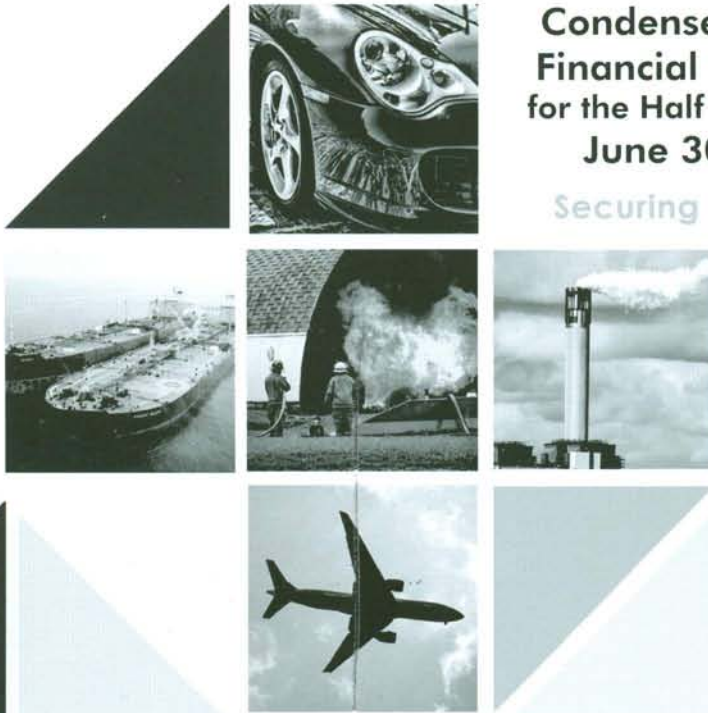




Pakistan Reinsurance Company Limited

**Condensed Interim  
Financial Statement  
for the Half Year ended  
June 30, 2016**

Securing Tomorrow



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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**

### **BOARD OF DIRECTORS OF PRCL**

Mr. Mumtaz Ali Rajper	Chairman Board of Directors
Mr. Taufique Habib	Director
Dr. Kausar Ali Zaidi	Director
Syed Arshad Ali	Director
Mr. Faisal Mumtaz	Director
Mr. Abdul Sami Kehar	Director
Mr. Etrat Hussain Rizvi	Director
Mr. Iftikar Ahmed	Director

### **COMPANY SECRETARY**

Mr. Shams-ud-Din	Company Secretary
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### **AUDIT COMMITTEE**

Mr. Etrat H. Rizvi	Chairman of the Committee
Mr. Taufique Habib	Member of the Committee
Syed Arshad Ali	Member of the Committee
Dr. Kausar Ali Zaidi	Member of the Committee
Mr. Muhammad Khurshid	Member of the Committee
Mr. Tameezuddin (Head of internal Audit Deptt.)	Member of the Committee
Mr. Shams-ud-Din	Secretary of the Committee

### **HUMAN RESOURCE COMMITTEE**

Mr. Mumtaz Ali Rajper	Chairman of the Committee
Mr. Abdul Sami Kehar	Member of the Committee
Mr. Shahzad F. Lodhi	Member of the Committee
Mr. Muhammad Khurshid	Member of the Committee
Mr. Jarrar H. Syed	Secretary of the Committee

### **RISK MANAGEMENT COMMITTEE**

Syed Arshad Ali	Chairman of the Committee
Dr. Kausar Ali Zaidi	Member of the Committee
Mr. Muhammad Khurshid	Member of the Committee
Mr. Muhammad Junaid Moti	Secretary of the Committee

### **INVESTMENT COMMITTEE**

Mr. Abdul Sami Kehar	Chairman of the Committee
Mr. Mumtaz Ali Rajper	Member of the Committee
Dr. Kausar Ali Zaidi	Member of the Committee
Mr. Etrat H. Rizvi	Member of the Committee
Mr. Shahzad F. Lodhi	Member of the Committee
Mr. Muhammad Khurshid	Secretary of the Committee

### **NOMINATION COMMITTEE**

Mr. Taufique Habib	Chairman of the Committee
Mr. Faisal Mumtaz	Member of the Committee
Mr. Shahzad F. Lodhi	Member of the Committee
Mr. Shams-ud-Din	Secretary of the Committee

### **UNDERWRITING COMMITTEE**

Mr. Iftikhar Ahmed	Chairman of the Committee
Mr. Faisal Mumtaz	Member of the Committee
Mr. Muhammad Junaid Moti	Member of the Committee
Mr. Farmanullah Zarkoon	Secretary of the Committee

### **CLAIM SETTLEMENT COMMITTEE**

Mr. Etrat H. Rizvi	Chairman of the Committee
Syed Arshad Ali	Member of the Committee
Mr. Muhammad Junaid Moti	Member of the Committee
Mr. Muhammad Khurshid	Member of the Committee
Mr. Farmanullah Zarkoon	Secretary of the Committee

### **REINSURANCE & COINSURANCE COMMITTEE**

Mr. Faisal Mumtaz	Chairman of the Committee
Mr. Iftikhar Ahmed	Member of the Committee
Mr. Muhammad Junaid Moti	Member of the Committee
Mr. Muhammad Khurshid	Member of the Committee
Mr. Farmanullah Zarkoon	Secretary of the Committee

### **ETHICS AND COMPLIANCE COMMITTEE**

Mr. Abdul Sami Kehar	Chairman of the Committee
Mr. Mumtaz Ali Rajper	Member of the Committee
Mr. Shams-ud-Din	Secretary of the Committee

## **SENIOR MANAGEMENT**

Mr. Shahzad F. Lodhi  
Mr. Muhammad Khurshid  
Mr. Muhammad Junaid Moti  
Mrs. Ghazala Imran  
Mr. Shams-ud-Din  
Mr. Farmanullah Zarkoon  
Mr. Raana Munir Ahmad  
Mr. Saleem A. Razzak

C.E.O/Executive Director (H.R.)  
Chief Financial Officer  
Executive Director (Underwriting)  
Regional Director (NZO)  
Company Secretary  
General Manager (Business Development)  
General Manager (Claims NZO)  
General Manager (Admn/Estt/Legal/Coordination NZO)

## **AUDITORS**

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

## **REGISTERED OFFICE**

PRC Towers, 32-A, Lalazar Drive,  
M.T. Khan Road, P.O.Box: 4777,  
Karachi-74000, Pakistan.  
Tel: (92-21) 99202908-15  
Telefax: (92-21) 99202921-22  
E-mail: [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website: [www.pakre.org.pk](http://www.pakre.org.pk)

## **BANKERS**

National Bank of Pakistan  
Bank Al-Habib Limited

## **ZONAL OFFICE**

State Life Building,  
1<sup>st</sup> Floor, 15-A, Davis Road, Lahore.  
Ph: (92-42) 36360242-45  
Fax: (92-42) 36360246

## **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

# Directors' Report

for the half year ended June 30, 2016

**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, 2016. As required these have been subject to limited review by our External Auditors and their review report is annexed.

## Review of Business Activities

The Gross written Premium was Rs.4,082 million against Rs.3,617 million for the corresponding period, showing an increase of Rs.465 million (13%). The Net Premium was Rs.2,833 million against Rs.2,555 million, showing an increase of Rs.278 million (11%). The Net Commission for the period is Rs.616 million as compared to Rs.531 million, showing an increase of Rs.85 million (16%). The Net Claims were Rs.1,340 million against Rs.1,232 million showing an increase of Rs.108 million (9%).

The underwriting results after management expenses for the half year ended June 30, 2016 were Rs.545 million as compared to Rs.470 million for the corresponding period last year, showing an increase of Rs.75 million (16%).

The income from investment including rental and other income for the period under review was recorded at Rs.616 million, as compared to Rs.616 million in the corresponding period last year.

The Profit Before Tax for the half year ended June 30, 2016, was Rs.1,136 million, as compared to Rs.1,087 million in the half year ended June 30, 2015, showing an increase of Rs.49 million (5%). The Profit after Tax for the half year ended June 30, 2016, was Rs.861 million, as compared to Rs.817 million in the half year ended June 30, 2015, showing an increase of Rs.44 million (5%). The earnings per share for the half year ended June 30, 2016 remained at Rs.2.87 compared to Rs.2.73 for the previous period.

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



# D irectors' Report

for the half year ended June 30, 2016

## Future Outlook

The general insurance sector's performance is strongly correlated with economic growth and results are likely to improve based on projected improvement in law & order and energy situation of the country.

## Acknowledgement

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

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 and success of Company.

For and on behalf  
of the Board of Directors



**Chairman**

Karachi: 30<sup>th</sup> August, 2016.

# Directors' Report

# ڈائریکٹرز کی رپورٹ

for the period ended June 30, 2016

برائے مدت جس کا اختتام 30 جون 2016 کو ہوا

## **The Shareholders,**

## **حصص یافتگان**

### **Pakistan Reinsurance Company Limited.**

### **پاکستان ری انشورنس کمپنی لمیٹڈ**

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, 2016. As required these have been subject to limited review by our External Auditors and their review report is annexed.

