



**PakRe**

**PAKISTAN REINSURANCE  
COMPANY LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENT**

**FOR THE HALF YEAR ENDED  
30<sup>TH</sup> JUNE 2010**

**PROSPERITY & BEYOND**



# CONTENTS

- ❖ Vision and Mission.
- ❖ Corporate Information.
- ❖ Committees of the Board of PRCL
- ❖ Directors' Report to the Shareholders
- ❖ Balance Sheet
- ❖ Profit and Loss Account
- ❖ Statement of Comprehensive Income
- ❖ Statement of Changes in Equity
- ❖ Cash Flow Statement
- ❖ Statement of Premiums
- ❖ Statement of Expense
- ❖ Statement of Investment Income
- ❖ Notes to the Financial Statements

## **Vision**

To be a leading provider of reinsurance and risk management services in the region

## **Mission**

To provide secure reinsurance capacity and outstanding risk management advice in a profitable manner and to conduct our business in a dependable and professional manner with the highest standards of customer service.

### **In fulfilling this mission, PRCL is committed to:-**

- Providing its clients, and particularly insurance companies in Pakistan, with comprehensive insurance, reinsurance, financial and business services of the highest quality and value.
- Maintaining financial strength and stability through prudent business decisions and sound operations based on state of the art information technology.
- Taking a long-term view of business relationships.
- Practicing the highest standards of integrity and professionalism.
- Investing continuously in knowledge required to support business decisions and long-term business strategy formulation.
- Achieving consistent, long-term financial growth and profitability for its shareholders.
- Attracting retaining and developing capable and dedicated employees who in turn contribute to the growth of the company and share its success.

## **Corporate Information**

### **BOARD OF DIRECTORS OF PRCL**

MRS. RUKHSANA SALEEM  
CHAIRPERSON

MR. NAJEEB KHAWER AWAN  
DIRECTOR

SYED ARSHAD ALI  
DIRECTOR

MR. JAVED SYED  
DIRECTOR

DR. MASUMA HASAN  
DIRECTOR

MR. ABDUL HAMID DAGIA  
DIRECTOR

MR. ZAFAR IQBAL  
DIRECTOR

MR. SAIFUDDIN NOORUDDIN ZOOMKAWALA  
DIRECTOR

MR. MUMTAZ ALI RAJPER  
DIRECTOR

### **SENIOR MANAGEMENT**

MR. ASGHAR IMAM KHALID  
EXECUTIVE DIRECTOR/CIA

MRS. FARZANA MUNAF  
EXECUTIVE DIRECTOR/CFO

MR. FIDA HUSSAIN SAMOO  
EXECUTIVE DIRECTOR (RE)

MR. AYAZ HUSSAIN M. GAD  
EXECUTIVE DIRECTOR (BD/RE)

MRS. GHAZALA IMRAN  
REGIONAL DIRECTOR (NZO)

MR. SHAHZAD F. LODHI  
COMPANY SECRETARY/GENERAL MANAGER

### **AUDIT COMMITTEE**

MR. ABDUL HAMID DAGIA  
CHAIRMAN

MR. NAJEEB KHAWER AWAN  
MEMBER

SYED ARSHAD ALI  
MEMBER

MR. MUMTAZ ALI RAJPER  
MEMBER

MR. SHAHZAD F. LODHI  
SECRETARY OF THE COMMITTEE

### **AUDITORS**

ANJUM ASIM SHAHID RAHMAN  
CHARTERED ACCOUNTANT  
1<sup>st</sup> and 3<sup>rd</sup> floor,  
Modern Motors House,  
Beaumont Road,  
Karachi 0 – 75530

### **BANKERS**

National Bank of Pakistan  
Bank Al-Habib Limited

### **SHARE REGISTRAR**

Central Depository Company of Pakistan Limited (CDC),  
CDC House, 99=B, Block-B, SMCHS,  
Main Shahre-e-Faisal,  
Karachi-74400, Pakistan  
Ph: (92-21) 111-111-500

### **REGISTERED OFFICES**

PRC Towers, 32-A, Lalazar Drive,  
M.T. Khan Road, P.O. Box: 4777,  
Karachi, Pakistan  
Tel: (92-21) 99202908-15  
Telex: (92-21) 20428  
Telefax: (92-21)99202920-22  
E-mail: [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website: [www.pakre.org.pk](http://www.pakre.org.pk)

### **ZONAL OFFICE**

71-A, Ahmad Block,  
New garden Town,  
Lahore.

## **COMMITTEES OF THE BOARD OF PRCL**

### **AUDIT COMMITTEE**

- |    |   |                            |
|----|---|----------------------------|
| 1. | Mr. Abdul Hamid Dagia                   | Chairman of the Committee  |
| 2. | Mr. Najeeb Khawer Awan                  | Member                     |
| 3. | Syed Arshad Ali                         | Member                     |
| 4. | Mr. Mumtaz Ali Rajper                   | Member                     |
| 5. | Mr. Shahzad F. Lodhi, Company Secretary | Secretary of the Committee |

### **UNDERWRITING COMMITTEE**

- |    |   |                                    |
|----|---|------------------------------------|
| 1. | Mrs. Rukhsana Saleem                    | Chairperson of the Committee       |
| 2. | Mrs. Farzana Munaf, CFO/E.D., PRCL      | Member                             |
| 3. | Mr. Ayaz Hussain M. Gad, E.D.(BD), PRCL | Member                             |
| 4. | Mr. Fida Hussain Samoo, E.D.(Re), PRCL  | Member/ Secretary of the Committee |

### **REINSURANCE COMMITTEE**

- |    |  |                                    |
|----|--|------------------------------------|
| 1. | Mrs. Rukhsana Saleem                     | Chairperson of the Committee       |
| 2. | Mr. Asghar Imam Khalid, CIA/E.D.,PRCL    | Member                             |
| 3. | Mr. Ayaz Hussain M. Gad, E.D.(B.D) ,PRCL | Member                             |
| 4. | Mr. Fida Hussain Samoo, E.D. (Re) ,PRCL  | Member/ Secretary of the Committee |

### **CLAIM SETTLEMENT COMMITTEE**

- |    |   |                                   |
|----|---|-----------------------------------|
| 1  | Mr. Javed Syed                          | Chairman of the Committee         |
| 2. | Mrs. Rukhsana Saleem, Chairperson       | Member                            |
| 3. | Mrs. Farzana Munaf, CFO/E.D. ,PRCL      | Member                            |
| 4. | Mr. Ayaz Hussain M. Gad, E.D.(BD) ,PRCL | Member                            |
| 5. | Mr. Fida Hussain Samoo, E.D. (Re)       | Member/Secretary of the Committee |

### **INVESTMENT COMMITTEE**

- |    |                                    |                                   |
|----|------------------------------------|-----------------------------------|
| 1. | Syed Arshad Ali                    | Chairman of the Committee         |
| 2. | Mrs. Rukhsana Saleem, Chairperson  | Member                            |
| 3. | Mr. Javed Syed                     | Member                            |
| 4. | Mr. Mumtaz Ali Rajper              | Member                            |
| 5. | Mrs. Farzana Munaf, CFO/E.D. ,PRCL | Member/Secretary of the Committee |

### **HUMAN RESOURCE COMMITTEE**

- |    |   |                                   |
|----|---|-----------------------------------|
| 1. | Mr. Javed Syed                          | Chairman of the Committee         |
| 2. | Mrs. Rukhsana Saleem, Chairperson       | Member                            |
| 3. | Mr. Najeeb Khawer Awan                  | Member                            |
| 4. | Dr. Masuma Hasan                        | Member                            |
| 5. | Mr. Shahzad F. Lodhi, Company Secretary | Member/Secretary of the Committee |

# **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 condensed interim financial statements of the Company for the half year ended June 30, 2010.

