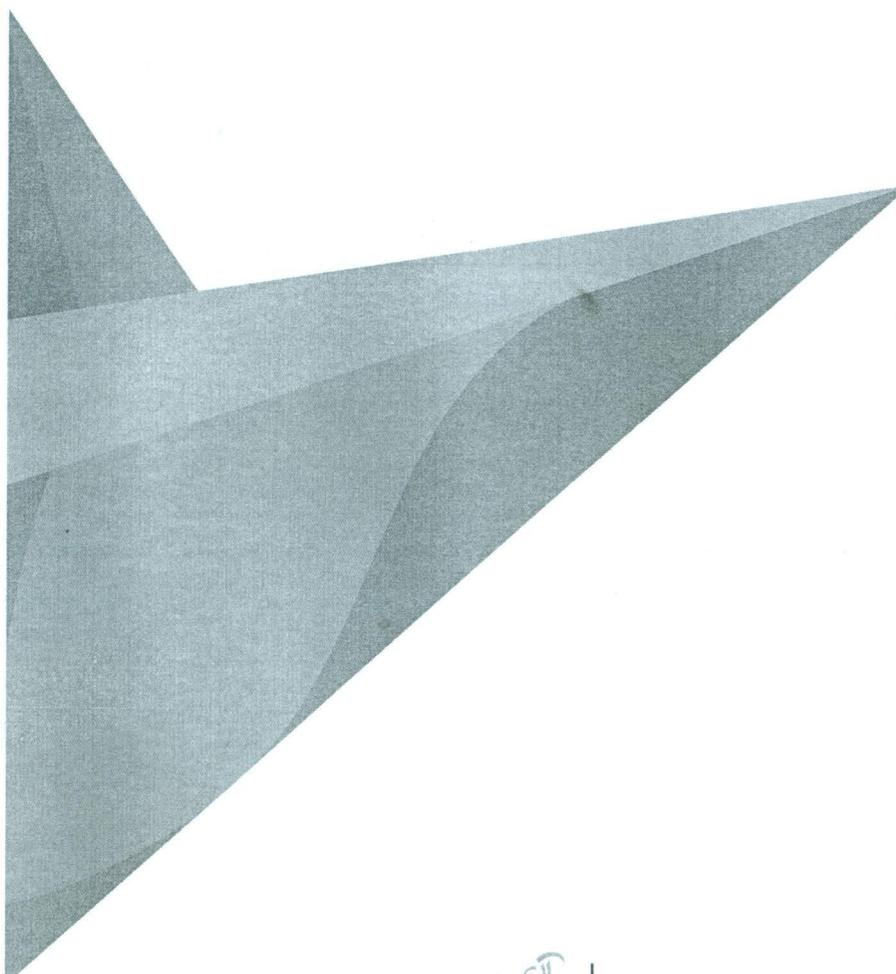


Condensed Interim Financial Statement

For the Half Year Ended June 30, 2015
Simply Secure



Pakistan Reinsurance Company Limited

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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 our business in a dependable and professional manner with the highest standards of customer service.

In fulfilling this mission, PRCL is committed to:-

- Providing its clients, and particularly insurance companies in Pakistan, with comprehensive insurance, reinsurance, financial and business services of the highest quality and value.
- Maintaining financial strength and stability through prudent business decisions and sound operations based on state of the art information technology.
- Taking a long-term view of business relationships.
- Practicing the highest standards of integrity and professionalism.
- Investing continuously in knowledge required to support business decisions and long-term business strategy formulation.
- Achieving consistent, long-term financial growth and profitability for its shareholders.
- Attracting retaining and developing capable and dedicated employees who in turn contribute to the growth of the company and share its success.

Strategy

To remain best provider of reinsurance and risk management services to the insurance industry, to have good business relationship with the insurance industry and to remain professionals who can be of assistance to the industry at all levels.

Objectives

- To provide best services to the local insurance industry in order to check outflow of foreign exchange, to the maximum possible extent.
- To develop good business relations with other reinsurers.
- To train its people according to fast changing business market requirements as well as to provide them with the ideal working environment.
- To share risks and preserve resources by providing reinsurance facilities to the insurance companies.
- To assist in the development of the national insurance industry.
- To enhance domestic retention capacity in the country in order to save valuable foreign exchange.

CORPORATE INFORMATION -2015

BOARD OF DIRECTORS OF PRCL

Mr. Mumtaz Ali Rajper	Director/Chairman of the Board of Directors of PRCL
Mr. Zafar Nasrullah Khan	Director
Mr. Taufique Habib	Director
Syed Arshad Ali	Director
Mr. Attaullah A. Rasheed	Director
Mr. Faisal Mumtaz	Director
Mr. Abdul Sami Kehar	Director

COMPANY SECRETARY

Mr. Shahzad F. Lodhi	Executive Director (H.R)/Company Secretary
----------------------	--

Audit Committee

Mr. Attaullah Rasheed	Chairman of the Committee
Mr. Abdul Sami Kehar	Member
Mr. Taufique Habib	Member
Mr. Rehmatullah Khilji	Secretary of the Committee

Risk Management Committee

Syed Arshad Ali	Chairman of the Committee
Mr. Faisal Mumtaz	Member
Mr. Attaullah A. Rasheed	Member
Mr. Mumtaz Rajper	Member
Mr. Farmanullah Zarkoon (Manager Aviation)	Secretary of the Committee

Investment Committee

Mr. Abdul Sami Kehar	Chairman of the Committee
Mr. Mumtaz Ali Rajper	Member
Mr. Taufique Habib	Member
Syed Arshad Ali	Member
Mrs Farzana Munaf (ED (CFO))	Secretary of the Committee

