



Pakistan Reinsurance Company Limited

Condensed Interim Financial Statement  
for the half year ended **June 30, 2012**

Reinsuring your Future





# C

## ontents

• Vision and Mission	.....
• Corporate Information	.....
• Committees of the Board of PRCL	.....
• Directors' Report to the Shareholders	.....
• Independent Auditor's Report to the Members on Review of Condensed Interim Financial Information	.....
• Balance Sheet	.....
• Profit & Loss Account	.....
• Statement of Comprehensive Income	.....
• Statement of Changes in Equity	.....
• Statement of Cash Flows	.....
• Statement of Premiums	.....
• Statement of Claims	.....
• Statement of Expenses	.....
• 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-2012**

## **BOARD OF DIRECTORS OF PRCL**

<b>MR. MUNAWAR OPEL</b>	<b>CHAIRMAN</b>
<b>MR. ABDUL KABIR KAZI</b>	<b>DIRECTOR</b>
<b>DR. MASUMA HASAN</b>	<b>DIRECTOR</b>
<b>MR. SHOAIB MIR</b>	<b>DIRECTOR</b>
<b>MR. MUMTAZ ALI RAJPER</b>	<b>DIRECTOR</b>
<b>MR. TAUFIQ HABIB</b>	<b>DIRECTOR</b>
<b>MR. SIKANDAR MAHMOOD</b>	<b>DIRECTOR</b>

## **COMPANY SECRETARY**

<b>MR. SHAHZAD F. LODHI</b>	<b>E.D.(H.R)/COMPANY SECRETARY</b>
-----------------------------	------------------------------------

## **SENIOR MANAGEMENT**

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  
EXECUTIVE DIRECTOR (H.R.)/COMPANY SECRETARY

## **AUDIT COMMITTEE**

MR. ABDUL KABIR KAZI  
MEMBER

MR. MUMTAZ ALI RAJPER  
MEMBER

MR. TAUFIQUE HABIB  
MEMBER

MR. SHAHZAD F. LODHI  
SECRETARY OF THE COMMITTEE

## **AUDITORS**

Mr. Muhammad Shaukat Naseeb,  
Partner,  
ANJUM ASIM SHAHID RAHMAN  
CHARTERED ACCOUNTANT  
1<sup>st</sup> and 3<sup>rd</sup> floor,  
Modern Motors House,  
Beaumont Road,  
Karachi – 75530

## **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)

## **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

## **ZONAL OFFICE**

State Life Building,  
1<sup>st</sup> Floor, Davis Road,,  
Lahore.

## **BANKERS**

National Bank of Pakistan  
Bank Al-Habib Limited

## **COMMITTEES OF THE BAORD OF PRCL**

MR. MUNAWAR OPEL	CHAIRMAN
MR. ABDUL KABIR KAZI	DIRECTOR
DR. MASUMA HASAN	DIRECTOR
MR. SHOAIB MIR	DIRECTOR
MR. MUMTAZ ALI RAJPER	DIRECTOR
MR. TAUFIQUE HABIB	DIRECTOR
MR. SIKANDER MAHMOOD	DIRECTOR

### **COMPANY SECRETARY/E.D. (H.R)**

MR. SHAHZAD F. LODHI

### **AUDIT COMMITTEE:-**

1. Mr. Abdul Kabir Kazi, Director	Member
2. Mr. Mumtaz Ali Rajper, Director	Member
3. Mr. Taufique Habib, Director	Member
4. Mr. Shahzad F. Lodhi, ED(HR)/Company Secretary	Secretary of the Committee

### **UNDERWRITING COMMITTEE:-**

1. Mr. Munawar Opel, Chairman, PRCL	Chairman of the Committee
2. Mrs. Farzana Munaf, CFO/ED(F&A), PRCL	Member
3. Mr. Ayaz Hussain Gad, ED(BD), PRCL	Member
4. Mr. Fida Hussain Samoo, ED(Re), PRCL	Member/Secretary of the Committee

### **REINSURANCE COMMITTEE:-**

1. Mr. Munawar Opel, Chairman, PRCL	Chairman of the Committee
2. Mr. Abdul Kabir Kazi, Director	Member
3. Mr. Taufique Habib, Director	Member
4. Mr. Ayaz Hussain Gad, ED(BD), PRCL	Member
5. Mr. Fida Hussain Samoo, ED(Re), PRCL	Member/Secretary of the Committee

### **CLAIM SETTLEMENT COMMITTEE:-**

1. Mr. Sikander Mahmood, Director	Chairman of the Committee
2. Mr. Munawar Opel, Chairman, PRCL	Member
3. Mr. Ayaz Hussain Gad, ED(BD), PRCL	Member
4. Mrs. Farzana Munaf, CFO/ED, PRCL	Member
5. Mr. Fida Hussain Samoo, ED(Re), PRCL	Member/Secretary of the Committee

### **INVESTMENT COMMITTEE:-**

1. Mr. Munawar Opel, Chairman, PRCL	Member
2. Mr. Mumtaz Ali Rajper, Director	Member
3. Mr. Taufique Habib, Director	Member
4. Mr. Sikander Mahmood, Director	Member
5. Mrs. Farzana Munaf, CFO/ED, PRCL	Member/Secretary of the Committee

### **HUMAN RESOURCE COMMITTEE:-**

1. Mr. Abdul Kabir Kazi, Director	Chairman of the Committee
2. Mr. Munawar Opel, Chairman, PRCL	Member
3. Dr. Masuma Hasan, Director	Member
4. Mr. Mumtaz Ali Rajper, Director	Member
5. Mr. Shahzad F. Lodhi, E.D.(H.R)/Company Secretary	Member/Secretary of the Committee

# Directors' Report

for the half year ended June 30, 2012

## **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, 2012.

### **Review of business activities**

The financial statements for the half year ended June 30, 2012 reflect the treaty business returns received from 31 insurance companies out of 32 and these returns were received by PRCL on or before 25.07.2011 as per the amendment made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 and facultative business closings as per record of the PRCL.

The Financial Results of the Company indicate that the Gross Premium for the period is Rs.3,081 Million, Net Premium before unearned Premium Reserve is Rs.1,915 Million and Net Premium after accounting for the effect of Premium Reserve adjustment is Rs.2,069 Million. The Gross Premium, Net Premium before unearned Premium Reserve and Net Premium after Premium Reserve for the corresponding period of the last half year were Rs.2,353 Million, Rs.1,750 Million and Rs.1,673 Million respectively.