### **Review of business activities**

The financial statements for the half year ended June 30, 2010 reflect the treaty business return received from all 31 insurance companies and these returns received in PRCL by 27-7-2010 as per the amendment made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the company.

During the period under review, despite difficult market situation, the company was able to maintain its operational performance. The Financial Results of the Company indicate that the Gross Premium for the period was Rs.2,531 million, Net Premium before unearned Premium Reserve was Rs.1,501 million and Net Premium after accounting for the effect of Premium Reserve adjustment was Rs.1,350 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.2,036 million, Rs.1,152 million and Rs.1,010 million respectively. The underwriting profits were Rs.158 million as compared to Rs.147 million for the corresponding period.

The Net claims, Net Commission and Management Expenses have aggregated to Rs.1,206 million for the half year ended June 30, 2010 as compared to Rs.842 million for the half year ended June 30, 2009. Besides, the rental income and other income for the period was recorded at Rs.30 million as compared to Rs.32 million in the corresponding period of last year.

The company investment income comprises mainly on account of realize gain on available for sale and held for trading investments, profit on government securities, fixed income securities and dividend income, and was Rs.263 million as compared to Rs.256 million in the corresponding period. Further, in the half year ended June 30, 2010 the fall in value available for sale investment recognized is Rs.517 million (June 30, 2009, 1,128 million) accounted for to comply with the requirement of IAS-39.

Net Profit before tax and after tax for the half year ended June 30, 2010, before recognition of impairment loss of Rs.517 million as explained above, would have been Rs.437 million and Rs.430 million respectively as compared to net loss before tax and after tax of Rs.462 million and Rs.454 million for the corresponding period of the last year. However, the profits after recognition of impairment loss were converted into net loss before tax and after tax for Rs.80 million and Rs.87 million respectively (June 30, 2009 loss of Rs.666 million and Rs.674 million respectively).

**Future Out look**

The Company is conscious of the macro economic challenges currently being faced by the economy. The remaining six month pose challenges for which the management make all efforts to ensure good results.

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)**  
**Chairperson/Chief Executive**

Karachi: 31st August, 2010



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Reinsurance Company Limited** (the Company) as at **June 30, 2010** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses, condensed interim statement of investment income and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information").

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards, as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

### *Scope of Review*

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

### *Basis for Qualified Conclusion*

- a) As on June 30, 2010 'Amount due from other persons and bodies carrying on insurance business' includes gross amount of Rs. 1,482.146 million (December 31, 2009: Rs. 1,367.718 million) which after provision of Rs. 386 million (December 31, 2009: Rs. 386 million) amounting to Rs. 1,096.146 million (December 31, 2009: Rs. 981.718 million) and 'Due to other persons and bodies carrying on insurance business' includes Rs. 397.723 million (December 31, 2009: Rs.



340.082 million. Further, the company has reversed certain claims that have been lodged by other insurance companies amounting to Rs. 29.950 million (December 31, 2009: Rs. 38.39 million) due to the reason that appropriate documents for substantiating these claims were not provided. The company is in process of reconciling these balances. Due to pending confirmations/reconciliation relating to above balances, resultant adjustments and consequential impacts thereof, if any, on the condensed interim financial information remain unascertained (refer note 9, 5, 6.1 and 6.2 to the condensed interim financial information); and

- b) The condensed interim financial information reflects the balances in respect of 'Premium and claim reserves retained by cedants' amounting to Rs. 75.174 million (December 31, 2009: Rs. 44.892 million) and balances in respect of 'Premium and claim reserves retained from retrocessioners' amounting to Rs. 39.226 million (December 31, 2009: Rs. 44.558 million). These balances have not been confirmed by respective insurance companies. Consequently, we are unable to verify these balances.

*Qualified Conclusion*

Based on our review, except for the matters, referred in the preceding paragraphs (a) and (b) and the extent to which this may affect the annexed condensed interim financial information, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and six months period ended June 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi

Date: August 31, 2010

  
Anjum Asim Shahid Rahman

Chartered Accountants

Muhammad Shaukat Naseeb

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Balance Sheet**  
**As at June 30, 2010**

	Note	2010 Unaudited Rupees	2009 Audited Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
2,500,000,000 (December 31, 2009: 2,500,000,000)			
Ordinary shares of Rs.10 each		<u>25,000,000,000</u>	<u>25,000,000,000</u>
Share capital		3,000,000,000	3,000,000,000
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
Retained earnings		740,597,013	1,727,236,175
		<u>2,799,016,098</u>	<u>3,785,655,260</u>
<b>Shareholders' equity</b>		<u>5,799,016,098</u>	<u>6,785,655,260</u>
<b>LIABILITIES</b>			
<b>Underwriting provisions</b>			
Provision for outstanding claims			
(including IBNR)		655,300,846	586,553,657
Provision for unearned premium		2,792,772,216	3,347,263,018
Commission income unearned		42,580,125	34,607,727
<b>Total underwriting provisions</b>		<u>3,490,653,187</u>	<u>3,968,424,402</u>
<b>Deferred liability - employee benefits</b>		131,181,688	120,868,000
<b>Long term deposits</b>		18,090,874	18,574,022
<b>Creditors and accruals</b>			
Amount due to other persons and bodies			
carrying on insurance business	5	575,372,600	1,271,081,957
Premium and claim reserves retained			
from retrocessionaires		39,226,408	44,558,376
Other creditors and accruals		55,397,290	48,902,700
Accrued expenses		4,596,212	4,820,925
Taxation - net		64,092,876	90,394,980
Retention money payable		6,415,433	6,415,433
		<u>745,100,819</u>	<u>1,466,174,371</u>
<b>Other liabilities</b>			
Dividend payable		462,200,381	11,706,756
Surplus profit payable		1,212,602	1,212,602
		<u>463,412,983</u>	<u>12,919,358</u>
<b>Total liabilities</b>		<u>4,848,439,551</u>	<u>5,586,960,153</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>10,647,455,649</u>	<u>12,372,615,413</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Balance Sheet**  
**As at June 30, 2010**

