

Quarterly  
Financial  
Statements  
September 30,  
**2010**  
(Un-audited)



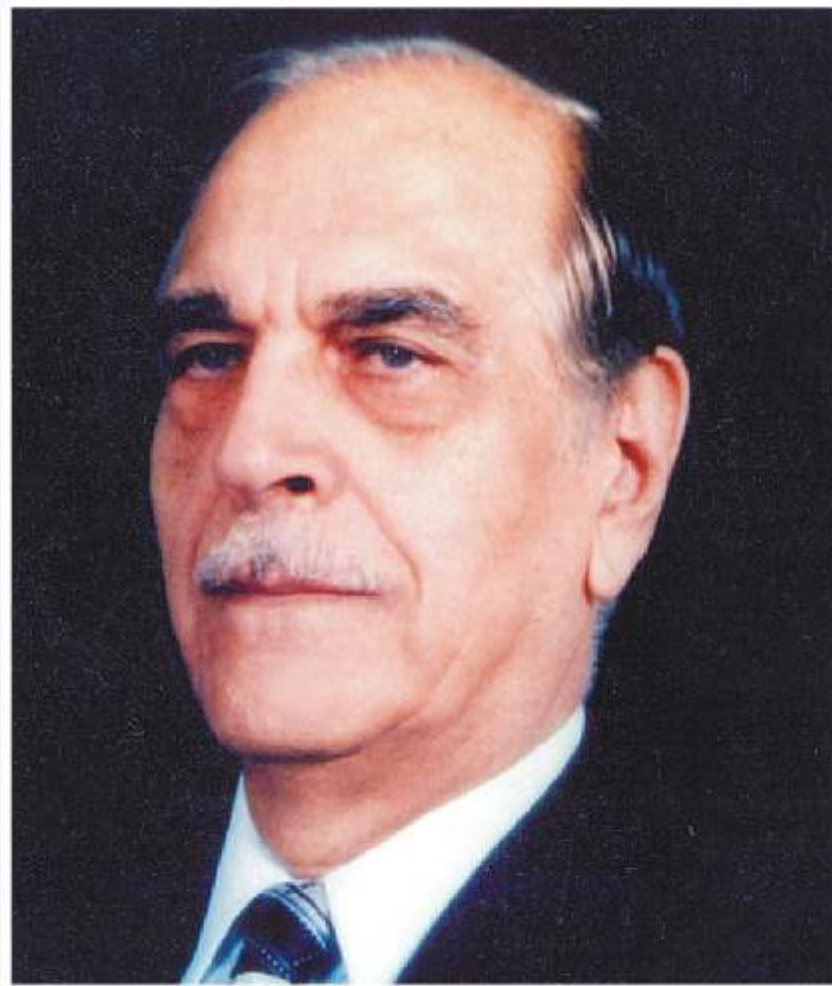
**The Universal Insurance Co. Ltd.**





IN THE NAME OF ALLAH  
THE MOST GRACIOUS, THE MOST MERCIFUL

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے



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



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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 within 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

### MANAGING DIRECTOR

CAPT. M. JAMIL AKHTAR KHAN

### CHIEF OPERATING OFFICER

MR. OMAR AYUB KHAN

### CHIEF FINANCIAL OFFICER

MR. AMIR RAZA

### COMPANY SECRETARY

MR. IJAZ AHMED

### INTERNAL AUDITOR

MR. ABDUL WAHEED CHAUDHRY

### AUDITORS

M/S. RIAZ AHMAD & COMPANY  
CHARTERED ACCOUNTANTS

### LEGAL ADVISOR

MR. MAQSOOD HASAN ADVOCATE

### SHARE REGISTRAR

M/S HAMEED MAJEED ASSOCIATES (PVT) LTD.  
H.M HOUSE, 7-BANK SQUARE, LAHORE  
PHONE # 042-37235081-82  
FAX # 042-37358817

### REGISTERED OFFICE:

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



## DIRECTOR'S REVIEW

On behalf of the Board of Directors, I am pleased to present the un-audited Financial Statements of the Company for the period ended 30th September, 2010.

