



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

| | |
|--------------------------|--|
| MR. ASGHAR IMAM KHALID | EXECUTIVE DIRECTOR (F&A) / CFO |
| MR. FIDA HUSSAIN SAMOO | EXECUTIVE DIRECTOR / SR. MANAGER (RE) |
| MR. SHAHZAD FAROOQ LODHI | SECRETARY / MANAGER (ESTT & ADMIN) |
| MRS. GHAZALA IMRAN | CHIEF MANAGER (NZO), LAHORE |
| MR. AYAZ HUSSAIN M. GAD | SR. MANAGER (MARINE / FIRE / CR. TREATY) |
| MR. ANZARUL HASAN HASHMI | MANAGER (ACCIDENT) |
| MR. RAHMATULLAH KHILJI | MANAGER (INTERNAL AUDIT) |

AUDIT COMMITTEE

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

HEAD OFFICE

PRC Towers, 32 - A, Lalazar Drive, M.T. Khan Road,
P.O. Box: 4777, Karachi - Pakistan.
Tel: (92-21)-9202908-14
Telex: 20428 PAKRE PK, Telefax: (92-21)-9202921 - 9202922
E-mail: pic1@pk.netsolir.com
Website: www.pakre.org.pk

ZONAL OFFICE

AL-Jannat,
Bank Square, Lahore.

BANKERS

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



Directors' Report to the Shareholders

THE SHAREHOLDERS,
Pakistan Reinsurance Co. Ltd.,

Gentlemen,

On behalf of the Board of Directors of PRCL, I am pleased to present the un-audited financial statements of the Company for the 1st Quarter ended March 31, 2007.

Review of business activities

The financial statements for the quarter reflect the treaty business return received from twenty six insurance companies out of thirty four, all these returns received in PRCL by 21st April, 2007 as per the amendment made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the company.

The Gross Premium for the period was Rs.1,205 million and the Net Premium was Rs.401 million. The net claims, net commission and management expenses have aggregated to Rs.348 million for the quarter. Besides, the income from investment including rental and other income for the period was recorded at Rs.130 million.

The financial results of the company indicates the net premium before unearned premium reserve is Rs.375 million whereas the same was 131 million in the 1st Quarter, 2006 which shows 186% increase over the corresponding period last year. In the quarter under reference the benefit of unearned premium would be to the extent of Rs.26 million where as for the 1st quarter, 2006, it was Rs.242 million. After taking into consideration the effect of premium reserve adjustment, there is growth of 8% on PRCL net retention.

The management is taking steps and making all our efforts to ensure good results by way of accepting good business.

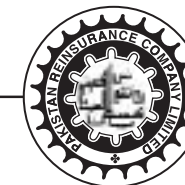
In the end, I would like to thank all insurance companies their Chairmen, Directors, Officers and staff for the co-operation extended by them in running the affairs of the company.

For and on behalf
of the Board of Directors

(Rukhsana Saleem)
Chairman/Chief Executive

Karachi: April 26, 2007

Condensed Interim Balance Sheet (Unaudited) as at March 31, 2007



| | Unaudited March 31, 2007 (Rupees) | Audited 2006 |
|--|---|----------------------|
| Share Capital and Reserves | | |
| Authorized Share Capital 100,000,000 Ordinary shares of Rs. 10 each | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| Issued, subscribed and paid up share capital | 450,000,720 | 450,000,720 |
| Exceptional losses reserve | 281,000,000 | 281,000,000 |
| General reserve | 1,277,419,085 | 1,277,419,085 |
| Retained earnings | 863,643,273 | 721,954,126 |
| | <u>2,422,062,358</u> | <u>2,280,373,211</u> |
| | 2,872,063,078 | 2,730,373,931 |
| Underwriting provisions | | |
| - Provision for outstanding claims (including IBNR) | 669,922,164 | 669,922,164 |
| - Provision for unearned premium | 2,311,945,493 | 2,263,357,499 |
| - Commission income unearned | 72,519,586 | 69,370,524 |
| Total underwriting provisions | <u>3,054,387,243</u> | <u>3,002,650,137</u> |
| Deferred liability - Employee benefits | 123,064,000 | 123,817,001 |
| Long term deposits | 18,238,960 | 19,740,060 |
| Creditors and accruals | | |
| Amount due to other persons and bodies carrying on insurance business | 458,124,577 | 412,127,526 |
| Deposits retained / received from other Companies | 25,057,544 | 26,055,623 |
| Current Maturity of lease liability | - | - |
| Other creditors and accruals | 34,065,422 | 34,539,387 |
| Taxation - net | 108,299,150 | 103,167,230 |
| Retention money payable | 6,411,457 | 6,410,112 |
| | <u>631,958,150</u> | <u>582,299,878</u> |
| Other liabilities | - | - |
| Dividend payable | 4,177,252 | 4,177,252 |
| Surplus profit payable | 1,230,606 | 1,230,606 |
| | <u>5,407,858</u> | <u>5,407,858</u> |
| Total Liabilities | <u>3,833,056,211</u> | <u>3,733,914,934</u> |
| CONTINGENCIEST | | |
| Total Equities And Liabilities | <u>6,705,119,289</u> | <u>6,464,288,865</u> |