میں پی آر سی ایل کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی درمیانی مدت کی شش ماہی جس کا اختتام 30 جون 2016 کو ہوا اس کی اختصار کے ساتھ غیر تصدیق شدہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ ان کا جائزہ لیا جاتا ہے اور ہمارے بیرونی آڈیٹرز ان کا مختصر جائزہ لے چکے ہیں اور ان کی جائزہ رپورٹ منسلک ہے۔

### **Review of Business Activities**

### **کاروباری سرگرمیوں کا جائزہ**

The Gross written Premium was Rs.4,082 million against Rs.3,617 million for the corresponding period, showing an increase of Rs.465 million (13%). The Net Premium was Rs.2,833 million against Rs.2,555 million, showing an increase of Rs.278 million (11%). The Net Commission for the period is Rs.616 million as compared to Rs.531 million, showing an increase of Rs.85 million (16%). The Net Claims were Rs.1,340 million against Rs.1,232 million showing an increase of Rs.108 million (9%).

اس مدت کا کل مجموعی پریمیم 4082 ملین روپے تھا جو گذشتہ سال اسی مدت کے مقابلے میں 3617 ملین روپے اور 1262 روپے تھا جو 465 ملین روپے (13 فی صد) کا اضافہ دکھا رہا ہے۔ گذشتہ مدت کے خالص کمیشن 2555 ملین روپے کے مقابلے میں اس مدت کے دوران خالص کمیشن 2833 ملین روپے رہا جو 278 ملین روپے (16 فی صد) کا اضافہ دکھا رہا ہے۔ خالص دعوے 1232 ملین روپے کے مقابلے میں 1340 ملین روپے رہے جو 108 ملین روپے (9 فی صد) کا اضافہ دکھا رہا ہے۔

The underwriting results after management expenses for the half year ended June 30, 2016 were Rs.545 million as compared to Rs.470 million for the corresponding period last year, showing an increase of Rs.75 million (16%).

30 جون 2016 کو اختتام پذیر ہونے والی شش ماہی کے انڈر رائٹنگ کے نتائج 545 ملین روپے جس میں گذشتہ سال اسی مدت کے دوران 470 ملین روپے تھے اور جو

The income from investment including rental and other income for the period under review was recorded at Rs.616 million, as compared to Rs.616 million in the corresponding period last year.

The Profit Before Tax for the half year ended June 30, 2016, was Rs.1,136 million, as compared to Rs.1,087 million in the half year ended June 30, 2015, showing an increase of Rs.49 million (5%). The Profit after Tax for the half year ended June 30, 2016, was Rs.861 million, as compared to Rs.817 million in the half year ended June 30, 2015, showing an increase of Rs.44 million (5%). The earnings per share for the half year ended June 30, 2016 remained at Rs.2.87 compared to Rs.2.73 for the previous period.

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

### **Future Outlook**

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

### **Acknowledgement**

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

75 ملین روپے (16 فیصد) اضافہ دکھا رہا ہے

سرمایہ سے ہونے والی آمدنی جس میں شامل ہے کرایہ اور دیگر آمدنی جو اس مدت کے درمیان 616 ملین روپے رہی جو گذشتہ سال اسی مدت کے دوران بھی 616 ملین روپے تھی۔

30 جون 2016 کو اختتام پذیر ہونے والی شش ماہی کا قبل از ٹیکس منافع 1136 ملین روپے رہا جو گذشتہ سال 30 جون 2015 کو اختتام پذیر ہونے والی شش ماہی کے 1087 ملین روپے کے مقابلے میں 49 ملین روپے (5 فیصد) اضافہ دکھا رہا ہے۔ 30 جون 2016 کو اختتام پذیر ہونے والی شش ماہی کا بعد از ٹیکس منافع 861 ملین روپے رہا جو گذشتہ سال 30 جون 2015 کو اختتام پذیر ہونے والی شش ماہی کے 817 ملین روپے کے مقابلے میں 44 ملین روپے (5 فیصد) اضافہ دکھا رہا ہے۔ 30 جون 2016 کو اختتام پذیر ہونے والی شش ماہی پر آمدنی فی حصص 2 اعشاریہ 87 رہی جبکہ گذشتہ سال اسی مدت کے دوران آمدنی فی حصص 2 اعشاریہ 73 تھی۔

یہ نمایاں اعداد و شمار سال کے پہلے چھ ماہ میں ہمارے کاروبار میں مثبت ترقی دکھاتے ہیں۔

### **مستقبل کی تصویر**

جنرل انشورنس سیکٹر کی کارکردگی کا معاشی ترقی سے مضبوط تعلق ہے اور لاء اینڈ آرڈر اور توانائی میں متوقع بہتری سے امکان ہے کہ نتائج میں بہتری آئے۔

### **اعتراف**

آپ کی کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، پلٹ کے آنے والوں، برکرز، کاروبار کے شرکاء، اعانت کار اور سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، سینٹرل ڈپازٹری کمپنی (سی ڈی سی) کا پیشہ ورانہ تعاون

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts.

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 and success of Company.

For and on behalf of the Board of Directors

**Chairman/Director**

Karachi: June 30. 2016

اور رہنمائی کرنے پر تہ دل سے شکریہ ادا کرتے ہیں۔ ہم اپنے حصص یافتگان کا کمپنی پر مسلسل اعتماد اور بھروسے کا بھی شکریہ ادا کرنا چاہتے ہیں اور اپنی بہترین کوششوں کا یقین دلاتے ہیں۔

کمپنی کے ڈائریکٹرز آخر میں کمپنی کے افسران، اور اسٹاف کے ارکان کے لگن، وفاداری اور محنتِ شاقہ جنہوں نے کمپنی کی ترقی اور کامیابی میں حصہ لیا ان کی کاوشوں کو سراہتے ہوئے اس بات کو رکارڈ کا حصہ بنانا چاہتے ہیں

بورڈ آف ڈائریکٹرز کی جانب اور ان کے لیے

چیرمین/ڈائریکٹر

کراچی: 30 جون 2016

## REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the accompanying:

- condensed interim balance sheet as at June 30, 2016 and;
- 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, 2016 (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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



#### Emphasis of matter


1. We draw attention to note 6 and 12 to the condensed interim financial information which inter-alia provides details regarding Reconciliation Committee formed by the Audit Committee of the Board to reconcile and recover balances from insurance companies. Our conclusion is not modified in respect of this matter.
2. We draw attention to note 7.4 to the condensed interim financial information which provides details regarding orders passed by Sindh Revenue Board demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company. The Company has not recorded provision against the orders and has disclosed the amounts as contingent liabilities. Our conclusion is not modified in respect of this matter.

#### Other matters

The figures for the quarters ended June 30, 2016 and June 30, 2015 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 30 AUG 2016

  
*Bdc* CHARTERED ACCOUNTANTS  
Engagement partner: Zulfikar Ali Causer

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2016**

	<b>June 30, 2016 Unaudited Rupees</b>	<b>December 31, 2015 Audited Rupees</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital 2,500,000,000 (December 31, 2015: 2,500,000,000) ordinary shares of Rs. 10/- each	<u>25,000,000,000</u>	<u>25,000,000,000</u>
Issued, subscribed and paid up capital 300,000,000 (December 31, 2015: 300,000,000) ordinary shares of Rs. 10/- each	3,000,000,000	3,000,000,000
Retained earnings	1,991,511,437	1,880,106,301
Reserve for exceptional losses	281,000,000	281,000,000
General reserve	1,777,419,085	1,777,419,085
	<u>4,049,930,522</u>	<u>3,938,525,386</u>
<b>Shareholders' equity</b>	7,049,930,522	6,938,525,386
<b>LIABILITIES</b>		
<b>Underwriting provisions</b>		
Provision for outstanding claims (including IBNR)	3,391,936,363	3,093,187,482
Provision for unearned premium	4,007,151,178	4,111,141,130
Commission income unearned	41,087,159	18,763,334
<b>Total underwriting provisions</b>	7,440,174,700	7,223,091,946
<b>Deferred liability - employee benefits</b>	1,509,143,380	1,486,579,674
<b>Long term deposits</b>	5 15,082,240	12,681,380
<b>Creditors and accruals</b>		
Amount due to other insurers and reinsurers	6 1,553,243,531	1,497,163,484
Premium and claim reserves retained from retrocessionaries	19,063,743	19,063,743
Other creditors and accruals	50,610,665	49,038,959
Accrued expenses	14,588,712	17,597,350
Taxation - net	-	-
Retention money payable	6,368,183	6,368,183
	1,643,874,834	1,589,231,719
<b>Other liabilities</b>		
Dividend payable	141,153,355	137,227,342
Surplus profit payable	1,212,602	1,212,602
	<u>142,365,957</u>	<u>138,439,944</u>
<b>Total liabilities</b>	10,750,641,111	10,450,024,663
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>17,800,571,633</u>	<u>17,388,550,049</u>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2016**

