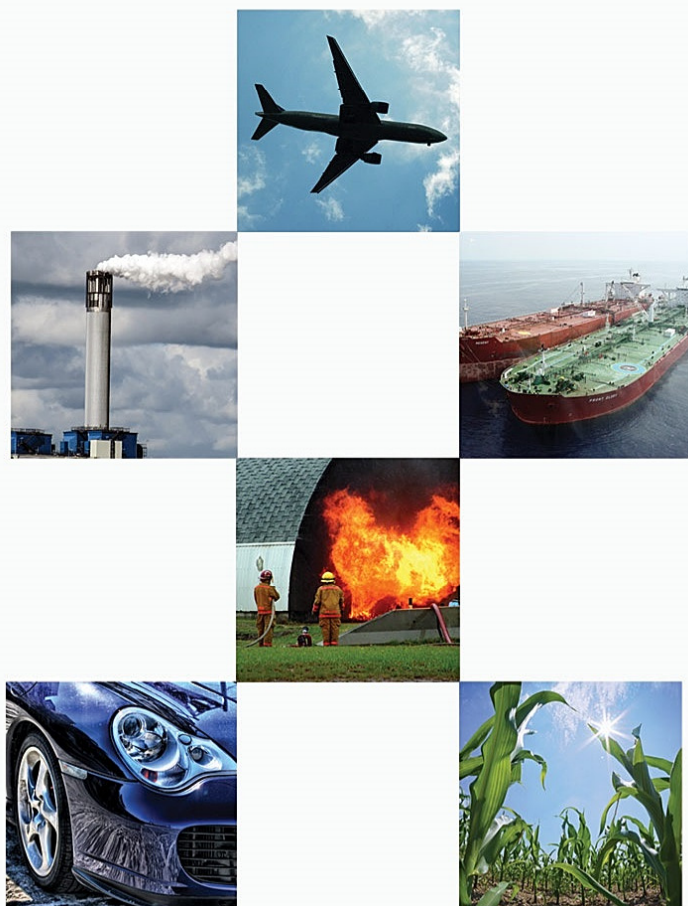




Pakistan Reinsurance Company Limited



WINDOW RETAKAFUL OPERATIONS

**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

1st 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: 29th 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
WINDOW RETAKAFUL OPERATIONS**

GRANT THORNTON ANJUM RAHMAN

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

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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.

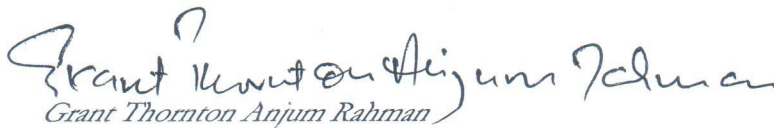
Qualified conclusion

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-----			
Assets				
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
Total Assets	54,718,245	155,165,112	209,883,357	51,546,915
Funds & Liabilities				
Funds attributable to:				
Participants` Fund				
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	-
Operator`s Fund				
Statutory fund	50,000,000	-	50,000,000	50,000,000
Unappropriated profit	3,363,668	-	3,363,668	78,471
Total Funds	53,363,668	-	53,363,668	51,078,615
Liabilities:				
Underwriting provisions				
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
Total liabilities	1,354,577	155,165,112	156,519,689	468,300
Total Equity and Liabilities	54,718,245	155,165,112	209,883,357	51,546,915
Contingencies and Commitments	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-----					
Participants' retakaful fund					
Revenue account					
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)	-
Underwriting result		(4,387,731)	-	(14,661,075)	-
Profit on bank deposit		170,425	-	162,210	-
Modarib's shares		(42,606)	-	(40,552)	-
		127,819	-	121,658	-
Deficit for the period		(4,259,912)	-	(14,539,417)	-
Operator's fund					
Revenue account					
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	-
Profit before taxation		4,562,774	-	2,126,231	-
Taxation	16	(1,277,577)	-	(595,344)	-
Profit after taxation		3,285,197	-	1,530,887	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		3,285,197	-	1,530,887	-

