



PAKISTAN REINSURANCE COMPANY LIMITED

QUARTERLY ACCOUNTS

(UNAUDITED)

FOR THE 3RD QUARTER ENDED

SEPTEMBER 30, 2007

BOARD OF DIRECTORS

MRS. RUKHSANA SALEEM	CHAIRPERSON
MR. KAMAL AFSAR	DIRECTOR
MR. S.M. RAFIQUE AKHTAR/ALTERNATE	DIRECTOR
S. AIJAZ AKHTAR	DIRECTOR
SYED YAWAR ALI	DIRECTOR
MR. FAZLUR REHMAN DITTU	DIRECTOR
MR. SHAMIM AHMED KHAN	DIRECTOR
MR. SIKANDAR HAYAT JAMALI	DIRECTOR
MR. JAVED SYED	DIRECTOR
MR. FAZAL-I-QADAR	DIRECTOR

SENIOR MANAGEMENT

MRS. FARZANA MUNAF	CHIEF FINANCIAL OFFICER (CFO)
MR. ASGHAR IMAM KHALID	EXECUTIVE DIRECTOR (BD / IA)
MR. FIDA HUSSAIN SAMOO	EXECUTIVE DIRECTOR (RE)
MR. SHAHZAD FAROOQ LODHI	SECRETARY / MANAGER (ESTT & ADMIN)
MRS. GHAZALA IMRAN	GENERAL MANAGER (NZO), LAHORE
MR. AYAZ HUSSAIN M. GAD	GENERAL MANAGER (RE)
MR. ANZARUL HASAN HASHMI	MANAGER (ACCIDENT)
MR. RAHMATULLAH KHILJI	MANAGER (INTERNAL AUDIT)
SYED TAHIR ALI	MANAGER (DPD)
MR. IMTIAZ HUSSAIN QURESHI	MANAGER (I.T.)

AUDIT COMMITTEE

SYED YAWAR ALI	CHAIRMAN
MR. S. M. RAFIQUE AKHTAR	MEMBER
MR. FAZLUR REHMAN DITTU	MEMBER
MR. SHAMIM AHMED KHAN	MEMBER

HEAD OFFICE

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ZONAL OFFICE

AL-Jannat,
Bank Square, Lahore.

BANKERS

National Bank of Pakistan
Habib Bank Limited
MCB Bank Limited
United Bank Limited

PAKISTAN REINSURANCE COMPANY LIMITED

Directors' Report to the Shareholders

THE SHAREHOLDERS,
Pakistan Reinsurance Co. Ltd.,

Gentlemen,

On behalf of the Board of Directors of PRCL, I present the un-audited financial statements of the Company for the 3rd Quarter ended September 30, 2007.

Review of business activities

2. The financial statements for the quarter reflect the treaty business returns received from thirty companies out of thirty four companies, all these returns received in PRCL by 24th October, 2007. However the rest of the business reflects facultative business which has been accounted for as per records of the Company.

3. The profit after tax for the nine months ended September 30, 2007 amounted to Rs. 2,862 million to Rs. 2,742 million respectively. Earning per share for the current nine months is Rs. 50.77 as compared to Rs. 13.63 reported in the corresponding period. The contributory factor for such an increase is realized capital gain.

4. Gross Premium for the period was Rs.3,336 million and Net Premium was Rs.1,229 million. The net claims, net commission and management expenses have aggregated to Rs.1,111 million.

5. The underwriting profits for the period under review are reported as Rs.85 million as compared to Rs.275 million for the corresponding period. The main reasons for decline are increase in net claims and creation of premium reserve for unearned premium due to company's policy to enhance its retention.

6. The net claims of the company upto 3rd Quarter, 2007 were Rs.716 million as compared to Rs.400 million in the 3rd Quarter of 2006 showing an increase of Rs.316 million, which includes claims pertaining to prior years which amounted to Rs.87 million.

7. The management has taken certain measures to control management expenses and we are happy to report that management expenses as a percentage of net premium are 9% for the period under review as compared to 10.9% of the corresponding period. This percentage is on a lower side as compared to the industry norm.

8. Investment income from investment amounted to Rs.719 million as compared to Rs.643 million of the corresponding period. This increase is attributable to higher dividend received on NIT units. The company earned Rs.22 million and Rs.63 million on account of rental income and other income respectively.

