



Pakistan Reinsurance Company Limited



Window Retakaful Operation Quarterly Accounts (Un-audited) For the 3rd Quarter ended September 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. Mushtaq Ahmed Mahar	CEO / Director	Executive/ SLIC Nominee
Mr. Abdul Sami Kehar	Director	Independent
Mr. Mumtaz Ali Rajper	Director	Non-Executive
Mr. Musleh-ud-Din	Director	Non-Executive

COMPANY SECRETARY / COMPLIANCE OFFICER

Mr. Shams-ud-Din

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mumtaz Ali Rajper	Member
Mr. Musleh-ud-Din	Member
Mr. Shams ud-Din	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mushtaq Ahmed Mahar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Shams-ud-Din	Secretary

INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shahab Khawaja	Member
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Mushtaq Ahmed Mahar, 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. Mushtaq Ahmed Mahar, CEO	Member
Mr. Shams-ud-Din / Compliance Officer	Secretary

PROCUREMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shams-ud-Din	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

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

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Mr. Mushtaq Ahmed Mahar, CEO	Member
Mr. Muhammad Junaid Moti, ED (Underwriting)	Secretary

SENIOR MANAGEMENT

Mr. Mushtaq Ahmed Mahar	Chief Executive Officer (CEO)
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Mr. Jamil Ahmed	Chief Financial Officer (CFO)
Mr. Shams-ud-Din	Company Secretary / Compliance Officer
Mrs. Raana Muneer Ahmad	General Manager / Head of Northern Zone
Mr. Muhammad Sheeraz Ashraf	General Manager (Risk Management)
Mr. Zohaib Hassan	General Manager / Head of IT Department

AUDITORS

Grant Thornton Anjum Rehman
1st & 3rd Floor, Modern Motors House,
Beaumont Road,
Karachi.
Tele: (92-21) 3567 2951 (56)

BANKERS

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

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

REGISTERED OFFICE

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

ZONAL OFFICE

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

Directors' Report

For Nine Months Ended September 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 financial statements of Company for nine month ended September 30, 2019.

Review of Business Activities

Third Quarter Review

The gross written premium is Rs. **4,802** million against an amount of Rs. 2,515 million for the corresponding period of last year, showing an increase of Rs. 2,287 million (90.93%). The net premium is Rs. **2,889** million against Rs. 1,404 million, showing an increase of Rs. 1,485 million (105.77%). The net commission (expense) for the period is Rs. **363** million as compared to Rs. 240 million, showing an increase of Rs. 123 million (51.25%). The net claims are Rs. **1,400** million against Rs. 700 million, showing an increase of Rs. 700 million (100.00%).

The underwriting results after management expenses for the period under review are Rs. **999** million as compared to Rs. 299 million for the corresponding period last year showing an increase of Rs. 700 million (234%).

The income from investment, rental and other income for the period under review is recorded as Rs. **251** million, as compared to Rs. 190 million in the corresponding period of last year, showing a increase of Rs. 61 million (32.11%).

The profit before tax for the period under review, is Rs. **1,248** million, as compared to Rs. 489 million recorded in the corresponding period last year, showing increase of Rs. 759 million (155.21%).

The profit after tax for the period under review is Rs. **861** million, as compared to Rs. 341 million in the corresponding period of last year showing increase of Rs. 520 million (152.49%) resulting in earning per share of Rs. **2.87** as compared to Rs. 1.14 for the corresponding period of last year showing increase of Rs. 1.73 per share (151.75%).

Nine Month Review

The gross written premium is Rs. **12,596** million against an amount of Rs. 7,327 million for the corresponding period of last year, showing an increase of Rs. 5,269 million (71.91%). The net premium is Rs. **6,562** million against Rs. 4,049 million, showing an increase of Rs. 2,513 million (62.06%). The net commission (expense) for the period is Rs. **1,067** million as compared to Rs. 726 million, showing an increase of Rs. 341 million (46.97%). The net claims are Rs. **3,609** million against Rs. 2,156 million, showing an increase of Rs. 1,453 million (67.39%).