	Note	2010 Unaudited Rupees	2009 Audited Rupees
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents		69,110	65,470
Current and other accounts		1,727,314,784	1,231,881,356
Deposits maturing within 12 months		-	601,700,000
		<b>1,727,383,894</b>	<b>1,833,646,826</b>
<b>Loans to employees</b>		<b>48,854,425</b>	<b>53,667,662</b>
<b>Investments</b>	7	<b>4,978,547,456</b>	<b>5,481,883,357</b>
<b>Investment properties</b>	8	<b>43,659,563</b>	<b>44,947,601</b>
<b>Deferred taxation</b>		<b>150,889,654</b>	<b>150,889,654</b>
<b>Current assets - others</b>			
Amount due from other persons and bodies carrying on insurance business	9	1,446,554,779	2,009,718,017
Premium and claim reserves retained by cedants		75,173,792	44,891,953
Accrued investment income		72,319,546	66,017,556
Sundry receivables		312,189,587	265,724,006
Prepayments		1,365,494,789	2,070,607,461
Deferred commission expense		378,350,340	301,608,849
Stock of stationery		455,168	347,320
		<b>3,650,538,001</b>	<b>4,758,915,162</b>
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and building		19,352,715	19,843,204
Electrical installations, airconditioning plant and lifts		3,715,701	2,676,111
Furniture, fixture, books and office equipment		14,021,288	14,487,000
Motor vehicles		10,492,952	11,658,836
		<b>47,582,656</b>	<b>48,665,151</b>
Assets relating to Bangladesh		-	-
<b>TOTAL ASSETS</b>		<b>10,647,455,649</b>	<b>12,372,615,413</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

Pakistan Reinsurance Company Limited  
Condensed Interim Profit and Loss Account  
For the period of three months ended June 30, 2010

		Three months period ended June 30,							2010	2009
		Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Aggregate	Aggregate
<b>Revenue account</b>	Note	-----Rupees-----								
Net premium revenue		88,189,205	5,487,898	7,073,183	33,219,494	41,501,336	53,938,908	469,949,101	<b>699,359,125</b>	523,824,308
Less:										-
Net claims		14,915,164	1,940,449	(102,761)	1,455,263	773,747	(17,073,481)	379,166,799	<b>381,075,180</b>	202,093,609
Expenses		2,081,208	1,423,457	410,523	1,207,335	1,513,455	1,204,867	99,024,099	<b>106,864,944</b>	104,959,644
Net commission		17,186,756	1,215,933	1,208,128	5,459,682	(16,534)	(2,382,560)	138,309,261	<b>160,980,666</b>	133,579,243
<b>Underwriting results</b>		<b>54,006,077</b>	<b>908,059</b>	<b>5,557,293</b>	<b>25,097,214</b>	<b>39,230,668</b>	<b>72,190,082</b>	<b>(146,551,058)</b>	<b>50,438,335</b>	83,191,812
Investment income-net									<b>99,435,827</b>	137,625,047
Rental income-net									<b>15,079,864</b>	13,272,290
Exchange gain / (loss)									<b>11,722,800</b>	9,976,315
Other income									<b>188,882</b>	4,459,865
General and administration expenses									<b>(12,335,393)</b>	(11,888,954)
Impairment on investments - written off									<b>(516,912,816)</b>	(565,503,667)
									<b>(402,820,836)</b>	(412,059,104)
<b>Loss before tax</b>									<b>(352,382,501)</b>	(328,867,292)
<b>Income tax expense</b>										
- Current									<b>(69,830,944)</b>	(65,789,898)
- Deferred									<b>-</b>	-
									<b>(69,830,944)</b>	(65,789,898)
<b>Loss after tax</b>									<b>(422,213,445)</b>	(263,077,394)
<b>Profit and loss appropriation account</b>										
<b>Balance at the commencement of period</b>									<b>2,062,810,458</b>	1,796,128,355
Loss after tax for the three month period									<b>(422,213,445)</b>	(263,077,394)
Final cash dividend for the year 2009 Rs. 3.00 @ 30% (2008: Rs. 2.50) per share									<b>(900,000,000)</b>	(750,000,000)
<b>Balance of unappropriated profit at the end of period</b>									<b>740,597,013</b>	783,050,961
<b>Loss per share - basic and diluted</b>	13								<b>(1.41)</b>	(0.88)

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director



Pakistan Reinsurance Company Limited  
Condensed Interim Profit and Loss Account  
For the period of six months ended June 30, 2010

		Six months period ended June 30,							2010	2009
		Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Aggregate	Aggregate
		-----Rupees-----								
<b>Revenue account</b>	Note									
Net premium revenue		174,882,480	10,219,850	14,523,779	60,778,314	82,199,538	105,700,391	901,835,441	<b>1,350,139,793</b>	1,009,515,136
Less:										
Net claims		31,913,277	3,122,838	738,179	12,902,742	1,075,335	(885,483)	689,673,700	<b>738,540,588</b>	430,845,350
Expenses		3,999,062	3,067,466	817,446	2,409,606	3,025,544	2,722,750	141,694,547	<b>157,736,421</b>	146,580,612
Net commission		34,813,607	2,299,901	2,469,401	10,107,135	(123,699)	(4,477,500)	264,143,439	<b>309,232,284</b>	263,695,077
<b>Underwriting results</b>		<b>104,156,534</b>	<b>1,729,645</b>	<b>10,498,753</b>	<b>35,358,831</b>	<b>78,222,358</b>	<b>108,340,624</b>	<b>(193,676,245)</b>	<b>144,630,500</b>	168,394,097
Investment income-net									<b>263,440,692</b>	255,779,402
Rental income-net									<b>28,908,298</b>	26,801,877
Exchange gain / (loss)									<b>16,904,125</b>	21,859,072
Other income									<b>659,285</b>	5,286,001
General and administration expenses									<b>(17,518,547)</b>	(16,491,082)
Impairment on investments - written off									<b>(516,912,816)</b>	(1,127,973,579)
									<b>(224,518,963)</b>	(834,738,309)
<b>Loss before tax</b>									<b>(79,888,463)</b>	(666,344,212)
<b>Income tax expense</b>										
- Current									<b>(6,750,699)</b>	(7,930,132)
- Deferred									<b>-</b>	-
									<b>(6,750,699)</b>	(7,930,132)
<b>Loss after tax</b>									<b>(86,639,162)</b>	(674,274,344)
<b>Profit and loss appropriation account</b>										
<b>Balance at the commencement of period</b>									<b>1,727,236,175</b>	2,207,325,305
Loss after tax for the six month period									<b>(86,639,162)</b>	(674,274,344)
Final cash dividend for the year 2009 Rs. 3.00 @ 30% (2008: Rs. 2.50) per share									<b>(900,000,000)</b>	(750,000,000)
<b>Balance of unappropriated profit at the end of period</b>									<b>740,597,013</b>	783,050,961
<b>Loss per share - basic and diluted</b>	13								<b>(0.29)</b>	(2.25)