### Financial Performance

The Gross Premium of the Company has enhanced from Rs. 396.539 Million to Rs. 406.169 Million over the corresponding period which is equivalent to 2.43 % whereas there is decrease of Rs. 18.223 million in the net premium due to increase in reinsurance expense. The Net Claim expense has reduced by Rs. 15.887 million during the period ended 30th September, 2010 as compared to Net Claim expense of corresponding period. However, the underwriting results of the Company for the Third Quarter 2010 have improved significantly over the first two quarters of current year.

The comparative results for the nine months period are given below.

	<u>2010</u>	<u>2009</u>
	.....Rupees in millions.....	
Gross Premium	<b>406.169</b>	396.539
Net premium	<b>248.990</b>	267.213
(Loss) / Profit from underwriting business	<b>(6.163)</b>	23.391
Net claims (paid & outstanding)	<b>(131.817)</b>	(147.704)
Management / administrative expenses	<b>(150.364)</b>	(124.198)
Capital and reserves	<b>215.130</b>	241.563
Loss before taxation	<b>(55.269)</b>	(11.651)
Loss after taxation	<b>(54.988)</b>	(15.351)
Add: Balance of un-appropriated profit-b/f	<b>44.479</b>	32.546
(Loss) / Profit available for appropriation	<b>(10.509)</b>	17.195

### Future Outlook

The financial results of the Company for the period ended 30th September, 2010 although are negative but improvement took place during the third quarter of current financial year which reflects our firm commitment to further improve the results during the last quarter of the financial year 2010. We plan to expand our branch network in other cities of Pakistan to fetch the viable business from the potential market.

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

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

For & on behalf of the Board of Directors

**Raza Kuli Khan Khattak**  
Chairman

**Lahore: October 26, 2010**



## BALANCE SHEET AS AT 30 SEPTEMBER 2010

	Un-audited 30 September 2010	Audited 31 December 2009		Un-audited 30 September 2010	Audited 31 December 2009
	Rupees In '000'			Rupees In '000'	
<b>SHARE CAPITAL AND RESERVES</b>			<b>CASH AND BANK DEPOSITS</b>		
Authorised share capital 50,000,000 ordinary shares of Rs. 10 each	500,000	500,000	Cash and other equivalents	225	48
Issued, subscribed and paid-up share capital	210,000	210,000	Current and other accounts	30,059	93,019
Retained earnings	(9,237)	44,479	Deposits maturing within 12 months	13,302	65,833
Reserves	14,368	10,614	Loan to employees and agents	43,586	158,900
	5,130	55,093	Investment	826	772
	215,130	265,093	Investment	86,576	54,758
Suplus on revaluation of fixed assets	119,500	120,326	<b>OTHER ASSETS</b>		
<b>UNDERWRITING PROVISIONS</b>			Premiums due but unpaid	161,467	137,683
Provision for outstanding claims (including IBNR)	270,938	212,980	Amount due from others insurers / reinsurers	160,446	193,475
Provision for unearned premium	188,573	164,598	unsecured, considered good		
Commission income unearned	14,998	14,379	Accrued investment income	353	1,682
Total underwriting provisions	474,509	391,957	Reinsurance recoveries against outstanding claims	151,748	109,668
<b>DEFERRED TAXATION</b>	25,864	29,131	Deferred commission expense	32,973	23,225
<b>CREDITORS AND ACCRUALS</b>			Advance income tax	6,274	5,081
Amounts due to other insurers / reinsurers	72,192	131,000	Prepayments	62,709	55,637
Provision for taxation	5,355	2,815	Sundry receivables	22,897	26,595
Accrued expenses	2,873	6,381		598,867	553,047
Other creditors and accruals	54,750	51,326	<b>FIXED ASSETS - Tangible OWNED</b>		
	135,171	191,523	Land and buildings	175,316	177,584
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	2,268	5,379	Furniture, fixtures and office equipment	10,830	10,307
Unclaimed dividend	611	611	Computer equipment	9,750	8,755
<b>TOTAL LIABILITIES</b>	638,422	618,600	Motor vehicles including vehicles acquired under finance lease arrangements	39,747	27,896
<b>TOTAL EQUITY AND LIABILITIES</b>	973,052	1,004,018		235,643	224,541
			<b>LEASED</b>		
			Motor vehicles	6,103	10,366
			Furniture, fixtures and office equipments	1,451	1,635
				7,554	12,000
			<b>TOTAL ASSETS</b>	973,052	1,004,018

