



Pakistan Reinsurance Company Limited



**Condensed Interim Financial Statement
For the Half Year ended June 30, 2018**



Commitment to Excellence

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 business in a dependable and professional way with the highest standards of customer service

Strategy

To remain the best provider of reinsurance and risk management services to the insurance industry, to have good business relationship with local insurers, reinsurance brokers and foreign reinsurers.

Objectives

- ❖ *To provide the best reinsurance services to the local insurance industry on order to check outflow of foreign exchange, to the maximum possible extent.*
- ❖ *To develop god business relations with foreign reinsurers.*
- ❖ *To train staff in pace with the fast changing business requirements as well as to provide them with conducive working environment.*
- ❖ *To assist in the development of national insurance industry.*
- ❖ *To enhance domestic retention capacity in the country in order to save valuable foreign exchange.*

Corporate Information

BOARD OF DIRECTORS OF PRCL

	<u>Members</u>	<u>Types</u>
Mr. Shahab Khawaja	Chairman Board	Independent
Mr. Abdul Sami Kehar	Director	Independent
Ms. Ghazala Ahmed	Director	Independent
Mr. Mumtaz Ali Rajper	Director	Independent
Mr. Musleh-ud-Din	Director	Non-Executive
Dr. Nazim Latif	Director	Ex-Officio
Mr. Shakeel Ahmed Mangnejo	Director	CEO
Mr. Shoaib Mir	Director	Non-Executive

COMPANY SECRETARY/COMPLIANCE OFFICER

Mr. Shams-ud-Din

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mumtaz Ali Rajper	Member
Dr. Nazim Latif, JS (Insurance), MoC	Member
Mr. Shoaib Mir	Member (SLIC)
Mr. Muhammad Khurshid, CIA	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Ms. Ghazala Ahmed	Member
Dr. Nazim Latif, JS (Insurance), MoC	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shoaib Mir	Member (SLIC)
Mr. Shahzad F. Lodhi, ED (HR)	Secretary

INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Shahab Khawaja	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Naveed Iqbal, Manager (Head of Investment)	Secretary

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shams-ud-Din / Company Secretary	Secretary

PROCUREMENT COMMITTEE

Ms. Ghazala Ahmed	Chairperson
Mr. Musleh-ud-Din	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shahzad F. Lodhi, ED (Admn.)	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Mr. Shahab Khawaja	Chairman
Mr. Abdul Sami Kehar	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Muhammad Junaid Moti, ED (Underwriting)	Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Dr. Nazim Latif	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Muhammad Junaid Moti, ED (Underwriting)	Secretary

SENIOR MANAGEMENT (KEY PERSONNEL)

Mr. Shakeel Ahmed Mangnejo	Chief Executive Officer
Mr. Shahzad Farooq Lodhi	Executive Director (HR/Admn)
Mr. Shams-ud-Din	Company Secretary / Compliance Officer
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Mr. Muhammad Khurshid	Chief Internal Auditor
Mr. Jamil Ahmed	Chief Financial Officer

AUDITORS

Mr. Zulfikar Ali Causer
Engagement Partner
BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C, Lakson Square Building # 01
Sarwar Shaheed Road
Karachi. – 74200

REGISTERED OFFICE

PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.
Tele: (92-21) 99202908-15
Telefax: (92-21) 99202921-22
Email: prcl@pakre.org.pk
Website: www.pakre.org.pk

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

ZONAL OFFICE

1st Floor, 15-A, Davis Road
State Life Building
Lahore.
Tele: (92-42) 36360242-45
Telefax: (92-42) 36360246

SHARE REGISTRAR

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

Directors' Report

For the Half Year Ended June 30, 2018

Dear Shareholders,

On behalf of the Board of Directors of PRCL, I am pleased to present the condensed interim financial statements of Company for the half-year ended June 30, 2018. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

Second Quarter Review

The gross written premium is Rs. 2,167 million against an amount of Rs. 1,393 million for the corresponding period, showing an increase of Rs. 774 million (56%). The net premium is Rs. 1,114 million against Rs. 1,451 million, showing a decrease of Rs. 337 million (23%) as a portion of gross premium written is appearing as unearned premium and the same shall be converted into earned premium in the next accounting periods. The net commission expense for the period is Rs. 217 million as compared to Rs. 290 million, showing a decrease of Rs. 73 million (25%). The net claims are Rs. 477 million against Rs. 821 million, showing a decrease of Rs. 344 million (42%).

The underwriting results after management expenses for the second quarter ended June 30, 2018 are Rs. 185 million as compared to Rs.82 million for the corresponding period last year, showing an increase of Rs. 103 million (126%).

The income from investment including rentals and other items for the period under review is recorded as Rs. 308 million, as compared to Rs. 3,021 million in the corresponding period last year, showing a decrease of Rs. 2,713 million. The reason for higher investment income in corresponding period of previous year was huge capital gain due to sale of NIT units during corresponding period last year.

The profit before tax for the second quarter ended June 30, 2018, is Rs. 474 million, as compared to Rs. 3,086 million recorded in the second quarter ended June, 2017 and the profit after tax for the second quarter ended June 30, 2018 is Rs. 330 million, as compared to Rs. 2,195 million in the second quarter ended 2017.

The earning per share for the second quarter ended June 2018 remained Rs. 1.10 as compared to Rs. 7.32 for the corresponding period last year.

Half Year Review

The gross written premium is Rs. 4,811 million against an amount of Rs. 3,366 million for the corresponding period, showing an increase of Rs. 1,445 million (43%). The net premium is Rs. 2,645 million against Rs. 2,915 million, showing a decrease of Rs. 270 million (9%) as a portion of gross premium written is appearing as unearned premium and the same shall be converted into earned revenue in the next accounting periods. The net commission (expense) for the period is Rs. 486 million as compared to Rs. 580 million, showing a decrease of Rs. 94 million (16%). The net claims are Rs. 1,455 million against Rs. 1,540 million showing a decrease of Rs. 85 million (6%).

The underwriting results after management expenses for the half year ended June 30, 2018 are Rs. 320 million as compared to Rs.443 million for the corresponding period last year due to decrease in net premium as narrated above.

The income from investment including rentals and other items for the period under review is recorded as Rs. 569 million, as compared to Rs. 3,368 million in the corresponding period last year.

The profit before tax for the half year ended June 30, 2018, is Rs. 859 million, as compared to Rs. 3,785 million recorded in the half year ended June, 2017 and the profit after tax for the half year ended June 30, 2018 is Rs. 604 million, as compared to Rs. 2,719 million for the half year ended 2017.

The Earning per share for the half-year ended June 2018 remained Rs. 2.01 as compared to Rs. 9.06 for the corresponding period of the previous year.

Auditors Remarks

The Statutory Auditors have raised certain observations on accounts in their review report to members. The first is on estimation of Claims Incurred But Not Reported (IBNR). It is informed to the shareholders that the company has taken-up this matter with SECP for guidance. The auditors also raised observations on unconfirmed balance of amounts due from ceding insurance companies. The company is pursuing vigorously the pended confirmations and has sought help from SECP in resolution thereof. However, in the opinion of the management instead of relying solely on third party confirmation the auditors could have verified the balances due from ceding insurers based on returns received from ceding insurance companies. Apart from these two observations, the auditors emphasized the early settlement of SRB matter at High Court of Sindh, whereupon the legal advisor is very confident for a favorable outcome.

Future Outlook

Going forward, we are hopeful to deliver revenue growth in a challenging and competitive business environment.

Acknowledgement

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

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future. Finally, the Directors also wish to place on record their appreciation for the hard work, loyalty and devotion of the officers and staff who have contributed towards the growth and success of Company.

For and on behalf of the Board of Directors.

