



Pakistan Reinsurance Company Limited

Condensed Interim Financial Statement For The Half Year Ended June 30, 2013



Secure today & tomorrow

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.

Strategy

To remain best provider of reinsurance and risk management services to the insurance industry, to have good business relationship with the insurance industry and to remain professionals who can be of assistance to the industry at all levels.

Objectives

- To provide best services to the local insurance industry in order to check outflow of foreign exchange, to the maximum possible extent.
- To develop good business relations with other reinsurers.
- To train its people according to fast changing business market requirements as well as to provide them with the ideal working environment.
- To share risks and preserve resources by providing reinsurance facilities to the insurance companies.
- To assist in the development of the national insurance industry.
- To enhance domestic retention capacity in the country in order to save valuable foreign exchange.

CORPORATE INFORMATION-2013

BOARD OF DIRECTORS OF PRCL

MR. RASUL BUX PHULPOTO	CHAIRMAN
MR. ABDUL KABIR KAZI	DIRECTOR
DR. MASUMA HASAN	DIRECTOR
MR. MUMTAZ ALI RAJPER	DIRECTOR
MR. TAUFIQ HABIB	DIRECTOR
MR. SIKANDAR MAHMOOD	DIRECTOR
MR. ATTAULLAH A. RASHEED	DIRECTOR

COMPANY SECRETARY

MR. SHAHZAD F. LODHI E.D.(H.R)/COMPANY SECRETARY

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. SIKANDAR MAHMOOD
CHAIRMAN OF THE 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,
Senior Partner,
ANJUM ASIM SHAHID RAHMAN
CHARTERED ACCOUNTANT
1st and 3rd 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
Website: 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,
1st Floor, Davis Road,,
Lahore.

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

COMMITTEES OF THE BOARD OF PRCL-2013



MR. RASUL BUX PHULPOTO	CHAIRMAN
MR. ABDUL KABIR KAZI	DIRECTOR
DR. MASUMA HASAN	DIRECTOR
MR. MUMTAZ ALI RAJPER	DIRECTOR
MR. TAUFIQUE HABIB	DIRECTOR
MR. SIKANDER MAHMOOD	DIRECTOR
MR. ATTAULLAH A. RASHEED	DIRECTOR

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

MR. SHAHZAD F. LODHI

AUDIT COMMITTEE:-

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

UNDERWRITING COMMITTEE:-

1. Mr. Rasul Bux Phulpoto, 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. Rasul Bux Phulpoto, Chairman, PRCL	Chairman of the Committee
2. Mr. Abdul Kabir Kazi, Director	Member
3. Dr. Masuma Hasan	member
4. Mr. Taufique Habib, Director	Member
5. Mr. Ayaz Hussain Gad, ED(BD), PRCL	Member
6. 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. Rasul Bux Phulpoto, Chairman, PRCL	Member
3. Mrs. Farzana Munaf, CFO/ED, PRCL	Member
4. Mr. Ayaz Hussain Gad, ED(BD), PRCL	Member
5. Mr. Fida Hussain Samoo, ED(Re), PRCL	Member/Secretary of the Committee

INVESTMENT COMMITTEE:-

1. Mr. Sikander Mahmood, Director	Chairman of the Committee
2. Mr. Rasul Bux Phulpoto, Chairman, PRCL	Member
3. Mr. Abdul Kabir Kazi, Director	Member
4. Mr. Taufique Habib, Director	Member
5. Mr. Mumtaz Ali Rajper, Director	Member
6. 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. Rasul Bux Phulpoto, 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, 2013

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, 2013. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

The financial statements for the half year ended June 30, 2013 reflect the treaty business returns received from 32 insurance companies out of 34. These returns received in PRCL after one month from the date of closing of their half year, as per the amendment were made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the Company.

The Gross written Premium was Rs.3,404 million against Rs.3,081 million for the corresponding period, showing an increase of Rs.323 million (10%). The Net Premium was Rs.2,178 million against Rs.2,069 million, showing an increase of Rs.109 million (5%). The Net Commission for the period is Rs.468 million as compared to Rs.427 million, showing an increase of Rs.41 million (10%). The Net Claims were Rs.1,066 million against Rs. 1,009, showing an increase of Rs.57 million (6%).

The underwriting results before management expenses for the half year ended June 30, 2013 were Rs.644 million as compared to Rs.633 million for the corresponding period last year, showing an increase of Rs.11 million (2%). However, the underwriting results after management expenses for the half year ended June 30, 2013 were Rs.382 million as compared to Rs.388 million for the corresponding period last year, showing decrease of Rs.6 million (2%).

The income from investment including rental and other income for the period under review, was recorded at Rs.463 million, as compared to Rs.395 million in the corresponding period.

The Profit Before Tax for the half year ended June 30, 2013, was Rs.842 million, as compared to Rs.653 million in the half year ended June 30, 2012, showing increase of Rs.189 million (28%). The Profit After Tax for the half year ended June 30, 2013, was Rs.596 million, as compared to Rs.446 million in the half year ended June 30, 2012, showing increase of Rs.150 million (34%). The earning per share for the half year ended June 30, 2013 stood at Rs.1.99 compared to Rs.1.49 for the previous period.

These headline figures mask the positive developments that we have seen in our business over the first six months of the year.