  
Raza Kuli Khan Khattak  
Chairman

  
Begum Zeb Gohar Ayub Khan  
Chief Executive

  
Lt. Gen. (R) Ali Kuli Khan Khattak  
Director

  
Capt. M. Jamil Akhtar Khan  
Managing Director





## PROFIT & LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

Fire and Property Damage	Marine and Transport	Motor Accident	Others	Total
2010				2009

Rupees In '000'

### PROFIT & LOSS ACCOUNT

Net premium revenue	55,021	37,910	123,778	32,281	<b>248,990</b>	267,213
Net claims	(14,178)	(11,824)	(79,744)	(26,072)	<b>(131,817)</b>	(147,704)
Expenses of management	(30,213)	(15,596)	(33,122)	(10,182)	<b>(89,113)</b>	(74,401)
Net commission	(8,905)	(6,339)	(13,600)	(5,379)	<b>(34,223)</b>	(21,717)
Underwriting result	1,724	4,152	(2,687)	(9,352)	<b>(6,163)</b>	23,391
Investment income					<b>1,663</b>	6,560
Rental income					<b>873</b>	1,098
Other income					<b>3,071</b>	5,423
					<b>(556)</b>	36,473
Share of profit from associates -net of taxation					<b>6,538</b>	1,674
General and administrative expenses					<b>(60,769)</b>	(48,632)
Financial charges on lease rentals					<b>(482)</b>	(1,165)
Loss before tax					<b>(55,269)</b>	(11,651)
Provision for taxation - Current					<b>(2,540)</b>	(165)
Deferred					<b>2,821</b>	(3,535)
<b>Loss after tax</b>					<b>(54,988)</b>	(15,351)
<b>PROFIT &amp; LOSS</b>						
<b>APPROPRIATION ACCOUNT</b>						
Balance at commencement of period					<b>44,479</b>	32,546
Loss after taxation for the period					<b>(54,988)</b>	(15,351)
Balance of unappropriated (loss) / profit at the end of period					<b>(10,509)</b>	17,195
<b>EARNING PER SHARE</b>					<b>(2.62)</b>	(0.73)

  
Raza Kuli Khan Khattak  
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Capt. M. Jamil Akhtar Khan  
Managing Director

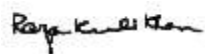


## PROFIT & LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2010

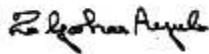
Fire and Property Damage	Marine and Transport	Motor Accident	Others	Total
2010				2009
Rupees In '000'				

### PROFIT & LOSS ACCOUNT

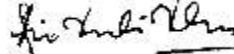
Net premium revenue	22,854	13,192	49,414	8,115	93,575	85,354
Net claims	1,020	(5,727)	(21,129)	(7,034)	(32,869)	(51,423)
Expenses of management	(12,018)	(4,069)	(10,040)	(4,138)	(30,264)	(21,858)
Net commission	(3,419)	(4,143)	(6,569)	(1,145)	(15,276)	(7,429)
Underwriting result	8,437	(747)	11,677	(4,201)	15,166	4,644
Investment income					3,659	4,823
Rental income					291	366
Other income					933	1,857
					20,050	11,690
Share of profit from associates -net of taxation					1,348	(305)
General and administrative expenses					(18,944)	(19,929)
Financial charges on lease rentals					(117)	(244)
Profit / (loss) before tax					2,336	(8,788)
Provision for taxation - Current					(917)	(77)
Deferred					(706)	(5,603)
<b>Profit / (loss) after tax</b>					<b>714</b>	<b>(14,468)</b>
<b>EARNING PER SHARE</b>					<b>0.03</b>	<b>(0.69)</b>