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Comprehensive Income**  
**For the period of three months and six months ended June 30, 2010**

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>Rupees</b>	Rupees	<b>Rupees</b>	Rupees
Loss for the period	(422,213,445)	(263,077,394)	(86,639,162)	(674,274,344)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(422,213,445)</u></b>	<b><u>(263,077,394)</u></b>	<b><u>(86,639,162)</u></b>	<b><u>(674,274,344)</u></b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director



Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Changes in Equity  
For the period of six months ended June 30, 2010

	Share capital	Reserves			Total	
	Issued subscribed and paid-up	Capital reserve	Revenue reserves			
		Reserve for exceptional losses	General reserve	Retained earnings		Total reserves
-----Rupees-----						
<b>Balance as at December 31, 2008</b>	3,000,000,000	281,000,000	1,777,419,085	2,207,325,305	3,984,744,390	7,265,744,390
Total comprehensive loss for the six months period	-	-	-	(674,274,344)	(674,274,344)	(674,274,344)
<b>Transactions with owners</b>						
Final cash dividend paid 2008 Rs. 2.50 (2007: Nil) per share	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
<b>Balance as at June 30, 2009</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>1,777,419,085</b>	<b>783,050,961</b>	<b>2,560,470,046</b>	<b>5,841,470,046</b>
<b>Balance as at December 31, 2009</b>	3,000,000,000	281,000,000	1,777,419,085	1,727,236,175	3,504,655,260	6,785,655,260
Total comprehensive loss for the six months period	-	-	-	(86,639,162)	(86,639,162)	(86,639,162)
<b>Transactions with owners</b>						
Final cash dividend paid 2009 Rs. 3.00 (2008: Rs. 2.50) per share	-	-	-	(900,000,000)	(900,000,000)	(900,000,000)
<b>Balance as at June 30, 2010</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>1,777,419,085</b>	<b>740,597,013</b>	<b>2,518,016,098</b>	<b>5,799,016,098</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows**  
**For the period of six months ended June 30, 2010**

	<b>Six month ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premium received	3,094,224,877	2,458,814,625
Reinsurance premium paid	(1,709,105,208)	(1,402,031,047)
Claims paid	(849,627,762)	(1,116,456,979)
Reinsurance and other recoveries received	179,834,363	534,112,242
Commission paid	(430,534,151)	(331,910,344)
Commission received	52,532,774	40,986,037
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	(35,613,806)	820,794
Expenses paid	(157,736,421)	(146,580,612)
Net cash inflows from underwriting activities	143,974,666	37,754,716
<b>Other operating activities</b>		
Income tax paid	(33,052,803)	(36,137,943)
General administration expenses paid	(17,518,547)	(16,491,082)
Decrease in loan to employees	4,813,237	5,405,564
Other receipts / (payments)- sundry debtors	-	12,878,687
Other payments - staff contribution	(30,473,014)	-
Net cash (outflow) from other operating activities	(76,231,127)	(34,344,774)
<b>Total cash inflow from all operating activities</b>	<b>67,743,539</b>	<b>3,409,942</b>
<b>Investment activities</b>		
Fixed capital expenditure	(2,296,707)	(8,527,941)
Acquisition of investments	(3,555,772,030)	(2,256,433,458)
Rental income received - net of expenses	36,351,814	28,033,089
Dividend income received	58,082,616	53,328,090
Interest income on bank deposits	45,458,208	115,251,959
Investment income received - net of expenses	131,311,518	43,069,220
Sale proceeds of investments	3,562,364,485	871,002,848
<b>Total cash inflow / (outflow) from investment activities</b>	<b>275,499,904</b>	<b>(1,154,276,193)</b>
<b>Financing activities</b>		
Dividend paid	(449,506,375)	(48,528,437)
<b>Total cash (outflow) from financing activities</b>	<b>(449,506,375)</b>	<b>(48,528,437)</b>
<b>Net cash (outflow) from all activities</b>	<b>(106,262,932)</b>	<b>(1,199,394,688)</b>
Cash and cash equivalents at beginning of the period	1,833,646,826	2,836,631,584
<b>Cash and cash equivalents at end of the period</b>	<b>1,727,383,894</b>	<b>1,637,236,896</b>

Chief Financial Officer

Chief Executive

Director

Director



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows**  
**For the period of six months ended June 30, 2010**

	<b>Six month ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Reconciliation to profit and loss account</b>	<b>Rupees</b>	<b>Rupees</b>
Operating cash flows	67,743,539	3,409,942
Depreciation expense	(4,706,903)	4,240,431
Exchange gain	16,904,125	(21,859,072)
Reversal of provisions	659,285	(3,696,530)
Rental income	28,905,848	(28,033,089)
Pension officers expenses	(52,240,272)	9,870,000
Pension staff expenses	72,249,081	16,780,000
Medical expenses	(29,379,694)	14,996,000
Gratuity expenses	(49,000)	20,000
Compensated absences	(8,205,266)	3,390,000
Provision for outstanding claims	(54,522,044)	151,499,387
Provision for unearned premium	554,490,802	422,557,697
Prepaid reinsurance premium ceded	705,112,672	(564,732,239)
Provision for employee benefits	4,358,330	(14,033,447)
Dividend income	53,475,333	(49,360,384)
Investment income	144,411,086	(79,086,764)
Interest income	40,723,981	(115,251,959)
Amortization of premium	328,964	2,587,554
Gain on sale of investment	21,470,786	(16,096,670)
Increase in operating assets other than cash	(1,830,174,099)	389,856,786
(Increase) / Decrease in operating liabilities	738,520,602	370,709,667
	<b>470,077,156</b>	<b>497,767,310</b>
Other adjustments		
Provision for impairment in value of investment	(516,912,816)	(1,127,973,579)
Income tax paid	(33,052,803)	(36,137,943)
	<b>(549,965,619)</b>	<b>(1,164,111,522)</b>
Loss before taxation	(79,888,463)	(666,344,212)
Provision for taxation	(6,750,699)	(7,930,132)
Loss after taxation	<b>(86,639,162)</b>	<b>(674,274,344)</b>

**Definition of cash**

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

Cash for the purpose of the statement of cash flow consist of:

**Cash and cash equivalents**

Cash and other equivalents	69,110	53,423
Current and other accounts	1,727,314,784	1,535,483,473
Deposit maturing within 12 months	-	101,700,000
	<b>1,727,383,894</b>	<b>1,637,236,896</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