Directors' Report

for the half year ended June 30, 2013

FPCI Award

Pakistan Reinsurance Company Limited (PRCL) has been awarded the prestigious 1st FPCI Achievement Medal for the year 2012 on 22nd June 2013 by the Federation of Pakistan Chamber of Commerce & Industry (FPCI) for rendering outstanding services in Insurance (General Life, Reinsurance and Savings).

MAP Corporate Excellence Certificate

Pakistan Reinsurance Company Limited (PRCL) has also been awarded the 29th Corporate Excellence Certificate by the Management Association of Pakistan (MAP) on 22nd August 2013 for demonstrating excellence in corporate management in the non-life insurance sector.

Future Outlook

The general insurance sector's performance is strongly correlated to economic growth. Since the economic situation in the country has been effected by natural calamities in recent years, the performance of this sector has also moved in tandem.

The Company is conscious of the global macro-economic challenges currently being faced by the country. However, we are hopeful of maintaining progress in the remaining six months for which the management will make all out efforts to achieve good results.

Acknowledgement

The Directors of your Company would like to take this opportunity to thank all the Company's valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Stock Exchanges, Central Depository Company for their professional approach and guidance.

We also thank our stakeholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally, the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of the officers and members of the staff who have contributed towards the growth of the Company and the success of its operations.

For and on behalf
of the Board of Directors

(R.B. Phulpoto)

Chairman/Chief Executive

Karachi: 29th August, 2013.

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, 2013** 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 other comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the three month period ended June 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period year ended June 30, 2013.

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.

Conclusion

Based on our review, 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, 2013 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, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Pakistan Reinsurance Company Limited
Condensed Interim Balance Sheet
As at June 30, 2013

	June 30, 2013	December 31, 2012
Note	Unaudited Rupees	Audited Rupees Restated
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 2,500,000,000 (December 31, 2012: 2,500,000,000)		
Ordinary shares of Rs.10 each	<u>25,000,000,000</u>	<u>25,000,000,000</u>
Issued subscribed and paid up capital 3,000,000 (December 31, 2012: 3,000,000)		
Ordinary shares of Rs. 10 each	3,000,000,000	3,000,000,000
Retained earnings	1,003,054,905	1,197,161,063
Reserve for exceptional losses	281,000,000	281,000,000
General reserve	1,777,419,085	1,777,419,085
	<u>3,061,473,990</u>	<u>3,255,580,148</u>
Shareholders' equity	<u>6,061,473,990</u>	<u>6,255,580,148</u>
LIABILITIES		
Underwriting provisions		
Provision for outstanding claims (including IBNR)	2,587,128,804	2,429,826,491
Provision for unearned premium	3,570,371,204	4,350,377,845
Commission income unearned	42,547,311	45,017,368
Total underwriting provisions	<u>6,200,047,319</u>	<u>6,825,221,704</u>
Deferred liability - employee benefits	743,995,078	692,105,720
Long term deposits	14,390,651	14,217,257
Creditors and accruals		
Amount due to other insurers	5 183,964,364	178,114,269
Amount due to other reinsurers	6 611,941,691	1,445,423,762
Premium and claim reserves retained from retrocessionaires	20,172,727	20,172,734
Other creditors and accruals	88,981,042	80,968,419
Accrued expenses	19,815,078	21,024,648
Taxation - net	564,886,909	512,718,420
Retention money payable	6,468,183	6,475,833
	<u>1,496,229,994</u>	<u>2,264,898,085</u>
Other liabilities		
Dividend payable	127,387,534	65,356,783
Surplus profit payable	1,212,602	1,212,602
	<u>128,600,136</u>	<u>66,569,385</u>
Total liabilities	<u>8,583,263,178</u>	<u>9,863,012,151</u>
TOTAL EQUITY AND LIABILITIES	<u>14,644,737,168</u>	<u>16,118,592,299</u>
CONTINGENCIES AND COMMITMENTS		

Pakistan Reinsurance Company Limited
Condensed Interim Balance Sheet
As at June 30, 2013

		June 30, 2013	December 31, 2012
	Note	Unaudited Rupees	Audited Rupees Restated
ASSETS			
Cash and bank deposits			
Cash and other equivalents		77,390	85,694
Current and other accounts		1,535,115,598	1,614,359,140
Deposits maturing within 12 months		650,000,000	400,000,000
		2,185,192,988	2,014,444,834
Loans to employees		50,653,443	60,590,650
Investments	8	6,136,701,560	6,434,420,530
Investment properties	9	36,773,808	37,795,867
Deferred taxation		167,318,080	167,318,080
Current assets - others			
Amount due from other insurers	10	1,810,549,216	2,382,431,218
Premium due from reinsurers	11	104,043,395	242,901,778
Premium and claim reserves retained by cedants		101,922,574	77,228,148
Reinsurance recoveries against outstanding claims		1,606,500,403	1,381,646,651
Accrued investment income		187,280,233	183,669,885
Sundry receivables		278,962,644	292,220,470
Prepayments		1,448,801,138	2,315,277,674
Deferred commission expense		471,863,265	469,849,175
Stock of stationery		1,172,852	962,639
		6,011,095,720	7,346,187,638
Fixed assets			
Tangible			
Land and building		18,577,788	19,048,405
Furniture, fixture, books and office equipment		13,193,845	13,779,560
Motor vehicles		9,512,502	7,746,260
Electrical installations, air conditioning plant and lifts		10,765,434	12,308,475
		52,049,569	52,882,700
Assets relating to Bangladesh		4,952,000	4,952,000
TOTAL ASSETS		14,644,737,168	16,118,592,299