The underwriting results after management expenses for the period under review are Rs. **1,173** million as compared to Rs. 593 million for the corresponding period last year showing an increase of Rs. 580 million (97.8%).

The income from investment, rental and other income for the period under review is recorded as Rs. **1,081** million, as compared to Rs. 760 million in the corresponding period of last year, showing a increase of Rs. 321 million (42.24%) .

The profit before tax for the period under review, is Rs. **2,247** million, as compared to Rs. 1,348 million recorded in the corresponding period last year, showing increase of Rs. 899 million (66.70%). The profit after tax for the period under review is Rs. **1,550** million, as compared to Rs. 944 million in the corresponding period of last year showing increase of Rs. 606 million (64.19%) resulting in earning per share of Rs. **5.17** as compared to Rs. 3.15 for the corresponding period of last year showing an increase of Rs. 2.02 per share (64.13%).

The Company commenced Retakaful business with effect from 1st January 2019. The Operators' Fund earned profit after tax amounting to Rs. 6.2 million while the Participants' Retakaful Fund suffered deficit amounting to Rs. 20 million which has been met by the Operators' Fund through Qard-e-Hasna. The management is confident that the deficit was mainly due to the fact that this first year of operation of Retakaful business and the same shall be covered in the near future.

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: 30th October, 2019

ناظمین کی رپورٹ
30 ستمبر 2019 کو اختتام پذیر نو ماہ کی رپورٹ

معزز حصص کنندگان
پاکستان ری-انشورنس کمپنی لمیٹڈ

پاکستان ری انشورنس کمپنی لمیٹڈ کے بورڈ کے ناظمین کی جانب سے، کمپنی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے میں خوشی محسوس کرتا ہوں جس کا اختتام 30 ستمبر 2019 کو ہوا۔

کاروباری سرگرمیوں کا جائزہ

تیسری سہ ماہی کا جائزہ

گذشتہ سال کا اسی مدت کے 2,515 ملین روپے مجموعی تحریری پریمیوم کے مقابلے میں اس مدت میں اس کی مالیت 4,802 ملین روپے ہے جو 2,287 ملین (90.93 فیصد) کا اضافہ دکھا رہا ہے۔ گذشتہ سال کے اسی مدت کے 1,404 ملین روپے خالص پریمیوم کے مقابلے میں اس کی مالیت 2,889 ملین روپے ہے جو 1,485 ملین (105.77 فیصد) کا اضافہ دکھا رہا ہے۔ مذکورہ مدت میں 363 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 240 ملین روپے ہے جو 123 ملین روپے (51.25 فیصد) کا اضافہ دکھا رہا ہے۔ خالص دعوے 700 ملین روپے کے مقابلے میں 1,400 ملین روپے رہے جو 700 ملین روپے (100.00 فیصد) کا اضافہ دکھا رہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی (underwriting) نتائج 999 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 299 ملین روپے تھی جو 700 ملین روپے (234 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 251 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 190 ملین روپے تھا جو 61 ملین (32.11 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 1,248 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 489 ملین روپے تھا جو 759 ملین روپے (155.21 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع بعد از محصول 861 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 341 ملین روپے تھا جو 520 ملین روپے (152.49 فیصد) کی کا اضافہ دکھا رہا ہے جس کا نتیجہ گذشتہ سال کی اسی مدت کے 1.14 روپے فی حصص کی آمدنی کے مقابلے میں اس مدت میں فی حصص آمدنی 2.87 روپے رہی جو 1.73 روپے فی حصص (151.75 فیصد) کا اضافہ دکھا رہا ہے۔