The Net claims, Net Commission and Management Expenses have been aggregated to Rs.1,681 Million for the half year ended June 30, 2012 as compared to Rs.1,486 Million for the half year ended June 30, 2011. Rental and other income for the period were recorded at Rs.23 Million as compared to Rs.35 Million in the corresponding period of last year. Exchange gain for the period under review was Rs.35 Million as compared to Rs.5 Million for the corresponding period.

The investment income comprising mainly of capital gain, profit on government securities, fixed income securities and dividend income, was Rs.372 Million as compared to Rs.278 Million in the corresponding period of last half year. Further, in the half year ended June 30, 2011 the fall in the value of available for sale investment recognized was Rs 147 Million (June 30, 2011; Rs.61 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, 2012 was Rs.653 Million and Rs.446 Million respectively as compared to profit before tax and after tax of Rs.425 Million and Rs.378 Million respectively.

# D irectors' Report

**for the half year ended June 30, 2012**

## **Insurer Financial Rating**

We are pleased to inform you that your Company has secured, both in 2011 and 2012, an "Insurer Financial Rating" of "AA" by JCR-VIS (Japan Credit Rating – Vital Information Services) Credit Rating Company Limited. The "AA" rating denotes a very strong capacity to meet obligations.

The JCR-VIS has reaffirmed the "AA" rating of Pakistan Reinsurance Company Ltd with "Stable Outlook".

## **Future Outlook**

The Company is conscious of the global macro economic challenges currently being faced by the country. Energy crises, inflation and lack of investment are likely to continue posing challenges to the national economy. However, we are hopeful of maintaining the progress in the remaining six months for which the management will make all out efforts to achieve good results.

In the end, I would like to thank all insurance companies' Chairmen, and their Directors, and our Officers and staff for the co-operation extended by them in smooth running of the affairs of the Company and to the shareholders for having placed their confidence in the company.

For and on behalf  
of the Board of Directors

**(Munawar Opel)**  
**Chairman/Chief Executive**

Karachi: August 29, 2012

# 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, 2012** 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 month 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

## *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, 2012 'Amount due from insurers/reinsurers' includes gross amount of Rs. 2,573.795 million (December 31, 2011: Rs. 1,749.943 million) which after provision of Rs. 386 million (December 31, 2011: Rs. 386 million) amounting to Rs. 2,187.795 million (December 31, 2011: Rs. 1,363.943 million) and 'Amount due to insurers/reinsurers' includes Rs. 985.102 million (December 31, 2011: Rs. 235.687 million). Further, the company has reversed certain claims that have been lodged by other insurance companies amounting to Rs. 20.56 million (December 31, 2011: Rs. 22.63 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 5, 6.1, 6.2 and 9 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. 104.196 million (December 31, 2011: Rs. 25.469 million) and balances in respect of 'Premium and claim reserves retained from retrocessioners' amounting to Rs. 501.297 million (December 31, 2011: Rs. 26.587 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 month ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi  
Date: August 29, 2012

**Anjum Asim Shahid Rahman**  
Chartered Accountants  
Muhammad Shaukat Naseeb

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Balance Sheet**  
**As at June 30, 2012**

		June 30, 2012	December 31, 2011
	Note	Unaudited Rupees	Audited Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
2,500,000,000 (December 31, 2011: 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 (December 31, 2011: 3,000,000)			
Ordinary shares of Rs. 10 each		<u>3,000,000,000</u>	3,000,000,000
Retained earnings		<u>844,166,924</u>	1,298,302,385
Reserve for exceptional losses		<u>281,000,000</u>	281,000,000
General reserve		<u>1,777,419,085</u>	1,777,419,085
		<u>2,902,586,009</u>	3,356,721,470
<b>Shareholders' equity</b>		<u>5,902,586,009</u>	<u>6,356,721,470</u>
<b>LIABILITIES</b>			
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		<u>866,297,060</u>	753,313,736
Provision for unearned premium		<u>3,305,721,485</u>	3,887,859,030
Commission income unearned		<u>75,029,320</u>	34,803,842
<b>Total underwriting provisions</b>		<u>4,247,047,865</u>	4,675,976,608
<b>Deferred liability - employee benefits</b>		185,990,240	166,827,000
<b>Long term deposits</b>		14,265,757	14,222,217
<b>Creditors and accruals</b>			
Amount due to other insurers/reinsurers	5	<u>1,104,777,709</u>	1,285,062,959
Premium and claim reserves retained			
from retrocessionaires		<u>501,297,164</u>	26,587,143
Other creditors and accruals		<u>29,238,865</u>	24,006,780
Accrued expenses		<u>15,585,088</u>	6,675,968
Taxation - net		<u>439,010,582</u>	266,688,886
Retention money payable		<u>6,480,973</u>	6,480,973
		<u>2,096,390,381</u>	1,615,502,709
<b>Other liabilities</b>			
Dividend payable		<u>75,300,303</u>	47,473,992
Surplus profit payable		<u>1,212,602</u>	1,212,602
		<u>76,512,905</u>	48,686,594
<b>Total liabilities</b>		<u>6,620,207,148</u>	<u>6,521,215,128</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,522,793,157</u>	<u>12,877,936,598</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Balance Sheet**  
**As at June 30, 2012**

		June 30, 2012	December 31, 2011
	Note	Unaudited Rupees	Audited Rupees
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents		80,109	67,433
Current and other accounts		1,249,408,369	747,195,690
Deposits maturing within 12 months		850,000,000	850,000,000
		<b>2,099,488,478</b>	<b>1,597,263,123</b>
<b>Loans to employees</b>		49,991,712	56,634,060
<b>Investments</b>	7	5,226,336,034	5,792,680,783
<b>Investment properties</b>	8	38,895,792	39,995,716
<b>Deferred taxation</b>		-	-
<b>Current assets - others</b>			
Amount due from other insurers/reinsurers	9	2,635,125,275	2,541,621,198
Premium and claim reserves retained by cedants		104,196,394	25,469,400
Accrued investment income		161,011,730	203,234,134
Sundry receivables		257,928,574	280,026,129
Prepayments		1,435,462,166	1,861,689,863
Deferred commission expense		457,723,675	429,568,319
Stock of stationery		961,776	714,126
		<b>5,052,409,590</b>	<b>5,342,323,169</b>
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and building		19,543,790	20,039,175
Furniture, fixture, books and office equipment		14,202,403	14,956,522
Motor vehicles		13,648,433	7,461,655
Electrical installations, airconditioning plant and lifts		8,276,925	6,582,395
		<b>55,671,551</b>	<b>49,039,747</b>
Assets relating to Bangladesh		-	-
<b>TOTAL ASSETS</b>		<b>12,522,793,157</b>	<b>12,877,936,598</b>