Chairman Board
Karachi: 30th August, 2018

ڈائریکٹر کی رپورٹ

30 جون 2018 کو اختتام پذیر ششماہی کے لیے

معزز حصص کنندگان

میں، PRCL کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی درمیانی مدت کے نصف سال جس کا اختتام 30 جون 2018 کو ہوا غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ جیسا کہ ضروری ہے ہمارے بیرونی آڈیٹراس کا محدود جائزہ لے چکے ہیں اور ان کی جائزہ رپورٹ منسلک ہے۔

کاروباری سرگرمیوں کا جائزہ

دوسری سہ ماہی کا جائزہ

کمپنی کا مجموعی تحریری پریمیم گذشتہ سال اسی مدت کے 1,393 ملین روپے میں 774 ملین روپے (56%) اضافے کے ساتھ 2,167 ملین روپے رہا۔ خالص پریمیم 1,451 ملین روپے کے مقابلے میں 337 ملین روپے (23%) کمی کے ساتھ 1,114 ملین روپے رہا اس کی وجہ مجموعی پریمیم کے کچھ حصے کی رقم ازجست (unearned) ہوئی تھی جو اگلی اکاؤنٹنگ کی مدت میں موصول ہو جائے گی۔ اس مدت کے خالص کمیشن کے اخراجات 290 ملین روپے کے مقابلے میں 73 ملین روپے (25%) کمی کے ساتھ 217 ملین روپے رہے۔ خالص دعوے (claims) 821 ملین روپے کے مقابلے میں 344 ملین روپے (42%) کمی کے ساتھ 477 ملین روپے رہے۔

30 جون 2018 کو اختتام پذیر دوسری سہ ماہی پر، مالیاتی ضمانت (underwriting) انتظامی اخراجات نکالنے کے بعد کے نتائج گذشتہ سال اسی مدت کے 82 ملین روپے کے مقابلے میں 185 ملین روپے رہے جو 103 ملین روپے (126%) کا اضافہ ظاہر کرتا ہے۔ زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر ذرائع، نے 308 ملین روپے کا اندراج کیا، اس کے مقابلے میں گذشتہ سال اس کی مالیت 3,021 ملین روپے رہی جو 2,713 ملین روپے کی کمی دکھا رہا ہے۔ گذشتہ سال اسی مدت میں سرمایہ کاری سے بلند تر آمدنی کی وجہ NIT یونٹس کی فروخت سے ہونے والا منافع تھا۔

30 جون 2018 کو ختم ہونے والی دوسری سہ ماہی کا منافع قبل از محصول 474 ملین روپے رہا جبکہ اس میں گذشتہ سال 30 جون 2017 کو ختم ہونے والی دوسری سہ ماہی کا منافع قبل از محصول 3,086 ملین روپے تھا اور 30 جون 2018 کو ختم ہونے والی دوسری سہ ماہی کا منافع بعد از محصول 330 ملین روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال 30 جون 2017 کو ختم ہونے والی دوسری سہ ماہی کا منافع بعد از محصول 2,195 ملین روپے تھا۔

30 جون 2018 کو ختم ہونے والی دوسری سہ ماہی میں آمدنی فی حصص 1.10 روپے رہی جبکہ گذشتہ سال اسی مدت میں یہ 7.32 روپے تھی۔

نصف سال کا جائزہ

کمپنی کا مجموعی تحریری پریمیم گذشتہ سال اسی مدت کے 3,366 ملین روپے مقابلے میں 4,811 . ملین روپے رہا جو 1,445 ملین روپے (43%) کا اضافہ ظاہر کر رہا ہے۔ خالص پریمیم 2,915 ملین روپے کے مقابلے میں 270 ملین روپے (9%) کمی کے ساتھ 2,645 ملین روپے رہا اس کی وجہ مجموعی پریمیم کا کچھ حصے کی رقم ازجست (unearned) ہوئی تھی جو اگلی اکاؤنٹنگ کی مدت میں موصول ہو جائے گی۔ اسی مدت کے خالص کمیشن (اخراجات) 580 ملین روپے کے مقابلے میں 94 ملین روپے (16%) کمی کے ساتھ 486 ملین روپے رہا۔ خالص دعوے (claims) 1,540 ملین روپے میں 85 ملین روپے (6%) کمی کے ساتھ 1,455 ملین روپے رہے۔

30 جون 2018 کو اختتام پزیر نصف سال پر، مالیاتی ضمانت (underwriting)، انتظامی اخراجات نکالنے کے بعد گذشتہ سال اسی مدت کے 443 ملین روپے کے مقابلے میں 320 ملین روپے رہی اس خالص پریمیم کی کمی کی وجہ اوپر بیان کی گئی ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر ذرائع، 569 ملین روپے کا اندراج کیا، اس کے مقابلے میں گذشتہ سال اس کی مالیت 3,368 ملین روپے رہی۔

30 جون 2018 کو ختم ہونے والی نصف سال کی مدت میں منافع قبل از محصول 859 ملین روپے رہا جبکہ جس میں گذشتہ سال 30 جون 2017 کو ختم ہونے والی دوسری سہ ماہی کا منافع قبل از محصول میں 3,785 ملین روپے تھا اور 30 جون 2018 کو ختم ہونے والی نصف سال کی مدت کا منافع بعد از محصول 604 ملین روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال 30 جون 2017 کو ختم ہونے والی دوسری سہ ماہی کا منافع بعد از محصول 2,719 ملین روپے تھا۔

30 جون 2018 کو ختم ہونے والی نصف سال کی مدت میں آمدنی فی حصص 2.01 روپے رہی جبکہ گذشتہ سال اسی مدت میں یہ 9.06 روپے تھی۔

آڈیٹرز کی رائے

بیرونی آڈیٹرز نے، ارکان کو بھیجی جانے والی جائزہ رپورٹ میں کچھ مشاہدات بیان کیے ہیں۔ پہلا یہ ہے کہ اندراج کیے جانے والے دعووں (Claims) کے تخمینوں کو رپورٹ نہیں کیا گیا ہے (IBNR)۔ حصص کنندگان کو مطلع کیا جاتا ہے کہ اس معاملے کو SECP کے سامنے رہنمائی کے لیے اٹھا دیا گیا ہے۔ آڈیٹرز نے سیڈنگ (ceding) بیمہ ساز کمپنیوں کی جانب واجب غیر مصدقہ رقوم پر بھی اپنا مشاہدہ دیا ہے۔ کمپنی اس کی تصدیق کے لیے بھی شہود سے کوشش کر رہی ہے اور اس کے حل کے لیے SECP کی مدد طلب کی ہے۔ تاہم، مینجمنٹ کی رائے ہے کہ صرف تیسرے فریق پر بھروسہ کرنے کی بجائے، آڈیٹرز بیمہ ساز کمپنیوں کی جانب واجب بقایا جات ان بیمہ ساز کمپنیوں کی جانب سے جمع کروائی گئی رٹرنز (returns) سے حاصل کر سکتے ہیں۔ ان دو مشاہدات کے علاوہ، آڈیٹرز کا اصرار ہے کہ عدالت عالیہ سندھ میں SRB کے معاملات کا جلد تصفیہ ہونا چاہیے ہمارے قانونی مشیر پر اعتماد ہیں کہ نتیجہ حق میں ہوگا۔

مستقبل کا منظر نامہ

آگے بڑھتے ہوئے، ہم پر اعتماد ہیں کہ کاروبار کے کٹھن اور مسابقتی ماحول میں مالگذاری (revenue) اضافہ کر کے دکھائیں گے۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے تمام معزز گاہکوں، ریٹرو سیدیشنارز (retrocessionaires)، بروکرز، کاروباری شرکاء، معاونین، انشورنس کمپنیوں، سیکوریٹیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج اور سینٹرل ڈپازٹری کمپنی آف پاکستان کا ان کی پیشہ ورانہ حماست اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص یافتگان کا ان کے کمپنی پر مسلسل اعتماد اور بھروسے کا بھی شکریہ کرتے ہیں اور ہم انہیں اپنی بہترین کوششوں کا یقین دلاتے ہیں۔ اور آخر میں ڈائریکٹرز چاہتے ہیں کہ کمپنی کے افسران اور دیگر عملے کے ارکان لگن، وفاداری اور جانفشانی سے کام جس نے کمپنی کے ترقی اور کامیابی میں حصہ ڈالا اس بات کی ستائش کو رکارڈ پر لایا جائے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

چیئرمین بورڈ

کراچی: 30 اگست 2018

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAKISTAN REINSURANCE COMPANY LIMITED** (“the Company”) as at June 30, 2018 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 and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the “interim financial information”). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- i) The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, during the prior period on May 30, 2017, SECP has issued separate guidelines for the Company for estimation of Incurred but Not Reported (IBNR) claim reserves through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Company, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, for the year ended December 31, 2017 the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves for the year ended December 31, 2017 in accordance with its share in the reinsurance program both for facultative and treaty business. However, only six ceding companies reported their IBNR Claim Reserves for the year ended December 31, 2017 on the basis of which the Company recorded IBNR amounting to Rs. 105.387 million and the remaining ceding companies did not share data of IBNR claim reserves as per SECP specified guidelines. The Company has not recorded any additional IBNR claims subsequent to year ended December 31, 2017. We have been informed by management that the Company has also written to SECP to seek their guidance on this matter.

