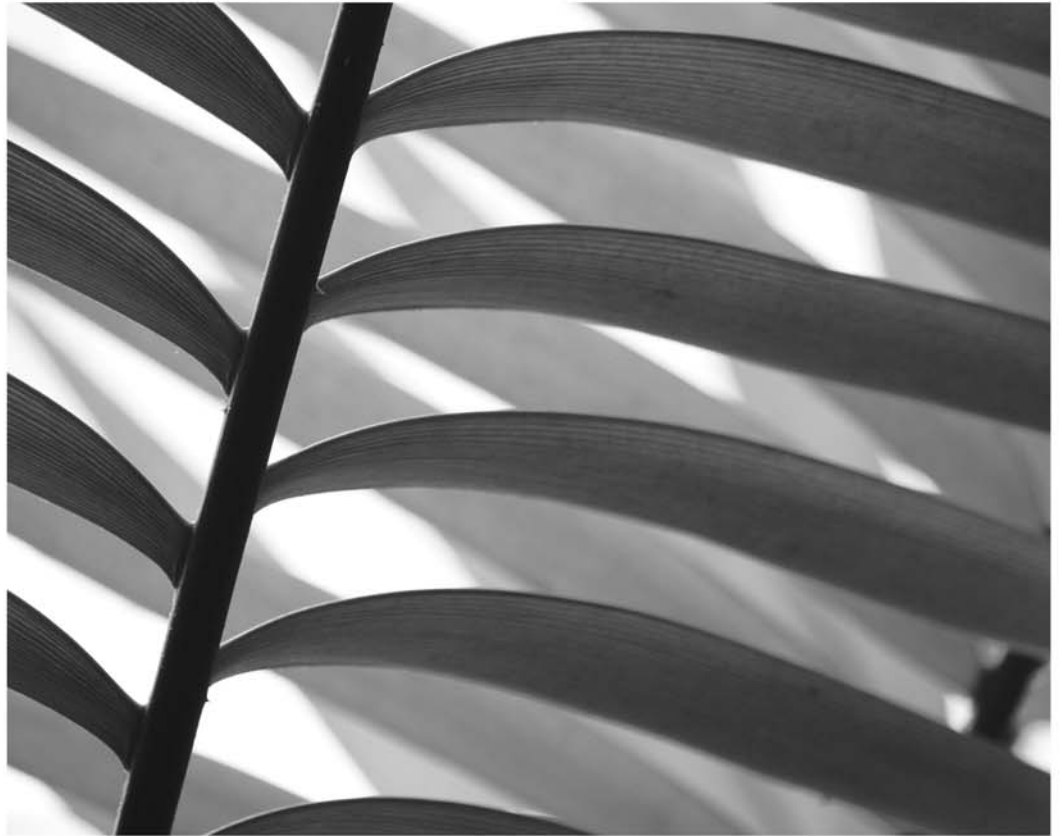




Pakistan Reinsurance Company Limited

**CONDENSED
INTERIM
FINANCIAL
STATEMENT**

For the half year ended
JUNE 30, 2011



COMMITMENT TO EXCELLENCE

C ontents



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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.

C orporate Information

BOARD OF DIRECTORS

MRS. RUKHSANA SALEEM

Chairperson

MR. JAMIL AHMAD

Director

SYED ARSHAD ALI

Director

DR. MASUMA HASAN

Director

MR. MUMTAZ ALI RAJPER

Director

MR. TAUFIQUE HABIB

Director

MR. SIKANDER MAHMOOD

Director

MR. KHAWAJA MAHMOOD UR REHMAN

Director

SENIOR MANAGEMENT

MR. ASGHAR IMAM KHALID

Executive Director/CIA

MRS. FARZANA MUNAF

Executive Director/CFO

MR. FIDA HUSSAIN SAMOO

Executive Director (Re)

MR. AYAZ HUSSAIN M. GAD

Executive Director (BD/RE)

MRS. GHAZALA IMRAN

Regional Director (NZO)

MR. SHAHZAD F. LODHI

Company Secretary/General Manager

LEGAL ADVISOR

MR. ALI MUMTAZ SHAIKH

M/s. Mumtaz & Associates

EXTERNAL AUDITOR

MR. MOHAMMAD SHAUKAT NASEEB

Senior Partner,
M/s. Anjum Asim Shahid Rahman,
Chartered Accountants,
1st & 3rd Floor, Modern Motors House,
Beaumont Road,
Karachi-75530.

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

SHARE REGISTRAR

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

REGISTERED OFFICES

PRC Towers, 32-A, Lalazar Drive,
M.T. Khan Road, P.O. Box: 4777,
Karachi, Pakistan.
Tel: (92-21) 99202908-14
Telex: (92-21)20428
Telefax: (92-21) 99202920-22
Email: prcl@pakre.org.pk
Web: www.pakre.org.pk

