

Directors' Report

For Nine Months Ended September 30, 2020

**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 third quarter ended September 30, 2020.

Review of Conventional Business Activities

The gross written premium is Rs. **13,743** million against an amount of Rs. 12,596 million for the corresponding period of last year, showing an increase of Rs. 1,147 million (9.11%). The net premium is Rs. **4,703** million against Rs. 5,003 million, showing decrease of Rs. 300 million (-6%). The net commission expense for the period is Rs. **711** million as compared to Rs. 946 million, showing decrease of Rs. 235 million (24.84%). The net claims are Rs. **2,970** million against Rs. 3,132 million, showing an decrease of Rs. 162 million (-5.17%).

The underwriting results after management expenses for the period under review are Rs. 513 million as compared to Rs. 213 million for the corresponding period last year showing a increase of Rs. 300 million. (141%)

The income from investment, rental and other income for the period under review is recorded as Rs. 756 million, as compared to Rs. 1,081 million in the corresponding period of last year, showing a decrease of Rs. 325 million (-30.06%).

The profit before tax for the period under review, is Rs1,277 million, as compared to Rs. 1,293 million recorded in the corresponding period last year, showing decrease of Rs. 16 million(-1.24%).

The profit after tax for the period under review is Rs. 869 million, as compared to Rs. 887 million in the corresponding period of last year showing a decrease of Rs. 18 million (-2%) resulting in earning per share of Rs. **2.90** as compared to Rs. 2.96 for the corresponding period of last year showing an decrease of Rs. 0.06 million (-2%).

Review of Window Re-Takaful Business Activities

Participants' Retakaful Fund

The gross written contribution is Rs. 456 million against an amount of Rs. 309 million for the corresponding period of last year, showing an increase of Rs. 147 million (47.57%). The net contribution is Rs. 382 million against Rs. 99 million, showing an increase of Rs. 283 million (285.86%). The wakala expense for the period is Rs. 97 million as compared to Rs. 29 million, showing an increase of Rs. 68 million (234.48%). The net claim/retakaful expense for the period is Rs. 360 million as compared to Rs. 90 million, showing an increase of Rs. 270 million (300%). The income from investment for the period under review is recorded as Rs. 4.9 million, as compared to Rs. 0.566 million in the corresponding period of last year, showing an increase of Rs. 4.334 million (766%).

Operator's Retakaful Fund

The wakala income for the period is Rs. 97 million as compared to Rs. 29 million, showing an increase of Rs. 68 million (234.48%). The commission expense for the period is Rs. 73 million as compared to Rs. 20 million, showing an increase of Rs. 53 million (265%). The general administrative & management expense for the period is Rs. 4.092 million as compared to Rs. 1.733 million, showing an increase of Rs. 2.359 million (136.12%). The income from investment for the period under review is recorded as Rs. 18.09 million, as compared to Rs. 1.364 million in the corresponding period of last year, showing an increase of Rs. 16.726 million.

The profit after tax for the period under review is Rs. 27.517 million, as compared to Rs. 6.24 million in the corresponding period of last year showing an increase of Rs. 21.277 million (341%).

Future Outlook

We are hopeful to deliver sustainable profitability in a challenging and competitive business environment. The company has increased its underwriting results even in the lockdown period. Due to efficient smart lock down policy of government, the company does not foresee any adverse effect of Covid-19 in future also.

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 October, 2020

ناظمین کی رپورٹ
30 ستمبر 2020 کو اختتام پذیر نو ماہ کی رپورٹ

معزز حصص کنندگان

پاکستان ری-انشورنس کمپنی لمیٹڈ

میں پاکستان ری انشورنس کمپنی لمیٹڈ کے بورڈ کے ناظمین کی جانب سے ، کمپنی کی 30 ستمبر 2020 کو اختتام پذیر تیسری سہ ماہی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے میں خوشی محسوس کرتا ہوں ۔

