



**PAKISTAN REINSURANCE COMPANY LIMITED**

**QUARTERLY ACCOUNTS  
(UN-AUDITED)**

**FOR THE 3RD QUARTER ENDED  
SEPTEMBER 30, 2008**

## **BOARD OF DIRECTORS**

MRS. RUKHSANA SALEEM	CHAIRPERSON
MR. SHAMIM AHMED KHAN	DIRECTOR
MR. SIKANDAR HAYAT JAMALI	DIRECTOR
MR. ASAF GHAFUOR	DIRECTOR
SYED ARSHAD ALI	DIRECTOR
MR. JAVED SYED	DIRECTOR
MR. SAIFUDDINNOORUDDIN ZOOMKAWALA	DIRECTOR
MR.ALI JEHANGIR- SIDDIQUI/ ALTERNATE	
MR. MUNAF IBRAHIM	DIRECTOR
MR. ABDUL HAMID DAGIA	DIRECTOR

## **SENIOR MANAGEMENT**

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

## **AUDIT COMMITTEE**

MR. ABDUL HAMID DAGIA	CHAIRMAN
MR. SHAMIM AHMED KHAN	MEMBER
SYED ARSHAD ALI	MEMBER
MR. SHAHZAD F. LODHI	SECRETARY OF THE COMMITTEE

## **AUDITORS**

KPMG TASEER HADI & CO.  
CHARTERED ACCOUNTANT

## **HEAD OFFICE**

PRC TOWERS, 32-A LALAZAR DRIVE, M.T. KHAN ROAD,  
P.O. BOX 4777, KARACHI - PAKISTAN  
TEL: (29-21) 9202908-15  
TELEX: 20428 PAKRE PK, TELEFAX: (92-21)-9202920-22  
EMAIL: prcl@pakre.org.pk  
WEBSITE: www.pakre.org.pk

## **ZONAL OFFICE**

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

## **BANKERS**

NATIONAL BANK OF PAKISTAN  
BANK ALHABI LIMITED

**DIRECTORS' REPORT ON THE WORKING OF PRCL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

The Shareholders,  
Pakistan Reinsurance Co. Ltd.,

Dear Shareholders,

On behalf of the Board of Directors of PRCL, I present the un-audited financial statements of the Company for the nine months ended September 30, 2008.

**Review of business activities**

The financial statements for the quarter reflect the treaty business returns received from 33 companies out of 35 companies, all these returns received in PRCL by 23<sup>rd</sup> October, 2008. However, the rest of the business reflects facultative business which has been accounted for as per records of the Company.

Gross Premium for the period is Rs.2,951 million and Net Premium is Rs.1,439 million. The Net Claims, Net Commission and Management Expenses have aggregated to Rs.1,280 million.


The Underwriting Profit for the period under review is reported at Rs.159 million as compared to Rs. 85 million for the corresponding period of 2007. The main reason for improvement in Underwriting Profit is increase in retention of business on own account following enhancement in capacity due to increase in capital base.

The Income from Investment, rental and other income were recorded at Rs.700 million as compared to Rs.804 million in the corresponding period. The main reason for decline in income is the fact that in the corresponding period of last year, the other income included Rs. 53 million representing commission on redemption and repurchase of NIT Units.

The Net Profit before Tax and After Tax for the nine months ended September 30, 2008 are Rs.902 million and Rs.719 million respectively as compared to Rs.2,862 million and Rs.2,742 million for the corresponding period of the last year. Earning per share for the current nine months is Rs.2.40 as compared to Rs. 9.14 reported in the corresponding period. The main reason for decline in profit and in EPS is the fact that the results for the nine months ended September 30, 2007 included capital gain of Rs.2,022 million on redemption and repurchase of NIT Units.

The Management is taking steps to continuously improve the performance of the Company.

In the end, your directors 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**

Karachi, 28<sup>th</sup> October, 2008.