9. The investment portfolio has been showing huge volumes of unrealized capital gains and it was considered imperative that these gains be realized to reflect the true worth of the company in its financial statements. Accordingly, the management of PRCL, based on the Board of Directors' approval, sold NIT Units realizing a capital gain of Rs.2.023 billion. The same number of NIT Units was repurchased simultaneously so that they continue to be the part of investment portfolio.

10. The company introduced Voluntary Retirement Scheme (VRS) for 254 employees (for staff members). Consequently, fifty employees opted for the Scheme and PRCL management accepting the same and relieved them from the services of the company. Accordingly an amount of Rs.23 million has been charged to profit & Loss account on account of VRS expense.

11. The company is planning to enhance its retention capacity and measures in this regard are under way. We are also pleased to inform you that the shareholders of the Company have approved the increase in the Authorized Share Capital of the Company from Rupees One billion (representing 100 million ordinary shares of Rs.10/- each) to Rupees four Billion (representing of 400 million ordinary shares of Rs.10/= each). Necessary formalities as per rules are under process in this regard. At present, the Issued, Subscribed and Paid up Capital is Rs.540,000,864/= representing 54,000,086 shares of Rs.10/= each.

12. The management of the company is continuously making efforts to improve the performance of the company.

13. In the end, your Directors would like to thank all insurance companies, their Chairmen, Directors, Officers and Staff for co-operation extended by them in running the affairs of the Company.

For and on behalf
of the Board of Directors

(Rukhsana Saleem)
Chairman/Chief Executive

Karachi: October 26, 2007

PAKISTAN REINSURANCE COMPANY LIMITED
BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2007

	Note	Sep 30, 2007 Rupees	2006 Rupees		Note	Sep 30, 2007 Rupees	2006 Rupees
Share capital and reserves				Cash and Bank deposits			
Authorized Share Capital				Cash and other equivalents		92,247	16,992
100,000,000 ordinary shares of Rs. 10/- each		1,000,000,000	1,000,000,000	Current and other accounts		325,578,511	208,266,875
Issued, subscribed and paid up share capital		540,000,864	450,000,720	Deposits maturing within 12 months		1,700,000	1,700,000
Exceptional Losses Reserve		281,000,000	281,000,000			327,370,758	209,983,867
General Reserve		1,777,419,085	1,277,419,085	Loans (Considered good)			
Retained earnings		2,783,550,395	721,954,126	- to employees		23,712,811	28,945,349
		4,841,969,480	2,280,373,211	- to others		3,516,246	3,100,142
		5,381,970,344	2,730,373,931			27,229,057	32,045,491
				Investments		6,140,219,220	3,588,323,007
Underwriting provisions				Investment properties		51,669,045	54,087,325
- Provision for outstanding claims		697,178,761	669,922,164	Deferred taxation		87,346,888	87,346,888
(including IBNR)							
- Provision for unearned premium		2,078,319,702	2,263,357,449	Other assets			
- Additional provision for unexpired risks		33,124,473	69,370,524	Amount due from persons and bodies		529,354,266	493,663,550
- Commission income unearned		38,472,640	3,002,650,137	carrying on insurance business		25,392,059	32,724,184
		2,847,095,576	3,002,650,137	Deposits held by ceding companies		37,684,513	21,522,485
Deferred liability				Accrued investment income		329,862,081	207,724,808
Employee benefits		127,208,138	123,817,001	Other receivable		1,233,488,206	1,469,746,545
Long term deposits		18,754,906	19,740,060	Prepaid reinsurance ceded		252,482,385	238,217,500
Creditors and accruals				Deferred commission expense		266,250	289,707
Amount due to other persons and bodies		560,564,900	412,127,526	Stock of stationery		2,408,529,760	2,463,888,779
carrying on insurance business							
Deposits retained/received from other Companies		22,258,280	26,055,623	Fixed assets			
Current Maturity of lease liability		-	-	Tangible			
Other creditors and accruals		17,175,423	34,539,387	Land and building		22,258,325	23,367,122
Taxation net		82,320,652	103,167,230	Furniture, fixture, books and office		2,945,202	2,616,363
Retention money payable		6,372,381	6,410,112	equipment		2,235,520	2,630,023
		688,691,636	582,299,878	Vehicles		27,439,047	28,613,508
Other liabilities		-	-	Assets related to Bangladesh		-	-
Dividend payable		4,869,407	4,177,252			-	-
Surplus profit payable		1,213,768	1,230,606			-	-
		6,083,175	5,407,858				
Total liabilities		3,687,833,431	3,733,914,934	Total assets		9,069,803,775	6,464,288,865
CONTINGENCIES							
Total equity and liabilities		9,069,803,775	6,464,288,865				

