



PAKISTAN REINSURANCE COMPANY LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

**FOR THE HALF YEAR ENDED
30th JUNE, 2008**

Pakistan Reinsurance Company Limited

Condensed Interim Balance Sheet

As at 30 June 2008

	30 June 2008 (Unaudited)	31 December 2007 (Audited)		30 June 2008 (Unaudited)	31 December 2007 (Audited)
Note	(Rupees)		Note	(Rupees)	
Share capital and reserves			Cash and bank deposits		
Authorized share capital:			Cash and other equivalents	27,249	33,366
2,500,000,000 Ordinary shares of Rs. 10 each			Current and other accounts	477,589,004	719,390,353
(2007:400,000,000 Ordinary shares of Rs. 10 each)	<u>25,000,000,000</u>	<u>4,000,000,000</u>	Deposits maturing within 12 months	<u>510,988,382</u>	<u>301,700,000</u>
				<u>988,604,635</u>	<u>1,021,123,719</u>
Paid up share capital	3,000,000,000	540,000,860			
Retained earnings	<u>1,595,803,619</u>	3,768,913,622	Loans - secured and unsecured (considered good)		
Exceptional losses reserve	<u>281,000,000</u>	281,000,000	- to employees	41,570,800	44,690,616
General reserve	<u>1,777,419,085</u>	1,777,419,085	Investments	6	6,719,507,705
	<u>3,654,222,704</u>	5,827,332,707	Investment properties	7	49,288,736
	<u>6,654,222,704</u>	6,367,333,567	Deferred taxation		151,660,579
					151,660,579
Underwriting provisions			Other assets		
Provision for outstanding claims (including IBNR)	<u>622,469,824</u>	675,533,994	Amount due from other persons and bodies carrying on insurance business	8	699,718,539
Provision for unearned premium	<u>1,962,684,571</u>	2,322,009,096	Premium and claim reserves retained by cedants		110,289,966
Commission income unearned	<u>33,034,821</u>	44,720,548	Accrued investment income		51,011,014
Total underwriting provisions	<u>2,618,189,216</u>	3,042,263,638	Sundry receivables		277,735,624
			Prepaid reinsurance ceded		1,205,355,958
			Deferred commission expense		252,888,668
			Stock of stationery		163,935
					<u>2,597,163,704</u>
					<u>2,735,305,714</u>
Deferred liability			Fixed assets		
Employee benefits	119,320,779	111,509,000	Tangible		
			Land and building	9	21,241,629
			Furniture, fixture, books and office equipment		4,181,076
			Motor vehicles		4,133,250
					<u>29,555,955</u>
			Assets relating to Bangladesh		-
					-
Long term deposits					
	29,954,431	22,472,667			
Creditors and accruals					
Amount due to other persons and bodies carrying on insurance business	8	722,478,678			
Premium and claim reserves retained from retrocessionaires		249,690,658			
Other creditors and accruals		30,616,027			
Taxation - provision less payments		140,638,718			
Retention money payable		6,401,383			
		<u>1,149,825,464</u>			
		897,180,733			
Other liabilities					
Dividend payable	<u>4,625,512</u>	4,625,512			
Surplus profit payable	<u>1,214,008</u>	1,214,008			
	<u>5,839,520</u>	5,839,520			
Total Liabilities	<u>3,923,129,410</u>	4,079,265,558			
TOTAL EQUITIES AND LIABILITIES	<u>10,577,352,114</u>	<u>10,446,599,125</u>	TOTAL ASSETS	<u>10,577,352,114</u>	<u>10,446,599,125</u>
Contingencies	5				

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

Chief Financial Officer

Chairperson

Director

Director

Pakistan Reinsurance Company Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the half year ended 30 June 2008