ZONAL OFFICE

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

Committees of the Board of PRCL

AUDIT COMMITTEE

Syed Arshad Ali
Chairman of the Committee

Mr. Jamil Ahmad
Member

Mr. Mumtaz Ali Rajper
Member

Mr. Taufique Habib
Member

Mr. Shahzad F. Lodhi
Secretary of the Committee

UNDERWRITING COMMITTEE

Mrs. Rukhsana Saleem
Chairperson of the Committee

Mrs. Farzana Munaf
Member

Mr. Ayaz Hussain M. Gad
Member

Mr. Fida Hussain Samoo
Member/Secretary of the Committee

REINSURANCE COMMITTEE

Mrs. Rukhsana Saleem
Chairperson of the Committee

Mr. Jamil Ahmad
Member

Mr. Taufique Habib
Member

Mr. Asghar Imam Khalid
Member

Mr. Ayaz Hussain M. Gad
Member

Mr. Fida Hussain Samoo
Member/Secretary of the Committee

CLAIM SETTLEMENT COMMITTEE

Mr. Sikander Mahmood
Chairman of the Committee

Mrs. Rukhsana Saleem
Member

Mrs. Farzana Munaf
Member

Mr. Ayaz Hussain M. Gad
Member

Mr. Fida Hussain Samoo
Member/Secretary of the Committee

INVESTMENT COMMITTEE

Syed Arshad Ali
Chairman of the Committee

Mr. Sikander Mahmood
Member

Mr. Mumtaz Ali Rajper
Member

Mrs. Rukhsana Saleem
Member

Mrs. Farzana Munaf
Member/Secretary of the Committee

HUMAN RESOURCE COMMITTEE

Mr. Jamil Ahmad
Chairman of the Committee

Mrs. Rukhsana Saleem
Member

Dr. Masuma Hasan
Member

Mr. Shahzad F. Lodhi
Member/Secretary of the Committee

D

irectors' Report

for the half year ended June 30, 2011

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, 2011.

Review of business activities

The financial statements for the half year ended June 30, 2011 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 only insurance company from whom the treaty return has not been received till the time of finalization of Accounts is Asia Insurance Company.

The Financial Results of the Company indicate that the Gross Premium for the period is Rs.2,353 million, Net Premium before unearned Premium Reserve is Rs.1,750 million and Net Premium after accounting for the effect of Premium Reserve adjustment is Rs.1,673 million. The Gross Premium, Net Premium before unearned Premium Reserve and Net Premium after Premium Reserve for the corresponding period of the last year were Rs.2,531 million, Rs.1,501 million and Rs.1,350 million respectively.

The Net claims, Net Commission and Management Expenses have been aggregated to Rs.1,486 million for the half year ended June 30, 2011 as compared to Rs.1,206 million for the half year ended June 30, 2010. Rental and other income for the period were recorded at Rs.35 million as compared to Rs.30 million in the corresponding period of last year.

The investment income comprises mainly capital gain, profit on government securities, fixed income securities and dividend income, was Rs.278 million as compared to Rs.263 million in the corresponding period of last year. Further, in the half year ended June 30, 2011 the fall in the value of available for sale investment recognized is Rs.61 million (June 30, 2010 : 517 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, 2011 is Rs.425 million and Rs.378 million respectively as compared to loss before tax and after tax of Rs.80 million and Rs.87 million respectively.

D

irectors' Report

for the half year ended June 30, 2011

Future Out look

The Company is conscious of the global macro economic challenges currently being faced by the country. The remaining six months pose challenges 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

(Rukhsana Saleem)
Chairperson/Chief Executive

Karachi: 25th August, 2011

I ndependent 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, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses, condensed interim statement of investment income and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information").

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards, as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011.

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, 2011 'Amount due from insurers/reinsurers' includes gross amount of Rs. 1,675.105 million (December 31, 2010: Rs. 1,380.422 million) which after provision of Rs. 386 million (December 31, 2010: Rs. 386 million) amounting to Rs. 1,289.105 million (December 31,

I ndependent Auditor's Report to the Members on Review of Condensed Interim Financial Information

2010: Rs. 994.422 million) and 'Amount due to insurers/reinsurers' includes Rs. 303.614 million (December 31, 2010: Rs. 370.684 million). Further, the company has reversed certain claims that have been lodged by other insurance companies amounting to Rs. 29.950 million (December 31, 2010: Rs. 29.950 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. 20.984 million (December 31, 2010: Rs. 97.723 million) and balances in respect of 'Premium and claim reserves retained from retrocessioners' amounting to Rs. 20.248 million (December 31, 2010: Rs. 20.252 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 report, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial report as at and six months ended June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Anjum Asim Shahid Rahman

Chartered Accountants

Muhammad Shaukat Naseeb

Karachi

Date: 25th August, 2011

Financial Statement

**CONDENSED
INTERIM
FINANCIAL
STATEMENT**

For the half year ended
JUNE 30, 2011



COMMITMENT TO EXCELLENCE

Pakistan Reinsurance Company Limited

B

alance Sheet

As at June 30, 2011

	Note	June 30, 2011 Unaudited Rupees	December 31, 2010 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 2,500,000,000 (December 31, 2010: 2,500,000,000) Ordinary shares of Rs.10 each		25,000,000,000	25,000,000,000
Share capital		3,000,000,000	3,000,000,000
Retained earnings		831,584,977	1,353,489,422
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
		2,890,004,062	3,411,908,507
Shareholders' equity		5,890,004,062	6,411,908,507
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		725,523,703	611,245,320
Provision for unearned premium		2,678,057,598	3,453,901,862
Commission income unearned		43,314,911	36,665,221
Total underwriting provisions		3,446,896,212	4,101,812,403
Deferred liability - employee benefits		156,523,230	140,226,394
Long term deposits		15,180,091	15,588,071
Creditors and accruals			
Amount due to other insurers/reinsurers	5	907,634,822	1,756,156,933
Premium and claim reserves retained from retrocessionaires		20,248,321	20,251,518
Other creditors and accruals		29,532,025	38,649,937
Accrued expenses		16,603,338	4,714,131
Taxation - net		13,520,211	7,485,128
Retention money payable		6,525,008	6,527,238
		994,063,725	1,833,784,885
Other liabilities			
Dividend payable		463,357,453	30,360,697
Surplus profit payable		1,212,602	1,212,602
		464,570,055	31,573,299
Total liabilities		5,077,233,313	6,122,985,052
TOTAL EQUITY AND LIABILITIES		10,967,237,375	12,534,893,559
CONTINGENCIES AND COMMITMENTS			
	6		