**Chief Financial Officer**

**Chief Executive**

**Director**

**Director**

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Premiums  
For the period of three months ended June 30, 2010

Class	Three months period ended June 30,									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2010 (I=D-H)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	39,484,875	451,156,322	304,166,004	186,475,193	(882,299)	262,170,045	163,001,758	98,285,988	<b>88,189,205</b>	90,187,489
Marine cargo	7,664,717	1,655,539	3,832,358	5,487,898	-	-	-	-	<b>5,487,898</b>	3,662,964
Marine hull	8,313,540	13,846,242	15,086,599	7,073,183	-	-	-	-	<b>7,073,183</b>	10,044,374
Accident	10,319,076	88,182,870	65,282,452	33,219,494	-	-	-	-	<b>33,219,494</b>	11,199,094
Aviation	19,579,032	980,788,249	582,453,092	417,914,189	8,978,213	883,817,290	516,382,650	376,412,853	<b>41,501,336</b>	21,953,435
Engineering	126,639,248	718,943,887	545,239,795	300,343,340	78,163,645	610,469,077	442,228,290	246,404,432	<b>53,938,908</b>	52,854,366
<b>Total</b>	<b>212,000,488</b>	<b>2,254,573,109</b>	<b>1,516,060,300</b>	<b>950,513,297</b>	<b>86,259,559</b>	<b>1,756,456,412</b>	<b>1,121,612,698</b>	<b>721,103,273</b>	<b>229,410,024</b>	<b>189,901,722</b>
Treaty	736,533,353	1,168,006,803	1,276,711,916	627,828,240	94,458,532	304,494,871	241,074,264	157,879,139	<b>469,949,101</b>	333,922,586
<b>Grand total</b>	<b>948,533,841</b>	<b>3,422,579,912</b>	<b>2,792,772,216</b>	<b>1,578,341,537</b>	<b>180,718,091</b>	<b>2,060,951,283</b>	<b>1,362,686,962</b>	<b>878,982,412</b>	<b>699,359,125</b>	<b>523,824,308</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Premiums  
For the period of six months ended June 30, 2010

Class	Six months period ended June 30,									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2010 (I=D-H)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	333,533,880	342,691,806	304,166,004	372,059,682	204,148,787	156,030,173	163,001,758	197,177,202	<b>174,882,480</b>	180,445,776
Marine cargo	10,975,794	3,076,414	3,832,358	10,219,850	-	-	-	-	<b>10,219,850</b>	10,359,679
Marine hull	12,892,849	16,717,529	15,086,599	14,523,779	-	-	-	-	<b>14,523,779</b>	20,266,294
Accident	62,828,478	63,232,288	65,282,452	60,778,314	-	-	-	-	<b>60,778,314</b>	21,958,252
Aviation	31,499,008	1,389,037,721	582,453,092	838,083,637	16,366,211	1,255,900,538	516,382,650	755,884,099	<b>82,199,538</b>	43,586,290
Engineering	546,492,349	573,254,971	545,239,795	574,507,525	474,410,671	436,624,753	442,228,290	468,807,134	<b>105,700,391</b>	101,964,724
<b>Total</b>	<b>998,222,358</b>	<b>2,388,010,729</b>	<b>1,516,060,300</b>	<b>1,870,172,787</b>	<b>694,925,669</b>	<b>1,848,555,464</b>	<b>1,121,612,698</b>	<b>1,421,868,435</b>	<b>448,304,352</b>	<b>378,581,015</b>
Treaty	1,532,839,281	959,252,289	1,276,711,916	1,215,379,654	335,374,307	219,244,170	241,074,264	313,544,213	<b>901,835,441</b>	630,934,121
<b>Grand total</b>	<b>2,531,061,639</b>	<b>3,347,263,018</b>	<b>2,792,772,216</b>	<b>3,085,552,441</b>	<b>1,030,299,976</b>	<b>2,067,799,634</b>	<b>1,362,686,962</b>	<b>1,735,412,648</b>	<b>1,350,139,793</b>	<b>1,009,515,136</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director



Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Claims  
For the period of three months ended June 30, 2010

Class	Three months period ended June 30,									
	Claims paid (A)	Provision for outstanding claims		Claims expenses (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)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2010 (I=D-H)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	17,486,855	224,096,097	221,524,406	14,915,164	-	68,968,099	68,968,099	-	<b>14,915,164</b>	137,848,856
Marine cargo	3,088,544	6,895,271	5,747,176	1,940,449	-	-	-	-	<b>1,940,449</b>	4,084,453
Marine hull	112,752	12,532,735	12,317,222	(102,761)	-	-	-	-	<b>(102,761)</b>	729,733
Accident	2,689,100	13,954,379	12,720,542	1,455,263	-	-	-	-	<b>1,455,263</b>	(2,452,723)
Aviation	17,427,388	67,028,057	68,126,357	18,525,688	16,693,721	64,582,000	65,640,220	17,751,941	<b>773,747</b>	(86,660)
Engineering	2,007,854	44,134,046	25,052,711	(17,073,481)	-	-	-	-	<b>(17,073,481)</b>	6,175,269
<b>Total</b>	<b>42,812,493</b>	<b>368,640,585</b>	<b>345,488,414</b>	<b>19,660,322</b>	<b>16,693,721</b>	<b>133,550,099</b>	<b>134,608,319</b>	<b>17,751,941</b>	<b>1,908,381</b>	<b>146,298,928</b>
Treaty	389,698,048	980,633,340	892,820,772	301,885,480	86,710,384	607,439,724	443,448,021	(77,281,319)	<b>379,166,799</b>	55,794,681
<b>Grand total</b>	<b>432,510,541</b>	<b>1,349,273,925</b>	<b>1,238,309,186</b>	<b>321,545,802</b>	<b>103,404,105</b>	<b>740,989,823</b>	<b>578,056,340</b>	<b>(59,529,378)</b>	<b>381,075,180</b>	<b>202,093,609</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Claims  
For the period of six months ended June 30, 2010