	30 June 2008	30 June 2007
OPERATING CASH FLOWS		
(Rupees)		
Underwriting activities		
Premium received	1,980,057,536	2,104,616,842
Reinsurance premium paid	(1,042,544,323)	(1,189,663,239)
Claims paid	(1,485,405,187)	(602,998,769)
Reinsurance and other recoveries received	930,947,609	167,926,244
Commission paid	(276,075,824)	(264,218,385)
Commission received	27,889,540	54,788,166
Deposits received from / paid to ceding companies	130,762,114	(19,802,954)
Expenses paid	(95,995,075)	(67,207,479)
Net cash flows from underwriting activities	169,636,390	183,440,426
Other operating activities		
Income tax paid	(110,624,675)	(65,926,171)
General management expenses paid	(24,917,984)	(5,372,567)
Loans recovered from employees	3,119,816	2,131,684
Other receipts / (payments)	(12,590,345)	(14,828,463)
Net cash flows from other operating activities	(145,013,188)	(83,995,517)
Total cash inflow from all operating activities	24,623,202	99,444,909
Investing activities		
Fixed capital expenditure	(391,756)	(568,114)
Acquisition of investments	(1,343,417,051)	(1,976,090,880)
Rental income received	34,038,890	4,880,465
Dividend income received	104,452,697	95,818,586
Interest income on bank deposits	25,626,675	6,887,530
Investment income received	21,850,000	31,790,137
Sale proceeds of investments	1,100,698,259	1,800,918,200
Total cash outflow from investing activities	(57,142,286)	(36,364,076)
Financing activities		
Dividend paid	-	(74,824,106)
Payments of finance leases	-	-
Total cash flows from financing activities	-	(74,824,106)
Net cash outflow from all activities	(32,519,084)	(11,743,273)
Cash and cash equivalents at beginning of the half year	1,021,123,719	209,983,867
Cash and cash equivalents at end of the half year	988,604,635	198,240,594

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

Chief Financial Officer

Chairperson

Director

Director

	30 June 2008	30 June 2007
(Rupees)		
Reconciliation to profit and loss account		
Operating cash flows	24,623,202	99,444,909
Depreciation expense	3,004,377	2,876,317
Exchange (gain) / loss	(32,514,422)	7,312,849
Provision for doubtful debts	-	-
Rental income	(24,737,130)	(18,226,039)
Pension-officers expense	5,560,000	3,337,500
Pension-staff expense	80,500	903,000
Medical expense	3,846,164	4,810,000
Gratuity expense	(9,069,000)	(5,834,000)
Leave encashment	1,816,000	1,709,000
Provision for outstanding claims	(53,064,170)	86,903,987
Provision for unearned premium	359,324,525	138,347,372
Additional provision for unexpired risks	-	(33,124,473)
Prepaid reinsurance ceded	(208,334,203)	(131,874,018)
Provision for employee benefits	7,811,779	7,803,499
Dividend income	(97,951,652)	(96,128,670)
Investment income	(43,198,874)	(61,196,896)
Interest income	(36,545,372)	(8,071,394)
Amortisation of premium on PIBs	4,298,337	8,095,091
Gain on sale of investment	(252,610)	(614,372)
(Decrease) / increase in operating assets other than cash	410,485,898	91,018,838
(Increase) / decrease in operating liabilities	190,694,689	165,312,440
	505,878,038	262,804,940
Other adjustments:		
Decrease / (increase) in provision for diminution in value of investments	7,823,582	1,385,963
Provision for impairment in value of investments	(13,000,000)	-
Income tax paid	(110,624,675)	(65,926,171)
	(115,801,093)	(64,540,208)
Profit before taxation	390,076,945	198,264,732
Provision for taxation	(103,187,808)	(52,148,000)
Profit after taxation	286,889,137	146,116,732

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:

	30 June 2008	30 June 2007
Cash and cash equivalents		
Cash and other equivalent	27,249	99,216
Current and other accounts	477,589,004	196,441,378
Deposit maturing within 12 months	510,988,382	1,700,000
	988,604,635	198,240,594

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

Chief Financial Officer

Chairperson

Director

Director

Pakistan Reinsurance Company Limited
 Condensed Interim Statement of Changes in Equity (Unaudited)
 For the half year ended 30 June 2008