Human Resource Committee

Mr. Mumtaz Ali Rajper	Chairman of the Committee
Mr. Faisal Mumtaz	Member
Mr. Abdul Sami Kehar	Member
Mr. Shahzad F. Lodhi (ED (HR)/Co. Secretary)	Secretary of the Committee

Nomination Committee

Mr. Taufique Habib	Chairman of the Committee
Mr. Mumtaz Ali Rajper	Member
Mr. Faisal Mumtaz	Member
Mr. Abdul Sami Kehar	Member
Mr. Shahzad F. Lodhi (ED (HR)/Co. Secretary)	Secretary of the Committee

Procurement Committee

Syed Arshad Ali	Chairman of the Committee
Mr. Attullah A Rasheed	Member
Mr. Faisal Mumtaz	Member
Mr. Shahzad F. Lodhi (ED (HR)/Co. Secretary)	Secretary of the Committee



SENIOR MANAGEMENT

Mr. Shahzad F. Lodhi

Executive Director (H.R.)/Company Secretary

Mrs. Farzana Munaf

Executive Director/CFO

Mrs. Ghazala Imran

Regional Director (NZO)

AUDITORS

BOD Ebrahim & Co.

CHARTERED ACCOUNTANT

2nd Floor, Block-C, Laakson Square,
Building # 01, Sarwar Shaheed Road,
Karachi – 74200

REGISTERED OFFICES

PRC Towers, 32-A, Lalazar Drive,
M.T. Khan Road, P.O. Box: 4777,
Karachi, Pakistan

Tel: (92-21) 99202908-15

Telefax: (92-21)99202920-22

E-mail: prcl@pakre.org.pk

Website: www.pakre.org.pk

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
(CDC),

CDC House, 99=B, Block-B, SMCHS,

Main Shahra-e-Faisal,

Karachi-74400, Pakistan

Ph: (92-21) 111-111-500

ZONAL OFFICE

State Life Building,

1st Floor, Davis Road,,

Lahore.

BANKERS

National Bank of Pakistan

Bank Al-Habib Limited

Directors' Report

for the half year ended June 30, 2015

The Shareholders, Pakistan Reinsurance Co. Ltd.

On behalf of the Board of Directors of PRCL, I am pleased to present the un-audited condensed interim financial statements of the Company for the half year ended June 30, 2015. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

The financial statements for the half year ended June 30, 2015 reflect the treaty business returns received in PRCL after one month from the date of closing of their half year, as per the amendment made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the Company.

The Gross written Premium was Rs.3,617 million against Rs.3,393 million for the corresponding period, showing an increase of Rs.224 million (7%). The Net Premium was Rs.2,555 million against Rs.2,342 million, showing an increase of Rs.213 million (9%). The Net Commission for the period is Rs.531 million as compared to Rs.456 million, showing an increase of Rs.75 million (16%). The Net Claims were Rs.1,232 million against Rs.1,137 million showing an increase of Rs.95 million (8%).

The underwriting results after management expenses for the half year ended June 30, 2015 were Rs.470 million as compared to Rs.466 million for the corresponding period last year, showing an increase of Rs.4 million (1%).

The income from investment including rental and other income for the period under review was recorded at Rs.616 million, as compared to Rs.405 million in the corresponding period last year, showing an increase of Rs.211 million (52%).

The Profit Before Tax for the half year ended June 30, 2015, was Rs.1,087 million, as compared to Rs.773 million in the half year ended June 30, 2014, showing an increase of Rs.314 million (41%). The Profit after Tax for the half year ended June 30, 2015, was Rs.817 million, as compared to Rs.505 million in the half year ended June 30, 2014, showing an increase of Rs.312 million (62%). The earning per share for the half year ended June 30, 2015 stood at Rs.2.73 compared to Rs.1.69 for the previous period.

These headline figures represent the positive developments that we have seen in our business over the first six months of the year.

Directors' Report

for the half year ended June 30, 2015

Future Outlook

The general insurance sector's performance is strongly correlated to economic growth and results are likely to be improved based on possible improvement in energy crisis and law and order situation in the country.

Acknowledgement

The Directors of your Company would like to take this opportunity to thank all the Company's valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Stock Exchanges, Central Depository Company for their professional approach and guidance.

We also thank our stakeholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally, the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of the officers and members of the staff who have contributed towards the growth of the Company and the success of its operations.

For and on behalf
of the Board of Directors

Chairman/Director

Karachi: 26th August, 2015.

REVIEW REPORT TO THE MEMBERS**Introduction**

We have reviewed the accompanying:

- condensed interim balance sheet;
- condensed interim profit and loss account;
- condensed interim statement of comprehensive income;
- condensed interim statement of changes in equity;
- condensed interim statement of cash flows;
- condensed interim statement of premiums;
- condensed interim statement of claims;
- condensed interim statement of expenses; and
- condensed interim statement of investment income

together with the explanatory notes of PAKISTAN REINSURANCE COMPANY LIMITED ("the Company") as at and for the six months period ended June 30, 2015 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim financial information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended June 30, 2015 and June 30, 2014 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KARACHI**DATED: 26 AUG 2015**
CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015