Class	Six months period ended June 30,									
	Claims paid (A)	Provision for outstanding claims		Claims expenses (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)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2010 (I=D-H)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	29,451,617	219,062,746	221,524,406	31,913,277	-	68,968,099	68,968,099	-	<b>31,913,277</b>	64,324,271
Marine cargo	6,831,890	9,456,228	5,747,176	3,122,838	-	-	-	-	<b>3,122,838</b>	761,684
Marine hull	423,122	12,002,165	12,317,222	738,179	-	-	-	-	<b>738,179</b>	(56,934)
Accident	2,766,582	2,584,382	12,720,542	12,902,742	-	-	-	-	<b>12,902,742</b>	(652,177)
Aviation	21,027,580	65,844,331	68,126,357	23,309,606	20,043,369	63,449,318	65,640,220	22,234,271	<b>1,075,335</b>	2,736,454
Engineering	91,296,578	44,808,296	25,052,711	71,540,993	72,426,476	-	-	72,426,476	<b>(885,483)</b>	10,718,864
<b>Total</b>	<b>151,797,369</b>	<b>353,758,148</b>	<b>345,488,414</b>	<b>143,527,635</b>	<b>92,469,845</b>	<b>132,417,417</b>	<b>134,608,319</b>	<b>94,660,747</b>	<b>48,866,888</b>	<b>77,832,162</b>
Treaty	697,830,393	981,138,554	892,820,772	609,512,611	87,364,518	610,973,628	443,448,021	(80,161,089)	<b>689,673,700</b>	353,013,188
<b>Grand total</b>	<b>849,627,762</b>	<b>1,334,896,702</b>	<b>1,238,309,186</b>	<b>753,040,246</b>	<b>179,834,363</b>	<b>743,391,045</b>	<b>578,056,340</b>	<b>14,499,658</b>	<b>738,540,588</b>	<b>430,845,350</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Expenses  
For the period of three months ended June 30, 2010

Class	Three months period ended June 30,											
	Commission paid or payable (A)	Deferred Commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2010 (K=F-J)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----											
<b>Facultative</b>												
Fire	10,342,483	55,898,718	41,306,839	24,934,362	2,081,208	27,015,570	(66,173)	23,161,547	15,347,768	7,747,606	<b>19,267,964</b>	21,516,911
Marine cargo	1,702,053	364,907	851,027	1,215,933	1,423,457	2,639,390	-	-	-	-	<b>2,639,390</b>	2,040,408
Marine hull	1,402,089	2,365,732	2,559,693	1,208,128	410,523	1,618,651	-	-	-	-	<b>1,618,651</b>	1,992,868
Accident	1,377,763	14,454,440	10,372,521	5,459,682	1,207,335	6,667,017	-	-	-	-	<b>6,667,017</b>	2,661,374
Aviation	952,874	1,860,860	1,925,569	888,165	1,513,455	2,401,620	1,067,496	1,737,551	1,900,348	904,699	<b>1,496,921</b>	1,083,690
Engineering	6,604,059	27,175,013	22,859,574	10,919,498	1,204,867	12,124,365	4,505,821	32,719,755	23,923,518	13,302,058	<b>(1,177,693)</b>	3,015,025
<b>Total</b>	<b>22,381,321</b>	<b>102,119,670</b>	<b>79,875,223</b>	<b>44,625,768</b>	<b>7,840,845</b>	<b>52,466,613</b>	<b>5,507,144</b>	<b>57,618,853</b>	<b>41,171,634</b>	<b>21,954,363</b>	<b>30,512,250</b>	<b>32,310,276</b>
Treaty	177,937,826	259,891,913	298,475,117	139,354,622	99,024,099	238,378,721	1,888,309	565,543	1,408,491	1,045,361	<b>237,333,360</b>	206,228,611
<b>Grand total</b>	<b>200,319,147</b>	<b>362,011,583</b>	<b>378,350,340</b>	<b>183,980,390</b>	<b>106,864,944</b>	<b>290,845,334</b>	<b>7,395,453</b>	<b>58,184,396</b>	<b>42,580,125</b>	<b>22,999,724</b>	<b>267,845,610</b>	<b>238,538,887</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director



Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Expenses  
For the period of six months ended June 30, 2010

Class	Six months period ended June 30,											
	Commission paid or payable (A)	Deferred Commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2010 (K=F-J)	2009
<b>Business underwritten inside Pakistan</b>	-----Rupees-----											
<b>Facultative</b>												
Fire	41,303,771	49,285,979	41,306,839	49,282,911	3,999,062	53,281,973	21,181,812	8,635,260	15,347,768	14,469,304	<b>38,812,669</b>	43,127,155
Marine cargo	2,431,867	719,061	851,027	2,299,901	3,067,466	5,367,367	-	-	-	-	<b>5,367,367</b>	4,195,596
Marine hull	2,176,496	2,852,598	2,559,693	2,469,401	817,446	3,286,847	-	-	-	-	<b>3,286,847</b>	4,028,780
Accident	9,110,295	11,369,361	10,372,521	10,107,135	2,409,606	12,516,741	-	-	-	-	<b>12,516,741</b>	5,284,065
Aviation	2,105,295	1,568,870	1,925,569	1,748,596	3,025,544	4,774,140	2,330,532	1,442,111	1,900,348	1,872,295	<b>2,901,845</b>	1,853,085
Engineering	23,764,741	20,395,720	22,859,574	21,300,887	2,722,750	24,023,637	25,656,056	24,045,849	23,923,518	25,778,387	<b>(1,754,750)</b>	5,829,034
<b>Total</b>	<b>80,892,465</b>	<b>86,191,589</b>	<b>79,875,223</b>	<b>87,208,831</b>	<b>16,041,874</b>	<b>103,250,705</b>	<b>49,168,400</b>	<b>34,123,220</b>	<b>41,171,634</b>	<b>42,119,986</b>	<b>61,130,719</b>	<b>64,317,715</b>
Treaty	349,641,686	215,417,260	298,475,117	266,583,829	141,694,547	408,278,376	3,364,374	484,507	1,408,491	2,440,390	<b>405,837,986</b>	345,957,974
<b>Grand total</b>	<b>430,534,151</b>	<b>301,608,849</b>	<b>378,350,340</b>	<b>353,792,660</b>	<b>157,736,421</b>	<b>511,529,081</b>	<b>52,532,774</b>	<b>34,607,727</b>	<b>42,580,125</b>	<b>44,560,376</b>	<b>466,968,705</b>	<b>410,275,689</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Investment Income**  
**For the period of three months and six months ended June 30, 2010**

	Three months ended June 30,		Six months ended June 30,	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
<b>Income from trading investments</b>				
Held-for-trading	46,356	-	19,993,030	-
Available-for-sale	1,123,427	16,096,290	1,477,756	16,096,670
Dividend income	2,988,638	41,297,780	53,475,333	49,360,384
	<b>4,158,421</b>	<b>57,394,070</b>	<b>74,946,119</b>	<b>65,457,054</b>
<b>Income from non-trading investments</b>				
<i>Held-to-maturity</i>				
Return on Government Securities	41,486,207	36,367,170	76,181,581	58,655,680
Return on other fixed income securities and deposits	19,806,460	25,501,258	45,458,208	115,251,959
Income on treasury bills	35,408,922	20,283,108	70,152,532	20,431,084
Amortization of premium on Pakistan Investment Bond	635,971	(1,237,682)	328,964	(2,587,554)
	<b>97,337,560</b>	<b>80,913,854</b>	<b>192,121,285</b>	<b>191,751,169</b>
<b>Gain / (loss) on revaluation of investments</b>				
Held-for-trading	(1,096,957)	-	(1,703,685)	-
Available-for-sale	-	-	-	-
	<b>(1,096,957)</b>	<b>-</b>	<b>(1,703,685)</b>	<b>-</b>
<b>Provision for impairment in value of investments</b>				
Available-for-sale	-	-	-	-
Held-for-trading	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less: Investment related expenses</b>	<b>(963,197)</b>	<b>(682,877)</b>	<b>(1,923,027)</b>	<b>(1,428,821)</b>
<b>Net investment income</b>	<b>99,435,827</b>	<b>137,625,047</b>	<b>263,440,692</b>	<b>255,779,402</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chief Executive