	Issued subscribed and paid-up capital	Exceptional losses reserve	Revenue reserves		Total
			General reserve	Retained earnings	
------(Rupees)-----					
Balance as at 1 January 2007	450,000,720	281,000,000	1,277,419,085	721,954,126	2,730,373,931
Changes in equity for the six months period ended 30 June 2007					
Total recognized income and expense for the six months ended 30 June 2007	-	-	-	146,116,732	146,116,732
Final dividend for the year ended 31 December 2006 @ 20% (Rs.2 per share)	-	-	-	(90,000,144)	(90,000,144)
Issue of bonus shares 2006: @ 20% (2005: Nil)	90,000,144	-	-	(90,000,144)	-
Transfer to general reserve	-	-	500,000,000	(500,000,000)	-
Balance as at 30 June 2007	540,000,864	281,000,000	1,777,419,085	188,070,570	2,786,490,519
Balance as at 1 January 2008	540,000,860	281,000,000	1,777,419,085	3,768,913,622	6,367,333,567
Changes in equity for the six months period ended 30 June 2008					
Total recognized income and expense for the six months ended 30 June 2008	-	-	-	286,889,137	286,889,137
Issue of bonus shares 2007: @ 455.554670783% (2006: 20%)	2,459,999,140	-	-	(2,459,999,140)	-
Transfer to general reserve	-	-	-	-	-
Balance as at 30 June 2008	3,000,000,000	281,000,000	1,777,419,085	1,595,803,619	6,654,222,704

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

 Chief Financial Officer

 Chairperson

 Director

 Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Premiums (Unaudited)
For the half year ended 30 June 2008

Business underwritten inside Pakistan

Class	Quarter ended 30 June									2007 Net Premium revenue
	Premium Written	Unearned premium reserve		Premium earned	Re-insurance Ceded	Prepaid reinsurance premium ceded		Re-insurance expense	2008 Net Premium revenue (I=D-H)	
		Opening	Closing			Opening	Closing			
(A)	(B)	(C)	(D=A+B-C)	(E)	(F)	(G)	(H=E+F-G)	(I=D-H)		
------(Rupees)-----										
Direct and facultative										
Fire	51,858,911	440,713,346	297,518,212	195,054,045	16,323,241	278,608,550	171,725,227	123,206,564	71,847,481	64,262,042
Marine Cargo	11,968,629	5,092,322	5,984,315	11,076,636	-	-	-	-	11,076,636	6,065,511
Marine Hull	13,521,109	9,523,602	16,435,265	6,609,446	-	-	-	-	6,609,446	4,475,398
Accident	4,180,175	24,008,861	17,832,737	10,356,299	-	-	-	-	10,356,299	5,024,484
Aviation	239,663,561	492,959,249	485,388,711	247,234,099	226,619,439	465,207,253	458,106,348	233,720,344	13,513,755	10,795,246
Engineering	113,985,783	460,415,949	368,192,499	206,209,233	103,375,463	382,941,846	316,830,326	169,486,983	36,722,250	29,990,838
Total	435,178,168	1,432,713,329	1,191,351,739	676,539,758	346,318,143	1,126,757,649	946,661,901	526,413,891	150,125,867	120,613,519
TREATY	438,710,715	792,959,488	771,332,832	460,337,371	213,399,857	166,229,743	258,694,057	120,935,543	339,401,828	274,968,575
Grand Total	873,888,883	2,225,672,817	1,962,684,571	1,136,877,129	559,718,000	1,292,987,392	1,205,355,958	647,349,434	489,527,695	395,582,094