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**BALANCE SHEET (UNAUDITED)**  
AS AT SEPTEMBER 30, 2008

	Sep 30, 2008	2007		Sep 30, 2008	2007
Note	Rupees	Rupees	Note	Rupees	Rupees
<b>Share capital and reserves</b>			<b>Cash and Bank deposits</b>		
Authorized Share Capital			Cash and other equivalents	69,485	33,366
400,000,000 Ordinary shares of Rs. 10/- each	25,000,000,000	4,000,000,000	Cash in bank accounts	996,671,018	719,390,353
			Deposits maturing within 12 months	810,988,382	301,700,000
Issued, subscribed and paid up share capital	3,000,000,000	540,000,860		1,807,728,885	1,021,123,719
Retained earnings	2,028,745,273	3,768,913,622	<b>Loans (Considered good)</b>		
Exceptional Losses Reserve	281,000,000	281,000,000	- to employees	42,408,586	44,690,616
General Reserve	1,777,419,085	1,777,419,085			
	4,087,164,358	5,827,332,707			
	7,087,164,358	6,367,333,567			
			<b>Investments</b>	6,341,131,793	6,412,290,053
<b>Underwriting provisions</b>			<b>Investment properties</b>	48,521,011	50,824,182
- Provision for outstanding claims (including IBNR)	572,409,013	675,533,994	<b>Deferred taxation</b>	151,660,579	151,660,579
- Provision for unearned premium	1,894,110,115	2,322,009,096			
- Commission income unearned	24,010,675	44,720,548	<b>Other assets</b>		
Total underwriting provisions	2,490,529,803	3,042,263,638	Amount due from persons and bodies carrying on insurance business	943,260,376	742,676,308
			Premium and claim reserves retained by cedants	59,691,034	16,609,595
<b>Deferred liability</b>			Accrued investment income	78,232,366	44,249,114
Employee benefits	117,820,779	111,509,000	Sundry receivables	287,091,169	265,145,279
			Prepaid reinsurance ceded	1,022,397,033	1,413,690,161
<b>Long term deposits</b>	28,659,196	22,472,667	Deferred commission expense	248,338,362	252,874,145
			Stock of stationery	213,735	61,112
<b>Creditors and accruals</b>				2,639,224,075	2,735,305,714
Amount due to other persons and bodies carrying on insurance business	784,703,325	683,213,446	<b>Fixed assets</b>		
Premium and claim reserves retained from retrocessionaires	341,807,942	25,248,173	<b>Tangible</b>		
Other creditors and accruals	31,404,857	34,254,848	Land and building	20,913,377	21,898,134
Taxation - Provision less payments	165,423,884	148,075,585	Furniture, fixture, books and office equipment	4,233,072	4,150,294
Retention money payable	6,401,383	6,388,681	Vehicles	3,933,265	4,655,834
	1,329,741,391	897,180,733		29,079,714	30,704,262
<b>Other liabilities</b>	-	-	Assets related to Bangladesh	-	-
Dividend payable	4,625,108	4,625,512		-	-
Surplus profit payable	1,214,008	1,214,008			
	5,839,116	5,839,520			
<b>Total liabilities</b>	3,972,590,285	4,079,265,558	<b>Total assets</b>	11,059,754,643	10,446,599,125
<b>Total equity and liabilities</b>	11,059,754,643	10,446,599,125			

