



PAKISTAN REINSURANCE COMPANY LIMITED

**QUARTERLY ACCOUNTS
(UNAUDITED)**

**FOR THE 1ST QUARTER ENDED
31ST MARCH, 2008**

BOARD OF DIRECTORS

MRS. RUKHSAN SALEEM	CHAIRPERSON
MR. KAMAL AFSAR	DIRECTOR
MR. SHAMIM AHMED KHAN	DIRECTOR
MR. SIKANDAR HAYAT JAMALI	DIRECTOR
MR. FAZAL-I-QADAR	DIRECTOR
MR. JAVED SYED	DIRECTOR
MR. SAIFUDDINNOORUDDIN ZOOMKAWALA	DIRECTOR
MR.ALI JEHANGIR- SIDDIQUI/ ALTERNATE	
MR. MUNAF IBRAHIM	DIRECTOR
MR. ABDUL HAMID DAGIA	DIRECTOR

SENIOR MANAGEMENT

MR. ASGHAR IMAM KHALID	CHIEF INTERNAL AUDITOR
MRS. FARZANA MUNAF	CHIEF FINANCIAL OFFICER
MR. FIDA HUSSAIN SAMOO	EXECUTIVE DIRECTOR (RE)
MR. AYAZ HUSSAIN M. GAD	EXECUTIVE DIRECTOR (BD./RE)
MRS. YASMIN SAUD	GENERAL MANAGER (F&A)
MRS. GHAZALA IMRAN	GENERAL MANAGER (NZO)
MR. SHAHZAD FAROOQ LODHI	SECRETARY/MANAGER(ESTB)
MR. ANZARUL HASAN HASHMI	MANAGER(ACCIDENT)
MR. RAHMATULLAH KHILJI	MANAGER(INTERNAL AUDIT)
SYED TAHIR ALI	MANAGER(DPD)
MR. IMTIAZ HUSSAIN QURESHI	MANAGER(I.T.)

AUDIT COMMITTEE

MR. ABDUL HAMID DAGIA	CHAIRMAN
MR. KAMAL AFSAR	MEMBER
MR. SHAMIM AHMED KHAN	MEMBER
MR. SHAHZAD F. LODHI	SECRETARY OF THE COMMITTEE

AUDITORS

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANT

HEAD OFFICE

PRC TOWERS, 32-A LALAZAR DRIVE, M.T. KHAN ROAD,
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ZONAL OFFICE

17-A/1, BLOCK E-1,
GULBERG-III
LAHORE.

BANKERS

NATIONAL BANK OF PAKISTAN
BANK ALHABI LIMITED

PAKISTAN REINSURANCE COMPANY LIMITED

Directors' Report to the Shareholders

THE SHAREHOLDERS,
Pakistan Reinsurance Co. Ltd.,

On behalf of the Board of Directors of PRCL, I am pleased to present the un-audited financial statements of the Company for the 1st Quarter ended March 31, 2008.

Review of business activities

The financial statements for the quarter reflect the treaty business return received from thirty five insurance companies out of thirty seven, all these returns received in PRCL by 21st April, 2008 as per the amendment made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the company. The companies from whom the returns have not been received till the time of finalization of Accounts are Century Insurance Company and United Insurance Company

The Financial Results of the Company indicate that the Gross Premium for the period was Rs.1,063 million, Net Premium before unearned Premium Reserve was Rs.508 million and Net Premium after accounting for the effect of Premium Reserve adjustment was Rs.484 million. The Gross Premium, Net Premium before unearned Premium Reserve and Net Premium after Premium Reserve for the corresponding period of the last year were Rs.1,205 million, Rs.375 million and Rs.401 million respectively.

The Net claims, Net Commission and Management Expenses have aggregated to Rs.434 million for the current quarter as compared to Rs.348 million for the 1st Quarter, 2007. Besides, the income from investment including rental and other income for the period was recorded at Rs.170 million as compared to Rs.130 million in the corresponding period of last year.

Net Profit before tax and after tax for the 1st Quarter, 2008 is Rs.213 million and Rs.166 million respectively as compared to Rs.179 million and Rs.141 million for the corresponding period of the last year.

The management is taking steps and making all our efforts to ensure good results by way of accepting good business.

In the end, I would like to thank all insurance companies their Chairmen, Directors, Officers and staff for the co-operation extended by them in running the affairs of the company.