Class	Six months ended 30 June									2007 Net Premium revenue
	Premium Written	Unearned premium reserve		Premium earned	Re-insurance Ceded	Prepaid reinsurance premium ceded		Re-insurance expense	2008 Net Premium revenue (I=D-H)	
		Opening	Closing			Opening	Closing			
(A)	(B)	(C)	(D=A+B-C)	(E)	(F)	(G)	(H=E+F-G)	(I=D-H)		
------(Rupees)-----										
Direct and facultative										
Fire	254,670,570	465,747,571	297,518,212	422,899,929	136,686,544	320,452,322	171,725,227	285,413,639	137,486,290	128,381,182
Marine Cargo	22,153,274	4,004,687	5,984,315	20,173,646	-	-	-	-	20,173,646	10,895,882
Marine Hull	17,332,515	11,877,390	16,435,265	12,774,640	-	-	-	-	12,774,640	8,971,641
Accident	14,023,598	24,410,271	17,832,737	20,601,132	-	-	-	-	20,601,132	9,390,154
Aviation	471,284,559	512,303,028	485,388,711	498,198,876	443,917,681	485,737,121	458,106,348	471,548,454	26,650,422	21,681,380
Engineering	243,691,759	540,468,642	368,192,499	415,967,902	218,981,548	436,767,584	316,830,326	338,918,806	77,049,096	63,184,349
Total	1,023,156,275	1,558,811,589	1,191,351,739	1,390,616,125	799,585,773	1,242,957,027	946,661,901	1,095,880,899	294,735,226	242,504,588
TREATY	913,943,492	763,197,506	771,332,832	905,808,166	314,738,204	170,733,134	258,694,057	226,777,281	679,030,885	554,444,916
Grand Total	1,937,099,767	2,322,009,095	1,962,684,571	2,296,424,291	1,114,323,977	1,413,690,161	1,205,355,958	1,322,658,180	973,766,111	796,949,504

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

Chief Financial Officer

Chairperson

Director

Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Claims (Unaudited)
For the half year ended 30 June 2008

Business underwritten inside Pakistan

Class	Quarter ended 30 June									2007 Net claim expenses
	Claims paid (A)	Outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries Received (E) (Rupees)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	2008 Net claim expenses (I=D-H)	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)			
Direct and facultative										
Fire	11,864,849	132,819,162	138,013,896	17,059,583	-	63,968,099	68,968,099	5,000,000	12,059,583	74,687,648
Marine Cargo	780,049	7,329,173	15,482,113	8,932,989	-	-	3,761,294	3,761,294	5,171,695	755,801
Marine Hull	778,106	16,534,793	16,475,891	719,204	-	2,005,635	1,303,818	(701,817)	1,421,021	1,695,150
Accident	134,624	4,744,110	4,744,110	134,624	-	-	-	-	134,624	5,386,508
Aviation	33,897,509	43,062,681	34,886,268	25,721,096	32,825,779	41,500,555	33,708,573	25,033,797	687,299	610,747
Engineering	93,696,227	606,916,420	328,118,150	(185,102,043)	30,637,808	598,080,840	306,900,000	(260,543,032)	75,440,989	58,381,057
Total	141,151,364	811,406,339	537,720,428	(132,534,547)	63,463,587	705,555,129	414,641,784	(227,449,758)	94,915,211	141,516,911
Treaty	683,614,260	2,071,042,552	1,693,652,149	306,223,857	640,881,117	1,645,888,494	1,189,308,969	184,301,592	121,922,265	151,004,902
Grand Total	824,765,624	2,882,448,891	2,231,372,577	173,689,310	704,344,704	2,351,443,623	1,603,950,753	(43,148,166)	216,837,476	292,521,813

Class	Six months ended 30 June									2007 Net claim expenses
	Claims paid (A)	Outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries Received (E) (Rupees)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	2008 Net claim expenses (I=D-H)	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)			
Direct and facultative										
Fire	32,477,960	163,115,752	138,013,896	7,376,104	-	68,968,099	68,968,099	-	7,376,104	85,476,791
Marine Cargo	973,728	-	15,482,113	16,455,841	-	-	3,761,294	3,761,294	12,694,547	755,801
Marine Hull	957,709	16,720,709	16,475,891	712,891	-	2,005,635	1,303,818	(701,817)	1,414,708	2,723,388
Accident	1,730,029	7,338,442	4,744,110	(864,303)	-	-	-	-	(864,303)	5,386,508
Aviation	51,926,400	71,420,531	34,886,268	15,392,137	49,947,824	69,497,249	33,708,573	14,159,148	1,232,989	740,388
Engineering	114,723,919	625,550,910	328,118,150	(182,708,841)	33,858,389	613,462,160	306,900,000	(272,703,771)	89,994,930	81,930,377
Total	202,789,745	884,146,344	537,720,428	(143,636,171)	83,806,213	753,933,143	414,641,784	(255,485,146)	111,848,975	177,013,253
Treaty	1,282,615,442	2,314,808,855	1,693,652,149	661,458,736	847,141,396	1,764,536,062	1,189,308,969	271,914,303	389,544,433	344,963,259
Grand Total	1,485,405,187	3,198,955,199	2,231,372,577	517,822,565	930,947,609	2,518,469,205	1,603,950,753	16,429,157	501,393,408	521,976,512

