



Pakistan Reinsurance Company Limited



**Quarterly Accounts (Un-Audited)
For the 3rd Quarter ended
September 30, 2018**



Vision

To be a leading provider of reinsurance and risk management services in the region

Mission

To provide secure reinsurance capacity and outstanding risk management advice in a profitable manner and to conduct business in a dependable and professional way with the highest standards of customer service

Strategy

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

Objectives

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

Corporate Information

BOARD OF DIRECTORS OF PRCL

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

COMPANY SECRETARY/COMPLIANCE OFFICER

Mr. Shams-ud-Din

BOARD COMMITTEES

AUDIT COMMITTEE

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

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTMENT COMMITTEE

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

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

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

PROCUREMENT COMMITTEE

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

UNDERWRITING / REINSURANCE COMMITTEE

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

CLAIMS SETTLEMENT COMMITTEE

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

SENIOR MANAGEMENT (KEY PERSONNEL)

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

AUDITORS

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

REGISTERED OFFICE

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

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

ZONAL OFFICE

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

SHARE REGISTRAR

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

Directors' Report

For Nine Months Period Ended September 30, 2018

The Valued Shareholders,
Pakistan Reinsurance Company Limited.

On behalf of the Board of Directors of PRCL, I am pleased to present the Directors' Report for nine months period ended September 30, 2018.

1. Third Quarter Business Review

- a. The gross written premium is Rs.2,516 million against an amount of Rs.1,812 million for the corresponding period, showing an increase of Rs.704 million (39%). The net premium is Rs.1,404 million against Rs.1,366 million, showing an increase of Rs.38 million (3%) The net commission (expense) for the period is Rs.241 million as compared to Rs.274 million, showing a decrease of Rs.33 million (12%). The net claims are Rs.700 million against Rs.985 million, showing a decrease of Rs.285 million (29%).
- b. The underwriting profit after management expenses for third quarter ended Sep. 30, 2018 are Rs.308 million as compared to underwriting loss of Rs.48 million for the corresponding period last year, showing an increase of Rs.356 million.
- c. The income from investment including rentals and other items for the period is recorded as Rs.190 million, as compared to Rs.227 million in the corresponding period last year, showing a decrease of Rs.37 million (16%) mainly due to poor performance of stock market.
- d. The profit before tax for the third quarter ended Sep. 30, 2018 is Rs.489 million, as compared to 163 million recorded in the third quarter last year, showing an increase of Rs.326 million (200%). The profit after tax for the third quarter ended September 30, 2018 is Rs.341 million, as compared to Rs.161 million in the third quarter ended September 30, 2017, showing an increase of Rs.180 million (112%)
- e. The earning per share for third quarter ended September 30, 2018 is Rs.1.14 as compared to Rs.0.54 for the corresponding period last year showing an increase of 111% over the period.

2. Nine Months Business Review

- a. The gross written premium is Rs.7,327 million against an amount of Rs.5,178 million for the corresponding period, showing an increase of Rs.2,149 million (42%). The net premium is Rs.4,049 million against Rs.4,281 million, showing a decrease of Rs.233 million (5%) as a portion of gross written premium appeared as unearned premium against the period and the same is converted into earned premium in the next accounting period. The net commission (expense) for the period is Rs.726 million as compared to Rs.854 million, showing a decrease of Rs.128 million (15%). The net claims are Rs.2,156 million against Rs.2,525 million showing a decrease of Rs.369 million (15%).



- b. The underwriting results after management expenses for nine months ended September 30, 2018 are Rs.628 million as compared to Rs.395 million for the corresponding period of last year showing an increase of Rs.232 million (59%) mainly due to decrease in claims.
- c. The income from investment including rentals and other items for the period under review is recorded as Rs.760 million, as compared to Rs.3,595 million in the corresponding period of last year, showing a decrease of Rs.2,835 million (79%). The reason for higher investment income in corresponding period of previous year was huge capital gain upon the sale of NIT units during the period.
- d. The profit before tax for nine months ended Sep. 30, 2018 is Rs.1, 348 million, as compared to 3,948 million recorded in the corresponding period of last year showing a decrease of Rs.2,600 million (66%). The profit after tax for nine months ended September 30, 2018 is Rs.944 million, as compared to Rs.2,880 million in the corresponding period of last year, showing a decrease of Rs.1,936 million (67%).
- e. The earning per share for the third quarter ended September 30, 2018 is Rs.3.15 as compared to Rs.9.60 during the corresponding period of last year showing a decrease of 67%.

3. Future Outlook

We are hopeful to deliver sustainable profitability in a challenging and competitive business environment.

4. Acknowledgement

- a. The Directors of your Company would like to take this opportunity to thank the Company's valued clients, retrocessionaire brokers & business partners and collaborators, the Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange for their assistance and guidance.
- b. We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future. Finally, the Directors also wish to place on record their appreciation for the hard work, loyalty and devotion of the officers and staff who have contributed towards the growth and success of the Company.

For and on behalf of the Board of Directors


Chairman Board
Karachi: 30th October, 2018

ڈائریکٹر کی رپورٹ
30 ستمبر 2018 کو اختتام پذیر نو ماہ کے لیے

پاکستان ری-انسورنس کمپنی لیمنڈ کے معزز حصص کنندگان

میں، PRCL کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی درمیانی مدت کے نو ماہ جس کا اختتام 30 ستمبر 2018 کو ہوا۔ کی ڈائریکٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

1. تیسری سہ ماہی کے کاروبار کا جائزہ

- a. کمپنی کا مجموعی تحریری پریمیم گذشتہ سال اسی مدت کے 1,812 ملین روپے میں 704 ملین روپے (39%) اضافے کے ساتھ 2,516 ملین روپے رہا۔ گذشتہ سال اسی مدت کے خالص پریمیم 1,366 ملین روپے کے مقابلے میں 38 ملین روپے (3%) اضافے کے ساتھ 1,404 ملین روپے رہا۔ گذشتہ سال اسی مدت کے خالص کمیشن (خرچہ) 274 ملین روپے کے مقابلے میں 33 ملین روپے (12%) کمی کے ساتھ 241 ملین روپے رہا۔ خالص دعوے (claims) 985 ملین روپے کے مقابلے میں 285 ملین روپے (29%) کی کمی کے ساتھ 700 ملین روپے رہے۔
- b. 30 ستمبر 2018 کو اختتام پذیر تیسری سہ ماہی پر، مالیاتی ضمانت (underwriting) انتظامی اخراجات نکلنے کے بعد کا منافع گذشتہ سال اسی مدت کے 48 ملین روپے نقصان کے مقابلے میں 308 ملین روپے رہے جو 356 ملین روپے کا اضافہ ظاہر کرتا ہے۔
- c. سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر ذرائع، نے 190 ملین روپے کا اندراج کیا، اس کے مقابلے میں گذشتہ سال اس کی مالیت 227 ملین روپے رہی جو 37 ملین روپے (16%) کی کمی دکھا رہا ہے جس کی بنیادی وجہ حصص منڈی کی ناقص کارکردگی تھی۔
- d. 30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی کا منافع قبل از محصول 489 ملین روپے رہا جبکہ گذشتہ سال کی تیسری سہ ماہی کا منافع قبل از محصول میں 163 ملین روپے تھا جو 326 ملین (200%) کا اضافہ دکھا رہا ہے۔ اور 30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی کا منافع بعد از محصول 341 ملین روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال 30 ستمبر 2017 کو ختم ہونے والی تیسری سہ ماہی کا منافع بعد از محصول 161 ملین روپے تھا جو 180 ملین روپے (112%) کا اضافہ دکھا رہا ہے۔
- e. 30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی میں آمدنی فی حصص 1.14 روپے رہی جبکہ گذشتہ سال اسی مدت میں یہ 0.54 تھی جو اس مدت میں 11 فیصد کا اضافہ دکھا رہا ہے۔