- ii) As on December 31, 2017, the balance under the head “Amount due from other insurers / reinsurers” includes an amount of Rs. 349.467 million (net of provision held) in respect of which balance confirmation was not received relating to the audit for the year ended December 31, 2017. In the absence of an independent confirmation we were unable to confirm the existence and valuation related to this amount.

The Company is in process to reconcile and recover balances from ceding companies as detailed in note 12.2 to the interim financial information. The Company continues to follow up and reconcile these balances and record adjustments wherever considered necessary. Due to pending confirmation/reconciliation relating to the above balances, resultant adjustment and consequential impact therefore, if any, on the condensed interim financial information remain unascertained.

Qualified Conclusion

Except for the adjustments to the interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended June 30, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without further modifying our conclusion, we draw attention to

- i) Note 17.2 to the condensed interim financial information which provide details regarding orders passed by Sindh Revenue Board demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company. The Company has not recorded provision against the orders and has disclosed the amounts as contingent liabilities.

SRB recovered an amount of Rs. 2,573.889 million from the Company which has been recorded as receivable as management is confident on the basis of advise received from its legal advisors that the decision will be in the favour of the Company. In the event the matter is decided against the Company, the charge against profit would amount to Rs. 3,299.453 million.

- ii. Note 17 to this condensed interim financial information which provides details regarding contingencies in respect of which decisions are pending.

Other matters

The figures for the quarters ended June 30, 2018 and June 30, 2017 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: AUGUST 30, 2018

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**CONDENSED INTERIM FINANCIAL INFORMATION
OF
PAKISTAN REINSURANCE COMPANY LIMITED
FOR THE HALF YEAR ENDED
JUNE 30, 2018**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2018

		June 30, 2018 Unaudited Rupees	December 31, 2017 (Restated) Rupees	December 31, 2016 (Restated) Rupees
ASSETS	Note			
Property and equipment	6	46,274,675	36,570,721	38,926,471
Investment properties	7	29,045,378	29,806,753	31,425,711
Investments				
Equity securities	8	5,466,147,194	5,006,808,057	8,829,519,340
Debt securities	9	3,845,966,445	4,185,863,614	4,106,040,140
Term deposit receipt	10	48,000,000	30,000,000	440,000,000
		9,360,113,639	9,222,671,671	13,375,559,480
Loans and other receivables	11	2,936,694,468	3,030,492,549	773,088,335
Insurance / Reinsurance receivables	12	4,586,374,549	4,304,750,965	4,545,097,695
Reinsurance recoveries against outstanding claims		3,138,536,322	2,159,694,037	2,732,782,143
Deferred Commission Expense / Acquisition cost		607,869,696	696,641,094	551,912,413
Taxation - payments less provisions		722,425,016	467,706,127	114,406,208
Prepayments		2,210,068,835	1,875,781,584	713,741,761
Stock of stationery		471,557	401,120	240,905
Cash and Bank	13	1,910,545,006	2,517,093,774	2,240,002,368
Total Assets		25,548,419,141	24,341,610,395	25,117,183,490
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital		3,000,000,000	3,000,000,000	3,000,000,000
Reserves	14	5,612,827,738	5,157,594,923	8,369,139,335
Unappropriated profit		2,511,481,845	2,957,871,048	1,800,869,530
Total Equity		11,124,309,583	11,115,465,971	13,170,008,865
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR		6,130,895,606	4,713,650,200	4,590,671,732
Unearned premium reserves		4,261,984,357	3,856,658,994	3,879,309,390
Unearned Reinsurance Commission		259,236,229	284,665,089	8,229,606
		10,652,116,192	8,854,974,283	8,478,210,728
Retirement benefit obligations		2,209,400,680	2,193,559,697	1,296,307,190
Insurance / Reinsurance Payables	15	1,257,600,844	1,976,119,106	1,983,410,166
Other Creditors and Accruals	16	304,991,841	201,491,338	189,246,541
Total Liabilities		14,424,109,558	13,226,144,424	11,947,174,625
TOTAL EQUITY AND LIABILITIES		25,548,419,141	24,341,610,395	25,117,183,490
CONTINGENCIES AND COMMITMENTS	17			

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Three months period ended June 30		Six months period ended June 30	
		2018 Rupees	2017 Rupees (Restated)	2018 Rupees	2017 Rupees (Restated)
Net insurance premium	18	1,114,378,417	1,450,610,830	2,644,833,785	2,914,963,731
Net Insurance claims	19	447,242,437	821,388,031	1,455,435,454	1,539,727,749
Net Commission and other acquisition costs	20	216,721,215	290,478,165	485,904,537	580,492,197
		663,963,652	1,111,866,196	1,941,339,991	2,120,219,946
Management Expenses		265,521,503	257,212,289	383,906,801	351,452,092
Underwriting results		184,893,262	81,532,345	319,586,993	443,291,693
Investment income		146,361,243	3,002,582,180	383,900,782	3,223,147,052
Rental income		15,475,464	15,141,009	29,808,583	29,170,827
Other income	21	146,112,675	3,204,251	155,632,086	115,233,168
Other expenses		(19,204,668)	(16,607,950)	(30,191,789)	(26,002,922)
Results of operating activities		473,637,976	3,085,851,835	858,736,655	3,784,839,818
Profit before tax		473,637,976	3,085,851,835	858,736,655	3,784,839,818
Income tax expense	22	(143,715,885)	(891,339,570)	(255,125,858)	(1,065,704,060)
Profit after tax		329,922,091	2,194,512,265	603,610,797	2,719,135,758
Earnings per share - basic and diluted		1.10	7.32	2.01	9.06

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Three months period ended June 30		Six months period ended June 30	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees (Restated)
Profit for the period	329,922,091	2,194,512,265	603,610,797	2,719,135,758
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Unrealized gain on available for sale investments	63,414,261	(450,520,588)	560,937,180	334,775,251
Transfer to profit and loss account on disposal of available for sale investments	-	-	(105,704,365)	(2,599,951,211)
	<u>63,414,261</u>	<u>(450,520,588)</u>	<u>455,232,815</u>	<u>(2,265,175,960)</u>
Total comprehensive income for the period	<u>393,336,352</u>	<u>1,743,991,677</u>	<u>1,058,843,612</u>	<u>453,959,798</u>

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Share capital	Reserves			Total reserves	Unappropriated profit	Total
	Issued subscribed and paid-up	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve			
	-----Rupees-----						
Balance as at January 01, 2017 (as reported)	3,000,000,000	281,000,000	-	1,777,419,085	2,058,419,085	2,345,041,499	7,403,460,584
Effect of changes in accounting policy (note 5.2)	-	-	6,310,720,250	-	6,310,720,250	(544,171,969)	5,766,548,281
Balance as at January 01, 2017 (restated)	3,000,000,000	281,000,000	6,310,720,250	1,777,419,085	8,369,139,335	1,800,869,530	13,170,008,865
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,719,135,758	2,719,135,758
Unrealized gain on available for sale investments	-	-	(2,265,175,960)	-	(2,265,175,960)	-	(2,265,175,960)
Total comprehensive income for the period ended June 30, 2017	-	-	(2,265,175,960)	-	(2,265,175,960)	2,719,135,758	453,959,798
Transactions with owners							
Final cash dividend 2016: Rs. 3.00 @ 30% per share	-	-	-	-	(900,000,000)	(900,000,000)	(900,000,000)
Balance as at June 30, 2017 (Restated)	3,000,000,000	281,000,000	4,045,544,290	1,777,419,085	5,203,963,375	3,620,005,288	12,723,968,663
Balance as at January 01, 2018 (as reported)	3,000,000,000	281,000,000	-	1,777,419,085	2,058,419,085	2,744,904,759	7,803,323,844
Effect of changes in accounting policy (note 5.2)	-	-	3,099,175,838	-	3,099,175,838	212,966,289	3,312,142,127
Balance as at January 01, 2018 (restated)	3,000,000,000	281,000,000	3,099,175,838	1,777,419,085	5,157,594,923	2,957,871,048	11,115,465,971
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	603,610,797	603,610,797
Unrealized gain on available for sale investments	-	-	455,232,815	-	455,232,815	-	455,232,815
Total comprehensive income for the period ended June 30, 2018	-	-	455,232,815	-	455,232,815	603,610,797	1,058,843,612
Transactions with owners							
Final cash dividend 2017: Rs. 3.50 @ 35% per share	-	-	-	-	(1,050,000,000)	(1,050,000,000)	(1,050,000,000)
Balance as at June 30, 2018	3,000,000,000	281,000,000	3,554,408,653	1,777,419,085	4,562,827,738	2,511,481,845	11,124,309,583