B

alance Sheet

As at June 30, 2011

	Note	June 30, 2011 Unaudited Rupees	December 31, 2010 Audited Rupees
ASSETS			
Cash and bank deposits			
Cash and other equivalents		83,786	67,168
Current and other accounts		1,203,412,047	788,559,085
Deposits maturing within 12 months		856,416,700	1,628,005,200
		2,059,912,533	2,416,631,453
Loans to employees		49,593,577	55,092,174
Investments	7	4,865,374,884	4,674,145,547
Investment properties	8	41,183,620	42,371,525
Deferred taxation		59,122,113	59,122,113
Current assets - others			
Amount due from other insurers/reinsurers	9	1,950,928,376	2,395,705,312
Premium and claim reserves retained by cedant		20,983,880	97,722,812
Accrued investment income		84,350,247	98,228,077
Sundry receivables		291,509,159	343,416,019
Prepayments		1,086,948,900	1,938,825,109
Deferred commission expense		408,593,552	365,715,655
Stock of stationery		721,631	501,725
		3,844,035,745	5,240,114,709
Fixed assets			
Tangible			
Land and building		20,524,523	21,045,055
Electrical installations, airconditioning plant and lifts		14,367,168	13,209,323
Furniture, fixture, books and office equipment		4,728,850	3,834,591
Motor vehicles		8,394,362	9,327,069
		48,014,903	47,416,038
Assets relating to Bangladesh		-	-
TOTAL ASSETS		10,967,237,375	12,534,893,559

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

Chief Financial Officer

Chief Executive

Director

Director

P Condensed Interim Profit and Loss Account

For the period of three months ended June 30, 2011

Note	Three months ended June 30							2011	2010
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
Revenue account									
Net premium revenue	109,158,529	6,974,486	14,542,951	18,464,709	44,431,820	60,691,324	595,064,943	849,328,762	699,359,125
Less:									
Net claims	4,282,511	2,329,605	1,310,222	9,203,904	3,089,187	2,650,298	441,369,655	464,235,382	381,075,180
Expenses	1,904,045	1,298,861	412,362	1,221,810	1,495,152	964,030	107,004,169	114,300,429	106,864,944
Net commission	21,659,246	1,273,131	2,446,835	2,478,793	149,047	407,287	161,632,558	190,046,897	160,980,666
Underwriting result	81,312,727	2,072,889	10,373,532	5,560,202	39,698,434	56,669,709	(114,941,439)	80,746,054	50,438,335
Investment income -net								93,510,069	99,435,827
Rental income-net								19,500,286	15,079,864
Exchange gain								10,364,551	11,722,800
Other income								70,939	188,882
General and administration expenses								(11,405,492)	(12,335,393)
Value of available-for-investments- write-off								(61,296,374)	(516,912,816)
								50,743,979	(402,820,836)
Profit/(Loss) before tax								131,490,033	(352,382,501)
Income tax expense									
- Current								32,092,344	(69,830,944)
- Deferred								-	-
								32,092,344	(69,830,944)
Profit/(Loss) after tax								163,582,377	(422,213,445)
Profit and loss appropriation account									
Balance at the commencement of period								1,568,002,600	2,062,810,458
Profit after tax for the period								163,582,377	(422,213,445)
Final cash dividend paid 2010: Rs. 3.00 @ 30% (2009: Rs. 3.00 @ 30%) per share								(900,000,000)	(900,000,000)
Balance of unappropriated profit at the end of the period								831,584,977	740,597,013
Earnings per share - basic and diluted								0.55	(1.41)

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

Chief Financial Officer

Chief Executive

Director

Director

P Condensed Interim Profit and Loss Account

For the period of six months ended June 30, 2011

Note	Six months ended June 30							2011	2010
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
Rupees									
Revenue account									
Net premium revenue	207,283,283	14,487,426	27,226,939	39,875,594	88,461,410	119,113,125	1,175,743,769	1,672,191,546	1,350,139,793
Less:									
Net claims	73,694,999	2,828,022	1,378,126	15,335,072	3,480,339	9,564,984	837,470,793	943,752,335	738,540,588
Expenses	3,773,705	2,563,191	824,586	2,445,618	2,909,004	1,909,479	151,100,790	165,526,373	157,736,421
Net commission	39,951,902	2,766,165	4,577,119	5,513,850	312,025	360,668	322,245,677	375,727,406	309,232,284
Underwriting results	89,862,677	6,330,048	20,447,108	16,581,054	81,760,042	107,277,994	(135,073,491)	187,185,432	144,630,500
Investment income - net							278,301,303	263,440,692	
Rental income - net							32,660,244	28,908,298	
Exchange gain							5,028,441	16,904,125	
Other income							1,815,921	659,285	
General and administration expenses							(18,898,313)	(17,518,547)	
Value of available-for-investments- write-off							(61,296,374)	(516,912,816)	
							237,611,222	(224,518,963)	
Profit before tax							424,796,654	(79,888,463)	
Income tax expense									
- Current							(46,701,099)	(6,750,699)	
- Deferred							-	-	
							(46,701,099)	(6,750,699)	
Profit after tax							378,095,555	(86,639,162)	
Profit and loss appropriation account									
Balance at the commencement of period							1,353,489,422	1,727,236,175	
Profit after tax for the period							378,095,555	(86,639,162)	
Final cash dividend paid 2010: Rs. 3.00 @ 30% (2009: Rs. 3.00 @ 30%) per share							(900,000,000)	(900,000,000)	
Balance of unappropriated profit at the end of the period							831,584,977	740,597,013	
Earnings per share - basic and diluted							1.26	(0.29)	