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Profit and Loss Account (Unaudited)**

**For the period of three month ended June 30, 2012**

Note	Three month ended June 30							2012	2011
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
<b>Revenue account</b>									
Net premium revenue	185,464,976	8,842,845	21,956,250	20,540,440	42,611,326	102,720,557	660,208,802	<b>1,042,345,196</b>	849,328,762
Less:									
Net claims	(76,553,901)	53,046	(705,670)	8,364,365	30,851,378	25,621,462	392,350,508	<b>379,981,188</b>	464,235,382
Expenses	2,521,386	1,803,598	658,665	1,743,175	2,259,360	1,688,520	170,744,975	<b>181,419,679</b>	114,300,429
Net commission	39,153,042	1,815,431	3,130,412	2,485,208	217,309	104,813	165,763,364	<b>212,669,579</b>	190,046,897
<b>Underwriting results</b>	<b>220,344,449</b>	<b>5,170,770</b>	<b>18,872,843</b>	<b>7,947,692</b>	<b>9,283,279</b>	<b>75,305,762</b>	<b>(68,650,045)</b>	<b>268,274,750</b>	80,746,054
Investment income - net								<b>160,376,497</b>	93,510,069
Rental income - net								<b>12,320,127</b>	19,500,286
Exchange gain								<b>32,151,674</b>	10,364,551
Other income								<b>128,913</b>	70,939
General and administration expenses								<b>(11,044,413)</b>	(11,405,492)
Value of available-for-sale investments - write-off								<b>(146,649,148)</b>	(61,296,374)
								<b>47,283,650</b>	50,743,979
<b>Profit before tax</b>								<b>315,558,400</b>	131,490,033
<b>Income tax expense</b>									
- Current								<b>(118,735,221)</b>	32,092,344
- Deferred								<b>-</b>	-
								<b>(118,735,221)</b>	32,092,344
<b>Profit after tax</b>								<b>196,823,179</b>	163,582,377
<b>Profit and loss appropriation account</b>									
<b>Balance at the commencement of period</b>								<b>1,535,456,065</b>	1,568,002,600
Profit after tax for the period								<b>196,823,179</b>	163,582,377
Final cash dividend paid 2011: Rs. 3.00 @ 30% (2010: Rs. 3.00 @ 30%) per share								<b>(900,000,000)</b>	(900,000,000)
<b>Balance of unappropriated profit at the end of the period</b>								<b>832,279,244</b>	831,584,977
<b>Earnings per share - basic and diluted</b>								<b>0.66</b>	<b>0.55</b>

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Profit and Loss Account (Unaudited)**  
**For the period of six month ended June 30, 2012**

Note	Six month ended June 30							2012	2011
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
<b>Revenue account</b>									
Net premium revenue	360,968,214	17,777,063	40,599,839	37,324,956	85,333,480	199,864,892	1,327,321,548	<b>2,069,189,992</b>	1,672,191,546
Less:									
Net claims	73,592,878	352,454	(816,917)	27,830,787	30,946,374	72,734,785	804,177,907	<b>1,008,818,268</b>	943,752,335
Expenses	4,937,596	3,571,000	1,243,561	3,166,207	4,428,144	3,019,325	224,788,820	<b>245,154,653</b>	165,526,373
Net commission	76,524,059	3,705,125	6,284,087	4,494,313	376,978	22,587	335,505,785	<b>426,912,934</b>	375,727,406
<b>Underwriting results</b>	<b>205,913,681</b>	<b>10,148,484</b>	<b>33,889,108</b>	<b>1,833,649</b>	<b>49,581,984</b>	<b>124,088,195</b>	<b>(37,150,964)</b>	<b>388,304,137</b>	187,185,432
Investment income - net								<b>371,886,231</b>	278,301,303
Rental income - net								<b>23,166,312</b>	32,660,244
Exchange gain								<b>35,081,746</b>	5,028,441
Other income								<b>286,815</b>	1,815,921
General and administration expenses								<b>(18,895,493)</b>	(18,898,313)
Value of available-for-sale investments - write-off								<b>(146,649,148)</b>	(61,296,374)
								<b>264,876,463</b>	237,611,222
<b>Profit before tax</b>								<b>653,180,600</b>	424,796,654
<b>Income tax expense</b>									
- Current								<b>(207,316,061)</b>	(46,701,099)
- Deferred								<b>-</b>	-
								<b>(207,316,061)</b>	(46,701,099)
<b>Profit after tax</b>								<b>445,864,539</b>	378,095,555
<b>Profit and loss appropriation account</b>									
<b>Balance at the commencement of period</b>								<b>1,298,302,385</b>	1,353,489,422
Profit after tax for the period								<b>445,864,539</b>	378,095,555
Final cash dividend paid 2011: Rs. 3.00 @ 30% (2010: Rs. 3.00 @ 30%) per share								<b>(900,000,000)</b>	(900,000,000)
<b>Balance of unappropriated profit at the end of the period</b>								<b>844,166,924</b>	831,584,977
<b>Earnings per share - basic and diluted</b>								<b>1.49</b>	1.26

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

**Farzana Munaf**  
Chief Financial Officer

**Munawar Opel**  
Chief Executive

**Sikander Mahmood**  
Director

**Taufique Habib**  
Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Profit and Loss Account (Unaudited)**  
**For the period of three and six month ended June 30, 2012**

	<b>Three month ended June 30</b>		<b>Six month ended June 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Profit for the period	196,823,179	163,582,377	445,864,539	378,095,555
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>196,823,179</b>	<b>163,582,377</b>	<b>445,864,539</b>	<b>378,095,555</b>

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
**For the period of six month ended June 30, 2012**