	Note	June 30, 2016 Unaudited Rupees	December 31, 2015 Audited Rupees
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents		29,840	51,422
Current and other accounts		2,905,200,345	2,684,243,452
Deposits maturing within 12 months		-	600,670,200
	8	2,905,230,185	3,284,965,074
<b>Loans to employees</b>	9	72,222,217	71,079,742
<b>Investments</b>	10	5,984,343,575	6,317,718,882
<b>Investment properties</b>	11	31,271,118	32,107,170
<b>Current assets - others</b>			
Amount due from other insurers and reinsurers	12	4,292,458,171	3,668,040,093
Premium and claim reserves retained by cedants		165,240,656	168,098,008
Accrued investment income		157,278,107	190,216,722
Reinsurance recoveries against outstanding claims		1,621,730,974	1,406,544,395
Deferred commission expense		631,802,997	586,924,395
Prepayments		1,258,741,952	1,510,443,584
Taxation - net		103,016,325	14,280,941
Other receivables	13	442,424,338	-
Sundry receivables		94,084,352	92,827,896
Stock of stationery		289,400	1,729,147
		8,767,067,271	7,639,105,181
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and building		15,975,447	16,379,337
Furniture, fixture, books and office equipment		9,295,006	9,737,668
Electrical installations, air conditioning plant and lifts		9,060,053	10,066,726
Motor vehicles		6,106,761	7,390,269
		40,437,267	43,574,000
Assets relating to Bangladesh		-	-
<b>TOTAL ASSETS</b>		<u>17,800,571,633</u>	<u>17,388,550,049</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**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), this condensed interim financial information, 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 THREE MONTHS PERIOD ENDED JUNE 30, 2016**

	Three months period ended June 30							2016	2015
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
<b>Revenue account</b>	<b>Note -----Rupees-----</b>								
Net premium revenue	281,369,269	9,013,754	14,300,471	36,172,114	35,919,787	126,565,037	951,610,480	1,454,950,912	1,293,529,442
Less:									
Net claims	101,341,206	990,887	(3,263,775)	5,176,288	(5,863,555)	57,160,953	498,031,953	653,573,957	458,466,522
Expenses	45,268,894	4,724,185	2,656,385	8,165,601	9,608,204	22,581,084	140,131,601	233,135,954	243,520,229
Net commission	51,880,197	1,521,076	(889,932)	4,293,558	(216,632)	12,845,779	246,027,091	315,461,137	269,665,022
<b>Underwriting results</b>	<b>82,878,972</b>	<b>1,777,606</b>	<b>15,797,793</b>	<b>18,536,667</b>	<b>32,391,770</b>	<b>33,977,221</b>	<b>67,419,835</b>	<b>252,779,864</b>	<b>321,877,669</b>
Investment income - net								382,323,392	369,081,742
Rental income - net								14,191,239	11,962,206
Exchange gain								4,200,557	1,224,048
Other income								1,500	8,534
General and administration expenses								(12,489,227)	(10,621,271)
<b>Profit before tax</b>								<b>388,227,461</b>	<b>371,655,259</b>
<b>Income tax expense</b>								<b>641,007,325</b>	<b>693,532,928</b>
Current								(137,421,872)	(160,407,654)
<b>Profit after tax</b>								<b>503,585,453</b>	<b>533,125,274</b>
<b>Profit and loss appropriation account</b>									
<b>Balance at the commencement of period</b>								2,237,925,983	2,213,630,386
Profit after tax								503,585,453	533,125,274
Final cash dividend [ 2015: Rs. 2.50 @ 25% (2014: Rs. 2.50 @ 25%) per share ]								(750,000,000)	(750,000,000)
<b>Balance of unappropriated profit at the end of the period</b>								<b>1,991,511,436</b>	<b>1,996,755,660</b>
<b>Earnings per share - basic and diluted</b>								<b>1.68</b>	<b>1.78</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**DIRECTOR**

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

		Six months period ended June 30								
		Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	2016 Aggregate	2015 Aggregate
Note		-----Rupees-----								
<b>Revenue account</b>										
	Net premium revenue	542,339,675	20,110,857	28,167,696	74,928,714	70,366,363	256,784,350	1,840,533,837	2,833,231,492	2,555,312,545
	Less:									
	Net claims	180,816,707	8,392,500	(2,903,963)	13,078,792	(672,611)	82,168,313	1,058,777,938	1,339,657,676	1,232,317,159
	Expenses	64,484,539	8,690,674	4,011,327	13,159,715	15,714,664	33,537,004	192,053,568	331,651,491	321,592,728
	Net commission	99,681,855	3,519,145	(470,113)	9,003,332	(572,302)	24,998,815	480,383,184	616,543,916	530,931,209
	<b>Underwriting results</b>	<b>197,356,574</b>	<b>(491,462)</b>	<b>27,530,445</b>	<b>39,686,875</b>	<b>55,896,612</b>	<b>116,080,218</b>	<b>109,319,147</b>	<b>545,378,409</b>	<b>470,471,449</b>
	Investment income - net							589,582,725	591,504,190	
	Rental income - net							26,411,156	23,921,849	
	Exchange (loss) / gain	16						(2,531,632)	19,455,805	
	Other income	17						62,921	22,034	
	General and administration expenses							(22,866,111)	(17,702,368)	
	<b>Profit before tax</b>							<b>590,659,060</b>	<b>617,201,510</b>	
	<b>Income tax expense</b>							<b>1,136,037,469</b>	<b>1,087,672,959</b>	
	Current	15						(274,632,333)	(269,910,590)	
	<b>Profit after tax</b>							<b>(274,632,333)</b>	<b>(269,910,590)</b>	
	<b>Profit and loss appropriation account</b>							<b>861,405,136</b>	<b>817,762,369</b>	
	<b>Balance at the commencement of period</b>							1,880,106,301	1,928,993,292	
	Profit after tax							861,405,136	817,762,369	
	Final cash dividend [ 2015: Rs. 2.50 @ 25% (2014: Rs. 2.50 @ 25% ) per share ]							(750,000,000)	(750,000,000)	
	<b>Balance of unappropriated profit at the end of the period</b>							<b>1,991,511,437</b>	<b>1,996,755,661</b>	
	<b>Earnings per share - basic and diluted</b>							<b>2.87</b>	<b>2.73</b>	

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**DIRECTOR**

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

	<b>Three months period ended June 30</b>		<b>Six months period ended June 30</b>	
	<b>2016 Rupees</b>	<b>2015 Rupees</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>
Profit for the period	503,585,453	533,125,274	861,405,136	817,762,369
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>503,585,453</u>	<u>533,125,274</u>	<u>861,405,136</u>	<u>817,762,369</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**DIRECTOR**

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

	Share capital	Reserve for exceptional losses	Reserves			Total
	Issued subscribed and paid-up		Revenue reserves		Total reserves	
			Retained earnings	General reserve		
-----Rupees-----						
<b>Balance as at January 01, 2015</b>	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
<b>Transactions with owners</b>						
Final cash dividend 2014: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
<b>Balance as at June 30, 2015</b>	<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>
<b>Balance as at January 01, 2016</b>	3,000,000,000	281,000,000	1,880,106,301	1,777,419,085	3,657,525,386	6,938,525,386
Total comprehensive income for the period ended June 30, 2016	-	-	861,405,136	-	861,405,136	861,405,136
<b>Transactions with owners</b>						
Final cash dividend 2015: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
<b>Balance as at June 30, 2016</b>	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,991,511,437</u>	<u>1,777,419,085</u>	<u>3,768,930,522</u>	<u>7,049,930,522</u>