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Comprehensive Income

For the period of three months and six months ended June 30, 2011

	Three months ended June 30,		Six months ended June 30,	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Profit/(loss) for the period	163,582,377	(422,213,445)	378,095,555	(86,639,162)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	163,582,377	(422,213,445)	378,095,555	(86,639,162)

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Changes Equity

For the period of six months ended June 30, 2011

	Share capital Issued subscribed and paid-up	Reserve for exceptional losses	Reserves		Total reserves	Total
			Revenue reserves			
			Retained earnings	General reserve		
Rupees						
Balance as at December 31, 2009	3,000,000,000	281,000,000	1,727,236,175	1,777,419,085	3,504,655,260	6,785,655,260
Total Comprehensive income for the half year	-	-	(86,639,162)	-	(86,639,162)	(86,639,162)
Transactions with owners						
Final cash dividend 2009: Rs. 3.00 @ 30% (2008: Rs. 2.50 @ 25%) per share		-	(900,000,000)	-	(900,000,000)	(900,000,000)
Balance as at June 30, 2010	3,000,000,000	281,000,000	740,597,013	1,777,419,085	2,518,016,098	5,799,016,098
Balance as at December 31, 2010	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 half year	-	-	378,095,555	-	378,095,555	378,095,555
Transactions with owners						
Final cash dividend 2010: Rs. 3.00 @ 30% (2009: Rs. 3.00 @ 30%) per share		-	(900,000,000)	-	(900,000,000)	(900,000,000)
Balance as at June 30, 2011	3,000,000,000	281,000,000	831,584,977	1,777,419,085	2,609,004,062	5,890,004,062

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

Chief Financial Officer

Chief Executive

Director

Director

Condensed Interim Statement of Cash Flows

For the period of six months ended June 30, 2011

	<u>Six month ended June 30,</u>	
	2011	2010
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	2,797,814,878	3,094,224,877
Reinsurance premium paid	(1,446,833,571)	(1,709,105,208)
Claims paid	(898,418,047)	(849,627,762)
Reinsurance and other recoveries received	68,944,095	179,834,363
Commission paid	(465,733,121)	(430,534,151)
Commission received	53,777,508	52,532,774
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	76,735,735	(35,613,806)
Expenses paid	(165,526,373)	(157,736,421)
Net cash inflows from underwriting activities	20,761,104	143,974,666
Other Operating Activities		
Income tax paid	(40,666,016)	(33,052,803)
General management expenses paid	(18,898,313)	(17,518,547)
Loans disbursed-net	5,498,597	4,813,237
Other receipts/(payments) - sundry debtors	78,925,572	-
Other payments - staff contribution	-	(30,473,014)
Net cash inflow/(outflow) from other operating activities	24,859,840	(76,231,127)
Total cash inflow from all operating activities	45,620,944	67,743,539
Investment activities		
Fixed capital expenditure	589,040	(2,296,707)
Acquisition of investments	(1,681,674,016)	(3,555,772,030)
Rental income received - net of expenses	50,047,247	36,351,814
Dividend income received	95,902,448	58,082,616
Interest income on bank deposits	44,483,561	45,458,208
Investment income received - net of expenses	126,134,930	131,311,518
Sale proceeds of investments	1,429,180,170	3,562,364,485
Total cash inflow from investment activities	64,663,380	275,499,904
Financing activities		
Surplus paid	-	-
Dividend paid	(467,003,244)	(449,506,375)
Total cash (outflow) from financing activities	(467,003,244)	(449,506,375)
Net cash (outflow) from all activities	(356,718,920)	(106,262,932)
Cash and cash equivalents at beginning of the period	2,416,631,453	1,833,646,826
Cash and cash equivalents at end of the period	2,059,912,533	1,727,383,894