**CONTINGENCIES**

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

Chief Financial Officer

Chief Executive

Director

Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2008**

**Facultative**

Note	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	<u>Treaty</u>	<u>Sep 30, 2008</u>	<u>Sep 30, 2007</u>
----- Rupees -----									
<b>Revenue account</b>									
Net premium revenue	223,492,440	26,172,618	29,631,807	25,363,823	41,948,986	121,229,733	971,654,486	1,439,493,893	1,229,212,594
Net claims	39,721,187	12,840,651	4,592,595	3,697,903	2,003,503	185,207,274	535,534,338	783,597,451	716,330,356
Premium deficiency expenses								-	33,124,473
Management expenses	4,909,165	2,938,256	1,275,232	2,916,246	3,491,640	2,660,094	122,550,133	140,740,766	108,999,067
Net commission	45,702,233	4,365,526	4,585,412	3,411,099	(401,757)	(910,773)	298,826,809	355,578,549	286,197,643
<b>Underwriting result</b>	133,159,855	6,028,185	19,178,568	15,338,575	36,855,600	(65,726,862)	14,743,206	159,577,127	84,561,055
Investment income - net								660,095,690	2,741,261,924
Rental income - net								34,442,213	22,047,850
Exchange (loss)/gain								84,114,714	(9,954,320)
Other income								5,076,151	62,743,409
General and administration expenses								(30,947,666)	(15,482,417)
Provision for workers welfare fund								(9,567,438)	-
VRS expenses								-	(23,411,944)
								743,213,664	2,777,204,502
<b>Profit before tax</b>								902,790,791	2,861,765,557
Provision for taxation								182,960,000	120,169,000
								-	-
<b>Profit after tax</b>								719,830,791	2,741,596,557
<b>Profit and loss appropriation account</b>									
<b>Balance at the commencement of year</b>								3,768,913,622	721,954,126
<b>Profit after tax</b>								719,830,791	2,741,596,557
Transfer to General Reserve								-	(500,000,000)
Final Cash Dividend 2007: Nil (2006 : Rs.2 (20%) per share								-	(90,000,144)
Issue of Bonus Share 2007:@ 455.55% (2006 : @ 20%)								(2,459,999,140)	(90,000,144)
<b>Balance of unappropriated profit at the end of nine months</b>							Rupees	2,028,745,273	2,783,550,395
<b>Basic and diluted earning per share of Rs. 10 each</b>							Rupees	2.40	9.14

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QTR ENDED SEPTEMBER 30, 2008**

**Facultative**

Note	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	<u>Treaty</u>	<u>Sep 30, 2008</u>	<u>Sep 30, 2007</u>
----- Rupees -----									
<b>Revenue account</b>									
Net premium revenue	86,006,150	5,998,972	16,857,167	4,762,691	15,298,564	44,180,637	292,623,601	465,727,782	432,263,090
Net claims	32,345,083	146,104	3,177,887	4,562,206	770,514	95,212,344	145,989,905	282,204,043	194,353,844
Management expenses	1,730,003	983,103	440,153	793,446	1,419,043	887,744	39,430,448	45,683,940	43,782,653
Net commission	21,684,209	1,072,812	2,604,451	657,150	(384,765)	2,594,103	90,864,552	119,092,512	105,982,827
<b>Underwriting result</b>									
	30,246,855	3,796,953	10,634,676	(1,250,111)	13,493,772	(54,513,554)	16,338,696	18,747,287	88,143,766
Investment income								442,322,672	2,548,206,421
Rental income								12,035,708	6,851,387
Exchange gain								51,600,292	(2,641,471)
Other income								459,318	53,440,199
General and administration expenses								(10,844,747)	(7,087,533)
Provision for workers welfare fund								(1,606,684)	-
VRS expenses								-	(23,411,944)
								493,966,559	2,575,357,059
<b>Profit before tax</b>								512,713,846	2,663,500,825
Provision for taxation								79,772,192	68,021,000
Deferred taxation								-	-
<b>Profit after tax</b>								432,941,654	2,595,479,825
<b>Profit and loss appropriation account</b>									
<b>Balance at the commencement of quarter</b>								1,595,803,619	188,070,570
<b>Profit after tax for the quarter</b>								432,941,654	2,595,479,825
General reserve								-	-
Final Dividend								-	-
Issue of Bonus Share								-	-
<b>Profit and loss appropriation account - Closing balance</b>								2,028,745,273	2,783,550,395
<b>Earning per share - basic and diluted</b>									
								1.44	8.65



Chief Financial Officer

Chief Executive

Director

Director

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

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**STATEMENT OF PREMIUMS (UNAUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2008**

