

# **Directors' Report**

## **For First Quarter Ended March 31, 2020**

**The Valued Shareholders,  
Pakistan Reinsurance Company Limited.**

On behalf of the Board of Directors of PRCL, I am pleased to present the condensed interim financial statements of Company for first quarter ended March 31, 2020.

### **Review of Business Activities**

The gross written premium is Rs. 2,683 million against an amount of Rs. 3,294 million for the corresponding period of last year, showing decrease of Rs. 611 million (18.5%). The net premium is Rs. 1,764 million against Rs. 1,675 million, showing an increase of Rs. 89 million (5.3%). The net commission (expense) for the period is Rs. 274 million as compared to Rs. 299 million, showing decrease of Rs. 25 million (8.36% ). The net claims are Rs. 652 million against Rs. 1,186 million, showing decrease of Rs. 534 million (45.02%).

The underwriting results after management expenses for the quarter under review are Rs. 728 million as compared to Rs. 66 million for the corresponding period last year showing an increase of Rs. 662 million.

The income from investment including rentals and other items for the period under review is recorded as Rs. 263 million, as compared to Rs. 221 million in the corresponding period of last year, showing an increase of Rs. 42 million (19.00%).

The profit before tax for the quarter under review, is Rs. 997 million, as compared to Rs. 288 million recorded in the corresponding period last year, showing an increase of Rs. 709 million (246%).

The profit after tax for the quarter under review is Rs. 681 million, as compared to Rs. 200 million in the corresponding period of last year showing an increase of Rs. 481 million (240.5%) resulting in earning per share of Rs. 2.27 as compared to Rs. 0.67 for the corresponding period of last year.

### **Window Retakaful Operations**

#### **Participants' Takaful Fund**

The Gross Written Contribution for the first quarter 2020 is Rs. 211.57 million as compared to Rs. 92.83 million during corresponding period of last year. Net Written Contribution during for the first quarter 2020 is Rs. 111.86 million as compared to Rs. 14.36 million during corresponding period of last year. Surplus during the first quarter 2020 is Rs. 33.08 million as compared to deficit of Rs. 0.8 million during corresponding period of last year.

#### **Operators' Fund**

Operators' Fund earned profit after tax amounting to Rs. 7.2 million as compared to Rs. 4.4 million during last year.

#### **Future Outlook**

We are hopeful to deliver sustainable profitability 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, cedants, retrocessionnaires, business partners, the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange 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 of the Company.

For and on behalf of the Board of Directors.

**Chairman Board**

**Karachi: 28<sup>th</sup> May, 2020**

# ناظمین کی رپورٹ

30 ستمبر 2019 کو اختتام پذیر نو ماہ کی رپورٹ

## معزز حصص کنندگان

### پاکستان ری-انشورنس کمپنی لمیٹڈ

پاکستان ری انشورنس کمپنی لمیٹڈ کے بورڈ کے ناظمین کی جانب سے ، کمپنی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے میں خوشی محسوس کرتا ہوں جس کا اختتام 31 مارچ 2020 کو ہوا۔

### کاروباری سرگرمیوں کا جائزہ

گذشتہ سال کا اسی مدت کے 3,294 ملین روپے مجموعی تحریری پریمیم کے مقابلے میں اس مدت میں اس کی مالیت 2,683 ملین روپے ہے جو 611 ملین (18.5 فیصد) کی کمی دکھا رہا ہے۔ گذشتہ سال کے اسی مدت کے 1,675 ملین روپے خالص پریمیم کے مقابلے میں اس کی مالیت 1,764 ملین روپے ہے جو 89 ملین (5.3 فیصد) کا اضافہ دکھا رہا ہے۔ مذکورہ مدت میں 274 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 299 ملین روپے ہے جو 25 ملین روپے (8.36 فیصد) کی کمی دکھا رہا ہے۔ خالص دعوے 652 ملین روپے کے مقابلے میں 1,186 ملین روپے رہے جو 534 ملین روپے (45.02 فیصد) کی کمی دکھا رہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی (underwriting) نتائج 728 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 66 ملین روپے تھی جو 662 ملین روپے کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 263 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 221 ملین روپے تھا جو 42 ملین (19 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 997 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 288 ملین روپے تھا جو 709 ملین روپے (246 فیصد) کا اضافہ دکھا رہا۔

زیر جائزہ مدت میں منافع بعد از محصول 681 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 200 ملین روپے تھا جو 481 ملین روپے (240.5 فیصد) کا اضافہ دکھا رہا ہے جس کا نتیجہ گذشتہ سال کی اسی مدت کے 0.67 روپے فی حصص کی آمدنی کے مقابلے میں اس مدت میں فی حصص آمدنی 2.27 روپے رہی۔

### ونڈو ری تکافل آپریشن

#### شراکت داروں تکافل فنڈ

گذشتہ سال کا پہلی سہ ماہی کے 92.83 ملین روپے مجموعی تحریری پریمیم کے مقابلے میں سال 2020 کی پہلی سہ ماہی میں اس کی مالیت 211.57 ملین روپے ہے۔ سال 2020 کی پہلی سہ ماہی میں خالص تحریری حصہ (Contribution) 111.86 ملین روپے جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت اس کی مالیت 14.36 ملین روپے تھا۔ سال 2020 پہلی سہ ماہی میں زائد از ضرورت (Surplus) 33.08 ملین روپے رہا اس کے مقابلے میں گذشتہ سال اسی مدت میں 0.8 ملین روپے کی کمی (deficit) تھی۔

#### آپریٹر کا فنڈ

آپریٹر کے فنڈ نے گذشتہ سال کے 4.4 ملین روپے کے منافع بعد از محصول کے مقابلے میں اس مدت میں 7.2 ملین روپے کمایا۔

### مستقبل کا منظر نامہ

ہم پر امید ہیں کہ کاروباری مسائل اور مسابقت کے ماحول میں منافع بخشی (profitability) کا تسلسل برقرار رکھیں۔

### ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں ، سیڈانٹس (cedants) ، ریٹرو سیشینئر (retrocessionaire)، کاروباری شراکت دار، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی معاونت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص کنندگان کا بھی ، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالآخر ، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے افسران اور اسٹاف کی سخت محنت اور لگن کے سرا بنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیرمین

کراچی : 28 مئی 2020

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Financial Position (Unaudited)**  
**As at 31 March 2020**