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Cash Flows

For the period of six months ended June 30, 2011

	Six month ended June 30,	
	2011 Rupees	2010 Rupees
Reconciliation to profit and loss account		
Operating cash flows	45,620,944	67,743,539
Depreciation expense	(4,446,838)	(4,706,903)
Exchange gain	5,028,441	16,904,125
Reversal of provision	1,815,921	659,285
Rental income	32,660,244	28,905,848
Pension officers expense	(36,916,418)	(52,240,272)
Pension staff expense	5,040,000	72,249,081
Medical expense	36,133,731	(29,379,694)
Gratuity expense	(15,000)	(49,000)
Compensated absences	3,760,000	(8,205,266)
Provision for outstanding claims	(114,278,383)	(54,522,044)
Provision for unearned premium	(775,844,264)	554,490,802
Prepaid reinsurance	851,876,209	705,112,672
Provision for employee benefits	(16,296,836)	4,358,330
Dividend income	97,438,028	53,475,333
Investment income	136,515,979	144,411,086
Interest income	44,483,561	40,723,981
Amortization of premium	31,859	328,964
Gain on sale of investment	644,311	21,470,786
(Decrease)/Increase in operating assets other than cash	(232,912,181)	(1,830,174,099)
Decrease/(Increase) in operating liabilities	446,419,736	738,520,602
	<u>526,759,044</u>	<u>470,077,156</u>
Other adjustments:		
Provision for impairment in value of investment	(61,296,374)	(516,912,816)
Income tax paid	(40,666,016)	(33,052,803)
	<u>(101,962,390)</u>	<u>(549,965,619)</u>
Profit/(Loss) before taxation	424,796,654	(79,888,463)
Provision for taxation	(46,701,099)	(6,750,699)
Profit/(Loss) after taxation	<u><u>378,095,555</u></u>	<u><u>(86,639,162)</u></u>
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 equivalent	83,786	69,110
Current and other accounts	1,203,412,047	1,727,314,784
Deposit maturing within 12 months	856,416,700	-
	<u><u>2,059,912,533</u></u>	<u><u>1,727,383,894</u></u>

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Premiums

For the period of three months ended June 30, 2011

Class	Three months ended June 30,									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2011 (I=D-H)	2010
Business underwritten inside Pakistan	----- R u p e e s -----									
Facultative										
Fire	90,833,220	411,995,348	314,966,509	187,862,059	-	199,578,823	120,875,293	78,703,530	109,158,529	88,189,205
Marine cargo	8,254,475	2,847,248	4,127,237	6,974,486	-	-	-	-	6,974,486	5,487,898
Marine hull	14,671,234	28,304,717	28,433,000	14,542,951	-	-	-	-	14,542,951	7,073,183
Accident and others	4,264,969	45,223,850	31,024,110	18,464,709	-	-	-	-	18,464,709	33,219,494
Aviation	19,295,427	932,326,496	545,988,349	405,633,574	3,938,850	837,196,424	479,933,520	361,201,754	44,431,820	41,501,336
Engineering	130,342,366	466,934,085	396,502,362	200,774,089	84,984,981	341,298,455	286,200,671	140,082,765	60,691,324	53,938,908
Total	267,661,691	1,887,631,744	1,321,041,567	834,251,868	88,923,831	1,378,073,702	887,009,484	579,988,049	254,263,819	229,410,024
Treaty	729,409,111	1,344,621,817	1,357,016,031	717,014,897	91,585,975	223,965,385	193,601,406	121,949,954	595,064,943	469,949,101
Grand total	997,070,802	3,232,253,561	2,678,057,598	1,551,266,765	180,509,806	1,602,039,087	1,080,610,890	701,938,003	849,328,762	699,359,125

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Premiums

For the period of six months ended June 30, 2011

Class	Six months ended June 30,									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
	Opening (B)	Closing (C)			Opening (F)	Closing (G)		2011 (I=D-H)	2010	
Business underwritten inside Pakistan	R u p e e s									
Facultative										
Fire	317,164,246	375,572,585	314,966,509	377,770,322	99,508,953	191,853,379	120,875,293	170,487,039	207,283,283	174,882,480
Marine cargo	13,948,971	4,665,692	4,127,237	14,487,426	-	-	-	-	14,487,426	10,219,850
Marine hull	27,764,552	27,895,387	28,433,000	27,226,939	-	-	-	-	27,226,939	14,523,779
Accident and others	39,259,073	31,640,631	31,024,110	39,875,594	-	-	-	-	39,875,594	60,778,314
Aviation	(4,573,768)	1,366,338,363	545,988,349	815,776,246	(22,924,412)	1,230,172,768	479,933,520	727,314,836	88,461,410	82,199,538
Engineering	348,437,495	474,369,902	396,502,362	426,305,035	258,199,633	335,192,948	286,200,671	307,191,910	119,113,125	105,700,391
Total	742,000,569	2,280,482,560	1,321,041,567	1,701,441,562	334,784,174	1,757,219,095	887,009,484	1,204,993,785	496,447,777	448,304,352
Treaty	1,611,037,373	1,173,419,302	1,357,016,031	1,427,440,644	268,555,727	176,742,554	193,601,406	251,696,875	1,175,743,769	901,835,441
Grand total	2,353,037,942	3,453,901,862	2,678,057,598	3,128,882,206	603,339,901	1,933,961,649	1,080,610,890	1,456,690,660	1,672,191,546	1,350,139,793