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**DIRECTOR**

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

	<b>Six months period ended June 30</b>	
	<b>2016</b>	<b>2015</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Operating cash flows</b>		
<b>Underwriting activities:-</b>		
Premium received	3,457,374,495	4,423,360,056
Reinsurance premium paid	(1,045,406,764)	(1,440,434,666)
Claims paid	(1,270,835,510)	(2,197,051,839)
Reinsurance and other recoveries received	14,740,136	992,704,262
Commission paid	(691,261,112)	(582,025,897)
Commission received	52,162,419	44,416,733
Premium and claim reserves retained from retrocessionaries/withheld by ceding companies	2,857,352	106,567,803
Expenses paid	(331,651,491)	(321,592,728)
<b>Net cash inflows from underwriting activities</b>	<b>187,979,526</b>	<b>1,025,943,724</b>
<b>Other operating activities</b>		
Income tax paid	(363,367,718)	(310,446,306)
General management expenses paid	(22,866,111)	(17,702,368)
Loans disbursed - net	(1,142,475)	(4,274,980)
Other receipts - sundry debtors	(420,607,636)	27,353,354
Net cash used in other operating activities	(807,983,940)	(305,070,300)
<b>Total cash (used in) / generated from all operating activities</b>	<b>(620,004,414)</b>	<b>720,873,424</b>
<b>Investment activities</b>		
Fixed capital expenditure	3,972,785	2,199,236
Sale proceeds of fixed assets	-	1,812,720
Acquisition of investments	(1,304,921,190)	(1,129,859,849)
Rental income received - net of expenses	46,587,681	44,614,843
Dividend income received	312,634,293	286,671,243
Interest income on bank deposits	58,255,892	70,294,539
Investment income received - net of expenses	226,318,733	222,165,307
Sale proceeds of investments	1,643,495,319	1,466,556,796
<b>Total cash inflow from investment activities</b>	<b>986,343,512</b>	<b>964,454,835</b>
<b>Financing activities</b>		
Dividend paid	(746,073,987)	(714,512,972)
Total cash outflow from financing activities	(746,073,987)	(714,512,972)
Net cash (used in) / generated from all activities	(379,734,889)	970,815,287
Cash and cash equivalents at beginning of the period	3,284,965,074	3,081,370,269
Cash and cash equivalents at end of the period	<u>2,905,230,185</u>	<u>4,052,185,556</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

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**SYED ARSHAD ALI**  
**DIRECTOR**

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016**

	<b>Six months period ended June 30</b>	
	<b>2016</b>	<b>2015</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(620,004,414)	720,873,424
Depreciation expense	(3,818,121)	(4,310,446)
Exchange (loss) / gain	(2,531,632)	19,455,805
Rental income	26,411,156	23,921,849
Pension - officers	(5,223,987)	(11,864,678)
Pension - staff	2,182,751	50,373,357
Medical	(18,175,455)	(10,601,591)
Gratuity	(668,422)	806,000
Compensated absences	(678,593)	(268,568)
Provision for outstanding claims	(83,562,302)	(27,969,582)
Provision for unearned premium	103,989,952	728,654,029
Prepaid reinsurance	(253,595,854)	(584,826,110)
Provision for employee benefits		(1,584,000)
Dividend income	327,040,926	288,406,747
Investment income	211,013,875	231,270,934
Interest income	58,255,892	70,294,539
Amortization of premium	5,198,818	1,531,970
Gain on sale of investment	3,072,777	-
Increase / (decrease) in operating assets other than cash	1,066,838,470	(891,490,618)
Decrease / (increase) in operating liabilities	(28,076,524)	174,553,592
	787,669,314	777,226,653
<b>Other adjustments:</b>		
Income tax refunded - net	363,367,718	310,446,306
	<u>363,367,718</u>	<u>310,446,306</u>
Profit before taxation	1,136,037,469	1,087,672,959
Provision for taxation	(274,632,333)	(269,910,590)
<b>Profit after taxation</b>	<u>861,405,136</u>	<u>817,762,369</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	29,840	58,538
Current and other accounts	2,905,200,345	3,823,490,921
Deposit maturing within 12 months	-	228,636,097
	<u>2,905,230,185</u>	<u>4,052,185,556</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**DIRECTOR**

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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)  
 FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (I=D-H)	2015
-----R u p e e s-----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	313,924,149	886,490,863	795,073,594	405,341,418	86,065,028	341,494,840	303,587,719	123,972,149	281,369,269	233,011,524
Marine cargo	7,887,553	5,069,978	3,943,777	9,013,754	-	-	-	-	9,013,754	7,133,526
Marine hull	4,717,192	99,589,504	69,619,283	34,687,413	239,526	61,342,475	41,195,059	20,386,942	14,300,471	16,943,460
Accident and others	27,844,163	72,501,282	64,173,331	36,172,114	-	-	-	-	36,172,114	49,728,207
Aviation	18,091,539	641,798,419	391,841,873	268,048,085	2,195,800	558,182,768	328,250,270	232,128,298	35,919,787	52,038,396
Engineering	384,037,874	465,112,149	588,636,967	260,513,056	320,548,762	200,331,717	386,932,460	133,948,019	126,565,037	126,524,871
<b>Total</b>	<b>756,502,470</b>	<b>2,170,562,195</b>	<b>1,913,288,825</b>	<b>1,013,775,840</b>	<b>409,049,116</b>	<b>1,161,351,800</b>	<b>1,059,965,508</b>	<b>510,435,408</b>	<b>503,340,432</b>	<b>485,379,984</b>
<b>Treaty</b>	<b>1,116,610,966</b>	<b>2,086,739,842</b>	<b>2,093,862,353</b>	<b>1,109,488,455</b>	<b>127,568,255</b>	<b>223,556,601</b>	<b>193,246,881</b>	<b>157,877,975</b>	<b>951,610,480</b>	<b>808,149,458</b>
<b>Grand total</b>	<b>1,873,113,436</b>	<b>4,257,302,037</b>	<b>4,007,151,178</b>	<b>2,123,264,295</b>	<b>536,617,371</b>	<b>1,384,908,401</b>	<b>1,253,212,389</b>	<b>668,313,383</b>	<b>1,454,950,912</b>	<b>1,293,529,442</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
 CHIEF FINANCIAL OFFICER

**ETRAT HUSSAIN RIZVI**  
 DIRECTOR

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 DIRECTOR

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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (I=D-H)	2015
-----R u p e e s-----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	900,451,018	693,895,114	795,073,594	799,272,538	442,876,223	117,644,359	303,587,719	256,932,863	542,339,675	470,444,540
Marine cargo	18,027,508	6,027,126	3,943,777	20,110,857	-	-	-	-	20,110,857	13,506,955
Marine hull	96,799,896	40,914,442	69,619,283	68,095,055	60,494,563	20,627,855	41,195,059	39,927,359	28,167,696	35,429,999
Accident and others	62,281,845	77,846,163	64,173,331	75,954,677	-	1,025,963	-	1,025,963	74,928,714	99,692,112
Aviation	36,960,534	890,657,879	391,841,873	535,776,540	10,506,425	783,154,022	328,250,270	465,410,177	70,366,363	105,311,324
Engineering	609,222,813	492,361,818	588,636,967	512,947,664	436,365,588	206,730,186	386,932,460	256,163,314	256,784,350	249,972,837
<b>Total</b>	<b>1,723,743,614</b>	<b>2,201,702,542</b>	<b>1,913,288,825</b>	<b>2,012,157,331</b>	<b>950,242,799</b>	<b>1,129,182,385</b>	<b>1,059,965,508</b>	<b>1,019,459,676</b>	<b>992,697,655</b>	<b>974,357,767</b>
<b>Treaty</b>	<b>2,358,048,959</b>	<b>1,909,438,588</b>	<b>2,093,862,353</b>	<b>2,173,625,194</b>	<b>148,712,380</b>	<b>377,625,858</b>	<b>193,246,881</b>	<b>333,091,357</b>	<b>1,840,533,837</b>	<b>1,580,954,778</b>
<b>Grand total</b>	<b>4,081,792,573</b>	<b>4,111,141,130</b>	<b>4,007,151,178</b>	<b>4,185,782,525</b>	<b>1,098,955,179</b>	<b>1,506,808,243</b>	<b>1,253,212,389</b>	<b>1,352,551,033</b>	<b>2,833,231,492</b>	<b>2,555,312,545</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
 CHIEF FINANCIAL OFFICER

**ETRAT HUSSAIN RIZVI**  
 DIRECTOR

**SYED ARSHAD ALI**  
 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), this condensed interim financial information, 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 CLAIMS (UNAUDITED)  
 FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (I=D-H)	2015
-----Rupees-----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	93,080,093	1,190,441,690	1,198,702,803	101,341,206	-	584,588,099	584,588,099	-	101,341,206	42,102,808
Marine cargo	13,278	30,798,549	31,776,158	990,887	-	-	-	-	990,887	9,086,642
Marine hull	435,751	49,232,829	44,965,348	(3,831,730)	(435,714)	1,222,071	1,089,830	(567,955)	(3,263,775)	(408,578)
Accident and others	6,646,127	134,771,269	133,301,430	5,176,288	-	-	-	-	5,176,288	25,583,771
Aviation	5,801,416	76,983,009	71,811,967	630,374	6,506,568	58,459,127	58,446,488	6,493,929	(5,863,555)	34,465
Engineering	22,598,080	126,020,573	254,649,601	151,227,108	-	-	94,066,155	94,066,155	57,160,953	36,409,369
<b>Total</b>	<b>128,574,745</b>	<b>1,608,247,919</b>	<b>1,735,207,307</b>	<b>255,534,133</b>	<b>6,070,854</b>	<b>644,269,297</b>	<b>738,190,572</b>	<b>99,992,129</b>	<b>155,542,004</b>	<b>112,808,477</b>
<b>Treaty</b>	<b>422,255,395</b>	<b>1,493,591,995</b>	<b>1,661,681,056</b>	<b>590,344,456</b>	<b>8,908,889</b>	<b>800,136,788</b>	<b>883,540,402</b>	<b>92,312,503</b>	<b>498,031,953</b>	<b>345,658,045</b>
<b>Grand total</b>	<b>550,830,140</b>	<b>3,101,839,914</b>	<b>3,396,888,363</b>	<b>845,878,589</b>	<b>14,979,743</b>	<b>1,444,406,085</b>	<b>1,621,730,974</b>	<b>192,304,632</b>	<b>653,573,957</b>	<b>458,466,522</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**DIRECTOR**