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Six months period ended June 30	
	2018	2017
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	4,600,699,962	3,926,910,684
Reinsurance premium paid	(2,814,673,712)	(1,812,931,201)
Claims paid	(1,239,246,273)	(2,325,903,467)
Reinsurance and other recoveries received	222,213,940	1,176,245,682
Commission paid	(623,549,983)	(531,284,611)
Commission received	200,987,985	42,216,835
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	(70,933,071)	(60,715,074)
Expenses paid	(265,216,301)	(351,452,092)
Net cash inflows from underwriting activities	<u>10,282,546</u>	<u>63,086,756</u>
Other operating activities		
Income tax paid	(509,844,747)	(838,071,030)
General management expenses paid	(26,728,424)	(22,353,876)
Loans disbursed - net	5,440,819	4,180,740
Other receipts - sundry debtors	114,819,019	(2,199,537,812)
Net cash used in other operating activities	<u>(416,313,333)</u>	<u>(3,055,781,979)</u>
Total cash used in all operating activities	(406,030,787)	(2,992,695,223)
Investment activities		
Fixed capital expenditure	(12,825,540)	(6,194,385)
Sale proceeds of fixed assets	419,596	484,989
Acquisition of investments	(3,287,072,050)	(3,097,503,275)
Rental income received - net of expenses	64,449,582	36,325,497
Dividend income received	58,058,993	118,956,138
Interest income on bank deposits	36,750,331	44,219,549
Investment income received - net of expenses	112,761,082	3,113,870,441
Sale proceeds of investments	3,767,909,588	3,543,212,713
Total cash inflow from investment activities	<u>740,451,582</u>	<u>3,753,371,667</u>
Financing activities		
Dividend paid	(940,969,563)	(881,541,160)
Total cash outflow from financing activities	<u>(940,969,563)</u>	<u>(881,541,160)</u>
Net cash used in all activities	(606,548,768)	(120,864,716)
Cash and cash equivalents at beginning of the period	2,517,093,774	2,680,002,368
Cash and cash equivalents at end of the period	<u>1,910,545,006</u>	<u>2,559,137,653</u>

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Six months period ended June 30	
	2018	2017
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	(406,030,787)	(2,992,695,223)
Depreciation expense	(3,463,365)	(3,649,045)
Exchange gain	151,119,167	1,120,479
Rental income	29,808,583	29,170,827
Reinsurance recoveries against outstanding claims	978,842,285	(881,109,178)
Provision for outstanding claims	(1,417,245,407)	491,039,214
Provision for unearned premium	(405,325,363)	878,479,352
Prepaid reinsurance	334,924,123	(222,540,935)
Provision for employee benefits	(15,840,983)	49,040,446
Dividend income	54,591,605	185,161,667
Investment income	184,954,322	192,378,696
Interest income	36,784,809	44,219,550
Amortization of premium	4,912,399	5,824,977
Gain on sale of investment	102,657,647	2,795,562,162
Increase in operating assets other than cash	208,616,381	1,630,808,723
Decrease / (increase) in operating liabilities	509,586,492	518,926,872
	<u>348,891,908</u>	<u>2,721,738,583</u>
Other adjustments:		
Income tax paid	509,844,747	838,071,030
Profit before taxation	<u>858,736,655</u>	<u>3,559,809,613</u>
Provision for taxation	<u>(255,125,858)</u>	<u>(1,065,704,060)</u>
Profit after taxation	<u><u>603,610,797</u></u>	<u><u>2,494,105,553</u></u>

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000. The Company is engaged in providing of reinsurance and other insurance business. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

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.

- 1.2 The Company filed petition under section 21 of Companies Act, 2017 seeking confirmation of Special Resolution passed by the Company on December 31, 2016 to insert a new sub-clause 2(a) after the existing sub-clause 2 under the object clause III of the Memorandum of Association. The newly sub-clause 2(a) shall be read, as “to undertake and carry on all kinds of General Re-Takaful business in Pakistan and/or in any part of the world”.

The above mentioned alteration is permissible under Section 21(1)(a) of Companies Act, 2017 and there are no creditors to object to the proposed alteration. Accordingly, the special resolution passed is confirmed by the Companies Registration Office through order dated March 08, 2017.

The Company has opened bank account in the name of Window Retakaful Operations in Sindh Bank Limited and appointed Shariah Advisor for Window Retakaful Operation as per resolution passed by the Board of Directors of the Company in their 123rd and 127th meeting held on June 16, 2017 and October 31, 2017, respectively. However, subsequent to the period end, the license of Window Retakaful Operations is in the process being applied for.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Company is located at 1st Floor, 15-A, Davis Road, State Life Building, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Basis of measurement

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’ are stated at fair value and available for sale at market value.

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

3.2 Functional and presentation currency

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company’s functional and presentation currency.

3.3 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2017 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information of the Company for the six month period ended June 30, 2018 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 Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2017.

4 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.

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2017.

5 SIGNIFICANT ACCOUNTING POLICIES

- 5.1 The accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2017 except for available for sale investment and method for calculation of provision for unearned premium reserve as disclosed in note 5.2.1 and 5.2.2 respectively.

Amendments to certain existing standards and new standards and interpretations on approved accounting standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company. During the period, the Company has changed format for preparation of its condensed interim financial information to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

5.2 Change in accounting policies

- 5.2.1 On January 01, 2018 the Company changed its accounting policy for the valuation of the available-for-sale investments, as required by the accounting and reporting standards as applicable in Pakistan under the 'Insurance Rules, 2017' issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 89(1)/2017 dated February 09, 2017. Previously, the Company's accounting policy to value available-for-sale investments at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) was in accordance with of the SEC (Insurance) Rules, 2002 vide SRO 938(1) dated December 12, 2002.

The Insurance Rules, 2017 has not retained the above mentioned specific accounting requirements for the valuation of the available-for-sale investments. Consequently, this impacted the Company's accounting policy for valuation of available-for-sale investments, and now the related accounting requirements set out as per International Accounting Standard 39 dealing with the recognition and measurements of financial instruments are being followed by the Company. As per the revised accounting policy, the quoted available-for-sale investments are to be valued at market value and any unrealised gains or losses arising on subsequent to initial recognition of available-for-sale investments are taken to Other Comprehensive Income and transferred to revaluation reserves, whereas unquoted available-for-sale investments are valued at cost less impairment in value, if any. On derecognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to Profit and Loss Account for the period.

This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies. The impact to each condensed interim financial information area is quantified as follows:

	Cumulative effect up to June 30, 2018	Cumulative effect up to December 31, 2017	Cumulative effect for the period ended June 30, 2017	Cumulative effect up to January 01, 2017
	----- Rupees -----			
Effect on statement of financial position				
Increase in revaluation reserve on available for sale investment	3,099,175,838	3,099,175,838	(2,265,175,960)	6,310,720,250
Increase in investment - Mutual fund units	370,571,329	370,571,329	(154,266,931)	3,037,426,958
Increase in investment - Ordinary Shares	2,728,604,509	2,728,604,509	489,042,181	3,273,293,291

5.2.2 On January 01, 2018 the Company changed its accounting policy for unearned premium reserve as required by the Insurance Accounting Regulations, 2017 issued by Securities and Exchange Commission of Pakistan vide its S.R.O. 88(1)/2017 dated February 09, 2017. Previously, the Company's accounting policy for recognition of unearned premium reserve was calculated by applying 1/8 method. As per the revised accounting policy the portion of facultative premium written relating to the unexpired period of coverage is recognized as unearned premium, which is calculated over the period of policy as specified in the SEC Insurance accounting Regulations, 2017 vide SRO 88(1) dated February 09, 2017.