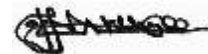
Raza Kuli Khan Khattak  
Chairman



Begum Zeb Gohar Ayub Khan  
Chief Executive



Lt. Gen. (R) Ali Kuli Khan Khattak  
Director



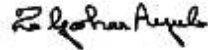
Capt. M. Jamil Akhtar Khan  
Managing Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2010

	Nine months ended		Quarter ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
-----Rupees in '000'-----				
<b>PROFIT/ (LOSS) AFTER TAXATION</b>	(54,988)	(15,351)	714	(14,468)
<b>OTHER COMPREHENSIVE INCOME</b>				
Fair value adjustment relating to impairment loss on available for sale investment	3,754	-	-	-
	<u>(51,234)</u>	<u>(15,351)</u>	<u>714</u>	<u>(14,468)</u>

  
Raza Kuli Khan Khattak  
Chairman

  
Begum Zeb Gohar Ayub Khan  
Chief Executive

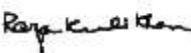
  
Lt. Gen. (R) Ali Kuli Khan Khattak  
Director

  
Capt. M. Jamil Akhtar Khan  
Managing Director

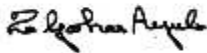


## STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

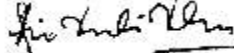
	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserves		Total
		Fair value reserve	General reserve	Retained earnings	
	Rupees In '000'				
Balance as at 31 December 2008 - (audited)	210,000	518	13,850	32,546	256,914
Total comprehensive loss for the nine months ended 30 September 2009	-	-	-	(15,351)	(15,351)
Balance as at 30 September 2009 - (un-audited)	210,000	518	13,850	17,195	241,563
Total comprehensive income / (loss) for the quarter ended	-	(3,754)	-	27,284	23,530
Balance as at 31 December 2009 - (audited)	210,000	(3,237)	13,850	44,479	265,093
Total comprehensive income / (loss) for the nine months ended 30 September 2010	-	3,754	-	(54,988)	(51,234)
Transfer of incremental depreciation from surplus on revaluation of buildings- net of taxation	-	-	-	1,271	1,271
Balance as at 30 September 2010 - (un-audited)	210,000	518	13,850	(9,237)	215,130



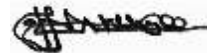
Raza Kuli Khan Khattak  
Chairman



Begum Zeb Gohar Ayub Khan  
Chief Executive



Lt. Gen. (R) Ali Kuli Khan Khattak  
Director



Capt. M. Jamil Akhtar Khan  
Managing Director



## CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

	2010	2009
	-----Rupees In '000'-----	
<b>OPERATING CASH FLOWS</b>		
<b>(a) Underwriting activities</b>		
Premiums received	382,385	389,697
Reinsurance premiums paid	(141,230)	(121,300)
Claims paid	(185,414)	(231,116)
Reinsurance and other recoveries received	69,475	78,284
Commissions paid	(78,917)	(59,550)
Commissions received	35,565	33,211
Net cash inflow from underwriting activities	81,863	89,225
<b>(b) Other operating activities</b>		
Income tax paid-net	(2,340)	(1,007)
General management expenses paid	(87,615)	(65,814)
Loans to employees - net	43	(300)
Other operating payments	(55,394)	(46,250)
Other operating receipt	921	945
Other payments/receipts in respect of operating assets	(15,789)	(29,509)
Net cash outflow from other operating activities	(160,173)	(141,935)
<b>TOTAL CASH OUTFLOW FROM ALL OPERATING ACTIVITIES</b>	(78,309)	(52,710)
<b>INVESTING ACTIVITIES</b>		
Profit / return received	5,195	4,683
Dividends received	1,467	1,103
Rental Received	9	18
Payments made for Investments	(23,449)	(3,517)
Fixed capital expenditure including assets acquired under finance lease arrangements	(17,804)	(6,833)
Proceeds from disposal of fixed assets	1,169	2,593
<b>TOTAL CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(33,413)	(1,952)
<b>FINANCING ACTIVITIES</b>		
Lease finance charges paid	(482)	(1,165)
Dividend paid	-	(1)
Lease finances - net	(3,111)	(8,395)
<b>TOTAL CASH OUTFLOW FROM FINANCING ACTIVITIES</b>	(3,593)	(9,562)
<b>NET CASH OUTFLOW FROM ALL ACTIVITIES</b>	(115,315)	(64,224)
<b>CASH AND CASH EQUIVALENTS - At the beginning of the year</b>	158,901	151,974
<b>CASH AND CASH EQUIVALENTS - At the end of the year</b>	43,586	87,750





