



Pakistan Reinsurance Company Limited



**Condensed Interim Financial Statements  
For the Half Year ended June 30, 2019  
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 and 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.*
- ❖ *To prepare employees to meet the challenges of 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 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. Shakeel Ahmed Mangnejo	CEO / Director	Executive
Mr. Abdul Sami Kehar	Director	Independent
Mr. Mumtaz Ali Rajper	Director	Non-Executive
Mr. Mushtaq Ahmed Mahar	Director	SLIC Nominee
Mr. Musleh-ud-Din	Director	Non-Executive
Dr. Nazim Latif	Director	Ex-Officio

### 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, Joint Secretary (Ins.)	Member
Mr. Mushtaq Ahmed Mahar	Member
Mr. Muhammad Khurshid, CIA	Secretary

#### ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Dr. Nazim Latif, Joint Secretary (Ins.)	Member
Mr. Mushtaq Ahmed Mahar	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shahzad F. Lodhi, ED (HR)	Secretary

#### INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shahab Khawaja	Member
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Jamil Ahmed, CFO	Member
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 / Compliance Officer	Secretary

### **PROCUREMENT COMMITTEE**

Mr. Musleh-ud-Din	Chairman
Dr. Nazim Latif	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**

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
Mrs. Raana Muneer Ahmad	General Manager / Head of Northern Zone
Mr. Zohaib Hasan	General Manager / Head of IT Department

**BANKERS**

National Bank of Pakistan  
Bank Al-Habib Limited  
Sindh Bank Limited

**ZONAL OFFICE**

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

**AUDITOR**

Grant Thornton Anjum Rahman  
Chartered Accountants  
1st & 3rd floor, Modern Motors House  
Beaumont Road  
Karachi  
Tel: (92-21) 35672951-56  
Email: krahman@gtpak.com

**SHARE REGISTRAR**

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

# Directors' Report

## For Six Months Ended June 30, 2019

**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 second quarter ended June 30, 2019.

### **Review of Business Activities**

The gross written premium is Rs. **7,794** million against an amount of Rs. 4,811 million for the corresponding period of last year, showing an increase of Rs. 2,983 million (62.01%). The net premium is Rs. **3,673** million against Rs. 2,645 million, showing an increase of Rs. 1,028 million (38.87%). The net commission (expense) for the period is Rs. **705** million as compared to Rs. 486 million, showing an increase of Rs. 219 million (45.06%). The net claims are Rs. 2,209 million against Rs. 1,455 million, showing an increase of Rs. 754 million (51.82%).

The underwriting results after management expenses for the period under review are Rs. 174 million as compared to Rs. 294 million for the corresponding period last year showing a decrease of Rs. 120 million.

The income from investment, rental and other income for the period under review is recorded as Rs. 829 million, as compared to Rs. 568 million in the corresponding period of last year, showing a increase of Rs. 261 million (45.95%).

The profit before tax for the period under review, is Rs. 998 million, as compared to Rs. 857 million recorded in the corresponding period last year, showing increase of Rs. 141 million (16.45%).

The profit after tax for the period under review is Rs. 689 million, as compared to Rs. 602 million in the corresponding period of last year showing increase of Rs. 86 million (14%) resulting in earning per share of Rs. 2.30 as compared to Rs. 2.01 for the corresponding period of last year.

The Company commenced its Retakaful business with effect from 1st quarter of 2019 and earned profit before tax amounting to Rs. 5 million.



## **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: 29<sup>th</sup> August, 2019**

## ناظمین کی رپورٹ

30 جون 2019 کو اختتام پذیر پہلی ششماہی 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 30 جون 2019 کو ہوا۔

### کاروباری سرگرمیوں کا جائزہ

گذشتہ سال کا اسی مدت کے 4,811 ملین روپے مجموعی تحریری پریمیم کے مقابلے میں اس مدت میں اس کی مالیت 7,794 ملین روپے ہے جو 2,983 ملین (62.01 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ سال کے اسی مدت کے 2,645 ملین روپے خالص پریمیم کے مقابلے میں اس سہ ماہی میں اس کی مالیت 3,673 ملین روپے ہے جو 1,028 ملین (38.87 فیصد) کا اضافہ دکھارہا ہے۔ مذکورہ مدت میں 705 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 486 ملین روپے ہے جو 219 ملین (45.06 فیصد) کا اضافہ دکھارہا ہے۔ خالص دعوے 1,455 ملین روپے کے مقابلے میں 2,209 ملین روپے رہے جو 754 ملین (51.82 فیصد) کا اضافہ دکھارہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی (underwriting) نتائج 174 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 294 ملین روپے تھی جو 120 ملین کی کمی دکھارہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 829 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 568 ملین روپے تھا جو 261 ملین (45.95 فیصد) کا اضافہ دکھارہا ہے۔

زیر جائزہ مدت میں منافع بعد از محصول 998 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 857 ملین روپے تھا جو 141 ملین روپے (16.45 فیصد) کی اضافہ دکھارہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 689 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 602 ملین روپے تھا جو 86 ملین روپے (14 فیصد) کا اضافہ دکھارہا ہے جس کا نتیجہ گذشتہ سال کے 2.01 منافع فی حصص کے مقابلے میں اس مدت میں یہ 2.30 فی حصص رہا۔

کمپنی نے، 2019 کی پہلی سہ ماہی سے اپنے ری تکافل کاروبار کا آغاز کر دیا ہے اور 5 ملین کا منافع قبل از محصول کمایا۔

### مستقبل کا منظر نامہ

ہم پر امید ہیں کہ کاروباری مسائل اور مسابقت کے ماحول میں تسلسل سے منافع بخشی (profitability) فراہم کریں گے۔

## ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈانٹس (cedants)، ریٹرو سیشنیشنئر (retrocessionnaire)، کاروباری شراکت دار، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی مدد و 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 سراہنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیرمین

کراچی: 29 اگست 2019



# Grant Thornton

An instinct for growth™

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED**

### **GRANT THORNTON ANJUM RAHMAN**

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
[www.gtpak.com](http://www.gtpak.com)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements 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 condensed interim financial statements 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**

- 1) As stated in note 14 to the condensed interim financial statements, Insurance/Reinsurance receivables includes a balance amounting to Rs. 505 million (December 31, 2018: Rs. 376 million) which is subject to confirmation and reconciliation. Consequently, the impact of adjustments, if any, on these condensed interim financial statements is presently not ascertainable.
- 2) No provision on account of IBNR respective to Treaty business has been made in the condensed interim financial statements. In the absence of confirmation from ceding companies, the amount of IBNR remains unascertainable.

### **Qualified conclusion**

Except for the adjustments to the condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### **Emphasis of Matter**

We draw attention to note 13.2 and 20.1.1 to the condensed interim financial statements which provides details regarding receivable and contingency related to Sind Revenue Board amounting to Rs. 2,573 million and Rs. 7,292 million respectively.

Our conclusion is not qualified in respect of this matter.

### **Other Matters**

- 1) The figures for the quarter ended June 30, 2019 and June 30, 2018 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.
- 2) The condensed interim financial statements for the six months period ended June 30, 2018 and the financial statements of the Company for the year ended December 31, 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated August 30, 2018 and audit report dated April 03, 2019 expresses a modified conclusion and modified opinion on the aforementioned condensed interim financial statements and audited financial statements, respectively.

The engagement partner on the review resulting in this independent auditor's review report is **Mr. Muhammad Shaukat Naseeb**.



Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Date: August 29, 2019



**PAKISTAN REINSURANCE COMPANY LIMITED**

Condensed interim financial statements for the six months period ended June 30, 2019

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Financial Position**  
**As at June 30, 2019**


	Note	Unaudited June 30, 2019	Audited December 31, 2018
-----Rupees-----			
<b>ASSETS</b>			
Property and equipment	8	40,935,321	42,756,739
Assets relating to Bangladesh	9	-	-
Investment property	10	27,566,795	28,284,000
Investments			
Equity securities	11	3,564,163,865	4,163,297,396
Debt securities	12	3,974,071,600	4,470,399,038
		7,538,235,465	8,633,696,434
Loans and other receivables	13	2,896,804,138	2,935,562,441
Insurance / Reinsurance receivables	14	7,302,184,473	5,435,766,163
Reinsurance recoveries against outstanding claims		5,290,266,418	1,351,771,237
Deferred commission expense / acquisition cost		654,952,935	565,597,976
Taxation - payments less provision		492,427,848	707,762,550
Prepayments		4,106,433,413	2,476,126,074
Stock of stationery		424,089	517,642
Cash and bank balances	15	3,432,666,211	2,602,483,789
		31,782,897,107	24,780,325,045
Total assets from Window Retakaful Operations - Operator's Fund		54,718,245	50,545,771
<b>TOTAL ASSETS</b>		<b>31,837,615,352</b>	<b>24,830,870,816</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital		3,000,000,000	3,000,000,000
Reserves	16	3,425,157,818	3,763,561,715
Unappropriated profit		3,196,539,996	3,107,927,660
<b>Total shareholders' equity</b>		<b>9,621,697,814</b>	<b>9,871,489,375</b>
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
Outstanding claims including IBNR		8,696,244,010	4,170,758,556
Unearned premium reserves		6,593,121,572	4,990,287,942
Unearned Reinsurance Commission		258,578,617	74,957,159
Retirement benefit obligations		2,701,545,164	2,583,248,954
Deferred taxation	17	180,925,182	368,990,104
Insurance / reinsurance payables	18	3,542,674,590	2,538,418,948
Unclaimed dividend		172,681,374	151,373,107
Other creditors and accruals	19	68,792,452	80,879,371
<b>Total Liabilities</b>		<b>22,214,562,961</b>	<b>14,958,914,141</b>
		31,836,260,775	24,830,403,516
Total liabilities from Window Retakaful Operations - Operator's Fund		1,354,577	467,300
<b>Total Equity and Liabilities</b>		<b>31,837,615,352</b>	<b>24,830,870,816</b>
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. *S. V. M.*

**Chief Financial Officer      Chief Executive Officer      Director      Director      Chairman**

**Pakistan Reinsurance Company Limited**  
**Profit And Loss Account (Un-audited)**  
**For the six months period ended June 30, 2019**

	Note	Six months period ended		Three months period ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		-----Rupees-----			
Net insurance premium	21	3,673,468,721	2,644,833,785	1,998,763,754	1,114,378,417
Net Insurance claims	22	2,209,411,439	1,455,435,454	998,252,195	447,242,437
Net Commission and other acquisition costs	23	704,545,020	485,904,537	405,923,163	216,721,215
Insurance claims and acquisition expenses		2,913,956,459	1,941,339,991	1,404,175,358	663,963,652
Management expenses		585,918,563	409,595,164	378,109,967	265,521,503
Underwriting results		173,593,699	293,898,630	216,478,429	184,893,262
Investment income	24	264,502,116	382,412,930	102,531,288	144,873,392
Rental income	25	33,406,902	29,808,583	16,145,434	15,475,464
Other income		532,231,458	155,632,086	396,105,867	146,112,675
Other expenses		(5,491,974)	(4,503,426)	(19,475,116)	(19,204,668)
Results of operating activities		998,242,201	857,248,803	711,785,902	472,150,125
Profit from Window Retakaful Operations		4,562,774	-	246,286	-
<b>Profit before tax</b>		<b>1,002,804,975</b>	<b>857,248,803</b>	<b>712,032,188</b>	<b>472,150,125</b>
Income tax expense	26	(314,192,640)	(255,125,858)	(221,451,701)	(143,715,885)
<b>Profit after tax</b>		<b>688,612,335</b>	<b>602,122,945</b>	<b>490,580,486</b>	<b>328,434,240</b>
Earnings per share - Rupees	30	2.30	2.01	1.64	1.09

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. 

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement Of Total Comprehensive Income (Un-audited)**  
**For the six months period ended June 30, 2019**

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
	-----Rupees-----			
<b>Profit for the Period</b>	<b>688,612,335</b>	<b>602,122,945</b>	<b>490,580,486</b>	<b>328,434,240</b>
<b>Other comprehensive (loss) / income</b>				
Items that may not be reclassified to profit and loss account subsequently				
- unrealized gain/(loss) on available for sale of investment - Net of deferred tax	(338,403,897)	560,937,180	(212,648,617)	63,414,261
Transfer to profit and loss account on disposal of available for sale investments	-	(105,704,365)	-	-
<b>Other comprehensive (loss)/ income for the period</b>	<b>(338,403,897)</b>	<b>455,232,815</b>	<b>(212,648,617)</b>	<b>63,414,261</b>
<b>Total comprehensive income for the period</b>	<b>350,208,438</b>	<b>1,057,355,760</b>	<b>277,931,869</b>	<b>391,848,501</b>

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. *S.M.*

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**Director**

**Chairman**



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
**For the six months period ended June 30, 2019**

Issued and subscribed capital	Capital reserve	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Retained earnings	Total shareholders' equity

Balance as at January 01, 2018 (Audited) 3,000,000,000 281,000,000 3,099,175,838 1,777,419,085 2,957,871,048 11,115,465,971

Total comprehensive income for the period

-	-	-	455,232,815	-	603,610,797	603,610,797
-	-	-	455,232,815	-	-	455,232,815

Profit for the period

Unrealised gain on available for sale investment

Transactions with owners

Final cash dividend 2017: Rs.3.50 @ 35% (2016: Rs.3.00 @30%) per share

Balance as at June 30, 2018 (Un-audited) 3,000,000,000 281,000,000 3,554,408,653 1,777,419,085 2,511,481,845 11,124,309,583

Balance as at January 01, 2019 (Audited) 3,000,000,000 281,000,000 1,705,142,630 1,777,419,085 3,107,927,661 9,871,489,376

Total Comprehensive income for the period ended June 30, 2019

Recmeasurement loss on Available For Sales securities

Recmeasurement of defined benefit obligations - net

Transactions with owners

Final cash dividend 2018: Rs.2.00 @ 20% (2017: Rs.3.50 @35%) per share

Balance as at June 30, 2019 (Un-audited) 3,000,000,000 281,000,000 1,366,738,733 1,777,419,085 3,196,539,996 9,621,697,814


The annexed notes 1 to 33 form an integral part of this condensed interim financial information.

Chief Financial Officer    Chief Executive Officer    Director    Director    Chairman



**Pakistan Reinsurance Company Limited**  
**Condensed Interim Cash Flows Statement**  
**For the six months period ended June 30, 2019**

	Six months period ended	
	June 30, 2019	June 30, 2018
-----Rupees-----		
<b>Operating Cash Flows:</b>		
Underwriting activities		
Premium received	5,927,754,125	4,529,766,891
Reinsurance premium paid	(2,614,196,134)	(2,814,673,712)
Claims paid	(2,078,562,763)	(1,239,246,273)
Reinsurance and other recoveries received	456,141,596	222,213,940
Commission paid	(904,173,568)	(623,549,983)
Commission received	293,895,048	200,987,985
Management expenses paid	(599,594,323)	(291,944,725)
Net cash flows generated from underwriting activities	481,263,981	(16,445,877)
<b>Other Operating Activities</b>		
Income tax paid	(155,321,345)	(509,844,747)
Repayment of advances to employees	10,579,231	5,440,820
Other operating receipts	130,649,335	114,819,019
Net cash used in other operating activities	(14,092,779)	(389,584,908)
<b>Total cash flow generated from / (used in) all operating activities</b>	<b>467,171,202</b>	<b>(406,030,785)</b>
<b>Investment activities</b>		
Fixed Capital expenditure	(1,692,393)	(12,825,540)
Sale proceeds of Fixed Assets	327,883	419,596
Acquisition of investments	(4,568,645,935)	(3,287,072,050)
Rental income received - net of expenses	46,852,147	64,449,582
Dividend income received	108,798,807	58,058,993
Interest income on bank deposits	53,962,947	36,750,331
Investment income received - net of expenses	226,281,863	112,761,082
Proceeds from investment	5,075,817,634	3,767,909,588
<b>Total cash generated from investing activities</b>	<b>941,702,953</b>	<b>740,451,582</b>
<b>Financing activities</b>		
Dividend paid	(578,691,733)	(940,969,563)
Total cash generated used in financing activities	(578,691,733)	(940,969,563)
<b>Net cash generated from all activities</b>	<b>830,182,422</b>	<b>(606,548,767)</b>
Cash at beginning of the period	2,602,483,789	2,517,093,774
<b>Cash at end of the period</b>	<b>3,432,666,211</b>	<b>1,910,545,007</b>

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. 