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-----				
Operating Cash Flows				
Underwriting activities				
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)	-
Net cash flows generated from underwriting activities	(32,287,500)	25,860,991	(6,426,509)	-
Other Operating Activities				
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
Net cash used in other operating activities	(879,733)	(140,769)	(1,020,502)	(2,926,461)
Total cash flow generated from all operating activities	(33,167,233)	25,720,222	(7,447,011)	(2,926,461)
Investment activities				
Profit on bank deposits	853,142	170,425	1,023,567	3,184,461
	853,142	170,425	1,023,567	3,184,461
Financing activities				
Net cash generated from all activities	-	-	-	51,000,000
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
Reconciliation to profit and loss account				
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)
Other adjustments:				
Participants' retakaful fund	-	-	-	144
Income tax paid	68,387	4,272	72,659	287,915
	68,387	4,272	72,659	287,915
Total profit/(deficit) for the period	3,375,197	(4,259,912)	(884,715)	109,132

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	-	-	-
Balance as at June 30, 2018	-	-	-
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
Balance as at June 30, 2019 - Unaudited	50,000,000	3,363,668	53,363,668

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

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>15,532,945</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>3,750,467</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>26,443,553</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>457,746</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>1,683,399</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)
Contribution earned	1,776,083	5,889,172	51,539,662	59,204,917
Retakaful-Ceded	-	-	32,287,500	32,287,500
Prepaid retakaful-Opening	-	-	-	-
Prepaid retakaful-Closing	-	-	(16,917,188)	(16,917,188)
Retakaful expenses	-	-	15,370,312	15,370,312
Net contribution	1,776,083	5,889,172	36,169,350	43,834,605
Rebate	-	-	-	-
Net underwriting income	1,776,083	5,889,172	36,169,350	43,834,605
Benefits paid	-	-	5,996,283	5,996,283
Outstanding claims-Opening	-	-	-	-
Outstanding claims-Closing	-	-	28,608,922	28,608,922
Benefits expenses	-	-	34,605,205	34,605,205
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
Underwriting results	1,367,584	4,534,662	(10,289,977)	(4,387,731)
Profit on bank deposits				170,425
Modarib Fee				(42,606)
Profit before tax				(4,259,912)
Segment Assets	5,976,297	12,399,517	109,893,235	128,269,049
Unallocated Assets				26,896,063
				155,165,112
Segment Liabilities	4,993,676	7,580,331	124,645,394	137,219,401
Unallocated Liabilities				17,945,712
				155,165,113

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS
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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)
Segment Results	166,681	768,015	2,732,330	3,667,026
Profit on bank deposits				853,142
Modarib Fee				42,606
				4,562,774
Profit before tax				4,562,774
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)
Contribution Earned	572,004	3,899,350	11,835,028	16,306,382
Retakaful-Ceded	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	-
Prepaid Retakaful-Closing	-	-	773,437	773,437
Retakaful Expenses	-	-	(773,437)	(773,437)
Net contribution	572,004	3,899,350	11,061,591	15,532,945
Rebate	-	-	-	-
Net underwriting income	572,004	3,899,350	11,061,591	15,532,945
Benefits paid	-	-	10,042,175	10,042,175
Outstanding claims-Opening	-	-	-	-
Outstanding claims-Closing	-	-	16,401,378	16,401,378
Benefits expenses	-	-	26,443,553	26,443,553

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
Underwriting results	440,443	3,002,500	(18,104,018)
Profit on bank deposits			162,210
Modarib Fee			(40,552)
Deficit before tax			<u>(14,539,417)</u>
Segment assets	3,734,605	9,428,364	23,090,881
Unallocated assets			36,253,850
			<u>15,568,518</u>
			<u>51,822,368</u>
Segment liabilities	3,629,283	6,270,154	52,787,748
Unallocated liabilities			62,687,185
			<u>(10,679,440)</u>
			<u>52,007,745</u>

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)
Segment Results	49,895	537,655	1,146,775
Profit on bank deposits			476,357
Modarib Fee			40,552
Profit before tax			<u>2,251,234</u>
Segment Assets	402,059	443,445	5,410,000
Unallocated Assets			6,255,504
			<u>(6,569,519)</u>
			<u>(314,015)</u>
Segment Liabilities	-	-	-
Unallocated Liabilities			752,277
			<u>752,277</u>

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

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