This change in accounting policy has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies. The impact to each condensed interim financial information area is quantified as follows:

	Cumulative effect up to June 30, 2018	Cumulative effect up to December 31, 2017	Cumulative effect for the period ended June 30, 2017	Cumulative effect up to January 01, 2017
	----- Rupees -----			
Effect on balance sheet				
Decrease in unappropriated profit	(331,205,679)	(331,205,679)	184,560,623	(544,171,968)
Decrease in unearned premium reserves	(926,021,721)	(926,021,721)	(206,699,800)	(540,782,682)
Decrease in deferred commission expenses / acquisition cost (Decrease) / increase in prepayments	(71,936,191)	(71,936,191)	(24,607,768)	(46,373,983)
Increase (decrease) unearned reinsurance commission	(1,179,073,090)	(1,179,073,090)	411,495,514	(1,054,528,540)
	6,218,120	6,218,120	4,372,977	(15,947,872)
Effect on profit and loss account				
Increase in net insurance premium	-	-	204,795,413	-
Increase in net Commission and other acquisition costs	-	-	(20,234,790)	-

The Company has presented third statement of financial position as at December 31, 2016 in addition to comparative condensed interim financial information for the year ended December 31, 2017 on account of retrospective restatement of items in its condensed interim financial information as stated above.

	June 30, 2018 Rupees	December 31, 2017 Rupees
6 PROPERTY AND EQUIPMENT		
Opening balance as at	36,570,720	38,926,471
Additions during the period		
Furniture, fixtures and office equipments	12,825,540	1,533,225
Motor vehicles (owned)	-	2,874,000
	12,825,540	4,407,225
Less:	49,396,260	43,333,696
Written down value of assets disposed / transferred	(419,594)	(919,241)
Deprecation charge for the period	(2,701,990)	(5,843,735)
	46,274,676	36,570,720

7 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,533.271 million, as per valuation carried out by an independent valuer as at December 31, 2017.

8 INVESTMENTS IN EQUITY SECURITIES

8.1 Investments - Held For Trading

	June 30, 2018			December 31, 2017 (Restated)		
	Market value as at December 31, 2017	Market value as at June 30, 2018	Unrealized gain during the period	Market value as at December 31, 2016	Market value as at December 31, 2017	Unrealized gain during the period
	----- Rupees -----					
Listed shares	103,032,847	114,466,248	11,433,401	133,095,394	103,032,847	(30,062,547)
	103,032,847	114,466,248	11,433,401	133,095,394	103,032,847	(30,062,547)

8.2 Investments-Available For Sale

	June 30, 2018			December 31, 2017 (Restated)		
	Carrying value as at June 30, 2018	Market value as at June 30, 2018	Unrealized gain as at June 30, 2018	Carrying value as at December 31, 2017	Market value as at December 31, 2017	Unrealized gain as at December 31, 2017
	----- Rupees -----					
Listed shares	420,182,663	3,093,888,768	2,673,706,105	426,777,093	3,155,381,598	2,728,604,505
Unlisted Shares	2,608,105	617,613	(1,990,492)	2,608,105	617,613	(1,990,492)
Mutual funds	1,701,457,734	2,257,174,565	555,716,831	1,701,457,734	1,747,775,999	46,318,265
	2,124,248,503	5,351,680,946	3,227,432,444	2,130,842,932	4,903,775,210	2,772,932,278
Total equity securities	2,227,281,350	5,466,147,194	3,238,865,845	2,263,938,326	5,006,808,057	2,742,869,731

9 INVESTMENTS IN DEBT SECURITIES - Held to maturity

	June 30, 2018		December 31, 2017 (Restated)	
	Amortized cost as at June 30, 2018	Market value as at June 30, 2018	Amortized cost as at June 30, 2018	Market value as at June 30, 2018
	----- Rupees -----			
Pakistan Investment Bonds	2,970,132,291	2,970,132,291	2,426,809,141	2,426,809,141
Treasury Bills	875,834,154	875,834,154	1,759,054,473	1,759,054,473
Total debt securities	3,845,966,445	3,845,966,445	4,185,863,614	4,185,863,614

10 TERM DEPOSIT RECEIPT

	June 30, 2018	December 31, 2017
	----- Rupees -----	
Deposits maturing within 12 months	48,000,000	30,000,000

This represents Term Deposits Receipts (TDR) in local currency carrying effective interest rates of ranging between 6.52% to 6.55% (2017: 6.52% to 6.55%) per annum. These deposits are due to mature within 12 months of the year end.

	Note	June 30, 2018 Rupees	December 31, 2017 (Restated) Rupees
11 LOANS AND OTHER RECEIVABLES			
- Considered good			
Accrued investment income		142,647,887	164,005,201
Loans to employees	11.1	176,326,904	181,767,723
Receivable from Sindh Revenue Board	17.2	2,573,888,727	2,573,888,727
Sundry receivables		43,830,949	110,830,897
		<u>2,936,694,468</u>	<u>3,030,492,549</u>

11.1 Loans to employees represent mark-up free loans are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made. No loan has been advanced to the Directors of the Company.

12 INSURANCE / REINSURANCE RECEIVABLES
unsecured, considered good

Due from insurance contract holders		5,028,956,262	4,818,265,749
Less: Provision for impairment of receivables from insurance contract holders		(524,634,292)	(524,634,292)
		<u>4,504,321,970</u>	<u>4,293,631,457</u>
Due from other insurers / reinsurers		99,052,579	28,119,508
		<u>4,603,374,549</u>	<u>4,321,750,965</u>
Less: Provision for impairment of receivables from other insurers / reinsurers		(17,000,000)	(17,000,000)
	12.1 & 12.2	<u>4,586,374,549</u>	<u>4,304,750,965</u>

12.1 This includes gross amount Rs. 1,296,358,923 (December 31, 2017: Rs. 1,544,908,122) due from related party National Insurance Company Limited.

12.2 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior years, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

		June 30, 2018	December 31, 2017 (Restated)
	Note	Rupees	Rupees
13 CASH AND BANK			
Cash and other equivalents		81,694	77,216
Saving accounts	13.1	1,910,463,312	2,517,016,558
		<u>1,910,545,006</u>	<u>2,517,093,774</u>
13.1	The saving accounts carry markup at the rates ranging from 2.75% to 3.75% (2017: 2.75% to 3.75%) per annum.		
14 RESERVES			
Unrealized gain on available for sale investment		3,554,408,653	3,099,175,838
General reserve		1,777,419,085	1,777,419,085
Reserve for exceptional losses		281,000,000	281,000,000
		<u>5,612,827,738</u>	<u>5,157,594,923</u>
15 INSURANCE / REINSURANCE PAYABLES			
Due to insurance contract holders		1,239,257,571	1,957,775,833
Due to other insurers / reinsurers		18,343,273	18,343,273
		<u>1,257,600,844</u>	<u>1,976,119,106</u>
16 OTHER CREDITORS AND ACCRUALS			
Accrued expenses		3,870,495	14,160,297
Retention money payable		6,368,183	6,368,183
Unpaid and unclaimed dividend		238,399,466	129,369,029
Surplus profit payable		1,212,602	1,212,602
Others	16.1	55,141,095	50,381,227
		<u>304,991,841</u>	<u>201,491,338</u>
16.1	This represents deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors, which is in the normal course of business and does not carry any interest or mark-up.		

17 CONTINGENCIES AND COMMITMENTS

- 17.1 The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard however the Company has recorded provision in this regard as at June 30, 2018 amounting to Rs. 25.454 million (December 31, 2017: Rs. 25.454 million).