	Note	June 30, 2015 Unaudited Rupees	December 31, 2014 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 2,500,000,000 (December 31, 2014: 2,500,000,000) ordinary shares of Rs. 10 each		25,000,000,000	25,000,000,000
Issued, subscribed and paid up capital 3,000,000 (December 31, 2014: 3,000,000) ordinary shares of Rs. 10 each		3,000,000,000	3,000,000,000
Retained earnings		1,996,755,661	1,928,993,292
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
		<u>4,055,174,746</u>	<u>3,987,412,377</u>
Shareholders' equity		7,055,174,746	6,987,412,377
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		3,572,386,983	3,183,398,261
Provision for unearned premium		3,793,982,471	4,522,636,500
Commission income unearned		44,831,285	56,386,252
Total underwriting provisions		7,411,200,739	7,762,421,013
Deferred liability - employee benefits		777,472,878	804,333,398
Long term deposits		12,635,025	12,484,487
Creditors and accruals			
Amount due to other insurers and reinsurers		1,425,182,715	1,678,642,152
Premium and claim reserves retained from retrocessionaires		36,161,849	19,063,742
Other creditors and accruals		49,957,212	39,330,163
Accrued expenses		67,209,445	24,624,664
Taxation - net		120,409,890	160,945,606
Retention money payable		6,368,183	6,368,183
		1,705,289,294	1,928,974,510
Other liabilities			
Dividend payable		159,991,207	124,504,179
Surplus profit payable		1,212,602	1,212,602
		<u>161,203,809</u>	<u>125,716,781</u>
Total liabilities		10,067,801,745	10,633,930,189
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>17,122,976,491</u>	<u>17,621,342,566</u>

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015

	Note	June 30, 2015 Unaudited Rupees	December 31, 2014 Audited Rupees
ASSETS			
Cash and bank deposits			
Cash and other equivalents		58,538	47,105
Current and other accounts		3,823,490,921	2,856,323,164
Deposits maturing within 12 months		228,636,097	225,000,000
		4,052,185,556	3,081,370,269
Loans to employees		74,852,001	70,577,021
Investments	6	6,314,844,663	6,650,009,639
Investment properties	7	33,006,845	33,892,378
Current assets - others			
Amount due from other insurers and reinsurers	8	2,232,462,416	3,037,906,812
Premium and claim reserves retained by cedants		117,913,790	207,383,486
Accrued investment income		168,490,694	178,320,523
Reinsurance recoveries against outstanding claims		1,971,387,836	1,610,368,696
Deferred commission expense		530,078,561	534,955,573
Prepayments		1,489,573,435	2,074,844,772
Sundry receivables		90,278,996	90,887,275
Stock of stationery		1,835,635	1,633,635
		6,602,021,363	7,736,300,772
Fixed assets			
Tangible			
Land and building		16,807,140	17,229,629
Furniture, fixture, books and office equipment		9,567,776	10,345,885
Electrical installations, air conditioning plant and lifts		11,354,085	12,379,136
Motor vehicles		8,337,062	9,237,836
		46,066,063	49,192,487
Assets relating to Bangladesh		-	-
TOTAL ASSETS		<u>17,122,976,491</u>	<u>17,621,342,566</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Three months period ended June 30							2015	2014
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
Revenue account	-----Rupees-----								
Net premium revenue	233,011,524	7,133,526	16,943,460	49,728,207	52,038,396	126,524,871	808,149,458	1,293,529,442	1,123,869,228
Less:									
Net claims	42,102,808	9,086,642	(408,578)	25,583,771	34,465	36,409,369	345,658,045	458,466,522	368,134,718
Expenses	44,982,847	3,784,703	4,442,499	10,830,578	12,041,034	25,094,054	142,344,514	243,520,229	197,689,474
Net commission	39,204,059	1,468,391	714,590	5,789,871	286,257	5,180,260	217,021,594	269,665,022	227,709,705
Underwriting results	106,721,810	(7,206,210)	12,194,949	7,523,987	39,676,640	59,841,188	103,125,305	321,877,669	330,335,331
Investment income - net								369,081,742	168,915,370
Rental income - net								11,962,206	13,287,803
Exchange gain / (loss)								1,224,048	(18,387,112)
Other income								8,534	11,226
General and administration expenses								(10,621,271)	(7,949,980)
								371,655,259	155,877,307
Profit before tax								693,532,928	486,212,638
Income tax expense									
Current								(160,407,654)	(165,406,823)
								(160,407,654)	(165,406,823)
Profit after tax								533,125,274	320,805,815
Profit and loss appropriation account									
Balance at the commencement of period								2,213,630,386	1,698,024,171
Profit after tax								533,125,274	320,805,815
Final cash dividend [2014: Rs. 2.50 @ 25% (2013: Rs. 2.50 @ 25%) per share]								(750,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period								1,996,755,660	1,268,829,986
Earnings per share - basic and diluted								1.78	1.07

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Note	Six months period ended June 30							2015	2014
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
Revenue account									
Net premium revenue	470,444,540	13,506,955	35,429,999	99,692,112	105,311,324	249,972,837	1,580,954,778	2,555,312,545	2,342,006,638
Less:									
Net claims	317,849,679	9,936,639	(1,481,929)	36,074,263	729,516	80,152,445	789,056,546	1,232,317,159	1,137,208,126
Expenses	61,286,776	6,627,331	6,101,577	15,613,311	17,633,195	33,815,730	180,514,808	321,592,728	282,988,604
Net commission	79,269,578	2,774,521	1,628,441	11,420,921	631,034	8,367,889	426,838,825	530,931,209	455,600,833
Underwriting results	12,038,507	(5,831,536)	29,181,910	36,583,617	86,317,579	127,636,773	184,544,599	470,471,449	466,209,075
Investment income - net								591,504,190	377,980,155
Rental income - net								23,921,849	26,416,987
Exchange gain / (loss)								19,455,805	(81,784,282)
Other income								22,034	927,733
General and administration expenses								(17,702,368)	(16,177,021)
Profit before tax								617,201,510	307,363,572
Income tax expense								1,087,672,959	773,572,647
Current								(269,910,590)	(267,720,110)
Profit after tax								(269,910,590)	(267,720,110)
Profit and loss appropriation account								817,762,369	505,852,537
Balance at the commencement of period								1,928,993,292	1,512,977,449
Profit after tax								817,762,369	505,852,537
Final cash dividend [2014: Rs. 2.50 @ 25% (2013: Rs. 2.50 @ 25%) per share]								(750,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period								1,996,755,661	1,268,829,986
Earnings per share - basic and diluted								2.73	1.69