نو ماہ کا جائزہ

گذشتہ سال کا اسی مدت کے 7,327 ملین روپے مجموعی تحریری پریمیوم کے مقابلے میں اس مدت میں اس کی مالیت 12,596 ملین روپے ہے جو 5,269 ملین (71.91 فیصد) کا اضافہ دکھا رہا ہے۔ گذشتہ سال کے اسی مدت کے 4,049 ملین روپے خالص پریمیوم کے مقابلے میں اس کی مالیت 6,562 ملین روپے ہے جو 2,513 ملین (62.06 فیصد) کا اضافہ دکھا رہا ہے۔ مذکورہ مدت میں 1,067 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 726 ملین روپے ہے جو 341 ملین (46.97 فیصد) کا اضافہ دکھا رہا ہے۔ خالص دعوے 3,609 ملین روپے کے مقابلے میں 2,156 ملین روپے رہے جو 1,453 ملین روپے (67.39 فیصد) کا اضافہ دکھا رہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی (underwriting) نتائج 1,173 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 593 ملین روپے تھی جو 580 ملین روپے (97.8 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 1,081 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 760 ملین روپے تھا جو 321 ملین (42.24 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 2,247 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 1,348 ملین روپے تھا جو 899 ملین روپے (66.70 فیصد) کا اضافہ دکھا رہا۔

زیر جائزہ مدت میں منافع بعد از محصول 1,550 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 944 ملین روپے تھا جو 606 ملین روپے (64.19 فیصد) کی کا اضافہ دکھا رہا ہے جس کا نتیجہ گذشتہ سال کی اسی مدت کے 3.15 روپے فی حصص کی آمدنی کے مقابلے میں اس مدت میں فی حصص آمدنی 5.17 روپے رہی جو 2.02 روپے فی حصص (64.13 فیصد) کا اضافہ دکھا رہا ہے۔

کمپنی نے پہلی جنوری 2019 سے ری کفائل کا آغاز کر دیا ہے۔ آپریٹر کے فنڈ نے 6.2 ملین روپے کا منافع بعد از محصول کمایا جبکہ شراکت داروں (Participants) کے فنڈ میں 20 ملین روپے کی کمی کا سامنا رہا جو قرض حسنہ کی مد میں آپریٹر فنڈ سے پورا کیا۔ ہونے والے نقصان کی وجہ سے ری کفائل کاروبار کے آپریشن کا پہلا سال ہونا تھا اور انتظامیہ پر اعتماد ہے کہ اور یہ نقصان مستقبل قریب میں پورا ہو جائے گا۔

مستقبل کا منظر نامہ

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

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈ انٹس (cedants)، ریٹرو سیشنسٹرز (retrocessionnaire)، کاروباری شراکت دار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی معاونت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے حصص کنندگان کا بھی، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالآخر، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے افسران اور اسٹاف کی سخت محنت اور لگن کے سراہنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیئرمین

کراچی: 30 اکتوبر 2019

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement Of Financial Position

As at September 30, 2019

	Note	September 30, 2019 (Un-audited)			Audited December 31, 2018 Aggregate
		Operator's Fund	Participants Retakaful Fund	Aggregate	
-----Rupees-----					
Assets					
Takaful/retakaful receivables		-	149,602,893	149,602,893	-
Other Receivable			8,899,567	8,899,567	
Receivable from Participant Retakaful Fund			-	-	1,000
Qard-e-Hasna to Participant Retakaful Fund		19,037,091	-	-	-
Taxation - payments less provision		388,570	62,703	451,273	287,915
Deferred commission expense / acquisition cost		31,044,945	-	31,044,945	-
Prepayment		-	36,444,375	36,444,375	-
Investments		8,500,000	15,000,000	23,500,000	-
Bank balances	8	8,938,178	30,636,155	39,574,333	51,258,000
Total Assets		67,908,784	240,645,693	289,517,386	51,546,915
Funds & Liabilities					
Funds attributable to:					
Participants` Fund					
Ceded money		-	1,000,000	1,000,000	1,000,000
Accumulated (deficit)/surplus		-	(20,037,091)	(20,037,091)	144
Qard-e-Hasna from Operator's Fund		-	19,037,091	19,037,091	-
Operator`s Fund					
Statutory fund		50,000,000	-	50,000,000	50,000,000
Unappropriated profit		6,319,032	-	6,319,032	78,471
Total Funds		56,319,032	-	56,319,032	51,078,615
Liabilities:					
Underwriting provisions					
Outstanding claims		-	58,722,397	58,722,397	-
Unearned contribution reserves		-	181,907,496	181,907,496	-
Takaful/Retakaful payables					
Payable to Operator's Fund		-	-	-	1,000
Provision for taxation		2,426,885	-	2,426,885	-
Payable to PTF		8,899,567		51,606,712	
Other creditors and accruals	9	263,300	15,800	279,100	467,300
Total liabilities		11,589,752	240,645,693	252,235,445	468,300
Total Equity and Liabilities		67,908,784	240,645,693	308,554,477	51,546,915
Contingencies and Commitments	10				

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
Condensed Interim Statement Of Comprehensive Income (Un-Audited)
For the Nine months period ended September 30, 2019

	Note	Nine Months Ended		Three Months Ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
-----Un-Audited-----					
-----Rupees-----					
Participants' retakaful fund					
Revenue account					
Net retakaful contribution	11	99,117,420	-	55,282,815	-
Wakala expense	12	(29,267,050)	-	(15,649,919)	-
Net retakaful benefits	13	(90,453,665)	-	(55,848,460)	-
Underwriting result		(20,603,295)	-	(16,215,564)	-
Profit on bank deposit		754,746	-	584,321	-
Modarib's shares		(188,686)	-	(146,080)	-
		566,060	-	438,241	-
Deficit for the period		(20,037,235)	-	(15,777,323)	-
Operator's fund					
Revenue account					
Wakala fee	12	29,267,050	-	15,649,919	-
Management expenses	14	(1,733,518)	-	(804,673)	-
Commission expense		(20,230,597)	-	(11,209,337)	-
		7,302,935	-	3,635,909	-
Modarib's share of participants' retakaful fund investment income		188,686	-	146,080	-
Profit on bank deposit		1,175,825	-	322,683	-
Profit before taxation		8,667,446	-	4,104,672	-
Taxation	16	(2,426,885)	-	(1,149,308)	-
Profit after taxation		6,240,561	-	2,955,364	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		6,240,561	-	2,955,364	-

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

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

	September 30, 2019 (Un-audited)			Audited December 31, 2018 Aggregate
	Operator's Fund	Participants Retakaful Fund	Aggregate	
-----Rupees-----				
Operating Cash Flows				
Underwriting activities				
Contribution received	-	76,545,838	76,545,838	-
Retro takaful contribution paid	(32,287,500)	-	(32,287,500)	-
Benefits paid	-	(32,287,500)	(32,287,500)	-
Net cash flows generated from underwriting activities	(32,287,500)	44,258,338	11,970,838	-
Other Operating Activities				
Income tax paid	(419,087)	(62,703)	(481,790)	(318,432)
General management expenses paid	(1,733,518)	-	(1,733,518)	(3,075,329)
Other operating (payments) / receipts	445,602	(315,370)	130,232	467,300
Net cash used in other operating activities	(1,707,003)	(378,073)	(2,085,076)	(2,926,461)
Total cash flow generated from all operating activities	(33,994,503)	43,880,265	9,885,762	(2,926,461)
Investment activities				
Acquisition of investments	(8,500,000)	(15,000,000)	(23,500,000)	-
Profit on bank deposits	1,175,825	754,746	1,930,571	3,184,461
	(7,324,175)	(14,245,254)	(21,569,429)	3,184,461
Financing activities	-	-	-	51,000,000
Net cash generated from all activities	(41,318,678)	29,635,011	(11,683,667)	51,258,000
Cash at beginning of the period	50,256,856	1,001,144	51,258,000	-
Cash at end of the period	8,938,178	30,636,155	39,574,333	51,258,000
Reconciliation to profit and loss account				
Operating cash flows	(33,994,503)	43,880,265	9,885,762	(2,897,088)
Profit on bank account	1,175,825	754,746	1,930,571	3,184,317
Increase in operating assets other than cash	92,469,749	237,716,683	330,186,432	1,144
Decrease/(increase) in operating liabilities	(51,402,712)	(285,140,904)	(336,543,616)	(467,156)
	8,248,359	(2,789,210)	5,459,149	(178,783)
Other adjustments:				
Participants' retakaful fund	-	-	-	144
Provision for taxation	(2,426,885)	-	-	-
Income tax paid	419,087	-	-	287,915
	(2,007,798)	-	-	288,059
Total profit/(deficit) for the period	6,240,561	(2,789,210)	5,459,149	109,276