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Profit and Loss Account (Unaudited)
Six months period ended June 30, 2013

	Three months period ended June 30							2013	2012
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
Revenue account									
Net premium revenue	195,845,588	11,539,089	26,855,531	33,459,939	42,699,099	131,028,437	668,792,447	1,110,220,130	1,042,345,196
Less:									
Net claims	36,735,559	11,096,975	9,775,000	15,391,903	24,073,008	37,991,823	383,794,704	518,858,972	379,981,188
Expenses	3,841,706	2,777,727	1,134,377	2,493,922	3,192,853	2,647,074	178,404,493	194,492,152	181,419,679
Net commission	28,418,710	2,562,447	2,415,535	3,971,382	(158,942)	1,729,270	199,010,013	237,948,415	212,669,579
Underwriting results	126,849,613	(4,898,060)	13,530,619	11,602,732	15,592,180	88,660,270	(92,416,763)	158,920,591	268,274,750
Investment income - net								175,081,302	160,376,497
Rental income - net								10,498,545	12,320,127
Exchange gain								22,638,992	32,151,674
Other income								(639,246)	128,913
General and administration expenses								(10,841,655)	(11,044,413)
Value of available-for-sale investments - write-off								-	(146,649,148)
								196,737,938	47,283,650
Profit before tax								355,658,529	315,558,400
Income tax expense									
- Current								(106,914,137)	(118,735,221)
								(106,914,137)	(118,735,221)
Profit after tax								248,744,392	196,823,179
Profit and loss appropriation account									
Balance at the commencement of period								1,867,206,894	1,535,456,065
Profit after tax for the period								102,095,244	196,823,179
Final cash dividend paid 2012: Rs. 2.50 @ 25% (2011: Rs. 3.00 @ 30%) per share								(750,000,000)	(900,000,000)
Balance of unappropriated profit at the end of the period								1,219,302,138	832,279,244
Earnings per share - basic and diluted								0.83	0.66

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Profit and Loss Account (Unaudited)
Six months period ended June 30, 2013

Note	Six months period ended June 30							2013	2012
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
Revenue account									
Net premium revenue	400,960,830	29,724,181	54,602,354	64,715,160	86,323,602	247,612,076	1,294,297,420	2,178,235,623	2,069,189,992
Less:									
Net claims	60,520,944	14,507,386	21,256,773	(3,738,264)	18,588,947	91,029,305	863,895,661	1,066,060,752	1,008,818,268
Expenses	5,949,768	4,272,399	1,757,917	3,857,459	5,046,795	4,090,110	237,130,172	262,104,620	245,154,653
Net commission	59,074,680	7,107,445	5,221,654	7,643,574	(293,487)	1,909,892	386,902,518	467,566,276	426,912,934
Underwriting results	275,415,438	3,836,951	26,366,010	56,952,391	62,981,347	150,582,769	(193,630,931)	382,503,975	388,304,137
Investment income - net								436,590,922	371,886,231
Rental income - net								23,765,789	23,166,312
Exchange gain								18,555,749	35,081,746
Other income								945,663	286,815
General and administration expenses								(19,899,342)	(18,895,493)
Value of available-for-sale investments - write-off								-	(146,649,148)
								459,958,781	264,876,463
Profit before tax								842,462,756	653,180,600
Income tax expense									
- Current								(245,761,774)	(207,316,061)
								(245,761,774)	(207,316,061)
Profit after tax								596,700,982	445,864,539
Profit and loss appropriation account									
Balance at the commencement of period								1,197,161,063	1,298,302,385
Profit after tax for the period								596,700,982	445,864,539
Final cash dividend paid 2012: Rs. 2.50 @ 25% (2011: Rs. 3.00 @ 30%) per share								(750,000,000)	(900,000,000)
Balance of unappropriated profit at the end of the period								1,043,862,045	844,166,924
Earnings per share - basic and diluted								1.99	1.49

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Other Comprehensive Income (Unaudited)
Six months period ended June 30, 2013

	Three months period ended June 30		Six months period ended June 30	
	2013 Rupees	2012 Rupees Restated	2013 Rupees	2012 Rupees Restated
Profit for the period	248,744,392	196,823,179	596,700,982	445,864,539
Other comprehensive income				
Remeasurement of defined benefit plans - net of tax	-	(10,201,785)	-	(40,807,140)
Total comprehensive income for the period	248,744,392	186,621,394	596,700,982	405,057,399

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
Six months period ended June 30, 2013

