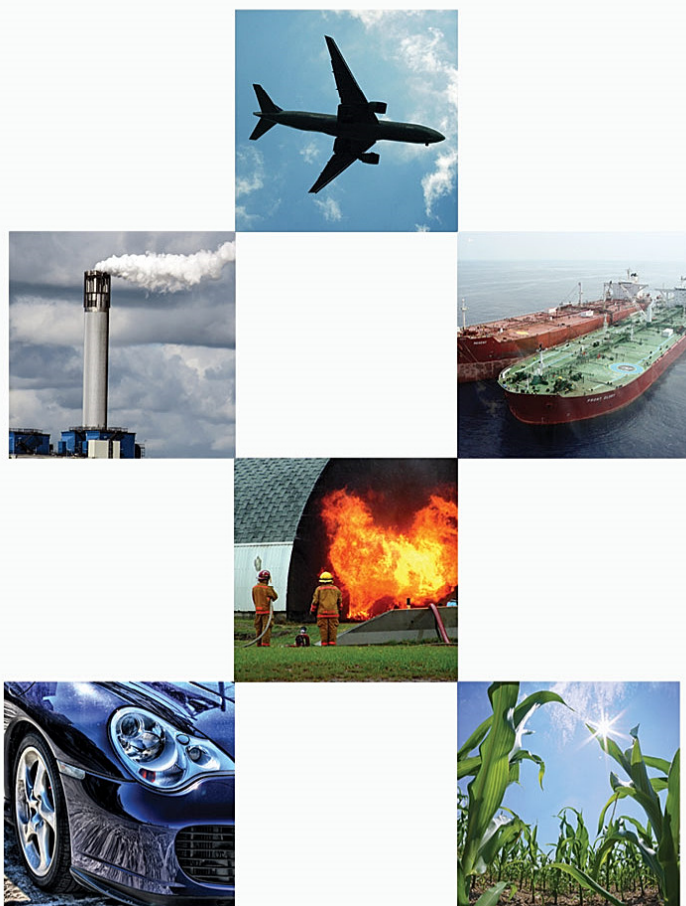




Pakistan Reinsurance Company Limited



**Condensed Interim Financial Statements
For the Half Year ended June 30, 2019
Commitment To Excellence**



Vision

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



Mission

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



Strategy

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



Objectives

- ❖ *To provide the best reinsurance services to the local insurance industry.*
- ❖ *To prepare employees to meet the challenges of fast changing business requirements as well as to provide them with conducive working environment.*
- ❖ *To assist in the development of National Insurance Industry.*
- ❖ *To enhance Domestic retention capacity in order to save valuable foreign exchange.*

Corporate Information

BOARD OF DIRECTORS OF PRCL

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

COMPANY SECRETARY / COMPLIANCE OFFICER

Mr. Shams-ud-Din

BOARD COMMITTEES

AUDIT COMMITTEE

| | |
|---|-----------|
| Mr. Abdul Sami Kehar | Chairman |
| Mr. Mumtaz Ali Rajper | Member |
| Dr. Nazim Latif, Joint Secretary (Ins.) | Member |
| Mr. Mushtaq Ahmed Mahar | Member |
| Mr. Muhammad Khurshid, CIA | Secretary |

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTMENT COMMITTEE

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

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

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

PROCUREMENT COMMITTEE

| | |
|----------------------------------|-----------|
| Mr. Musleh-ud-Din | Chairman |
| Dr. Nazim Latif | Member |
| Mr. Shakeel Ahmed Mangnejo, CEO | Member |
| Mr. Shahzad F. Lodhi, ED (Admn.) | Secretary |

UNDERWRITING / REINSURANCE COMMITTEE

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

CLAIMS SETTLEMENT COMMITTEE

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

SENIOR MANAGEMENT

| | |
|----------------------------|---|
| Mr. Shakeel Ahmed Mangnejo | Chief Executive Officer |
| Mr. Shahzad Farooq Lodhi | Executive Director (HR/Admn) |
| Mr. Shams-ud-Din | Company Secretary / Compliance Officer |
| Mr. Muhammad Junaid Moti | Executive Director (Underwriting) |
| Mr. Muhammad Khurshid | Chief Internal Auditor |
| Mr. Jamil Ahmed | Chief Financial Officer |
| Mrs. Raana Muneer Ahmad | General Manager / Head of Northern Zone |
| Mr. Zohaib Hasan | General Manager / Head of IT Department |

BANKERS

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

ZONAL OFFICE

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

AUDITOR

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

SHARE REGISTRAR

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

Directors' Report

For Six Months Ended June 30, 2019

**The Valued Shareholders,
Pakistan Reinsurance Company Limited.**

On behalf of the Board of Directors of PRCL, I am pleased to present the condensed interim financial statements of Company for second quarter ended June 30, 2019.