Class	Premium Written (A)	Unearned premium reserve		Premium earned (D=A+B-C)	Re-insurance Ceded (E)	Prepaid Reinsurance Premium ceded		Re-insurance expense (H=E+F-G)	Sep 30, 2008	Sep 30, 2007
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net Premium revenue (I=D-H)	Net Premium revenue
<b>R u p e e s</b>										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	446,896,476	465,747,571	297,518,212	615,125,835	242,906,300	320,452,322	171,725,227	391,633,395	223,492,440	193,251,454
Marine Cargo	28,152,246	4,004,687	5,984,315	26,172,618	-	-	-	-	26,172,618	18,271,853
Marine Hull	34,189,682	11,877,390	16,435,265	29,631,807	-	-	-	-	29,631,807	13,963,700
Accident	18,786,289	24,410,271	17,832,737	25,363,823	-	-	-	-	25,363,823	15,153,644
Aviation	739,619,444	512,303,028	485,388,711	766,533,761	696,954,002	485,737,121	458,106,348	724,584,775	41,948,986	33,050,195
Engineering	319,803,834	540,468,642	368,192,499	492,079,977	250,912,986	436,767,584	316,830,326	370,850,244	121,229,733	98,482,303
<b>Total</b>	<b>1,587,447,971</b>	<b>1,558,811,589</b>	<b>1,191,351,739</b>	<b>1,954,907,821</b>	<b>1,190,773,288</b>	<b>1,242,957,027</b>	<b>946,661,901</b>	<b>1,487,068,414</b>	<b>467,839,407</b>	<b>372,173,149</b>
<b>Treaty</b>	<b>1,363,337,702</b>	<b>763,197,506</b>	<b>702,758,376</b>	<b>1,423,776,832</b>	<b>357,124,344</b>	<b>170,733,134</b>	<b>75,735,132</b>	<b>452,122,346</b>	<b>971,654,486</b>	<b>857,039,445</b>
<b>Grand Total</b>	<b>2,950,785,673</b>	<b>2,322,009,095</b>	<b>1,894,110,115</b>	<b>3,378,684,653</b>	<b>1,547,897,632</b>	<b>1,413,690,161</b>	<b>1,022,397,033</b>	<b>1,939,190,760</b>	<b>1,439,493,893</b>	<b>1,229,212,594</b>

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

Chief Financial Officer

Chief Executive

Director

Director



PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF PREMIUMS (UNAUDITED)  
FOR THE QTR ENDED SEPTEMBER 30, 2008

Class	<u>Unearned premium reserve</u>			Premium earned (D=A+B-C)	Re-insurance Ceded (E)	<u>Prepaid Reinsurance Premium ceded</u>		<u>Net premium revenue</u>		
	Premium Written (A)	Opening (B)	Closing (C)			Opening (F)	Closing (G)	Re-insurance expense (H=E+F-G)	Sep 30, 2008 (I=D-H)	Sep 30, 2007
-----R u p e e s-----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	192,225,906	297,518,212	297,518,212	192,225,906	106,219,756	171,725,227	171,725,227	106,219,756	86,006,150	64,870,272
Marine Cargo	5,998,972	5,984,315	5,984,315	5,998,972	-	-	-	-	5,998,972	7,375,971
Marine Hull	16,857,167	16,435,265	16,435,265	16,857,167	-	-	-	-	16,857,167	4,992,059
Accident	4,762,691	17,832,737	17,832,737	4,762,691	-	-	-	-	4,762,691	5,763,490
Aviation	268,334,885	485,388,711	485,388,711	268,334,885	253,036,321	458,106,348	458,106,348	253,036,321	15,298,564	11,368,815
Engineering	76,112,075	368,192,499	368,192,499	76,112,075	31,931,438	316,830,326	316,830,326	31,931,438	44,180,637	35,297,954
<b>Total</b>	<b>564,291,696</b>	<b>1,191,351,739</b>	<b>1,191,351,739</b>	<b>564,291,696</b>	<b>391,187,515</b>	<b>946,661,901</b>	<b>946,661,901</b>	<b>391,187,515</b>	<b>173,104,181</b>	<b>129,668,561</b>
<b>Treaty</b>	449,394,210	771,332,832	702,758,376	517,968,666	42,386,140	258,694,057	75,735,132	225,345,065	292,623,601	302,594,529
<b>Grand Total</b>	<b>1,013,685,906</b>	<b>1,962,684,571</b>	<b>1,894,110,115</b>	<b>1,082,260,362</b>	<b>433,573,655</b>	<b>1,205,355,958</b>	<b>1,022,397,033</b>	<b>616,532,580</b>	<b>465,727,782</b>	<b>432,263,090</b>