2. نو ماہ کے کاروبار کا جائزہ

- a. کمپنی کا مجموعی تحریری پریمیم گذشتہ سال اسی مدت کے 5,178 ملین روپے مقابلے میں 7,327 ملین روپے رہا جو 2,149 ملین روپے (42%) کا اضافہ ظاہر کر رہا ہے۔ خالص پریمیم 4,281 ملین روپے کے مقابلے میں 233 ملین روپے (5%) کمی کے ساتھ 4,049 ملین روپے رہا اس کی وجہ مجموعی پریمیم حصے کی رقم وصول نہیں ہوئی تھی جو اگلی اکاؤنٹنگ کی مدت میں موصول ہوگی۔ اسی مدت کے خالص کمیشن (اخراجات) 854 ملین روپے کے مقابلے میں 128 ملین روپے (15%) کی کمی کے ساتھ 726 ملین روپے رہا۔ خالص دعوے (claims) 2,525 ملین روپے میں 369 ملین روپے (15%) کی کمی کے ساتھ 2,156 ملین روپے رہے۔



b. 30 ستمبر 2018 کو اختتام پذیر نو ماہ پر، مالیاتی ضمانت (underwriting)، انتظامی اخراجات نکالنے کے بعد گزشتہ سال اسی مدت کے 395 ملین روپے کے مقابلے میں 628 ملین روپے رہی جو 232 ملین روپے (59%) کا اضافہ دکھا رہا ہے جس کی وجہ دعووں (claims) میں کمی ہے۔

c. زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر ذرائع، 760 ملین روپے کا اندراج کیا، اس کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 3,595 ملین روپے رہی جو 2,835 ملین روپے (79%) کی کمی دکھا رہا ہے۔ گزشتہ سال اسی مدت کی سرمایہ کاری سے بڑی آمدنی کی وجہ NIT یونٹس کی فروخت سے سرمایہ (capital) میں اضافہ تھا۔

d. 30 ستمبر 2018 کو ختم ہونے والی نو ماہ مدت میں منافع قبل از محصول 1,348 ملین روپے رہا جبکہ جس میں گزشتہ سال اسی مدت کا منافع قبل از محصول میں 3,948 ملین روپے تھا جو 2,600 ملین روپے (66%) کی کمی دکھا رہا ہے۔ 30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کا منافع بعد از محصول 944 ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت کا منافع بعد از محصول 2,880 ملین روپے تھا جو 1,936 ملین روپے (67%) کی کمی دکھا رہا ہے۔

e. 30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی کی مدت میں آمدنی فی حصص 3.15 روپے رہی جبکہ گزشتہ سال اسی مدت میں یہ 9.60 تھی جو 67 فیصد کی کمی دکھا رہا ہے۔

3. مستقبل کا منظر نامہ

ہم پر اعتماد ہیں کہ کاروبار کے کٹھن اور مسابقتی ماحول میں منافع بخش کے تسلسل کو برقرار رکھیں گے۔

اعتراف

- a. آپ کی کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے تمام معزز گاہکوں، ریٹرو سیڈیشنرز (retrocessionaires) بروکرز، کاروباری شرکاء، معاومین، انشورنس کمپنیوں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی پیشہ ورانہ حمایت اور رہنمائی کا شکریہ ادا کرتا چاہتے ہیں۔
- b. ہم اپنے حصص یافتگان کا ان کے کمپنی پر مسلسل اعتماد اور بھروسے کا بھی شکریہ کرتے ہیں اور ہم انہیں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ اور آخر میں ڈائریکٹرز اس بات کو اجاگر کرتے ہوئے کمپنی کے ان افسران و اسٹاف کو سراہتے ہیں جنہوں نے اپنی انتھک محنت اور وفاداری اور خلوص سے کام کرتے ہوئے کمپنی کی ترقی اور کامیابی میں اپنا حصہ ڈالا۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

چیرمین بورڈ

کراچی: 30 اکتوبر 2018

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Financial Position (Unaudited)
As at 30 September 2018

| | | 30 September 2018 Unaudited | 31 December 2017 (Restated) | 31 December 2016 (Restated) |
|--|-------------|--|--|--|
| ASSETS | Note | Rupees | Rupees | Rupees |
| Property and equipment | 6 | 44,471,115 | 36,570,720 | 38,926,471 |
| Investment property | 7 | 28,664,689 | 29,806,753 | 31,425,711 |
| Investments | | | | |
| Equity securities | 8 | 4,914,393,084 | 5,006,808,061 | 8,829,519,340 |
| Debt securities | 9 | 3,910,404,529 | 4,185,863,614 | 4,106,040,140 |
| Term deposit receipt | 10 | - | 30,000,000 | 440,000,000 |
| Loans and other receivables | 11 | 2,874,771,507 | 3,030,492,550 | 773,088,335 |
| Insurance / Reinsurance receivables | 12 | 5,066,662,101 | 4,304,750,965 | 4,545,097,695 |
| Reinsurance recoveries against outstanding claims | | 3,138,222,115 | 2,159,694,037 | 2,732,782,143 |
| Deferred Commission Expense / Acquisition cost | | 625,527,929 | 696,641,092 | 551,912,413 |
| Taxation - payments less provision | | 698,049,290 | 467,706,126 | 114,406,208 |
| Prepayments | | 1,831,580,969 | 1,875,781,584 | 713,741,761 |
| Stock of stationery | | 528,607 | 401,120 | 240,905 |
| Cash & Bank | 13 | 2,302,793,639 | 2,517,093,773 | 2,240,002,368 |
| Total Assets | | <u>25,436,069,574</u> | <u>24,341,610,395</u> | <u>25,117,183,490</u> |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves attributable to Company's equity holders | | | | |
| Ordinary share capital | | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 |
| Reserves | 14 | 4,948,962,271 | 5,157,594,923 | 8,369,139,335 |
| Unappropriated profit | | 2,852,141,378 | 2,957,871,047 | 1,800,869,530 |
| Total Equity | | <u>10,801,103,649</u> | <u>11,115,465,970</u> | <u>13,170,008,865</u> |
| Liabilities | | | | |
| Underwriting Provisions | | | | |
| - Outstanding claims including IBNR | | 5,978,276,853 | 4,713,650,200 | 4,590,671,732 |
| - Unearned premium reserves | | 4,416,628,048 | 3,856,658,995 | 3,879,309,390 |
| - Unearned Reinsurance Commission | | 175,277,688 | 284,665,088 | 8,229,606 |
| Retirement benefit obligations | | 2,166,355,404 | 2,193,559,697 | 1,296,307,190 |
| Insurance / Reinsurance Payables | 15 | 1,617,657,846 | 1,976,119,106 | 1,983,410,166 |
| Other Creditors and Accruals | 16 | 280,770,086 | 201,491,339 | 189,246,541 |
| Total Liabilities | | <u>14,634,965,925</u> | <u>13,226,144,425</u> | <u>11,947,174,625</u> |
| Total Equity and Liabilities | | <u>25,436,069,574</u> | <u>24,341,610,395</u> | <u>25,117,183,490</u> |
| Contingency(ies) and commitment(s) | 17 | | | |

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Profit and Loss Account (Unaudited)

For the period ended September 30, 2018

| | Note | Quarter ended 30 Sep | | Nine months ended 30 Sep | |
|--|------|----------------------|----------------------|--------------------------|----------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Net insurance premium | 18 | 1,403,878,564 | 1,366,379,776 | 4,048,712,349 | 4,281,343,507 |
| Net Insurance claims | 19 | 700,301,963 | 985,098,320 | 2,155,737,417 | 2,524,826,069 |
| Net Commission and other acquisition costs | 20 | 240,521,964 | 273,635,205 | 726,426,501 | 854,127,402 |
| | | 940,823,927 | 1,258,733,525 | 2,882,163,918 | 3,378,953,471 |
| Management Expenses | | 154,822,186 | 155,512,611 | 538,728,987 | 506,964,703 |
| Underwriting results | | 308,232,451 | (47,866,360) | 627,819,444 | 395,425,333 |
| Investment income | | 137,795,421 | 201,749,273 | 521,696,203 | 3,424,896,325 |
| Rental income | | 15,466,948 | 12,738,544 | 45,275,531 | 41,909,371 |
| Other income | | 36,938,779 | 12,838,843 | 192,570,868 | 128,072,011 |
| Other expenses | | (9,324,330) | (15,997,676) | (39,516,117) | (42,000,598) |
| Results of operating activities | | 489,109,269 | 163,462,624 | 1,347,845,929 | 3,948,302,442 |
| Profit before tax | | 489,109,269 | 163,462,624 | 1,347,845,929 | 3,948,302,442 |
| Income tax expense | 22 | (148,449,740) | (2,394,822) | (403,575,598) | (1,068,098,882) |
| Profit after tax | | 340,659,529 | 161,067,802 | 944,270,331 | 2,880,203,560 |
| Earnings (after tax) per share - Rupees | | 1.14 | 0.54 | 3.15 | 9.60 |