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

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

For the Nine months period ended September 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 September 30, 2018	-	-	-
Balance as at January 01, 2019 - Audited	50,000,000	78,471	50,078,471
Total Comprehensive income for the period	-	6,240,561	6,240,561
Balance as at September 30, 2019 - Unaudited	50,000,000	6,319,032	56,319,032
	Participants' Retakaful Fund		
	Cede Money	Accumulated Deficit	Total
	-----Rupees-----		
Balance as at January 01, 2018	-	-	-
Total Comprehensive income for the period	-	-	-
Balance as at September 30, 2018	-	-	-
Balance as at January 01, 2019 - Audited	1,000,000	144	1,000,144
Total Comprehensive income for the period	-	(20,037,235)	(20,037,235)
Balance as at September 30, 2019 - Unaudited	1,000,000	(20,037,091)	(19,037,091)

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
Notes To The Condensed Interim Financial statement (Un-Audited)
For the nine months period ended September 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 nine months period ended September 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

	Sep 30, 2019 (Un-audited)			Audited
	Operator's Fund	Participants Retakaful Fund	Aggregate	December 31, 2018 Aggregate
	-----Rupees-----			
Cash at bank				
- Saving accounts	8,938,178	30,636,155	39,574,333	51,258,000

9 OTHER CREDITORS AND ACCRUALS

Salaries payable	150,000	-	150,000	150,000
Income tax deducted at source	107,400	-	107,400	65,400
Sindh sales tax payable	4,800	-	4,800	800
Other payable	1,100	15,800	16,900	1,100
Audit fee payable		-	-	250,000
	<u>263,300</u>	<u>15,800</u>	<u>279,100</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 nine months period ended September 30, 2019

11 NET RETAKAFUL CONTRIBUTION

	Six Months Ended		Three Months Ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	-----Un-Audited-----			
	-----Rupees-----			
Written gross contribution	309,155,541	-	141,340,144	-
Add: Unearned contribution reserve opening	-	-	-	-
Less: Unearned contribution reserve closing	181,907,496	-	73,297,017	-
Contribution earned	127,248,045	-	68,043,127	-
Less: Retakaful contribution ceded	64,575,000	-	32,287,500	-
Add: Prepaid retakaful contribution opening	-	-	-	-
Less: Prepaid retakaful contribution closing	36,444,375	-	19,527,188	-
Retakaful expense	28,130,625	-	12,760,312	-
	99,117,420	-	55,282,815	-

12 WAKALA FEE/EXPENSE

Gross wakala fee	71,105,774	-	32,508,233	-
Add: Unearned Wakala Fee opening	-	-	-	-
Less: Unearned Wakala Fee closing	41,838,724	-	16,858,314	-
	29,267,050	-	15,649,919	-