**PakRe**

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**STATEMENT OF CLAIMS (UNAUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2008**

Class	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A+C-B)	Reinsurance and other recoveries Received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries Revenue (H=E+G-F)	Sep 30, 2008	Sep 30, 2007
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net claim expenses (I=D-H)	Net claim expenses
		R u p e e s								
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	94,811,723	163,115,752	109,339,227	41,035,198	1,314,011	68,968,099	68,968,099	1,314,011	39,721,187	88,893,855
Marine Cargo	6,540,028	-	10,061,917	16,601,945	-	-	3,761,294	3,761,294	12,840,651	828,680
Marine Hull	1,315,112	16,720,709	17,992,557	2,586,960	-	2,005,635	-	(2,005,635)	4,592,595	5,337,256
Accident	2,924,201	7,338,442	8,112,144	3,697,903	-	-	-	-	3,697,903	9,585,813
Aviation	56,183,424	71,420,531	34,886,268	19,649,161	53,434,334	69,497,249	33,708,573	17,645,658	2,003,503	1,194,145
Engineering	211,554,298	625,550,910	326,500,115	(87,496,497)	33,858,389	613,462,160	306,900,000	(272,703,771)	185,207,274	14,667,629
<b>Total</b>	<b>373,328,786</b>	<b>884,146,344</b>	<b>506,892,228</b>	<b>(3,925,330)</b>	<b>88,606,734</b>	<b>753,933,143</b>	<b>413,337,966</b>	<b>(251,988,443)</b>	<b>248,063,113</b>	<b>120,507,378</b>
<b>Treaty</b>	1,496,216,947	2,314,808,855	1,651,540,004	832,948,096	894,216,567	1,764,536,062	1,167,733,253	297,413,758	535,534,338	595,822,978
<b>Grand Total</b>	<b>1,869,545,733</b>	<b>3,198,955,199</b>	<b>2,158,432,232</b>	<b>829,022,766</b>	<b>982,823,301</b>	<b>2,518,469,205</b>	<b>1,581,071,219</b>	<b>45,425,315</b>	<b>783,597,451</b>	<b>716,330,356</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**STATEMENT OF CLAIMS (UNAUDITED)**  
**FOR THE QTR ENDED SEPTEMBER 30, 2008**

Class	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A+C-B)	Reinsurance and other recoveries Received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries Revenue (H=E+G-F)	Net claims expenses	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Sep 30, 2008	Sep 30, 2007
									(I=D-H)	
----- R u p e e s -----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	62,333,763	138,013,896	109,339,227	33,659,094	1,314,011	68,968,099	68,968,099	1,314,011	32,345,083	3,417,064
Marine Cargo	5,566,300	15,482,113	10,061,917	146,104	-	3,761,294	3,761,294	-	146,104	72,879
Marine Hull	357,403	16,475,891	17,992,557	1,874,069	-	1,303,818	-	(1,303,818)	3,177,887	2,613,868
Accident	1,194,172	4,744,110	8,112,144	4,562,206	-	-	-	-	4,562,206	4,199,305
Aviation	4,257,024	34,886,268	34,886,268	4,257,024	3,486,510	33,708,573	33,708,573	3,486,510	770,514	453,757
Engineering	96,830,379	328,118,150	326,500,115	95,212,344	-	306,900,000	306,900,000	-	95,212,344	(67,262,748)
<b>Total</b>	<b>170,539,041</b>	<b>537,720,428</b>	<b>506,892,228</b>	<b>139,710,841</b>	<b>4,800,521</b>	<b>414,641,784</b>	<b>413,337,966</b>	<b>3,496,703</b>	<b>136,214,138</b>	<b>(56,505,875)</b>
<b>Treaty</b>	213,601,505	1,693,652,149	1,651,540,004	171,489,360	47,075,171	1,189,308,969	1,167,733,253	25,499,455	145,989,905	250,859,719
<b>Grand Total</b>	<b>384,140,546</b>	<b>2,231,372,577</b>	<b>2,158,432,232</b>	<b>311,200,201</b>	<b>51,875,692</b>	<b>1,603,950,753</b>	<b>1,581,071,219</b>	<b>28,996,158</b>	<b>282,204,043</b>	<b>194,353,844</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF EXPENSE (UNAUDITED)  
FOR NINE MONTHS ENDED SEPTEMBER 30, 2008