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Claims

For the period of three months ended June 30, 2011

Class	Three months ended June 30,									
	Claims paid (A)	Provision for outstanding claims		Claims expenses (D = A + C - B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H = E + G - F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2011 (I = D - H)	2010
Business underwritten inside Pakistan	----- Rupees -----									
Facultative										
Fire	34,794,733	542,085,370	548,238,421	40,947,784	-	301,826,593	338,491,866	36,665,273	4,282,511	14,915,164
Marine cargo	2,320,100	25,928,687	25,938,192	2,329,605	-	-	-	-	2,329,605	1,940,449
Marine hull	155,605	13,575,705	14,730,322	1,310,222	-	-	-	-	1,310,222	(102,761)
Accident and others	7,763,000	20,745,675	22,186,579	9,203,904	-	-	-	-	9,203,904	1,455,263
Aviation	65,381,456	62,782,319	62,623,720	65,222,857	62,286,509	60,502,093	60,349,254	62,133,670	3,089,187	773,747
Engineering	3,700,298	599,714,486	598,664,486	2,650,298	-	582,434,258	582,434,258	-	2,650,298	(17,073,481)
Total	114,115,192	1,264,832,242	1,272,381,720	121,664,670	62,286,509	944,762,944	981,275,378	98,798,943	22,865,727	1,908,381
Treaty	329,164,326	1,017,742,427	1,181,027,759	492,449,658	6,507	690,584,902	741,658,398	51,080,003	441,369,655	379,166,799
Grand total	443,279,518	2,282,574,669	2,453,409,479	614,114,328	62,293,016	1,635,347,846	1,722,933,776	149,878,946	464,235,382	381,075,180

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Claims

For the period of six months ended June 30, 2011

Class	Six months ended June 30,									
	Claims paid (A)	Provision for outstanding claims		Claims expenses (D= A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2011 (I=D-H)	2010
Business underwritten inside Pakistan	----- Rupees -----									
Facultative										
Fire	44,981,415	385,001,070	548,238,421	208,218,766	-	203,968,099	338,491,866	134,523,767	73,694,999	31,913,277
Marine cargo	2,634,562	25,744,732	25,938,192	2,828,022	-	-	-	-	2,828,022	3,122,838
Marine hull	155,605	13,507,801	14,730,322	1,378,126	-	-	-	-	1,378,126	738,179
Accident and others	9,428,851	16,280,358	22,186,579	15,335,072	-	-	-	-	15,335,072	12,902,742
Aviation	72,392,522	62,909,789	62,623,720	72,106,453	68,902,933	60,626,073	60,349,254	68,626,114	3,480,339	1,075,335
Engineering	10,615,484	599,714,986	598,664,486	9,564,984	-	582,434,258	582,434,258	-	9,564,984	(885,483)
Total	140,208,439	1,103,158,736	1,272,381,720	309,431,423	68,902,933	847,028,430	981,275,378	203,149,881	106,281,542	48,866,888
Treaty	758,209,608	1,049,989,131	1,181,027,759	889,248,236	41,162	689,922,117	741,658,398	51,777,443	837,470,793	689,673,700
Grand total	898,418,047	2,153,147,867	2,453,409,479	1,198,679,659	68,944,095	1,536,950,547	1,722,933,776	254,927,324	943,752,335	738,540,588

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

Chief Financial Officer

Chief Executive

Director

Director

Condensed Interim Statement of Expenses

For the period of three months ended June 30, 2011

Class	Three months ended June 30,											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2011 (K=F-J)	2010
Business underwritten inside Pakistan	-----Rupees-----											
Facultative												
Fire	21,015,937	88,071,493	72,443,155	36,644,275	1,904,045	38,548,320	-	40,775,181	25,790,152	14,985,029	23,563,291	19,267,964
Marine cargo	1,418,673	563,794	709,336	1,273,131	1,298,861	2,571,992	-	-	-	-	2,571,992	2,639,390
Marine hull	2,454,414	4,752,831	4,760,410	2,446,835	412,362	2,859,197	-	-	-	-	2,859,197	1,618,651
Accident and others	279,835	5,967,155	3,768,197	2,478,793	1,221,810	3,700,603	-	-	-	-	3,700,603	6,667,017
Aviation	562,630	1,771,725	1,376,358	957,997	1,495,152	2,453,149	611,049	1,600,287	1,402,386	808,950	1,644,199	1,496,921
Engineering	5,881,437	19,555,153	17,567,540	7,869,050	964,030	8,833,080	4,264,323	18,593,622	15,396,182	7,461,763	1,371,317	(1,177,693)
Total	31,612,926	120,682,151	100,624,996	51,670,081	7,296,260	58,966,341	4,875,372	60,969,090	42,588,720	23,255,742	35,710,599	30,512,250
Treaty	171,527,871	298,458,784	307,968,556	162,018,099	107,004,169	269,022,268	1,056,536	55,196	726,191	385,541	268,636,727	237,333,360
Grand total	203,140,797	419,140,935	408,593,552	213,688,180	114,300,429	327,988,609	5,931,908	61,024,286	43,314,911	23,641,283	304,347,326	267,845,610

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

Chief Financial Officer

Chief Executive

Director

Director

S Condensed Interim Statement of Expenses

For the period of six months ended June 30, 2011

Class	Six months 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)		2011 (K=F-J)	2010	
Business underwritten inside Pakistan	----- Rupees -----											
Facultative												
Fire	82,890,434	57,642,937	72,443,155	68,090,216	3,773,705	71,863,921	35,835,762	18,092,704	25,790,152	28,138,314	43,725,607	38,812,669
Marine cargo	2,546,262	929,239	709,336	2,766,165	2,563,191	5,329,356	-	-	-	-	5,329,356	5,367,367
Marine hull	4,708,914	4,628,615	4,760,410	4,577,119	824,586	5,401,705	-	-	-	-	5,401,705	3,286,847
Accident and others	4,660,178	4,621,869	3,768,197	5,513,850	2,445,618	7,959,468	-	-	-	-	7,959,468	12,516,741
Aviation	1,395,717	1,985,333	1,376,358	2,004,692	2,909,004	4,913,696	1,732,391	1,362,662	1,402,386	1,692,667	3,221,029	2,901,845
Engineering	16,670,605	17,521,801	17,567,540	16,624,866	1,909,479	18,534,345	14,930,679	16,729,701	15,396,182	16,264,198	2,270,147	(1,754,750)
Total	112,872,110	87,329,794	100,624,996	99,576,908	14,425,583	114,002,491	52,498,832	36,185,067	42,588,720	46,095,179	67,907,312	61,130,719
Treaty	352,861,011	278,385,861	307,968,556	323,278,316	151,100,790	474,379,106	1,278,676	480,154	726,191	1,032,639	473,346,467	405,837,986
Grand total	465,733,121	365,715,655	408,593,552	422,855,224	165,526,373	588,381,597	53,777,508	36,665,221	43,314,911	47,127,818	541,253,779	466,968,705