		<b>31 March 2020</b>	31 December 2019
		<b>Unaudited</b>	Audited
<b>ASSETS</b>	<b>Note</b>	Rupees	Rupees
Property and equipment	6	<b>70,775,992</b>	67,270,717
Assest relating to Bangladesh		-	-
Investment property	7	<b>26,511,362</b>	26,849,593
Investments			
Equity securities	8	<b>2,635,711,942</b>	3,865,745,207
Debt securities	9	<b>7,496,339,267</b>	7,076,694,763
Trem deposit receipt		-	-
Loans and other receivables	10	<b>2,819,923,690</b>	2,865,239,725
Insurance / Reinsurance receivables	11	<b>9,466,209,266</b>	9,775,513,552
Reinsurance recoveries against outstanding claims		<b>3,936,247,052</b>	3,934,364,721
Deferred Commission Expense / Acquisition cost		<b>719,055,375</b>	918,544,431
Taxation - payments less provision		<b>516,908,329</b>	646,673,594
Prepayments		<b>4,294,495,935</b>	5,454,167,080
Stock of stationery		<b>444,631</b>	499,806
Cash & Bank	12	<b>511,858,176</b>	815,678,747
<b>Total assets from Window Takaful Operations - OPF</b>		<b>342,623,903</b>	388,724,067
<b>Total Assets</b>		<b>32,837,104,920</b>	35,835,966,003
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital		<b>3,000,000,000</b>	3,000,000,000
Reserves	13	<b>6,294,002,158</b>	6,828,797,675
<b>Total Equity</b>		<b>9,294,002,158</b>	9,828,797,675
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
- Outstanding claims including IBNR		<b>8,149,255,023</b>	8,011,646,909
- Unearned premium reserves		<b>6,791,304,063</b>	8,451,658,849
- Unearned Reinsurance Commission		<b>343,736,996</b>	452,020,316
Retirement benefit obligations		<b>2,951,994,365</b>	2,998,194,096
Deferred taxation		<b>293,019,659</b>	293,019,659
Insurance / Reinsurance Payables	14	<b>4,781,113,409</b>	5,511,514,237
Lease liabilities		<b>24,287,522</b>	24,287,522
Unclaimed Dividend		<b>107,193,213</b>	107,273,466
Other Creditors and Accruals	15	<b>76,000,893</b>	78,419,901
<b>Total Liabilities</b>		<b>23,517,905,143</b>	25,928,034,955
<b>Total liabilities from Window Takaful Operations - OPF</b>		<b>25,197,619</b>	79,133,373
<b>Total Equity and Liabilities</b>		<b>32,837,104,920</b>	35,835,966,003
Contingency(ies) and commitment(s)			

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

**CFO    CEO    DIRECTOR    DIRECTOR    CHAIRMAN**

# Pakistan Reinsurance Company Limited

## Condensed Interim Statement of Profit and Loss Account (Unaudited)

For the period ended March 31, 2020

	Note	3 months ended 31 Mar	
		2020	2019
Net insurance premium	17	1,764,073,523	1,674,704,967
Net Insurance claims	18	651,848,751	1,186,118,717
Net Commission and other acquisition costs	19	274,095,784	298,621,857
Insurance claims and acquisition expenses		925,944,535	1,484,740,574
Premium deficiency expenses		-	-
Management Expenses		110,575,214	124,258,272
Underwriting results		727,553,774	65,706,121
Investment income		236,655,013	143,208,912
Rental income		20,384,996	17,261,468
Other income	20	5,739,834	60,599,467
Other expenses		(238,911)	(3,491,711)
Results of operating activities		990,094,706	283,284,257
Finance costs		-	-
<b>Profit before tax from general operations</b>		<b>990,094,706</b>	<b>283,284,257</b>
Profit from Window Retakaful Operations		7,625,562	4,441,489
<b>Profit before tax</b>		<b>997,720,268</b>	<b>287,725,746</b>
Income tax expense		(316,830,306)	(87,818,120)
<b>Profit after tax</b>		<b>680,889,962</b>	<b>199,907,626</b>
Earnings (after tax) per share - Rupees		2.27	0.67

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

**CFO    CEO    DIRECTOR    DIRECTOR    CHAIRMAN**



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
For the period ended March 31, 2020

	Share capital	Reserves			Revenue reserves		Total
	Issued subscribed and paid-up	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Retained earnings	Total reserves	
	----- Rupees -----						
<b>Balance as at January 01, 2019</b>	3,000,000,000	281,000,000	1,705,142,630	1,777,419,085	6,407,899,593	2,644,337,878	9,407,899,593
Total Comprehensive income for the period ended March 31, 2019	-	-	-	-	199,907,626	-	199,907,626
Effect of changes in accounting policy (note 5.2)			(174,660,111)			(174,660,111)	(174,660,111)
Remeasurement of defined benefit obligations - net					-	-	-
<b>Transactions with owners</b>	-	-	(174,660,111)	-	199,907,626	(174,660,111)	25,247,515
Final cash dividend 2018: Rs.2.00 @ 20% (2017 : Rs.3.50 @35% ) per share		-		-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>1,530,482,519</b>	<b>1,777,419,085</b>	<b>6,607,807,219</b>	<b>2,469,677,767</b>	<b>9,433,147,108</b>
<b>Balance as at January 01, 2020</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>1,652,641,179</b>	<b>1,777,419,085</b>	<b>3,117,737,411</b>	<b>6,828,797,675</b>	<b>9,828,797,675</b>
Total Comprehensive income for the period ended March 31, 2020	-	-	-	-	680,889,962	680,889,962	680,889,962
Effect of changes in accounting policy			(1,215,685,479)			(1,215,685,479)	(1,215,685,479)
Remeasurement of defined benefit obligations - net					-	-	-
<b>Transactions with owners</b>	-	-	(1,215,685,479)	-	680,889,962	(534,795,517)	(534,795,517)
Effect of change in accounting policy - note	-	-		-	-	-	-
Final cash dividend 2019: Rs.2.00 @ 20% (2018 : Rs.2.00 @20% ) per share	-	-		-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>436,955,700</b>	<b>1,777,419,085</b>	<b>3,798,627,373</b>	<b>6,294,002,158</b>	<b>9,294,002,158</b>

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

Chairman

Chief Executive Officer

Director

Director



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
For the period ended March 31, 2020

	2020 (Rupees)	2019 (Rupees)
<b>Operating Cash Flows:</b>		
<b>Underwriting activities:-</b>		
Premium received	2,992,665,957	2,367,759,643
Reinsurance premium paid	(2,143,964,565)	(1,054,976,807)
Claims paid	(516,122,968)	(1,144,620,800)
Reinsurance and other recoveries received	-	306,253,723
Commission paid	(281,515,610)	(447,578,289)
Commission received	98,625,562	58,561,001
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	(373,741)
Other underwriting payments (management expenses)	(108,511,991)	(117,935,746)
<b>Net cash flows generated from underwriting activities</b>	<b>41,176,385</b>	<b>(32,911,016)</b>
<b>Other Operating Activities</b>		
Income tax paid	(187,065,041)	(133,430,352)
General management expenses paid	(238,911)	(9,814,237)
Payment under defined benefit obligations	-	-
Other operating (payments) / receipts	(47,166,414)	(53,933,374)
Advances to employees	8,012,887	10,735,872
<b>Net cash used in other operating activities</b>	<b>(226,457,479)</b>	<b>(186,442,091)</b>
<b>Total cash flow generated from all operating activities</b>	<b>(185,281,094)</b>	<b>(219,353,107)</b>
<b>Investment activities</b>		
Fixed Capital expenditure	(5,230,267)	450,671
Sale proceeds of Fixed Assets	-	-
Acquisition of investments	(2,157,309,969)	(2,786,356,206)
Rental income received - net of expenses	(4,378,127)	(1,019,795)
Dividend income received	34,868,421	26,180,855
Interest income on bank deposits	105,987,988	24,525,579
Investment income received - net of expenses	211,659,656	161,919,224
Proceeds on sale/ maturity of investments	1,695,943,074	2,716,041,379
<b>Total cash used in investing activities</b>	<b>(118,459,224)</b>	<b>141,741,707</b>
<b>Financing activities</b>		
Surplus paid	-	-
Dividend paid	(80,253)	(1,346,859)
<b>Total cash generated used in financing activities</b>	<b>(80,253)</b>	<b>(1,346,859)</b>
<b>Net cash generated from all activities</b>	<b>(303,820,571)</b>	<b>(78,958,259)</b>
<b>Cash at beginning of the period</b>	<b>815,678,747</b>	<b>2,652,483,789</b>
<b>Cash at end of the period</b>	<b>511,858,176</b>	<b>2,573,525,530</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