	Share capital		Reserves			Total
	Issued subscribed and paid-up	Reserve for exceptional losses	Revenue reserves		Total reserves	
			Retained earnings	General reserve		
			Rupees			
Balance as at December 31, 2011	3,000,000,000	281,000,000	1,298,302,385	1,777,419,085	3,075,721,470	6,356,721,470
Effect of change in accounting policy - note 4.2 - net of tax			(243,179,640)			
Balance as at December 31, 2011 - restated	3,000,000,000	281,000,000	1,055,122,745	1,777,419,085	3,075,721,470	6,356,721,470
Total Comprehensive income for the period of six month	-	-	405,057,399	-	405,057,399	405,057,399
Transactions with owners						
Final cash dividend 2011: Rs.3.00 @ 30% (2010 : Rs.3.00 @ 30%) per share		-	(900,000,000)	-	(900,000,000)	(900,000,000)
Balance as at June 30, 2012 - restated	3,000,000,000	281,000,000	560,180,144	1,777,419,085	2,580,778,869	5,861,778,869
Balance as at December 31, 2012 - restated	3,000,000,000	281,000,000	1,197,161,063	1,777,419,085	2,974,580,148	6,255,580,148
Effect of change in accounting policy - note 4.2 - net of tax	-	-	(40,807,140)	-	-	-
Balance as at December 31, 2012 - restated	3,000,000,000	281,000,000	1,156,353,923	1,777,419,085	2,974,580,148	6,255,580,148
Total Comprehensive income for the period of six month	-	-	596,700,982	-	596,700,982	596,700,982
Transactions with owners						
Final cash dividend 2012: Rs.2.50 @ 25% (2011 : Rs.3.00 @ 30%) per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2013	3,000,000,000	281,000,000	1,003,054,905	1,777,419,085	2,821,281,130	6,102,281,130

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
Six months period ended June 30, 2013

	Six months period ended June 30	
	2013	2012
Operating cash flows	Rupees	Rupees
Underwriting activities:-		
Premium received	4,114,990,978	2,987,390,602
Reinsurance premium paid	(1,947,139,795)	(1,310,976,981)
Claims paid	(1,175,363,326)	(1,264,680,472)
Reinsurance and other recoveries received	41,751,135	368,845,528
Commission paid	(518,869,352)	(511,380,879)
Commission received	46,818,930	96,538,067
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	(24,694,433)	395,983,027
Expenses paid	(262,104,620)	(245,154,653)
Net cash inflows from underwriting activities	275,389,517	516,564,239
Other operating activities		
Income tax paid	(193,593,285)	(34,994,365)
General management expenses paid	(19,899,342)	(18,895,493)
Loans disbursed - net	9,937,207	6,642,348
Other receipts - sundry debtors	27,899,454	53,356,833
Net cash inflow from other operating activities	(175,655,966)	6,109,323
Total cash inflow from all operating activities	99,733,551	522,673,562
Investment activities		
Fixed capital expenditure	1,855,190	(5,531,880)
Sale proceeds of Fixed Assets	1,717,668	
Acquisition of investments	(1,418,212,963)	(1,935,894,070)
Rental income received - net of expenses	39,621,177	38,904,441
Dividend income received	118,517,250	59,000,740
Interest income on bank deposits	60,138,045	79,613,727
Investment income received - net of expenses	237,553,805	255,717,386
Sale proceeds of investments	1,717,793,680	2,359,915,138
Total cash inflow from investment activities	758,983,852	851,725,482
Financing activities		
Dividend paid	(687,969,249)	(872,173,689)
Total cash outflow from financing activities	(687,969,249)	(872,173,689)
Net cash inflow from all activities	170,748,154	502,225,355
Cash and cash equivalents at beginning of the period	2,014,444,834	1,597,263,123
Cash and cash equivalents at end of the period	2,185,192,988	2,099,488,478

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
Six months period ended June 30, 2013

	Six month ended June 30	
	2013	2012
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	99,733,551	522,673,562
Depreciation expense	(4,876,253)	(4,886,215)
Exchange gain	18,555,749	35,081,746
Other income	945,663	286,815
Rental income	23,765,789	23,166,312
Pension - officers	(17,863,000)	(25,155,000)
Pension - staff	(7,968,000)	(14,542,000)
Medical	(17,869,154)	(21,322,000)
Gratuity	(384,000)	(678,000)
Compensated absences	(3,959,000)	(5,402,000)
Provision for outstanding claims	67,551,439	112,983,324
Provision for unearned premium	(780,006,641)	(582,137,545)
Prepaid reinsurance	866,476,536	426,227,697
Provision for employee benefits	(51,889,358)	(19,163,240)
Dividend income	130,680,366	59,016,137
Investment income	232,485,368	228,644,016
Interest income	60,138,045	79,613,727
Amortization of premium	1,861,749	4,325,468
Gain on sale of investment	11,425,394	1,121,693
(Decrease) in operating assets other than cash	121,491,964	(286,471,846)
Decrease in operating liabilities	285,759,834	301,441,462
	1,036,056,041	834,824,113
<u>Other adjustments:</u>		
Provision for impairment in value of investment	-	(146,649,148)
Income tax paid	(193,593,285)	(34,994,365)
	(193,593,285)	(181,643,513)
Profit before taxation	842,462,756	653,180,600
Provision for taxation	(245,761,774)	(207,316,061)
Profit after taxation	596,700,982	445,864,539

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	77,390	80,109
Current and other accounts	1,535,115,598	1,249,408,369
Deposit maturing within 12 months	650,000,000	850,000,000
	2,185,192,988	2,099,488,478

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Premiums (Unaudited)
Six months period ended June 30, 2013