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

Cash and Bank deposits

| | Unaudited March 31, 2007 (Rupees) | Audited 2006 |
|------------------------------------|---|--------------------|
| Cash and other equivalents | 76,468 | 16,992 |
| Current and other accounts | 136,592,193 | 208,266,875 |
| Deposits maturing within 12 months | 1,700,000 | 1,700,000 |
| | <u>138,368,661</u> | <u>209,983,867</u> |

Loans - (Considered Good)

| | | |
|----------------|-------------------|-------------------|
| - to employees | 27,708,438 | 28,945,349 |
| - to others | 3,873,999 | 3,100,142 |
| | <u>31,582,437</u> | <u>32,045,491</u> |

Investments

| | | |
|--|---------------|---------------|
| | 3,687,884,071 | 3,588,323,007 |
|--|---------------|---------------|

Investment properties

| | | |
|--|------------|------------|
| | 53,243,916 | 54,087,325 |
|--|------------|------------|

Deferred taxation

| | | |
|--|------------|------------|
| | 87,346,888 | 87,346,888 |
|--|------------|------------|

Other assets

| | | |
|--|----------------------|----------------------|
| Amount due from other persons and bodies carrying on insurance business | 534,538,586 | 493,663,550 |
| Deposits held by ceding companies | 36,883,465 | 32,724,184 |
| Accrued investment income | 101,236,335 | 21,522,485 |
| Other receivable | 216,483,493 | 207,724,808 |
| Prepaid reinsurance ceded | 1,543,936,137 | 1,469,746,545 |
| Deferred commission expense | 244,919,481 | 238,217,500 |
| Stock of stationery | 553,494 | 289,707 |
| | <u>2,678,550,991</u> | <u>2,463,888,779</u> |

Fixed assets

| | | |
|--|-------------------|-------------------|
| Tangible | | |
| Land and building | 23,009,544 | 23,367,122 |
| Furniture, fixture, books and office equipment vehicles | 2,634,259 | 2,616,363 |
| | <u>2,498,522</u> | <u>2,630,023</u> |
| | <u>28,142,325</u> | <u>28,613,508</u> |

Assets relating to Bangladesh

| | | |
|--|---|---|
| | - | - |
|--|---|---|

Total Assets

| | | |
|--|----------------------|----------------------|
| | <u>6,705,119,289</u> | <u>6,464,288,865</u> |
|--|----------------------|----------------------|

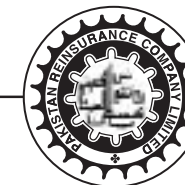
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Profit and Loss Account for the Quarter ended March 31, 2007 (Unaudited)