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

Pakistan Reinsurance Company Limited
 Condensed Interim Statement Of Comprehensive Income (Unaudited)
 For the period ended September 30, 2018

| | Three months period ended Sep 30 | | Nine months period ended Sep 30 | |
|--|---|-----------------------------|---|-----------------------------|
| | 30 Sep 2018 Unaudited ----- Rupees ----- | 30 Sep 2017 Unaudited | 30 Sep 2018 Unaudited ----- Rupees ----- | 30 Sep 2017 Unaudited |
| Profit for the Period | 340,659,529 | 161,067,802 | 944,270,331 | 2,880,203,560 |
| Other comprehensive (loss) / income | | | | |
| Items that may not be reclassified to profit and loss account subsequently | | | | |
| Unrealized gain on available for sale. | (663,865,464) | (601,231,545) | (102,928,288) | (266,456,294) |
| Transfer to profit and loss account on disposal of available for sale investment | - | - | (105,704,365) | (2,599,951,211) |
| Other comprehensive income for the period | (663,865,464) | (601,231,545) | (208,632,653) | (2,866,407,505) |
| Total comprehensive income for the period | (323,205,935) | (440,163,743) | 735,637,678 | 13,796,055 |

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

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

| | Share capital | Reserves | | | Total reserves | Unappropriated profit | Total |
|--|-------------------------------|--------------------------------|--|-----------------|-----------------|-----------------------|-----------------|
| | Issued subscribed and paid-up | Reserve for exceptional losses | Unrealized gain on available for sale investment | General reserve | | | |
| | -----Rupees----- | | | | | | |
| Balance as at January 01, 2017 (as reported) | 3,000,000,000 | 281,000,000 | - | 1,777,419,085 | 2,058,419,085 | 2,345,041,499 | 7,403,460,584 |
| Effect of changes in accounting policy (note 5.2) | - | - | 6,310,720,250 | - | 6,310,720,250 | (544,171,969) | 5,766,548,281 |
| Balance as at January 01, 2017 (restated) | 3,000,000,000 | 281,000,000 | 6,310,720,250 | 1,777,419,085 | 8,369,139,335 | 1,800,869,530 | 13,170,008,865 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 2,880,203,560 | 2,880,203,560 |
| Unrealized gain on available for sale investments | - | - | (2,866,407,505) | - | (2,866,407,505) | - | (2,866,407,505) |
| Total comprehensive income for the period ended September 30, 2017 | - | - | (2,866,407,505) | - | (2,866,407,505) | 2,880,203,560 | 13,796,055 |
| Transactions with owners | | | | | | | |
| Final cash dividend 2016: Rs. 3.00 @ 30% per share | - | - | - | - | (900,000,000) | (900,000,000) | (900,000,000) |
| Balance as at September 30, 2017 (Restated) | 3,000,000,000 | 281,000,000 | 3,444,312,745 | 1,777,419,085 | 4,602,731,830 | 3,781,073,090 | 12,283,804,920 |
| Balance as at January 01, 2018 (as reported) | 3,000,000,000 | 281,000,000 | - | 1,777,419,085 | 2,058,419,085 | 2,744,904,759 | 7,803,323,844 |
| Effect of changes in accounting policy (note 5.2) | - | - | 3,099,175,838 | - | 3,099,175,838 | 212,966,289 | 3,312,142,127 |
| Balance as at January 01, 2018 (restated) | 3,000,000,000 | 281,000,000 | 3,099,175,838 | 1,777,419,085 | 5,157,594,923 | 2,957,871,048 | 11,115,465,971 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 944,270,331 | 944,270,331 |
| Unrealized gain on available for sale investments | - | - | (208,632,653) | - | (208,632,653) | - | (208,632,653) |
| Total comprehensive income for the period ended June 30, 2018 | - | - | (208,632,653) | - | (208,632,653) | 944,270,331 | 735,637,678 |
| Transactions with owners | | | | | | | |
| Final cash dividend 2017: Rs. 3.50 @ 35% per share | - | - | - | - | (1,050,000,000) | (1,050,000,000) | (1,050,000,000) |
| Balance as at June 30, 2018 | 3,000,000,000 | 281,000,000 | 2,890,543,185 | 1,777,419,085 | 3,898,962,270 | 2,852,141,379 | 10,801,103,649 |

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the period ended September 30, 2018

| | 2018 (Rupees) | 2017 (Rupees) |
|--|----------------------|------------------------|
| Operating Cash Flows: | | |
| Underwriting activities:- | | |
| Premium received | 6,565,131,456 | 5,102,939,268 |
| Reinsurance premium paid | (2,843,784,444) | (1,959,261,093) |
| Claims paid | (1,976,467,741) | (3,294,287,346) |
| Reinsurance and other recoveries received | 106,828,899 | 1,480,657,662 |
| Commission paid | (995,335,114) | (880,338,271) |
| Commission received | 230,634,376 | 46,746,923 |
| Premium and claim reserves retained from retrocessionaires/withheld by ceding companies | (152,143) | (60,613,107) |
| Other underwriting payments (management expenses) | (538,728,987) | (506,964,703) |
| Net cash flows generated from underwriting activities | 548,126,302 | (71,120,667) |
| Other Operating Activities | | |
| Income tax paid | (633,918,762) | (1,017,933,444) |
| General management expenses paid | (39,516,117) | (42,000,598) |
| Payment under defined benefit obligations | - | - |
| Other operating (payments) / receipts | 5,634,540 | (103,658,113) |
| Advances to employees | 7,040,143 | (2,230,877,288) |
| Net cash used in other operating activities | (660,760,196) | (3,394,469,443) |
| Total cash flow generated from all operating activities | (112,633,894) | (3,465,590,110) |
| Investment activities | | |
| Fixed Capital expenditure | (6,758,331) | (489,577) |
| Sale proceeds of Fixed Assets | - | - |
| Acquisition of investments | (5,440,685,332) | (4,881,870,084) |
| Rental income received - net of expenses | 61,208,463 | 30,100,660 |
| Dividend income received | 88,404,147 | 195,326,155 |
| Interest income on bank deposits | 49,986,081 | 63,414,164 |
| Investment income received - net of expenses | 476,113,108 | 3,269,813,392 |
| Proceeds on sale/ maturity of investments | 5,599,969,326 | 5,070,336,214 |
| Total cash used in investing activities | 828,237,462 | 3,746,630,924 |
| Financing activities | | |
| Surplus paid | - | - |
| Dividend paid | (959,903,702) | (884,258,101) |
| Total cash generated used in financing activities | (959,903,702) | (884,258,101) |
| Net cash generated from all activities | (244,300,134) | (603,217,287) |
| Cash at beginning of the period | 2,547,093,773 | 2,680,002,368 |
| Cash at end of the period | 2,302,793,639 | 2,076,785,081 |

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

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CEO

DIRECTOR

DIRECTOR

CHAIRMAN

| | 2018 (Rupees) | 2017 (Rupees) |
|---|------------------|------------------|
| Reconciliation to profit and loss account | | |
| Operating cash flows | (112,633,894) | (3,465,590,110) |
| Depreciation expense | | |
| -Fixed assets | (4,543,601) | 2,224,025 |
| -Investment property | (1,142,064) | (7,666,506) |
| Exchange gain | 187,917,031 | 13,882,806 |
| Rental income | 45,275,531 | 41,909,371 |
| Change for deferred liability - employee benefits | 27,204,293 | 77,566,405 |
| Reinsurance recoveries against outstanding claims | 978,528,078 | (710,287,594) |
| Provision for outstanding claims | (1,264,626,653) | (908,791) |
| Provision for unearned premium | (559,969,053) | 678,505,406 |
| Prepaid reinsurance | (44,968,832) | 17,729,314 |
| Dividend income | 90,033,397 | 284,948,208 |
| Investment income | (10,485,124) | (30,910,631) |
| Interest income | 327,215,328 | 368,354,638 |
| Amortization of premium | 42,584 | 6,755,788 |
| Gain on sale of investment | 114,890,018 | 2,795,748,322 |
| (Decrease)/Increase in operating assets other than cash | 711,214,609 | 2,376,875,976 |
| Decrease/(Increase) in operating liabilities | 229,975,519 | 481,232,371 |
| | 713,927,167 | 2,930,368,998 |
| Other adjustments: | | |
| Income tax paid | 633,918,762 | 1,017,933,444 |
| | 633,918,762 | 1,017,933,444 |
| Profit/(Loss) before taxation | 1,347,845,929 | 3,948,302,442 |
| Provision for taxation | (403,575,598) | (1,068,098,882) |
| Profit/(Loss) after taxation | 944,270,331 | 2,880,203,560 |

Definition of cash

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

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

Cash and cash equivalents:

| | | |
|-----------------------------------|---------------|---------------|
| Cash and other equivalent | 91,946 | 82,101 |
| Current and other accounts | 2,302,701,693 | 2,006,702,980 |
| Deposit maturing within 12 months | 0 | 70,000,000 |
| | 2,302,793,639 | 2,076,785,081 |

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

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

1 STATUS AND NATURE OF BUSINESS

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

With effect from February 15, 2001, the Company took over all the assets and liabilities of former Pakistan Insurance Corporation (PIC) vide SRO No.98(1)/2000 dated February 14, 2001 of the Ministry of Commerce issued in terms of Pakistan Insurance Corporation (Re-organization) Ordinance, 2000 to provide for conversion of Pakistan Insurance Corporation into Pakistan Reinsurance Company Limited which was established in 1952 as Pakistan Insurance Corporation (PIC) under PIC Act 1952. Accordingly, PIC has been dissolved and ceased to exist and the operations and undertakings of PIC are being carried out by the Company.