Review of Business Activities

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

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

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

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

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

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

Future Outlook

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

Acknowledgement

The Directors of your Company would like to take this opportunity to thank the Company's valued clients, cedants, retrocessionnaires, business partners, the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange for their professional assistance and guidance.

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future. Finally, the Directors also wish to place on record their appreciation for the hard work, loyalty and devotion of the officers and staff of the Company.

For and on behalf of the Board of Directors.

Chairman Board
Karachi: 29th August, 2019

ناظمین کی رپورٹ

30 جون 2019 کو اختتام پذیر پہلی ششماہی رپورٹ

معزز حصص کنندگان

پاکستان ری-انشورنس کمپنی لمیٹڈ

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

کاروباری سرگرمیوں کا جائزہ

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

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

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

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

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

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

مستقبل کا منظر نامہ

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

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈانٹس (cedants)، ریٹرو سیشنیشنئر (retrocessionnaire)، کاروباری شراکت دار، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی مدد و معاونت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص کنندگان کا بھی، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالآخر، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے افسران اور اسٹاف کی سخت محنت اور لگن کے سراہنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیرمین

کراچی: 29 اگست 2019



Grant Thornton

An instinct for growth™

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

GRANT THORNTON ANJUM RAHMAN

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Modern Motors House
Beaumont Road,
Karachi 75530

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Introduction

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

Scope of Review

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

Basis for qualified conclusion

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

Qualified conclusion

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

Emphasis of Matter

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

Our conclusion is not qualified in respect of this matter.

Other Matters

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

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



Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Date: August 29, 2019

PAKISTAN REINSURANCE COMPANY LIMITED

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

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


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

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

Chief Financial Officer Chief Executive Officer Director Director Chairman

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

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

| Issued and subscribed capital paid-up share | Reserves | | | Total shareholders' equity |
|---|--|------------------|-------------------|----------------------------|
| | Capital reserve | Revenue reserves | Retained earnings | |
| Reserve for exceptional losses | Unrealized gain on available for sale investment | General reserve | Retained earnings | Total shareholders' equity |

Balance as at January 01, 2018 (Audited)

3,000,000,000 281,000,000 3,099,175,838 1,777,419,085 2,957,871,048 11,115,465,971

Total comprehensive income for the period

3,000,000,000 - - - 603,610,797 603,610,797

Profit for the period

- - 455,232,815 - - 455,232,815

Unrealised gain on available for sale investment

Transactions with owners

- - 455,232,815 - 603,610,797 1,058,843,612

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

Balance as at June 30, 2018 (Un-audited)

3,000,000,000 281,000,000 3,554,408,653 1,777,419,085 2,511,481,845 11,124,309,583

Balance as at January 01, 2019 (Audited)

3,000,000,000 281,000,000 1,705,142,630 1,777,419,085 3,107,927,661 9,871,489,376

Total Comprehensive income for the period ended June 30, 2019

- - - - 688,612,335 688,612,335

Recmeasurement loss on Available For Sales securities

- - (338,403,897) - - (338,403,897)

Recmeasurement of defined benefit obligations - net

- - - - - -

Transactions with owners

- - - - 688,612,335 350,208,438

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

Balance as at June 30, 2019 (Un-audited)


3,000,000,000 281,000,000 1,366,738,733 1,777,419,085 3,196,539,996 9,621,697,814

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

Chief Financial Officer Chief Executive Officer Director Director Chairman

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

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

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

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

Chief Financial Officer

Chief Executive Officer

Director

Director

Chairman

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

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

3 BASIS OF PREPARATION

3.1 Basis of measurement

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

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

3.2 Functional and presentation currency

These condensed interim financial statements have been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3.3 Statement of compliance

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

This condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

PAKISTAN REINSURANCE COMPANY LIMITED

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

For the six months period ended June 30, 2019

This condensed interim financial statement of the Company for the quarter ended June 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34) Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the insurance Accounting Regulation, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have been followed.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the quarter ended June 30, 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2018.