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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (I=D-H)	2015
-----Rupees-----										
<b>Business underwritten inside Pakistan</b>										
<b>Facultative</b>										
Fire	158,633,720	1,176,519,816	1,198,702,803	180,816,707	-	584,588,099	584,588,099	-	180,816,707	317,849,679
Marine cargo	691,952	24,075,610	31,776,158	8,392,500	-	-	-	-	8,392,500	9,936,639
Marine hull	675,358	49,471,639	44,965,348	(3,830,933)	(675,321)	1,341,479	1,089,830	(926,970)	(2,903,963)	(1,481,929)
Accident and others	16,263,373	136,486,011	133,301,430	13,078,792	-	-	-	-	13,078,792	36,074,263
Aviation	5,801,416	69,731,952	71,811,967	7,881,431	6,506,568	56,399,014	58,446,488	8,554,042	(672,611)	729,516
Engineering	98,546,917	176,962,050	254,649,601	176,234,468	-	-	94,066,155	94,066,155	82,168,313	80,152,445
<b>Total</b>	<b>280,612,736</b>	<b>1,633,247,078</b>	<b>1,735,207,307</b>	<b>382,572,965</b>	<b>5,831,247</b>	<b>642,328,592</b>	<b>738,190,572</b>	<b>101,693,227</b>	<b>280,879,738</b>	<b>443,260,613</b>
<b>Treaty</b>	<b>990,222,774</b>	<b>1,464,892,404</b>	<b>1,661,681,056</b>	<b>1,187,011,426</b>	<b>8,908,889</b>	<b>764,215,803</b>	<b>883,540,402</b>	<b>128,233,488</b>	<b>1,058,777,938</b>	<b>789,056,546</b>
<b>Grand total</b>	<b>1,270,835,510</b>	<b>3,098,139,482</b>	<b>3,396,888,363</b>	<b>1,569,584,391</b>	<b>14,740,136</b>	<b>1,406,544,395</b>	<b>1,621,730,974</b>	<b>229,926,715</b>	<b>1,339,657,676</b>	<b>1,232,317,159</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
 CHIEF FINANCIAL OFFICER

**ETRAT HUSSAIN RIZVI**  
 DIRECTOR

**SYED ARSHAD ALI**  
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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)  
 FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (K=F-J)	2015
-----Rupees-----												
<b>Business underwritten inside Pakistan</b>												
<b>Facultative</b>												
Fire	47,079,280	115,587,922	104,596,213	58,070,989	45,268,894	103,339,883	4,703,477	18,262,091	16,774,776	6,190,792	97,149,091	84,186,906
Marine cargo	1,343,412	849,370	671,706	1,521,076	4,724,185	6,245,261	-	-	-	-	6,245,261	5,253,094
Marine hull	613,953	11,006,164	7,782,326	3,837,791	2,656,385	6,494,176	10,854,363	10,124,074	16,250,714	4,727,723	1,766,453	5,157,089
Accident and others	3,133,440	8,632,448	7,472,330	4,293,558	8,165,601	12,459,159	-	-	-	-	12,459,159	16,620,449
Aviation	354,568	1,783,647	1,328,031	810,184	9,608,204	10,418,388	134,067	2,515,297	1,622,548	1,026,816	9,391,572	12,327,291
Engineering	15,056,902	32,208,112	31,892,180	15,372,834	22,581,084	37,953,918	3,500,042	4,257,175	5,230,162	2,527,055	35,426,863	30,274,314
<b>Total</b>	<b>67,581,555</b>	<b>170,067,663</b>	<b>153,742,786</b>	<b>83,906,432</b>	<b>93,004,353</b>	<b>176,910,785</b>	<b>19,191,949</b>	<b>35,158,637</b>	<b>39,878,200</b>	<b>14,472,386</b>	<b>162,438,399</b>	<b>153,819,143</b>
<b>Treaty</b>	<b>261,921,740</b>	<b>463,296,327</b>	<b>478,060,211</b>	<b>247,157,856</b>	<b>140,131,601</b>	<b>387,289,457</b>	<b>940,312</b>	<b>1,399,412</b>	<b>1,208,959</b>	<b>1,130,765</b>	<b>386,158,692</b>	<b>359,366,108</b>
<b>Grand total</b>	<b>329,503,295</b>	<b>633,363,990</b>	<b>631,802,997</b>	<b>331,064,288</b>	<b>233,135,954</b>	<b>564,200,242</b>	<b>20,132,261</b>	<b>36,558,049</b>	<b>41,087,159</b>	<b>15,603,151</b>	<b>548,597,091</b>	<b>513,185,251</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
 CHIEF FINANCIAL OFFICER

**ETRAT HUSSAIN RIZVI**  
 DIRECTOR

**SYED ARSHAD ALI**  
 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), this condensed interim financial information, 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 EXPENSES (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

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)		2016 (K=F-J)	2015
-----Rupees-----												
<b>Business underwritten inside Pakistan</b>												
<b>Facultative</b>												
Fire	101,907,287	114,826,562	104,596,213	112,137,636	64,484,539	176,622,175	24,728,594	4,501,963	16,774,776	12,455,781	164,166,394	140,556,354
Marine cargo	3,042,151	1,148,700	671,706	3,519,145	8,690,674	12,209,819	-	-	-	-	12,209,819	9,401,852
Marine hull	10,533,500	4,633,416	7,782,326	7,384,590	4,011,327	11,395,917	20,462,009	3,643,408	16,250,714	7,854,703	3,541,214	7,730,018
Accident and others	6,906,822	9,594,489	7,472,330	9,028,981	13,159,715	22,188,696	-	25,649	-	25,649	22,163,047	27,034,232
Aviation	1,049,531	1,860,888	1,328,031	1,582,388	15,714,664	17,297,052	321,568	3,455,670	1,622,548	2,154,690	15,142,362	18,264,229
Engineering	32,189,668	30,451,962	31,892,180	30,749,450	33,537,004	64,286,454	5,709,936	5,270,861	5,230,162	5,750,635	58,535,819	42,183,619
<b>Total</b>	<b>155,628,959</b>	<b>162,516,017</b>	<b>153,742,786</b>	<b>164,402,190</b>	<b>139,597,923</b>	<b>304,000,113</b>	<b>51,222,107</b>	<b>16,897,551</b>	<b>39,878,200</b>	<b>28,241,458</b>	<b>275,758,655</b>	<b>245,170,304</b>
<b>Treaty</b>	<b>535,632,153</b>	<b>424,408,378</b>	<b>478,060,211</b>	<b>481,980,320</b>	<b>192,053,568</b>	<b>674,033,888</b>	<b>940,312</b>	<b>1,865,783</b>	<b>1,208,959</b>	<b>1,597,136</b>	<b>672,436,752</b>	<b>607,353,633</b>
<b>Grand total</b>	<b>691,261,112</b>	<b>586,924,395</b>	<b>631,802,997</b>	<b>646,382,510</b>	<b>331,651,491</b>	<b>978,034,001</b>	<b>52,162,419</b>	<b>18,763,334</b>	<b>41,087,159</b>	<b>29,838,594</b>	<b>948,195,407</b>	<b>852,523,937</b>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**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), this condensed interim financial information, 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, 2016**

	Note	Three months period ended June 30		Six months period ended June 30	
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
<b>Income from trading investments</b>					
<b>Held for trading</b>					
Dividend income	18.1	2,829,946	1,791,600	6,530,893	4,856,329
Gain on revaluation of investments	19	9,193,981	10,429,484	14,999,563	8,379,303
		<u>12,023,927</u>	<u>12,221,084</u>	<u>21,530,456</u>	<u>13,235,632</u>
<b>Income from non-trading investments</b>					
<b>Held-to-maturity</b>					
Return on Government Securities		91,617,277	100,272,375	184,158,731	186,875,149
Return on other fixed income securities and deposits	20	42,070,172	32,798,097	58,255,892	70,294,539
Income on Treasury Bills		7,292,961	17,290,141	18,070,057	39,461,783
Amortization of premium on Pakistan Investment Bond		2,756,341	835,168	5,198,818	1,531,970
		<u>143,736,751</u>	<u>151,195,781</u>	<u>265,683,498</u>	<u>298,163,441</u>
<b>Available for sale</b>					
Gain on sale of investments	21	2,604,795	-	3,072,777	-
Dividend income	18.2	228,116,097	207,369,880	305,510,470	283,550,418
		<u>230,720,892</u>	<u>207,369,880</u>	<u>308,583,247</u>	<u>283,550,418</u>
<b>Less: Investment related expenses</b>		<u>(4,158,178)</u>	<u>(1,705,003)</u>	<u>(6,214,476)</u>	<u>(3,445,301)</u>
<b>Net investment income</b>		<u><u>382,323,392</u></u>	<u><u>369,081,742</u></u>	<u><u>589,582,725</u></u>	<u><u>591,504,190</u></u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.