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

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

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

3 BASIS OF PREPARATION

3.1 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost and investment 'at fair value through profit or loss – held for trading' are stated at fair value and available for sale at market value.

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

3.2 Functional and presentation currency

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

3.3 Statement of compliance

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

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

This condensed interim financial information of the Company for the nine months period ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have

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

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimate about carrying values of assets and liabilities that are not readily apparent from other sources.

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

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

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

5.2 Change in accounting policies

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

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

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

| | Cumulative effect up to September 30, 2018 | Cumulative effect up to December 31, 2017 | Cumulative effect for the period ended September 30, 2017 | Cumulative effect up to January 01, 2017 |
|---|--|---|--|---|
| | ----- Rupees ----- | | | |
| Effect on statement of financial position | | | | |
| Increase in revaluation reserve on available for sale investment | 3,099,175,838 | 3,099,175,838 | 3,441,809,326 | 6,310,720,250 |
| Increase in investment - Mutual fund units | 370,571,329 | 370,571,329 | 115,307,281 | 3,037,426,958 |
| Increase in investment - Ordinary Shares | 2,728,604,509 | 2,728,604,509 | 3,326,502,045 | 3,273,293,291 |

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

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

| | Cumulative effect up to September 30, 2018 | Cumulative effect up to December 31, 2017 | Cumulative effect for the period ended September 30, 2017 | Cumulative effect up to January 01, 2017 |
|---|--|---|--|---|
| ----- Rupees ----- | | | | |
| Effect on balance sheet | | | | |
| Decrease in unappropriated profit Inc./Decrease in unearned premium reserves | <u>(331,205,679)</u> | <u>(331,205,679)</u> | <u>(158,929,858)</u> | <u>(544,171,968)</u> |
| Decrease in deferred commission expenses / acquisition cost (Decrease) / increase in prepayments | <u>(926,021,721)</u> | <u>(926,021,721)</u> | <u>(164,901,221)</u> | <u>(540,782,682)</u> |
| Increase (decrease) unearned reinsurance commission | <u>(71,936,191)</u> | <u>(71,936,191)</u> | <u>(13,890,139)</u> | <u>(46,373,983)</u> |
| | <u>(1,179,073,090)</u> | <u>(1,179,073,090)</u> | <u>527,693,598</u> | <u>(1,054,528,540)</u> |
| | <u>6,218,120</u> | <u>6,218,120</u> | <u>(33,096,794)</u> | <u>(15,947,872)</u> |
| Effect on profit and loss account | | | | |
| Increase in net insurance premium | - | - | 362,792,377 | - |
| Increase in net Commission and other acquisition costs | - | - | (45,986,933) | - |

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

| | September 30, 2018 Rupees | December 31, 2017 Rupees |
|---|---------------------------------|--------------------------------|
| 6 PROPERTY AND EQUIPMENT | | |
| Opening balance as at | 36,570,720 | 38,926,471 |
| Additions during the period | | |
| Furniture, fixtures and office equipments | 12,863,590 | 1,533,225 |
| Motor vehicles (owned) | - | 2,874,000 |
| | 12,863,590 | 4,407,225 |
| Less: | 49,434,310 | 43,333,696 |
| Written down value of assets disposed / transferred | (419,594) | (919,241) |
| Depreciation charge for the period | (4,543,601) | (5,843,735) |
| | 44,471,115 | 36,570,720 |

7 INVESTMENT PROPERTIES

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

8 INVESTMENTS IN EQUITY SECURITIES

8.1 Investments - Held For Trading

| | September 30, 2018 | | | December 31, 2017 (Restated) | | |
|---------------|--------------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| | Market value as at December 31, 2017 | Market value as at September 30, 2018 | Unrealized gain during the period | Market value as at December 31, 2016 | Market value as at December 31, 2017 | Unrealized gain during the period |
| | ----- Rupees ----- | | | | | |
| Listed shares | 103,032,847 | 226,349,672 | (3,847,993) | 133,095,394 | 103,032,847 | (30,062,547) |
| | 103,032,847 | 226,349,672 | (3,847,993) | 133,095,394 | 103,032,847 | (30,062,547) |

8.2 Investments-Available For Sale

| | September 30, 2018 | | | December 31, 2017 (Restated) | | |
|-------------------------|---|---------------------------------------|--|--|--------------------------------------|---|
| | Carrying value as at September 30, 2018 | Market value as at September 30, 2018 | Unrealized gain as at September 30, 2018 | Carrying value as at December 31, 2017 | Market value as at December 31, 2017 | Unrealized gain as at December 31, 2017 |
| | ----- Rupees ----- | | | | | |
| Listed shares | 418,832,284 | 2,841,389,399 | 2,422,557,115 | 426,777,093 | 3,155,381,598 | 2,728,604,505 |
| Unlisted Shares | 2,608,105 | 617,613 | (1,990,492) | 2,608,105 | 617,613 | (1,990,492) |
| Mutual funds | 1,701,457,734 | 1,845,190,741 | 143,733,007 | 1,701,457,734 | 1,747,775,999 | 46,318,265 |
| | 2,122,898,123 | 4,687,197,753 | 2,564,299,630 | 2,130,842,932 | 4,903,775,210 | 2,772,932,278 |
| Total equity securities | 2,225,930,970 | 4,913,547,425 | 2,560,451,637 | 2,263,938,326 | 5,006,808,057 | 2,742,869,731 |

9 INVESTMENTS IN DEBT SECURITIES - Held to maturity

| | September 30, 2018 | | December 31, 2017 (Restated) | |
|---------------------------|---|---------------------------------------|--|--------------------------------------|
| | Amortized cost as at September 30, 2018 | Market value as at September 30, 2018 | Amortized cost as at December 31, 2017 | Market value as at December 31, 2017 |
| | ----- Rupees ----- | | | |
| Pakistan Investment Bonds | 2,167,270,708 | 2,167,270,708 | 2,426,809,141 | 2,426,809,141 |
| Treasury Bills | 1,743,814,268 | 1,743,133,821 | 1,759,054,473 | 1,759,054,473 |
| Total debt securities | 3,911,084,976 | 3,910,404,529 | 4,185,863,614 | 4,185,863,614 |

10 TERM DEPOSIT RECEIPT

| | September 30, 2018 | December 31, 2017 |
|------------------------------------|--------------------|-------------------|
| | ----- Rupees ----- | |
| Deposits maturing within 12 months | - | 30,000,000 |

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

| | | September 30, 2018 | December 31, 2017 (Restated) |
|---------------------------------------|------|-----------------------|------------------------------------|
| | Note | Rupees | Rupees |
| 11 LOANS AND OTHER RECEIVABLES | | | |
| - Considered good | | | |
| Accrued investment income | | 59,876,389 | 164,005,201 |
| Loans to employees | 11.1 | 174,727,580 | 181,767,723 |
| Receivable from Sindh Revenue Board | 17.2 | 2,573,888,727 | 2,573,888,727 |
| Sundry receivables | | 66,278,809 | 110,830,897 |
| | | <u>2,874,771,506</u> | <u>3,030,492,549</u> |