Amendments to certain existing standards and new standards and interpretations on approved accounting standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

There are certain adoptions, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's condensed interim financial statements in the period of initial application.

5.1 IFRS 16 Leases

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

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

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

6 USE OF ESTIMATES AND JUDGMENTS

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

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

In preparing this condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2018.

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

7 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTION

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

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

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

8 PROPERTY AND EQUIPMENT

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

8.1 This includes fully amortized software.

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

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

10 INVESTMENT PROPERTIES

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

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

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

11 INVESTMENT IN EQUITY SECURITIES

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

Rupees

11.1 Available for sale

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

11.2 Held for trading

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

11.1.1 Movement in accumulated impairment losses on available for sale investments

| | (Un-Audited) June 30, 2019 | (Audited) December 31, 2018 |
|------------------------------|----------------------------------|-----------------------------------|
| Opening balance | 407,663,094 | 326,243,562 |
| Charge for the period / year | 110,646,578 | 81,419,532 |
| Closing balance | 518,309,672 | 407,663,094 |

Rupees

12 INVESTMENT IN DEBT SECURITIES

Held to maturity

Pakistan Investment Bonds
 Treasury Bills
 Term Finance Certificate

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

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

13 LOANS AND OTHER RECEIVABLES - Considered good

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

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

13.2 The Company received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by PRCL to Insurance Companies. The Company contested the notice, however, the decision was made against the Company giving rise to sales tax liability amounting to Rs. 3,242 million and tax penalty of Rs. 880 million for financial year 2011 and 2012. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company again filed an appeal with the Appellate Tribunal where during the year the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. As a result, the Company filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

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

The Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal. On May 31, 2016, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sales Tax Act, 2011. On June 03, 2016, the Honorable High Court of Sindh granted stay to the Company in respect of this matter which restrained SRB from proceeding against the Company. The case is still pending before the Honorable High Court of Sindh.

Further, the Company has also received a notice from Sindh Revenue Board (SRB) for the period from January 2013 to December 2013. The Company contested the notice; however, the order was passed against the Company giving rise to sales tax liability amounting to Rs. 1,385 million and tax

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

penalty amounting to Rs. 424 million. The Company filed an appeal against the order with Commissioner of Appeals, Sindh Revenue Board which was decided against the Company. The Company being aggrieved by the said order has filed an appeal before Appellant Tribunal-SRB which has been heard and order is awaited. Stay of tax demand has been obtained in this regard which was valid up to April 05, 2017.

During the prior year, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013. The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company must keep contesting the case in High Court vigorously. After obtaining legal opinion, approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2016, to the Commission (SRB) that the Company would agree to make payment of the principal amount of the demand under protest subject to condition that SRB would withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011, to the clients and debtors of the Company for the attachment of payables to Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Superior courts and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the final appellate forum which is the Honorable Supreme Court of Pakistan.

SRB vide letter dated May 17, 2017, assured that SRB would abide by all conditions as stated in the Company letter dated May 17, 2017.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as "receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015. However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 3,299.130 million pertaining to the years 2011, 2012 and 2013, excluding any additional penalty or default surcharge. Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015, 2016, 2017 and 2018, the financial impact of which on the financial statements has remained unascertained.

Based on the legal opinion from legal advisor, management is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will come in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2018 has been recorded in these financial statements.

The SECP vide letter No. ID/PRDD/TAXATION/2019/15 dated March 13, 2019 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other

PAKISTAN REINSURANCE COMPANY LIMITED

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

For the six months period ended June 30, 2019

insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

Imposition of sales tax on the reinsurance services would increase the cost of doing business for insurance companies, which may reflect as an increase in the rates of insurance premiums, making insurance more costly for the policyholders. As lowering the cost of business is the primary agenda of the Government of Pakistan and as such, the imposition of sales tax on reinsurance services would be working at odds with measures taken by the Government of Pakistan for ease of doing business in Pakistan.

14 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good

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

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

15 CASH AND BANK BALANCES

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

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

16 RESERVES

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

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

17 DEFERRED TAX

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

MOVEMENT IN DEFERRED TAX

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

18 INSURANCE / REINSURANCE PAYABLES

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

Note

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For the six months period ended June 30, 2019

19 OTHER CREDITORS AND ACCRUALS

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

19.1 This represents deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors, which is in the normal course of business and does not carry any interest or mark-up.