Currently, stay is operating in favour of the Company and the matter is pending before the Honorable Court of Senior Judge - Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and there has been no further proceedings in this case since last year.

- 17.2 The Company has received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by them to Insurance Companies. The Company contested the notice, however, the decision was made against the Company giving rise to sales tax liability amounting to Rs. 3,242 million and tax penalty of Rs. 880 million for financial year 2011 and 2012. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company has filed an appeal with the Appellate Tribunal where during the prior year the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. The Company has filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

In aforementioned tribunal orders, the SRB is being directed to reconcile and separate the sales tax liability on reinsurance premium generated within the province of Sindh and rest of Pakistan.

Therefore, during the prior year, the Company has received two orders in pursuance of Appellate Tribunal (SRB) Order in Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which is worked out and calculated by SRB amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal. On May 31, 2016, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sale Tax Act, 2011. On June 03, 2016, the Honorable High Court of Sindh granted stay to the Company in respect of this matter which restrained SRB from proceeding against the Company. The case is still pending before the Honorable High Court of Sindh. The last hearing was held in the Honorable High Court of Sindh on March 07, 2018.

Further, the Company has also received a notice from Sindh Revenue Board (SRB) for the period from January 2013 to December 2013. The Company contested the notice; however, the order was passed against the Company giving rise to sales tax liability amounting to Rs. 1,385 million and tax penalty amounting to Rs. 424 million. The Company filed an appeal against the order with Commissioner of Appeals, Sindh Revenue Board which was decided against the Company. The Company being aggrieved by the said order has filed an appeal before Appellant Tribunal-SRB which has been heard and order is awaited. Stay of tax demand has been obtained in this regard which was valid up to April 05, 2017.

During year ended December 31, 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013. The Company has also appraised Ministry of Commerce through letter dated April 14, 2017 on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017 directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously. After obtaining legal opinion, approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2016 to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to condition that SRB will withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011 to the clients and debtors of the Company for the attachment of payables to Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Superior courts and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the final appellate forum which is the Honorable Supreme Court of Pakistan. SRB vide letter dated May 17, 2017 assured that SRB shall abide by all conditions as stated in the Company letter dated May 17, 2017.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as “receivable from SRB” in the condensed interim financial information. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015. However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 2,573.889 million pertaining to the years 2011, 2012 and 2013, excluding any additional penalty or default surcharge. Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015, 2016, 2017, the financial impact of which on the condensed interim financial information has remain unascertained.

Based on the legal opinion from legal advisor, management is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will be in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2017 has been recorded in these financial statements.

17.3 The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution vide letter dated October 31, 2009 that Pakistan Reinsurance Company Limited is required to be registered with EOBI. The Company is of the view that since PRCL is a statutory body corporate under the management and control of Ministry of Commerce, Government of Pakistan and have its own pensioner rules and limitation and therefore provisions of EOBI Act, 1976 is not applicable. Suit was filed with the Honorable Civil Court Judge Karachi East in 2011 where the judgment has come against the Company.

Further, the Company has filed suit in the Honorable High Court of Sindh and there has been no further proceeding in this case and the Management expects a favorable outcome. The financial impact to the financial statements is currently not quantifiable. Therefore, no provision has been made in this condensed interim financial information.

17.4 Federal Board of Revenue (FBR) have issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show notices in the Honorable High Court of Sindh and the Honorable High Court of Sindh vide order dated January 29, 2018 has suspended the proceedings initiated through the above show-cause notice. This case is pending for finalization before the Honorable High Court of Sindh. The Company is confident that outcome of the case will be in the favor of Company in light of 18th amendment in the Constitution of Pakistan.

17.5 Contingencies related to income tax are presented in note 22 to this condensed interim financial information.

17.6 There are no commitments as on the condensed interim statement of financial position date June 30, 2018: nil.

	June 30, 2018	June 30, 2017 (Restated)
	Rupees	Rupees
18 NET INSURANCE PREMIUM		
Written Gross Premium	4,811,390,475	3,366,335,746
Add: Unearned premium reserve - opening	3,856,658,993	3,879,309,390
Less: Unearned premium reserve - closing	(4,261,984,357)	(3,207,529,838)
Premium earned	4,406,065,111	4,038,115,298
Less:		
Reinsurance premium ceded	2,096,155,450	1,312,105,847
Add: Prepaid reinsurance premium - opening	1,870,094,821	708,053,089
Less: Prepaid reinsurance premium - closing	(2,205,018,945)	(897,007,569)
Reinsurance expense	1,761,231,326	1,123,151,367
	2,644,833,785	2,914,963,931

	June 30, 2018	June 30, 2017 (Restated)
	Rupees	Rupees
19 NET INSURANCE CLAIMS		
Claims paid	1,239,246,273	2,325,903,467
Add: Outstanding claims including IBNR closing	6,135,847,606	4,104,584,518
Less: Outstanding claims including IBNR opening	4,718,602,200	4,595,623,732
Claims expense	<u>2,656,491,679</u>	<u>1,834,864,253</u>
Less:		
Reinsurance and other recoveries received	222,213,940	1,176,245,682
Add: Reinsurance and other recoveries in respect of outstanding claims closing	3,138,536,322	1,851,672,965
Less: Reinsurance and other recoveries in respect of outstanding claims opening	<u>2,159,694,037</u>	<u>2,732,782,143</u>
Reinsurance and other recoveries revenue	<u>1,201,056,225</u>	<u>295,136,504</u>
	<u><u>1,455,435,454</u></u>	<u><u>1,539,727,749</u></u>
20 NET COMMISSION AND OTHER ACQUISITION COSTS		
Commission paid / payable	623,549,983	531,284,612
Add: Deferred commission expense opening	696,641,094	551,912,413
Less: Deferred commission expense closing	607,869,696	475,567,230
Net commission	<u>712,321,381</u>	<u>607,629,795</u>
Less:		
Commission received or recoverable	200,987,985	42,216,835
Add: Unearned reinsurance commission opening	284,665,088	8,229,606
Less: Unearned reinsurance commission closing	<u>259,236,229</u>	<u>23,308,843</u>
Commission from reinsurere	<u>226,416,844</u>	<u>27,137,598</u>
	<u><u>485,904,537</u></u>	<u><u>580,492,197</u></u>
21 OTHER INCOME		
Exchange gain	151,119,167	1,120,479
Interest income	789,269	383,765
Miscellaneous income	3,723,651	113,728,923
	<u>155,632,086</u>	<u>115,233,167</u>
22 TAXATION		
22.1 Provision for taxation		
Current	<u>255,125,858</u>	<u>1,065,704,060</u>

22.2 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 161/205 and 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2010, 2012, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies. The tax demand against these show causes notices are amounting to Rs. 20,931,772, Rs. 148,318,431, Rs. 55,305,922 and Rs. 182,669,756, respectively.

The Company filed appeals against the orders pertaining to tax years 2010, 2015 and 2016 which have been decided against the Company by CIRA before Appellate Tribunal Inland Revenue (ATIR), which are still pending in ATIR.

Further, ATIR has passed the order in favor of the Company through a single order dated December 19, 2016, against tax demands upheld by Commissioner Inland Revenue for Tax Year 2012 under section 122(5A) amounting to Rs. 148,318,431 respectively. Pursuant to ATIR order, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to Company for Tax year 2012 the appeal is pending before Additional Commissioner FBR.

ATIR passed order against the Company dated October 03, 2016 for tax demand under section 161, default surcharge under section 205 and penalty for default under section 182 for the period from January 01, 2013 to September 30, 2014 amounting to Rs. 260,214,169 on non-deduction of withholding tax on commission expense. The Company has challenged the order dated October 03, 2016 passed by ATIR in the Honorable High Court of Sindh.

- 22.3 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax years 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance, and charging worker welfare fund and disallowance of actuarial loss through other comprehensive income) from TY 2015 and onwards, The tax demand against these show causes notices are amounting to Rs. 370,037,784, Rs. 97,552,694, Rs. 443,039,254, Rs. 320,013,363, Rs. 191,405,099, Rs. 542,653,335, Rs, 498,357,134, Rs. 742,375,175 and Rs. 655,869,725 respectively. The Company filed appeal before Commissioner Inland Revenue Appeal (CIRA). The Commissioner Inland Revenue Appeal (CIRA) passed order against the Company for tax year 2009, the Company filed an appeal before ATIR, which is pending for final verdict.