Class	Three months period 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)		2013 (I=D-H)	2012
Business underwritten inside Pakistan	-----R u p e e s-----									
Facultative										
Fire	139,398,345	934,862,914	644,229,902	430,031,357	18,529,509	546,023,630	330,367,370	234,185,769	195,845,588	185,464,976
Marine cargo	10,435,202	6,321,488	5,217,601	11,539,089	-	-	-	-	11,539,089	8,842,845
Marine hull	91,164,264	69,935,379	113,118,142	47,981,501	59,045,807	23,227,108	61,146,945	21,125,970	26,855,531	21,956,250
Accident and others	42,580,330	71,078,202	80,198,593	33,459,939	-	-	-	-	33,459,939	20,540,440
Aviation	6,413,032	773,330,238	448,098,171	331,645,099	3,864,683	675,883,288	390,801,971	288,946,000	42,699,099	42,611,326
Engineering	185,771,732	818,604,243	640,346,712	364,029,263	113,141,430	504,252,189	384,392,793	233,000,826	131,028,437	102,720,557
Total	475,762,905	2,674,132,464	1,931,209,121	1,218,686,248	194,581,429	1,749,386,215	1,166,709,079	777,258,565	441,427,683	382,136,394
Treaty	852,490,346	1,660,722,638	1,639,162,083	874,050,901	199,337,469	279,450,221	273,529,236	205,258,454	668,792,447	660,208,802
Grand total	1,328,253,251	4,334,855,102	3,570,371,204	2,092,737,149	393,918,898	2,028,836,436	1,440,238,315	982,517,019	1,110,220,130	1,042,345,196

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Premiums (Unaudited)
Six months period ended June 30, 2013

Class	Six months period 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)		2013 (I=D-H)	2012
Business underwritten inside Pakistan	-----R u p e e s-----									
Facultative										
Fire	626,431,427	865,588,124	644,229,902	847,789,649	403,239,490	373,956,699	330,367,370	446,828,819	400,960,830	360,968,214
Marine cargo	23,078,178	11,863,604	5,217,601	29,724,181	-	-	-	-	29,724,181	17,777,063
Marine hull	114,445,654	94,781,038	113,118,142	96,108,550	67,310,160	35,342,981	61,146,945	41,506,196	54,602,354	40,599,839
Accident and others	86,944,214	57,969,539	80,198,593	64,715,160	-	-	-	-	64,715,160	37,324,956
Aviation	37,497,703	1,072,596,887	448,098,171	661,996,419	27,436,900	939,037,888	390,801,971	575,672,817	86,323,602	85,333,480
Engineering	554,864,356	821,774,856	640,346,712	736,292,500	304,458,326	568,614,891	384,392,793	488,680,424	247,612,076	199,864,892
Total	1,443,261,532	2,924,574,048	1,931,209,121	2,436,626,459	802,444,876	1,916,952,459	1,166,709,079	1,552,688,256	883,938,203	741,868,444
Treaty	1,960,989,061	1,425,803,797	1,639,162,083	1,747,630,775	335,618,692	391,243,899	273,529,236	453,333,355	1,294,297,420	1,327,321,548
Grand total	3,404,250,593	4,350,377,845	3,570,371,204	4,184,257,234	1,138,063,568	2,308,196,358	1,440,238,315	2,006,021,611	2,178,235,623	2,069,189,992

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Claims (Unaudited)
Six months period ended June 30, 2013

Class	Three months period 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)		2013 (I=D-H)	2012
Business underwritten inside Pakistan	-----Rupees-----									
Facultative										
Fire	74,474,495	440,732,707	415,708,825	49,450,613	12,715,054	136,468,099	136,468,099	12,715,054	36,735,559	(76,553,901)
Marine cargo	2,484,102	19,083,041	27,695,914	11,096,975	-	-	-	-	11,096,975	53,046
Marine hull	-	33,508,551	45,083,551	11,575,000	-	-	1,800,000	1,800,000	9,775,000	(705,670)
Accident and others	731,474	49,922,051	64,582,480	15,391,903	-	-	-	-	15,391,903	8,364,365
Aviation	110,132,876	80,822,684	99,677,412	128,987,604	109,417,748	72,489,020	67,985,868	104,914,596	24,073,008	30,851,378
Engineering	92,229,613	321,900,901	235,751,599	6,080,311	-	231,551,374	199,639,862	(31,911,512)	37,991,823	25,621,462
Total	280,052,560	945,969,935	888,499,781	222,582,406	122,132,802	440,508,493	405,893,829	87,518,138	135,064,268	(12,369,320)
Treaty	499,461,842	1,577,751,741	1,698,629,023	620,339,124	188,962,803	1,153,024,957	1,200,606,574	236,544,420	383,794,704	392,350,508
Grand total	779,514,402	2,523,721,676	2,587,128,804	842,921,530	311,095,605	1,593,533,450	1,606,500,403	324,062,558	518,858,972	379,981,188

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Claims (Unaudited)
Six months period ended June 30, 2013

Class	Six months period 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)		2013 (I=D-H)	2012
Business underwritten inside Pakistan	-----Rupees-----									
Facultative										
Fire	102,089,124	377,061,951	415,708,825	140,735,998	12,715,054	68,968,099	136,468,099	80,215,054	60,520,944	73,592,878
Marine cargo	2,664,245	15,852,773	27,695,914	14,507,386	-	-	-	-	14,507,386	352,454
Marine hull	700,034	22,726,812	45,083,551	23,056,773	-	-	1,800,000	1,800,000	21,256,773	(816,917)
Accident and others	7,882,924	76,203,668	64,582,480	(3,738,264)	-	-	-	-	(3,738,264)	27,830,787
Aviation	112,997,265	101,702,342	99,677,412	110,972,335	111,109,777	86,712,257	67,985,868	92,383,388	18,588,947	30,946,374
Engineering	93,024,787	234,416,994	235,751,599	94,359,392	-	196,309,775	199,639,862	3,330,087	91,029,305	72,734,785
Total	319,358,379	827,964,540	888,499,781	379,893,620	123,824,831	351,990,131	405,893,829	177,728,529	202,165,091	204,640,361
Treaty	856,004,947	1,601,861,951	1,698,629,023	952,772,019	(82,073,696)	1,029,656,520	1,200,606,574	88,876,358	863,895,661	804,177,907
Grand total	1,175,363,326	2,429,826,491	2,587,128,804	1,332,665,639	41,751,135	1,381,646,651	1,606,500,403	266,604,887	1,066,060,752	1,008,818,268