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**CHIEF FINANCIAL OFFICER**

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**DIRECTOR**

**SYED ARSHAD ALI**  
**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, 2016**

**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 were quoted on Pakistan Stock Exchange. 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, 2016 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.

This condensed interim financial information for the six month period ended June 30, 2016 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 statements of the Company for the year ended December 31, 2015.

### 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 statements of the Company for the year ended December 31, 2015.

		<b>June 30, 2016 Rupees</b>	<b>December 31, 2015 Rupees</b>
<b>5 LONG TERM DEPOSITS</b>			
Long term deposits	5.1	<u>15,082,240</u>	<u>12,681,380</u>

5.1 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.

	Note	June 30, Rupees	December 31, Rupees
<b>6 AMOUNT DUE TO OTHER INSURERS</b>			
Amount due to other insurers		225,114,914	133,145,281
Amount due to other reinsurers		<u>1,328,128,617</u>	<u>1,364,018,203</u>
	6.1	<u><u>1,553,243,531</u></u>	<u><u>1,497,163,484</u></u>

6.1 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior year, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

## 7 CONTINGENCIES AND COMMITMENTS

7.1 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.

7.2 Decree had been awarded to National Bank of Pakistan against the Company in a case amounting to Rs. 36.55 million (2015: Rs. 36.55 million), pertaining to the default of Adamjee Insurance Company Limited for the advance payment guaranteed by the Company. The matter was last fixed in January 2010 but the Board was discharged and the matter was adjourned. The decree holder has not filed execution application within the prescribed limitation period, the management therefore considers it as time barred and the Company has a strong position in this case.

7.3 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, 2016 amounting to Rs. 8.217 million (2015: Rs. 8.217 million).



Currently, 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 has been no further proceedings in this case since last year.

- 7.4 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. 3,242 million and tax penalty of Rs. 880 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 where during the period the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. The Company has filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

During the period, the Company has received two Orders to work out Sindh sales tax in pursuance of Appellate Tribunal (SRB) Order in 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 is worked out and calculated by SRB amounting to Rs. 372.200 millions and Rs. 1,118.094 millions 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 amount of Rs. 442.424 million recovered by SRB has been recorded as "Other receivables" in the condensed interim financial information. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015 based on the legal opinion from legal advisor firm and is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will be in favor of the Company.

- 7.5 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 suit in the Honorable High Court of Sindh and there has been no further proceeding in this case and the Management expects a favorable outcome. Therefore, no provision has been made in this condensed interim financial information.

7.6 Contingencies related to income tax are presented in note 14 to this condensed interim financial information.

7.7 There are no commitments as on the balance sheet date (December 31, 2015: nil).

	Note	June 30, 2016 Rupees	December 31, 2015 Rupees
<b>8 CASH AND BANK DEPOSITS</b>			
Cash and other equivalents		29,840	51,422
Saving accounts	8.1	2,905,200,345	2,684,243,452
Deposits maturing within 12 months		-	600,670,200
		<u>2,905,230,185</u>	<u>3,284,965,074</u>

8.1 The saving accounts carry markup at the rates ranging from 3.75% to 5.9% (2015: 4% to 6.5%) per annum. These are placed under arrangement with conventional banks.

## 9 LOAN TO EMPLOYEES

Secured

Loan to employees	9.1	<u>72,222,217</u>	<u>71,079,742</u>
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9.1 Loans to employees represent mark-up free loans except motor car loans, and are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. Motor car loans carry mark-up at a rate of 10% (2015: 10%) per annum. 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.

## 10 INVESTMENTS

**Available-for-sale**

Ordinary shares - listed		420,414,328	421,028,207
Mutual fund units		1,957,007,894	1,957,007,894
Ordinary shares - unlisted		617,613	617,613
		<u>2,378,039,835</u>	<u>2,378,653,714</u>

	Note	June 30, 2016 Rupees	December 31, 2015 Rupees
<b>Held-to-maturity</b>			
Pakistan Investment Bonds		3,123,111,588	3,117,912,770
Treasury Bills		362,600,188	715,560,000
		3,485,711,776	3,833,472,770
<b>Held-for-trading</b>			
Ordinary shares - listed		120,591,964	105,592,398
		<u>5,984,343,575</u>	<u>6,317,718,882</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 the SEC (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, 2016 would have been higher by Rs. 7,481.743 million (December 31, 2015: higher by Rs. 7,195.921 million) and the net equity would have been higher by Rs. 7,481.743 million (December 31, 2015: higher by Rs. 7,195.921 million).

## 11 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,410.224 million, as per valuation carried out by an independent valuer as at December 31, 2015.

## 12 AMOUNT DUE FROM OTHER INSURERS AND REINSURERS

Amount due from other insurers		4,489,527,913	3,725,659,944
Amount due from other reinsurers		188,930,258	328,380,149
	12.1 & 12.2	<u>4,678,458,171</u>	<u>4,054,040,093</u>
Provision for doubtful balances		(386,000,000)	(386,000,000)
		<u>4,292,458,171</u>	<u>3,668,040,093</u>

12.1 This includes Rs. 1,193.110 million (December 31, 2015: Rs. 1,223.801 million) due from related parties.

12.2 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior year, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

### 13 OTHER RECEIVABLE

Receivable from Sindh Revenue Board	7.4	<u>442,424,338</u>	<u>-</u>
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### 14 ADDITIONS AND DELETIONS IN FIXED ASSETS

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

	<b>Six months period ended June 30, 2016</b>	
	<b>Additions Rupees</b>	<b>Disposals Rupees</b>
Furniture, fixtures, books and office equipments and computer	<u>425,495</u>	<u>-</u>
	<u>425,495</u>	<u>-</u>
Vehicles	<u>-</u>	<u>580,158</u>
	<u>425,495</u>	<u>580,158</u>
	<b>June 30, 2016 Rupees</b>	<b>June 30, 2015 Rupees</b>

### 15 INCOME TAX EXPENSE

#### 15.1 Provision for taxation

Current	<u>274,632,333</u>	<u>269,910,590</u>
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15.2 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 Honorable High Court against the add backs relating to assessment years 1984-89, however the judgment was made against the Company by the Honorable High Court. The Company has now filed an appeal in the Honorable Supreme Court of Pakistan against the said judgment of the Honorable High Court, the Honorable Supreme Court of Pakistan vide order dated August 21, 2007 has granted leave to file an appeal against the said judgment.

The Company had filed an appeal in the Honorable High Court against the add backs relating to assessment years 1995-96 to 2001-02. These cases are pending for finalization before the Honorable High Court.

- 15.3 The total amount of income tax deposited by the Company since the year 1984-85 to the year 2001-02 in respect of Export Credits Guarantee Scheme (ECGS) is now recorded as a receivable from the Ministry of Finance, Government of Pakistan. The matter is contested by the Ministry and is now before Alternate Dispute Resolution Committee (ADRC).
- 15.4 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 Years 2008, 2009, 2010, 2012, 2014, 2015 and 2016 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. 252,776,143 and Rs. 217,443,076 and Rs. 20,931,732 and Rs. 148,318,431 and Rs. 260,214,169 and Rs. 182,699,756 under various orders in 2014, 2015 and 2016. 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.

- 15.5 Notice has been issued by the authority for Tax Year 2003, however, assessment proceedings are pending before the Honorable High Court. Further, a relief of Rs. 41,567,000 was allowed to the Company by the Commissioner Inland Revenue (Appeal) for Tax Year 2004, which was also confirmed by Appellate Tribunal Inland Revenue. The Income Tax department has filed an ITRA against the said relief. The said ITRA is considered doubtful as it relates to miscellaneous application for rectification and has not challenged the main order. The Company has not made provision in this regard as it is confident that the case will be decided in the Company's favour.
- 15.6 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.