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Three months period ended June 30		Six months period ended June 30	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Profit for the period	533,125,274	320,805,815	817,762,369	505,852,537
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>533,125,274</u>	<u>320,805,815</u>	<u>817,762,369</u>	<u>505,852,537</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Share capital	Reserve for exceptional losses	Reserves		Total reserves	Total
	Issued subscribed and paid-up		Revenue reserves			
			Retained earnings	General reserve		
-----Rupees-----						
Balance as at January 01, 2014	3,000,000,000	281,000,000	1,512,977,449	1,777,419,085	3,290,396,534	6,571,396,534
Total comprehensive income for the period ended June 30, 2014	-	-	505,852,537	-	505,852,537	505,852,537
Transactions with owners						
Final cash dividend 2013: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2014	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,268,829,986</u>	<u>1,777,419,085</u>	<u>3,046,249,071</u>	<u>6,327,249,071</u>
Balance as at January 01, 2015	3,000,000,000	281,000,000	1,928,993,292	1,777,419,085	3,706,412,377	6,987,412,377
Total comprehensive income for the period ended June 30, 2015	-	-	817,762,369	-	817,762,369	817,762,369
Transactions with owners						
Final cash dividend 2013: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2015	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,996,755,661</u>	<u>1,777,419,085</u>	<u>3,774,174,746</u>	<u>7,055,174,746</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Six months period ended June 30	
	2015	2014
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	4,423,360,056	3,646,332,971
Reinsurance premium paid	(1,440,434,666)	(1,716,076,368)
Claims paid	(2,197,051,839)	(1,341,202,428)
Reinsurance and other recoveries received	992,704,262	237,778,570
Commission paid	(582,025,897)	(525,246,179)
Commission received	44,416,733	56,008,900
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	106,567,803	(71,001,837)
Expenses paid	(321,592,728)	(282,988,604)
Net cash inflows from underwriting activities	1,025,943,724	3,605,025
Other operating activities		
Income tax paid	(310,446,306)	(200,602,557)
General management expenses paid	(17,702,368)	(16,177,021)
Loans disbursed - net	(4,274,980)	12,889,428
Other receipts - sundry debtors	27,353,354	14,146,402
Net cash used in other operating activities	(305,070,300)	(189,743,748)
Total cash generated from / (used in) all operating activities	720,873,424	(186,138,723)
Investment activities		
Fixed capital expenditure	2,199,236	2,452,876
Sale proceeds of fixed assets	1,812,720	1,812,720
Acquisition of investments	(1,129,859,849)	(2,708,076,467)
Rental income received - net of expenses	1,466,556,796	51,947,799
Dividend income received	44,614,843	56,739,378
Interest income on bank deposits	286,671,243	74,039,754
Investment income received - net of expenses	70,294,539	237,656,003
Sale proceeds of investments	222,165,307	2,448,887,319
Total cash inflow from investment activities	964,454,835	165,459,382
Financing activities		
Dividend paid	(714,512,972)	(778,332)
Total cash outflow from financing activities	(714,512,972)	(778,332)
Net cash generated from / (used in) all activities	970,815,287	(21,457,673)
Cash and cash equivalents at beginning of the period	3,081,370,269	2,706,379,444
Cash and cash equivalents at end of the period	<u>4,052,185,556</u>	<u>2,684,921,771</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Six months period ended June 30	
	2015	2014
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	720,873,424	(186,138,723)
Depreciation expense	(4,310,446)	(5,055,450)
Exchange gain / (loss)	19,455,805	(81,784,282)
Rental income	23,921,849	26,416,987
Pension - officers	(11,864,678)	(24,687,000)
Pension - staff	50,373,357	(13,692,000)
Medical	(10,601,591)	(16,768,000)
Gratuity	806,000	(1,056,000)
Compensated absences	(268,568)	(5,400,000)
Provision for outstanding claims	(27,969,582)	(33,784,268)
Provision for unearned premium	728,654,029	846,521,596
Prepaid reinsurance	(584,826,110)	(388,869,645)
Provision for employee benefits	(1,584,000)	(20,974,041)
Dividend income	288,406,747	56,739,377
Investment income	231,270,934	242,877,076
Interest income	70,294,539	74,039,754
Amortization of premium	1,531,970	2,255,136
Gain on sale of investment	-	2,068,812
Increase in operating assets other than cash	(891,490,618)	(196,212,526)
Decrease in operating liabilities	174,553,592	296,473,287
	777,226,653	572,970,090
Other adjustments:		
Income tax refunded - net	310,446,306	200,602,557
	<u>310,446,306</u>	<u>200,602,557</u>
Profit before taxation	1,087,672,959	773,572,647
Provision for taxation	(269,910,590)	(267,720,110)
Profit after taxation	<u>817,762,369</u>	<u>505,852,537</u>

Definition of cash

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

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

Cash and cash equivalents:

Cash and other equivalents	58,538	57,786
Current and other accounts	3,823,490,921	2,464,863,985
Deposit maturing within 12 months	228,636,097	220,000,000
	<u>4,052,185,556</u>	<u>2,684,921,771</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Three months period ended June 30									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2015 (I=D-H)	2014
-----R u p e e s-----										
Business underwritten inside Pakistan										
Facultative										
Fire	229,976,795	933,691,428	734,035,240	429,632,983	107,708,611	490,452,303	401,539,455	196,621,459	233,011,524	208,693,544
Marine cargo	7,794,666	3,236,193	3,897,333	7,133,526	-	-	-	-	7,133,526	16,642,130
Marine hull	27,208,530	83,890,600	72,188,166	38,910,964	16,662,898	48,049,048	42,744,442	21,967,504	16,943,460	17,332,699
Accident and others	38,199,552	108,126,390	94,545,809	51,780,133	-	7,181,740	5,129,814	2,051,926	49,728,207	38,163,011
Aviation	17,844,380	693,916,615	415,068,923	296,692,072	4,858,866	591,291,145	351,496,335	244,653,676	52,038,396	36,442,932
Engineering	396,679,130	603,748,027	660,707,843	339,719,314	262,046,248	371,870,343	420,722,148	213,194,443	126,524,871	94,138,837
Total	717,703,053	2,426,609,253	1,980,443,314	1,163,868,992	391,276,623	1,508,844,579	1,221,632,194	678,489,008	485,379,984	411,413,153
Treaty	925,940,663	1,899,645,758	1,813,539,157	1,012,047,264	175,421,590	293,639,406	265,163,190	203,897,806	808,149,458	712,456,075
Grand total	1,643,643,716	4,326,255,011	3,793,982,471	2,175,916,256	566,698,213	1,802,483,985	1,486,795,384	882,386,814	1,293,529,442	1,123,869,228