Director

Director

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six month ended June 30, 2010**

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**1 STATUS AND NATURE OF BUSINESS**

Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan on March 30, 2000 as public limited company under the Companies Ordinance, 1984. The company's registered office is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. Its shares are quoted on Karachi and Lahore Stock Exchanges. The object of the Company is the development of insurance and reinsurance business in Pakistan and to carry on reinsurance business.

With effect from February 15, 2001, the Company took over all the assets and liabilities of former Pakistan Insurance Corporation (PIC) vide SRO No.98(1)/2000 dated February 14, 2001 of the Ministry of Commerce issued in terms of Pakistan Insurance Corporation (Re-organization) Ordinance, 2000 to provide for conversion of Pakistan Insurance Corporation into Pakistan Reinsurance Company Limited which was established in 1952 as Pakistan Insurance Corporation (PIC) under PIC Act 1952. Accordingly, PIC has been dissolved and ceased to exist and the operations and undertakings of PIC are being carried out by the Company.

**2 BASIS OF PREPARATION**

This condensed interim financial information has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost and investment 'at fair value through profit or loss – held for trading investments' are stated at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

**2.1 Statement of compliance**

This condensed interim financial information of the Company for the six months period ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

The condensed financial information is unaudited but have been reviewed by the external auditors of the Company.

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six month ended June 30, 2010**

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**3 USE OF ESTIMATES AND JUDGMENTS**

The preparation of condensed financial information in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimate about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2009.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of this condensed interim financial information were the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2009.

	Note	2010 Rupees	2009 Rupees
<b>5 AMOUNT DUE TO OTHER PERSONS AND BODIES CARRYING ON INSURANCE BUSINESS</b>			
Amount due to other persons and bodies carrying on insurance business	6.1	<u>575,372,600</u>	<u>1,271,081,957</u>

**6 CONTINGENCIES AND COMMITMENTS**

**6.1** The Company is in process of reconciling balances of amount due to (refer note 5) and due from other persons and bodies carrying on insurance business (refer note 9) and have identified reconciling items of Rs. 642.013 million in respect of balances outstanding as on December 31, 2009. These reconciling items have not yet been agreed and settled with the other insurance companies. Further, the Company is in the process of getting confirmations and reconciling these balances with various other insurance companies for the balances outstanding as at June 30, 2010. Out of these reconciling items differences amounting to Rs. 450 million has not yet been agreed and settled with the other insurance companies. Consequently, the impact of possible adjustments of these balances on balance sheet and profit and loss account could not presently be quantified.



**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six month ended June 30, 2010**

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- 6.2** The Company has reversed certain claims lodged by insurance companies estimated at Rs. 29.950 million due to the reason that appropriate documentation for substantiating these claims was not provided by the ceding companies.

There is a possibility that the Company may become liable to pay this amount in case if ceding companies ultimately manage to provide the relevant supporting documents. However, these include a claim of Rs. 6.36 million against which the Company had also made a counter claim of Rs. 20.72 million.

- 6.3** The Company has certain disputes with National Construction Company Limited (NCC) and other consultant / contractors, over the certification of final bills and breach of contract in relation to the construction of PRC Tower.

NCC has filed a counter claim of Rs. 133.6 million against the Company for financial loss and loss of goodwill against the original claim filed by the Company against NCC amounting to Rs. 105.9 million for breach of contract for the construction of PRC Towers. In relation to the dispute with the consultants / contractors the total work as certified by company's consultants amounted to Rs. 200.76 million against the total contract price of Rs. 208.94 million and the asset capitalized amounted to Rs. 191.92 million only.

The Company has not made any provision against these claims, as it does not anticipate any liability in respect of these claims.

**6.4 Case related to Export Credits Guarantee Scheme**

Decrees have been awarded against the Company in a case amounting to Rs. 30.52 (December 31, 2009: Rs. 30.52) million, pertaining to the export credit guarantees issued by Export Credits Guarantee Scheme (ECGS). The management is of the view that the said matter relates to ECGS and the Company has no responsibility for any liability in this respect. It further, contends that no liability will arise for the ECGS from such cases. The Scheme has been abolished by the Federal Government and also, the accounts relevant to the Scheme have been transferred by the Company.

- 6.5** The company is a defendant in a case filed by Commercial Union for a claim of Rs. 50 million. Pending the ultimate outcome of the decision, no provision has been made in the condensed interim financial information.

- 6.6** The company has disputed the unilateral increase in rentals of one of its lease hold land being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged as debt in this regard as at December 31, 2009 amounted to Rs. 1.721 million.

Currently, stay is operating in favor of PRCL and matter is pending before the court of III Senior Judge Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity.

- 6.7** There is no commitment as on the balance sheet date.

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six month ended June 30, 2010**

	2010 Rupees	2009 Rupees
<b>7 INVESTMENTS</b>		
<b>Available-for-sale</b>		
Ordinary shares - listed	1,022,353,388	1,024,810,579
National Investment Trust Units	1,438,735,753	1,954,181,343
Ordinary shares - unlisted	617,613	617,613
	<u>2,461,706,754</u>	<u>2,979,609,535</u>
<b>Held-to-maturity</b>		
Defence Saving Certificates	-	157,654,953
Pakistan Investment Bonds	1,429,793,832	988,840,566
Treasury Bills (1 year)	956,409,216	1,112,568,013
	<u>2,386,203,048</u>	<u>2,259,063,532</u>
<b>Held-for-trading</b>		
Ordinary shares - listed	130,637,654	243,210,290
	<u>4,978,547,456</u>	<u>5,481,883,357</u>

The available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard 39 dealing with the recognition and measurements of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on June 30, 2010 would have been higher by Rs. 781.826 (December 31, 2009: higher by Rs. 756) million, and the net equity would have been higher by Rs. 781.826 (December 31, 2009: higher by Rs. 756) million.

**8 INVESTMENT PROPERTIES**

The market value of investment properties is Rs. 854.94 million, as per valuation carried out by an independent valuer in 2009.