Class	Deferred Commission			Net commission expense (D=A+B-C)	Other management expenses (E)	Underwriting expense (F=D+E)	Commission from reinsurers (G)	Commission		Net commission retrocession (J=G+H-I)	Sep 30, 2008	Sep 30, 2007
	Commission paid or payable (A)	Opening (B)	Closing (C)					Opening (H)	Closing (I)		Net underwriting expense (K=F-J)	Net underwriting expense
-----Rupees-----												
<b>Business underwritten inside Pakistan</b>												
<b>Facultative</b>												
Fire	60,527,753	37,559,653	33,191,002	64,896,404	4,909,165	69,805,569	14,614,384	13,527,585	8,947,798	19,194,171	50,611,398	26,665,768
Marine Cargo	4,806,655	573,049	1,014,178	4,365,526	2,938,256	7,303,782	-	-	-	-	7,303,782	6,108,525
Marine Hull	5,423,187	1,830,392	2,668,167	4,585,412	1,275,232	5,860,644	-	-	-	-	5,860,644	2,772,697
Accident	2,352,452	3,407,859	2,349,212	3,411,099	2,916,246	6,327,345	-	-	-	-	6,327,345	5,233,970
Aviation	2,019,020	1,196,628	1,201,131	2,014,517	3,491,640	5,506,157	2,382,133	1,392,119	1,357,978	2,416,274	3,089,883	1,935,552
Engineering	16,197,604	23,617,306	17,894,807	21,920,103	2,660,094	24,580,197	15,189,705	27,376,956	19,735,785	22,830,876	1,749,321	(12,453,786)
<b>Total</b>	<b>91,326,671</b>	<b>68,184,887</b>	<b>58,318,497</b>	<b>101,193,061</b>	<b>18,190,633</b>	<b>119,383,694</b>	<b>32,186,222</b>	<b>42,296,660</b>	<b>30,041,561</b>	<b>44,441,321</b>	<b>74,942,373</b>	<b>30,262,726</b>
<b>Treaty</b>	<b>316,341,160</b>	<b>184,689,260</b>	<b>190,019,865</b>	<b>311,010,555</b>	<b>122,550,133</b>	<b>433,560,688</b>	<b>3,728,973</b>	<b>2,423,887</b>	<b>(6,030,886)</b>	<b>12,183,746</b>	<b>421,376,942</b>	<b>364,933,984</b>
<b>Grand Total</b>	<b>407,667,831</b>	<b>252,874,147</b>	<b>248,338,362</b>	<b>412,203,616</b>	<b>140,740,766</b>	<b>552,944,382</b>	<b>35,915,195</b>	<b>44,720,547</b>	<b>24,010,675</b>	<b>56,625,067</b>	<b>496,319,315</b>	<b>395,196,710</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**STATEMENT OF EXPENSE (UNAUDITED)**  
**FOR THE QTR ENDED SEPTEMBER 30, 2008**