The cases pertain to single basket income have been decided by Commissioner Appeal FBR vide order no15/A-1 dated March 18, 2016 in favour of M/s EFU General Insurance Limited. The cases have now become infructuous and, therefore, FBR is not rigorously pursuing single basket income cases.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>16 EXCHANGE (LOSS) / GAIN</b>	16.1	<u>(2,531,632)</u>	<u>19,455,805</u>
16.1 Exchange (loss) / gain occurred on actual currency translation.			
<b>17 OTHER INCOME</b>			
Interest income		49,121	-
Miscellaneous income		13,800	22,034
		<u>62,921</u>	<u>22,034</u>
<b>18 DIVIDEND INCOME</b>			
Held for trading	18.1	6,530,893	4,856,329
Available for sale	18.2	305,510,470	283,550,418
		<u>312,041,363</u>	<u>288,406,747</u>
<b>18.1 Held for trading</b>			
Attock Cement Limited		2,049,432	258,750
Fauji Fertilizer Company Limited		2,994,495	446,400
Engro Fertilizer Company Limited		316,200	51,234
Pakistan Telecommunication Company Limited		319,500	479,250
The Hubpower Company Limited		800,032	400,016
Engro Corporation Limited		51,234	1,024,716
National Bank of Pakistan		-	2,195,963
		<u>6,530,893</u>	<u>4,856,329</u>
<b>18.2 Available for sale</b>			
National Investment Unit Trust		208,477,913	196,895,806
National Bank of Pakistan		47,693,393	34,975,155
National Investment Unit Trust		21,780,000	31,680,000
Packages Limited		12,325,710	7,395,426

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
MCB Bank Limited		2,963,456	2,963,456
Adamjee Insurance Company Limited		2,097,804	2,097,804
ICI Pakistan Limited		1,997,327	1,536,405
Akzo Nobel Pakistan Limited		1,004,367	772,590
The Hubpower Company Limited		4,656,681	2,328,340
Pakistan Tobacco Company Limited		1,262,520	841,680
Pakistan Petroleum Limited		891,000	1,782,000
Kot Addu Power Company Limited		127,500	120,000
Fauji Fertilizer Bin Qasim Limited		61,107	45,079
Faysal Bank Limited		70,045	
Habib Insurance Company Limited		22,225	25,400
Pakistan State Oil Company Limited		40,635	48,762
Linde Pakistan Limited		4,125	3,575
Askari Bank Limited		9,095	7,276
Bank Al-Falah Limited		9,232	18,464
Fauji Cement Company Limited		9,167	5,238
United Bank Limited		7,168	7,168
Shahtaj Sugar Mills Limited		-	794
		<u>305,510,470</u>	<u>283,550,418</u>
<b>19 GAIN / (LOSS) ON REVALUATION OF INVESTMENTS</b>			
Shariah non compliant arrangements		358,163	(7,856,893)
Arrangements permissible under Shariah		14,641,400	16,236,196
		<u>14,999,563</u>	<u>8,379,303</u>
<b>20 RETURN ON OTHER FIXED INCOME, SECURITIES AND DEPOSITS</b>			
From TDRs		17,552,009	9,126,412
From saving bank accounts		40,703,883	61,168,127
	20.1	<u>58,255,892</u>	<u>70,294,539</u>
20.1 These are placed under arrangement with conventional banks.			
<b>21 GAIN ON SALE OF INVESTMENTS</b>			
Shariah non compliant arrangements		490,932	-
Arrangements permissible under Shariah		2,581,845	-
		<u>3,072,777</u>	<u>-</u>

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 22.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2016.

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

	As at June 30, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----		-----Rupees-----	
<b>Financial Assets</b>				
- Cash and bank deposits	2,905,230,185	2,905,230,185	3,284,965,074	3,284,965,074
- Loans to employees	72,222,217	72,222,217	71,079,742	71,079,742
- Investments				
<b>Available-for-sale</b>				
Ordinary shares - listed	420,414,328	2,584,982,071	421,028,207	2,391,599,638
Mutual fund units	1,957,007,894	3,751,938,695	1,957,007,894	3,624,112,745
Ordinary shares - unlisted	617,613	3,558,861,852	617,613	3,558,861,852
<b>Held-to-maturity</b>				
Pakistan Investment Bonds	3,123,111,588	3,576,381,991	3,117,912,770	3,474,270,127
Treasury Bills	362,600,188	98,568,149	715,560,000	732,705,535
<b>Held-for-trading</b>				
Ordinary shares - listed	120,591,964	120,591,964	105,592,398	105,592,398
	5,984,343,575	13,691,324,722	6,317,718,882	13,887,142,295
- Investment properties	31,271,118	1,410,224,000	32,107,170	1,410,224,000
- Amount due from other insurers and reinsurers	4,292,458,171	4,292,458,171	3,668,040,093	3,668,040,093
- Premium and claim reserves retained by cedants	165,240,656	165,240,656	168,098,008	168,098,008
- Accrued investment income	157,278,107	157,278,107	190,216,722	190,216,722
- Reinsurance recoveries against outstanding claims	1,621,730,974	1,621,730,974	1,406,544,395	1,406,544,395
- Sundry receivables	94,084,352	94,084,352	92,827,896	92,827,896
- Other receivables	442,424,338	442,424,338	-	-
<b>Financial Liabilities</b>				
- Provision for outstanding claims (including IBNR)	3,391,936,363	3,391,936,363	3,093,187,482	3,093,187,482
- Deferred liability - employee benefits	1,509,143,380	1,509,143,380	1,486,579,674	1,486,579,674
- Long term deposits	15,082,240	15,082,240	12,681,380	12,681,380
- Amount due to other insurers and reinsurers	1,553,243,531	1,553,243,531	1,497,163,484	1,497,163,484
- Premium and claim reserves retained from retrocessionaries	19,063,743	19,063,743	19,063,743	19,063,743



	As at June 30, 2016		As at December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	-----Rupees-----		-----Rupees-----	
- Other creditors and accruals	50,610,665	50,610,665	49,038,959	49,038,959
- Accrued expenses	14,588,712	14,588,712	17,597,350	17,597,350
- Retention money payable	6,368,183	6,368,183	6,368,183	6,368,183
- Dividend payable	141,153,355	141,153,355	137,227,342	137,227,342
- Surplus profit payable	1,212,602	1,212,602	1,212,602	1,212,602

## 22.2 Fair value hierarchy

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

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

The fair value hierarchy has the following levels:

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

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

	As at June 30, 2016	Level 1	Level 2	Level 3
	-----Rupees-----			
<b>Financial assets measured at fair value</b>				
Investments at fair value through profit or loss - held for trading	120,591,964	120,591,964	-	-
Investments at fair value- available for sale				
Government issued securities				
Pakistan Investment Bonds	3,576,381,991	-	3,576,381,991	-
Treasury Bills	98,568,149	-	98,568,149	-
Ordinary shares - listed	2,584,982,071	-	2,584,982,071	-
Mutual fund units	3,751,938,695	3,751,938,695	-	-
Ordinary shares - unlisted	3,558,861,852	-	-	3,558,861,852
	<u>13,691,324,722</u>	<u>3,872,530,659</u>	<u>6,259,932,211</u>	<u>3,558,861,852</u>

	As at June 30, 2016	Level 1	Level 2	Level 3
	-----Rupees-----			
<b>Financial assets measured at fair value</b>				
Investments at fair value through profit or loss - held for trading	105,592,398	105,592,398	-	-
Investments at fair value- available for sale				
Government issued securities				
Pakistan Investment Bonds	3,474,270,127	-	3,474,270,127	-
Treasury Bills	732,705,535	-	732,705,535	-
Ordinary shares - listed	2,391,599,638	-	2,391,599,638	-
Mutual fund units	3,624,112,745	3,624,112,745	-	-
Ordinary shares - unlisted	3,558,861,852	-	-	3,558,861,852
	<u>13,887,142,295</u>	<u>3,729,705,143</u>	<u>6,598,575,300</u>	<u>3,558,861,852</u>

### 22.3 Transfers during the period

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

### 22.4 Valuation techniques

#### Investments at fair value through profit or loss - held for trading

For level 2 investments at fair value through profit or loss - held for trading, the Fund uses the closing market price as per MUFAP, in respect of T bills and PIBs, and as per rates derived from PKRV rates, in respect of Government securities, at reporting date per certificates multiplied by the number of certificates held .

## 23 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, 2016							
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
	-----Rupees in '000-----							
Net premium	542,340	20,111	28,168	74,929	70,366	256,784	1,840,534	2,833,232
Net claims	180,817	8,393	(2,904)	13,079	(673)	82,168	1,058,778	1,339,658
Expenses	64,485	8,691	4,011	13,160	15,715	33,536	192,054	331,652
Net commission	99,682	3,519	(470)	9,003	(572)	24,999	480,383	616,544
Underwriting result	197,356	(492)	27,531	39,687	55,896	116,081	109,319	545,378
Segment assets								
Prepaid reinsurance ceded	303,588	-	41,195	-	328,250	386,932	193,247	1,253,212
Deferred commission expense	104,596	672	7,782	7,472	1,328	31,892	478,060	631,802
	408,184	672	48,977	7,472	329,578	418,824	671,307	1,885,014
Unallocated corporate assets								15,915,558
Total assets								<u>17,800,572</u>
Segment liabilities								
Provision for unearned premium	795,074	3,944	69,619	64,173	391,842	588,637	2,093,862	4,007,151
Commission income unearned	16,775	-	16,251	-	1,623	5,230	1,209	41,088
Provision for outstanding claims	1,198,703	31,776	44,965	133,301	71,812	254,650	1,661,681	3,396,888
	2,010,552	35,720	130,835	197,474	465,277	848,517	3,756,752	7,445,127
Un-allocated corporate liabilities								3,305,514
Total liabilities								<u>10,750,641</u>

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
Management 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>

### 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, 2016		Six months period ended June 30, 2015	
	Lahore	Karachi	Lahore	Karachi
	-----Rupees in '000-----			
Revenue - net premium	374,480	2,458,751	471,493	2,083,819
Total assets	772	17,800,554	852	17,107,375
Total liabilities	665,301	10,085,340	643,762	9,393,644

23.1 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.