	2020 (Rupees)	2019 (Rupees)
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(185,281,094)	(219,353,107)
Depreciation expense		
-Fixed assets	(1,366,391)	(1,250,363)
-Investment property	(696,832)	(717,204)
Exchange gain	5,712,474	60,300,464
Rental income	20,384,996	17,261,468
Provision for employee benefits	46,409,759	31,921,835
Reinsurance recoveries against outstanding claims	1,882,331	(364,660,182)
Provision for outstanding claims	(137,608,114)	16,908,542
Provision for unearned premium	1,660,354,785	(422,061,413)
Prepaid reinsurance	(1,160,366,726)	83,389,824
Dividend income	34,868,421	29,166,587
Investment income	(67,204,570)	(3,236,074)
Interest income	243,473,527	117,197,363
Amortization of premium	7,139,278	(2,779,878)
Gain on sale of investment	18,378,357	2,860,914
Profit from Window Retakaful Operations	7,625,562	
(Decrease)/Increase in operating assets other than cash	(321,042,744)	920,901,314
Decrease/(Increase) in operating liabilities	637,992,208	(115,996,185)
	810,655,227	149,853,905
<b>Other adjustments:</b>		
Income tax paid	187,065,041	133,430,352
	187,065,041	133,430,352
Profit/(Loss) before taxation	997,720,268	283,284,257
Provision for taxation	(316,830,306)	(87,818,120)
<b>Profit/(Loss) after taxation</b>	<i>Rupees</i> 680,889,962	195,466,137

#### Definition of cash

Cash comprises of cash in hand, policy stamps, postage stamps, revenue stamp, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flow consist of:

#### Cash and cash equivalents:

Cash and other equivalent	121,638	46,706
Current and other accounts	811,736,538	2,573,478,824
Deposit maturing within 12 months	-	-
	<i>Rupees</i> 811,858,176	2,573,525,530

The annexed notes 1 to 28 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**

**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.

**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 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, 2019 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 quarter ended March 31, 2020 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 been followed.

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, 2019, 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 quarter ended March 31, 2019.

## **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, 2019.

## 5 SIGNIFICANT ACCOUNTING POLICIES

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, 2019 .

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.

- 5.1 Included in the statement of changes in equity is impairment loss amounting to Rs. 220,803,901 which has not been taken to Profit and Loss Account as allowed under S.R.O 414 (I)/2020 dated 11th May 2020. Had this amount been taken to Profit and Loss Account, the profit after tax and earning per share would be reduced by Rs. 150,146,653 and 0.50 respectively

<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>	<b>March 31, 2020</b> Rupees	<b>Dec. 31, 2019</b> Rupees
	Opening balance as at	67,270,717	42,756,737
	Additions during the period		
	Furniture, fixtures and office equipments	5,230,267	4,286,349
	Motor vehicles (owned)	-	-
	Right-of-use Asset(Leasehold land)		25,475,815
	Capital work in process(Computer equipment)		3,389,667
	Leasehold improvements	-	-
		<u>5,230,267</u>	<u>33,151,831</u>
	Less:	72,500,984	75,908,568
	transferred	-	338,826
	Depreciation charge for the period	1,724,992	8,299,025
		<u>70,775,992</u>	<u>67,270,717</u>
<b>7</b>	<b>INVESTMENT PROPERTIES</b>	<b>March 31, 2020</b> Rupees	<b>Dec. 31, 2019</b> Rupees
	Cost	158,716,140	158,716,140
	Depreciation		
	Balance at beginning of year	131,866,547	130,432,140
	Depreciation for the period/year	338,231	1,434,407
		<u>132,204,778</u>	<u>131,866,547</u>
	Carrying Value	<u>26,511,362</u>	<u>26,849,593</u>

The market value of investment properties is Rs.1,192.420 million, as per valuation carried out by an independent valuer as at December 31, 2019.

8 INVESTMENT IN EQUITY SECURITIES

8.1 Investments - Held For Trading

March 31,2020 (Uaudited)			
Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
Rupees			
Listed Share	181,387,968	(63,209,456)	118,178,512
<b>Total of Held For Trading</b>	<b>181,387,968</b>	<b>(63,209,456)</b>	<b>118,178,512</b>

8.2 Investments - Available For Sale

March 31,2020 (Uaudited)			
Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
Rupees			
Listed shares	385,066,524	1,014,578,666	1,399,645,190
Unlisted Shares	2,608,104	(1,990,492)	617,613
Mutual Funds	1,592,488,809	(273,411,423)	1,117,270,627
<b>Total Available For Sale</b>	<b>1,980,163,437</b>	<b>(275,401,915)</b>	<b>2,517,533,430</b>
<b>Total Equity Securities</b>	<b>2,161,551,405</b>	<b>(275,401,915)</b>	<b>2,635,711,942</b>

Dec 31,2019			
Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
Rupees			
	107,547,122	(11,321,154)	96,225,968
	<b>107,547,122</b>	<b>(11,321,154)</b>	<b>96,225,968</b>

Dec 31,2019			
Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
Rupees			
	397,234,321	-	2,307,404,138
	2,608,104	(1,990,491)	617,613
	1,592,488,810	(273,411,423)	1,461,497,488
	<b>1,992,331,235</b>	<b>(275,401,914)</b>	<b>3,769,519,239</b>
	<b>2,099,878,357</b>	<b>2,041,268,764</b>	<b>3,865,745,207</b>

9 Investments in Debt Securities

9.1 Pakistan Investment Bond - Held To Maturity

Amortized cost	Carrying value as at
March 31,2020 (Uaudited)	
Rupees	
1,968,477,063	1,968,477,063
4,816,374,950	4,816,374,959
<b>6,784,852,013</b>	<b>6,784,852,022</b>

Amortized cost as at	Carrying value as at
March 31,2019 (Uaudited)	
Rupees	
1,949,351,760	1,949,351,760
4,445,556,500	4,445,556,500
<b>6,394,908,260</b>	<b>6,394,908,260</b>

1 Pakistan Investment Bonds

2 Treasury Bills

**Total**

9.2 Pakistan Investment Bond - Available For Sale

Amortized cost	Market value as at
March 31,2020 (Uaudited)	
Rupees	
587,393,129	611,527,245
99,960,000	99,960,000
<b>687,353,129</b>	<b>711,487,245</b>
<b>7,472,205,142</b>	<b>7,496,339,267</b>

Amortized cost as at	Market value as at
March 31,2019 (Uaudited)	
Rupees	
553,208,750	581,826,503
99,960,000	99,960,000
<b>653,168,750</b>	<b>681,786,503</b>
<b>7,048,077,010</b>	<b>7,076,694,763</b>

1 Pakistan Investment Bonds

2 Term Finance Certificate

**Total**

**Grand Total Debt Securities**

<b>10 LOANS AND OTHER RECEIVABLES</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>- Considered good</b>		
Accrued investment income	143,633,210	178,633,601
Loans to employees	83,384,819	91,397,706
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Sundry receivables	19,016,934	21,319,691
	<u>2,819,923,690</u>	<u>2,865,239,725</u>

**10.1** 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.

<b>11 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Due from insurance contract holders	10,082,538,886	10,391,843,169
Less: provision for impairment of receivables from insurance contract holders	(616,329,617)	(616,329,617)
	<u>9,466,209,269</u>	<u>9,775,513,552</u>
Premium and claim reserves retained by cedants	17,000,000	24,831,633
Less: provision for impairment of receivables from other insurers / reinsurers	(17,000,000)	(24,831,633)
	<u>9,466,209,269</u>	<u>9,775,513,552</u>