Class	Commission paid or payable (A)	<u>Deferred Commission</u>		Net commission expense (D=A+B-C)	Other management expenses (E)	Underwriting expense (F=D+E)	Commission from reinsurers (G)	<u>Net underwriting expense</u>		Net commission retrocession (J=G+H-I)	Sep 30, 2008 (K=F-J)	Sep 30, 2007
		Opening (B)	Closing (C)					Opening (H)	Closing (I)			
-----Rupees-----												
<b>Business underwritten inside Pakistan</b>												
<b>Facultative</b>												
Fire	26,466,600	33,191,002	33,191,002	26,466,600	1,730,003	28,196,603	4,782,391	8,947,798	8,947,798	4,782,391	23,414,212	10,676,014
Marine Cargo	1,072,812	1,014,178	1,014,178	1,072,812	983,103	2,055,915	-	-	-	-	2,055,915	2,802,280
Marine Hull	2,604,451	2,668,167	2,668,167	2,604,451	440,153	3,044,604	-	-	-	-	3,044,604	1,146,170
Accident	657,150	2,349,212	2,349,212	657,150	793,446	1,450,596	-	-	-	-	1,450,596	2,320,743
Aviation	853,310	1,201,131	1,201,131	853,310	1,419,043	2,272,353	1,238,075	1,357,978	1,357,978	1,238,075	1,034,278	1,674,788
Engineering	4,190,674	17,894,807	17,894,807	4,190,674	887,744	5,078,418	1,596,571	19,735,785	19,735,785	1,596,571	3,481,847	(3,102,868)
<b>Total</b>	<b>35,844,997</b>	<b>58,318,497</b>	<b>58,318,497</b>	<b>35,844,997</b>	<b>6,253,492</b>	<b>42,098,489</b>	<b>7,617,037</b>	<b>30,041,561</b>	<b>30,041,561</b>	<b>7,617,037</b>	<b>34,481,452</b>	<b>15,517,127</b>
<b>Treaty</b>	95,747,010	194,570,171	190,019,865	100,297,316	39,430,448	139,727,764	408,618	2,993,260	(6,030,886)	9,432,764	130,295,000	134,248,353
<b>Grand Total</b>	<b>131,592,007</b>	<b>252,888,668</b>	<b>248,338,362</b>	<b>136,142,313</b>	<b>45,683,940</b>	<b>181,826,253</b>	<b>8,025,655</b>	<b>33,034,821</b>	<b>24,010,675</b>	<b>17,049,801</b>	<b>164,776,452</b>	<b>149,765,480</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Statement of Investment Income (Unaudited)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2008**

	<b>Quarter ended 30 Sep 2008</b>	<b>Quarter ended 30 Sep 2007</b>	<b>Nine Months ended 30 Sep 2008</b>	<b>Nine Months ended 30 Sep 2007</b>
	----- <b>(Rupees)</b> -----			
<b>Income from non-trading investment</b>				
<b>Held to maturity</b>				
Return on government securities	21,599,437	23,344,016	64,798,311	84,540,912
Return on other fixed income securities and deposits	15,680,460	5,445,344	52,225,832	13,516,738
Income on treasury bills	20,343,736	19,392,973	70,823,982	56,735,407
Amortization of premium on Pakistan investment Bond	(2,149,168)	(3,954,610)	(6,447,505)	(12,049,701)
<b>Available for sale investments</b>				
Dividend income	386,540,433	482,438,930	484,492,085	578,567,600
<b>Gain on sale of non-trading investments</b>				
Available for sale investments	1,204,930	2,022,510,850	1,457,540	2,023,125,222
<b>(Loss)/Gain on revaluation of investments</b>				
Available for sale	-	-	7,823,582	(1,385,963)
Provision for portfolio available for sale	-	-	(13,000,000)	-
At fair value through profit or loss classified as held for trading	-	(139,643)	-	-
	443,219,828	2,549,037,860	662,173,827	2,743,050,215
<b>Less: investment related expenses</b>	897,156	831,439	2,078,137	1,788,291
<b>Net investment income</b>	442,322,672	2,548,206,421	660,095,690	2,741,261,924