13 NET RETAKAFUL CLAIMS

Benefits paid	31,731,268	-	25,734,985	-
Add: Outstanding claims closing	58,722,397	-	30,113,475	-
Less: Outstanding claims opening	-	-	-	-
Benefits expense	90,453,665	-	55,848,460	-
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	-	-	-	-
	90,453,665	-	55,848,460	-

14 MANAGEMENT EXPENSES

Bank charges	55,018	-	31,173	-
Shariah advisor fee for retakaful	1,500,000	-	750,000	-
Auditors' fee	168,500	-	23,500	-
CDC charges	10,000	-	-	-
	1,733,518	-	804,673	-

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	-
	20,230,597	-	1,683,399	-

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 nine months period ended September 30, 2019

17 SEGMENT REPORTING

PARTICIPANTS' RETAKAFUL FUND

	Nine months ended September 30, 2019 (Un-Audited)				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Gross written contribution	14,981,804	238,444	16,164,693	277,770,600	309,155,541
Unearned contribution-Opening	-	-	-	-	-
Unearned contribution-Closing	9,282,082	125,501	6,470,282	166,029,631	181,907,496
Contribution earned	5,699,722	112,943	9,694,411	111,740,969	127,248,045
Retakaful-Ceded	-	-	-	64,575,000	64,575,000
Prepaid retakaful-Opening	-	-	-	-	-
Prepaid retakaful-Closing	-	-	-	36,444,375	36,444,375
Retakaful expenses	-	-	-	28,130,625	28,130,625
Net contribution	5,699,722		9,694,411	83,610,344	99,117,420
Rebate	-		-	-	-
Net underwriting income	5,699,722		9,694,411	83,610,344	99,117,420
Benefits paid	-	-	-	31,731,268	31,731,268
Outstanding claims-Opening	-	-	-	-	-
Outstanding claims-Closing	-	-	881,166	57,841,231	58,722,397
Benefits expenses	-		881,166	89,572,499	90,453,665
Retakaful recoveries received	-		-	-	-
Recovery-Opening	-		-	-	-
Recovery-Closing	-		-	-	-
Benefits recovered from retro takaful	-		-	-	-
Net benefits	-		-	89,572,499	90,453,665
Wakala fee	1,310,936	25,977	2,229,715	25,700,423	29,267,050
Management expense	-		-	-	-
Contribution deficiency expense	-		-	-	-
Net benefits and expenses	1,310,936		2,229,715	115,272,922	119,720,715
Underwriting results	4,388,786		7,464,696	(31,662,578)	(20,603,295)
Profit on bank deposits					754,746
Modarib Fee					(188,686)
Profit before tax					(20,037,235)
Segment Assets	-	-	881,166	94,285,606	95,166,772
Unallocated Assets					188,186,066
					283,352,838
Segment Liabilities	11,416,961	154,366	8,839,613	262,057,677	282,468,617
Unallocated Liabilities					2,673,287
					285,141,904

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS

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

For the nine months period ended September 30, 2019

OPERATOR'S FUND

	Nine months ended September 30, 2019 (Un-Audited)				TOTAL
	Fire and property damage	Accident	Treaty		
-----Rupees-----					
Wakala Fee	1,310,936	25,977	2,229,715	25,700,423	29,267,050
Commission	(684,147)	(12,346)	(788,305)	(18,745,799)	(20,230,597)
Management Expenses	(77,648)	-	(132,068)	(1,522,263)	(1,731,979)
Segment Results	549,141	13,631	1,309,342	5,432,361	7,304,474
Profit on bank deposits					1,175,825
Modarib Fee					188,686
Profit before tax					8,668,985
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					83,839,963
					93,367,904
Segment Liabilities	2,134,879	28,865	1,488,165	38,186,815	41,838,724
Unallocated Liabilities					(41,575,424)
					263,300

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 30th October, 2019 by the Board of Directors of the Operator.

21 GENERAL

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

Chief Financial Officer

Chief Executive Officer

Director

Director








Chairman



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Commitment To Excellence



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