<b>12 CASH AND BANK</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Cash in Hand	121,638	148,775
Cash and other equivalents	32,317,899	65,470,831
Saving accounts 12.1	479,418,638	750,059,141
	<u>511,858,176</u>	<u>815,678,747</u>

**12.1** The saving accounts carry markup at the rates ranging from 8.75% to 11.25% (2018: 3.75% to 8.75%) per annum.

<b>13 RESERVES</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Capital Reserve		
Reserve for exceptional losses	281,000,000	281,000,000
Revenue Reserve		
Available for Sale Reserve	436,955,700	1,652,641,179
General Reserve	5,545,945,579	4,895,156,496
	<u>6,263,901,279</u>	<u>6,828,797,675</u>



<b>14 INSURANCE / REINSURANCE PAYABLES</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Due to insurance contract holders	<b>4,765,289,053</b>	5,495,689,881
Premium and claim reserves retained	<b>15,824,356</b>	15,824,356
	<b><u>4,781,113,409</u></b>	<b><u>5,511,514,237</u></b>

<b>15 OTHER CREDITORS AND ACCRUALS</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Other Creditors and Accruals	42,359,850	38,014,683
Security Deposits	26,974,889	26,974,889
Accrued expenses	5,453,552	12,217,727
Surplus profit payable	1,212,602	1,212,602
	<b><u>76,000,893</u></b>	<b><u>78,419,901</u></b>

- 15.1** 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.

## 16 CONTINGENCIES AND COMMITMENTS

### **KPT**

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 December 31, 2019 amounting to Rs. 29.950 million (December 31, 2018: Rs. 26.935 million).

Currently, a stay is operating in favour of the Company and the matter is pending before the Honourable 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 Honourable High Court of Sindh and next hearing is fixed on 18th January, 2020.

### **SRB**

The Company received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by PRCL 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 again filed an appeal with the Appellate Tribunal where during the year the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. As a result, the Company filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

In the aforementioned tribunal orders, the SRB was 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 year, the Company received two orders in pursuance of Appellate Tribunal (SRB) Order against 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 reinsurance 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 were 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 Sales 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.

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 the prior year, 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 financial statements. 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. 3,299.130 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 and 2018, the financial impact of which on the financial statements has remained 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 come in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2018 has been recorded in these financial statements.

Subsequent to year end, the SECP vide letter No. ID/PRDD/TAXATION/2019/15 dated March 13, 2019 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

Imposition of sales tax on the reinsurance services would increase the cost of doing business for insurance companies, which may reflect as an increase in the rates of insurance premiums, making insurance more costly for the policyholders. As lowering the cost of business is the primary agenda of the Government of Pakistan and as such, the imposition of sales tax on reinsurance services would be working at odds with measures taken by the Government of Pakistan for ease of doing business in Pakistan.

**EOABI**

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 an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding 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 these financial statements.

**FED**

Federal Board of Revenue (FBR) has 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 cause 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 favor of Company in light of the 18th amendment in the Constitution of Pakistan.

Contingencies related to income tax are presented in note 21 to these condensed interim Financial Statements

There are no commitments as on the reporting date.

		<b>Unaudited</b>	
		<b>3 months</b>	
		<b>31-Mar</b>	<b>31-Mar</b>
		<b>2,020</b>	<b>2,019</b>
		<b>Rupees</b>	
<b>17</b>	<b>NET PREMIUM REVENUE</b>		
	Written gross premium	<b>2,683,361,675</b>	3,293,545,554
	Add: Unearned premium reserve opening	<b>8,451,658,849</b>	4,990,287,938
	Less: Unearned premium reserve closing	<b>6,791,304,063</b>	5,412,349,353
	Premium earned	4,343,716,461	2,871,484,139
	Less: Reinsurance premium ceded	<b>1,419,276,212</b>	1,280,168,996
	Add: Prepaid reinsurance premium opening	<b>5,453,474,265</b>	2,472,406,314
	Less: Prepaid reinsurance premium closing	<b>4,293,107,539</b>	2,555,796,138
	Reinsurance expense	2,579,642,938	1,196,779,172
		<b>1,764,073,523</b>	<b>1,674,704,967</b>
<b>18</b>	<b>NET INSURANCE CLAIMS</b>		
	Claims paid	<b>516,122,968</b>	1,144,620,800
	Add: Outstanding claims including IBNR closing	<b>8,154,207,023</b>	4,158,802,014
	Less: Outstanding claims including IBNR opening	<b>8,016,598,909</b>	4,175,710,556
	Claims expense	653,731,082	1,127,712,258
	Less: Reinsurance and other recoveries received	<b>-</b>	306,253,723
	Add: Reinsurance and other recoveries in respect of outstanding claims closing	<b>3,936,247,052</b>	987,111,055
	Less: Reinsurance and other recoveries in respect of outstanding claims opening	<b>3,934,364,721</b>	1,351,771,237
	Reinsurance and other recoveries revenue	<b>1,882,331</b>	<b>(58,406,459)</b>
		<b>651,848,751</b>	<b>1,186,118,717</b>
<b>19</b>	<b>NET COMMISSION AND OTHER ACQUISITION COSTS</b>		
	Commission paid or payable	<b>281,515,610</b>	<b>447,578,289</b>
	Add: Deferred commission expense opening	<b>918,544,431</b>	<b>565,597,977</b>
	Less: Deferred commission expense closing	<b>719,055,375</b>	<b>657,659,818</b>
	Net commission	<b>481,004,666</b>	<b>355,516,448</b>
	Less: Commission received or recoverable	<b>98,625,562</b>	<b>58,561,001</b>
	Add: Unearned reinsurance commission opening	<b>452,020,316</b>	<b>74,957,159</b>
	Less: Unearned reinsurance commission closing	<b>343,736,996</b>	<b>76,623,569</b>
	Commission from reinsurers	<b>206,908,882</b>	<b>56,894,591</b>
		<b>274,095,784</b>	<b>298,621,857</b>

## 20 OTHER INCOME

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	Rupees	Rupees
Return on Deposits	-	-
Miscellaneous income	27,360	299,003
Exchange gain	5,712,474	60,300,467
	<u>5,739,834</u>	<u>60,599,470</u>

## 21 TAXATION

	<u>March Qtr 2020</u>	<u>March Qtr 2019</u>
	----- Rupees -----	
For the quarter		
Current	339,305,623	87,818,120

The Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notices under section 161/205 of the Income Tax Ordinance, 2001 for the Tax Years 2012, 2014, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies. The tax demand against these show causes notices amounts to Rs. 148,318,431, Rs. 260,214,169 Rs. 55,305,922 and Rs. 182,669,756, respectively.

The Company filed appeals against the orders pertaining to Tax Years 2014, 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 by ATIR for Tax Year 2012 and 2015 under section 161/205 amounting to Rs. 148,318,431 and Rs. 15,764,077 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.

The Assistant Commissioner of Inland Revenue (ACIR) has also issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 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 Tax Year 2016 and onwards.

The tax demand against these show causes notices amounts to Rs. 217,443,078, Rs. 622,813,927 Rs. 159,499,231, Rs. 508,263,856, Rs. 320,013,363, Rs. 191,405,099, Rs. 542,653,335, Rs. 515,794,286, Rs. 28,080,000 Rs. 776,220462, Rs. 655,869,725 and Rs. 799,153,338 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 against CIRA order before ATIR. ATIR decided issues in favor of Company and appeal effect given thereon. Company filed appeal before CIRA against additional demand of tax liability of Rs.799,153,388 for the tax year 2018. CIRA deleted demand created under various issues for which Department filed appeal before ATIR. However, CIRA upheld the order of ACIR on Commission expenses regarding non-withholding of income tax under section 233 of ITO against which Company filed appeal before ATIR which is still pending for hearing.