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

Chief Financial Officer

Chief Executive

Director

Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Share Capital	Exceptional Losses reserve	General Reserve	Reserve for issue of bonus shares	Unappropriated profit	Total	Total
	----- Rupees -----						
Balance as at December 31, 2006	450,000,720	281,000,000	1,277,419,085	-	721,954,126	2,280,373,211	2,730,373,931
Final cash dividend 2006: @ 20% (Rs. 2 per share)	-	-	-	-	(90,000,144)	(90,000,144)	(90,000,144)
Issue of Bonus Share 2006: @ 20%	90,000,140	-	-	-	(90,000,140)	(90,000,140)	-
Transfer to General Reserve	-	-	500,000,000	-	(500,000,000)	-	-
Total income and expense recognized during the year profit for the Year 2007	-	-	-	-	3,726,959,780	3,726,959,780	3,726,959,780
Balance as at December 31, 2007	540,000,860	281,000,000	1,777,419,085	-	3,768,913,622	5,827,332,707	6,367,333,567
Issue of Bonus Share 2007: @ 455.55%	2,459,999,140	-	-	-	(2,459,999,140)	(2,459,999,140)	-
Transfer to General Reserve	-	-	-	-	-	-	-
Total income and expense recognized during the nine months profit for the nine months ended 30-09-2008	-	-	-	-	719,830,791	719,830,791	719,830,791
Balance as at September 30, 2008	3,000,000,000	281,000,000	1,777,419,085	-	2,028,745,273	4,087,164,358	7,087,164,358

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

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Director

**PAKISTAN REINSURANCE COMPANY LIMITED**

**Cash Flow Statement (Unaudited)**

FOR NINE MONTHS ENDED SEPTEMBER 30, 2008

	Rupees Sep 30, 2008	Rupees Sep 30, 2007
<b>Operating Cash Flows:</b>		
<b>Underwriting activities:-</b>		
Premium received	2,740,634,167	3,300,138,887
Reinsurance premium paid	(1,362,293,039)	(1,916,913,363)
Claims paid	(1,869,545,733)	(883,792,023)
Reinsurance and other recoveries received	982,823,301	194,718,264
Commission paid	(407,667,831)	(399,020,216)
Commission received	35,915,195	67,659,804
Premium and claim reserves retained from retrocessionaires/ withheld by ceding companies	273,478,330	3,534,782
Expenses paid	(140,740,766)	(108,999,067)
Net cash flows from underwriting activities	<b>252,603,624</b>	257,327,068
<b>Other Operating Activities</b>		
Income tax paid	(165,611,701)	(141,015,578)
General management expenses paid	(30,947,666)	(15,482,417)
Loans recovered from employees	2,282,030	4,816,434
Other payments	(12,437,498)	(74,366,139)
Other payments (VRS)		(23,411,944)
Net cash flows from other operating activities	<b>(206,714,835)</b>	(249,459,644)
Total cash flow from all operating activities	<b>45,888,789</b>	7,867,424
<b>Investment activities</b>		
Fixed Capital expenditure	3,927,719	3,592,741
Acquisition of investments	(1,593,253,635)	(7,129,357,092)
Rental income received	29,966,082	23,045,017
Dividend income received	469,324,172	568,066,399
Interest income on bank deposits	52,225,832	13,516,738
Investment income received	74,549,878	98,457,453
Sale proceeds of investments	1,703,976,733	6,621,523,038
Total Cash Flow from investment activities	<b>740,716,781</b>	198,844,294
<b>Financing activities</b>		
Surplus paid	-	(16,838)
Dividend paid	(404)	(89,307,989)
Payments of finance leases	-	-
Total cash flows from financing activities	<b>(404)</b>	(89,324,827)
Net cash flow from all activities	<b>786,605,166</b>	117,386,891
Cash and cash equivalents at beginning of the year	1,021,123,719	209,983,867
Cash and cash equivalents at end of the nine months	<b>1,807,728,885</b>	327,370,758

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

Chief Financial Officer

Chief Executive

Director

Director



PAKISTAN REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 (UNAUDITED)

**1 The Company and its Operations**

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

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

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

**2 Significant Accounting Policies**

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

**3 Quarterly Returns for Compulsory Surplus Treaties**

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

For the 3rd Quarter, 2008, PRC received returns from 33 general insurance companies out of 35 by 23rd October, 2008 and as such above accounts have been prepared by incorporating only these returns. The rest of the business reflects facultative business as per record of the Company.

**4 Date of Authorization for issue**

These financial statements have been authorized for issue on 28th October, 2008 by the Board of Directors of the Company.

5 **Corresponding Figures**

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

6 **Contingencies**

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

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

Chief Financial Officer

Director

Director

( Rukhsana Saleem )  
Chief Exectuve

Karachi 28th October, 2008