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
 Chief Financial Officer

(Attaullah A. Rasheed)
 Director

(Mumtaz Ali Rajper)
 Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Six months period ended June 30,									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2015 (I=D-H)	2014
-----R u p e e s-----										
Business underwritten inside Pakistan										
Facultative										
Fire	809,168,625	777,880,731	734,035,240	853,014,116	514,784,744	269,324,287	401,539,455	382,569,576	470,444,540	404,066,604
Marine cargo	14,267,051	3,137,237	3,897,333	13,506,955	-	-	-	-	13,506,955	37,850,603
Marine hull	86,561,730	65,486,533	72,188,166	79,860,097	53,722,362	33,452,178	42,744,442	44,430,098	35,429,999	34,909,335
Accident and others	91,165,431	106,150,379	94,545,809	102,770,001	8,207,703	-	5,129,814	3,077,889	99,692,112	76,588,635
Aviation	34,403,488	975,634,961	415,068,923	594,969,526	19,735,071	821,419,466	351,496,335	489,658,202	105,311,324	71,075,379
Engineering	544,595,231	803,354,282	660,707,843	687,241,670	342,503,804	515,487,177	420,722,148	437,268,833	249,972,837	197,393,903
Total	1,580,161,556	2,731,644,123	1,980,443,314	2,331,362,365	938,953,684	1,639,683,108	1,221,632,194	1,357,004,598	974,357,767	821,884,459
Treaty	2,037,754,104	1,790,992,377	1,813,539,157	2,015,207,324	267,477,350	431,938,386	265,163,190	434,252,546	1,580,954,778	1,520,122,179
Grand total	3,617,915,660	4,522,636,500	3,793,982,471	4,346,569,689	1,206,431,034	2,071,621,494	1,486,795,384	1,791,257,144	2,555,312,545	2,342,006,638

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
 Chief Financial Officer

(Attaullah A. Rasheed)
 Director

(Mumtaz Ali Rajper)
 Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Three months period ended June 30									
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2015 (I=D-H)	2014
-----Rupees-----										
Business underwritten inside Pakistan										
Facultative										
Fire	1,050,985,159	1,145,133,037	1,358,509,262	1,264,361,384	815,468,354	283,391,627	690,181,849	1,222,258,576	42,102,808	118,018,157
Marine cargo	2,199,205	29,586,816	36,474,253	9,086,642	-	-	-	-	9,086,642	3,680,002
Marine hull	-	34,426,948	35,109,448	682,500	1,091,078	3,521,809	3,521,809	1,091,078	(408,578)	5,413,349
Accident and others	2,542,001	129,588,497	152,630,267	25,583,771	-	-	-	-	25,583,771	13,575,621
Aviation	-	592,964,616	593,313,112	348,496	-	526,576,566	526,890,597	314,031	34,465	32,441,408
Engineering	46,063,792	187,116,117	96,578,199	(44,474,126)	-	80,883,495	-	(80,883,495)	36,409,369	(3,937,051)
Total	1,101,790,157	2,118,816,031	2,272,614,541	1,255,588,667	816,559,432	894,373,497	1,220,594,255	1,142,780,190	112,808,477	169,191,486
Treaty	501,204,834	1,349,234,510	1,304,724,442	456,694,766	60,985,535	700,742,395	750,793,581	111,036,721	345,658,045	198,943,232
Grand total	1,602,994,991	3,468,050,541	3,577,338,983	1,712,283,433	877,544,967	1,595,115,892	1,971,387,836	1,253,816,911	458,466,522	368,134,718

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
 Chief Financial Officer

(Attaullah A. Rasheed)
 Director

(Mumtaz Ali Rajper)
 Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Six months period ended June 30									
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2015 (I=D-H)	2014
-----Rupees-----										
Business underwritten inside Pakistan										
Facultative										
Fire	1,096,106,212	767,583,691	1,358,509,262	1,687,031,783	815,468,354	136,468,099	690,181,849	1,369,182,104	317,849,679	154,397,680
Marine cargo	3,419,408	29,957,022	36,474,253	9,936,639	-	-	-	-	9,936,639	10,029,841
Marine hull	1,320,709	33,884,876	35,109,448	2,545,281	545,539	40,138	3,521,809	4,027,210	(1,481,929)	(4,315,693)
Accident and others	6,055,567	122,611,571	152,630,267	36,074,263	-	-	-	-	36,074,263	30,402,828
Aviation	-	585,936,620	593,313,112	7,376,492	-	520,243,621	526,890,597	6,646,976	729,516	32,218,948
Engineering	49,649,280	146,958,529	96,578,199	(731,050)	-	80,883,495	-	(80,883,495)	80,152,445	33,433,167
Total	1,156,551,176	1,686,932,309	2,272,614,541	1,742,233,408	816,013,893	737,635,353	1,220,594,255	1,298,972,795	443,260,613	256,166,771
Treaty	1,040,500,663	1,501,417,952	1,304,724,442	843,807,153	176,690,369	872,733,343	750,793,581	54,750,607	789,056,546	881,041,355
Grand total	2,197,051,839	3,188,350,261	3,577,338,983	2,586,040,561	992,704,262	1,610,368,696	1,971,387,836	1,353,723,402	1,232,317,159	1,137,208,126