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2007

Note	Facultative							Treaty	Sep 30, 2007	Sep 30, 2006
	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering				
----- Rupees -----										
Revenue account										
Net premium revenue	64,870,272	7,375,971	4,992,059	5,763,490	11,368,815	35,297,954	302,594,529	432,263,090	339,977,158	
Net claims	3,417,064	72,879	2,613,868	4,199,305	453,757	(67,262,748)	250,859,719	194,353,844	59,061,369	
Premium deficiency expenses	-					-		-		
Management expenses	2,539,308	1,549,603	432,469	1,580,376	2,065,350	1,255,809	34,359,738	43,782,653	40,222,087	
Net commission	8,136,706	1,252,677	713,701	740,367	(390,562)	(4,358,677)	99,888,615	105,982,827	83,767,788	
Underwriting result	50,777,194	4,500,812	1,232,021	(756,558)	9,240,270	105,663,570	(82,513,543)	88,143,766	156,925,914	
Investment income								525,695,571	395,982,020	
Rental income								6,851,387	7,828,918	
Exchange gain								(2,641,471)	3,430,831	
Capital gain								2,022,510,850		
Other income								53,440,199	167,552	
General and administration expenses								(7,087,533)	(4,555,100)	
VRS expenses								(23,411,944)		
Provision for doubtful debts								-	(20,000,000)	
								2,575,357,059	382,854,221	
Profit before tax								2,663,500,825	539,780,135	
Provision for taxation								68,021,000	85,451,000	
Deferred taxation								-	-	
Profit after tax								2,595,479,825	454,329,135	
Profit and loss appropriation account										
Balance at the commencement of quarter								188,070,570	331,694,162	
Profit after tax for the quarter								2,595,479,825	454,329,135	
General reserve								-	-	
Final Dividend								-	-	
Profit and loss appropriation account - Closing balance								2,783,550,395	786,023,297	
Earning per share - basic and diluted								48.06	8.41	

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

Note	Facultative							Treaty	Sep 30, 2007	Sep 30, 2006
	Fire	Marine Cargo	Marine Hull	Accident	Aviation	Engineering				
----- Rupees -----										
Revenue account										
Net premium revenue	193,251,454	18,271,853	13,963,700	15,153,644	33,050,195	98,482,303	857,039,445	1,229,212,594	1,073,224,012	
Net claims	88,893,855	828,680	5,337,256	9,585,813	1,194,145	14,667,629	595,822,978	716,330,356	400,338,163	
Premium deficiency expenses	10,753,580					22,370,893		33,124,473		
Management expenses	4,970,935	3,357,891	867,222	3,295,137	4,420,580	3,031,072	89,056,230	108,999,067	116,947,214	
Net commission	21,694,833	2,750,634	1,905,475	1,938,833	(2,485,028)	(15,484,858)	275,877,754	286,197,643	281,175,114	
Underwriting result										
	66,938,251	11,334,648	5,853,747	333,861	29,920,498	73,897,567	(103,717,517)	84,561,055	274,763,521	
Investment income								718,751,074	642,854,590	
Rental income								22,047,850	23,268,308	
Exchange gain								(9,954,320)	(11,832,989)	
Capital gain								2,022,510,850		
Other income								62,743,409	10,840,061	
General and administration expenses								(15,482,417)	(12,529,775)	
VRS expenses								(23,411,944)		
Provision for doubtful debts								-	(40,000,000)	
								2,777,204,502	612,600,195	
Profit before tax										
Provision for taxation								2,861,765,557	887,363,716	
Deferred taxation								120,169,000	151,451,000	
Profit after tax										
								2,741,596,557	735,912,716	
Profit and loss appropriation account										
Balance at the commencement of year										
								721,954,126	630,110,869	
Profit after tax										
								2,741,596,557	735,912,716	
Transfer to General Reserve								(500,000,000)	(400,000,000)	
Final Dividend								(90,000,144)	(180,000,288)	
Issue of Bonus Share @ 20%								(90,000,144)		
Balance of unappropriated profit at the end of quarter										
								2,783,550,395	786,023,297	
Earning per share - basic and diluted										
								50.77	13.63	