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

Chief Financial Officer

Chairperson

Director

Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Expenses (Unaudited)
For the half year ended 30 June 2008

Business underwritten inside Pakistan

Class	Quarter ended 30 June											
	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Opening	Closing	Net commission retrocession	2008 Net underwriting expense	2007 Net underwriting expense
	(A)	Opening (B)	Closing (C)	(D=A+B-C)	(E)	(F=D+E)	(G)	(H)	(I)	(J=G+H-I)	(K=F-J)	
------(Rupees)-----												
Direct and facultative												
Fire	9,087,628	43,366,467	33,191,002	19,263,093	1,585,507	20,848,600	816,162	14,082,508	8,947,798	5,950,872	14,897,728	8,123,459
Marine Cargo	2,028,356	852,743	1,014,178	1,866,921	978,804	2,845,725	-	-	-	-	2,845,725	1,737,090
Marine Hull	2,323,159	1,378,113	2,668,167	1,033,105	539,507	1,572,612	-	-	-	-	1,572,612	819,342
Accident	545,336	3,181,232	2,349,212	1,377,356	1,172,778	2,550,134	-	-	-	-	2,550,134	1,492,055
Aviation	776,126	984,232	1,201,131	559,227	565,305	1,124,532	967,341	949,310	1,357,978	558,673	565,859	300,302
Engineering	5,199,484	21,755,185	17,894,807	9,059,862	873,452	9,933,314	6,549,187	23,761,362	19,735,785	10,574,764	(641,450)	(4,730,449)
Total	19,960,089	71,517,972	58,318,497	33,159,564	5,715,353	38,874,917	8,332,690	38,793,180	30,041,561	17,084,309	21,790,608	7,741,799
Treaty	117,697,633	183,584,960	194,570,171	106,712,422	49,598,358	156,310,780	2,856,183	1,273,382	2,993,260	1,136,305	155,174,475	119,152,868
Grand Total	137,657,722	255,102,932	252,888,668	139,871,986	55,313,711	195,185,697	11,188,873	40,066,562	33,034,821	18,220,614	176,965,083	126,894,667

Class	Six months ended 30 June											
	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Opening	Closing	Net commission retrocession	2008 Net underwriting expense	2007 Net underwriting expense
	(A)	Opening (B)	Closing (C)	(D=A+B-C)	(E)	(F=D+E)	(G)	(H)	(I)	(J=G+H-I)	(K=F-J)	
------(Rupees)-----												
Direct and facultative												
Fire	34,061,153	37,559,653	33,191,002	38,429,804	3,179,162	41,608,966	9,831,993	13,527,585	8,947,798	14,411,780	27,197,186	15,989,754
Marine Cargo	3,733,843	573,049	1,014,178	3,292,714	1,955,153	5,247,867	-	-	-	-	5,247,867	3,306,245
Marine Hull	2,818,736	1,830,392	2,668,167	1,980,961	835,079	2,816,040	-	-	-	-	2,816,040	1,626,527
Accident	1,695,302	3,407,859	2,349,212	2,753,949	2,122,800	4,876,749	-	-	-	-	4,876,749	2,913,227
Aviation	1,165,710	1,196,628	1,201,131	1,161,207	2,072,597	3,233,804	1,144,058	1,392,119	1,357,978	1,178,199	2,055,605	260,764
Engineering	12,006,930	23,617,306	17,894,807	17,729,429	1,772,350	19,501,779	13,593,134	27,376,956	19,735,785	21,234,305	(1,732,526)	(9,350,918)
Total	55,481,674	68,184,887	58,318,497	65,348,064	11,937,141	77,285,205	24,569,185	42,296,660	30,041,561	36,824,284	40,460,921	14,745,599
Treaty	220,594,150	184,689,260	194,570,171	210,713,239	77,853,153	288,566,392	3,320,355	2,423,887	2,993,260	2,750,982	285,815,410	230,685,631
Grand Total	276,075,824	252,874,147	252,888,668	276,061,303	89,790,294	365,851,597	27,889,540	44,720,547	33,034,821	39,575,266	326,276,331	245,431,230