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

12 INSURANCE / REINSURANCE RECEIVABLES
unsecured, considered good

| | | | |
|--|------|----------------------|----------------------|
| Due from insurance contract holders | | 5,580,024,742 | 4,818,265,749 |
| Less: Provision for impairment of receivables from insurance contract holders | | <u>(524,634,292)</u> | <u>(524,634,292)</u> |
| | | 5,055,390,450 | 4,293,631,457 |
| Due from other insurers / reinsurers | | 28,271,652 | 28,119,508 |
| | | <u>5,083,662,102</u> | <u>4,321,750,965</u> |
| Less: Provision for impairment of receivables from other insurers / reinsurers | | <u>(17,000,000)</u> | <u>(17,000,000)</u> |
| | 12.1 | <u>5,066,662,102</u> | <u>4,304,750,965</u> |

12.1 This includes Rs.1,410.230 Million (December 31, 2017: Rs. 1,544.908 million) due from related party National Insurance Company Limited.

| | | September 30, 2018 | December 31, 2017 (Restated) |
|--|--|-----------------------|------------------------------------|
| | Note | Rupees | Rupees |
| 13 CASH AND BANK | | | |
| Cash and other equivalents | | 91,946 | 77,216 |
| Saving accounts | 13.1 | <u>2,302,701,693</u> | <u>2,517,016,558</u> |
| | | <u>2,302,793,639</u> | <u>2,517,093,774</u> |
| 13.1 | The saving accounts carry markup at the rates ranging from 2.75% to 3.75% (2017: 2.75% to 3.75%) per annum. | | |
| 14 RESERVES | | | |
| Unrealized gain on available for sale investment | | 2,890,543,185 | 3,099,175,838 |
| General reserve | | 1,777,419,085 | 1,777,419,085 |
| Reserve for exceptional losses | | <u>281,000,000</u> | <u>281,000,000</u> |
| | | <u>4,948,962,270</u> | <u>5,157,594,923</u> |
| 15 INSURANCE / REINSURANCE PAYABLES | | | |
| Due to insurance contract holders | | 1,599,314,579 | 1,957,775,833 |
| Due to other insurers / reinsurers | | <u>18,343,273</u> | <u>18,343,273</u> |
| | | <u>1,617,657,852</u> | <u>1,976,119,106</u> |
| 16 OTHER CREDITORS AND ACCRUALS | | | |
| Accrued expenses | | 5,152,671 | 14,160,297 |
| Retention money payable | | 6,368,183 | 6,368,183 |
| Unpaid and unclaimed dividend | | 219,465,327 | 129,369,029 |
| Surplus profit payable | | 1,212,602 | 1,212,602 |
| Others | 16.1 | <u>48,571,302</u> | <u>50,381,227</u> |
| | | <u>280,770,085</u> | <u>201,491,338</u> |
| 16.1 | This represents deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors, which is in the normal course of business and does not carry any interest or mark-up. | | |

17 CONTINGENCIES AND COMMITMENTS

17.1 Dispute with Karachi Port Trust

The Company has dispute with Karachi Port Trust (KPT) on marginal increase in Ground Leased Rent on the plot of land of PRC Towers from Rs.14.35 per sq. meter to Rs.260.52 per sq. meter w.e.f. the year 2008. Legal Advisor of the Company was approached and they viewed it 'exorbitant' and 'inappropriate' increase exercised by KPT. The amount was not acknowledged but the Company made provision under the head of Ground Leased Rent as at September 30, 2018 amounting to Rs. 25.454 million (December 31, 2017: Rs. 24.024 million).

The Company filed suit in the Honorable City Court, Karachi West in the year 2008 against the Exorbitant and Inappropriate increase in Ground Leased Rent of KPT and obtained stay. The Honorable City Court, Karachi West dismissed the suit of the Company on 31.5.2013.

The Company challenged the dismissal order of the Honorable City Court and filed appeal in the Honorable High Court of Sindh in the year 2013 against the exorbitant and inappropriate increase in Ground Leased Rent of KPT. Since, 2013 the Honorable High Court of Sindh has not fixed the date of hearing and the status of the case is still pending.

17.2 Sindh Sales Tax Issue

Company received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sindh Sales Tax return on services provided to Insurance Companies. The Company contested the notice of SRB against the sales tax demand recoverable from the Company giving rise to tax liability amounting to Rs. 3,242 million and tax penalty of Rs. 880 million for the financial years 2011 and 2012.

The Company being an aggrieved filed an appeal with Commissioner of Appeals, Sindh Revenue Board. Commissioner Appeals rejected the appeal of the Company.

Company filed an appeal with Appellate Tribunal – SRB where during the prior year the decision was made against the Company vide order number AT-02/2013 and AT-109/2013 dated February 03, 2016.

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

Meantime, SRB issued two orders in pursuance of Appellate Tribunal-SRB Order referred above demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh for the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively.

Consequently, Company filed reference in the Honorable High Court of Sindh on April 18, 2016 against Appellant Tribunal's orders and tax demands.

SRB initiated coercive measure on May 31, 2016 and forcefully 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 restraining SRB from proceedings coercive measure against the Company.

The case is still pending before the Honorable High Court of Sindh. Latest hearing was held in the Honorable High Court of Sindh on March 07, 2018.

Further, the Company received another notice from Sindh Revenue Board (SRB) demanding sales tax on reinsurance services amounting to Rs. 1,385 million and tax penalty amounting to Rs. 424 million for the period from January 2013 to December 2013. Company protested and filed an appeal before the Commissioner Appeals, Sindh Revenue Board. Later, the Commissioner Appeals-SRB passed decision against the Company. The Company being aggrieved filed appeal before Appellant Tribunal-SRB. AT-SRB heard the case and the order was in pipeline.

Company informed Ministry of Commerce vide letter dated April 14, 2017 in the matter of dispute sales tax demand raised by SRB. Ministry of Commerce vide letter dated May 03, 2017 directed the Company to take action as per Board of Directors decision and also directed to keep continued contesting in High Court, vigorously. In the light of Board of Directors' directives and legal opinion, Company wrote a letter on May 17, 2016 to the Commissioner (SRB) that Company would agree to make payment of the principal amount of the demand under protest subject to the 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 and SRB would not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services finalized by the Superior Court and SRB would not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter would be decided after the decision of the final appellate forum the Honorable Supreme Court of Pakistan.

SRB vide letter dated May 17, 2017 assured that SRB would abide all the conditions as stated in the Company letter dated May 17, 2017. During the year ending December 31, 2017, the Company paid Rs. 2,131.464 million under protest against the sales tax liability for the years 2011, 2012 and 2013.

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

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

17.3 Employees' Old Age Benefit Institution

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

Company filed suit in the Honorable High Court of Sindh. Date of hearing has not been fixed by the Honorable Court, so far. Management expects decision in favor of the Company in the light of the above valid ground. Hence, no financial impact is currently quantifiable and there is no provision made in the ensuing condensed interim financial statements.

17.4 Federal Excise Duty Issue

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

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

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

| | September 30, 2018 | September 30, 2017 (Restated) |
|---|-------------------------------|--|
| | Rupees | Rupees |
| 18 NET INSURANCE PREMIUM | | |
| Written Gross Premium | 7,326,890,449 | 5,177,709,082 |
| Add: Unearned premium reserve - opening | 3,856,658,993 | 3,879,309,390 |
| Less: Unearned premium reserve - closing | (4,416,628,046) | (3,200,803,984) |
| Premium earned | <u>6,766,921,396</u> | <u>5,856,214,488</u> |
| Less: | | |
| Reinsurance premium ceded | 2,673,240,215 | 1,592,600,295 |
| Add: Prepaid reinsurance premium - opening | 1,870,094,821 | 708,053,089 |
| Less: Prepaid reinsurance premium - closing | (1,825,125,989) | (725,782,403) |
| Reinsurance expense | <u>2,718,209,047</u> | <u>1,574,870,981</u> |
| | <u>4,048,712,349</u> | <u>4,281,343,507</u> |
| | September 30, 2018 | September 30, 2017 (Restated) |
| | Rupees | Rupees |
| 19 NET INSURANCE CLAIMS | | |
| Claims paid | 1,976,467,741 | 3,294,287,346 |
| Add: Outstanding claims including IBNR closing | 5,983,228,853 | 4,596,532,523 |
| Less: Outstanding claims including IBNR opening | (4,718,602,200) | (4,595,623,732) |
| Claims expense | <u>3,241,094,394</u> | <u>3,295,196,137</u> |
| Less: | | |
| Reinsurance and other recoveries received | 106,828,899 | 1,480,657,662 |
| Add: Reinsurance and other recoveries in respect of outstanding claims closing | 3,138,222,115 | 2,022,494,549 |
| Less: Reinsurance and other recoveries in respect of outstanding claims opening | 2,159,694,037 | 2,732,782,143 |
| Reinsurance and other recoveries revenue | <u>1,085,356,977</u> | <u>770,370,068</u> |
| | <u>2,155,737,417</u> | <u>2,524,826,069</u> |
| | September 30, 2018 | September 30, 2017 (Restated) |
| | Rupees | Rupees |
| 20 NET COMMISSION AND OTHER ACQUISITION COSTS | | |
| Commission paid / payable | 995,335,114 | 880,338,271 |
| Add: Deferred commission expense opening | 696,641,094 | 551,912,413 |
| Less: Deferred commission expense closing | 625,527,931 | 540,926,592 |
| Net commission | <u>1,066,448,277</u> | <u>891,324,092</u> |
| Less: | | |
| Commission received or recoverable | 230,634,376 | 46,746,923 |
| Add: Unearned reinsurance commission opening | 284,665,088 | 8,229,606 |
| Less: Unearned reinsurance commission closing | 175,277,688 | 17,779,839 |
| Commission from reinsurere | <u>340,021,776</u> | <u>37,196,690</u> |
| | <u>726,426,501</u> | <u>854,127,402</u> |
| | September 30, 2018 | September 30, 2017 (Restated) |
| | Rupees | Rupees |
| 21 OTHER INCOME | | |
| Exchange gain | 187,917,031 | 13,882,806 |
| Interest income | 800,656 | 449,343 |
| Miscellaneous income | 3,853,177 | 113,739,861 |
| | <u>192,570,864</u> | <u>128,072,010</u> |