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

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

20.1.2 The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard however the Company has recorded provision in this regard as at June 30, 2019 amounting to Rs. 29.112 million (December 31, 2018: Rs. 29.112 million).

Currently, a stay is operating in favour of the Company and the matter is pending before the Honorable Court of Senior Judge - Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the court. Most likely outcome of the case may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and there have been no further proceedings in this case since last year.

PAKISTAN REINSURANCE COMPANY LIMITED

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

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

Further, the Company has filed an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding and the management expects a favorable outcome. The financial impact to the financial statements is currently not quantifiable. Therefore, no

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

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

20.2 Commitments

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

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21 NET PREMIUM REVENUE

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

22 NET INSURANCE CLAIMS

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

23 NET COMMISSION AND OTHER ACQUISITION COSTS

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

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24 Investment income

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

25 RENTAL INCOME

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

26 TAXATION

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

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26.1 The Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notices under section 161/205 of the Income Tax Ordinance, 2001 for the Tax Years 2012, 2014, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies. The tax demand against these show causes notices amounts to Rs.148,318,431, Rs.260,214,169 Rs.55,305,922 and Rs.182,669,756, respectively.

The Company filed appeals against the orders pertaining to Tax Years 2014, 2015 and 2016 which have been decided against the Company by CIRA before Appellate Tribunal Inland Revenue (ATIR) which are still pending in ATIR.

26.2 Further, ATIR has passed the order in favor of the Company through by ATIR for Tax Year 2012 and 2015 under section 161/205 amounting to Rs. 148,318,431 and Rs. 15,764,077 respectively. Pursuant to ATIR order, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to Company for Tax year 2012 the appeal is pending before Additional Commissioner FBR.

The Assistant Commissioner of Inland Revenue (ACIR) has also issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance, and charging Worker Welfare Fund and disallowance of actuarial loss through other comprehensive income) from Tax Year 2016 and onwards.

The tax demand against these show causes notices amounts to Rs. 217,443,078, Rs. 622,813,927 Rs. 159,499,231, Rs.508,263,856, Rs. 320,013,363, Rs. 191,405,099, Rs. 542,653,335, Rs, 515,794,286, Rs. 28,080,000 Rs. 776,220462 and Rs. 655,869,725 respectively. The Company filed appeal before Commissioner Inland Revenue Appeal (CIRA). The Commissioner Inland Revenue Appeal (CIRA) passed order against the Company for tax year 2009, the Company filed an appeal against CIRA order before ATIR, which is pending for final verdict.

26.3 Out of above orders, in tax year 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 certain issues have been decided in favor of the Company by CIRA and deleted tax liability in aggregate amounting to Rs. 3,596,069,873. Pursuant to these orders, the Company filed appeal effect/refund applications to FBR (department), this resulted in reduction in tax liability for Tax Years 2010 and 2016 amounting to Rs. 82,409,843, Rs. 224,242,362 and refund created in favor of Company for tax Years 2011, 2015 and 2017 amounting to Rs. 220,905,279, Rs. 24,228,768 and Rs.92,401,764 respectively. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss through other comprehensive income).

Further, the Commissioner Inland Revenue (Appeals-II) passed order dated August 20, 2017 in respect of appeal filed by the Company against re-assessment order for Tax Year 2015 dated April 24, 2017 passed by ACIR under section 122(5A) of the Income Tax Ordinance, 2001 on re-measurement of defined benefit obligation in favor of Company. However, during the year the Company paid an amount of Rs. 100 million under protest.