	Share capital	Reserve for exceptional losses	Reserves		Total reserves	Total
	Issued subscribed and paid-up		Revenue reserves			
			Retained earnings	General reserve		
			Rupees			
<b>Balance as at December 31, 2010</b>	3,000,000,000	281,000,000	1,353,489,422	1,777,419,085	3,130,908,507	6,411,908,507
Total comprehensive income for the period	-	-	378,095,555	-	378,095,555	378,095,555
<b>Transactions with owners</b>						
Final cash dividend 2010: Rs. 3.00 @ 30% (2009: Rs. 3.00 @ 30%) per share	-	-	(900,000,000)	-	(900,000,000)	(900,000,000)
<b>Balance as at June 30, 2011</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>831,584,977</b>	<b>1,777,419,085</b>	<b>2,609,004,062</b>	<b>5,890,004,062</b>
<b>Balance as at December 31, 2011</b>	3,000,000,000	281,000,000	1,298,302,385	1,777,419,085	3,075,721,470	6,356,721,470
Total comprehensive income for the period	-	-	445,864,539	-	445,864,539	445,864,539
<b>Transactions with owners</b>						
Final cash dividend 2011: Rs. 3.00 @ 30% (2010: Rs. 3.00 @ 30%) per share	-	-	(900,000,000)	-	(900,000,000)	(900,000,000)
<b>Balance as at June 30, 2012</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>844,166,924</b>	<b>1,777,419,085</b>	<b>2,621,586,009</b>	<b>5,902,586,009</b>

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
**For the period of six month ended June 30, 2012**

	<b>Six month ended June 30</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating cash flows</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Underwriting activities:-</b>		
Premium received	2,987,390,602	2,797,814,878
Reinsurance premium paid	(1,310,976,981)	(1,446,833,571)
Claims paid	(1,264,680,472)	(898,418,047)
Reinsurance and other recoveries received	368,845,528	68,944,095
Commission paid	(511,380,879)	(465,733,121)
Commission received	96,538,067	53,777,508
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	395,983,027	76,735,735
Expenses paid	(245,154,653)	(165,526,373)
<b>Net cash inflows from underwriting activities</b>	<b>516,564,239</b>	<b>20,761,104</b>
<b>Other operating activities</b>		
Income tax paid	(34,994,365)	(40,666,016)
General management expenses paid	(18,895,493)	(18,898,313)
Loans disbursed - net	6,642,348	5,498,597
Other receipts - sundry debtors	53,356,833	78,925,572
Net cash inflow from other operating activities	6,109,323	24,859,840
<b>Total cash inflow from all operating activities</b>	<b>522,673,562</b>	<b>45,620,944</b>
<b>Investment activities</b>		
Fixed capital expenditure	(5,531,880)	589,040
Acquisition of investments	(1,935,894,070)	(1,681,674,016)
Rental income received - net of expenses	38,904,441	50,047,247
Dividend income received	59,000,740	95,902,448
Interest income on bank deposits	79,613,727	44,483,561
Investment income received - net of expenses	255,717,386	126,134,930
Sale proceeds of investments	2,359,915,138	1,429,180,170
<b>Total cash inflow from investment activities</b>	<b>851,725,482</b>	<b>64,663,380</b>
<b>Financing activities</b>		
Dividend paid	(872,173,689)	(467,003,244)
<b>Total cash outflow from financing activities</b>	<b>(872,173,689)</b>	<b>(467,003,244)</b>
<b>Net cash inflow/(outflow) from all activities</b>	<b>502,225,355</b>	<b>(356,718,920)</b>
Cash and cash equivalents at beginning of the period	1,597,263,123	2,416,631,453
<b>Cash and cash equivalents at end of the period</b>	<b>2,099,488,478</b>	<b>2,059,912,533</b>

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

**Farzana Munaf**  
Chief Financial Officer

**Munawar Opel**  
Chief Executive

**Sikander Mahmood**  
Director

**Taufique Habib**  
Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
**For the period of six month ended June 30, 2012**

	<b>Six month ended June 30</b>	
	2012	2011
	Rupees	Rupees
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	522,673,562	45,620,944
Depreciation expense	(4,886,215)	(4,446,838)
Exchange gain	35,081,746	5,028,441
Reversal of provision	286,815	1,815,921
Rental income	23,166,312	32,660,244
Pension - officers	(25,155,000)	(36,916,418)
Pension - staff	(14,542,000)	5,040,000
Medical	(21,322,000)	36,133,731
Gratuity	(678,000)	(15,000)
Compensated absences	(5,402,000)	3,760,000
Provision for outstanding claims	112,983,324	(114,278,383)
Provision for unearned premium	(582,137,545)	(775,844,264)
Prepaid reinsurance	426,227,697	851,876,209
Provision for employee benefits	(19,163,240)	(16,296,836)
Dividend income	59,016,137	97,438,028
Investment income	228,644,016	136,515,979
Interest income	79,613,727	44,483,561
Amortization of premium	4,325,468	31,859
Gain on sale of investment	1,121,693	644,311
(Decrease) in operating assets other than cash	(138,987,888)	(232,912,181)
Decrease in operating liabilities	301,441,462	446,419,736
	<b>982,308,071</b>	<b>526,759,044</b>
<u>Other adjustments:</u>		
Provision for impairment in value of investment	(146,649,148)	(61,296,374)
Income tax paid	(34,994,365)	(40,666,016)
	<b>(181,643,513)</b>	<b>(101,962,390)</b>
Profit before taxation	<b>800,664,558</b>	<b>424,796,654</b>
Provision for taxation	<b>(207,316,061)</b>	<b>(46,701,099)</b>
<b>Profit after taxation</b>	<b>593,348,497</b>	<b>378,095,555</b>

**Definition of cash**

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

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

**Cash and cash equivalents:**

Cash and other equivalents	80,109	83,786
Current and other accounts	1,249,408,369	1,203,412,047
Deposit maturing within 12 months	850,000,000	856,416,700
	<b>2,099,488,478</b>	<b>2,059,912,533</b>

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

**Farzana Munaf**  
Chief Financial Officer

**Munawar Opel**  
Chief Executive

**Sikander Mahmood**  
Director

**Taufique Habib**  
Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Premiums (Unaudited)  
For the period of three month ended June 30, 2012