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2007

Class	<u>Unearned premium reserve</u>			Premium earned (D=A+B-C)	Re-insurance Ceded (E)	<u>Prepaid Reinsurance Premium ceded</u>		<u>Net premium revenue</u>		
	Premium Written (A)	Opening (B)	Closing (C)			Opening (F)	Closing (G)	Re-insurance expense (H=E+F-G)	Sep 30, 2007 (I=D-H)	Sep 30, 2006
----- R u p e e s -----										
Business underwritten inside pakistan										
Facultative										
Fire	225,341,334	468,773,601	449,656,994	244,457,941	136,530,131	370,478,605	327,421,067	179,587,669	64,870,272	37,567,934
Marine Cargo	7,042,745	3,854,599	3,521,373	7,375,971	-	-	-	-	7,375,971	4,433,079
Marine Hull	4,576,210	14,939,683	13,542,386	5,973,507	-	1,472,171	490,723	981,448	4,992,059	3,664,498
Accident	4,967,033	13,177,590	12,381,133	5,763,490	-	-	-	-	5,763,490	3,452,634
Aviation	244,367,657	520,223,246	499,607,459	264,983,444	234,297,575	495,546,991	476,229,937	253,614,629	11,368,815	10,911,640
Engineering	140,787,696	351,620,690	287,467,620	204,940,766	94,872,519	290,329,787	215,559,494	169,642,812	35,297,954	19,903,855
Total	627,082,675	1,372,589,409	1,266,176,965	733,495,119	465,700,225	1,157,827,554	1,019,701,221	603,826,558	129,668,561	79,933,640
Treaty	499,769,574	752,420,668	812,142,737	440,047,505	171,194,988	180,044,973	213,786,985	137,452,976	302,594,529	260,043,518
Grand Total	1,126,852,249	2,125,010,077	2,078,319,702	1,173,542,624	636,895,213	1,337,872,527	1,233,488,206	741,279,534	432,263,090	339,977,158

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF PREMIUMS (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

Class	Premium Written (A)	Unearned premium reserve		Premium earned (D=A+B-C)	Re-insurance Ceded (E)	Prepaid Reinsurance Premium ceded		Re-insurance expense (H=E+F-G)	Sep 30, 2007	Sep 30, 2006
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net Premium revenue (I=D-H)	Net Premium revenue
-----R u p e e s-----										
Business underwritten inside pakistan										
Facultative										
Fire	742,346,612	464,018,565	449,656,994	756,708,183	585,220,752	305,657,044	327,421,067	563,456,729	193,251,454	88,361,555
Marine Cargo	19,173,768	5,837,310	3,521,373	21,489,705	-	3,217,852	-	3,217,852	18,271,853	12,205,301
Marine Hull	18,354,701	12,115,355	13,542,386	16,927,670	-	3,454,693	490,723	2,963,970	13,963,700	7,305,692
Accident	18,098,910	9,562,394	12,381,133	15,280,171	-	126,527	-	126,527	15,153,644	8,945,033
Aviation	745,497,642	574,988,229	499,607,459	820,878,412	711,077,377	552,980,777	476,229,937	787,828,217	33,050,195	26,382,954
Engineering	412,874,942	545,449,106	287,467,620	670,856,428	313,412,794	474,520,825	215,559,494	572,374,125	98,482,303	63,612,710
Total	1,956,346,575	1,611,970,959	1,266,176,965	2,302,140,569	1,609,710,923	1,339,957,718	1,019,701,221	1,929,967,420	372,173,149	206,813,245
Treaty	1,379,483,028	651,386,490	812,142,737	1,218,726,781	445,685,494	129,788,827	213,786,985	361,687,336	857,039,445	866,410,767
Grand Total	3,335,829,603	2,263,357,449	2,078,319,702	3,520,867,350	2,055,396,417	1,469,746,545	1,233,488,206	2,291,654,756	1,229,212,594	1,073,224,012

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS (UNAUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2007