## Reconciliation to profit and loss account

	2010 -----Rupees In '000'-----	2009 -----Rupees In '000'-----
Operating cash flows	(78,309)	(52,710)
Depreciation expense	(10,382)	(10,841)
Lease finance charges	(482)	(1,165)
Gain on disposal of fixed assets - net	403	763
Share of profit from associates	6,538	1,674
Investment Income	1,663	6,560
Increase in assets other than cash	74,267	38,079
Increase in liabilities	(51,305)	(2,524)
	(57,608)	(20,164)
<b>Others</b>		
Profit on investment and deposits	1,747	3,715
Rental income	873	1,098
	2,620	4,813
Loss after taxation	(54,988)	(15,351)

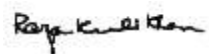
## DEFINITION OF CASH

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

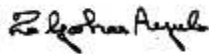
## Cash for the purpose of the cash flow statement consists of:

### Cash and bank deposits:

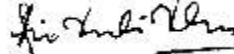
- cash and other equivalents	225	121
- current and other accounts	30,059	62,795
- deposits maturing within 12 months	13,302	24,833
<b>Total cash and cash equivalents</b>	<b>43,586</b>	<b>87,750</b>



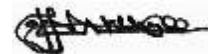
Raza Kuli Khan Khattak  
Chairman



Begum Zeb Gohar Ayub Khan  
Chief Executive



Lt. Gen. (R) Ali Kuli Khan Khattak  
Director



Capt. M. Jamil Akhtar Khan  
Managing Director

# **STATEMENT OF PREMIUM FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010**

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue		
		Opening	Closing			Opening	Closing		Nine months ended 30 September 2010	Nine months ended 30 September 2009	
DIRECT AND FACULTATIVE											
Rupees in '000'											
Fire and property damage Marine and transport Motor accident Others	137,709	64,440	69,247	132,902	82,054	37,375	41,548	77,881	55,021	68,891	
	71,085	8,895	10,289	69,691	31,636	4,981	4,836	31,781	37,910	31,711	
	150,965	68,584	77,378	142,170	20,907	7,544	10,059	18,392	123,778	132,775	
	46,410	22,679	31,659	37,430	6,634	2,948	4,432	5,150	32,281	33,837	
Total	406,169	164,598	188,573	382,194	141,230	52,849	60,875	133,204	248,990	267,213	
Treaty	-	-	-	-	-	-	-	-	-	-	
Grand Total	406,169	164,598	188,573	382,194	141,230	52,849	60,875	133,204	248,990	267,213	

## **FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

FOR THE QUARTER ENDED 30 SEPTEMBER 2010										
Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		Quarter ended 30 September 2010	Quarter ended 30 September 2009
***** R u p e e s   i n   ' 0 0 0 ' *****										
DIRECT AND FACULTATIVE										
Fire and property damage	57,074	53,197	69,247	41,024	24,076	35,642	41,548	18,170	22,854	18,647
Marine and transport	19,999	12,097	10,289	21,807	7,282	6,170	4,836	8,616	13,192	13,790
Motor accident	48,673	85,722	77,378	57,017	6,518	11,144	10,059	7,603	49,414	47,475
Others	19,621	21,142	31,659	9,105	2,251	3,171	4,432	990	8,115	5,442
Total	145,367	172,159	188,273	128,954	40,127	56,127	60,875	35,379	93,575	85,354
Treaty	-	-	-	-	-	-	-	-	-	-
Grand Total	145,367	172,159	188,273	128,954	40,127	56,127	60,875	35,379	93,575	85,354



*Raza Kuli Khan*  
Raza Kuli Khan Khattak  
Chairman

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

*Lt. Gen. (R) Ali Kuli Khan Khattak*  
Lt. Gen. (R) Ali Kuli Khan Khattak  
Director