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Expenses (Unaudited)
Six months period ended June 30, 2013

Class	Three months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission from retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2013 (K=F-J)	2012
Business underwritten inside Pakistan	-----Rupees-----											
Facultative												
Fire	29,112,185	93,475,054	74,938,918	47,648,321	3,841,706	51,490,027	(952,669)	39,035,109	18,852,829	19,229,611	32,260,416	41,674,428
Marine cargo	2,326,762	1,399,066	1,163,381	2,562,447	2,777,727	5,340,174	-	-	-	-	5,340,174	3,619,029
Marine hull	9,820,705	8,917,676	12,775,620	5,962,761	1,134,377	7,097,138	9,524,450	4,261,794	10,239,018	3,547,226	3,549,912	3,789,077
Accident and others	5,380,186	8,479,579	9,888,383	3,971,382	2,493,922	6,465,304	-	-	-	-	6,465,304	4,228,383
Aviation	445,135	1,541,088	1,240,065	746,158	3,192,853	3,939,011	592,105	2,167,101	1,854,106	905,100	3,033,911	2,476,669
Engineering	5,400,319	35,337,903	27,365,334	13,372,888	2,647,074	16,019,962	6,094,544	23,949,380	18,400,306	11,643,618	4,376,344	1,793,333
Total	52,485,292	149,150,366	127,371,701	74,263,957	16,087,659	90,351,616	15,258,430	69,413,384	49,346,259	35,325,555	55,026,061	57,580,919
Treaty	191,457,164	338,251,205	344,491,564	185,216,805	178,404,493	363,621,298	(969,955)	(19,622,201)	(6,798,948)	(13,793,208)	377,414,506	336,508,339
Grand total	243,942,456	487,401,571	471,863,265	259,480,762	194,492,152	453,972,914	14,288,475	49,791,183	42,547,311	21,532,347	432,440,567	394,089,258

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Expenses (Unaudited)
Six months period ended June 30, 2013

Class	Six months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2013 (K=F-J)	2012
Business underwritten inside Pakistan	-----Rupees-----											
Facultative												
Fire	61,695,635	108,512,564	74,938,918	95,269,281	5,949,768	101,219,049	18,282,830	36,764,600	18,852,829	36,194,601	65,024,448	81,461,655
Marine cargo	5,124,893	3,145,933	1,163,381	7,107,445	4,272,399	11,379,844	-	-	-	-	11,379,844	7,276,125
Marine hull	12,622,949	12,232,634	12,775,620	12,079,963	1,757,917	13,837,880	11,224,817	5,872,510	10,239,018	6,858,309	6,979,571	7,527,648
Accident and others	10,862,512	6,669,445	9,888,383	7,643,574	3,857,459	11,501,033	-	-	-	-	11,501,033	7,660,520
Aviation	1,261,626	1,527,264	1,240,065	1,548,825	5,046,795	6,595,620	1,332,351	2,364,067	1,854,106	1,842,312	4,753,308	4,805,122
Engineering	30,815,161	22,995,731	27,365,334	26,445,558	4,090,110	30,535,668	15,189,745	27,746,227	18,400,306	24,535,666	6,000,002	3,041,912
Total	122,382,776	155,083,571	127,371,701	150,094,646	24,974,448	175,069,094	46,029,743	72,747,404	49,346,259	69,430,888	105,638,206	111,772,982
Treaty	396,486,576	314,765,605	344,491,564	366,760,617	237,130,172	603,890,789	789,187	(27,730,036)	(6,798,948)	(20,141,901)	624,032,690	560,294,605
Grand total	518,869,352	469,849,176	471,863,265	516,855,263	262,104,620	778,959,883	46,818,930	45,017,368	42,547,311	49,288,987	729,670,896	672,067,587

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Investment Income (Unaudited)
For the period of six months ended June 30, 2013

	Three months period ended June 30		Six months period ended June 30	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Income from trading investments				
Held-for-trading	4,162,963	1,117,019	3,828,995	1,117,019
Dividend income	20,320,125	5,062,181	130,680,366	59,016,137
	24,483,088	6,179,200	134,509,361	60,133,156
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	87,596,961	71,770,835	170,339,339	139,749,435
Return on other fixed income securities and deposits	38,376,792	44,648,768	60,138,045	79,613,727
Income on treasury bills	23,482,848	36,416,752	56,744,588	75,217,009
Amortization of premium on Pakistan Investment Bond	590,508	1,825,209	1,861,749	4,325,468
	150,047,109	154,661,564	289,083,721	298,905,639
Gain on sale of investments				
Available-for-sale	157,740	4,674	7,596,399	4,674
Gain/(loss) on revaluation of investments				
Held-for-trading	2,539,127	826,838	8,769,276	15,417,619
Available-for-sale	-	-	-	-
	2,539,127	826,838	8,769,276	15,417,619
Provision for impairment in value of investments				
Available-for-sale	-	-	-	-
Held-for-trading	-	-	-	-
	-	-	-	-
Less: Investment related expenses	(2,145,762)	(1,295,779)	(3,367,835)	(2,574,857)
Net investment income	175,081,302	160,376,497	436,590,922	371,886,231

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
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 period ended June 30, 2013 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 months ended June 30, 2013

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, 2012.