For and on behalf
of the Board of Directors

(Rukhsana Saleem)
Chairman/Chief Executive

Karachi: 29th April, 2008

PAKISTAN REINSURANCE COMPANY LIMITED
BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2008

		Mar 31, 2008	2007			Mar 31, 2008	2007
	Note	Rupees	Rupees		Note	Rupees	Rupees
Share capital and reserves				Cash and Bank deposits			
Authorized Share Capital				Cash and other equivalents		23,312	33,366
400,000,000 ordinary shares of Rs. 10/- each		4,000,000,000	4,000,000,000	Current and other accounts		531,651,522	719,390,353
Issued, subscribed and paid up share capital		540,000,860	540,000,860	Deposits maturing within 12 months		310,700,000	301,700,000
Retained earnings		3,935,116,398	3,768,913,622			842,374,834	1,021,123,719
Exceptional Losses Reserve		281,000,000	281,000,000	Loans (Considered good)			
General Reserve		1,777,419,085	1,777,419,085	- to employees		43,150,555	44,690,616
		5,993,535,483	5,827,332,707				
		6,533,536,343	6,367,333,567	Investments		6,600,800,778	6,412,290,053
Underwriting provisions				Investment properties		50,056,459	50,824,182
- Provision for outstanding claims (including IBNR)		526,053,268	675,533,994	Deferred taxation		151,660,579	151,660,579
- Provision for unearned premium		2,225,672,817	2,322,009,096	Other assets			
- Commission income unearned		40,066,562	44,720,548	Amount due from persons and bodies carrying on insurance business		565,611,984	742,676,308
Total underwriting provisions		2,791,792,647	3,042,263,638	Premium and claim reserves retained by cedants		57,001,150	16,609,595
Deferred liability				Accrued investment income		133,368,290	44,249,114
Employee benefits		106,608,781	111,509,000	Sundry receivables		263,494,220	265,145,279
Long term deposits		29,441,146	22,472,667	Prepaid reinsurance ceded		1,292,987,392	1,413,690,161
Creditors and accruals				Deferred commission expense		255,102,932	252,874,145
Amount due to other persons and bodies carrying on insurance business		601,660,111	683,213,446	Stock of stationery		166,746	61,112
Premium and claim reserves retained from retrocessionaires		42,849,617	25,248,173			2,567,732,714	2,735,305,714
Other creditors and accruals		28,139,881	34,254,848	Fixed assets			
Taxation - Provision less payments		137,988,775	148,075,585	Tangible			
Retention money payable		6,438,058	6,388,681	Land and building		21,569,881	21,898,134
		817,076,442	897,180,733	Furniture, fixture, books and office equipment		4,145,673	4,150,294
Other liabilities		-	-	Vehicles		2,803,406	4,655,834
Dividend payable		4,625,512	4,625,512			28,518,960	30,704,262
Surplus profit payable		1,214,008	1,214,008	Assets related to Bangladesh		-	-
		5,839,520	5,839,520			-	-
Total liabilities		3,750,758,536	4,079,265,558	Total assets		10,284,294,879	10,446,599,125
Total equity and liabilities		10,284,294,879	10,446,599,125			10,284,294,879	10,446,599,125

CONTINGENCIES

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QTR ENDED MARCH 31, 2008

Facultative

Note	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Mar 31, 2008	Mar 31, 2007
----- Rupees -----									
Revenue account									
Net premium revenue	65,638,809	9,097,010	6,165,194	10,244,833	13,136,667	40,326,846	339,629,057	484,238,416	401,367,410
Net claims	(4,683,479)	7,522,852	(6,313)	(998,927)	545,690	14,553,941	267,622,168	284,555,932	229,454,699
Management expenses	1,593,655	976,349	295,572	950,022	1,507,292	898,898	28,254,795	34,476,583	27,599,445
Net commission	10,705,803	1,425,793	947,856	1,376,593	(17,546)	(1,989,974)	102,386,140	114,834,665	90,937,118
Underwriting result									
	58,022,830	(827,984)	4,928,079	8,917,145	11,101,231	26,863,981	(58,634,046)	50,371,236	53,376,148
Investment income								157,683,046	118,372,962
Rental income								9,590,737	7,402,503
Exchange gain								1,256,845	81,951
Other income								2,822,321	4,503,466
General and administration expenses								(7,985,409)	(3,837,883)
								-	-
								163,367,540	126,522,999
Profit before tax								213,738,776	179,899,147
Provision for taxation								47,536,000	38,210,000
Deferred taxation								-	-
Profit after tax								166,202,776	141,689,147
Profit and loss appropriation account									
Balance at the commencement of year								3,768,913,622	721,954,126
Profit after tax								166,202,776	141,689,147
Balance of unappropriated profit at the end of quarter							Rupees	3,935,116,398	863,643,273
Earning per share - basic and diluted							Rupees	3.08	2.62



Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE QTR ENDED MARCH 31, 2008

Class	Premium Written (A)	Unearned premium reserve		Premium earned (D=A+B-C)	Re-insurance Ceded (E)	Prepaid Reinsurance Premium ceded		Re-insurance expense (H=E+F-G)	Mar 31, 2008	Mar 31, 2007
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net Premium revenue (I=D-H)	Net Premium revenue
R u p e e s										
Business underwritten inside pakistan										
Facultative										
Fire	202,811,659	465,747,571	440,713,346	227,845,884	120,363,303	320,452,322	278,608,550	162,207,075	65,638,809	64,119,140
Marine Cargo	10,184,645	4,004,687	5,092,322	9,097,010	-	-	-	-	9,097,010	4,830,371
Marine Hull	3,811,406	11,877,390	9,523,602	6,165,194	-	-	-	0	6,165,194	4,496,243
Accident	9,843,423	24,410,271	24,008,861	10,244,833	-	-	-	0	10,244,833	4,365,670
Aviation	231,620,998	512,303,028	492,959,249	250,964,777	217,298,242	485,737,121	465,207,253	237,828,110	13,136,667	10,886,134
Engineering	129,705,976	540,468,642	460,415,949	209,758,669	115,606,085	436,767,584	382,941,846	169,431,823	40,326,846	33,193,511
Total	587,978,107	1,558,811,589	1,432,713,329	714,076,367	453,267,630	1,242,957,027	1,126,757,649	569,467,008	144,609,359	121,891,069
Treaty	475,232,777	763,197,506	792,959,488	445,470,795	101,338,347	170,733,134	166,229,743	105,841,738	339,629,057	279,476,341
Grand Total	1,063,210,884	2,322,009,095	2,225,672,817	1,159,547,162	554,605,977	1,413,690,161	1,292,987,392	675,308,746	484,238,416	401,367,410

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS (UNAUDITED)
FOR THE QTR ENDED MARCH 31, 2008

Class	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A+C-B)	Reinsurance and other recoveries Received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries Revenue (H=E+G-F)	Mar 31, 2008	Mar 31, 2007
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net claim expenses (I=D-H)	Net claim expenses
		R u p e e s								
Business underwritten inside pakistan										
Facultative										
Fire	20,613,111	163,115,752	132,819,162	(9,683,479)	-	68,968,099	63,968,099	(5,000,000)	(4,683,479)	10,789,143
Marine Cargo	193,679	-	7,329,173	7,522,852	-	-	-	-	7,522,852	-
Marine Hull	179,603	16,720,709	16,534,793	(6,313)	-	2,005,635	2,005,635	-	(6,313)	1,028,238
Accident	1,595,405	7,338,442	4,744,110	(998,927)	-	-	-	-	(998,927)	-
Aviation	18,028,891	71,420,531	43,062,681	(10,328,959)	17,122,045	69,497,249	41,500,555	(10,874,649)	545,690	129,641
Engineering	21,027,692	625,550,910	606,916,420	2,393,202	3,220,581	613,462,160	598,080,840	(12,160,739)	14,553,941	23,549,320
Total	61,638,381	884,146,344	811,406,339	(11,101,624)	20,342,626	753,933,143	705,555,129	(28,035,388)	16,933,764	35,496,342
Treaty	599,001,182	2,314,808,855	2,071,042,552	355,234,879	206,260,279	1,764,536,062	1,645,888,494	87,612,711	267,622,168	193,958,357
Grand Total	660,639,563	3,198,955,199	2,882,448,891	344,133,255	226,602,905	2,518,469,205	2,351,443,623	59,577,323	284,555,932	229,454,699