Out of above orders, in tax year 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 certain issues have been decided in favor of the Company by CIRA and deleted tax liability in aggregate amounting to Rs. 3,596,069,873. Pursuant to these orders, the Company filed appeal effect/refund applications to FBR (department), this resulted in reduction in tax liability for Tax Years 2010 and 2016 amounting to Rs. 82,409,843, Rs. 224,242,362 and refund created in favor of Company for the tax years 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 through other comprehensive income).

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 year the Company paid an amount of Rs. 100 million under protest.

FBR issued demand order for the tax year 2019 creating additional tax liability amounting to

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

22.1 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 March 31, 2020.

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 March 31, 2020		(Restated) As at Dec. 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----		-----Rupees-----	
<b>Financial Assets</b>				
Investment property	26,511,362	1,192,420,000	26,849,593	1,192,420,000
Investments				
<b>Equity securities</b>				
<b>Held for trading</b>				
Ordinary shares - listed	118,178,512	118,178,512	96,225,968	96,225,968
<b>Available for sale</b>				
Ordinary shares - listed	1,399,645,190	1,399,645,190	2,307,404,138	2,307,404,138
Mutual fund units	1,117,270,627	1,117,270,627	1,461,497,488	1,461,497,488
Ordinary shares - unlisted	617,613	617,613	617,613	617,613
<b>Debt securities</b>				
Pakistan Investment Bonds	2,580,004,308	2,580,004,308	2,531,178,263	2,531,178,263
Treasury Bills	4,816,374,959	4,816,374,959	4,445,556,500	4,445,556,500
T.F.C/	99,960,000	99,960,000	99,960,000	99,960,000
<b>Term deposits</b>				
Loans and other receivables	2,819,923,690	2,819,923,690	2,865,239,725	2,865,239,725
Insurance / Reinsurance receivables	9,466,209,266	9,466,209,266	9,775,513,552	9,775,513,552
Reinsurance recoveries against outstanding	3,936,247,052	3,936,247,052	3,934,364,721	3,934,364,721
Deferred Commission Expense / Acquisitio	719,055,375	719,055,375	918,544,431	918,544,431
Cash and Bank	511,858,176	511,858,176	815,678,747	815,678,747
<b>Financial Liabilities</b>				
Outstanding claims including IBNR	8,149,255,023	8,149,255,023	8,011,646,909	8,011,646,909
Unearned premium reserves	6,791,304,063	6,791,304,063	8,451,658,849	8,451,658,849
Unearned Reinsurance Commission	343,736,996	343,736,996	452,020,316	452,020,316
Retirement benefit obligations	2,951,784,337	2,951,784,337	2,998,194,096	2,998,194,096
Insurance / Reinsurance Payables	4,781,113,409	4,781,113,409	5,511,514,237	5,511,514,237
Other Creditors and Accruals	183,194,106	183,194,106	185,693,367	185,693,367



## 22.2 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 March 31, 2020	Level 1	Level 2	Level 3
-----Rupees-----				
<b>Financial assets measured at fair value</b>				
<b>Investments at fair value through profit or loss - held for trading</b>				
Ordinary shares - listed	118,178,512	118,178,512	-	-
<b>Investments at fair value- available for sale</b>				
Ordinary shares - listed	1,399,645,190	1,399,645,190	-	-
Mutual fund units	1,117,270,627	1,117,270,627	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
<b>Investments- held to maturity</b>				
Pakistan Investment Bonds	2,580,004,308	-	2,580,004,308	-
Treasury Bills	4,816,374,959	-	4,816,374,959	-
	<b>As at Dec. 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
-----Rupees-----				
<b>Financial assets measured at fair value</b>				
<b>Investments at fair value through profit or loss - held for trading</b>				
Ordinary shares - listed	96,225,968	96,225,968	-	-
<b>Investments at fair value - available for sale</b>				
Ordinary shares - listed	2,307,404,138	2,307,404,138	-	-
Mutual fund units	1,461,497,488	1,461,497,488	-	-
Ordinary shares - unlisted	617,613	617,613	-	-
<b>Investments- held to maturity</b>				
Pakistan Investment Bonds	2,531,178,263	-	2,531,178,263	-
Treasury Bills	4,445,556,500	-	4,445,556,500	-

## 22.3 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

## 22.4 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.

**Pakistan Reinsurance Company Limited**  
**Notes to the Financial Statements**  
**For the period ended March 31, 2020**

**23 SEGMENT REPORTING**

Segment Current Year	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
	-----31 March 2020-----							
	-----Rupees-----							
Gross written premium	570,271,205	5,739,233	(286,644)	37,374,457	18,447,536	1,000,515,393	1,051,300,495	2,683,361,675
Unearned-Opening	563,735,480	6,552,853	118,792,816	56,340,140	2,980,344,955	2,670,711,570	2,055,181,035	8,451,658,849
Unearned-Closing	703,037,006	6,796,116	9,265,208	54,085,476	2,214,389,400	1,853,464,345	1,950,266,512	6,791,304,063
<b>Premium Earned</b>	<b>430,969,679</b>	<b>5,495,970</b>	<b>109,240,964</b>	<b>39,629,121</b>	<b>784,403,091</b>	<b>1,817,762,618</b>	<b>1,156,215,018</b>	<b>4,343,716,461</b>
Reinsurance-Ceded	485,847,437	-	(5,633,021)	-	28,541,269	903,929,615	6,590,912	1,419,276,212
Prepaid Reinsurance-Opening	20,949,844	-	79,508,541	3,272,048	2,501,613,136	2,453,680,257	394,450,439	5,453,474,265
Prepaid Reinsurance-Closing	376,524,361	-	3,535,698	1,636,024	1,879,625,358	1,794,137,773	237,648,325	4,293,107,539
<b>Reinsurance Expenses</b>	<b>130,272,920</b>	<b>-</b>	<b>70,339,822</b>	<b>1,636,024</b>	<b>650,529,047</b>	<b>1,563,472,099</b>	<b>163,393,026</b>	<b>2,579,642,938</b>
Net insurance premium	300,696,759	5,495,970	38,901,142	37,993,097	133,874,044	254,290,519	992,821,992	1,764,073,523
Commission income	7,305,586	-	9,340,481	163,603	64,851,675	125,083,800	163,737	206,908,882
<b>Net underwriting income</b>	<b>308,002,345</b>	<b>5,495,970</b>	<b>48,241,623</b>	<b>38,156,700</b>	<b>198,725,719</b>	<b>379,374,319</b>	<b>992,985,729</b>	<b>1,970,982,405</b>
Insurance claims paid	64,628,680	361,103	8,271	680,794	-	480,242	449,963,878	516,122,968
Outstanding-opening	1,317,826,301	105,809,839	62,691,477	305,059,745	1,413,414,449	2,622,625,776	2,189,171,322	8,016,598,909
Outstanding-closing	1,314,758,964	109,105,400	74,489,173	312,257,944	1,416,859,783	2,709,766,952	2,216,968,807	8,154,207,023
<b>Insurance claims expenses</b>	<b>61,561,343</b>	<b>3,656,664</b>	<b>11,805,967</b>	<b>7,878,993</b>	<b>3,445,334</b>	<b>87,621,418</b>	<b>477,761,363</b>	<b>653,731,082</b>
Reinsurance Recoveries Received	-	-	-	-	-	-	-	-
Recovery-opening	206,495,743	39,267,000	23,402,252	612,403	1,242,590,061	2,254,192,711	167,804,551	3,934,364,721
Recovery-closing	206,495,743	39,267,000	23,402,252	612,403	1,244,472,392	2,254,192,711	167,804,551	3,936,247,052
<b>Insurance claims recovered from reinsurers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,882,331</b>	<b>-</b>	<b>-</b>	<b>1,882,331</b>
Net claims	61,561,343	3,656,664	11,805,967	7,878,993	1,563,003	87,621,418	477,761,363	651,848,751
Commission expense	51,209,079	502,006	9,647,862	3,557,783	39,024,819	101,206,383	275,856,734	481,004,666
Mangement expense	18,848,199	344,497	2,438,392	2,381,474	8,391,459	15,939,374	62,231,819	110,575,214
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	131,618,621	4,503,167	23,892,221	13,818,250	48,979,281	204,767,175	815,849,916	1,243,428,631
<b>Underwriting results</b>	<b>176,383,724</b>	<b>992,803</b>	<b>24,349,402</b>	<b>24,338,450</b>	<b>149,746,438</b>	<b>174,607,144</b>	<b>177,135,813</b>	<b>727,553,774</b>
Net investment income								236,655,013
Rental income								20,384,996
General and Admin expenses								(238,911)
Other expenses (Emp. Laon)								-
Other income								5,739,834
<b>Profit before tax</b>								<b>990,094,706</b>
Segment Assets	308,002,345	5,495,970	48,241,623	38,156,700	198,725,719	379,374,319	992,985,729	1,970,982,405
Unallocated Assets								30,866,122,515
								<b>32,837,104,920</b>
Segment Liabilites	131,618,621	4,503,167	23,892,221	13,818,250	48,979,281	204,767,175	815,849,916	1,243,428,631
Unallocated Liabilitied								22,299,674,131
								<b>23,543,102,762</b>