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
 Chief Financial Officer

(Attaullah A. Rasheed)
 Director

(Mumtaz Ali Rajper)
 Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Three months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission from retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2015 (K=F-J)	2014
-----Rupees-----												
Business underwritten inside Pakistan												
Facultative												
Fire	23,323,990	100,766,630	74,818,723	49,271,897	44,982,847	94,254,744	2,476,060	26,673,148	19,081,370	10,067,838	84,186,906	72,117,145
Marine cargo	1,681,354	627,714	840,677	1,468,391	3,784,703	5,253,094	-	-	-	-	5,253,094	11,397,500
Marine hull	2,144,307	9,389,131	7,275,558	4,257,880	4,442,499	8,700,379	1,973,452	7,909,286	6,339,448	3,543,290	5,157,089	6,300,345
Accident and others	4,388,574	12,191,315	10,738,720	5,841,169	10,830,578	16,671,747	-	179,544	128,246	51,298	16,620,449	15,958,127
Aviation	431,520	1,180,808	967,674	644,654	12,041,034	12,685,688	302,511	942,563	886,677	358,397	12,327,291	11,663,906
Engineering	20,024,968	35,269,608	37,479,141	17,815,435	25,094,054	42,909,489	6,984,273	24,203,617	18,552,715	12,635,175	30,274,314	24,780,981
Total	51,994,713	159,425,206	132,120,493	79,299,426	101,175,715	180,475,141	11,736,296	59,908,158	44,988,456	26,655,998	153,819,143	142,218,004
Treaty	200,107,848	415,203,361	397,958,068	217,353,141	142,344,514	359,697,655	293,844	(119,468)	(157,171)	331,547	359,366,108	283,181,175
Grand total	252,102,561	574,628,567	530,078,561	296,652,567	243,520,229	540,172,796	12,030,140	59,788,690	44,831,285	26,987,545	513,185,251	425,399,179

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
 Chief Financial Officer

(Attaullah A. Rasheed)
 Director

(Mumtaz Ali Rajper)
 Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

Class	Six months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2015 (K=F-J)	2014
-----Rupees-----												
Business underwritten inside Pakistan												
Facultative												
Fire	69,872,546	104,189,543	74,818,723	99,243,366	61,286,776	160,530,142	25,322,170	13,732,988	19,081,370	19,973,788	140,556,354	98,824,917
Marine cargo	2,936,782	678,416	840,677	2,774,521	6,627,331	9,401,852	-	-	-	-	9,401,852	18,765,236
Marine hull	8,205,561	7,977,119	7,275,558	8,907,122	6,101,577	15,008,699	7,656,056	5,962,073	6,339,448	7,278,681	7,730,018	7,526,673
Accident and others	10,441,741	11,794,847	10,738,720	11,497,868	15,613,311	27,111,179	205,193	-	128,246	76,947	27,034,232	22,428,673
Aviation	745,688	1,582,688	967,674	1,360,702	17,633,195	18,993,897	1,130,044	486,301	886,677	729,668	18,264,229	14,172,749
Engineering	32,219,916	40,159,187	37,479,141	34,899,962	33,815,730	68,715,692	11,282,142	33,802,646	18,552,715	26,532,073	42,183,619	28,842,987
Total	124,422,234	166,381,800	132,120,493	158,683,541	141,077,920	299,761,461	45,595,605	53,984,008	44,988,456	54,591,157	245,170,304	190,561,235
Treaty	457,603,663	368,573,773	397,958,068	428,219,368	180,514,808	608,734,176	(1,178,872)	2,402,244	(157,171)	1,380,543	607,353,633	548,028,202
Grand total	582,025,897	534,955,573	530,078,561	586,902,909	321,592,728	908,495,637	44,416,733	56,386,252	44,831,285	55,971,700	852,523,937	738,589,437

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

	Three months period ended June 30		Six months period ended June 30	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Income from trading investments				
Dividend income	209,161,480	8,277,592	288,406,747	56,739,377
	209,161,480	8,277,592	288,406,747	56,739,377
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	100,272,375	94,320,451	186,875,149	185,867,696
Return on other fixed income securities and deposits	32,798,097	32,495,347	70,294,539	74,039,754
Income on Treasury Bills	17,290,141	32,761,101	39,461,783	55,687,026
Amortization of premium on Pakistan Investment Bond	835,168	1,580,360	1,531,970	2,255,136
	151,195,781	161,157,259	298,163,441	317,849,612
Gain on sale of investments				
Available-for-sale	-	-	-	2,068,812
Gain on revaluation of investments				
Held-for-trading	10,429,484	1,306,104	8,379,303	4,826,134
Less: Investment related expenses	(1,705,003)	(1,825,585)	(3,445,301)	(3,503,780)
Net investment income	369,081,742	168,915,370	591,504,190	377,980,155

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

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PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan on March 30, 2000 as public limited company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is engaged in providing reinsurance product and services to insurance companies and investment activities. The Company's registered office is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

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

2 BASIS OF PREPARATION

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 lower of cost or market value.

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

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

2.1 Statement of compliance

This condensed interim financial information of the Company for the six month period ended June 30, 2015 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 Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

The condensed interim financial information for the six month period ended June 30, 2015 is unaudited but has been reviewed by the external auditors of the Company.