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF EXPENSE (UNAUDITED)
FOR THE QTR ENDED MARCH 31, 2008

Class	Deferred Commission			Net commission expense (D=A+B-C)	Other management expenses (E)	Underwriting expense (F=D+E)	Commission from reinsurers (G)	Commission		Net commission retrocession (J=G+H-I)	Mar 31, 2008	Mar 31, 2007
	Commission paid or payable (A)	Opening (B)	Closing (C)					Opening (H)	Closing (I)		Net underwriting expense (K=F-J)	Net underwriting expense
-----Rupees-----												
Business underwritten inside pakistan												
Facultative												
Fire	24,973,525	37,559,653	43,366,467	19,166,711	1,593,655	20,760,366	9,015,831	13,527,585	14,082,508	8,460,908	12,299,458	7,866,295
Marine Cargo	1,705,487	573,049	852,743	1,425,793	976,349	2,402,142	-	-	-	-	2,402,142	1,569,155
Marine Hull	495,577	1,830,392	1,378,113	947,856	295,572	1,243,428	-	-	-	0	1,243,428	807,185
Accident	1,149,966	3,407,859	3,181,232	1,376,593	950,022	2,326,615	-	-	-	0	2,326,615	1,421,172
Aviation	389,584	1,196,628	984,232	601,980	1,507,292	2,109,272	176,717	1,392,119	949,310	619,526	1,489,746	(39,538)
Engineering	6,807,446	23,617,306	21,755,185	8,669,567	898,898	9,568,465	7,043,947	27,376,956	23,761,362	10,659,541	(1,091,076)	(4,620,469)
Total	35,521,585	68,184,887	71,517,972	32,188,500	6,221,788	38,410,288	16,236,495	42,296,660	38,793,180	19,739,975	18,670,313	7,003,800
Treaty	102,896,517	184,689,260	183,584,960	104,000,817	28,254,795	132,255,612	464,172	2,423,887	1,273,382	1,614,677	130,640,935	111,532,763
Grand Total	138,418,102	252,874,147	255,102,932	136,189,317	34,476,583	170,665,900	16,700,667	44,720,547	40,066,562	21,354,652	149,311,248	118,536,563

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED

Statement of Investment Income (Unaudited)
FOR THE QTR ENDED MARCH 31, 2008

March 31, March 31,
2008 2007

------(Rupees)-----

Income from non-trading investment

Held to maturity

Return on government securities	24,491,581	22,832,914
Amortization of premium on Pakistan investment Bond	(2,139,455)	33,639
Return on other fixed income securities and deposits	9,704,687	18,446,412
Income on treasury bills	23,942,407	(3,778,681)

Available for sale investments

Dividend income	96,182,612	82,515,832
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Gain on sale of non-trading investments

Available for sale investments	3,314	614,372
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(Loss)/Gain on revaluation of investments

Available for sale	7,823,582	(1,385,963)
At fair value through profit or loss classified as held for trading	(1,724,222)	(11,922)

158,284,506 119,266,603

Less: investment related expenses

601,460 893,641

Net investment income

157,683,046 118,372,962

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QTR ENDED MARCH 31, 2008

	Share Capital	Exceptional Losses reserve	General Reserve	Reserve for issue of bonus shares	Unappropriated profit	Total	Total
	----- Rupees -----						
Balance as at December 31, 2006	450,000,720	281,000,000	1,277,419,085	-	721,954,126	2,280,373,211	2,730,373,931
Final cash dividend 2006 @ 20% (Rs. 2 per share)	-	-	-	-	(90,000,144)	(90,000,144)	(90,000,144)
Issue of Bonus Share @ 20%	90,000,140	-	-	-	(90,000,140)	(90,000,140)	-
Transfer to General Reserve	-	-	500,000,000	-	(500,000,000)	-	-
Net profit for the Year ended 31-12-2007	-	-	-	-	3,726,959,780	3,726,959,780	3,726,959,780
Balance as at December 31, 2007	<u>540,000,860</u>	<u>281,000,000</u>	<u>1,777,419,085</u>	<u>-</u>	<u>3,768,913,622</u>	<u>5,827,332,707</u>	<u>6,367,333,567</u>
Balance as at January 1, 2008	540,000,860	281,000,000	1,777,419,085	-	3,768,913,622	5,827,332,707	6,367,333,567
Net profit for the quarter ended 31-03-2008	-	-	-	-	166,202,776	166,202,776	166,202,776
Balance as at March 31, 2008	<u>540,000,860</u>	<u>281,000,000</u>	<u>1,777,419,085</u>	<u>-</u>	<u>3,935,116,398</u>	<u>5,993,535,483</u>	<u>6,533,536,343</u>

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED

Cash Flow Statement (Unaudited)