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, 2012.

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.

4.2 Change in accounting policy and disclosure

During the period, the Company has changed its accounting policy in respect of post retirement defined benefits plans as required under International Accounting Standard (IAS) 19, 'Employee Benefits'. According to new policy actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the prior periods financial statements have been summarised below:

	December 31, 2012	December 31, 2011
	-----Rs in million-----	
Decrease in un-appropriated profit	123.658	368.454
Increase in other liabilities	123.658	368.454
Increase in deferred tax assets	42.044	125.274
	For the year ended	
	December 31, 2012	December 31, 2011
Increase in profit before tax	56.864	-
Decrease in deferred taxation	19.334	-
Increase in profit after tax	37.530	-
Increase in other comprehensive income	37.530	-

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

	June 30, 2013	December 31, 2012
	Rupees	Rupees
5 AMOUNT DUE TO OTHER INSURERS		
Amount due to other insurers / reinsurers	<u>183,964,364</u>	<u>178,114,269</u>
5.1 Amount due to insurer and reinsurer was shown cumulatively as Rs. 975.676 million (2012: 1,043.228 million) which has been splitted in amount due to insurer amounting to Rs. 183,964 million (2012: 178.113 million) and amount due to reinsurers amounting to Rs. 611.941 million (2012: 1,445.424 million) in order to comply with the requirements laid down in SEC (Insurance) Rules, 2002.		
	Note	
6 AMOUNT DUE TO REINSURERS		
Amount due to other insurers / reinsurers	5.1 <u>611,941,691</u>	<u>1,445,423,762</u>

7 CONTINGENCIES AND COMMITMENTS

- 7.1** 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 and the Company has confirmed in his meeting with Chairman that they have no receivable balance from the Company. However the Company will file an application with the official liquidator of NCC against the claim amount.

7.2 Case related to Export Credits Guarantee Scheme

Decree have been awarded against the Company in a case amounting to Rs. 31.68 (December 31, 2012: 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. Case was being restored and according to legal advisor the Company has all likelihood to succeed in the matter.

- 7.3** 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, 2013 amounted to Rs. 3.351 million (December 31, 2012: Rs. 3.351 million).

Currently, case has been dismissed by the Sr. Civil Judge, Karachi. for the issue due to the reason that Company Secretary was not competent to delegate the power to another person to give evidence. The Company has filed against the said order issued by Sr. Civil Judge, Karachi.

- 7.4** There is no commitment as on the balance sheet date (December 31, 2012: Nil).

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

	June 30, 2013 Rupees	December 31, 2012 Rupees
8 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	421,118,142	428,362,643
Mutual fund's units	1,957,007,894	1,957,007,894
Ordinary shares - unlisted	617,613	617,613
	<u>2,378,743,649</u>	<u>2,385,988,150</u>
Held-to-maturity		
Pakistan Investment Bonds	3,090,220,319	2,468,358,440
Treasury Bills	601,485,150	1,509,129,600
	<u>3,691,705,469</u>	<u>3,977,488,040</u>
Held-for-trading		
Ordinary shares - listed	66,252,442	70,944,340
	<u>6,136,701,560</u>	<u>6,434,420,530</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, 2013 would have been higher by Rs. 1,663.829 million (December 31, 2012: higher by Rs.1,018 million) and the net equity would have been higher by Rs. 1,633.829 million (December 31, 2012: higher by Rs.1,018 million).

9 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 776.471 million, as per valuation carried out by an independent valuer in 2012.

10 AMOUNT DUE FROM OTHER INSURERS

	Note	June 30, 2013 Rupees	December 31, 2012 Rupees
Amount due from other insurers	10.1	2,160,549,216	2,732,431,218
Provision for doubtful balances		(350,000,000)	(350,000,000)
		<u>1,810,549,216</u>	<u>2,382,431,218</u>

10.1 This includes Rs.543.306 million (December 31, 2012: Rs.1,422 million) due from related parties.

10.2 Amount due from insurer and reinsurer was shown cumulatively as Rs. 1,914.592 million (2012: 2,625.333 million) which has been split in amount due from insurer amounting to Rs. 1,810.549 million (2012: 2,382.431 million) and amount due from reinsurer amounting to Rs. 104.043 million (2012: 242.901 million) in order to comply with the requirements laid down in SEC (Insurance) Rules, 2002.