| | Quarter ended March 31, | | | | | | 2007 | 2006 | |
|---|-------------------------|------------------|------------------|------------------|-------------------|-------------------|---------------------|--------------------|-------------------|
| | Faculative | | | | | | Treaty | | |
| | Fire | Marine cargo | Marine Hull | Accident | Aviation | Engineering | | | |
| | ----- Rupees ----- | | | | | | | | |
| Revenue account | | | | | | | | | |
| Net premium revenue | 64,119,140 | 4,830,371 | 4,496,243 | 4,365,670 | 10,886,134 | 33,193,511 | 279,476,341 | 401,367,410 | 373,080,252 |
| Net claims | 10,789,143 | - | 1,028,238 | - | 129,641 | 23,549,320 | 193,958,357 | 229,454,699 | 185,440,211 |
| Management expenses | 1,263,063 | 932,339 | 217,574 | 863,945 | 1,182,263 | 912,449 | 22,227,812 | 27,599,445 | 35,338,914 |
| Net commission | 6,603,232 | 636,816 | 589,611 | 557,227 | (1,221,801) | (5,532,918) | 89,304,951 | 90,937,118 | 101,634,989 |
| Underwriting result | 45,463,702 | 3,261,216 | 2,660,820 | 2,944,498 | 10,796,031 | 14,264,660 | (26,014,779) | 53,376,148 | 50,666,138 |
| Investment income | | | | | | | | 118,372,962 | 141,264,513 |
| Rental income | | | | | | | | 7,402,503 | 8,909,432 |
| Exchange gain | | | | | | | | 81,951 | (117,795) |
| Other income | | | | | | | | 4,503,466 | 10,266,456 |
| General and administration expenses | | | | | | | | (3,837,883) | (3,996,427) |
| Provision for doubtful debts | | | | | | | | - | - |
| | | | | | | | | 126,522,999 | 156,326,179 |
| Profit before tax | | | | | | | | 179,899,147 | 206,992,317 |
| Provision for taxation | | | | | | | | 38,210,000 | 38,257,000 |
| Profit after tax | | | | | | | | 141,689,147 | 168,735,317 |
| Profit and loss appropriation account | | | | | | | | | |
| Balance at the commencement of the year as previously reported | | | | | | | | 721,954,126 | 230,110,869 |
| Effect of change in accounting policy with respect to reserve | | | | | | | | | |
| Transfer to general reserve | | | | | | | | | 400,000,000 |
| Balance at the commencement of year-restated | | | | | | | | 721,954,126 | 630,110,869 |
| Profit after tax for the year | | | | | | | | 141,689,147 | 168,735,317 |
| Transfers to general reserve | | | | | | | | | (400,000,000) |
| Final dividend | | | | | | | | | (180,000,288) |
| Balance of unappropriated profit at the end of quarter | | | | | | | | 863,643,273 | 218,845,898 |
| Earning per share - basic and diluted | | | | | | | | 3.15 | 3.75 |

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

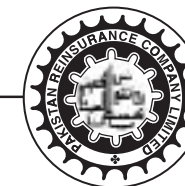
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Statement of Premium for the Quarter ended March 31, 2007 (Unaudited)



| Class | Quarter ended March 31, | | | | | | | | | |
|--|---------------------------|--------------------------|----------------------|--------------------------------|-----------------------------|--------------------------------------|----------------------|--------------------------------------|-----------------------------------|------------------------|
| | | | | | | 2007 | 2006 | | | |
| | Premium Written (A) | Unearned premium reserve | | Premium earned (D=A+B-C) | Reinsurance ceded (E) | Prepaid Reinsurance premium ceded | | Re-insurance expense (H=E+F-G) | Net premium Revenue (I=D-H) | Net premium Revenue |
| Opening (B) | | Closing (C) | Opening (F) | | | Closing (G) | | | | |
| Business underwritten inside Pakistan | Rupees | | | | | | | | | |
| Facultative | | | | | | | | | | |
| Fire | 383,226,935 | 464,018,565 | 593,550,730 | 253,694,770 | 340,609,867 | 305,657,044 | 456,691,281 | 189,575,630 | 64,119,140 | 23,599,095 |
| Marine Cargo | 4,421,826 | 5,837,310 | 2,210,913 | 8,048,223 | - | 3,217,852 | - | 3,217,852 | 4,830,371 | 5,174,941 |
| Marine Hull | - | 12,115,355 | 6,618,036 | 5,497,319 | - | 3,454,693 | 2,453,617 | 1,001,076 | 4,496,243 | 1,174,667 |
| Accident | 3,560,256 | 9,562,394 | 8,672,074 | 4,450,576 | - | 126,527 | 41,621 | 84,906 | 4,365,670 | 2,470,291 |
| Aviation | 250,226,137 | 574,988,229 | 546,279,602 | 278,934,764 | 241,978,738 | 552,980,777 | 526,910,885 | 268,048,630 | 10,886,134 | 5,963,014 |
| Engineering | 182,934,460 | 545,449,106 | 495,214,363 | 233,169,203 | 145,718,037 | 474,520,825 | 420,263,170 | 199,975,692 | 33,193,511 | 22,012,252 |
| Total | 824,369,614 | 1,611,970,959 | 1,652,545,718 | 783,794,855 | 728,306,642 | 1,339,957,718 | 1,406,360,574 | 661,903,786 | 121,891,069 | 60,394,260 |
| Treaty | 380,930,000 | 651,386,490 | 659,399,775 | 372,916,715 | 101,227,110 | 129,788,827 | 137,575,563 | 93,440,374 | 279,476,341 | 312,685,992 |
| Grand Total | 1,205,299,614 | 2,263,357,449 | 2,311,945,493 | 1,156,711,570 | 829,533,752 | 1,469,746,545 | 1,543,936,137 | 755,344,160 | 401,367,410 | 373,080,252 |