Class	Three month ended June 30									
	Premiums written (A)	Unearned premium reserve Opening (B)	Unearned premium reserve Closing (C)	Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance Opening (F)	Prepaid reinsurance Closing (G)	Reinsurance expense (H=E+F-G)	Net premium revenue 2012 (I=D-H)	2011
<b>Business underwritten inside Pakistan</b>	-----R u p e e s-----									
<b>Facultative</b>										
Fire	100,101,665	783,946,558	534,792,586	349,255,637	-	379,415,389	215,624,728	163,790,661	185,464,976	109,158,529
Marine cargo	8,425,370	4,630,160	4,212,685	8,842,845	-	-	-	-	8,842,845	6,974,486
Marine hull	97,903,474	37,456,219	105,735,417	29,624,276	61,344,207	-	53,676,181	7,668,026	21,956,250	14,542,951
Accident and others	31,108,429	46,736,556	57,304,545	20,540,440	-	-	-	-	20,540,440	18,464,709
Aviation	17,179,265	773,410,531	475,000,019	315,589,777	3,526,585	676,459,525	407,007,659	272,978,451	42,611,326	44,431,820
Engineering	311,312,358	663,519,901	663,072,653	311,759,606	277,962,616	426,551,137	495,474,704	209,039,049	102,720,557	60,691,324
<b>Total</b>	<b>566,030,561</b>	<b>2,309,699,925</b>	<b>1,840,117,905</b>	<b>1,035,612,581</b>	<b>342,833,408</b>	<b>1,482,426,051</b>	<b>1,171,783,272</b>	<b>653,476,187</b>	<b>382,136,394</b>	<b>254,263,819</b>
<b>Treaty</b>	754,134,792	1,539,002,681	1,465,603,580	827,533,893	66,087,522	355,529,500	254,291,931	167,325,091	660,208,802	595,064,943
<b>Grand total</b>	<b>1,320,165,353</b>	<b>3,848,702,606</b>	<b>3,305,721,485</b>	<b>1,863,146,474</b>	<b>408,920,930</b>	<b>1,837,955,551</b>	<b>1,426,075,203</b>	<b>820,801,278</b>	<b>1,042,345,196</b>	<b>849,328,762</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Premiums (Unaudited)  
For the period of six month ended June 30, 2012

Class	Six month ended June 30,									
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance		Reinsurance expense	Net premium revenue	
	(A)	Opening (B)	Closing (C)	(D=A+B-C)	(E)	Opening (F)	Closing (G)	(H=E+F-G)	2012 (I=D-H)	2011
<b>Business underwritten inside Pakistan</b>	-----R u p e e s-----									
<b>Facultative</b>										
Fire	528,246,919	678,671,607	534,792,586	672,125,940	230,897,729	295,884,725	215,624,728	311,157,726	360,968,214	207,283,283
Marine cargo	17,685,689	4,304,059	4,212,685	17,777,063	-	-	-	-	17,777,063	14,487,426
Marine hull	115,610,044	38,393,238	105,735,417	48,267,865	61,344,207	-	53,676,181	7,668,026	40,599,839	27,226,939
Accident and others	69,306,466	25,323,035	57,304,545	37,324,956	-	-	-	-	37,324,956	39,875,594
Aviation	27,147,467	1,075,066,951	475,000,019	627,214,399	9,683,444	939,205,134	407,007,659	541,880,919	85,333,480	88,461,410
Engineering	620,736,144	631,818,390	663,072,653	589,481,881	485,888,511	399,203,182	495,474,704	389,616,989	199,864,892	119,113,125
<b>Total</b>	<b>1,378,732,729</b>	<b>2,453,577,280</b>	<b>1,840,117,905</b>	<b>1,992,192,104</b>	<b>787,813,891</b>	<b>1,634,293,041</b>	<b>1,171,783,272</b>	<b>1,250,323,660</b>	<b>741,868,444</b>	<b>496,447,777</b>
<b>Treaty</b>	<b>1,702,161,950</b>	<b>1,434,281,750</b>	<b>1,465,603,580</b>	<b>1,670,840,120</b>	<b>377,959,586</b>	<b>219,850,917</b>	<b>254,291,931</b>	<b>343,518,572</b>	<b>1,327,321,548</b>	<b>1,175,743,769</b>
<b>Grand total</b>	<b>3,080,894,679</b>	<b>3,887,859,030</b>	<b>3,305,721,485</b>	<b>3,663,032,224</b>	<b>1,165,773,477</b>	<b>1,854,143,958</b>	<b>1,426,075,203</b>	<b>1,593,842,232</b>	<b>2,069,189,992</b>	<b>1,672,191,546</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Claims (Unaudited)  
For the period of three month ended June 30, 2012

Class	Three month ended June 30									
	Claims paid (A)	Provision for 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 expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2012 (I=D-H)	2011
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	21,808,631	377,203,202	278,840,670	(76,553,901)	-	68,968,099	68,968,099	-	(76,553,901)	4,282,511
Marine cargo	64,101	16,477,267	16,466,212	53,046	-	-	-	-	53,046	2,329,605
Marine hull	283,061	16,401,239	15,412,508	(705,670)	-	-	-	-	(705,670)	1,310,222
Accident and others	3,014,331	45,638,738	50,988,772	8,364,365	-	-	-	-	8,364,365	9,203,904
Aviation	3,421,639	91,700,210	128,059,361	39,780,790	3,169,949	86,769,585	92,529,048	8,929,412	30,851,378	3,089,187
Engineering	22,955,023	458,256,633	411,157,686	(24,143,924)	-	406,321,195	356,555,809	(49,765,386)	25,621,462	2,650,298
<b>Total</b>	<b>51,546,786</b>	<b>1,005,677,289</b>	<b>900,925,209</b>	<b>(53,205,294)</b>	<b>3,169,949</b>	<b>562,058,879</b>	<b>518,052,956</b>	<b>(40,835,974)</b>	<b>(12,369,320)</b>	<b>22,865,727</b>
<b>Treaty</b>	716,651,507	1,431,288,533	1,247,210,502	532,573,476	206,745,322	825,356,049	758,833,695	140,222,968	392,350,508	441,369,655
<b>Grand total</b>	<b>768,198,293</b>	<b>2,436,965,822</b>	<b>2,148,135,711</b>	<b>479,368,182</b>	<b>209,915,271</b>	<b>1,387,414,928</b>	<b>1,276,886,651</b>	<b>99,386,994</b>	<b>379,981,188</b>	<b>464,235,382</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Claims (Unaudited)**  
**For the period of six month ended June 30, 2012**

