,500	35,175	3,392	6,113	4,452	1,732	33,443	53,165
Others	4,061	17,165	16,784	3,679	-	2,133	2,141	8	3,672	2,488
	80,573	199,225	190,630	71,978	32,480	97,601	91,414	26,292	45,686	65,737
TREATY										
Fire and property damage	-	582	582	-	-	-	-	-	-	-
Marine and transport	-	246	246	-	-	-	-	-	-	-
Motor accident	-	141	141	-	-	-	-	-	-	-
	-	969	969	-	-	-	-	-	-	-
	80,573	200,194	191,599	71,978	32,480	97,601	91,414	26,292	45,686	65,737


Raza Kuli Khan Khattak
Chairman


Begum Zeb Gohar Ayub Khan
Chief Executive



Shahnaz Sajjad Ahmed
Director


Sardar Khan
Managing Director &
Principal Officer


STATEMENT OF EXPENSES FOR THE PERIOD ENDED MARCH 31, 2008

Class	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses	Under-writing expenses	Commission from reinsurers	Net underwriting expenses	
		Opening	Closing					2008	2007
----- (Rupees in '000) -----									
DIRECT AND FACULTATIVE									
Fire and Property Damage	6,834	8,359	6,533	8,660	12,270	20,929	9,228	11,701	2,877
Marine and Transport	3,357	1,492	1,164	3,685	6,453	10,138	3,510	6,628	6,342
Motor Accident	5,179	10,009	9,265	5,923	16,134	22,058	0	22,058	25,985
Others	480	1,321	1,153	648	874	1,522	411	1,111	372
	15,850	21,181	18,114	18,917	35,731	54,648	13,149	41,498	35,577

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


Raza Kuli Khan Khattak
Chairman


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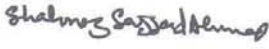


STATEMENT OF INVESTMENT INCOME FOR THE PERIOD ENDED MARCH 31, 2008

	2008	2007
	(Rupees in '000)	
Income from investment at fair value through profit or loss		
Unrealised gain/(loss) on remeasurement of investment to fair value	1,581	1,451
Income from non-trading investments		
Held to maturity		
Return on Government securities	233	175
Return on other fixed income securities and deposits:		
- term deposit receipts	852	1,383
- profit on PLS accounts	493	501
- profit on Income fund	-	342
	1,577	2,401
Available-for-sale		
Dividend income	141	119
	3,299	3,971
Less: Investments related expenses		
Zakat deducted	-	(269)
Net investment income	3,299	3,703


 Raza Kuli Khan Khattak
 Chairman


 Begum Zeb Gohar Ayub Khan
 Chief Executive


 Shahnaz Sajjad Ahmed
 Director


 Sardar Khan
 Managing Director &
 Principal Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

1. STATUS AND NATURE OF BUSINESS

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 09 May, 1958 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges.

2. STATEMENT OF COMPLIANCE

These financial statements are being presented in condensed form and comply with the requirements of International Accounting Standard 34 (Interim Financial Reporting).

These financial statements are being circulated to shareholders as required by section 245 of the Companies Ordinance, 1984.

3. BASIS OF PREPARATION

The accounting policies adopted in the preparation of these financial statements are the same as those adopted in the preparation of the annual financial statements of the Company for the year 31 December, 2007.

4. DATE OF AUTHORISATION FOR ISSUE

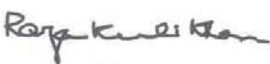
These financial statements were authorised for issue on 27 April, 2008 by the Board of Directors of the Company.

5. ISSUANCE OF BONUS SHARES

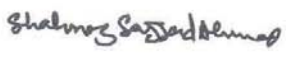
The Shareholders of the Company have approved stock dividend @40% for the year ended 31st December, 2007 at the Annual General Meeting held on 31st March, 2008. These financial statement reflect this issuance of stock dividend.

6. FIGURES

Figures in the financial statements have been rounded-off to the nearest thousand Rupees.


Raza Kuli Khan Khattak
Chairman


Begum Zeb Gohar Ayub Khan
Chief Executive


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Director


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