22 TAXATION

22.1 Provision for taxation

Current (403,575,598) (1,068,098,882)

- 22.2 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 161/205 and 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2010, 2012, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies. The tax demand against these show causes notices are amounting to Rs. 20,931,772, Rs. 148,318,431, Rs. 55,305,922 and Rs. 182,669,756 and Rs.224,242,362 respectively.
- 22.3 The Company filed appeals against the orders pertaining to tax years 2010, 2015 and 2016 which have been decided against the Company by CIRA before Appellate Tribunal Inland Revenue (ATIR), which are still pending in ATIR. Further, ATIR has passed the order in favor of the Company through a single order dated December 19, 2016, against tax demands upheld by Commissioner Inland Revenue for Tax Year 2012 under section 122(5A) amounting to Rs. 148,318,431 respectively. Pursuant to ATIR order, the company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to Company for Tax year 2012 the appeal is pending before Additional Commissioner FBR. ATIR passed order against the Company dated October 03, 2016 for tax demand under section 161, default surcharge under section 205 and penalty for default under section 182 for the period from January 01, 2013 to September 30, 2014 amounting to Rs. 260,214,169 on non-deduction of withholding tax on commission expense. The Company has challenged the order dated October 03, 2016 passed by ATIR in the Honorable High Court of Sindh.
- 22.4 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax years 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance, and charging worker welfare fund and disallowance of actuarial loss through other comprehensive income) from TY 2015 and onwards, The tax demand against these show causes notices are amounting to Rs. 370,037,784, Rs. 97,552,694, Rs. 443,039,254, Rs. 320,013,363, Rs.191,405,099, Rs. 542,653,335, Rs. 498,357,134, Rs. 742,375,175 and Rs. 655,869,725 respectively. The Company filed appeal before Commissioner Inland Revenue Appeal (CIRA). The Commissioner Inland Revenue Appeal (CIRA) passed order against the Company for tax year 2009, the Company filed an appeal before ATIR, which is pending for final verdict. Further, the Commissioner Inland Revenue (Appeals-II) passed order dated August 20, 2017 in respect of appeal filed by the Company against re-assessment order for Tax year 2015 dated April 24, 2017 passed by ACIR under section 122(5A) of the Income Tax Ordinance, 2001 on remeasurement of defined benefit obligation in favor of Company. However, during the period the Company paid Rs. 100 million under protest for Tax Year 2016 reducing the tax liability under section 122(5A) at Rs.124,242,362.

22.5 Out of above orders, in Tax year 2010, 2011, 2015, 2016 and 2017 certain issues have been decided in favour of the Company by CIRA. Pursuant to these orders, the Company filed appeal effect/refund applications to FBR (department), this resulted in reduction in tax liability for Tax year 2010 and 2016 amounting to Rs. 82,409,843, Rs. 124,242,362 and refund assessed in favor of Company for Tax year 2008, 2009, 2010, 2011, 2015 and 2017 amounting to Rs.10,096,413, Rs.36,669,758, Rs.8,135,673, Rs.220,905,279, Rs. 24,228,768 and Rs. 92,401,764 respectively. The Company contested in the Honorable High Court of Sindh for stay for the tax year 2016. The Honorable High Court granted stays and passed order sheets directing Appellate Tribunal Inland Revenue to resolve the issues within 45 days. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss IAS19 through other comprehensive income).

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

23.1 Carrying amount versus fair value

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

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

| | As at September 30, 2018 | | (Restated) As at December 31, 2017 | |
|---|--------------------------|---------------|---------------------------------------|---------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | -----Rupees----- | | -----Rupees----- | |
| Financial Assets | | | | |
| Investment property | 28,664,689 | 1,533,271,000 | 29,045,378 | 1,533,271,000 |
| Investments | | | | |
| Equity securities | | | | |
| Held for trading | | | | |
| Ordinary shares - listed | 226,349,672 | 226,349,672 | 103,032,847 | 103,032,847 |
| Available for sale | | | | |
| Ordinary shares - listed | 2,841,389,399 | 2,841,389,399 | 3,155,381,598 | 3,155,381,598 |
| Mutual fund units | 1,846,036,401 | 1,846,036,401 | 1,747,775,999 | 1,747,775,999 |
| Ordinary shares - unlisted | 617,613 | 617,613 | 617,613 | 617,613 |
| Debt securities | | | | |
| Pakistan Investment Bonds | 2,167,308,962 | 2,167,270,708 | 2,426,809,141 | 2,641,000,000 |
| Treasury Bills | 1,743,133,821 | 1,743,133,821 | 1,759,054,473 | 1,759,054,473 |
| Term deposits | | | | |
| Loans and other receivables | 2,874,771,506 | 2,874,771,506 | 3,030,492,549 | 3,030,492,549 |
| Insurance / Reinsurance receivables | 5,049,662,102 | 5,049,662,102 | 4,304,750,965 | 4,304,750,965 |
| Reinsurance recoveries against outstanding claims | 3,138,222,115 | 3,138,222,115 | 2,159,694,037 | 2,159,694,037 |
| Deferred Commission Expense / Acquisition cost | 625,527,929 | 625,527,929 | 696,641,094 | 696,641,094 |
| Cash and Bank | 2,302,793,639 | 2,302,793,639 | 2,517,093,774 | 2,517,093,774 |
| Financial Liabilities | | | | |
| Outstanding claims including IBNR | 5,978,276,853 | 5,978,276,853 | 4,713,650,200 | 4,713,650,200 |
| Unearned premium reserves | 4,416,628,048 | 4,416,628,048 | 3,856,658,994 | 3,856,658,994 |
| Unearned Reinsurance Commission | 175,277,688 | 175,277,688 | 284,665,089 | 284,665,089 |
| Retirement benefit obligations | 2,166,355,404 | 2,166,355,404 | 2,193,559,697 | 2,193,559,697 |
| Insurance / Reinsurance Payables | 1,617,657,846 | 1,617,657,846 | 1,976,119,106 | 1,976,119,106 |
| Other Creditors and Accruals | 280,770,086 | 280,770,086 | 201,491,339 | 201,491,339 |

23.2 Fair value hierarchy

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

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

The fair value hierarchy has the following levels:

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

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

| | As at September 30, 2018 | Level 1 | Level 2 | Level 3 |
|--|-----------------------------|---------------|---------------|---------|
| -----Rupees----- | | | | |
| Financial assets measured at fair value | | | | |
| Investments at fair value through profit or loss - held for trading | | | | |
| Ordinary shares - listed | 226,349,672 | 226,349,672 | - | - |
| Investments at fair value- available for sale | | | | |
| Ordinary shares - listed | 2,841,389,399 | 2,841,389,399 | - | - |
| Mutual fund units | 1,846,036,401 | 1,846,036,401 | - | - |
| Ordinary shares - unlisted | 617,613 | - | - | 617,613 |
| Investments- held to maturity | | | | |
| Pakistan Investment Bonds | 2,167,270,708 | - | 2,167,270,708 | - |
| Treasury Bills | 1,743,133,821 | - | 1,743,133,821 | - |
| Page - 15 | | | | |
| | As at December 31, 2017 | Level 1 | Level 2 | Level 3 |
| -----Rupees----- | | | | |
| Financial assets measured at fair value | | | | |
| Investments at fair value through profit or loss - held for trading | | | | |
| Ordinary shares - listed | 103,032,847 | 103,032,847 | - | - |
| Investments at fair value - available for sale | | | | |
| Ordinary shares - listed | 3,155,381,598 | 3,155,381,598 | - | - |
| Mutual fund units | 1,747,775,999 | 1,747,775,999 | - | - |
| Ordinary shares - unlisted | 617,613 | 617,613 | - | - |
| Investments- held to maturity | | | | |
| Pakistan Investment Bonds | 2,641,000,000 | - | 2,641,000,000 | - |
| Treasury Bills | 1,759,054,473 | - | 1,759,054,473 | - |

23.3 Transfers during the period

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

23.4 Valuation techniques

Investments held to maturity

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

Pakistan Reinsurance Company Limited
Notes to the Financial Statements
For the period ended September 30, 2018

24 SEGMENT REPORTING

| Segment Current Year | Fire and property damage | Marine Cargo | Marine Hull | Accident | Aviation | Engineering | Treaty | TOTAL |
|---|-----------------------------|-------------------|---------------------|--------------------|----------------------|----------------------|----------------------|-----------------------|
| | 30 September 2018 Rupees | | | | | | | |
| Gross written premium | 1,276,758,558 | 40,085,844 | 75,116,989 | 138,888,990 | 120,874,043 | 2,032,164,893 | 3,643,001,132 | 7,326,890,449 |
| Unearned-Opening | 569,580,358 | 14,456,478 | 18,199,494 | 39,481,845 | 1,197,098,425 | 580,418,372 | 1,437,424,021 | 3,856,658,993 |
| Unearned-Closing | 610,970,341 | 12,580,757 | 22,018,342 | 64,332,777 | 293,142,117 | 1,229,880,498 | 2,183,703,214 | 4,416,628,046 |
| Premium Earned | 1,235,368,575 | 41,961,565 | 71,298,141 | 114,038,058 | 1,024,830,351 | 1,382,702,767 | 2,896,721,939 | 6,766,921,396 |
| Reinsurance-Ceded | 312,775,677 | - | 39,329,753 | 4,806,849 | 75,037,164 | 1,668,883,536 | 572,407,236 | 2,673,240,215 |
| Prepaid Reinsurance-Opening | 21,982,924 | - | 7,395,637 | 3,752,269 | 1,069,008,688 | 449,111,482 | 318,843,821 | 1,870,094,821 |
| Prepaid Reinsurance-Closing | 85,431,614 | - | 11,902,402 | 4,274,494 | 309,759,670 | 1,027,807,010 | 385,950,799 | 1,825,125,989 |
| Reinsurance Expenses | 249,326,987 | - | 34,822,988 | 4,284,624 | 834,286,182 | 1,090,188,008 | 505,300,258 | 2,718,209,047 |
| Net insurance premium | 986,041,588 | 41,961,565 | 36,475,153 | 109,753,434 | 190,544,169 | 292,514,759 | 2,391,421,681 | 4,048,712,349 |
| Commission income | 12,905,414 | - | 3,377,834 | 53,236 | 178,081,944 | 139,519,179 | 6,084,169 | 340,021,776 |
| Net underwriting income | 998,947,002 | 41,961,565 | 39,852,987 | 109,806,670 | 368,626,113 | 432,033,938 | 2,397,505,850 | 4,388,734,125 |
| Insurance claims paid | 395,628,056 | 6,291,465 | 12,000,830 | 34,088,356 | 14,019,471 | 58,464,723 | 1,455,974,840 | 1,976,467,741 |
| Outstanding-opening | 1,250,561,544 | 45,634,627 | 98,270,441 | 172,267,889 | 116,351,952 | 921,658,158 | 2,113,857,589 | 4,718,602,200 |
| Outstanding-closing | 1,285,618,475 | 50,315,679 | 72,817,343 | 171,065,256 | 127,899,000 | 2,089,674,482 | 2,185,838,618 | 5,983,228,853 |
| Insurance claims expenses | 430,684,987 | 10,972,517 | (13,452,268) | 32,885,723 | 25,566,519 | 1,226,481,047 | 1,527,955,869 | 3,241,094,394 |
| Reinsurance Recoveries Received | - | - | 7,500,519 | - | 9,181,349 | 358,440 | 89,788,591 | 106,828,899 |
| Recovery-opening | 542,010,270 | - | 27,864,737 | - | 46,134,162 | 706,346,795 | 837,338,073 | 2,159,694,037 |
| Recovery-closing | 481,757,343 | - | 21,864,322 | - | 49,851,940 | 1,758,596,324 | 826,152,186 | 3,138,222,115 |
| Insurance claims recovered from reinsurers | (60,252,927) | - | 1,500,104 | - | 12,899,127 | 1,052,607,969 | 78,602,704 | 1,085,356,977 |
| Net claims | 490,937,914 | 10,972,517 | (14,952,372) | 32,885,723 | 12,667,392 | 173,873,078 | 1,449,353,165 | 2,155,737,417 |
| Commission expense | 170,550,466 | 6,280,012 | 5,638,625 | 8,808,156 | 133,820,899 | 76,465,955 | 664,884,164 | 1,066,448,277 |
| Mangement expense | 145,762,595 | 10,934,788 | 7,818,383 | 20,900,757 | 22,550,365 | 45,716,517 | 285,045,582 | 538,728,987 |
| Preium deficiency expense | - | - | - | - | - | - | - | - |
| Net insurance claims and expenses | 807,250,975 | 28,187,317 | (1,495,364) | 62,594,636 | 169,038,656 | 296,055,550 | 2,399,282,911 | 3,760,914,681 |
| Underwriting results | 191,696,027 | 13,774,248 | 41,348,351 | 47,212,034 | 199,587,457 | 135,978,388 | (1,777,061) | 627,819,444 |
| Net investment income | | | | | | | | 521,696,203 |
| rental income | | | | | | | | 45,275,531 |
| General and Admin expenses | | | | | | | | (39,516,117) |
| Other income | | | | | | | | 192,570,868 |
| Profit before tax | | | | | | | | 1,347,845,929 |
| Segment Assets | 998,947,002 | 41,961,565 | 39,852,987 | 109,806,670 | 368,626,113 | 432,033,938 | 2,397,505,850 | 4,388,734,125 |
| Unallocated Assets | | | | | | | | 21,047,335,449 |
| | | | | | | | | 25,436,069,574 |
| Segment Liabilities | 807,250,975 | 28,187,317 | (1,495,364) | 62,594,636 | 169,038,656 | 296,055,550 | 2,399,282,911 | 3,760,914,681 |
| Unallocated Liabilitied | | | | | | | | 21,675,154,893 |
| | | | | | | | | 25,436,069,574 |