Class	Six month ended June 30									
	Claims paid (A)	Provision for 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 expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2012 (I=D-H)	2011
<b>Business underwritten inside Pakistan</b>	-----Rupees-----									
<b>Facultative</b>										
Fire	61,529,838	362,809,531	278,840,670	(22,439,023)	-	165,000,000	68,968,099	(96,031,901)	73,592,878	73,694,999
Marine cargo	3,182,171	19,295,929	16,466,212	352,454	-	-	-	-	352,454	2,828,022
Marine hull	283,061	16,512,486	15,412,508	(816,917)	-	-	-	-	(816,917)	1,378,126
Accident and others	4,080,105	27,238,090	50,988,772	27,830,787	-	-	-	-	27,830,787	15,335,072
Aviation	6,727,697	94,778,261	128,059,361	40,008,797	6,253,118	89,719,743	92,529,048	9,062,423	30,946,374	3,480,339
Engineering	98,629,070	790,514,199	411,157,686	(280,727,443)	25,662,030	735,680,067	356,555,809	(353,462,228)	72,734,785	9,564,984
<b>Total</b>	<b>174,431,942</b>	<b>1,311,148,496</b>	<b>900,925,209</b>	<b>(235,791,345)</b>	<b>31,915,148</b>	<b>990,399,810</b>	<b>518,052,956</b>	<b>(440,431,706)</b>	<b>204,640,361</b>	<b>106,281,542</b>
<b>Treaty</b>	1,090,248,530	1,216,913,980	1,247,210,502	1,120,545,052	336,930,380	779,396,930	758,833,695	316,367,145	804,177,907	837,470,793
<b>Grand total</b>	<b>1,264,680,472</b>	<b>2,528,062,476</b>	<b>2,148,135,711</b>	<b>884,753,707</b>	<b>368,845,528</b>	<b>1,769,796,740</b>	<b>1,276,886,651</b>	<b>(124,064,561)</b>	<b>1,008,818,268</b>	<b>943,752,335</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Expenses (Unaudited)  
For the period of three month ended June 30, 2012

Class	Three month 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 from retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2012 (K=F-J)	2011
<b>Business underwritten inside Pakistan</b>	-----Rupees-----											
<b>Facultative</b>												
Fire	20,800,322	87,793,641	67,438,636	41,155,327	2,521,386	43,676,713	-	3,918,270	1,915,985	2,002,285	41,674,428	23,563,291
Marine cargo	1,702,890	963,986	851,445	1,815,431	1,803,598	3,619,029	-	-	-	-	3,619,029	2,571,992
Marine hull	10,830,267	6,316,125	12,849,021	4,297,371	658,665	4,956,036	9,335,675	-	8,168,716	1,166,959	3,789,077	2,859,197
Accident and others	3,648,380	5,788,946	6,952,118	2,485,208	1,743,175	4,228,383	-	-	-	-	4,228,383	3,700,603
Aviation	826,339	1,810,025	1,734,765	901,599	2,259,360	3,160,959	537,959	1,690,862	1,544,531	684,290	2,476,669	1,644,199
Engineering	12,107,585	27,228,526	27,909,823	11,426,288	1,688,520	13,114,808	14,228,474	22,325,168	25,232,167	11,321,475	1,793,333	1,371,317
<b>Total</b>	<b>49,915,783</b>	<b>129,901,249</b>	<b>117,735,808</b>	<b>62,081,224</b>	<b>10,674,704</b>	<b>72,755,928</b>	<b>24,102,108</b>	<b>27,934,300</b>	<b>36,861,399</b>	<b>15,175,009</b>	<b>57,580,919</b>	<b>35,710,599</b>
<b>Treaty</b>	184,576,804	336,823,157	339,987,867	181,412,094	170,744,975	352,157,069	-	53,816,651	38,167,921	15,648,730	336,508,339	268,636,727
<b>Grand total</b>	<b>234,492,587</b>	<b>466,724,406</b>	<b>457,723,675</b>	<b>243,493,318</b>	<b>181,419,679</b>	<b>424,912,997</b>	<b>24,102,108</b>	<b>81,750,951</b>	<b>75,029,320</b>	<b>30,823,739</b>	<b>394,089,258</b>	<b>304,347,326</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director

Pakistan Reinsurance Company Limited  
Condensed Interim Statement of Expenses (Unaudited)  
For the period of six month ended June 30, 2012

Class	Six month 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		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2012 (K=F-J)	2011
<b>Business underwritten inside Pakistan</b>	-----Rupees-----											
<b>Facultative</b>												
Fire	61,476,746	90,949,256	67,438,636	84,987,366	4,937,596	89,924,962	165,863	10,213,429	1,915,985	8,463,307	81,461,655	43,725,607
Marine cargo	3,630,862	925,708	851,445	3,705,125	3,571,000	7,276,125	-	-	-	-	7,276,125	5,329,356
Marine hull	13,858,476	6,441,591	12,849,021	7,451,046	1,243,561	8,694,607	9,335,675	-	8,168,716	1,166,959	7,527,648	5,401,705
Accident and others	8,469,002	2,977,429	6,952,118	4,494,313	3,166,207	7,660,520	-	-	-	-	7,660,520	7,959,468
Aviation	1,713,697	1,784,519	1,734,765	1,763,451	4,428,144	6,191,595	1,589,245	1,341,759	1,544,531	1,386,473	4,805,122	3,221,029
Engineering	28,413,417	20,881,129	27,909,823	21,384,723	3,019,325	24,404,048	25,177,192	21,417,111	25,232,167	21,362,136	3,041,912	2,270,147
<b>Total</b>	<b>117,562,200</b>	<b>123,959,632</b>	<b>117,735,808</b>	<b>123,786,024</b>	<b>20,365,833</b>	<b>144,151,857</b>	<b>36,267,975</b>	<b>32,972,299</b>	<b>36,861,399</b>	<b>32,378,875</b>	<b>111,772,982</b>	<b>67,907,312</b>
<b>Treaty</b>	393,818,679	305,608,687	339,987,867	359,439,499	224,788,820	584,228,319	60,270,092	1,831,543	38,167,921	23,933,714	560,294,605	473,346,467
<b>Grand total</b>	<b>511,380,879</b>	<b>429,568,319</b>	<b>457,723,675</b>	<b>483,225,523</b>	<b>245,154,653</b>	<b>728,380,176</b>	<b>96,538,067</b>	<b>34,803,842</b>	<b>75,029,320</b>	<b>56,312,589</b>	<b>672,067,587</b>	<b>541,253,779</b>

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

Farzana Munaf  
Chief Financial Officer

Munawar Opel  
Chief Executive

Sikander Mahmood  
Director

Taufique Habib  
Director

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Investment Income (Unaudited)**  
**For the period of three month and six month ended June 30, 2012**