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

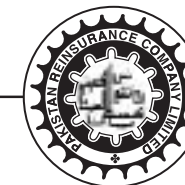
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Statement of Claims for the Quarter ended March 31, 2007 (Unaudited)



| Class | Quarter ended March 31, | | | | | | | 2007 | 2006 | |
|--|-------------------------|----------------------|----------------------|--------------------------------|---|--|----------------------|--|----------------------------------|-----------------------|
| | 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 expense (I=D-H) | Net claims expense |
| | | Opening (B) | Closing (C) | | | Opening (F) | Closing (G) | | | |
| Business underwritten inside Pakistan | ----- Rupees ----- | | | | | | | | | |
| Facultative | | | | | | | | | | |
| Fire | 10,789,143 | 91,418,677 | 91,418,677 | 10,789,143 | - | 68,968,099 | 68,968,099 | - | 10,789,143 | 1,183,380 |
| Marine Cargo | - | 183,585 | 183,585 | - | - | - | - | - | - | - |
| Marine Hull | 1,028,238 | 15,833,000 | 15,833,000 | 1,028,238 | - | 7,088,000 | 7,088,000 | - | 1,028,238 | (391,620) |
| Accident | - | 4,500,000 | 4,500,000 | - | - | - | - | - | - | 7,319 |
| Aviation | 9,654,853 | 90,484,823 | 90,484,823 | 9,654,853 | 9,525,212 | 87,681,528 | 87,681,528 | 9,525,212 | 129,641 | (1,100,595) |
| Engineering | 24,083,127 | 339,859,000 | 339,859,000 | 24,083,127 | 533,807 | 303,047,000 | 303,047,000 | 533,807 | 23,549,320 | 4,707,933 |
| Total | 45,555,361 | 542,279,085 | 542,279,085 | 45,555,361 | 10,059,019 | 466,784,627 | 466,784,627 | 10,059,019 | 35,496,342 | 4,406,417 |
| Treaty | 188,937,805 | 1,656,701,406 | 1,656,701,406 | 188,937,805 | (5,020,552) | 1,057,321,700 | 1,057,321,700 | (5,020,552) | 193,958,357 | 181,033,794 |
| Grand Total | 234,493,166 | 2,198,980,491 | 2,198,980,491 | 234,493,166 | 5,038,467 | 1,524,106,327 | 1,524,106,327 | 5,038,467 | 229,454,699 | 185,440,211 |