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Cash Flows Statement**  
**For the six months period ended June 30, 2019**

	Six months period ended	
	June 30, 2019	June 30, 2018
	-----Rupees-----	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	467,171,202	(406,030,785)
Depreciation expense	(3,903,133)	(3,463,365)
Exchange gain	531,644,356	151,119,167
Rental income	33,406,902	29,808,583
Reinsurance recoveries against outstanding claims	3,938,495,181	978,842,285
Provision for outstanding claims	(4,525,485,453)	(1,417,245,407)
Provision for unearned premium	(1,602,833,634)	(405,325,363)
Prepaid reinsurance	1,632,226,052	334,924,123
Provision for employee benefits	(118,296,210)	(15,840,983)
Dividend income	108,798,807	54,591,605
Investment income	(123,883,888)	184,954,322
Interest income	278,699,216	36,784,809
Amortization of (premium)/discount on investment	(3,241,484)	4,912,399
Gain on sale of investment	4,129,465	102,657,647
Increase in operating assets other than cash	1,827,660,007	208,616,381
Decrease/(Increase) in operating liabilities	(1,596,386,551)	509,586,492
	847,483,630	348,891,910
<u>Other adjustments:</u>		
Income tax expense	155,321,345	509,844,747
Profit before taxation	155,321,345	509,844,747
Provision for taxation	1,002,804,975	858,736,657
<b>Profit after taxation</b>	(314,192,640)	(255,125,858)
	688,612,335	603,610,799

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. *CSM*

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

---

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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 statements have been prepared under the historical 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 investment at available for sale are stated at market value.

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

**3.2 Functional and presentation currency**

These condensed interim financial statements have 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 statements are 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 statements do 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, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.



## **PAKISTAN REINSURANCE COMPANY LIMITED**

### **Notes To The Condensed Interim Financial statement (Un-Audited)**

**For the six months period ended June 30, 2019**

---

This condensed interim financial statement of the Company for the quarter ended June 30, 2019 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, the Insurance Rules, 2017 and the insurance Accounting Regulation, 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 statements have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, 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 statements for the quarter ended June 30, 2018.

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial statements 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, 2018.

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 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.

##### **5.1 IFRS 16 Leases**

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

These amendments do not have any material impact on the Company's financial statements.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

---

**6 USE OF ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements are 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 statements, 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, 2018.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2018.

**7 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTION**

Following are the summary of significant events and transactions that have affected the financial position and performance of the Company:

- a. During the period, total addition to investment amounted to Rs. 4,568 million and total disposal from investments amounted to Rs. 5,076 million.
- b. During the period, the Company recorded exchange gain amounted to Rs. 531 million.
- c. During the period, the Company recorded impairment loss amounted to Rs. 110 million in equity securities.



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**8 PROPERTY AND EQUIPMENT**

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
Note	-----Rupees-----	
Opening balance	42,756,739	36,570,719
Additions:		
-Furniture, fixtures and office equipments	1,692,393	12,986,969
Less:		
Disposal of vehicle	(327,883)	(419,594)
Depreciation charge for the period	(3,185,928)	(6,381,355)
	(1,821,418)	6,186,020
Closing balance	40,935,321	42,756,739

8.1 This includes fully amortized software.

**9 ASSETS RELATING TO BANGLADESH  
(FORMER EAST PAKISTAN) - NET**

Fixed assets	8,608,000	8,608,000
Land and building	4,000	4,000
Furniture and fixture	8,612,000	8,612,000
Investments		
Stock and shares	7,112,000	7,112,000
Debenture	250,000	250,000
	7,362,000	7,362,000
	15,974,000	15,974,000
Liabilities		
Outstanding claims	(4,952,000)	(4,952,000)
Other liabilities	(809,000)	(809,000)
	(5,761,000)	(5,761,000)
	10,213,000	10,213,000
<b>Provision for loss on assets in Bangladesh</b>	(10,213,000)	(10,213,000)
	-	-

**10 INVESTMENT PROPERTIES**

Opening balance	158,716,140	158,716,140
Less: Accumulated depreciation		
Balance at beginning of year	130,432,140	128,909,387
Depreciation for the period/year	717,205	1,522,753
	(131,149,345)	(130,432,140)
Closing balance	27,566,795	28,284,000

The market value of investment properties is Rs.1,144 million, as per valuation carried out by an independent valuer as at December 31, 2018.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**11 INVESTMENT IN EQUITY SECURITIES**

June 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
Cost	Accumulated impairment losses (11.1.1)	Unrealised gain / (loss)	Carrying value	Cost	Accumulated impairment losses (11.1.1)	Unrealised gain / (loss)	Carrying value

Rupees

**11.1 Available for sale**

Listed share	400,626,708	-	1,572,797,973	1,973,424,681	414,287,094	-	1,992,759,611	2,407,046,705
Unlisted share	2,608,104	(1,990,491)	-	617,613	2,608,105	(1,990,491)	-	617,614
Mutual funds	1,701,038,079	(516,319,181)	324,865,824	1,509,584,722	1,701,457,734	(405,672,603)	374,909,601	1,670,694,732
Subtotal of Available for sale	2,104,272,891	(518,309,672)	1,897,663,797	3,483,627,016	2,118,352,933	(407,663,094)	2,367,669,212	4,078,359,051

**11.2 Held for trading**

Listed share	84,938,345	-	(4,401,496)	80,536,849	107,547,122	-	(22,608,777)	84,938,345
Subtotal of held for trading	84,938,345	-	(4,401,496)	80,536,849	107,547,122	-	(22,608,777)	84,938,345
	2,189,211,236	(518,309,672)	1,893,262,301	3,564,163,865	2,225,900,055	(407,663,094)	2,345,060,435	4,163,297,396

**11.1.1 Movement in accumulated impairment losses on available for sale investments**

Opening balance  
Charge for the period / year  
Closing balance

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
	407,663,094	326,243,562
	110,646,578	81,419,532
	518,309,672	407,663,094

Rupees

**12 INVESTMENT IN DEBT SECURITIES**

**Held to maturity**

Pakistan Investment Bonds  
Treasury Bills  
Term Finance Certificate

June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
Cost	Carrying value	Cost	Carrying value
2,288,958,471	2,249,595,592	2,227,198,249	2,163,261,750
1,597,570,735	1,624,496,008	2,184,623,575	2,207,137,288
99,980,000	99,980,000	100,000,000	100,000,000
3,986,509,206	3,974,071,600	4,511,821,824	4,470,399,038



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**13 LOANS AND OTHER RECEIVABLES - Considered good**

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
	Note	-----Rupees-----	
Accrued investment income		145,924,811	153,705,215
Loans to employees	13.1	154,545,940	165,125,171
Receivable from Sindh Revenue Board	13.2	2,573,888,727	2,573,888,727
Sundry receivables		22,444,660	42,843,328
		<u>2,896,804,138</u>	<u>2,935,562,441</u>

**13.1** 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.

**13.2** 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.

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 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 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



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

---

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 apprised 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 must 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 would agree to make payment of the principal amount of the demand under protest subject to condition that SRB would 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 would 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.

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



**PAKISTAN REINSURANCE COMPANY LIMITED**

**Notes To The Condensed Interim Financial statement (Un-Audited)**

**For the six months period ended June 30, 2019**

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.

**14 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good**

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
	Note	-----Rupees-----	
Balance at period/year end	14.1	7,861,665,947	5,952,343,308
Less: provision for impariment in due from other insurers / reinsurers		<u>(567,313,108)</u>	<u>(524,634,292)</u>
		<u>7,294,352,839</u>	<u>5,427,709,016</u>
Premium and claim reserves retained by cedants		24,831,634	25,057,147
Less: provision for impariment in premium and claim reserves retained by cedants	14.2	<u>(17,000,000)</u>	<u>(17,000,000)</u>
		<u><u>7,302,184,473</u></u>	<u><u>5,435,766,163</u></u>
<b>14.1</b>	This includes gross amount Rs. 3,335,377,644 (December 31, 2018: Rs.2,277,212,869) due from related party National Insurance Company Limited.		
		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		-----Rupees-----	
Upto 3 months		3,335,377,644	2,277,213,869
Over 3 months and above		-	-
		<u><u>3,335,377,644</u></u>	<u><u>2,277,213,869</u></u>
<b>14.2</b>	Provision for impariment		
Opening		524,634,292	524,634,292
Charge for the period / year		102,124,329	-
Reserval		<u>(59,445,513)</u>	-
Closing		<u><u>567,313,108</u></u>	<u><u>524,634,292</u></u>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**15 CASH AND BANK BALANCES**

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
-----Rupees-----		
Cash in hand	49,022	39,508
Saving account	34,243,593	11673944.66
Current account		
Local currency	465,473,011	153,171,438
Foreign currency	2,755,015,189	2,281,379,566
Dividend account	177,885,396	156,219,332
	3,398,373,596	2,590,770,336
	3,432,666,211	2,602,483,789