## 24 TRANSACTIONS AND BALANCES 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	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Dividend income	21,780,000	31,680,000	21,780,000	31,680,000

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	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Premium due but unpaid	1,028,750,166	841,182,202	1,223,801,607	841,182,202
Insurance premium written during the period	443,047,147	560,178,985	715,980,437	755,625,899
Premium received	(278,686,695)	(1,172,654,082)	(746,671,426)	(1,368,100,996)
Balance at the end	1,193,110,618	228,707,105	1,193,110,618	228,707,105
Insurance claims paid	1,079,258	930,873,540	932,072,746	932,072,746
Insurance commission paid	9,235,580	10,167,293	20,173,256	20,173,256

## 25 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	
	2016	2015	2016	2015
Profit after tax for the period (Rupees)	503,585,453	533,125,274	861,405,136	817,762,369
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	1.68	1.78	2.87	2.73

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.

## **26 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue on August 30, 2016 by the Board of Directors of the Company.

## **27 GENERAL**

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

**MUHAMMAD KHURSHID**  
**CHIEF FINANCIAL OFFICER**

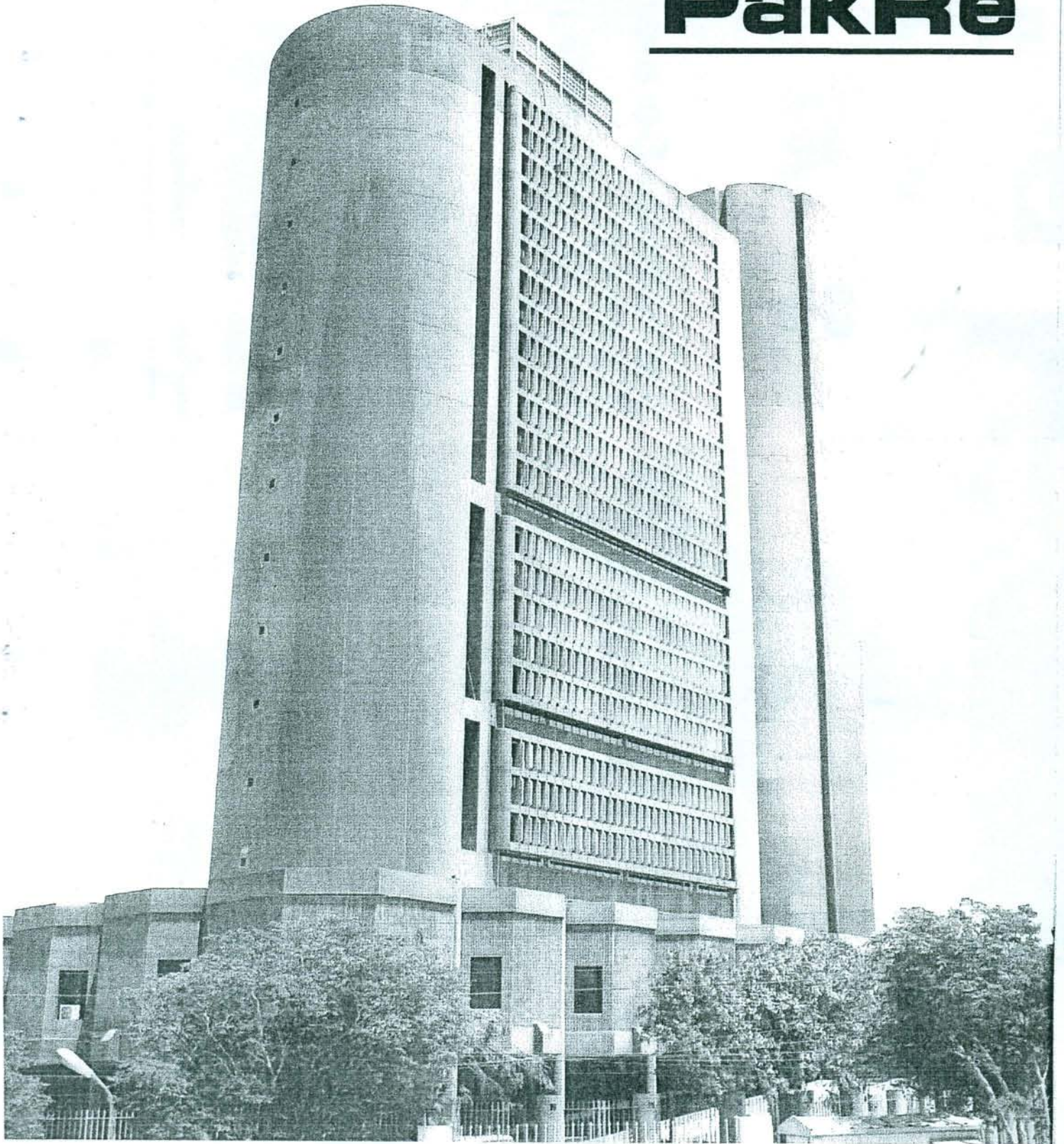
**ETRAT HUSSAIN RIZVI**  
**DIRECTOR**

**SYED ARSHAD ALI**  
**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.



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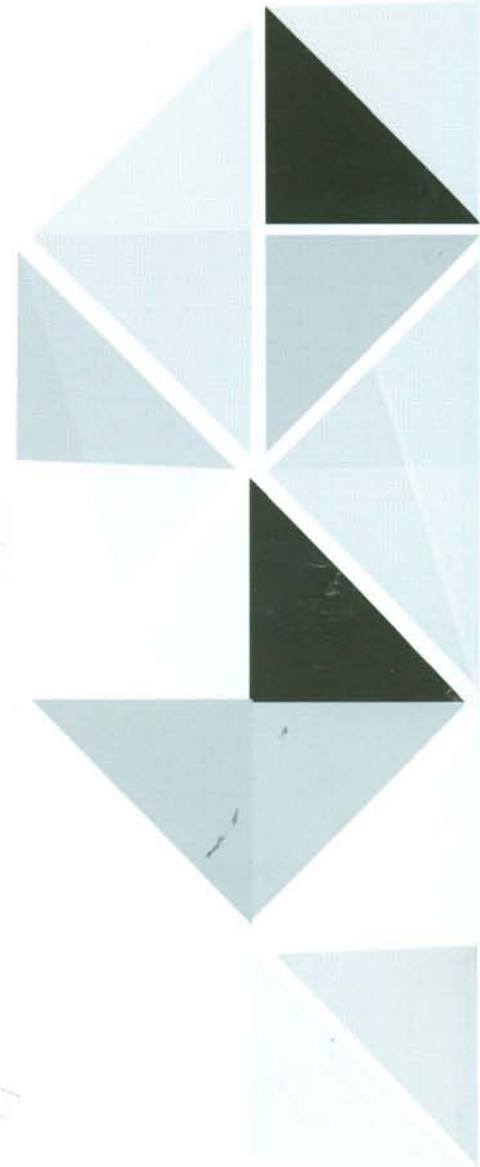
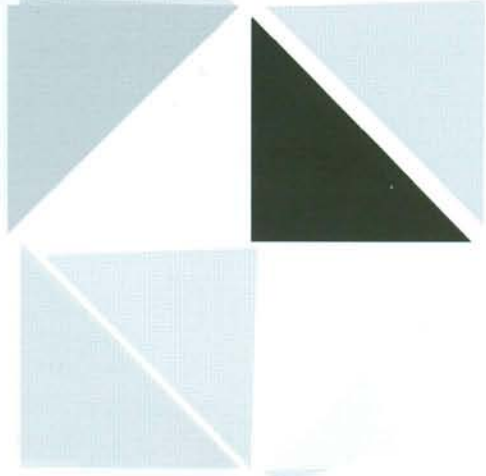


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**PakRe**

**Pakistan Reinsurance Company Limited**

PRC Towers, 32 - A, Lalazar Drive, M.T. Khan Road, Karachi  
PO.Box 4777, Sindh  
Pakistan

Phone : (+92-21) 99202908-14  
Fax : (+92-21) 99202921-22  
Email : [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website : [www.pakre.org.pk](http://www.pakre.org.pk)