Class	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A+C-B)	Reinsurance and other recoveries Received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries Revenue (H=E+G-F)	Net claims expenses	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Sep 30, 2007 (I=D-H)	Sep 30, 2006
		-----R u p e e s-----								
Business underwritten inside pakistan										
Facultative										
Fire	3,417,064	154,421,344	154,421,344	3,417,064	-	68,968,099	68,968,099	-	3,417,064	3,258,479
Marine Cargo	72,879	500,089	500,089	72,879	-	-	-	-	72,879	312,885
Marine Hull	2,613,868	15,798,460	15,798,460	2,613,868	-	7,088,320	7,088,320	-	2,613,868	16,772
Accident	4,199,305	9,886,508	9,886,508	4,199,305	-	-	-	-	4,199,305	(60,000)
Aviation	15,059,967	51,192,656	51,192,656	15,059,967	14,606,210	49,616,233	49,616,233	14,606,210	453,757	4,094,011
Engineering	20,062,291	728,684,903	708,622,612	-	-	636,164,595	703,427,343	67,262,748	(67,262,748)	155,025
Total	45,425,374	960,483,960	940,421,669	25,363,083	14,606,210	761,837,247	829,099,995	81,868,958	(56,505,875)	7,777,172
Treaty	235,367,880	1,603,332,219	1,584,439,460	216,475,121	12,185,810	1,040,200,781	993,630,373	(34,384,598)	250,859,719	51,284,197
Grand Total	280,793,254	2,563,816,179	2,524,861,129	241,838,204	26,792,020	1,802,038,028	1,822,730,368	47,484,360	194,353,844	59,061,369

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

Class	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A+C-B)	Reinsurance and other recoveries Received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries Revenue (H=E+G-F)	Sep 30, 2007	Sep 30, 2006
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		Net claim expenses (I=D-H)	Net claim expenses
		R u p e e s								
Business underwritten inside pakistan										
Facultative										
Fire	25,891,188	91,418,677	154,421,344	88,893,855	-	68,968,099	68,968,099	-	88,893,855	(21,739,295)
Marine Cargo	512,176	183,585	500,089	828,680	-	-	-	-	828,680	966,515
Marine Hull	5,372,116	15,833,000	15,798,460	5,337,576	-	7,088,000	7,088,320	320	5,337,256	484,046
Accident	4,199,305	4,500,000	9,886,508	9,585,813	-	-	-	-	9,585,813	(1,682,406)
Aviation	100,072,925	90,484,823	51,192,656	60,780,758	97,651,908	87,681,528	49,616,233	59,586,613	1,194,145	25,305,231
Engineering	49,748,314	339,859,000	708,622,612	418,511,926	3,463,954	303,047,000	703,427,343	403,844,297	14,667,629	16,789,263
Total	185,796,024	542,279,085	940,421,669	583,938,608	101,115,862	466,784,627	829,099,995	463,431,230	120,507,378	20,123,354
Treaty	697,995,999	1,656,701,406	1,584,439,460	625,734,053	93,602,402	1,057,321,700	993,630,373	29,911,075	595,822,978	380,214,809
Grand Total	883,792,023	2,198,980,491	2,524,861,129	1,209,672,661	194,718,264	1,524,106,327	1,822,730,368	493,342,305	716,330,356	400,338,163

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF EXPENSE (UNAUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2007

Class	Commission paid or payable (A)	Deferred Commission		Net commission expense (D=A+B-C)	Other management expenses (E)	Underwriting expense (F=D+E)	Commission from reinsurers (G)	Opening (H)	Closing (I)	Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)								Sep 30, 2007 (K=F-J)	Sep 30, 2006
-----Rupees-----												
Business underwritten inside pakistan												
Facultative												
Fire	22,919,134	32,880,408	37,767,113	18,032,429	2,539,308	20,571,737	6,143,855	22,265,667	18,513,799	9,895,723	10,676,014	4,982,470
Marine Cargo	1,545,980	479,687	772,990	1,252,677	1,549,603	2,802,280	-	-	-	-	2,802,280	1,820,158
Marine Hull	807,662	2,167,927	2,139,207	836,382	432,469	1,268,851	-	184,021	61,340	122,681	1,146,170	650,281
Accident	598,721	1,700,152	1,558,506	740,367	1,580,376	2,320,743	-	-	-	-	2,320,743	1,378,851
Aviation	658,590	1,688,614	1,417,766	929,438	2,065,350	2,994,788	615,944	2,101,989	1,397,933	1,320,000	1,674,788	(572,821)
Engineering	2,149,903	15,658,911	8,015,295	9,793,519	1,255,809	11,049,328	5,130,300	22,967,975	13,946,079	14,152,196	(3,102,868)	(3,057,981)
Total	28,679,990	54,575,699	51,670,877	31,584,812	9,422,915	41,007,727	11,890,099	47,519,652	33,919,151	25,490,600	15,517,127	5,200,958
Treaty	106,121,841	197,589,185	200,811,508	102,899,518	34,359,738	137,259,256	981,539	6,582,853	4,553,489	3,010,903	134,248,353	118,788,917
Grand Total	134,801,831	252,164,884	252,482,385	134,484,330	43,782,653	178,266,983	12,871,638	54,102,505	38,472,640	28,501,503	149,765,480	123,989,875