	Three month ended June 30		Six month ended June 30	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
<b>Income from trading investments</b>				
Held-for-trading	1,117,019	970,433	1,117,019	2,534,160
Dividend income	5,062,181	3,554,777	59,016,137	97,438,028
	<b>6,179,200</b>	<b>4,525,210</b>	<b>60,133,156</b>	<b>99,972,188</b>
<b>Income from non-trading investments</b>				
<b>Held-to-maturity</b>				
Return on Government Securities	71,770,835	44,031,012	139,749,435	85,040,258
Return on other fixed income securities and deposits	44,648,768	14,972,518	79,613,727	44,483,561
Income on treasury bills	36,416,752	33,226,270	75,217,009	53,468,930
Amortization of premium on Pakistan Investment Bond	1,825,209	70,366	4,325,468	31,859
	<b>154,661,564</b>	<b>92,300,166</b>	<b>298,905,639</b>	<b>183,024,608</b>
<b>Gain on sale of investments</b>				
Available-for-sale	4,674	589,632	4,674	644,311
<b>Gain/(loss) on revaluation of investments</b>				
Held-for-trading	826,838	(2,784,306)	15,417,619	(3,346,595)
Available-for-sale	-	-	-	-
	<b>826,838</b>	<b>(2,784,306)</b>	<b>15,417,619</b>	<b>(3,346,595)</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>(1,295,779)</b>	<b>(1,120,633)</b>	<b>(2,574,857)</b>	<b>(1,993,209)</b>
<b>Net investment income</b>	<b>160,376,497</b>	<b>93,510,069</b>	<b>371,886,231</b>	<b>278,301,303</b>

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**

## **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 Company is engaged in providing reinsurance product and services to insurance companies and investment activities.

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 and available for sale at lower of cost or market 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 month period ended June 30, 2012 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 interim financial information for the six month ended June 30, 2012 is un-audited but has been reviewed by the external auditors of the Company.

## **3 USE OF ESTIMATES AND JUDGMENTS**

The preparation of condensed interim 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.

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

---

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 information of the Company for the year ended December 31, 2011.

**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 information of the Company for the year ended December 31, 2011.

**4.1 Application of International Financial Reporting Standard - 2 (Share-based Payments)**

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-SOEs.

The Scheme needs to be accounted for by the covered entities under the provisions of amended International Financial Reporting Standard 2 Share Based Payments (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted the staff costs of the Company for the year would have been higher by Rs. 43.095 million, profit after taxation would have been lower by Rs. 43.095 million, retained earnings would have been lower by Rs. 43.095 million, earnings per share would have been lower by Rs. 0.14 per share and reserves would have been higher by Rs. 43.095 million.

	Note	June 30, 2012 Rupees	December 31, 2011 Rupees
<b>5 AMOUNT DUE TO OTHER INSURERS / REINSURERS</b>			
Amount due to other insurers / resinsurers	6.1	<u>1,104,777,709</u>	<u>1,285,062,959</u>

**6 CONTINGENCIES AND COMMITMENTS**

**6.1** The Company is in the process of getting confirmations and reconciling balance with insurance/reinsurance companies in respect of following balance:

The Company is in process of reconciling balances of amount due to (refer note 5) and due from other insurers/reinsurers (refer note 9) and have identified reconciling items of Rs. 78.274 million in respect of balances outstanding as on December 31, 2011. 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 Rs. 2.635 billion due from and Rs. 1.104 billion due to balances as at June 30, 2012. Out of the due from outstanding balances as at June 30, 2012 Rs. 1.285 billion were confirmed reflecting favourable reconciliation differences of Rs. 44.667 million.



**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

---

- 6.2** The company has reversed certain claims lodged by insurance companies estimated at Rs. 20.56 million (December 31, 2011: Rs. 22.63 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**

Decree have been awarded against the Company in a case amounting to Rs. 31.68 (December 31, 2011: Rs. 31.68) 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. Moreover, the decree holder has not filed execution application with in prescribed limitation period, therefore management consider it as time barred.

- 6.5** 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 June 30, 2012 amounted to Rs. 3.351 million (December 31, 2011: Rs. 3.351 million).

Currently, stay is operating in favor of PRCL and KPT matter is pending with the Sr. Civil Judge, Karachi. for the issue and hearing of application. 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.

- 6.6** There is no commitment as on the balance sheet date (December 31, 2011: Nil).

	<b>June 30, 2012</b>	December 31, 2011
	<b>Rupees</b>	Rupees
<b>7 INVESTMENTS</b>		
<b>Available-for-sale</b>		
Ordinary shares - listed	<b>429,066,673</b>	429,066,673
Mutual fund's units	<b>1,987,920,002</b>	2,134,569,150
Ordinary shares - unlisted	<b>617,613</b>	617,613
	<b>2,417,604,288</b>	2,564,253,436

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

	June 30, 2012 Rupees	December 31, 2011 Rupees
<b>Held-to-maturity</b>		
Pakistan Investment Bonds	1,679,787,435	2,248,853,014
Treasury Bills	1,065,654,390	930,047,336
	2,745,441,825	3,178,900,350
<b>Held-for-trading</b>		
Ordinary shares - listed	63,289,921	49,526,997
	<u>5,226,336,034</u>	<u>5,792,680,783</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) as per Rule 16(a) of SECP Insurance Rules, 2002. 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, 2012 would have been higher by Rs. 480.352 million (December 31, 2011: higher by Rs. 194 million) and the net equity would have been higher by Rs. 480.352 million (December 31, 2011: higher by Rs.194 million).

## 8 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,014.780 million, as per valuation carried out by an independent valuer in 2011.