**24 Transaction with related parties are summarised as follows:**

<b>Nature of Nature of transaction</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	----- (Rupees) -----	
Common d Dividend Income Group Company	27,720,000.00	23,760,000.00
Insurance claims paid	-	315,773,240
Insurance commission paid	45,262,417	18,914,343
Premium due but unpaid	5,372,210,471	2,277,212,869
Insurance premium written during period	1,001,638,335	778,439,551
Premium received	(1,911,820,700)	(549,394,706)
	<b>4,462,028,106</b>	<b>2,506,257,714</b>

**25 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:

	<u>Three Months ended</u> <b>2020</b>	<u>Three Months ended</u> <b>2019</b>
Profit after tax for the period (Rupees)	<u>680,889,962</u>	<u>199,907,626</u>
Weighted average number of ordinary shares	<u>300,000,000</u>	<u>300,000,000</u>
Earning per share - basic (Rupees)	<u>2.27</u>	<u>0.67</u>

No diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

**26 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December, 31 2019.

**27 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue on 21 May,2020 by the Board of Directors of the Company.

**28 GENERAL**

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

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Condensed Interim Statement Of Financial Position**  
**As at March 31, 2020**

	Note	December 31, 2019 (Un-audited)			Audited December 31, 2019 Aggregate
		Operator's Fund	Participants Retakaful Fund	Aggregate	
-----Rupees-----					
<b>Assets</b>					
Takaful/retakaful receivables		-	235,086,915	235,086,915	117,396,079
Other Receivable		-	18,099,143	18,099,143	73,559,476
Receivable from Participant Retakaful Fund		-	-	-	50,971,247
Qard-e-Hasna to Participant Retakaful Fund		-	-	-	29,402,228.00
Taxation - payments less provision		-	452,799	452,799	747,819
Deferred commission expense / acquisition cost		53,089,758	-	53,089,758	34,719,365
Prepayment		-	29,476,656	29,476,656	20,300,625
Investments		16,570,217	81,195,940	97,766,157	95,058,180
Bank balances	8	272,963,928	30,667,274	303,631,202	284,774,917
<b>Total Assets</b>		<b>342,623,903</b>	<b>394,978,727</b>	<b>737,602,630</b>	<b>706,929,936</b>
<b>Funds &amp; Liabilities</b>					
<b>Funds attributable to:</b>					
<b>Participants' Fund</b>					
Ceded money		-	1,000,000	1,000,000	1,000,000
Accumulated (deficit)/surplus		-	4,116,596	4,116,596	(20,822,541)
Qard-e-Hasna from Operator's Fund		-	-	-	29,402,228
<b>Operator's Fund</b>					
Statutory fund		300,000,000	-	300,000,000	300,000,000
Unappropriated profit		17,002,641	-	17,002,641	9,811,926
<b>Total Funds</b>		<b>317,002,641</b>	<b>5,116,596</b>	<b>322,119,237</b>	<b>319,391,613</b>
<b>Liabilities:</b>					
<b>Underwriting provisions</b>					
Outstanding claims		-	112,646,017	112,646,017	64,967,426
Unearned contribution reserves		-	277,201,514	277,201,514	192,193,746
Payable to Operator's Fund		-	-	-	50,971,247
Payable to Participant Retakaful		18,099,143	-	18,099,143	73,559,476
Provision for taxation		5,288,217	-	5,288,217	3,679,706
Other creditors and accruals	9	2,233,902	14,600	2,248,502	2,166,722
<b>Total liabilities</b>		<b>25,621,262</b>	<b>389,862,131</b>	<b>415,483,393</b>	<b>387,538,323</b>
<b>Total Equity and Liabilities</b>		<b>342,623,903</b>	<b>394,978,727</b>	<b>737,602,630</b>	<b>706,929,936</b>
<b>Contingencies and Commitments</b> 10					
-					

The annexed notes 1 to 19 form an integral part of the condensed interim financial statement.

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Condensed Interim Statement Of Comprehensive Income (Un-Audited)**  
**For the Three months period ended March 31, 2020**

	Note	Three Months Ended	
		March 31, 2020	March 31, 2019
<b>Participants' retakaful fund</b>			
<b>Revenue account</b>			
Net retakaful contribution	11	111,875,973	14,355,567
Wakala expense	12	(29,108,916)	(7,014,843)
Net retakaful benefits	13	(45,744,759)	(8,161,652)
<b>Underwriting result</b>		<b>37,022,298</b>	<b>(820,928)</b>
Profit on bank deposit		512,434	8,215
Dividend Income		903,746	(2,054)
Modarib's shares		(354,045)	-
		<b>1,062,135</b>	<b>6,161</b>
Deficit/Surplus for the period		<b>38,084,433</b>	<b>(814,767)</b>
<b>Operator's fund</b>			
<b>Revenue account</b>			
Wakala fee	12	29,108,916	7,014,843
Management expenses		(830,335)	(471,099)
Commission expense		(23,282,861)	(2,481,094)
		<b>4,995,720</b>	<b>4,062,650</b>
Modarib's share of participants' retakaful		354,045	2054
Dividend Income		118,730	-
Profit on bank deposit		5,122,563	376,785
<b>Profit before taxation</b>		<b>10,591,058</b>	<b>4,441,489</b>
Taxation	14	(3,389,139)	(30,517)
<b>Profit after taxation</b>		<b>7,201,919</b>	<b>4,410,972</b>

The annexed notes 1 to 19 form an integral part of the condensed interim financial statement.