Further, the Commissioner Inland Revenue (Appeals-II) passed order dated August 20, 2017 in respect of appeal filed by the Company against re-assessment order for Tax year 2015 dated April 24, 2017 passed by ACIR under section 122(5A) of the Income Tax Ordinance, 2001 on remeasurement of defined benefit obligation in favor of Company. However, during the period the Company paid Rs. 100 million under protest for Tax Year 2016.

Out of above orders, in Tax year 2010, 2011, 2015, 2016 and 2017 certain issues have been decided in favour of the Company by CIRA. Pursuant to these orders, the Company filed appeal effect/refund applications to FBR (department), this resulted in reduction in tax liability for Tax year 2010 and 2016 amounting to Rs. 82,409,843, Rs. 224,242,362 and refund assessed in favor of Company for Tax year 2011, 2015 and 2017 amounting to Rs, 220,905,279, Rs. 24,228,768 and Rs. 92,401,764 respectively. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss IAS19 through other comprehensive income).

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

23.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2018.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at June 30, 2018		(Restated) As at December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----		-----Rupees-----	
Financial Assets				
Investment property	29,045,378	1,533,271,000	29,045,378	1,483,740,000
Investments				
Equity securities				
Held for trading				
Ordinary shares - listed	103,032,847	114,466,248	133,095,394	103,032,847
Available for sale				
Ordinary shares - listed	3,093,888,768	3,093,888,768	426,777,093	3,155,381,598
Mutual fund units	2,257,174,565	2,257,174,565	2,608,105	617,613
Ordinary shares - unlisted	617,613	617,613	1,701,457,734	1,747,775,999
Debt securities				
Pakistan Investment Bonds	2,970,132,291	2,970,132,291	2,426,809,141	2,426,809,141
Treasury Bills	875,834,154	875,834,154	1,759,054,473	1,759,054,473
Term deposits	48,000,000	48,000,000	30,000,000	30,000,000
Loans and other receivables	2,936,694,468	2,936,694,468	3,030,492,549	3,030,492,549
Insurance / Reinsurance receivables	4,586,374,549	4,586,374,549	4,304,750,965	4,304,750,965
Reinsurance recoveries against outstanding claims	3,138,536,322	3,138,536,322	2,159,694,037	2,159,694,037
Deferred Commission Expense / Acquisition cost	607,869,696	607,869,696	696,641,094	696,641,094
Cash and Bank	1,910,545,006	1,910,545,006	2,517,093,774	2,517,093,774
Financial Liabilities				
Outstanding claims including IBNR	6,130,895,606	6,130,895,606	4,713,650,200	4,713,650,200
Unearned premium reserves	4,261,984,357	4,261,984,357	3,856,658,994	3,856,658,994
Unearned Reinsurance Commission	259,236,229	259,236,229	284,665,089	284,665,089
Retirement benefit obligations	2,209,400,680	2,209,400,680	2,193,559,697	2,193,559,697
Insurance / Reinsurance Payables	1,257,600,844	1,257,600,844	1,976,119,106	1,976,119,106
Other Creditors and Accruals	304,991,841	304,991,841	201,491,339	201,491,339

23.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at June 30, 2018	Level 1	Level 2	Level 3
	-----Rupees-----			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	114,466,248	114,466,248	-	-
Investments at fair value- available for sale				
Ordinary shares - listed	3,093,888,768	3,093,888,768	-	-
Mutual fund units	2,257,174,565	2,257,174,565	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Investments- held to maturity				
Pakistan Investment Bonds	2,970,132,291	-	2,970,132,291	-
Treasury Bills	875,834,154	-	875,834,154	-
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	103,032,847	103,032,847	-	-
Investments at fair value - available for sale				
Ordinary shares - listed	3,155,381,598	3,155,381,598	-	-
Mutual fund units	617,613	617,613	-	-
Ordinary shares - unlisted	1,747,775,999	1,747,775,999	-	-

	As at December 31, 2017	Level 1	Level 2	Level 3
	-----Rupees-----			
Investments- held to maturity				
Pakistan Investment Bonds	2,426,809,141	-	2,426,809,141	-
Treasury Bills	1,759,054,473	-	1,759,054,473	-

23.3 Transfers during the period

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

23.4 Valuation techniques

Investments held to maturity

- For level 2 investments - held to maturity, the fair value has been determined by using the rates at reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.
- For Level 3 available-for-sale investments the Company values the investment at lower of carrying value and breakup value.

24 SEGMENT REPORTING

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

Segment Current Period	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
	-----30 June 2018----- -----Rupees-----							
Gross written premium	762,193,425	25,501,815	46,380,006	86,863,516	33,081,063	1,634,501,341	2,222,869,309	4,811,390,475
Unearned-Opening	569,580,358	14,456,478	18,199,494	39,481,845	1,197,098,425	580,418,372	1,437,424,021	3,856,658,993
Unearned-Closing	462,648,168	12,352,606	16,225,945	51,634,724	595,373,564	1,329,355,234	1,794,394,116	4,261,984,357
Premium Earned	869,125,615	27,605,687	48,353,555	74,710,637	634,805,924	885,564,479	1,865,899,214	4,406,065,111
Reinsurance-Ceded	297,301,494	-	23,928,174	-	15,871,130	1,439,105,134	319,949,518	2,096,155,450
Prepaid Reinsurance-Opening	21,982,924	-	7,395,637	3,752,269	1,069,008,688	449,111,482	318,843,821	1,870,094,821
Prepaid Reinsurance-Closing	150,284,272	-	8,323,303	-	531,329,581	1,187,205,132	327,876,657	2,205,018,945
Reinsurance Expenses	169,000,146	-	23,000,508	3,752,269	553,550,237	701,011,484	310,916,682	1,761,231,326
Net insurance premium	700,125,469	27,605,687	25,353,047	70,958,368	81,255,687	184,552,995	1,554,982,532	2,644,833,785
Commission income	8,584,693	-	1,924,367	-	118,250,957	94,191,297	3,465,530	226,416,844
Net underwriting income	708,710,162	27,605,687	27,277,414	70,958,368	199,506,644	278,744,292	1,558,448,062	2,871,250,629
Insurance claims paid	267,419,810	4,605,512	12,000,830	32,005,234	14,019,471	36,270,067	872,925,349	1,239,246,273
Outstanding-opening	1,250,561,544	45,634,627	98,270,441	172,267,889	116,351,952	921,658,158	2,113,857,589	4,718,602,200
Outstanding-closing	1,338,665,886	54,446,377	91,176,814	168,983,624	127,899,000	2,054,650,831	2,300,025,074	6,135,847,606
Insurance claims expenses	355,524,152	13,417,262	4,907,203	28,720,969	25,566,519	1,169,262,740	1,059,092,834	2,656,491,679
Reinsurance Recoveries Received	-	-	7,500,519	-	9,181,349	-	205,532,072	222,213,940
Recovery-opening	542,010,270	-	27,864,737	-	46,134,162	706,346,795	837,338,073	2,159,694,037
Recovery-closing	481,757,343	-	21,864,322	-	49,851,940	1,758,954,764	826,107,953	3,138,536,322
Insurance claims recovered from reinsurers	(60,252,927)	-	1,500,104	-	12,899,127	1,052,607,969	194,301,952	1,201,056,225
Net claims	415,777,079	13,417,262	3,407,099	28,720,969	12,667,392	116,654,771	864,790,882	1,455,435,454
Commission expense	124,135,664	4,161,758	4,463,572	5,716,164	88,017,953	47,100,817	438,725,453	712,321,381
Management expense	104,107,287	7,170,801	5,572,902	14,085,508	18,002,420	28,821,268	206,146,615	383,906,801
Premium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	644,020,030	24,749,821	13,443,573	48,522,641	118,687,765	192,576,856	1,509,662,950	2,551,663,636
Underwriting results	64,690,132	2,855,866	13,833,841	22,435,727	80,818,879	86,167,436	48,785,112	319,586,993
Net investment income								383,900,782
rental income								29,808,583
General and Admin expenses								(30,191,787)
Other income								155,632,089
Profit before tax								858,736,660
Segment Assets	708,710,162	27,605,687	27,277,414	70,958,368	199,506,644	278,744,292	1,558,448,062	2,871,250,629
Unallocated Assets								22,677,168,512
								25,548,419,141
Segment Liabilities	644,020,030	24,749,821	13,443,573	48,522,641	118,687,765	192,576,856	1,509,662,950	2,551,663,636
Unallocated Liabilities								22,996,755,505
								25,548,419,141