**15.1** The saving accounts carry markup at the rates ranging from 2.75% to 9.75% (2018: 2.75% to 8.75%) per annum.

**16 RESERVES**

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
-----Rupees-----		
Capital Reserve		
-Reserve for exceptional losses	281,000,000	281,000,000
Revenue Reserve		
-Available for sale reserve	1,366,738,733	1,705,142,630
-General Reserve	1,777,419,085	1,777,419,085
	3,425,157,818	3,763,561,715

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**17 DEFERRED TAX**

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
-----Rupees-----		
Deferred tax liabilities on taxable temporary differences:		
Property and equipment	1,797,015	1,797,015
Held to maturity investments	1,193,290	1,193,290
Unrealized gain on available for sale investments	<u>531,345,864</u>	<u>662,947,379</u>
	<u>534,336,169</u>	<u>665,937,684</u>
Deferred tax assets on deductible temporary differences:		
Provision for doubtful debts	(22,614,006)	(22,614,006)
Provision for impairment of insurers / reinsurers receivable	(164,997,609)	(146,897,602)
Provision for impairment of receivables from other insurers / reinsurers	(4,760,000)	(4,760,000)
Provision for dividend receivable	(559,310)	(559,310)
Provision for impairment in available for sale investments	(146,874,765)	(115,893,723)
Provision for impairment of other receivables	(6,149,939)	-
Unrealized loss on held for trading investments	(7,455,358)	(6,222,939)
	<u>(353,410,987)</u>	<u>(296,947,580)</u>
	<u>180,925,182</u>	<u>368,990,104</u>

**MOVEMENT IN DEFERRED TAX**

Balance at the beginning of the year	368,990,104	609,429,942
Deferred tax through:		
Profit and Loss Account	(56,463,407)	(4,626,379)
Other Comprehensive Income	<u>(131,601,515)</u>	<u>(235,813,458)</u>
	<u>180,925,182</u>	<u>368,990,105</u>

**18 INSURANCE / REINSURANCE PAYABLES**

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
-----Rupees-----		
Due to other insurers / reinsurers	3,526,850,234	2,520,075,675
Premium and claim reserves retained from retrocessionaires	15,824,356	18,343,273
	<u>3,542,674,590</u>	<u>2,538,418,948</u>

Note



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**19 OTHER CREDITORS AND ACCRUALS**

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
	Note	-----Rupees-----	
Creditor and other payables		38,209,370	33,635,846
Security deposits	19.1	25,112,664	26,556,464
Accrued expenses		4,257,816	19,474,459
Surplus profit payable	19.2	1,212,602	1,212,602
		<u>68,792,452</u>	<u>80,879,371</u>

**19.1** 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.

**19.2** This represents the amount set aside for the shareholders in accordance with the requirements of Pakistan Insurance Corporation Act, 1952 (repealed).

**20 CONTINGENCIES AND COMMITMENTS**

**20.1 Contingencies**

**20.1.1** In continuation of Note 13.2, in the event of adverse decision, the Company would also have to record sales tax liability amounting to Rs. 7,292 million on re-insurance services with a corresponding charge to profit and loss account. This amount pertains to the years 2014, 2015, 2016, 2017, 2018 and half year 2019.

**20.1.2** 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, 2019 amounting to Rs. 29.112 million (December 31, 2018: Rs. 29.112 million).

Currently, a 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 have been no further proceedings in this case since last year.



## **PAKISTAN REINSURANCE COMPANY LIMITED**

### **Notes To The Condensed Interim Financial statement (Un-Audited)**

**For the six months period ended June 30, 2019**

---

**20.1.3** 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 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

**20.1.4** 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 the favor of Company in light of 18th amendment in the Constitution of Pakistan.

**20.1.5** Contingencies related to income tax are presented in note 26 to these interim condensed financial statements.

## **20.2 Commitments**

**20.2.1** There are no commitments as on the reporting date (December 31, 2018: Nil).

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**21 NET PREMIUM REVENUE**

	(Un-Audited)		(Un-Audited)	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees-----			
Written gross premium	7,794,172,435	4,811,390,475	4,500,626,881	2,166,890,193
Add: Unearned premium reserve opening	4,990,287,938	3,856,658,993	5,412,349,353	4,354,971,403
Less: Unearned premium reserve closing	6,593,121,572	4,261,984,357	6,593,121,572	4,261,984,357
Premium earned	6,191,338,801	4,406,065,111	3,319,854,662	2,259,877,239
Less: Reinsurance premium ceded	4,150,096,132	2,096,155,450	2,869,927,136	1,158,466,082
Add: Prepaid reinsurance premium opening	2,472,406,314	1,870,094,821	2,555,796,138	2,192,051,685
Less: Prepaid reinsurance premium closing	4,104,632,366	2,205,018,945	4,104,632,366	2,205,018,945
Reinsurance expense	2,517,870,080	1,761,231,326	1,321,090,908	1,145,498,822
	3,673,468,721	2,644,833,785	1,998,763,754	1,114,378,417

**22 NET INSURANCE CLAIMS**

Claims paid	2,078,562,763	1,239,246,273	933,925,728	653,673,777
Add: Outstanding claims including IBNR closing	8,701,196,009	6,135,847,606	8,469,721,307	6,135,847,606
Less: Outstanding claims including IBNR opening	4,175,710,556	4,718,602,200	4,158,802,014	6,111,887,884
Claims expense	6,604,048,216	2,656,491,679	5,244,845,021	677,633,499
Less: Reinsurance and other recoveries received	456,141,596	222,213,940	149,887,873	218,688,036
Add: Reinsurance and other recoveries in respect of outstanding claims closing	5,290,266,418	3,138,536,322	5,083,816,008	3,138,536,322
Less: Reinsurance and other recoveries in respect of outstanding claims opening	1,351,771,237	2,159,694,037	987,111,055	3,126,833,296
	4,394,636,777	1,201,056,225	4,246,592,826	230,391,062
Reinsurance and other recoveries revenue	2,209,411,439	1,455,435,454	998,252,195	447,242,437

**23 NET COMMISSION AND OTHER ACQUISITION COSTS**

Commission paid or payable	904,173,568	623,549,983	456,595,279	276,286,507
Add: Deferred commission expense opening	565,597,977	696,641,094	657,659,818	693,525,455
Less: Deferred commission expense closing	654,952,935	607,869,696	654,952,935	607,869,696
Net commission	814,818,610	712,321,381	459,302,162	361,942,266
Less: Commission received or recoverable	293,895,048	200,987,985	235,334,047	90,958,072
Add: Unearned reinsurance commission opening	74,957,159	284,665,088	76,623,569	313,499,208
Less: Unearned reinsurance commission closing	258,578,617	259,236,229	258,578,617	259,236,229
Commission from reinsurers	110,273,590	226,416,844	53,378,999	145,221,051
	704,545,020	485,904,537	405,923,163	216,721,215



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**24 Investment income**

	(Un-Audited)		(Un-Audited)	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees-----			
<b>Income from equity securities</b>				
<b>Available for sale</b>				
Dividend income	106,880,057	52,549,857	78,697,470	33,001,083
<b>Held for trading</b>				
Dividend income	1,918,750	2,041,748	934,750	1,460,508
	<u>108,798,807</u>	<u>54,591,605</u>	<u>79,632,220</u>	<u>34,461,591</u>
<b>Income from debt securities</b>				
Held for maturity				
-Return on Pakistan Investment Bond (PIBs)	123,280,427	138,300,475	69,052,479	68,237,624
-Return on Treasury Bills	95,531,295	47,644,455	44,492,507	21,606,393
-Amortization of premium/(discount) on PIBs	(3,241,484)	4,912,399	(2,779,878)	3,121,234
Income from term finance certificate	5,924,547	-	3,079,068	-
	<u>221,494,785</u>	<u>190,857,329</u>	<u>113,844,176</u>	<u>92,965,251</u>
Profit received from bank	53,962,947	36,784,808	26,978,794	19,069,611
<b>Net realised gains / (losses) on investments</b>				
<b>Available for sale</b>				
- Gain on sale of Equity securities	4,129,465	102,657,647	1,268,551	7,026,668
<b>Held for trading</b>				
- Gain on sale of Equity securities	-	1,487,851	-	1,487,851
Net Unrealised gains / (losses) on investments at fair value through profit and loss (Held for trading purposes)	(4,401,496)	6,344,339	(5,788,952)	(4,171,301)
	<u>383,984,508</u>	<u>391,235,728</u>	<u>215,934,790</u>	<u>149,351,820</u>
Less: Impairment in value of available for sale securities	(110,646,578)	-	(109,485,595)	-
Less: Investment related expenses	(8,835,814)	(8,822,798)	(3,917,907)	(4,478,428)
<b>Net investment income</b>	<u>264,502,116</u>	<u>382,412,930</u>	<u>102,531,288</u>	<u>144,873,392</u>

**25 RENTAL INCOME**

Rental income	48,061,924	43,002,408	24,607,872	22,593,430
Less: expenses of investment property	(14,655,022)	(13,193,825)	(8,462,438)	(7,117,966)
	<u>33,406,902</u>	<u>29,808,583</u>	<u>16,145,434</u>	<u>15,475,464</u>

**26 TAXATION**

For the period				
Current	340,218,799	255,125,858	252,400,679	143,706,731
Prior year	30,437,248	-	-	-
Deferred	(56,463,407)	-	-	-
	<u>314,192,640</u>	<u>255,125,858</u>	<u>252,400,679</u>	<u>143,706,731</u>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

---

**26.1** 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.

**26.2** 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, 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 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 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 against CIRA order before ATIR, which is pending for final verdict.