| Segment Prior Year | Fire and property damage | Marine Cargo | Marine Hull | Accident | Aviation | Engineering | Treaty | TOTAL |
|--|-----------------------------|-------------------|---------------------|--------------------|--------------------|---------------------|----------------------|-----------------------|
| | 30 September 2017 Rupees | | | | | | | |
| Gross written premium | 1,120,041,096 | 31,829,729 | 46,409,165 | 106,625,094 | 107,510,536 | 1,016,749,991 | 2,748,543,471 | 5,177,709,082 |
| Unearned-Opening | 511,499,830 | 8,298,683 | 27,574,051 | 21,996,937 | 974,705,777 | 484,890,991 | 1,850,343,121 | 3,879,309,390 |
| Unearned-Closing | 658,397,765 | 15,066,908 | 25,575,199 | 40,067,466 | 347,162,745 | 431,228,057 | 1,683,305,844 | 3,200,803,984 |
| Premium Earned | 973,143,161 | 25,061,504 | 48,408,017 | 88,554,565 | 735,053,568 | 1,070,412,925 | 2,915,580,748 | 5,856,214,488 |
| Reinsurance-Ceded | 415,430,707 | - | 24,177,143 | 665,621 | 125,038,293 | 698,056,120 | 329,232,411 | 1,592,600,295 |
| Prepaid Reinsurance-Opening | 42,796,072 | - | 11,551,731 | 9,288 | 26,283,550 | 376,686,644 | 250,725,804 | 708,053,089 |
| Prepaid Reinsurance-Closing | 108,263,969 | - | 10,908,279 | - | 69,075,327 | 338,767,276 | 198,767,552 | 725,782,403 |
| Reinsurance Expenses | 349,962,810 | - | 24,820,595 | 674,909 | 82,246,516 | 735,975,488 | 381,190,663 | 1,574,870,981 |
| Net insurance premium | 623,180,351 | 25,061,504 | 23,587,422 | 87,879,656 | 652,807,052 | 334,437,437 | 2,534,390,085 | 4,281,343,507 |
| Commission income | 17,999,097 | - | 3,538,936 | 16,873 | 1,970,703 | 11,560,734 | 2,110,347 | 37,196,690 |
| Net underwriting income | 641,179,448 | 25,061,504 | 27,126,358 | 87,896,529 | 654,777,755 | 345,998,171 | 2,536,500,432 | 4,318,540,197 |
| Insurance claims paid | 140,500,255 | 3,380,282 | 65,505,363 | 7,054,454 | 1,555,839,433 | 53,663,470 | 1,468,344,089 | 3,294,287,346 |
| Outstanding-opening | 994,479,472 | 35,404,588 | 79,759,482 | 192,339,624 | 1,261,479,243 | 220,017,329 | 1,812,143,994 | 4,595,623,732 |
| Outstanding-closing | 1,201,555,803 | 37,589,089 | 127,892,191 | 184,075,193 | 47,502,487 | 1,026,917,255 | 1,971,000,505 | 4,596,532,523 |
| Insurance claims expenses | 347,576,586 | 5,564,783 | 113,638,072 | (1,209,977) | 341,862,677 | 860,563,396 | 1,627,200,600 | 3,295,196,137 |
| Reinsurance Recoveries Received | - | - | 32,121,871 | - | 1,360,150,966 | 2,969,016 | 85,415,809 | 1,480,657,662 |
| Recovery-opening | 512,049,237 | - | 20,071,757 | - | 1,122,889,424 | 91,506,402 | 986,265,323 | 2,732,782,143 |
| Recovery-closing | 382,657,049 | - | 42,675,612 | - | 45,681,783 | 621,821,665 | 929,658,440 | 2,022,494,549 |
| Insurance claims recovered from reinsurers | (129,392,188) | - | 54,725,726 | - | 282,943,325 | 533,284,279 | 28,808,926 | 770,370,068 |
| Net claims | 476,968,774 | 5,564,783 | 58,912,346 | (1,209,977) | 58,919,352 | 327,279,117 | 1,598,391,674 | 2,524,826,069 |
| Commission expense | 129,657,192 | 4,091,289 | 4,458,985 | 14,311,711 | 2,314,246 | 52,207,390 | 684,283,279 | 891,324,092 |
| Mangement expense | 109,075,738 | 9,090,761 | 4,915,329 | 21,054,475 | 21,442,698 | 47,054,608 | 294,331,094 | 506,964,703 |
| Preium deficiency expense | - | - | - | - | - | - | - | - |
| Net insurance claims and expenses | 715,701,704 | 18,746,833 | 68,286,660 | 34,156,209 | 82,676,296 | 426,541,115 | 2,577,006,047 | 3,923,114,864 |
| Underwriting results | (74,522,256) | 6,314,671 | (41,160,302) | 53,740,320 | 572,101,459 | (80,542,944) | (40,505,615) | 395,425,333 |
| Net investment income | | | | | | | | 3,424,896,325 |
| rental income | | | | | | | | 41,909,371 |
| General and Admin expenses | | | | | | | | (42,000,598) |
| Other income | | | | | | | | 128,072,011 |
| Profit before tax | | | | | | | | 3,948,302,442 |
| Segment Assets | 641,179,448 | 25,061,504 | 27,126,358 | 87,896,529 | 654,777,755 | 345,998,171 | 2,536,500,432 | 4,318,540,197 |
| Unallocated Assets | | | | | | | | 20,023,070,198 |
| | | | | | | | | <u>24,341,610,395</u> |
| Segment Liabilities | 715,701,704 | 18,746,833 | 68,286,660 | 34,156,209 | 82,676,296 | 426,541,115 | 2,577,006,047 | 3,923,114,864 |
| Unallocated Liabilities | | | | | | | | 20,418,495,531 |
| | | | | | | | | <u>24,341,610,395</u> |

25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

25.1 Transaction with related parties are summarised as follows:

| Nature of relationship | Nature of transaction | Three months period ended September 30 | | Nine months period ended June 30 | |
|--------------------------------------|---|---|-----------------|-------------------------------------|-----------------|
| | | 2018 Rupees | 2017 Rupees | 2018 Rupees | 2017 Rupees |
| Common directorship Group Company | Dividend income | 13,860,000 | 21,780,000 | 13,860,000 | 21,780,000 |
| | Insurance claims paid | 19,554,582 | 1,195,839,624 | 26,020,301 | 1,236,367,320 |
| | Insurance commission paid | 48,447,019 | 16,843,837 | 60,558,665 | 23,863,434 |
| | Premium due but unpaid | 1,618,741,243 | 1,550,681,392 | 1,544,908,122 | 1,398,248,084 |
| | Insurance premium written during the period | 1,055,768,832 | 483,083,669 | 1,666,492,512 | 845,251,829 |
| | Premium received | (1,378,151,153) | (1,986,353,834) | (1,915,041,712) | (2,196,088,685) |
| | Balance at the end | 1,296,358,922 | 47,411,228 | 1,296,358,923 | 47,411,228 |

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

26 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding as at the period end as follows:

| | Three months ended September 30 | | Nine months ended June 30 | |
|---|---------------------------------|-------------|---------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Profit after tax for the period (Rupees) | 340,659,529 | 161,067,802 | 944,270,331 | 2,880,203,560 |
| Weighted average number of ordinary shares | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Earning per share - basic (Rupees) | 1.14 | 0.54 | 3.15 | 9.60 |

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

27 FINANCIAL RISK MANAGEMENT

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

28 CORRESPONDING FIGURES

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

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

29 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 30 October 2018 by the Board of Directors of the Company.

30 GENERAL

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

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EMERGING PAKISTAN

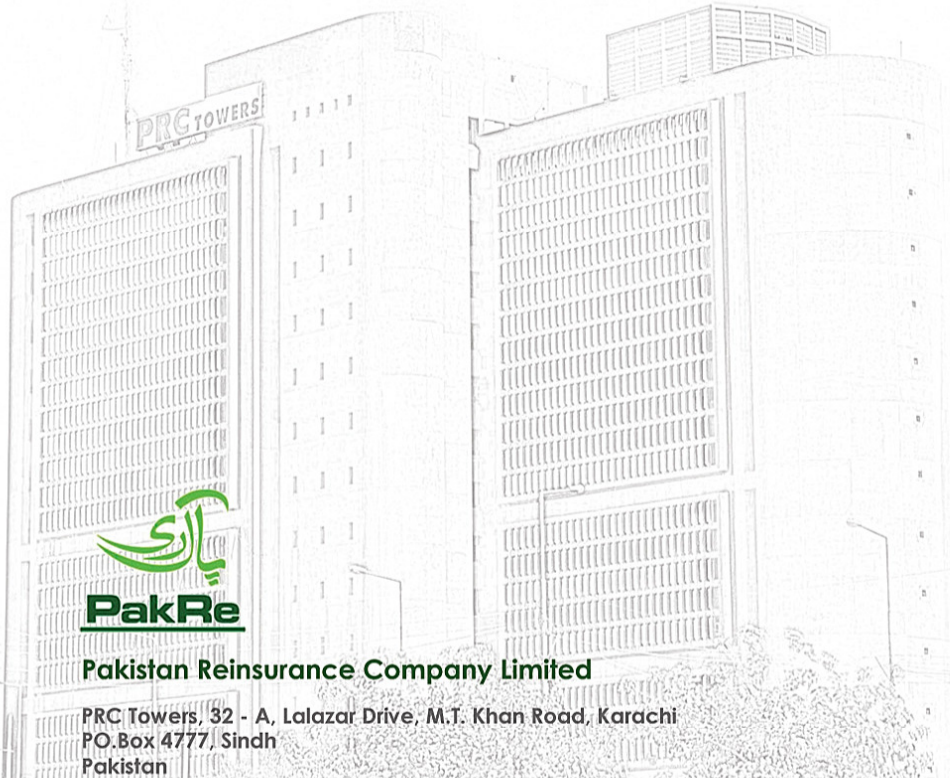


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