*Capt. M. Jamil Akhtar Khan*  
Capt. M. Jamil Akhtar Khan  
Managing Director

## STATEMENT OF CLAIMS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010



Class	Claims paid	Outstanding claims		Claims expense	Rupees in '000'					
		Opening	Closing		Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue		
						Opening	Closing			
DIRECT AND FACULTATIVE										
Fire and property damage	64,335	110,511	123,616	77,440	49,567	83,981	97,676	63,262	14,178	17,686
Marine and transport	15,589	24,535	49,304	40,358	8,246	14,361	34,650	28,534	11,824	10,681
Motor accident	82,571	55,482	64,924	92,012	9,625	8,421	11,064	12,269	79,744	93,041
Others	22,919	21,482	32,125	33,562	2,038	2,906	8,358	7,490	26,072	25,868
Total	185,414	212,011	269,969	243,372	69,475	109,668	151,748	111,555	131,817	147,275
TREATY										
Treaty - Proportional	-	969	969	-	-	-	-	-	-	429
Grand Total	185,414	212,980	270,938	243,372	69,475	109,668	151,748	111,555	131,817	147,704

Rupees in '000'

### FOR THE QUARTER ENDED 30 SEPTEMBER 2010

Class	Claims paid	Outstanding claims		Claims expense	FOR THE QUARTER ENDED 30 SEPTEMBER 2010				Net claims expense	
		Opening	Closing		Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Quarter ended 30 September 2010	Quarter ended 30 September 2009
						Opening	Closing			
DIRECT AND FACULTATIVE										
Fire and property damage	11,242	138,495	123,616	(3,637)	9,418	109,708	97,676	(2,616)	(1,020)	7,494
Marine and transport	2,414	27,480	49,304	24,238	611	16,748	34,650	18,511	5,727	6,065
Motor accident	24,201	65,544	64,924	23,581	1,841	10,453	11,064	2,452	21,129	31,039
Others	9,534	31,646	32,125	10,013	717	6,096	8,358	2,979	7,034	6,397
Total	47,390	263,164	269,969	54,195	12,587	143,009	151,748	21,327	32,869	50,994
TREATY										
Treaty - Proportional	-	969	969	-	-	-	-	-	-	429
Grand Total	47,390	264,133	270,938	54,195	12,587	143,009	151,748	21,327	32,869	51,423

Rupees in '000'

**Raza Kuli Khan**  
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Chief Executive

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Director

**Capt. M. Jamil Akhtar Khan**  
Managing Director

# STATEMENT OF EXPENSES FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

Class	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses	Under-writing expenses	Commission from reinsurers	Net underwriting expenses	
		Opening	Closing					Nine months ended 30 September 2010	Nine months ended 30 September 2009
DIRECT AND FACULTATIVE									
Fire and									
Property Damage	35,504	12,134	16,673	30,964	30,213	61,178	22,059	39,118	30,194
Marine and									
Transport	18,338	1,780	2,615	17,503	15,596	33,099	11,164	21,935	13,220
Motor Accident	15,486	5,849	7,681	13,655	33,122	46,776	55	46,722	40,350
Others	9,589	3,462	6,003	7,047	10,182	17,230	1,668	15,562	12,354
Total	78,917	23,225	32,973	69,169	89,113	158,282	34,946	123,336	96,118
Treaty - Proportional		-	-	-	-	-	-	-	-
Grand Total	78,917	23,225	32,973	69,169	89,113	158,282	34,946	123,336	96,118

## FOR THE QUARTER ENDED 30 SEPTEMBER 2010

Class	FOR THE QUARTER ENDED 30 SEPTEMBER 2010							Net underwriting expenses	
	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses	Under-writing expenses	Commission from reinsurers	Quarter ended 30 September 2010	Quarter ended 30 September 2009
		Opening	Closing						
DIRECT AND FACULTATIVE									
Fire and									
Property Damage	11,515	13,365	16,673	8,207	12,018	20,226	4,788	15,438	9,984
Marine and									
Transport	6,978	2,759	2,615	7,122	4,069	11,190	2,979	8,212	4,443
Motor Accident	6,901	7,362	7,681	6,582	10,040	16,622	13	16,609	10,672
Others	3,217	4,229	6,003	1,442	4,138	5,580	297	5,282	4,188
Total	28,611	27,715	32,973	23,353	30,264	53,617	8,077	45,540	29,287
Treaty - Proportional									
Grand Total	28,611	27,715	32,973	23,353	30,264	53,617	8,077	45,540	29,287