**26.3** Out of above orders, in tax year 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 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 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 re-measurement of defined benefit obligation in favor of Company. However, during the year the Company paid an amount of Rs. 100 million under protest.

**26.4** Consequent upon filing of returns for the tax year 2018, FBR has issued order dated 31/01/2019 under section 122(5A) alongwith notice of demand under section 137(2) of the Income Tax Ordinance, 2001 to amend original assessment creating tax liability amounting to Rs.799,153,338 against re-measurement of defined benefits obligations, dividend income at corporate rate, commission expenses, investment property related expenses, provision for compensated absences, provision for ECGS and ECO Ins Pool, provision for KPT rate and taxes, loans to employees, depreciation on investment properties and disposal of motor vehicles.

In the light of the above demand of FBR, the Company filed appeal before the Commissioner Inland Revenue (Appeals-II), Karachi against the order passed under section 122(5A) of the ITO, 2001 and paid Rs.79,915,334 being 10% of the total tax liability under protest and intimated FBR for automatic stay against recovery of tax demand pursuant to section 140(1) of the Ordinance.

Hearing was fixed on 27.6.2019 and refixed on 2.7.2019 heard by Commissioner Inland Revenue (Appeal-II). Decision of CIRA -II is awaited.



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**27 FAIR VALUE MEASUREMENT**

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at June 30, 2019 and December 31, 2018:

	Level 1	Level 2	Level 3	Total
	-----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	80,536,849	-	-	80,536,849
<b>Investments at fair value- available for sale</b>				
Ordinary shares - listed	1,973,424,681	-	-	1,973,424,681
Mutual fund units	1,509,584,722	-	-	1,509,584,722
Ordinary shares - unlisted	-	-	617,613	617,613
<b>June 30, 2019 (Un-audited)</b>	<b>3,563,546,252</b>	<b>-</b>	<b>617,613</b>	<b>3,564,163,865</b>
<b>Financial assets measured at fair value</b>				
<b>Investments at fair value through profit or loss - held for trading</b>				
Ordinary shares - listed	84,938,345	-	-	84,938,345
<b>Investments at fair value - available for sale</b>				
Ordinary shares - listed	2,407,046,705	-	-	2,407,046,705
Mutual fund units	1,670,694,732	-	-	1,670,694,732
Ordinary shares - unlisted	-	-	617,613	617,613
<b>December 31, 2018 (Audited)</b>	<b>4,162,679,782</b>	<b>-</b>	<b>617,613</b>	<b>4,163,297,395</b>

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Fair value measurement using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Fair value measurement using inputs other than quoted prices included with in 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 - Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e unobservable inputs).

The fair value of all other assets and liabilities is estimated to approximate their carrying value.

28 SEGMENT INFORMATION

Six month period ended June 30, 2019 (Un-Audited)	Rupees									
	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Total		
Gross written premium	931,408,710	30,337,589	70,009,473	142,153,009	378,721,780	3,737,319,326	2,504,222,548	7,794,172,435		
Add: Unearned-opening	515,086,813	10,212,944	19,682,975	63,414,119	1,636,443,913	9,106,776,399	1,909,776,775	4,990,287,732		
Less: Unearned-closing	547,231,958	14,308,189	36,357,586	95,549,454	1,036,218,753	2,731,810,571	2,131,645,061	6,593,121,572		
Premium earned	899,263,565	26,242,344	53,334,862	110,017,674	903,946,940	1,916,179,154	2,282,354,262	6,191,338,801		
Reinsurance ceded	452,365,036	-	38,140,310	-	275,584,886	3,143,176,008	240,829,892	4,150,096,132		
Add: Prepaid reinsurance-opening	20,689,140	-	8,245,057	2,834,005	1,363,388,470	736,785,938	340,463,704	2,472,406,314		
Less: Prepaid reinsurance-closing	232,463,517	-	18,536,961	-	806,511,387	2,812,764,039	234,356,462	4,104,632,266		
Reinsurance premium	658,772,906	26,242,344	25,486,456	107,183,669	71,484,971	848,981,247	1,935,417,128	3,673,468,721		
Commission income	12,835,736	-	3,957,972	283,401	6,909,846	83,238,054	3,048,581	110,273,590		
Net underwriting income	671,508,642	26,242,344	29,444,428	107,467,070	78,394,817	932,219,301	1,938,465,709	3,783,742,311		
Insurance claims paid	265,475,462	2,480,938	16,317,898	28,026,303	548,714,503	93,118,172	1,124,429,487	2,078,562,763		
Less: Outstanding-closing	1,239,691,600	71,695,793	122,226,552	207,521,776	179,605,059	330,843,457	2,024,126,319	4,475,710,556		
Add: Outstanding-opening	1,120,090,186	102,207,299	99,159,008	176,173,792	2,473,078,610	2,998,199,080	2,132,288,034	8,701,160,009		
Insurance claims expenses	145,874,048	32,992,444	(6,749,646)	(3,321,681)	2,842,188,054	2,360,473,795	1,232,591,202	6,604,048,216		
Reinsurance recoveries received	46,707,226	-	5,477,346	-	376,918,579	-	27,038,445	456,141,996		
Less: Recovery-opening	388,223,063	18,693,025	43,266,176	-	96,177,837	133,235,349	672,175,787	1,351,771,237		
Add: Recovery-closing	205,047,738	39,375,499	21,650,734	-	2,195,689,511	2,313,743,773	514,759,163	5,290,266,418		
Insurance claims recovered from reinsurers	(16,468,099)	20,682,474	(16,138,096)	-	2,476,430,253	2,180,508,424	(130,378,179)	4,394,636,777		
Net claims	282,342,147	12,309,970	9,388,450	(3,321,681)	365,757,801	179,965,371	1,362,969,381	2,209,411,439		
Commission expense	110,335,855	2,979,770	3,195,061	8,177,331	3,118,055	118,816,319	568,196,219	814,481,818,610		
Management expense	70,017,652	2,280,596	5,262,887	10,686,200	28,470,004	280,948,976	188,252,247	585,918,562		
Net insurance claims and expenses	462,695,654	17,570,336	17,846,398	15,541,850	397,345,860	579,730,666	2,119,417,847	3,910,181,611		
Underwriting results	208,812,988	8,672,008	11,598,030	91,925,220	(318,951,043)	352,488,635	(180,952,138)	173,593,700		
Net investment income	264,502,116							264,502,116		
rental income	33,406,902							33,406,902		
General and Admin expenses	(5,491,974)							(5,491,974)		
Other income	532,231,458							532,231,458		
Profit before tax	998,242,202							998,242,202		
Segment assets	491,163,671	40,754,643	42,823,046	6,107,996	3,008,044,684	5,280,995,683	1,179,961,996	10,049,961,719		
Unallocated assets								21,733,045,388		
Unallocated Liabilities	1,680,504,650	116,515,488	137,370,290	271,723,246	3,515,148,682	5,566,408,742	4,265,225,100	15,552,896,198		
Segment Liabilities								6,529,276,071		
								31,836,260,775		