Segment Prior Period	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
	-----30 June 2017-----							
-----Rupees-----								
Gross written premium	684,535,084	16,928,132	23,997,281	76,717,158	31,774,595	821,754,024	1,710,629,472	3,366,335,746
Unearned-Opening	511,499,830	8,298,683	27,574,051	21,996,937	974,705,777	484,890,991	1,850,343,121	3,879,309,390
Unearned-Closing	529,950,874	10,786,571	21,169,469	39,415,072	525,008,479	529,454,501	1,551,744,872	3,207,529,838
Premium Earned	666,084,040	14,440,244	30,401,863	59,299,023	481,471,893	777,190,514	2,009,227,721	4,038,115,298
Reinsurance-Ceded	373,144,774	-	13,909,369	665,621	65,240,460	620,103,548	239,042,075	1,312,105,847
Prepaid Reinsurance-Opening	42,796,072	-	11,551,731	9,288	26,283,550	376,686,644	250,725,804	708,053,089
Prepaid Reinsurance-Closing	153,099,039	-	9,415,057	-	37,757,568	452,239,467	244,496,238	897,007,369
Reinsurance Expenses	262,841,807	-	16,046,043	674,909	53,766,442	544,550,725	245,271,641	1,123,151,567
Net insurance premium	403,242,233	14,440,244	14,355,820	58,624,114	427,705,451	232,639,789	1,763,956,080	2,914,963,731
Commission income	13,584,793	-	2,314,123	16,873	1,349,295	8,543,497	1,329,017	27,137,598
Net underwriting income	416,827,026	14,440,244	16,669,943	58,640,987	429,054,746	241,183,286	1,765,285,097	2,942,101,329
Insurance claims paid	117,581,429	2,672,420	41,387,466	5,343,254	1,203,788,433	51,489,888	903,640,577	2,325,903,467
Outstanding-opening	994,479,472	35,404,588	79,759,482	192,339,624	1,261,479,243	220,017,329	1,812,143,994	4,595,623,732
Outstanding-closing	1,074,639,218	36,462,589	149,085,088	185,351,342	397,982,809	379,549,720	1,881,513,752	4,104,584,518
Insurance claims expenses	197,741,175	3,730,421	110,713,072	(1,645,028)	340,291,999	211,022,279	973,010,335	1,834,864,253
Reinsurance Recoveries Received	-	-	20,702,891	-	1,067,157,966	2,969,016	85,415,809	1,176,245,682
Recovery-opening	512,049,237	-	20,071,757	-	1,122,889,424	91,506,402	986,265,323	2,732,782,143
Recovery-closing	382,657,049	-	54,734,560	-	337,249,091	147,984,265	929,048,000	1,851,672,965
Insurance claims recovered from reinsurers	(129,392,188)	-	55,365,694	-	281,517,633	59,446,879	28,198,486	295,136,504
Net claims	327,133,363	3,730,421	55,347,378	(1,645,028)	58,774,366	151,575,400	944,811,849	1,539,727,749
Commission expense	84,905,318	2,305,285	2,802,926	9,616,569	1,715,444	36,083,833	470,200,420	607,629,795
Management expense	73,430,369	5,394,755	2,879,800	12,908,856	14,421,705	30,660,042	211,756,565	351,452,092
Premium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	485,469,050	11,430,461	61,030,104	20,880,397	74,911,515	218,319,275	1,626,768,834	2,498,809,636
Underwriting results	(68,642,024)	3,009,783	(44,360,161)	37,760,590	354,143,231	22,864,011	138,516,263	443,291,693
Net investment income								3,223,147,052
rental income								29,170,827
General and Admin expenses								(26,002,922)
Other income								115,233,168
Profit before tax								3,784,839,818
Segment Assets	416,827,026	14,440,244	16,669,943	58,640,987	429,054,746	241,183,286	1,765,285,097	2,942,101,329
Unallocated Assets								18,300,333,228
								21,242,434,557
Segment Liabilities	485,469,050	11,430,461	61,030,104	20,880,397	74,911,515	218,319,275	1,626,768,834	2,498,809,636
Unallocated Liabilities								18,743,624,921
								21,242,434,557

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	Six months period ended June 30, 2018		Six months period ended June 30, 2017	
	Lahore	Karachi	Lahore	Karachi
-----Rupees in '000-----				
Revenue - net premium	383,797	2,261,037	244,570	2,556,998
Total assets	780	25,547,660	835	19,706,876
Total liabilities	529,058	13,895,052	550,953	10,159,191

24.1 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Government of Pakistan through Ministry of Commerce owns 51% (2017: 51%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. The related parties comprise major shareholders, associated company, directors, companies with common directorship, key management personnel, and staff retirement benefit funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material and hence not disclosed in this condensed interim financial information. Moreover, transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

25.1 Transaction with related parties are summarised as follows:

Nature of relationship	Nature of transaction	Three months period ended June 30		Six months period ended June 30	
		2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Common directorship Group Company	Dividend income	-	21,780,000	-	21,780,000
	Insurance claims paid	19,554,582	1,195,839,624	26,020,301	1,236,367,320
	Insurance commission paid	48,447,019	16,843,837	60,558,665	23,863,434
	Premium due but unpaid	1,618,741,243	1,550,681,392	1,544,908,122	1,398,248,084
	Insurance premium written during the period	1,055,768,832	483,083,669	1,666,492,512	845,251,829
	Premium received	(1,378,151,153)	(1,986,353,834)	(1,915,041,712)	(2,196,088,685)
	Balance at the end	1,296,358,922	47,411,228	1,296,358,923	47,411,228

The transactions with related parties are in the normal course of business at contracted rates and terms and conditions determined on commercial terms.

26 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	
	2018	2017	2018	2017
Profit after tax for the period (Rupees)	329,922,091	2,194,512,265	603,610,797	2,719,135,758
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	1.10	7.32	2.01	9.06

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.

27 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended December 31, 2017.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassifications for purposes of correct presentation, are as under:

Reclassification from components	Reclassification to components	in "Rupees"
Land and building	Property and equipment	13,862,907
Furniture, fixture, books and office equipment	Property and equipment	9,786,151
Electrical installations, air conditioning plant and lifts	Property and equipment	6,442,633
Motor vehicles	Property and equipment	6,479,029
Cash and Bank-Term Deposit	Investments	30,000,000
Loans to employees	Loans and other receivables	181,767,723
Accrued investment income	Loans and other receivables	164,005,201
Other receivables	Loans and other receivables	442,424,338
Sundry receivables	Loans and other receivables	2,242,295,286
Amount due from other insurers and reinsurers	Insurance / Reinsurance receivables	4,293,631,457
Premium and claim reserves retained by cedants	Insurance / Reinsurance receivables	11,119,508
Reserve for exceptional losses	Reserves	281,000,000
General reserve	Reserves	1,777,419,085
Amount due to other insurers and reinsurers	Insurance / Reinsurance Payables	1,957,775,833
Premium and claim reserves retained from retrocessionaries	Insurance / Reinsurance Payables	18,343,273
Long term deposits	Other Creditors and Accruals	17,153,494
Other creditors and accruals	Other Creditors and Accruals	33,227,734
Accrued expenses	Other Creditors and Accruals	14,160,297
Retention money payable	Other Creditors and Accruals	6,368,183
Dividend payable	Other Creditors and Accruals	129,369,029
Surplus profit payable	Other Creditors and Accruals	1,212,602

29 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 30.08.2018 by the Board of Directors of the Company.

30 GENERAL

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

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER



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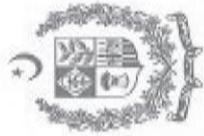
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Pakistan Reinsurance Company Limited

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

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