## 9 AMOUNT DUE FROM OTHER INSURERS / REINSURERS

	June 30, 2012 Rupees	December 31, 2011 Rupees
Amount due from other Insurers / Reinsurers	3,021,125,275	2,927,621,198
Provision for doubtful balances	(386,000,000)	(386,000,000)
	6.1 <u>2,635,125,275</u>	<u>2,541,621,198</u>

9.1 This includes Rs. 690 million (December 31, 2011: Rs.1,246.58 million) due from related parties.

## 10 ADDITIONS AND DELETIONS IN FIXED ASSETS

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

	-----2012-----	
	Additions Rupees	Disposals Rupees
- Electrical installations, air conditioning plant and lifts	2,442,320	-
- Furniture, fixture, books and office equipments and computer	326,476	-
- Vehicle	8,978,000	1,707,909
	<u>11,746,796</u>	<u>1,707,909</u>
	-----2011-----	
	Additions Rupees	Disposals Rupees
- Electrical installations, air conditioning plant and lifts	1,368,985	-
- Furniture, fixture, books and office equipments and computer	2,451,764	-
	<u>3,820,749</u>	<u>-</u>

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

**11 SEGMENT REPORTING**

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

		June 30, 2012						
a) Segment by class of business	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
-----Rupees in '000-----								
Net premium	360,968	17,777	40,600	37,325	85,333	199,865	1,327,322	2,069,190
Net claims	73,593	352	(817)	27,831	30,946	72,735	804,178	1,008,818
Expenses	4,938	3,571	1,244	3,166	4,428	3,019	224,789	245,155
Net commission	76,524	3,705	6,284	4,494	377	23	335,506	426,913
Underwriting result	205,914	10,148	33,889	1,834	49,582	124,088	(37,151)	388,304
Segment assets								
Prepaid reinsurance ceded	215,625	-	53,676	-	407,008	495,475	254,292	1,426,075
Deferred commission expense	67,439	851	12,849	6,952	1,735	27,910	339,988	457,724
	283,063	851	66,525	6,952	408,742	523,385	594,280	1,883,799
Unallocated corporate assets								10,638,994
Total assets								<u>12,522,793</u>
Segment liabilities								
Provision for unearned premium	534,793	4,213	105,735	57,305	475,000	663,073	1,465,604	3,305,721
Commission income unearned	1,916	-	8,169	-	1,545	25,232	38,168	75,029
Provision for outstanding claims	209,873	16,466	15,413	50,989	35,530	54,602	483,425	866,297
	746,581	20,679	129,317	108,293	512,075	742,907	1,987,196	4,247,048
Un-allocated corporate liabilities								2,373,159
Total liabilities								<u>6,620,207</u>
		June 30, 2011						
Segment by class of business	Fire	Marine Cargo	Marine Hull	Accident and others	Aviation	Engineering	Treaty	Total
-----Rupees in '000-----								
Net premium	207,283	14,487	27,227	39,876	88,461	119,113	1,175,744	1,672,192
Net claims	73,696	2,828	1,378	15,335	3,480	9,565	837,471	943,753
Management expenses	3,774	2,563	825	2,446	2,909	1,909	151,100	165,526
Net commission	39,952	2,766	4,577	5,514	312	361	322,246	375,727
Underwriting result	89,862	6,330	20,447	16,581	81,760	107,278	(135,073)	187,185
Segment assets								
Prepaid reinsurance ceded	120,875	-	-	-	479,934	286,201	193,601	1,080,611
Deferred commission expense	72,443	709	4,760	3,768	1,376	17,568	307,969	408,594
	193,318	709	4,760	3,768	481,310	303,768	501,570	1,489,204
Unallocated corporate assets								9,478,033
Total assets								<u>10,967,237</u>
Segment liabilities								
Provision for unearned premium	314,967	4,127	28,433	31,024	545,988	396,502	1,357,016	2,678,058
Commission income unearned	25,790	-	-	-	1,402	15,396	726	43,315
Provision for outstanding claims	209,747	25,938	14,730	22,187	2,274	16,230	439,369	730,476
	550,503	30,065	43,163	53,211	549,665	428,129	1,797,112	3,451,848
Un-allocated corporate liabilities								1,625,385
Total liabilities								<u>5,077,233</u>

**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	June 30, 2012		December 31, 2011	
	Lahore	Karachi	Lahore	Karachi
-----Rupees in '000-----				
Revenue - net premium	349,134	1,720,056	659,585	2,875,365
Total assets	660	12,522,133	402,710	12,534,349
Total liabilities	259,085	6,399,965	539,536	5,920,173

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

**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	
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
<b>Balances</b>				
Balance at the beginning	13,105,167	1,147,331,180	19,761,043	1,405,416,215
Insurance premium written during the period	2,660,856	145,560,826	5,280,714	422,912,759
Premium received	(9,557,858)	(481,615,509)	(18,833,592)	(1,017,072,477)
Balance at the end	6,208,165	811,276,497	6,208,165	811,256,497
<b>Transaction</b>				
Insurance commission paid	6,070,750	(6,828,883)	11,297,824	(18,273,639)
Insurance claims paid	580,134	(68,402,811)	1,534,218	(75,544,778)
Premium paid - net	14,576	(27)	6,867	34
Insurance commission received	-	10	21	12
Insurance claims received	(65,122)	94	(5,132)	(385)
Dividend income	9,966,267	7,920,000	9,966,267	7,920,000

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	
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Balance at the beginning	1,042,895,401	1,138,822,494	1,249,740,826	1,401,283,778
Insurance premium written during the year	405,804,253	136,422,980	782,269,230	404,195,936
Premium received	(764,642,981)	(481,615,510)	(1,347,953,383)	(1,011,849,750)
Balance at the end	684,056,673	793,629,964	684,056,673	793,629,964
Insurance claims paid	166,898,042	65,381,456	203,762,139	56,871,108
Insurance commission paid	19,117,902	4,255,672	30,157,961	12,766,026

**Pakistan Reinsurance Company Limited**  
**Notes to the Condensed Interim Financial Information (Unaudited)**  
**For the period of six month ended June 30, 2012**

---

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

Basic earning 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 month ended June 30</u>		<u>Six month ended June 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit after tax for the period (Rupees)	<u>196,823,179</u>	<u>163,582,377</u>	<u>445,864,539</u>	<u>378,095,555</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>
Earning per share - basic (Rupees)	<u>0.66</u>	<u>0.55</u>	<u>1.49</u>	<u>1.26</u>

No 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.

**14 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue on August 29, 2012 by the Board of Directors of the Company.

**15 GENERAL**

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

**Farzana Munaf**  
**Chief Financial Officer**

**Munawar Opel**  
**Chief Executive**

**Sikander Mahmood**  
**Director**

**Taufique Habib**  
**Director**



**Pakistan Reinsurance Company Limited**

PRC Towers, 32 - A, Lalazar Drive, M.T. Khan Road, Karachi  
PO.Box 4777, Sindh  
Pakistan

Phone : (+92-21) 99202908-14  
Fax : (+92-21) 99202921-22  
Email : [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website : [www.pakre.org.pk](http://www.pakre.org.pk)