**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

	Three month quarter ended June 30, 2018 (Un-Audited)											Total		
	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Rupees						
Gross written premium	186,906,756	4,739,598	19,621,051	30,870,074	6,483,525	1,121,262,680	797,006,509							2,166,890,193
Add: Unearned-opening	698,309,084	19,152,056	6,118,199	62,010,022	910,397,108	690,384,130	1,968,600,804							4,354,971,403
Less: Unearned-closing	462,648,168	12,552,606	16,225,945	51,634,724	595,373,564	1,329,355,234	1,794,394,116							4,261,984,357
Premium earned	422,567,672	11,539,048	9,513,305	41,245,372	321,507,069	482,291,576	971,213,197							2,259,877,239
Reinsurance-ceded	-	-	11,431,536	-	(718,107)	994,169,240	153,583,413							1,158,466,082
Add: Prepaid reinsurance-opening	271,190,995	-	-	1,886,500	812,072,682	778,547,882	328,353,626							2,192,051,685
Less: 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	120,906,723	-	3,108,233	1,886,500	280,024,994	585,511,990	154,060,382							1,145,498,822
Net insurance premium	301,660,949	11,539,048	6,405,072	39,358,872	41,482,075	(103,220,414)	817,152,815							1,114,378,417
Commission income	6,353,885	-	470,171	-	60,218,986	76,184,672	1,993,337							145,221,051
Net underwriting income	308,014,834	11,539,048	6,875,243	39,358,872	101,701,061	(27,035,742)	819,146,152							1,259,599,468
Insurance claims paid	229,322,698	3,843,619	12,000,830	9,170,210	7,553,752	23,487,662	368,295,006							653,673,777
Less: Outstanding-opening	1,395,306,998	47,915,577	98,270,441	175,483,524	125,308,053	1,955,421,608	2,314,181,683							6,111,887,884
Add: 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	172,681,586	10,374,419	4,907,203	2,670,310	10,144,699	122,716,885	354,138,397							677,633,499
Reinsurance recoveries received	-	-	7,500,519	-	5,655,445	-	205,532,072							218,688,036
Less: Recovery-opening	542,010,270	-	27,864,737	-	47,811,503	1,672,229,887	836,916,899							3,126,833,296
Add: 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	-	7,695,882	86,794,877	194,723,126							230,391,062
Net claims	232,934,513	10,374,419	3,407,099	2,670,310	2,448,817	35,992,008	139,415,271							447,242,437
Commission expense	59,456,837	1,664,209	770,937	3,314,984	41,637,691	30,468,661	224,628,947							361,942,266
Management expense	72,115,564	4,288,850	3,311,547	9,380,075	12,267,152	7,307,164	156,851,151							265,521,503
Premium deficiency expense	-	-	-	-	-	-	-							-
Net insurance claims and expenses	364,506,914	16,327,478	7,489,583	15,365,369	56,353,660	73,767,833	540,895,369							1,074,706,206
Underwriting results	(56,492,080)	(4,788,430)	(614,340)	23,993,503	45,347,401	(100,803,575)	278,250,783							184,893,262
Net investment income	-	-	-	-	-	-	-							-
rental income	-	-	-	-	-	-	-							-
General and Admin expenses	-	-	-	-	-	-	-							-
Other income	-	-	-	-	-	-	-							-
Profit before tax	-	-	-	-	-	-	-							-
Segment assets	1,540,107,629	55,801,453	100,438,051	172,473,894	745,978,114	3,316,908,346	3,017,028,760							8,948,736,247
Unallocated assets	-	-	-	-	-	-	-							-
Segment Liabilities	1,809,835,327	66,798,983	108,663,239	220,618,348	841,095,178	3,511,615,714	4,098,441,403							10,657,068,192
Unallocated Liabilities	-	-	-	-	-	-	-							-



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

**29 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of holding Company, associated companies, staff retirement fund, Directors and key management personnel. The transactions with related parties are in normal course of business. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

	<b>(Un-Audited)</b>		<b>(Un-Audited)</b>	
	<b>Six months period ended</b>		<b>Three months period ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
-----Rupees-----				
<b>Related parties by virtue of GoP's holdings</b>				
<b>State Bank of Pakistan</b>				
Purchase of investment (Treasury Bills)	1,740,000,000	1,220,000,000	4,245,000,000	2,534,110,000
Dividend received during the year	-	49,000	-	49,000
<b>Pakistan State Oil Company Limited</b>				
Dividend received during the year	58,510	146,280	58,510	146,280
<b>National Investment Trust Limited</b>				
Dividend received during the year	-	21,780,000	23,760,000	21,780,000
<b>National Insurance Company Limited</b>				
Premium due but unpaid	2,506,257,714	1,618,741,243	2,277,212,869	1,544,908,122
Insurance premium written during the year	3,235,234,996	1,055,768,832	4,013,674,547	1,666,492,512
Premium received	(2,406,115,066)	(1,378,151,153)	(2,955,509,772)	(1,915,041,712)
Insurance commission paid	177,049,622	48,447,019	195,963,926	60,558,665
Insurance claims paid	186,791,699	19,554,582	502,564,938	26,020,301
<b>Other related parties</b>				
Remuneration including benefits and perquisites of key management personnel	268,238,265	212,560,776	92,216,237	9,490,240

**30 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

	<b>(Un-Audited)</b>		<b>(Un-Audited)</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
-----Rupees-----				
Profit after tax for the period	688,612,335	602,122,945	490,580,486	328,434,240
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	2.30	2.01	1.64	1.09

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.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

---

**31 CORRESPONDING FIGURES**

Corresponding figure has been rearranged and reclassified, for the purpose of correct presentation.

<b>Reclassified from</b>	<b>Reclassified to</b>	<b>Rupees</b>
Other creditors and accruals	Unclaimed dividend	172,681,374

**32 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statements have been authorized for issue on \_\_\_\_\_ August, 2019 by the Board of Directors of the Company.

**33 GENERAL**

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

**Chief Financial Officer    Chief Executive Officer    Director    Director    Chairman**



# Grant Thornton

An instinct for growth™

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
PAKISTAN REINSURANCE COMPANY LIMITED  
WINDOW RETAKAFUL OPERATIONS**

**GRANT THORNTON ANJUM RAHMAN**

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
[www.gtpak.com](http://www.gtpak.com)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Window Retakaful Operation as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in funds, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 condensed interim financial statements 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**

No provision on account of IBNR respective to Treaty business has been made in the condensed interim financial statements. In the absence of confirmation from ceding companies, the amount of IBNR remains unascertainable.

### **Qualified conclusion**

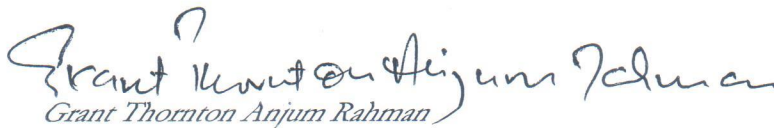
Except for the adjustments to the condensed interim financial statements that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



**Other Matters**

- 1) The figures for the quarter ended June 30, 2019 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for the six months period ended June 30, 2019.
- 2) The financial statements of the Company for the year ended December 31, 2018 were audited by another firm of Chartered Accountants, whose report dated April 03, 2019 expresses an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's review report is **Mr. Muhammad Shaukat Naseeb**.



*Grant Thornton Anjum Rahman*

Chartered Accountants

Karachi

Date: August 29, 2019



**PAKISTAN REINSURANCE COMPANY LIMITED**  
**WINDOW RETAKAFUL OPERATIONS**

Condensed interim financial statements for the six months period ended  
June 30, 2019

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Condensed Interim Statement Of Financial Position**  
**As at June 30, 2019**

	June 30, 2019 (Un-audited)			Audited December 31, 2018 Aggregate
	Operator's Fund	Participants Retakaful Fund	Aggregate	
	-----Rupees-----			
<b>Assets</b>				
Takaful/retakaful receivables	-	111,351,862	111,351,862	-
Receivable from Participant Retakaful Fund	17,930,711	-	17,930,711	1,000
Qard-e-Hasna to Participant Retakaful Fund	3,259,768	-	3,259,768	-
Taxation - payments less provision	-	4,271	4,271	287,915
Deferred commission expense / acquisition cost	15,585,001	-	15,585,001	-
Prepayment	-	16,917,188	16,917,188	-
Bank balances	17,942,765	26,891,791	44,834,556	51,258,000
<b>Total Assets</b>	<b>54,718,245</b>	<b>155,165,112</b>	<b>209,883,357</b>	<b>51,546,915</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	-	(4,259,768)	(4,259,768)	144
Qard-e-Hasna from Operator's Fund	-	3,259,768	3,259,768	-
<b>Operator`s Fund</b>				
Statutory fund	50,000,000	-	50,000,000	50,000,000
Unappropriated profit	3,363,668	-	3,363,668	78,471
<b>Total Funds</b>	<b>53,363,668</b>	<b>-</b>	<b>53,363,668</b>	<b>51,078,615</b>
<b>Liabilities:</b>				
<b>Underwriting provisions</b>				
Outstanding claims	-	28,608,922	28,608,922	-
Unearned contribution reserves	-	108,610,479	108,610,479	-
Payable to Operator's Fund	-	17,930,711	17,930,711	1,000
Provision for taxation	921,275	-	921,275	-
Other creditors and accruals	433,302	15,000	448,302	467,300
<b>Total liabilities</b>	<b>1,354,577</b>	<b>155,165,112</b>	<b>156,519,689</b>	<b>468,300</b>
<b>Total Equity and Liabilities</b>	<b>54,718,245</b>	<b>155,165,112</b>	<b>209,883,357</b>	<b>51,546,915</b>
<b>Contingencies and Commitments</b>	10			