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



*[Signature]*

Capt. M. Jamil Akhtar Khan  
Managing Director

*[Signature]*

Lt. Gen. (R) Ali Kuli Khan Khattak  
Director

*[Signature]*

Begum Zeb Gohar Ayub Khan  
Chief Executive

*[Signature]*

Raza Kuli Khan Khattak  
Chairman



## STATEMENT OF INVESTMENT INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

Nine months ended		Quarter ended	
30 September 2010	30 September 2009	30 September 2010	30 September 2009

-----Rupees In '000'-----

### Income from trading investments

Dividend income

584	350	124	-
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### Income from non trading investments

#### Held to maturity

Return on Government securities-PIBs

1,603	1,589	546	537
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Amortization of discount relative to par

516	516	174	174
-----	-----	-----	-----

2,119	2,105	720	711
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#### Available for sale

Dividend income

883	753	872	753
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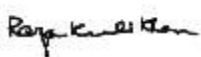
Gain/(loss) on revaluation of investments at fair value through profit or loss

2,561	6,084	1,995	3,810
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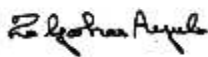
Less: Provision for impairment in value of available for sale investment

(4,483)	(2,732)	(51)	(452)
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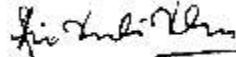
1,663	6,560	3,659	4,823
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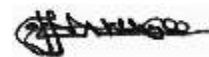
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Chief Executive



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Director



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Managing Director





## **SELECTED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

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

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 09 May 1958 under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges and is engaged in the non-life insurance business. The registered office of the Company is situated at The Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore. Bibojee Services (Private) Limited, (The holding company) held 15,158,326 (2009: 15,158,326) ordinary shares of the Company as at 30 September 2010.

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

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the listing regulations of the Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984 and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 dated 27 August 2003.

This financial information do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual published financial statements for the year ended 31 December 2009.

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

The accounting policies and methods of computation adopted in the preparation of this condensed financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended 31 December 2009.

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 31 December 2009.

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

- 5.1 A petitioner has filed an appeal against the Company for the payment of alleged insurance of Rupees 7.3 million (31 December 2009: Rupees 7.3 million) . The appeal is currently pending adjudication before the Honorable Lahore High Court.
- 5.2 The Commissioner of Income Tax (CIT) has passed an order under section 122 of the Income Tax Ordinance, 2001 assessing the tax liability of the Company at Rupees 11.366 million instead of declared tax liability of Rupees 5.905 million for the tax year 2007. The Company has filed an appeal against the order of CIT and expects a favourable outcome of the appeal based on the advice of the legal counsel.
- 5.3 As at 30 September 2010, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rupees 0.747 million (31 December 2009: Rupees 0.736 million)
- 5.4 No commitments for capital expenditure were outstanding as at 30 September 2010 (31 December 2009: NIL)