11 AMOUNT DUE FROM REINSURERS

	Note	June 30, 2013 Rupees	December 31, 2012 Rupees
Amount due from reinsurers		140,043,395	278,901,778
Provision for doubtful balances		(36,000,000)	(36,000,000)
	10.2	<u>104,043,395</u>	<u>242,901,778</u>

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

12 ADDITIONS AND DELETIONS IN FIXED ASSETS

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

	-----2013-----	
	Additions Rupees	Disposals Rupees
- Electrical installations, air conditioning plant and lifts	725,100	-
- Furniture, fixture, books and office equipments and computer	766,951	-
- Vehicle	87,000	324,711
	<u>1,579,051</u>	<u>324,711</u>
	-----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>

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

13 SEGMENT REPORTING

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

	June 30, 2013							
a) Segment by class of business	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
	-----Rupees in '000-----							
Net premium	400,961	29,724	54,602	64,715	86,324	247,612	1,294,297	2,178,235
Net claims	60,521	14,507	21,257	(3,738)	18,589	91,029	863,896	1,066,061
Expenses	5,950	4,272	1,758	3,857	5,047	4,090	237,130	262,104
Net commission	59,075	7,107	5,222	7,644	(293)	1,910	386,903	467,568
Underwriting result	275,415	3,838	26,365	56,952	62,981	150,583	(193,632)	382,502
Segment assets								
Prepaid reinsurance ceded	330,367	-	61,147	-	390,802	384,393	273,529	1,440,238
Deferred commission expense	74,939	1,163	12,776	9,888	1,240	27,365	344,492	471,863
	405,306	1,163	73,923	9,888	392,042	411,758	618,021	1,912,101
Unallocated corporate assets								12,732,636
Total assets								<u>14,644,737</u>
Segment liabilities								
Provision for unearned premium	644,230	5,218	113,118	80,199	448,098	640,347	1,639,162	3,570,372
Commission income unearned	18,853	-	10,239	-	1,854	18,400	(6,799)	42,547
Provision for outstanding claims	279,241	27,696	43,284	64,582	31,692	36,112	498,022	980,629
	942,324	32,914	166,641	144,781	481,644	694,859	2,130,385	4,593,548
Un-allocated corporate liabilities								3,989,715
Total liabilities								<u>8,583,263</u>
								June 30, 2012
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
Management 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	205,913	10,149	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	1,426,076
Deferred commission expense	67,439	851	12,849	6,952	1,735	27,910	339,988	457,724
	283,064	851	66,525	6,952	408,743	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	3,305,723
Commission income unearned	1,916	-	8,169	-	1,545	25,232	38,168	75,030
Provision for outstanding claims	209,873	16,466	15,413	50,989	35,530	54,602	483,425	866,298
	746,582	20,679	129,317	108,294	512,075	742,907	1,987,197	4,247,051
Un-allocated corporate liabilities								2,373,159
Total liabilities								<u>6,620,210</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, 2013		December 31, 2012	
	Lahore	Karachi	Lahore	Karachi
	-----Rupees in '000-----			
Revenue - net premium	484,835	1,693,401	819,670	3,276,414
Total assets	790	14,643,947	678,615	13,886,061
Total liabilities	470,270	8,112,993	259,776	7,744,311

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

14 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 months period ended June 30		Six months period ended June 30	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Balances				
Balance at the beginning	(1,643,727)	13,105,167	(1,893,727)	19,761,043
Insurance premium written during the period	15,524,374	2,660,856	15,774,374	5,280,714
Premium received	(5,596,014)	(9,557,858)	(5,596,014)	(18,833,592)
Balance at the end	<u>8,284,633</u>	<u>6,208,165</u>	<u>8,284,633</u>	<u>6,208,165</u>
Transaction				
Insurance commission paid	<u>4,877,261</u>	<u>6,070,750</u>	<u>4,877,261</u>	<u>11,297,824</u>
Insurance claims paid	<u>713,760</u>	<u>580,134</u>	<u>713,760</u>	<u>1,534,218</u>
Premium paid - net	<u>2,150</u>	<u>14,576</u>	<u>2,150</u>	<u>6,867</u>
Insurance commission received	<u>876</u>	<u>-</u>	<u>876</u>	<u>21</u>
Insurance claims received	<u>148</u>	<u>(65,122)</u>	<u>148</u>	<u>(5,132)</u>
Dividend income	<u>15,840,000</u>	<u>9,966,267</u>	<u>15,840,000</u>	<u>9,966,267</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 months period ended June 30		Six months period ended June 30	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Balance at the beginning	1,054,856,484	1,042,895,401	1,444,397,543	1,249,740,826
Insurance premium written during the year	256,608,136	405,804,253	723,875,798	782,269,230
Premium received	(776,443,408)	(764,642,981)	(1,633,252,128)	(1,347,953,383)
Balance at the end	<u>535,021,212</u>	<u>684,056,673</u>	<u>535,021,213</u>	<u>684,056,673</u>
Insurance claims paid	<u>-</u>	<u>166,898,042</u>	<u>-</u>	<u>203,762,139</u>
Insurance commission paid	<u>-</u>	<u>19,117,902</u>	<u>-</u>	<u>30,157,961</u>

Pakistan Reinsurance Company Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period of six months ended June 30, 2013

15 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	
	2013	2012	2013	2012
Profit after tax for the period (Rupees)	248,744,392	196,823,179	596,700,982	445,864,539
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	0.83	0.66	1.99	1.49

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.

16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on August 29, 2013 by the Board of Directors of the Company.

17 GENERAL

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

(Farzana Munaf)
Chief Financial Officer

(R. B. Phulpoto)
Chief Executive

(Attaullah A. Rasheed)
Director

(Sikander Mahmood)
Director

Secure today & tomorrow



Pakistan Reinsurance Company Limited

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

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