3 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 information of the Company for the year ended December 31, 2014.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information were the same as those applied in the preparation of the financial information of the Company for the year ended December 31, 2014.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has certain disputes with National Construction Company Limited (NCC) and other consultants, over the certification of final bills in relation to the construction of the PRC Towers. The Company filed a claim against the NCC amounting to Rs. 105.9 million for breach of the contract. The NCC has filed a counter claim of Rs. 133.6 million against the Company for financial loss and loss of goodwill. In relation to the dispute with the consultants / contractors, the total work as certified by the Company's consultants amounted to Rs. 200.76 million against the total contract price of Rs. 208.94 million and the asset capitalized amounted to Rs. 191.92 million. There has been no further proceeding in the case since last year.

5.2 Decree had been awarded to National Bank of Pakistan against the Company in a case amounting to Rs. 36.55 (December 31, 2014: Rs. 36.55) million, pertaining to the default of Adamjee Insurance Company Limited for the advance payment guaranteed by the Company. The decree holder has not filed execution application within the prescribed limitation period, the management therefore considers it as time barred and the management believe that the Company has a strong position in this case.

5.3 The Company has disputed the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged as payable in this regard as at June 30, 2015 amounted to Rs. 8.217 million (December 31, 2014: Rs. 5.595 million).

Currently, stay is operating in favour of the Company and the matter is pending before the Honourable Court of Senior Judge - Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. Both the parties has provided evidences to District Court of Sindh and the order is pending with the concerned authority.

5.4 The Company has received a notice from Sindh Revenue Board (SRB) relating to non filing of Sales Tax return on services provided by them to Insurance Companies. The Company contested the notice, however, the decision was made against the Company giving rise to sales tax liability amounting to Rs. 495.5 million. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company has filed an appeal with the Appellate Tribunal Inland Revenue, Sindh Revenue Board which is pending for hearing for which reason, the Honorable High Court of Sindh has granted an interim stay order in the favor of the Company. The management and the tax advisor are confident that eventual outcome will be in favor of the Company. Hence, no provision has been made in this condensed interim financial information.

5.5 Contingencies related to income tax are presented in note 10.

5.6 There are no commitments as on the balance sheet date (December 31, 2014: Nil).

	June 30, 2015 Rupees	December 31, 2014 Rupees
6 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	421,028,207	421,028,207
Mutual fund units	1,957,007,894	1,957,007,894
Ordinary shares - unlisted	617,613	617,613
	<u>2,378,653,714</u>	<u>2,378,653,714</u>

	June 30, 2015 Rupees	December 31, 2014 Rupees
Held-to-maturity		
Pakistan Investment Bonds	3,142,251,983	3,140,720,013
Treasury Bills	682,218,750	1,027,295,000
	3,824,470,733	4,168,015,013
Held-for-trading		
Ordinary shares - listed	111,720,216	103,340,912
	<u>6,314,844,663</u>	<u>6,650,009,639</u>

The available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) as per Rule 16(a) of SECP Insurance Rules, 2002. However, International Accounting Standard 39 dealing with the recognition and measurements of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on June 30, 2015 would have been higher by Rs. 3,881.857 million (December 31, 2014: higher by Rs. 4,046.785 million) and the net equity would have been higher by Rs. 3,881.857 million (December 31, 2014: higher by Rs. 4,046.785 million).

7 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,281 million, as per valuation carried out by an independent valuer as at December 31, 2014.

8 AMOUNT DUE FROM OTHER INSURERS AND REINSURERS

Amount due from other insurers	8.1	2,618,462,416	3,423,906,812
Provision for doubtful balances		<u>(386,000,000)</u>	<u>(386,000,000)</u>
		<u>2,232,462,416</u>	<u>3,037,906,812</u>

8.1 This includes Rs. 228,707,105 (December 31, 2014: Rs. 1,405,601,843) due from related parties.

9 ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of fixed assets that have been acquired / disposed off are as follows:

	Six months period ended June 30, 2015	
	Additions Rupees	Disposals Rupees
Furniture, fixtures, books and office equipments and computer	298,490	-
	<u>298,490</u>	<u>-</u>

	Six months period ended June 30, 2015	
	Additions Rupees	Disposals Rupees
Electrical installations, air conditioning plant and lifts	1,899,956	-
Furniture, fixtures, books and office equipments and computer	83,045	-
Vehicles	-	1,193,147
	<u>1,983,001</u>	<u>1,193,147</u>
	June 30, 2015 Rupees	June 30, 2014 Rupees

10 INCOME TAX EXPENSE

10.1 Provision for taxation

Current	<u>269,910,590</u>	<u>267,720,110</u>
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10.2 The department had made add backs relating to assessment years 1984-85 to 2001-02 on account of income under Export Credit Guarantee Schemes (ECGS). The Company had filed appeal against this in Income Tax Appellate Tribunal (ITAT), however, the ITAT concluded the appeals against the Company for the assessment years 1984-85 to 1994-95. The Company had filed an appeal in the Honourable High Court against the add backs relating to assessment years 1984-89, however the judgment was made against the Company by the Honourable High Court. The Company has now filed an appeal in the Honourable Supreme Court of Pakistan against the said judgement of the Honourable High Court, the Honourable Supreme Court of Pakistan vide order dated August 21, 2007 has granted leave to file an appeal against the said judgment.

The matter was last fixed on April 29, 2015 and the Honorable Supreme Court of Pakistan vide its order has remanded back the case to high court and the decision is still pending.

10.3 The Assistant Commissioner of Inland Revenue (ACIR) has also issued a show cause notice under section 161/205(3) of the Income Tax Ordinance, 2001 for the tax year 2009 for non deduction of tax on payment of insurance / reinsurance premium under section 152(1AA) of the Ordinance. The Company has made submission in this regard, and has not received any further notice in this regard.