**9 AMOUNT DUE FROM OTHER PERSONS AND BODIES CARRYING ON INSURANCE BUSINESS**

	2010 Rupees	2009 Rupees
Amount due from other persons and bodies carrying on insurance business	1,832,554,779	2,395,718,017
Provision for doubtful balances	(386,000,000)	(386,000,000)
	<u>1,446,554,779</u>	<u>2,009,718,017</u>

**9.1** This includes Rs. 476.451 (December 31, 2009: Rs. 1,165.558 ) million due from related parties.

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six month ended June 30, 2010**

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**10 ADDITIONS AND DELETIONS IN FIXED ASSETS**

Details of the cost of fixed assets that have been acquired / disposed off are as follows:

	<b>Additions</b>	<b>Disposals</b>
	Rupees	Rupees
- Electrical installations, air conditioning plant and lifts	1,407,840	-
- Furniture, fixture, books and office equipments	888,867	18,720
	<u>2,296,707</u>	<u>18,720</u>

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six months ended June 30, 2010**

**11 SEGMENT REPORTING**

Following are the segment assets, liabilities, revenue and expenses of the Company:

(a) Segment by class of business	2010							Total	
	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty		
	-----Rupees in '000-----								
Net premium	174,882	10,220	14,524	60,778	82,200	105,700	901,835	1,350,139	
Net claims	31,913	3,123	738	12,903	1,075	(885)	689,674	738,541	
Management expenses	3,999	3,067	817	2,410	3,026	2,723	141,695	157,737	
Net commission	34,814	2,300	2,469	10,107	(124)	(4,478)	264,143	309,231	
Underwriting result	104,156	1,730	10,500	35,358	78,223	108,340	(193,677)	144,630	
Segment assets									
Prepaid reinsurance ceded	163,002	-	-	-	516,383	442,228	241,074	1,362,687	
Deferred commission expense	41,307	851	2,560	10,373	1,926	22,860	298,475	378,352	
	205,315	719	2,853	11,369	1,257,470	457,020	434,661	2,369,407	
Unallocated corporate assets								8,278,049	
Total assets								10,647,456	
Segment liabilities									
Provision for unearned premium	304,166	3,832	15,087	65,282	582,453	545,240	1,276,712	2,792,772	
Commission income unearned	15,348	-	-	-	1,900	23,924	1,408	42,580	
Provision for outstanding claims	152,556	5,747	12,317	12,721	2,486	25,053	444,421	655,301	
								3,490,653	
Un-allocated corporate liabilities								1,357,787	
Total liabilities								4,848,440	
		2009							
(a) Segment by class of business	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty Compulsory	Total	
-----Rupees in '000-----									
Net premium	180,446	10,360	20,266	21,958	43,586	101,965	630,934	1,009,515	
Net claims	64,324	762	(57)	(652)	2,736	10,719	353,013	430,845	
Management expenses	2,855	2,105	814	2,384	2,375	2,114	133,933	146,580	
Net commission	40,272	2,091	3,215	2,900	(522)	3,715	212,025	263,696	
Underwriting result	287,897	15,318	24,238	26,590	48,175	118,513	1,329,905	1,850,636	
Segment assets									
Prepaid reinsurance ceded	156,030	-	-	-	1,255,901	436,624	219,244	2,067,799	
Deferred commission expense	49,285	719	2,853	11,369	1,569	20,396	215,417	301,608	
	205,315	719	2,853	11,369	1,257,470	457,020	434,661	2,369,407	
Unallocated corporate assets								10,003,208	
Total assets								12,372,615	
Segment liabilities									
Provision for unearned premium	342,692	3,076	16,718	63,232	1,389,038	573,255	959,252	3,347,263	
Commission income unearned	8,635	-	-	-	1,442	24,046	485	34,608	
Provision for outstanding claims	150,095	9,456	12,002	2,584	2,395	44,808	365,213	586,553	
	501,422	12,532	28,720	65,816	1,392,875	642,109	1,324,950	3,968,424	
Un-allocated corporate liabilities								1,618,536	
Total liabilities								5,586,960	

**(b) Geographical segment**

Although the operations of the company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	2010		2009	
	Lahore	Karachi	Lahore	Karachi
	-----Rupees in '000-----			
Revenue - net premium	343,671	1,006,468	152,736	856,779
Total assets	597	10,646,859	616	12,371,999
Total liabilities	104,441	4,743,999	143,344	5,443,616

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six months ended June 30, 2010**

**12 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise companies under common directorship, staff retirement benefit funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning	151,305,319	84,311,886	128,066,353	54,756,798
Insurance premium written during the year	121,211,596	112,631,668	255,972,345	231,423,521
Premium received	(126,520,632)	(86,581,545)	(238,042,415)	(175,818,310)
Balance at the end	145,996,283	110,362,009	145,996,283	110,362,009
Insurance commission paid	15,531,701	51,185,907	39,902,919	(37,822,515)
Insurance claims paid	103,764,756	(65,774,158)	165,181,202	(136,213,470)
Premium (paid) / claims received - net	6,323	(2,067,710)	6,323	(2,067,710)
Insurance commission received	2,278	(892)	2,278	(1,050)
Insurance claims received	41,819	91,736	39,115	284,130
Dividend income	-	-	7,920,000	-
Rent income	-	5,777,368	-	11,554,736

The transactions with related parties are in the normal course of business at contracted rates and terms determined on commercial terms.

Profit oriented state-controlled entities - various	Three month period ended June 30,		Six month period ended June 30,	
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning	831,055,127	145,508,879	1,037,492,391	924,893,607
Insurance premium written during the year	128,559,971	259,145,634	719,401,530	586,693,849
Premium received	(629,159,418)	(703,230,311)	(1,426,438,241)	(1,810,163,254)
Balance at the end	330,455,680	(298,575,798)	330,455,680	(298,575,798)
Insurance claims paid	17,377,702	(296,687,768)	108,783,659	(556,421,100)
Insurance commission paid	4,391,265	(788,871,418)	23,395,110	(19,305,527)
Premium (paid) / claims received - net	-	(397,389,125)	-	(1,234,436,836)



**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information**  
**For the period of six months ended June 30, 2010**

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**13 LOSS PER SHARE - basic and diluted**

Basic loss per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding as at the period end as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Loss after tax for the period (Rupees)	<u>(422,213,445)</u>	<u>(263,077,394)</u>	<u>(86,639,162)</u>	<u>(674,274,344)</u>
Weighted average number of ordinary shares	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Loss per share - basic (Rupees)	<u>(1.41)</u>	<u>(0.88)</u>	<u>(0.29)</u>	<u>(2.25)</u>

No diluted loss per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial information have been authorized for issue on August 31st, 2010 by the Board of Directors of the Company.

**15 GENERAL**

All figures have been rounded off to the nearest rupee unless otherwise stated.

**Chief Financial Officer**

**Chief Executive**

**Director**

**Director**