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF EXPENSE (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

Class	Deferred Commission			Net commission expense (D=A+B-C)	Other management expenses (E)	Underwriting expense (F=D+E)	Commission from reinsurers (G)	Opening (H)	Closing (I)	Net commission retrocession (J=G+H-I)	Sep 30, 2007	Sep 30, 2006
	Commission paid or payable (A)	Opening (B)	Closing (C)								Net underwriting expense (K=F-J)	Net underwriting expense
----- Rupees -----												
Business underwritten inside pakistan												
Facultative												
Fire	56,209,228	33,696,385	37,767,113	52,138,500	4,970,935	57,109,435	36,056,132	12,901,334	18,513,799	30,443,667	26,665,768	10,774,365
Marine Cargo	3,268,263	423,805	772,990	2,919,078	3,357,891	6,276,969	-	168,444	-	168,444	6,108,525	4,348,191
Marine Hull	2,944,409	1,470,769	2,139,207	2,275,971	867,222	3,143,193	-	431,836	61,340	370,496	2,772,697	971,864
Accident	2,287,914	1,222,078	1,558,506	1,951,486	3,295,137	5,246,623	-	12,653	-	12,653	5,233,970	4,225,005
Aviation	2,166,328	2,530,647	1,417,766	3,279,209	4,420,580	7,699,789	2,246,834	4,915,336	1,397,933	5,764,237	1,935,552	(2,821,298)
Engineering	11,034,471	34,555,152	8,015,295	37,574,328	3,031,072	40,605,400	19,401,654	47,603,611	13,946,079	53,059,186	(12,453,786)	(9,033,916)
Total	77,910,613	73,898,836	51,670,877	100,138,572	19,942,837	120,081,409	57,704,620	66,033,214	33,919,151	89,818,683	30,262,726	8,464,211
Treaty	321,109,603	164,318,664	200,811,508	284,616,759	89,056,230	373,672,989	9,955,184	3,337,310	4,553,489	8,739,005	364,933,984	389,658,117
Grand Total	399,020,216	238,217,500	252,482,385	384,755,331	108,999,067	493,754,398	67,659,804	69,370,524	38,472,640	98,557,688	395,196,710	398,122,328

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED

Cash Flow Statement (Unaudited)

FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

	Rupees Sep 30, 2007	Rupees Sep 30, 2006
Operating Cash Flows:		
Underwriting activities:-		
Premium received	3,300,138,887	3,118,137,679
Reinsurance premium paid	(1,916,913,363)	(2,130,519,321)
Claims paid	(883,792,023)	(656,854,921)
Reinsurance and other recoveries received	194,718,264	253,038,966
Commision paid	(399,020,216)	(283,596,978)
Commision received	67,659,804	113,001,334
Premium and claim reserves retained from retocessionaires/ withheld by ceding companies	3,534,782	26,005,166
Expenses paid	(108,999,067)	(116,947,214)
Net cash flows from underwriting activities	257,327,068	322,264,711
Other Operating Activities		
Income tax paid	(141,015,578)	(131,432,743)
General management expenses paid	(15,482,417)	(12,529,775)
Loans recovered from employees	4,816,434	(1,585,585)
Other receipts	62,743,409	2,838,523
Other payments	(137,109,548)	(26,176,828)
Other payments (VRS)	(23,411,944)	-
Net cash flows from other operating activities	(249,459,644)	(168,886,408)
Total cash flow from all operating activities	7,867,424	153,378,303
Investment activities		
Fixed Capital expenditure	3,592,741	4,695,085
Acquisition of investments	(7,129,357,092)	(1,438,953,800)
Rental income received	23,045,017	28,575,116
Dividend income received	568,066,399	503,162,690
Interest income on bank deposits	13,516,738	11,269,551
Investment income received	98,457,453	45,463,499
Sale proceeds of investments	6,621,523,038	886,475,386
Total Cash Flow from investment activities	198,844,294	40,687,527
Financing activities		
Surplus paid	(16,838)	-
Dividend paid	(89,307,989)	(175,702,080)
Payments of finance leases	-	(1,253,061)
Total cash flows from financing activities	(89,324,827)	(176,955,141)
Net cash flow from all activities	117,386,891	17,110,689
Cash and cash equivalents at beginning of the year	209,983,867	271,388,621
Cash and cash equivalents at end of the nine months	327,370,758	288,499,310