	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in thousand)	
<b>6. INVESTMENTS</b>		
<b>IN RELATED PARTIES</b>		
Investment in associates - equity method of accounting	12,905	6,366
<b>OTHERS</b>		
Held to maturity - Government securities (PIBs)	23,408	22,791
<b>Available-for-sale</b>		
<b>Equity investments</b>		
Quoted	204	253
Un-quoted	9	9
<b>Mutual funds</b>		
Open ended	17,118	7,495
Close ended	291	152
	17,622	7,909
<b>Investment at fair value through profit or loss</b>		
Equity investments - quoted	5,497	5,626
<b>Mutual Funds</b>		
Open ended	25,214	1,091
Close ended	1,930	11,363
	32,641	18,080
	86,576	55,146
<b>6.1</b>	The market value of investments in associates and available for sale investments as on 30 September 2010 was Rupees 17.487 million (31 December 2009 : 16.601 million). The recoverable amount of investments in associate is higher than its carrying amount.	
<b>6.2</b>	The Government securities represent Pakistan Investment Bonds deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.	
<b>7. PREMIUMS DUE BUT UNPAID</b>		
<b>Unsecured - considered good</b>		
Due from associates	51,591	43,417
Others	109,876	94,266
	161,467	137,683
<b>8. FIXED ASSETS</b>		
Owned (Note 8.1)	235,643	224,541
Leased (Note 8.2)	7,554	12,000
	243,197	236,541
<b>8.1 Owned</b>		
Opening book value	224,541	80,912
Add: Cost of additions during the period / year (Note 8.1.1)	17,804	6,591
Surplus on revaluation of land and buildings (Note 8.1.2)	-	132,276
Book value of vehicles transferred from leased assets	2,712	15,688
	245,057	235,467
Less: Book value of deletions during the period / year (Note 8.1.3)	(766)	(3,024)
	244,291	232,443
Less: Depreciation charge for the period / year	(8,648)	(7,902)
	235,643	224,541



	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in thousand)	
<b>8.1.1 Cost of additions</b>		
Building on freehold land	370	-
Furniture, fixture and office equipment	1,583	1,788
Computer equipment	1,718	891
Vehicles	14,133	3,912
	<b>17,804</b>	<b>6,591</b>
<b>8.1.2 Surplus on revaluation of land and buildings</b>		
Land	-	98,203
Building on freehold land	-	34,073
	<b>-</b>	<b>132,276</b>
<b>8.1.3 Book value of deletions</b>		
Furniture, fixture and office equipment	(159)	(89)
Computer equipment	-	(329)
Vehicles	(607)	(2,606)
	<b>(766)</b>	<b>(3,024)</b>
<b>8.2 Leased</b>		
Opening book value	12,000	32,814
Add: Cost of additions in leased assets during the period / year	-	1,435
	<b>12,000</b>	<b>34,249</b>
Less: Book value of leased assets transferred to owned assets during the period / year	(1,355)	(15,688)
	<b>10,645</b>	<b>18,561</b>
Less: Depreciation charge for the period / year	(3,091)	(6,561)
	<b>7,554</b>	<b>12,000</b>

## 9. TRANSACTIONS WITH RELATED PARTIES

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

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

	Un-audited 30 September 2010	Un-audited 30 September 2009
	(Rupees in thousand)	
Premium underwritten	46,343	37,040
Claims paid	8,913	14,526
Vehicles purchased	8,098	-
Rental income	864	1,080

9.1 Transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method.



#### 10. SEGMENT REPORTING

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

	Fire and property damage		Marine and Transport		Motor		Others		Treaty		Unallocated Corporate Assets		Total	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
(Rupees in thousand)														
<b>OTHER INFORMATION</b>														
<b>Segment assets</b>	331,266	334,986	134,060	107,571	216,398	195,626	68,183	56,123	-	-	-	-	749,907	694,306
Unallocated assets	-	-	-	-	-	-	-	-	-	-	223,145	309,712	223,145	309,712
<b>Total assets</b>	331,266	334,986	134,060	107,571	216,398	195,626	68,183	56,123	-	-	223,145	309,712	973,052	1,004,018
<b>Segment liabilities</b>	244,593	264,414	77,105	68,154	155,843	139,982	69,160	50,407	-	-	-	-	546,701	522,957
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	91,720	95,642	91,720	95,642
<b>Total liabilities</b>	244,593	264,414	77,105	68,154	155,843	139,982	69,160	50,407	-	-	91,720	95,642	638,421	618,599



Unaudited 30 September 2010	Audited 31 December 2009
(Rupees in thousand)	

Capital expenditure

17,804

6,591

#### 11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2009.

#### 12. AUTHORISATION FOR ISSUE

This condensed interim financial information has been approved and authorized for issue on October 26, 2010 by the Board of Directors of the Company.

#### 13. CORRESPONDING FIGURES

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

#### 14. GENERAL

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

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Managing Director



## UNDER POSTAL CERTIFICATE



### THE UNIVERSAL INSURANCE CO. LTD.

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