Chief Financial Officer

Chief Executive Director

Chairman

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement of Cash Flows (Un-Audited)

For the period ended March 31, 2020

	March 31, 2020 (Un-audited)			Audited December 31, 2019 Aggregate
	Operator's Fund	Participants Retakaful Fund	Aggregate	
-----Rupees-----				
<b>Operating Cash Flows</b>				
<b>Underwriting activities</b>				
Premium received	-	93,877,436	93,877,436	29,321,787
Reinsurance premium paid	-	(23,860,562)	(23,860,562)	(32,287,500)
Claims paid	-	(12,727,667)	(12,727,667)	(19,003,601)
Reinsurance and other recoveries received	-	-	-	-
Commission paid	-	(41,653,254)	(41,653,254)	-
<b>Net cash flows generated from underwriting activities</b>	<b>-</b>	<b>15,635,953</b>	<b>15,635,953</b>	<b>(21,969,314)</b>
<b>Other Operating Activities</b>				
Income tax paid	(1,505,895)	(152,944)	(1,658,839)	(38,498)
General management expenses paid	(830,335)	-	(830,335)	(471,099)
Other operating (payments) / receipts	12,549,633	(13,497,600)	(947,967)	45,000
<b>Net cash used in other operating activities</b>	<b>10,213,403</b>	<b>(13,650,544)</b>	<b>(3,437,141)</b>	<b>(464,597)</b>
<b>Total cash flow generated from all operating activities</b>	<b>10,213,403</b>	<b>1,985,409</b>	<b>12,198,812</b>	<b>(22,433,911)</b>
<b>Investment activities</b>				
Acquisition of investments	-	-	-	-
Interest income on bank deposits	5,122,563	512,434	5,634,997	385,000
Investment income received	118,730	903,746	1,022,476	-
Statutory fund	-	-	-	-
<b>Total cash used in investing activities</b>	<b>5,241,293</b>	<b>1,416,180</b>	<b>6,657,473</b>	<b>385,000</b>
<b>Financing activities</b>				
<b>Total cash generated used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from all activities</b>	<b>15,454,696</b>	<b>3,401,589</b>	<b>18,856,285</b>	<b>(22,048,911)</b>
<b>Cash at beginning of the period</b>	<b>257,509,232</b>	<b>27,265,685</b>	<b>284,774,917</b>	<b>51,258,000</b>
<b>Cash at end of the period</b>	<b>272,963,928</b>	<b>30,667,274</b>	<b>303,631,202</b>	<b>29,209,089</b>
-- --				
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	10,213,403	1,985,409	12,198,812	(22,433,911)
Profit	5,241,293	1,416,180	6,657,473	346,502
Increase in operating assets other than cash	(62,003,082)	145,118,954	83,115,872	152,498,182
Decrease/(increase) in operating liabilities	57,139,445	(110,436,110)	(53,296,665)	(126,822,549)
	10,591,059	38,084,433	48,675,492	3,588,224
<b>Other adjustments:</b>				
Participants' retakaful fund	-	-	-	-
Income tax paid	(3,389,139)	-	(3,389,139)	38,498
Other charges	-	-	-	-
Deferred liability - employee benefits paid	-	-	-	-
	(3,389,139)	-	(3,389,139)	38,498
<b>Total profit/(deficit) for the period</b>	<b>7,201,920</b>	<b>38,084,433</b>	<b>45,286,353</b>	<b>3,626,722</b>
	<b>7,201,920</b>	<b>38,084,433</b>	<b>45,286,353</b>	<b>3,626,722</b>

The annexed notes 1 to 19 form an integral part of the condensed interim financial statement.

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement of Changes in Funds (Un-Audited)

For the period ended March 31, 2020

	Operator's Fund			Total
	Statutory Fund	OCI	Accumulated Surplus	
	-----Rupees-----			
Balance as at January 01, 2020	300,000,000	192,662	9,319,339	309,512,001
Total Comprehensive income for the period	-	-	7,201,919	7,201,919
OCI	-	288,721	-	288,721
<b>Balance as at March 31, 2020</b>	<b>300,000,000</b>	<b>481,383</b>	<b>16,521,258</b>	<b>317,002,641</b>

	Participants' Retakaful Fund			Total
	Cede Money	OCI	Accumulated Surplus/ Deficit	
	-----Rupees-----			
Balance as at January 01, 2020	1,000,000	1,020,623	(36,504,663)	(34,484,040)
Total Comprehensive income for the period	-	-	38,084,433	38,084,433
OCI	-	1,516,203	-	1,516,203
<b>Balance as at March 31, 2020</b>	<b>1,000,000</b>	<b>2,536,826</b>	<b>1,579,770</b>	<b>5,116,596</b>

The annexed notes 1 to 19 form an integral part of the condensed interim financial statement.

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman



**1 STATUS AND NATURE OF BUSINESS**

- 1.1 Pakistan Reinsurance Company Limited (the Operator) has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund ) on September 26, 2018 under the Waqf Deed with a Cede money of Rs. 1,000,000.
- 1.2 The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

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

**3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

- 3.1 These condensed interim financial information has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012, have been followed.

- 3.2 These condensed interim financial information do not include all the information required in the full annual financial statements. Accordingly, these condensed interim financial information should be read in conjunction with annual financial statements of the Company as at and for the year ended December 31, 2018.

- 3.3 These condensed interim financial information have been presented in Pakistani Rupees, which is also the functional currency of the Operator.

**4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

There are certain adoptions, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's condensed interim financial statements in the period of initial application.

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the 3 months period ended March 31, 2020**

**5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these condensed interim financial statement are in line with the audited annual accounts for the year ended December 31, 2019.

**6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 annual 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, 2019.

**8 CASH AND BANK BALANCES**

	December 31, 2019 (Un-audited)			Audited
	Operator's Fund	Participants Retakaful Fund	Aggregate	December 31, 2019 Aggregate
	-----Rupees-----			
Cash at bank				
- Saving accounts	272,963,928	30,667,274	303,631,202	284,774,917

**9 OTHER CREDITORS AND ACCRUALS**

Salaries payable	150,000	-	150,000	150,000
Income tax deducted at source	81,612	14,600	96,212	65,400
Sindh sales tax payable			-	800
Other payable	1,875,790		1,875,790	1,100
Audit fee payable	126,500	-	126,500	250,000
	<u>2,233,902</u>	<u>14,600</u>	<u>2,248,502</u>	<u>467,300</u>

**10 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at period end.

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the 3 months period ended March 31, 2020**

**11 NET RETAKAFUL CONTRIBUTION**

	<b>Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Written gross contribution	211,568,272	92,823,981
Add: Unearned contribution reserve opening	192,193,748	-
Less: Unearned contribution reserve closing	277,201,516	62,324,664
Contribution earned	<u>126,560,504</u>	<u>30,499,317</u>
Less: Retakaful contribution ceded	23,860,562	32,287,500
Add: Prepaid retakaful contribution opening	20,300,625	-
Less: Prepaid retakaful contribution closing	29,476,656	16,143,750
Retakaful expense	<u>14,684,531</u>	<u>16,143,750</u>
	<u><u>111,875,973</u></u>	<u><u>14,355,567</u></u>

**12 WAKALA FEE/EXPENSE**

Gross wakala fee	48,660,703	21,349,516
Add: Unearned Wakala Fee opening	44,204,562	-
Less: Unearned Wakala Fee closing	63,756,349	14,334,673
	<u>29,108,916</u>	<u>7,014,843</u>

**13 NET RETAKAFUL BENEFITS**

Benefits paid	12,727,667	(4,045,892)
Add: Outstanding claims closing	112,646,017	12,207,544
Less: Outstanding claims opening	79,628,925	-
Benefits expense	<u>45,744,759</u>	<u>8,161,652</u>
Less: Retakaful and other recoveries received	-	-
Add: Retakaful and other recoveries in respect of outstanding claims closing	-	-
Less: Retakaful and other recoveries in respect of outstanding claims opening	-	-
Retakaful and other recoveries revenue	-	-
	<u>45,744,759</u>	<u>8,161,652</u>

**14 TAXATION**

The current tax charged for the period is Rs. 3,389,139 at the tax rate of 29% and the same has been recorded in these condensed interim financial statements hence no tax reconciliation has been made.