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED

Statement of Investment Income (Unaudited)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

	Quarter ended 30 Sep 2007	Quarter ended 30 Sep 2006	Nine Months ended 30 Sep 2007	Nine Months ended 30 Sep 2006
------(Rupees)-----				
Income from non-trading investment				
Held to maturity investments				
Return on government securities	23,344,016	22,832,913	84,540,912	68,498,741
Amortization of premium on Pakistan investment Bond	(3,954,610)	(3,778,681)	(12,049,701)	(11,336,043)
Return on other fixed income securities and deposits	5,445,344	77,339	13,516,738	11,269,551
Income on treasury bills	19,392,973	11,215,742	56,735,407	25,710,576
Available for sale investments				
Dividend income	482,438,930	368,047,025	578,567,600	553,753,340
Gain on sale of non-trading investments				
Available for sale investments	2,022,510,850	-	2,023,125,222	2,157,782
(Loss)/Gain on revaluation of investments				
Available for sale investments	-	(1,380,592)	(1,385,963)	(5,086,645)
At fair value through profit or loss classified as held for trading	(139,643)		-	-
	2,549,037,860	397,013,746	2,743,050,215	644,967,302
Less: investment related expenses	831,439	1,031,726	1,788,291	2,112,712
Net investment income	2,548,206,421	395,982,020	2,741,261,924	642,854,590

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2007

	Share Capital	Exceptional Losses reserve	General Reserve	Reserve for issue of bonus shares	Unappropriated profit	Total	Total
	----- Rupees -----						
Balance as at December 31, 2005 as previously reported	450,000,720	281,000,000	1,277,419,085	-	230,110,869	1,788,529,954	2,238,530,674
Effect of change in accounting policy							
Transfer to General Reserve declared subsequent to year end			(400,000,000)		400,000,000		
Balance as at December 31, 2005 - restated	450,000,720	281,000,000	877,419,085	-	630,110,869	1,788,529,954	2,238,530,674
Final dividend 2005 @ 40% (Rs. 4 per share)	-	-	-	-	(180,000,288)	(180,000,288)	(180,000,288)
Effect of change in accounting policy							
Transfer to General Reserve declared subsequent to year end			400,000,000		(400,000,000)		
Net profit for the Year ended 31-12-2006	-	-	-	-	671,843,545	671,843,545	671,843,545
Balance as at December 31, 2006	450,000,720	281,000,000	1,277,419,085	-	721,954,126	2,280,373,211	2,730,373,931
Balance as at January 1, 2007	450,000,720	281,000,000	1,277,419,085	-	721,954,126	2,280,373,211	2,730,373,931
Final dividend 2006 @ 20% (Rs. 2 per share)	-	-	-	-	(90,000,144)	(90,000,144)	(90,000,144)
Issue of Bonus Share @ 20%	90,000,144	-	-	-	(90,000,144)	(90,000,144)	-
Transfer to General Reserve			500,000,000		(500,000,000)		
Net profit for nine months ended 30-09-2007	-	-	-	-	2,741,596,557	2,741,596,557	2,741,596,557
Balance as at September 30, 2007	540,000,864	281,000,000	1,777,419,085	-	2,783,550,395	4,841,969,480	5,381,970,344

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

Chief Financial Officer

Chief Executive

Director

Director

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 (UNAUDITED)

1. The Company and its Operations

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

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

2 Significant Accounting Policies

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

3 Quarterly Returns for Compulsory Surplus Treaties

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

For the 3rd Quarter 2007, PRC received returns from thirty general insurance companies and as such above accounts have been prepared by incorporating only these returns. The rest of the business reflects facultative business as per record of the Company.

4 Date of Authorization for issue

These financial statements have been authorized for issue on October 26, 2007 by the Board of Directors of the Company.

5 Corresponding Figures

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

6 Contingencies

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

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

(Asghar Imam Khalid)
Chief Financial Officer

Director

Director

(Rukhsana Saleem)
Chief Executive

Karachi October 26, 2007