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

Chief Financial Officer

Chief Executive

Director

Director

Condensed Interim Statement of Investment Income

For the period of three months and six months ended June 30, 2011

	Three months ended June 30,		Six months ended June 30,	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Income from trading investments				
Held-for-trading	970,433	46,356	2,534,160	19,993,030
Dividend income	3,554,777	2,988,638	97,438,028	53,475,333
	4,525,210	3,034,994	99,972,188	73,468,363
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	44,031,012	41,486,207	85,040,258	76,181,581
Return on other fixed income securities and deposits	14,972,518	19,806,460	44,483,561	45,458,208
Income on treasury bills	33,226,270	35,408,922	53,468,930	70,152,532
Amortization of premium on Pakistan Investment Bond	70,366	635,971	31,859	328,964
	92,300,166	97,337,560	183,024,608	192,121,285
Gain on sale of investments				
Available-for-sale	589,632	1,123,427	644,311	1,477,756
Gain / (loss) on revaluation of investments				
Held-for-trading	(2,784,306)	(1,096,957)	(3,346,595)	(1,703,685)
Available-for-sale	-	-	-	-
	(2,784,306)	(1,096,957)	(3,346,595)	(1,703,685)
Provision for impairment in value of investments				
Available-for-sale	-	-	-	-
Held-for-trading	-	-	-	-
	-	-	-	-
Less: Investment related expenses	(1,120,633)	(963,197)	(1,993,209)	(1,923,027)
Net investment income	<u>93,510,069</u>	<u>99,435,827</u>	<u>278,301,303</u>	<u>263,440,692</u>

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

Chief Financial Officer

Chief Executive

Director

Director

Notes to the Condensed Interim Financial Report

For the period of six months ended June 30, 2011

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

This condensed interim financial report 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 cost.

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

This condensed interim financial report 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 report of the Company for the six months period ended June 30, 2011 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 SECP (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 SECP (Insurance) Rules, 2002 have been followed.

The condensed interim financial report for the six month ended June 30, 2011 is unaudited but have been reviewed by the external auditors of the Company.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial report 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.

N

otes to the Condensed Interim Financial Report

For the period of six months ended June 30, 2011

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2010.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial report were the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2010.

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. 49.467 million, profit after taxation would have been lower by Rs. 49.467 million, retained earnings would have been lower by Rs. 49.467 million, earnings per share would have been lower by Rs. 0.16 per share and reserves would have been higher by Rs. 49.467 million.

	Note	2011 Rupees	2010 Rupees
5 AMOUNT DUE TO OTHER INSURERS / REINSURERS			
Amount due to other insurers / resinsurers	6.1	<u>907,634,822</u>	<u>1,756,156,933</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. 407.784 million in respect of balances outstanding as on December 31, 2010. 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. 2.336 billion due from and Rs. 907.635 due to balances as at June 30, 2011. Out of the due from outstanding balances as at June 30, 2011 Rs. 888 million were confirmed reflecting favourable reconciliation differences of Rs. 77.025 million. Consequently, the impact of possible adjustments of these balances on balance sheet and profit and loss account could not presently be quantified.

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otes to the Condensed Interim Financial Report

For the period of six months ended June 30, 2011

- 6.2 The company has reversed certain claims lodged by insurance companies estimated at Rs. 29.95 million (December 31, 2010: Rs. 29.95 million) due to the reason that appropriate documentation for substantiating these claims was not provided by the ceding companies.

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

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

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

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

6.4 Case related to Export Credits Guarantee Scheme

Decrees have been awarded against the Company in a case amounting to Rs. 31.68 (December 31, 2010: 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 within 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, 2011 amounted to Rs. 3.5 million (December 31, 2010: 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.

	June 30, 2011	December 31, 2010
	Rupees	Rupees
7 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	432,109,938	493,901,773
Mutual funds	2,134,569,150	2,134,569,150
Ordinary shares - unlisted	617,613	617,613
	<u>2,567,296,701</u>	<u>2,629,088,536</u>

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otes to the Condensed Interim Financial Report

For the period of six months ended June 30, 2011

	June 30, 2011 Rupees	December 31, 2010 Rupees
Held-to-maturity		
Pakistan Investment Bonds	1,523,751,930	1,431,904,618
Treasury Bills (3month & 1 year)	702,918,786	572,315,840
	2,226,670,716	2,004,220,458
Held-for-trading		
Ordinary shares - listed	71,407,467	40,836,553
	<u>4,865,374,884</u>	<u>4,674,145,547</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, 2011 would have been higher by Rs. 684.964 (December 31, 2010: higher by Rs. 834) million, and the net equity would have been higher by Rs. 684.964 (December 31, 2010: higher by Rs. 834) million.