10.4 The Additional Commissioner and Deputy Commissioner of Inland Revenue (FBR) have issued show cause notices under section 233 and 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008, 2009, 2012 for non deduction of withholding tax on reinsurance commission paid to local/ceding insurance companies. The Company has, in respect of this issue, received a demand notice of Rs. 217,443,076 and Rs. 252,776,143 and Rs.148,318,431 under various orders in 2014. Currently, the case is before Appellate Tribunal Inland Revenue (FBR) for final verdict.

The Company has filed an appeal contesting the Federal Board of Revenue stance on the basis that the Company do not pay any such amount but such amounts are adjusted and the net amount of premium is received by the Company and it is in accordance with current industry practice. The Company has not made provision in this regard with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

10.5 The Additional Commissioner of Inland Revenue (FBR) have issued show cause notices and orders under section 122(5A) of the Income Tax Ordinance, 2001 (The Ordinance) related to preceding tax year, 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. Currently, the case is before Commissioner Appeal (FBR) for hearing. The Company has not made provision in this regard with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

11 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

a) Segment by class of business	Six month period ended June 30, 2015							
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
	-----Rupees in '000-----							
Net premium	470,445	13,507	35,430	99,692	105,311	249,973	1,580,955	2,555,313
Net claims	317,850	9,937	(1,482)	36,074	730	80,152	789,057	1,232,318
Expenses	61,287	6,627	6,102	15,613	17,633	33,815	180,515	321,592
Net commission	79,270	2,775	1,628	11,421	631	8,368	426,839	530,932
Underwriting result	12,038	(5,832)	29,182	36,584	86,317	127,638	184,544	470,471
Segment assets								
Prepaid reinsurance ceded	401,539	-	42,744	5,130	351,496	420,722	265,163	1,486,794
Deferred commission expense	74,819	841	7,276	10,739	968	37,479	397,958	530,080
	476,358	841	50,020	15,869	352,464	458,201	663,121	2,016,874
Unallocated corporate assets								15,106,102
Total assets								<u>17,122,976</u>
Segment liabilities								
Provision for unearned premium	734,035	3,897	72,188	94,546	415,069	660,708	1,813,539	3,793,982
Commission income unearned	19,081	-	6,339	128	887	18,553	(157)	44,831
Provision for outstanding claims	1,358,509	36,474	35,109	152,630	593,313	96,578	1,304,724	3,577,338
	2,111,625	40,372	113,636	247,304	1,009,269	775,839	3,118,106	7,416,151
Un-allocated corporate liabilities								2,651,651
Total liabilities								<u>10,067,802</u>

Segment by class of business	Six month period ended June 30, 2014							
	Fire	Marine Cargo	Marine Hull	Accident and others	Aviation	Engineering	Treaty	Total
	-----Rupees in '000-----							
Net premium	404,067	37,851	34,909	76,589	71,075	197,394	1,520,122	2,342,007
Net claims	154,398	10,030	(4,316)	30,403	32,219	33,433	881,041	1,137,208
Management expenses	50,541	9,578	6,130	13,658	14,221	26,240	162,620	282,988
Net commission	48,284	9,187	1,396	8,771	(48)	2,602	385,408	455,600
Underwriting result	150,844	9,056	31,699	23,757	24,683	135,119	91,053	466,211
Segment assets								
Prepaid reinsurance ceded	348,766	-	54,435	-	336,591	498,204	359,124	1,597,120
Deferred commission expense	80,651	1,138	10,756	9,502	1,167	27,896	360,990	492,100
	429,417	1,138	65,191	9,502	337,758	526,100	720,114	2,089,220
Unallocated corporate assets								13,844,032
Total assets								<u>15,933,252</u>
Segment liabilities								
Provision for unearned premium	723,470	5,474	98,495	86,970	399,471	688,199	1,653,449	3,655,528
Commission income unearned	23,512	-	8,930	-	1,027	24,140	133	57,742
Provision for outstanding claims	415,984	33,138	37,648	131,387	34,940	79,887	329,099	1,062,083
	1,162,966	38,612	145,073	218,357	435,438	792,226	1,982,681	4,775,353
Un-allocated corporate liabilities								4,830,650
Total liabilities								<u>9,606,003</u>

b) Geographical segment

Although the operations of the Company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	Six months period ended June 30, 2015		Six months period ended June 30, 2014	
	Lahore	Karachi	Lahore	Karachi
	-----Rupees in '000-----			
Revenue - net premium	471,493	2,083,819	423,280	1,918,727
Total assets	852	17,107,375	662	15,932,589
Total liabilities	643,762	9,393,644	447,301	16,656,805

11.1 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise companies under common directorship, staff retirement benefit funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Common directorship	Three months period ended June 30		Six months period ended June 30	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Dividend income	31,680,000	21,780,000	31,680,000	21,780,000

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

Profit oriented state-controlled entities - various	Three months period ended June 30		Six months period ended June 30	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Premium due but unpaid	841,182,202	861,580,076	841,182,202	1,110,357,464
Insurance premium written during the period	560,178,985	256,182,835	755,625,899	684,997,900
Premium received	(1,172,654,082)	(276,580,709)	(1,368,100,996)	(954,173,162)
Balance at the end	228,707,105	841,182,202	228,707,105	841,182,202
Insurance claims paid	930,873,540	8,650,438	932,072,746	25,404,803
Insurance commission paid	10,167,293	31,788,401	20,173,256	48,939,160
Group insurance premium	-	942,937	-	3,030,231

13 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 June 30		Six months ended June 30	
	2015	2014	2015	2014
Profit after tax for the period (Rupees)	533,125,274	320,805,815	817,762,369	505,852,537
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	1.78	1.07	2.73	1.69

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.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on August 26, 2015 by the Board of Directors of the Company.

15 GENERAL

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

(Farzana Munaf)
Chief Financial Officer

(Attaullah A. Rasheed)
Director

(Mumtaz Ali Rajper)
Chairman/Director

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

Simply Secure



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