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

Chief Financial Officer

Chairperson

Director

Director

Pakistan Reinsurance Company
 Condensed Interim Statement of Investment Income (Unaudited)
 For the half year ended 30 June 2008

	Quarter ended 30 June 2008	Quarter ended 30 June 2007	Half year ended 30 June 2008	Half year ended 30 June 2007
------(Rupees)-----				
Income from non-trading investment				
Held to maturity investments				
Return on government securities	18,707,293	38,363,982	43,198,874	61,196,896
Amortization of premium on Pakistan Investment Bond	(2,158,882)	(4,316,410)	(4,298,337)	(8,095,091)
Return on other fixed income securities and deposits	26,840,685	8,037,755	36,545,372	8,071,394
Income on treasury bills	26,537,839	18,896,022	50,480,246	37,342,434
Available for sale investments				
Dividend income	1,769,040	13,612,838	97,951,652	96,128,670
Gain on sale of non-trading investments				
Available for sale investments	249,296	-	252,610	614,372
Gain / (loss) on revaluation of non-trading investments				
Available for sale investments	-	-	7,823,582	(1,385,963)
Provision for impairment in value of investments				
Provision for portfolio available for sale	(13,000,000)	-	(13,000,000)	-
At fair value through profit or loss classified as held for trading	1,724,222	151,565	-	139,643
	60,669,493	74,745,752	218,953,999	194,012,355
Investment related expenses	(579,521)	(63,211)	(1,180,981)	(956,852)
Net investment income	60,089,972	74,682,541	217,773,018	193,055,503

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

 Chief Financial Officer

 Chairperson

 Director

 Director

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Statements (Unaudited)
For the half year ended 30 June 2008

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Pakistan Reinsurance Company Limited ("the Company") was incorporated on 30 March 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, Maulvi Tamizuddin Khan Road, Karachi. Its shares are quoted on Karachi and Lahore Stock Exchanges.

2. BASIS OF PREPARATION

These condensed interim financial statements are unaudited but subject to review by the auditors and are being submitted to the shareholders in accordance with the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984 and being presented in condensed form in accordance with the requirements of the approved accounting standard " International Accounting Standard - Interim Financial Reporting (IAS-34)" as applicable in Pakistan and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan (SECP) in its circular No. 7 of 2003 (No. ID-SEC/GI/01/2003) dated August 27, 2003.

These condensed interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the company's annual financial statements for the year ended 31 December 2007.

3. ACCOUNTING POLICIES

The accounting policies applied in preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements for the year ended 31 December 2007.

4. ACCOUNTING ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements 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 annual financial statements for the year ended 31 December 2007.

5. CONTINGENCIES

- 5.1** As explained in note 8, the Company is in process of getting confirmations and reconciling balances of amount due to and due from other persons and bodies carrying on insurance business and have identified reconciling items of Rs. 105.4 million (31 December 2007: Rs.134 million) as at 30 June 2008, which have not yet been agreed and settled with these insurance companies. Consequently, the impact of possible adjustments on these balances and Profit and Loss account could not be quantified.

- 5.2 The Company has reversed certain claims lodged by insurance companies estimated at Rs. 58 million in previous years 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.

- 5.3 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 respectively.

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 capitalised 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.

5.4 Case related to Export Credits Guarantee Scheme

Decrees have been awarded against the Company in two cases amounting to Rs. 31.92 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.

- 5.5 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 financial statements in this respect by the company.

6. INVESTMENTS

		30 June 2008	31 December 2007
		(Rupees)	
Held to maturity	- Defence Saving Certificates	383,753,242	362,235,728
	- Pakistan Investment Bonds	605,029,382	609,327,719
	- Treasury Bills	<u>1,183,164,908</u>	<u>1,073,689,662</u>
		<u>2,171,947,532</u>	<u>2,045,253,109</u>
Available for sale	- Ordinary shares - listed and unlisted	6.1 1,778,359,744	1,597,836,515
	- National Investment Trust Units	<u>2,769,200,429</u>	<u>2,769,200,429</u>
		<u><u>6,719,507,705</u></u>	<u><u>6,412,290,053</u></u>

The market value of investments as at 30 June 2008 was Rs.9.520 billion (as at 31 December 2007: Rs. 10.958 billion).