The annexed notes 1 to 21 form an integral part of the condensed interim financial statement. *S. Iqbal*

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 six months period ended June 30, 2019**

	Note	Six Months Ended		Three Months Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
-----Un-Audited-----					
-----Rupees-----					
<b>Participants' retakaful fund</b>					
<b>Revenue account</b>					
Net retakaful contribution	11	43,834,605	-	15,532,945	-
Wakala expense	12	(13,617,131)	-	(3,750,467)	-
Net retakaful benefits	13	(34,605,205)	-	(26,443,553)	-
<b>Underwriting result</b>		<b>(4,387,731)</b>	<b>-</b>	<b>(14,661,075)</b>	<b>-</b>
Profit on bank deposit		170,425	-	162,210	-
Modarib's shares		(42,606)	-	(40,552)	-
		127,819	-	121,658	-
Deficit for the period		<b>(4,259,912)</b>	<b>-</b>	<b>(14,539,417)</b>	<b>-</b>
<b>Operator's fund</b>					
<b>Revenue account</b>					
Wakala fee	12	13,617,131	-	3,750,467	-
Management expenses	14	(928,845)	-	(457,746)	-
Commission expense	15	(9,021,260)	-	(1,683,399)	-
		3,667,026	-	1,609,322	-
Modarib's share of participants' retakaful fund investment income		42,606	-	40,552	-
Profit on bank deposit		853,142	-	476,357	-
<b>Profit before taxation</b>		<b>4,562,774</b>	<b>-</b>	<b>2,126,231</b>	<b>-</b>
Taxation	16	(1,277,577)	-	(595,344)	-
<b>Profit after taxation</b>		<b>3,285,197</b>	<b>-</b>	<b>1,530,887</b>	<b>-</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>3,285,197</b>	<b>-</b>	<b>1,530,887</b>	<b>-</b>

The annexed notes 1 to 21 form an integral part of the condensed interim financial statement. *S.M.*

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman



**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**Condensed Interim Statement of Cash Flows (Un-Audited)**  
**For the six months period ended June 30, 2019**

	June 30, 2019 (Un-audited)			Audited December 31, 2018 Aggregate
	Operator's Fund	Participants Retakaful Fund	Aggregate	
-----Rupees-----				
<b>Operating Cash Flows</b>				
<b>Underwriting activities</b>				
Contribution received	-	31,857,274	31,857,274	-
Retro takaful contribution paid	(32,287,500)	-	(32,287,500)	-
Benefits paid	-	(5,996,283)	(5,996,283)	-
<b>Net cash flows generated from underwriting activities</b>	<b>(32,287,500)</b>	<b>25,860,991</b>	<b>(6,426,509)</b>	<b>-</b>
<b>Other Operating Activities</b>				
Income tax paid	(68,387)	(4,272)	(72,659)	(318,432)
General management expenses paid	(803,845)	(136,497)	(940,342)	(3,075,329)
Other operating (payments) / receipts	(7,501)	-	(7,501)	467,300
<b>Net cash used in other operating activities</b>	<b>(879,733)</b>	<b>(140,769)</b>	<b>(1,020,502)</b>	<b>(2,926,461)</b>
<b>Total cash flow generated from all operating activities</b>	<b>(33,167,233)</b>	<b>25,720,222</b>	<b>(7,447,011)</b>	<b>(2,926,461)</b>
<b>Investment activities</b>				
Profit on bank deposits	853,142	170,425	1,023,567	3,184,461
	853,142	170,425	1,023,567	3,184,461
<b>Financing activities</b>				
Net cash generated from all activities	(32,314,091)	25,890,647	(6,423,444)	51,258,000
Cash at beginning of the period	50,256,856	1,001,144	51,258,000	-
Cash at end of the period	17,942,765	26,891,791	44,834,556	51,258,000
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(33,167,233)	25,720,222	(7,447,011)	(2,897,088)
Profit on bank account	784,755	166,153	950,908	3,184,317
Increase in operating assets other than cash	36,486,562	128,273,321	164,759,883	1,144
Decrease/(increase) in operating liabilities	(797,274)	(158,423,880)	(159,221,154)	(467,156)
	3,306,810	(4,264,184)	(957,374)	(178,783)
<b>Other adjustments:</b>				
Participants' retakaful fund	-	-	-	144
Income tax paid	68,387	4,272	72,659	287,915
	68,387	4,272	72,659	287,915
<b>Total profit/(deficit) for the period</b>	<b>3,375,197</b>	<b>(4,259,912)</b>	<b>(884,715)</b>	<b>109,132</b>

The annexed notes 1 to 21 form an integral part of the condensed interim financial statement. *(Signature)*

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 six months period ended June 30, 2019**

	Operator's Fund		
	Statutory Fund	Accumulated Surplus	Total
	-----Rupees-----		
Balance as at January 01, 2018	-	-	-
Total Comprehensive income for the period	-	-	-
<b>Balance as at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at January 01, 2019 - Audited	50,000,000	78,471	50,078,471
Total Comprehensive income for the period	-	3,285,197	3,285,197
<b>Balance as at June 30, 2019 - Unaudited</b>	<b>50,000,000</b>	<b>3,363,668</b>	<b>53,363,668</b>

	Participants' Retakaful Fund		
	Cede Money	Accumulated Deficit	Total
	-----Rupees-----		
Balance as at January 01, 2018	-	-	-
Total Comprehensive income for the period	-	-	-
<b>Balance as at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at January 01, 2019 - Audited	1,000,000	144	1,000,144
Total Comprehensive income for the period	-	(4,259,912)	(4,259,912)
<b>Balance as at June 30, 2019 - Unaudited</b>	<b>1,000,000</b>	<b>(4,259,768)</b>	<b>(3,259,768)</b>

The annexed notes 1 to 21 form an integral part of the condensed interim financial statement. *SM*

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

## **PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**

### **Notes To The Condensed Interim Financial statement (Un-Audited)**

**For the six months period ended June 30, 2019**

---

#### **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 six months period ended June 30, 2019**

**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, 2018.

**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 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, 2018.

**7 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS**

Participant retakaful fund has incurred loss amounting to Rs. 4,259,912 during the period which has been compensated by operator fund as Qard-e-hasna.

**8 CASH AND BANK BALANCES**

	June 30, 2019 (Un-audited)			Audited
	Operator's Fund	Participants Retakaful Fund	Aggregate	December 31, 2018 Aggregate
	-----Rupees-----			
Cash at bank				
- Saving accounts	17,942,765	26,891,791	44,834,556	51,258,000

**9 OTHER CREDITORS AND ACCRUALS**

Salaries payable	150,000	-	150,000	150,000
Income tax deducted at source	152,400	-	152,400	65,400
Sindh sales tax payable	4,800	-	4,800	800
Other payable	1,102	15,000	16,102	1,100
Audit fee payable	125,000	-	125,000	250,000
	<u>433,302</u>	<u>15,000</u>	<u>448,302</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 six months period ended June 30, 2019**

**11 NET RETAKAFUL CONTRIBUTION**

	Six Months Ended		Three Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Un-Audited-----			
	-----Rupees-----			
Written gross contribution	167,815,397	-	74,991,416	-
Add: Unearned contribution reserve opening	-	-	-	-
Less: Unearned contribution reserve closing	108,610,479	-	58,685,034	-
Contribution earned	59,204,918	-	16,306,382	-
Less: Retakaful contribution ceded	32,287,500	-	-	-
Add: Prepaid retakaful contribution opening	-	-	-	-
Less: Prepaid retakaful contribution closing	16,917,187	-	773,437	-
Retakaful expense	15,370,313	-	(773,437)	-
	<u>43,834,605</u>	<u>-</u>	<u>15,532,945</u>	<u>-</u>

**12 WAKALA FEE/EXPENSE**

Gross wakala fee	38,597,541	-	17,248,025	-
Add: Unearned Wakala Fee opening	-	-	-	-
Less: Unearned Wakala Fee closing	24,980,410	-	13,497,558	-
	<u>13,617,131</u>	<u>-</u>	<u>3,750,467</u>	<u>-</u>

**13 NET RETAKAFUL CLAIMS**

Benefits paid	5,996,283	-	10,042,175	-
Add: Outstanding claims closing	28,608,922	-	16,401,378	-
Less: Outstanding claims opening	-	-	-	-
Benefits expense	*34,605,205	-	26,443,553	-
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>34,605,205</u>	<u>-</u>	<u>26,443,553</u>	<u>-</u>

**14 MANAGEMENT EXPENSES**

Bank charges	23,845	-	2,746	-
Shariah advisor fee for retakaful	750,000	-	300,000	-
Auditors' fee	145,000	-	145,000	-
CDC charges	10,000	-	10,000	-
	<u>928,845</u>	<u>-</u>	<u>457,746</u>	<u>-</u>

**15 COMMISSION EXPENSE**

Commission paid or payable	24,606,261	-	12,795,670	-
Add: Deferred commission expense opening	-	-	-	-
Less: Deferred commission expense closing	15,585,001	-	11,112,271	-
	<u>9,021,260</u>	<u>-</u>	<u>1,683,399</u>	<u>-</u>

**16 TAXATION**

The current tax charged for the period is Rs. 1,277,577 at the tax rate of 28% and the same has been recorded in these condensed interim financial statements hence no tax reconciliation has been made.



PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS

Notes To The Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2019

17 SEGMENT REPORTING

PARTICIPANTS' RETAKAFUL FUND

Six months ended June 30, 2019 (Un-Audited)				
	Fire and property damage	Accident	Treaty	TOTAL
-----Rupees-----				
Gross written contribution	6,769,759	13,469,503	147,576,135	167,815,397
Unearned contribution-Opening	-	-	-	-
Unearned contribution-Closing	(4,993,676)	(7,580,331)	(96,036,473)	(108,610,480)
<b>Contribution earned</b>	<b>1,776,083</b>	<b>5,889,172</b>	<b>51,539,662</b>	<b>59,204,917</b>
Retakaful-Ceded	-	-	32,287,500	32,287,500
Prepaid retakaful-Opening	-	-	-	-
Prepaid retakaful-Closing	-	-	(16,917,188)	(16,917,188)
<b>Retakaful expenses</b>	<b>-</b>	<b>-</b>	<b>15,370,312</b>	<b>15,370,312</b>
Net contribution	1,776,083	5,889,172	36,169,350	43,834,605
Rebate	-	-	-	-
<b>Net underwriting income</b>	<b>1,776,083</b>	<b>5,889,172</b>	<b>36,169,350</b>	<b>43,834,605</b>
Benefits paid	-	-	5,996,283	5,996,283
Outstanding claims-Opening	-	-	-	-
Outstanding claims-Closing	-	-	28,608,922	28,608,922
<b>Benefits expenses</b>	<b>-</b>	<b>-</b>	<b>34,605,205</b>	<b>34,605,205</b>
Retakaful recoveries received	-	-	-	-
Recovery-Opening	-	-	-	-
Recovery-Closing	-	-	-	-
Benefits recovered from retro takaful	-	-	-	-
Net benefits	-	-	34,605,205	34,605,205
Wakala fee	408,499	1,354,510	11,854,122	13,617,131
Management expense	-	-	-	-
Contribution deficiency expense	-	-	-	-
Net benefits and expenses	408,499	1,354,510	46,459,327	48,222,336
<b>Underwriting results</b>	<b>1,367,584</b>	<b>4,534,662</b>	<b>(10,289,977)</b>	<b>(4,387,731)</b>
Profit on bank deposits				170,425
Modarib Fee				(42,606)
<b>Profit before tax</b>				<b>(4,259,912)</b>
Segment Assets	5,976,297	12,399,517	109,893,235	128,269,049
Unallocated Assets				26,896,063
				<b>155,165,112</b>
Segment Liabilities	4,993,676	7,580,331	124,645,394	137,219,401
Unallocated Liabilities				17,945,712
				<b>155,165,113</b>

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS  
Notes To The Condensed Interim Financial statement (Un-Audited)  
For the six months period ended June 30, 2019

OPERATOR'S FUND

	Six months ended June 30, 2019 (Un-Audited)			TOTAL
	Fire and property damage	Accident	Treaty	
	-----Rupees-----			
Wakala Fee	408,499	1,354,510	11,854,122	13,617,131
Commission	(217,704)	(506,536)	(8,297,020)	(9,021,260)
Management Expenses	(24,114)	(79,959)	(824,772)	(928,845)
<b>Segment Results</b>	<b>166,681</b>	<b>768,015</b>	<b>2,732,330</b>	<b>3,667,026</b>
Profit on bank deposits				853,142
Modarib Fee				42,606
				4,562,774
<b>Profit before tax</b>				<b>4,562,774</b>
Segment Assets	575,758	563,450	14,445,793	15,585,001
Unallocated Assets				39,133,244
				54,718,245
Segment Liabilities	-	-	-	-
Unallocated Liabilities				1,264,574
				1,264,574

PARTICIPANTS' RETAKAFUL FUND

	Three months ended June 30, 2019 (Un-Audited)			TOTAL
	Fire and property damage	Accident	Treaty	
	-----Rupees-----			
Gross written contribution	4,201,287	10,169,503	60,620,626	74,991,416
Unearned contribution-Opening	-	-	-	-
Unearned contribution-Closing	(3,629,283)	(6,270,153)	(48,785,598)	(58,685,034)
<b>Contribution Earned</b>	<b>572,004</b>	<b>3,899,350</b>	<b>11,835,028</b>	<b>16,306,382</b>
Retakaful-Ceded	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	-
Prepaid Retakaful-Closing	-	-	773,437	773,437
<b>Retakaful Expenses</b>	<b>-</b>	<b>-</b>	<b>(773,437)</b>	<b>(773,437)</b>
Net contribution	572,004	3,899,350	11,061,591	15,532,945
Rebate	-	-	-	-
<b>Net underwriting income</b>	<b>572,004</b>	<b>3,899,350</b>	<b>11,061,591</b>	<b>15,532,945</b>
Benefits paid	-	-	10,042,175	10,042,175
Outstanding claims-Opening	-	-	-	-
Outstanding claims-Closing	-	-	16,401,378	16,401,378
<b>Benefits expenses</b>	<b>-</b>	<b>-</b>	<b>26,443,553</b>	<b>26,443,553</b>



**PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS**  
**Notes To The Condensed Interim Financial statement (Un-Audited)**  
**For the six months period ended June 30, 2019**

Three months ended June 30, 2019 (Un-Audited)			
Fire and property damage	Accident	Treaty	TOTAL
-----Rupees-----			
Retakaful recoveries received	-	-	-
Recovery-Opening	-	-	-
Recovery-Closing	-	-	-
Benefits recovered from retro takaful	-	-	-
Net benefits	-	26,443,553	26,443,553
Wakala Fee	131,561	896,850	2,722,056
Management expense	-	-	-
Contribution deficiency expense	-	-	-
Net benefits and expenses	131,561	896,850	29,165,609
<b>Underwriting results</b>	440,443	3,002,500	(18,104,018)
Profit on bank deposits			162,210
Modarib Fee			(40,552)
<b>Deficit before tax</b>			(14,539,417)
Segment assets	3,734,605	9,428,364	23,090,881
Unallocated assets			36,253,850
			15,568,518
			51,822,368
Segment liabilities	3,629,283	6,270,154	52,787,748
Unallocated liabilities			62,687,185
			(10,679,440)
			52,007,745

**OPERATOR'S FUND**

Three months ended 30 June 2019 (Un-Audited)			
Fire and property damage	Accident	Treaty	TOTAL
-----Rupees-----			
Wakala Fee	131,561	896,850	2,722,056
Commission	(64,623)	(297,694)	(1,321,081)
Management Expenses	(17,043)	(61,501)	(254,200)
<b>Segment Results</b>	49,895	537,655	1,146,775
Profit on bank deposits			476,357
Modarib Fee			40,552
<b>Profit before tax</b>			2,251,234
Segment Assets	402,059	443,445	5,410,000
Unallocated Assets			6,255,504
			(6,569,519)
			(314,015)
Segment Liabilities	-	-	-
Unallocated Liabilities			752,277
			752,277

**PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS**

**Notes To The Condensed Interim Financial statement (Un-Audited)**

**For the six months period ended June 30, 2019**

---

**18 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.

**19 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.

**20 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on \_\_\_\_ by the Board of Directors of the Operator.

**21 GENERAL**

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**Director**

**Chairman**





## Commitment To Excellence



### 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 : [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website : [www.pakre.org.pk](http://www.pakre.org.pk)