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

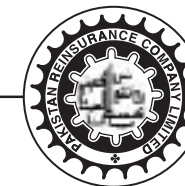
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Statement of Expenses for the Quarter ended March 31, 2007 (Unaudited)



| Class | Quarter ended March 31, | | | | | | | | | | 2007 | 2006 |
|--|--------------------------------|---------------------|--------------------|----------------------------------|-------------------------------|------------------------------|--------------------------------|-------------------|-------------------|---------------------------------------|----------------------------------|--------------------------|
| | 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 (K=F-J) | Net underwriting expense |
| | | Opening (B) | Closing (C) | | | | | | | | | |
| Business underwritten inside Pakistan | ----- Rupees ----- | | | | | | | | | | | |
| Facultative | | | | | | | | | | | | |
| Fire | 20,143,532 | 33,696,385 | 37,195,214 | 16,644,703 | 1,263,063 | 17,907,766 | 23,204,993 | 12,901,334 | 26,064,856 | 10,041,471 | 7,866,295 | 2,835,408 |
| Marine Cargo | 762,909 | 423,805 | 381,454 | 805,260 | 932,339 | 1,737,599 | - | 168,444 | - | 168,444 | 1,569,155 | 1,459,103 |
| Marine Hull | - | 1,470,769 | 756,024 | 714,745 | 217,574 | 932,319 | - | 431,836 | 306,702 | 125,134 | 807,185 | 63,586 |
| Accident | 464,911 | 1,222,078 | 1,121,271 | 565,718 | 863,945 | 1,429,663 | - | 12,653 | 4,162 | 8,491 | 1,421,172 | 1,442,273 |
| Aviation | 952,839 | 2,530,647 | 2,280,623 | 1,202,863 | 1,182,263 | 2,385,126 | 1,442,778 | 4,915,336 | 3,933,450 | 2,424,664 | (39,538) | (1,247,172) |
| Engineering | 6,569,815 | 34,555,152 | 26,452,309 | 14,672,658 | 912,449 | 15,585,107 | 8,365,551 | 47,603,611 | 35,763,586 | 20,205,576 | (4,620,469) | (3,380,025) |
| Total | 28,894,006 | 73,898,836 | 68,186,895 | 34,605,947 | 5,371,633 | 39,977,580 | 33,013,322 | 66,033,214 | 66,072,756 | 32,973,780 | 7,003,800 | 1,173,173 |
| Treaty | 104,218,499 | 164,318,664 | 176,732,586 | 91,804,577 | 22,227,812 | 114,032,389 | 5,609,146 | 3,337,310 | 6,446,830 | 2,499,626 | 111,532,763 | 135,800,730 |
| Grand Total | 133,112,505 | 238,217,500 | 244,919,481 | 126,410,524 | 27,599,445 | 154,009,969 | 38,622,468 | 69,370,524 | 72,519,586 | 35,473,406 | 118,536,563 | 136,973,903 |

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

Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director



Condensed Interim Statement of Investment Income for the Quarter ended March 31, 2007 (Unaudited)

| | Quarter ended 31 March 2007 | Quarter ended 31 March 2006 |
|---|-----------------------------------|-----------------------------------|
| | (Rupees) | |
| Income from Non-Trading Investment | | |
| Held to maturity investments | | |
| Return on Government Securities | 22,832,914 | 21,828,255 |
| Amortization of premium on Pakistan Investment Bond | (3,778,681) | (3,759,551) |
| Return on other fixed income securities and deposits | 33,639 | 4,863,795 |
| Income on treasury bills | 18,446,412 | 9,625,814 |
| Available for sale investments | | |
| Dividend income | 82,515,832 | 109,450,278 |
| Gain on sale of Non-Trading Investments | | |
| Available for sale investments | 614,372 | - |
| (Loss) / Gain on Revaluation of Investments | | |
| Available for sale investments | (1,385,963) | (199,285) |
| At fair value through profit or loss classified as held for trading | (11,922) | - |
| | 119,266,603 | 141,809,306 |
| Less: Investment related expenses | 893,641 | 544,793 |
| Net Investment Income | 118,372,962 | 141,264,513 |