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

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

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

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27 FAIR VALUE MEASUREMENT

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

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

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

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

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

28 SEGMENT INFORMATION

| | | Rupees | | | | | | | | | |
|--|----------------|---|--------------|-------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | | Six month period ended June 30, 2019 (Un-Audited) | | | | | | | | | |
| | | Fire and property damage | Marine Cargo | Marine Hull | Accident | Aviation | Engineering | Treaty | Total | | |
| Gross written premium | 931,408,710 | 30,337,589 | 70,009,473 | 142,153,009 | 378,721,780 | 3,737,319,326 | 2,504,222,548 | 7,794,172,435 | 4,990,287,775 | 6,593,121,572 | 6,191,338,801 |
| Add: Unearned-opening | 515,086,813 | 10,212,944 | 19,682,975 | 63,414,119 | 1,636,443,913 | 9,106,776,399 | 1,909,776,775 | 4,990,287,775 | 4,990,287,775 | 4,990,287,775 | 4,990,287,775 |
| Less: Unearned-closing | 899,263,565 | 26,242,344 | 53,334,862 | 110,017,674 | 903,946,940 | 1,916,179,154 | 2,282,354,262 | 6,191,338,801 | 6,191,338,801 | 6,191,338,801 | 6,191,338,801 |
| Premium earned | 899,263,565 | 26,242,344 | 53,334,862 | 110,017,674 | 903,946,940 | 1,916,179,154 | 2,282,354,262 | 6,191,338,801 | 6,191,338,801 | 6,191,338,801 | 6,191,338,801 |
| Reinsurance-ceded | 452,365,036 | - | 38,140,310 | - | 275,584,886 | 3,143,176,008 | 240,829,892 | 4,150,096,132 | 4,150,096,132 | 4,150,096,132 | 4,150,096,132 |
| Add: Prepaid reinsurance-closing | 20,689,140 | - | 8,245,057 | - | 1,363,388,470 | 736,785,938 | 340,463,704 | 2,472,406,314 | 2,472,406,314 | 2,472,406,314 | 2,472,406,314 |
| Less: Prepaid reinsurance-closing | 232,463,517 | - | 18,536,961 | - | 806,511,387 | 2,812,764,039 | 234,356,462 | 4,104,632,266 | 4,104,632,266 | 4,104,632,266 | 4,104,632,266 |
| Reinsurance expense | 240,590,659 | - | 27,848,406 | 2,834,005 | 832,461,969 | 1,067,197,907 | 346,937,134 | 2,517,870,880 | 2,517,870,880 | 2,517,870,880 | 2,517,870,880 |
| Net insurance premium | 658,672,906 | 26,242,344 | 25,486,456 | 107,183,669 | 71,484,971 | 848,981,247 | 1,935,417,128 | 3,673,468,721 | 3,673,468,721 | 3,673,468,721 | 3,673,468,721 |
| Commission income | 12,835,736 | - | 3,957,972 | 283,401 | 6,909,846 | 83,238,054 | 3,048,581 | 110,273,590 | 110,273,590 | 110,273,590 | 110,273,590 |
| Net underwriting income | 671,508,642 | 26,242,344 | 29,444,428 | 107,467,070 | 78,394,817 | 932,219,301 | 1,938,465,709 | 3,783,742,311 | 3,783,742,311 | 3,783,742,311 | 3,783,742,311 |
| Insurance claims paid | 265,475,462 | 2,480,938 | 16,317,898 | 28,026,303 | 548,714,503 | 93,118,172 | 1,124,429,487 | 2,078,562,763 | 2,078,562,763 | 2,078,562,763 | 2,078,562,763 |
| Less: Outstanding-opening | 1,239,691,600 | 71,695,793 | 122,226,552 | 207,521,776 | 1,79,605,059 | 3,30,843,457 | 2,024,126,319 | 4,175,710,556 | 4,175,710,556 | 4,175,710,556 | 4,175,710,556 |
| Add: Outstanding-closing | 1,120,090,186 | 102,207,299 | 99,159,008 | 176,173,792 | 2,473,078,610 | 2,998,199,080 | 2,132,288,034 | 8,701,106,009 | 8,701,106,009 | 8,701,106,009 | 8,701,106,009 |
| Insurance claims expenses | 145,874,048 | 32,992,444 | (6,749,646) | (3,321,681) | 2,842,188,054 | 2,360,473,795 | 1,232,591,202 | 6,604,048,216 | 6,604,048,216 | 6,604,048,216 | 6,604,048,216 |
| Reinsurance recoveries received | 46,707,226 | - | 5,477,346 | - | 376,918,579 | - | 27,038,445 | 456,141,996 | 456,141,996 | 456,141,996 | 456,141,996 |