FOR THE QTR ENDED MARCH 31, 2008

	Rupees Mar 31, 2008	Rupees Mar 31, 2007
Operating Cash Flows:		
Underwriting activities:-		
Premium received	1,240,275,208	1,164,424,578
Reinsurance premium paid	(634,902,467)	(783,454,750)
Claims paid	(660,639,563)	(234,493,166)
Reinsurance and other recoveries received	226,602,905	5,038,467
Commision paid	(138,418,102)	(133,112,505)
Commision received	16,700,667	38,622,468
Premium and claim reserves retained from retrocessionaires/ withheld by ceding companies	(22,790,111)	(5,157,360)
Expenses paid	(34,476,583)	(27,599,445)
Net cash flows from underwriting activities	(7,648,046)	24,268,287
Other Operating Activities		
Income tax paid	(57,622,810)	(33,078,080)
General management expenses paid	(7,985,409)	(3,837,883)
Loans recovered from employees	663,062	463,054
Other receipts	2,822,321	4,503,466
Other payments	(1,574,926)	(11,749,213)
Net cash flows from other operating activities	(63,697,762)	(43,698,656)
Total cash flow from all operating activities	(71,345,808)	(19,430,369)
Investment activities		
Fixed Capital expenditure	2,953,025	1,314,592
Acquisition of investments	(144,535,047)	(986,148,722)
Rental income received	3,811,216	2,634,288
Dividend income received	17,781,321	6,790,217
Interest income on bank deposits	9,704,687	33,639
Investment income received	4,602,629	30,481,190
Sale proceeds of investments	(1,720,908)	892,709,959
Total Cash Flow from investment activities	(107,403,077)	(52,184,837)
Financing activities		
Surplus paid	-	-
Dividend paid	-	-
Payments of finance leases	-	-
Total cash flows from financing activities	-	-
Net cash flow from all activities	(178,748,885)	(71,615,206)
Cash and cash equivalents at beginning of the year	1,021,123,719	209,983,867
Cash and cash equivalents at end of the three months	842,374,834	138,368,661

The annexed notes 1 to 7 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2008 (UNAUDITED)

1 The Company and its Operations

- 1.1 Pakistan Reinsurance Co. Ltd., (“the Company”) was incorporated on March 30, 2000, under the Companies Ordinance, 1984. The object of the Company is the development of insurance and reinsurance business in Pakistan and to carry on reinsurance business.

The registered office of the company is located at PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi. Its shares are quoted on Karachi and Lahore Stock Exchanges.

- 1.2 In order to mitigate the impact of discontinuation of compulsory cession with effect from 01 January 2005, the Company has developed a corporate plan and adopting necessary measures for independently undertaking reinsurance business as per its strategy to continue to operate profitably in the year 2008 onward.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan, in December, 2002, the Insurance Ordinance 2000, the requirements of Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan.

3 Quarterly Returns for Compulsory Surplus Treaties

PRC receives compulsory surplus reinsurance business from all insurance companies doing general insurance business as provided in Section 42(2) of the Insurance Ordinance 2000. Because of the nature of business of PRCL, the preparation of its accounts depend on the returns from ceding insurance companies. The time prescribed for submission of returns as per amendment made in PIC/PRC (Compulsory Surplus Reinsurance) Regulations 1978, is twenty one days after the close of the Quarter in case of 1st & 3rd Quarters.

For the 1st Quarter 2008, PRC received returns from thirty five general insurance companies out of thirty seven by 21st April 2008 and as such above accounts have been prepared by incorporating only these returns. The companies from whom the returns have not been received till the time of finalization of Accounts are Century Insurance Company and United Insurance Company. The rest of the business reflects facultative business as per record of the Company.

4 Date of Authorization for issue

These financial statements have been authorized for issue on April 29, 2008 by the Board of Directors of the Company.

5 Corresponding Figures

Corresponding figures have been restated wherever necessary for the purpose of comparison.

6 Contingencies

There have been no significant change in the contingent liabilities since last published financial statements.

7 All figures have been rounded off to the nearest rupees.

Chief Financial Officer

Director

Director

(Rukhsana Saleem)
Chief Executive

Karachi April 29, 2008

The logo for PakRe features a stylized green and yellow emblem above the word "PakRe" in a bold, sans-serif font. The emblem consists of a curved line and a vertical line, resembling a stylized 'R' or a similar symbol. The word "PakRe" is underlined.