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

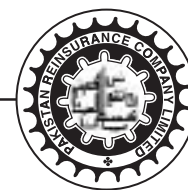
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Cash Flow Statement for the Quarter ended March 31, 2007 (Unaudited)



| | Quarter ended 31 March 2007 | Quarter ended 31 March 2006 |
|---|-----------------------------------|-----------------------------------|
| | (Rupees) | |
| Operating Cash Flows | | |
| Underwriting activities | | |
| Premium received | 1,164,424,578 | 982,844,933 |
| Reinsurance premium paid | (783,454,750) | (545,225,313) |
| Claims paid | (234,493,166) | (193,049,168) |
| Reinsurance and other recoveries received | 5,038,467 | 70,517,205 |
| Commission paid | (133,112,505) | (88,953,323) |
| Commission received | 38,622,468 | 35,534,668 |
| Premium and claim reserves retained from retrocessionaires/ withheld by ceding companies | (5,157,360) | (5,867,614) |
| Expenses paid | (27,599,455) | (35,338,914) |
| Net cash flows from underwriting activities | 24,268,287 | 220,462,474 |
| Other Operating Activities | | |
| Income tax paid | (33,078,080) | (2,318,047) |
| General administration expenses paid | (3,837,883) | (3,996,427) |
| Loans recovered from employees | 463,054 | 1,952,367 |
| Other receipts | 4,503,466 | 10,266,456 |
| Other payments | (11,749,213) | (21,210,723) |
| Net cash flows from other operating activities | (43,698,656) | (15,306,374) |
| Total cash flow from all operating activities | (19,430,369) | 205,156,100 |
| Investment activities | | |
| Fixed capital expenditure | 1,314,592 | 1,568,567 |
| Acquisition of investments | (986,148,722) | (18,540) |
| Rental income received | 2,634,288 | 8,841,464 |
| Dividend income received | 6,790,217 | 6,900,053 |
| Interest income on bank deposits | 33,639 | 4,863,795 |
| Investment income received | 30,481,190 | 13,656,288 |
| Sale proceeds of investments | 892,709,959 | 593,934,452 |
| Total cash flow from investment activities | (52,184,837) | 629,746,079 |
| Financing activities | | |
| Surplus paid | - | - |
| Dividend paid | - | - |
| Payments of finance leases | - | (530,341) |
| Total cash flows from financing activities | - | (530,341) |
| Net cash flow from all activities | (71,615,206) | 834,371,838 |
| Cash and cash equivalents at beginning of the year | 209,983,867 | 271,388,621 |
| Cash and cash equivalents at end of the quarter | 138,368,661 | 1,105,760,459 |

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

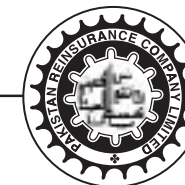
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Condensed Interim Statement Of Changes in Equity for the Quarter ended March 31, 2007 (Unaudited)



| | Share capital Issued subscribed and paid-up | Reserves | | | | Total | |
|--|--|-------------------------------|-----------------|--|--|---------------|----------------------|
| | | Exceptional losses reserve | General reserve | Reserve for issue of bonus share | Revenue reserves Unappropriated profit | | |
| | ----- 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 |
| Net profit for the quarter ended 31-03-2007 | - | - | - | - | 141,689,147 | 141,689,147 | 141,689,147 |
| Balance as at March 31, 2007 | 450,000,720 | 281,000,000 | 1,277,419,085 | - | 863,643,273 | 2,422,062,358 | 2,872,063,078 |

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

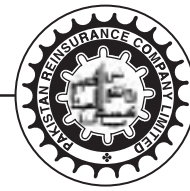
Asghar Imam Khalid
Chief Financial Officer

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Notes to the Condensed Interim Financial Statements for the Quarter ended March 31, 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 PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi. Its shares are quoted on Karachi and Lahore Stock Exchanges.

- 1.2 In order to mitigate the impact of discontinuation of compulsory cession with effect from 01 January 2005, the Company has developed a corporate plan and adopting necessary measures for independently undertaking reinsurance business as per its strategy to continue to operate profitably in the year 2007 onward.

2. Significant Accounting Policies

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

3. Quarterly Returns for Compulsory Surplus Treaties

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

For the 1st Quarter 2007, PRC received returns from twenty six general insurance companies by 21st April 2007 and as such above accounts have been prepared by incorporating only these returns. The returns from other companies have not been received and, therefore, could not be incorporated. 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 April 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

Rukhsana Saleem
Chief Executive

Shamim Ahmed Khan
Director

Fazlur Rehman Dittu
Director

Karachi April 26, 2007