**Pakistan Reinsurance Company Limited**  
**Notes to the Financial Statements**  
**For the period ended March 31, 2020**

**15 SEGMENT REPORTING**

**PARTICIPANTS RETAKAFUL FUND**

Segment Current Year	Fire and property damage	Marine	Accident	Treaty	TOTAL
	Rupees				
Gross written Contribution	1,246,779	-	3,237,450	207,084,043	211,568,272
Unearned-Opening	14,708,070	165,628	3,416,224	173,903,826	192,193,748
Unearned-Closing	8,088,011	100,672	2,225,103	266,787,730	277,201,516
<b>Contribution Earned</b>	<b>7,866,838</b>	<b>64,956</b>	<b>4,428,571</b>	<b>114,200,139</b>	<b>126,560,504</b>
Retakaful-Ceded	-	-	-	23,860,562	23,860,562
Prepaid Retakaful-Opening	-	-	-	20,300,625	20,300,625
Prepaid Retakaful-Closing	-	-	-	29,476,656	29,476,656
<b>Retakaful Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,684,531</b>	<b>14,684,531</b>
Net insurance Contribution	7,866,838	64,956	4,428,571	99,515,608	111,875,973
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>7,866,838</b>	<b>64,956</b>	<b>4,428,571</b>	<b>99,515,608</b>	<b>111,875,973</b>
Insurance claims paid	-	-	-	12,727,667	12,727,667
Outstanding-opening	3,005,450	22,787	1,598,713	75,001,975	79,628,925
Outstanding-closing	14,822,978	92,115	3,001,025	94,729,899	112,646,017
<b>Insurance claims expenses</b>	<b>11,817,528</b>	<b>69,328</b>	<b>1,402,312</b>	<b>32,455,591</b>	<b>45,744,759</b>
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	-	-
Recovery-closing	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	11,817,528	69,328	1,402,312	32,455,591	45,744,759
Wakala Fee	1,809,373	14,940	1,018,571	26,266,032	29,108,916
Mangement expense	-	-	-	-	-
Preium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	13,626,901	84,268	2,420,883	58,721,623	74,853,675
<b>Underwriting results</b>	<b>(5,760,063)</b>	<b>(19,312)</b>	<b>2,007,688</b>	<b>40,793,985</b>	<b>37,022,298</b>
Profit on bank deposits					512,434
Modarib Fee					(354,045)
<b>Profit before tax</b>					<b>37,180,687</b>
Segment Assets	14,822,978	92,115	3,001,025	124,206,555	142,122,673
Unallocated Assets					252,856,054
					<u>394,978,727</u>
Segment Liabilites	24,771,232	215,942	5,737,902	422,878,807	453,603,883
Unallocated Liabilitied					2,673,287
					<u>456,277,170</u>

**OPERATORS FUND**

Segment Current Year	Fire and property damage	Marine	Accident	Treaty	TOTAL
	Rupees				
Wakala Fee	1,809,373	14,940	1,018,571	26,266,032	29,108,916
Commission	(948,619)	(6,968)	(328,126)	(21,999,148)	(23,282,861)
Management Expenses	(51,567)	(426)	(29,029)	(748,582)	(829,604)
<b>Segment Results</b>	<b>809,187</b>	<b>7,546</b>	<b>661,416</b>	<b>3,518,302</b>	<b>4,996,451</b>
Profit on bank deposits					5,122,563
Modarib Fee					354,045
<b>Profit before tax</b>					<b>10,473,059</b>
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					333,095,962
					<u>342,623,903</u>
Segment Liabilites	1,860,243	23,155	511,774	61,361,178	63,756,350
Unallocated Liabilitied					(61,522,448)
					<u>2,233,902</u>

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS  
Notes To The Condensed Interim Financial statement (Un-Audited)  
For the period ended March 31, 2019

15 SEGMENT REPORTING

PARTICIPANTS' RETAKAFUL FUND

	Three months ended March 31, 2019 (Un-Audited)				
	Fire and property damage	Marine	Accident	Treaty	TOTAL
	-----Rupees-----				
Gross written contribution	2,568,472	-	3,300,000	86,955,509	92,823,981
Unearned contribution-Opening	-	-	-	-	-
Unearned contribution-Closing	2,110,691	-	2,105,045	58,108,928	62,324,664
<b>Contribution earned</b>	<b>457,781</b>	<b>-</b>	<b>1,194,955</b>	<b>28,846,581</b>	<b>30,499,317</b>
Retakaful-Ceded	-	-	-	32,287,500	32,287,500
Prepaid retakaful-Opening	-	-	-	-	-
Prepaid retakaful-Closing	-	-	-	16,143,750	16,143,750
<b>Retakaful expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,143,750</b>	<b>16,143,750</b>
Net contribution	457,781	-	1,194,955	12,702,831	14,355,567
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>457,781</b>	<b>-</b>	<b>1,194,955</b>	<b>12,702,831</b>	<b>14,355,567</b>
Benefits paid	-	-	-	(4,045,892)	(4,045,892)
Outstanding claims-Opening	-	-	-	-	-
Outstanding claims-Closing	-	-	-	12,207,544	12,207,544
<b>Benefits expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,161,652</b>	<b>8,161,652</b>
Retakaful recoveries received	-	-	-	-	-
Recovery-Opening	-	-	-	-	-
Recovery-Closing	-	-	-	-	-
Benefits recovered from retro takaful	-	-	-	-	-
Net benefits	-	-	-	8,161,652	8,161,652
Wakala fee	105,290	-	274,840	6,634,714	7,014,843
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	-
Net benefits and expenses	105,290	-	274,840	14,796,366	15,176,495
<b>Underwriting results</b>	<b>352,491</b>	<b>-</b>	<b>920,115</b>	<b>(2,093,535)</b>	<b>(820,928)</b>
Profit on bank deposits	-	-	-	-	8,215
Modarib Fee	-	-	-	-	(2,054)
<b>Profit before tax</b>					<b>(814,767)</b>
Segment Assets	-	-	-	28,351,294	28,351,294
Unallocated Assets					74,991,450
					<b>103,342,744</b>
Segment Liabilities	2,596,150	-	2,589,205	83,681,525	88,866,880
Unallocated Liabilities					14,290,487
					<b>103,157,367</b>

**PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the period ended March 31, 2019**

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**16 FAIR VALUE MEASUREMENT**

There are no assets or liabilities which have been carried at fair value. Retakaful operations have not disclosed fair value of any assets and liabilities because their carrying amounts are a reasonable approximation of fair value.

**17 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of Pakistan Reinsurance Company Limited, associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes

No transactions with related party occurred during the period.

**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **May 21, 2020** by the Board of Directors of the Operator.

**19 GENERAL**

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**Director**

**Chairman**