| Less: Recovery-opening | 388,223,063 | 18,693,025 | 43,266,176 | - | 96,177,837 | 133,235,349 | 672,175,787 | 1,351,771,237 | 1,351,771,237 | 1,351,771,237 | 1,351,771,237 |
| Add: Recovery-closing | 205,047,738 | 39,375,499 | 21,650,734 | - | 2,195,689,511 | 2,313,743,773 | 514,759,163 | 5,290,266,418 | 5,290,266,418 | 5,290,266,418 | 5,290,266,418 |
| Insurance claims recovered from reinsurers | (16,468,099) | 20,682,474 | (16,138,096) | - | 2,476,430,253 | 2,180,508,424 | (130,378,179) | 4,394,636,777 | 4,394,636,777 | 4,394,636,777 | 4,394,636,777 |
| Net claims | 282,342,147 | 12,309,970 | 9,388,450 | (3,321,681) | 365,757,801 | 179,965,371 | 1,362,969,381 | 2,209,411,439 | 2,209,411,439 | 2,209,411,439 | 2,209,411,439 |
| Commission expense | 110,335,855 | 2,979,770 | 3,195,061 | 8,177,331 | 3,118,055 | 568,196,219 | 58,918,219 | 814,418,610 | 814,418,610 | 814,418,610 | 814,418,610 |
| Management expense | 70,017,652 | 2,280,596 | 5,262,887 | 10,686,200 | 28,470,004 | 280,948,976 | 188,252,247 | 585,918,562 | 585,918,562 | 585,918,562 | 585,918,562 |
| Net insurance claims and expenses | 462,695,654 | 17,570,336 | 17,846,398 | 15,541,850 | 397,345,860 | 579,730,666 | 2,119,417,847 | 3,910,181,611 | 3,910,181,611 | 3,910,181,611 | 3,910,181,611 |
| Underwriting results | 208,812,988 | 8,672,008 | 11,598,030 | 91,925,220 | (318,951,043) | 352,488,635 | (180,952,138) | 173,593,700 | 173,593,700 | 173,593,700 | 173,593,700 |
| Net investment income | 264,502,116 | - | - | - | - | - | - | 264,502,116 | 264,502,116 | 264,502,116 | 264,502,116 |
| rental income | 33,406,902 | - | - | - | - | - | - | 33,406,902 | 33,406,902 | 33,406,902 | 33,406,902 |
| General and Admin expenses | (5,491,974) | - | - | - | - | - | - | (5,491,974) | (5,491,974) | (5,491,974) | (5,491,974) |
| Other income | 532,231,458 | - | - | - | - | - | - | 532,231,458 | 532,231,458 | 532,231,458 | 532,231,458 |
| Profit before tax | 998,242,202 | - | - | - | - | - | - | 998,242,202 | 998,242,202 | 998,242,202 | 998,242,202 |
| Segment assets | 491,163,671 | 40,754,643 | 42,823,046 | 6,107,996 | 3,008,044,684 | 5,280,995,683 | 1,179,961,996 | 10,049,961,719 | 10,049,961,719 | 10,049,961,719 | 10,049,961,719 |
| Unallocated assets | 21,733,045,388 | - | - | - | - | - | - | 21,733,045,388 | 21,733,045,388 | 21,733,045,388 | 21,733,045,388 |
| Segment Liabilities | 1,680,504,650 | 116,515,488 | 137,370,290 | 271,723,246 | 3,515,148,682 | 5,566,408,742 | 4,265,225,100 | 15,552,896,198 | 15,552,896,198 | 15,552,896,198 | 15,552,896,198 |
| Unallocated Liabilities | 6,529,276,071 | - | - | - | - | - | - | 6,529,276,071 | 6,529,276,071 | 6,529,276,071 | 6,529,276,071 |
| | 31,836,260,775 | - | - | - | - | - | - | 31,836,260,775 | 31,836,260,775 | 31,836,260,775 | 31,836,260,775 |

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

29 TRANSACTIONS WITH RELATED PARTIES

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

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

30 EARNINGS PER SHARE - BASIC AND DILUTED

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

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

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

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

31 CORRESPONDING FIGURES

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

| Reclassified from | Reclassified to | Rupees |
|------------------------------|------------------------|---------------|
| Other creditors and accruals | Unclaimed dividend | 172,681,374 |

32 DATE OF AUTHORIZATION FOR ISSUE

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

33 GENERAL

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

Chief Financial Officer Chief Executive Officer Director Director Chairman



Commitment To Excellence



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