6.1 Investment in listed and unlisted companies	30 June 2008	31 December 2007
	(Rupees)	
Cost of investment in listed and unlisted companies	1,806,412,799	1,620,713,152
Less: Provision for diminution in value:		
Balance brought forward from last year	22,876,637	20,006,463
Provision / (reversal) made during the period / year	(7,823,582)	2,870,174
	15,053,055	22,876,637
Less: Provision for impairment in value of investments	13,000,000	-
	1,778,359,744	1,597,836,515

7. INVESTMENT PROPERTIES

The market value of the investment properties is Rs. 763.609 million, as per valuation carried out by an independent valuer in 2007.

8. AMOUNT DUE FROM AND DUE TO OTHER PERSONS AND BODIES CARRYING ON INSURANCE BUSINESS

The Company has gross due from balance of Rs. 1,085.7 million (Rs. 699.71 million net of provision for doubtful balances) and total due to balance of Rs. 722.4 million as at 30 June 2008. The Company prepared reconciliations for parties representing due from balance of Rs. 111.5 million. These reconciliations highlighted an unreconciled difference of Rs. 105.4 million, which has been disclosed as contingency in note 5.1. For the remaining due from balance of Rs. 974.2 million and due to balance of Rs. 722.4 million, the Company has not been able to prepare such reconciliations pending receipt of statements from various companies.

9. FIXED ASSETS

During the half year ended 30 June 2008 the Company has acquired fixed assets amounting to Rs.391,756 (31 December 2007: Rs. 4,749,890). Further, disposal of Rs.61,223 (31 December 2007: Rs. 6,786) has been made during the current period.

10. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, entities with common directors, directors, key management personnel and retirement benefit funds. Transactions with related parties are carried out on commercial terms.

	Quarter ended 30 June		Half year ended 30 June	
	2008	2007	2008	2007
	------(Rupees)-----			
Insurance premium				
written during the period	520,343,697	487,966,231	1,118,205,274	962,938,265
Insurance claims paid	(337,230,405)	(85,263,794)	(794,884,592)	(117,582,614)
Insurance commission paid	(49,987,736)	(9,298,776)	(97,759,246)	(23,395,891)
Premium paid	10,055	(1,759)	9,958	(11,768)
Insurance commission received	(4,541)	2,695	(4,507)	173,301
Insurance claims received	743,184	702,827	742,891	878,020
Premium received - net	(304,899,038)	(352,115,998)	(804,825,576)	(821,611,398)

	Quarter ended 30 June		Half year ended 30 June	
	2008	2007	2008	2007
	------(Rupees)-----			
Dividend income	-	4,083,066	10,560,000	9,390,825
Dividend paid	-	21,966,400	-	21,966,400
Bonus shares issued	17,005,479	21,966,400	17,005,479	21,966,400
Contributions/provision for staff retirement benefit plans	16,800,000	9,860,190	16,800,000	9,860,190
Remuneration to key personnel	3,961,092	2,764,217	6,672,626	4,496,486

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

11. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the statement of premium and profit and loss account, respectively, prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

12. EARNINGS PER SHARE – Basic

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

	Quarter ended 30 June		Half year ended 30 June	
	2008	2007	2008	2007
	------(Rupees)-----			
Profit after tax for the period	120,686,361	4,427,585	286,889,137	146,116,732
	------(Number)-----			
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
	------(Rupees)-----			
Earning per share – basic	0.40	0.01	0.96	0.49

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

The number of shares for the prior period have also been adjusted for the effect of bonus shares issued during the current period.

13. RECLASSIFICATION

Previous year figures have been reclassified where necessary for the purposes of comparison. These changes were made for better presentation of transactions in the financial statements of the Company.

14. GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest rupees.

15. AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on _____.

Chief Financial Officer

Chairperson

Director

Director