8 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 731.192 million, as per valuation carried out by an independent valuer in 2010.

9 AMOUNT DUE FROM OTHER INSURERS/ REINSURERS

	Note	June 30, 2011 Rupees	December 31, 2010 Rupees
Amount due from other Insurers / Reinsurers		2,336,928,376	2,781,705,312
Provision for doubtful balances		(386,000,000)	(386,000,000)
	6.1	<u>1,950,928,376</u>	<u>2,395,705,312</u>

9.1 This includes Rs. 1,605 million (December 31, 2010: Rs.1,422 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:

	-----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>

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

	-----2010-----	
	Additions Rupees	Disposals Rupees
- Electrical installations, air conditioning plant and lifts	1,407,840	-
- Furniture, fixture, books and office equipments and computer	888,867	18,720
	<u>2,296,707</u>	<u>18,720</u>

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11 SEGMENT REPORTING

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

a) Segment by class of business	June 30, 2011							Total
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	
	-----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
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>

Segment by class of business	June 30, 2010							Total
	Fire	Marine Cargo	Marine Hull	Accident and others	Aviation	Engineering	Treaty	
	-----Rupees in '000-----							
Net premium	174,882	10,230	14,524	60,778	82,200	105,700	901,835	1,350,149
Net claims	31,913	3,123	738	12,903	1,075	(885)	689,674	738,541
Management expenses	3,999	3,067	817	2,410	3,026	2,723	141,695	157,737
Net commission	34,814	2,300	2,469	10,107	(124)	(4,478)	264,143	309,231
Underwriting result	104,156	1,740	10,500	35,358	78,223	108,340	(193,677)	144,640
Segment assets								
Prepaid reinsurance ceded	163,002	-	-	-	516,383	442,228	241,074	1,362,687
Deferred commission expense	41,307	851	2,560	10,373	1,926	22,860	298,475	378,352
	204,309	851	2,560	10,373	518,309	465,088	539,549	1,741,039
Unallocated corporate assets								8,278,049
Total assets								<u>10,019,088</u>
Segment liabilities								
Provision for unearned premium	304,166	3,832	15,087	65,282	582,453	545,240	1,276,712	2,792,772
Commission income unearned	15,348	-	-	-	1,900	23,924	1,408	42,580
Provision for outstanding claims	152,556	5,747	12,317	12,721	2,486	25,053	444,421	655,301
	472,070	9,579	27,404	78,003	586,839	594,217	1,722,541	3,490,653
Un-allocated corporate liabilities								1,357,787
Total liabilities								<u>4,848,440</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, 2011		December 31, 2010	
	Lahore	Karachi	Lahore	Karachi
	-----Rupees in '000-----			
Revenue - net premium	316,724	1,355,467	343,671	1,006,468
Total assets	640	10,966,597	602	12,534,292
Total liabilities	226,609	4,850,624	293,417	5,829,568

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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,	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Balances				
Balance at the beginning	1,147,331,180	151,305,319	1,405,416,215	128,066,353
Insurance premium written during the year	145,560,826	121,211,596	422,912,759	255,972,345
Premium received	(481,615,509)	(126,520,632)	(1,017,072,477)	(238,042,512)
Balance at the end	<u>811,276,497</u>	<u>145,996,283</u>	<u>811,256,497</u>	<u>145,996,186</u>
Transaction				
Insurance commission paid	<u>(6,828,883)</u>	<u>15,531,701</u>	<u>(18,273,639)</u>	<u>39,902,919</u>
Insurance claims paid	<u>(68,402,811)</u>	<u>103,764,756</u>	<u>(75,544,778)</u>	<u>165,181,202</u>
Premium paid - net	<u>(27)</u>	<u>6,323</u>	<u>34</u>	<u>6,323</u>
Insurance commission received	<u>10</u>	<u>2,278</u>	<u>12</u>	<u>2,278</u>
Insurance claims received	<u>94</u>	<u>41,819</u>	<u>(385)</u>	<u>39,115</u>
Dividend income	<u>7,920,000</u>	<u>-</u>	<u>7,920,000</u>	<u>7,920,000</u>

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,	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Balance at the beginning	1,138,822,494	831,055,127	1,401,283,778	1,037,492,391
Insurance premium written during the year	136,422,980	128,559,971	404,195,936	719,401,530
Premium received	(481,615,510)	(629,159,418)	(1,011,849,750)	(1,426,438,241)
Balance at the end	<u>793,629,964</u>	<u>330,455,680</u>	<u>793,629,964</u>	<u>330,455,680</u>
Insurance claims paid	<u>65,381,456</u>	<u>17,377,702</u>	<u>56,871,108</u>	<u>108,783,659</u>
Insurance commission paid	<u>4,255,672</u>	<u>4,391,265</u>	<u>12,766,026</u>	<u>23,395,110</u>

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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:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Profit after tax for the period (Rupees)	<u>163,582,377</u>	<u>(422,213,445)</u>	<u>378,095,555</u>	<u>(86,639,162)</u>
Weighted average number of ordinary shar	<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>0.55</u>	<u>(1.41)</u>	<u>1.26</u>	<u>(0.29)</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

These condensed interim financial report have been authorized for issue on 25th August, 2011 by the Board of Directors of the Company.

15 GENERAL

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

Chief Financial Officer

Chief Executive

Director

Director

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