روانٹی کاروباری سرگرمیوں کا جائزہ

گزشتہ سال کا اسی مدت کے 12,596 ملین روپے مجموعی تحریری پریمیم کے مقابلے میں اس مدت میں اس کی مالیت 13,743 ملین روپے ہے جو 1,147 ملین (9.11 فیصد) کا اضافہ دکھا رہا ہے۔ گزشتہ سال کے اسی مدت کے 5,003 ملین روپے خالص پریمیم کے مقابلے میں اس کی مالیت 4,703 ملین روپے ہے جو 300 ملین (6- فیصد) کی کمی دکھا رہا ہے۔ مذکورہ مدت میں 711 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 946 ملین روپے ہے جو 235 ملین روپے (24.84 فیصد) کی کمی دکھا رہا ہے۔ خالص دعوے 3,132 ملین روپے کے مقابلے میں 2,970 ملین روپے رہے جو 162 ملین روپے (5.17 فیصد) کی کمی دکھا رہا ہے۔ زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی ضمانت (underwriting) نتائج 513 ملین روپے ہیں جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 213 ملین روپے تھی جو 300 ملین روپے (141 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 756 ملین روپے کا اندراج کیا جبکہ گزشتہ سال اسی مدت میں 1,081 ملین روپے تھا جو 325 ملین (30.06- فیصد) کی کمی دکھا رہا ہے ۔ زیر جائزہ مدت میں منافع قبل از محصول 1,277 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 1,293 ملین روپے تھا جو 16 ملین روپے (1.24- فیصد) کی کمی دکھا رہا ۔ زیر جائزہ مدت میں منافع بعد از محصول 869 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 887 ملین روپے تھا جو 18 ملین روپے (2- فیصد) کی کمی دکھا رہا ہے جس کا نتیجہ گزشتہ سال کی اسی مدت کے 2.90 روپے فی حصص کی آمدنی کے مقابلے میں گزشتہ سال اس مدت میں فی حصص آمدنی 2.96 روپے رہی جو 0.06 روپے فی حصص (2- فیصد) کی کمی دکھا رہا ہے ۔

ونڈو ری-تکافل کی کاروباری سرگرمیوں کا جائزہ

شراکت داری ری-تکافل فنڈ

گزشتہ سال کا اسی مدت کے 309 ملین روپے کے مجموعی تحریری شراکت کے حصے کے مقابلے میں اس مدت میں اس کی مالیت 456 ملین روپے ہے جو 147 ملین (47.57 فیصد) کا اضافہ دکھا رہا ہے۔ گزشتہ سال کے اسی مدت کے 382 ملین روپے خالص حصے کے مقابلے میں اس کی مالیت 99 ملین روپے ہے جو 283 ملین روپے (285.86 فیصد) کا اضافہ دکھا رہا ہے۔ مذکورہ مدت میں وکالہ (wakala) کے اخراجات 97 ملین روپے ک رہے جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 29 ملین روپے ہے جو 68 ملین روپے (234.48 فیصد) کا اضافہ دکھا رہا ہے۔ زیر جائزہ مدت کے لیے خالص دعوے /ری-تکافل کے اخراجات 360 ملین روپے کے مقابلے میں گزشتہ سال اسی مدت میں ان کی مالیت 90 ملین روپے تھی جو 270 ملین روپے (300 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت

میں سرمایہ کاری سے 4.9 ملین کی آمدنی ہوئی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 0.566 ملین روپے جو 4.334 ملین روپے (766 فیصد) کا اضافہ دکھا رہا ہے۔

آپریٹر کا ری تکافل فنڈ

گذشتہ سال کا اسی مدت کے 97 ملین روپے کی وکالہ آمدنی کے مقابلے میں اس مدت میں اس کی مالیت 29 ملین روپے ہے جو 68 ملین (234.48 فیصد) کا اضافہ دکھا رہا ہے۔ گذشتہ سال کے اسی مدت کے 20 ملین روپے کمیشن کے اخراجات مقابلے میں اس کی مالیت 73 ملین روپے ہے جو 53 ملین (265 فیصد) کا اضافہ دکھا رہا ہے۔ زیر جائزہ مدت کے لیے عام انتظامی اور مینجمنٹ کے اخراجات 4.092 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت میں ان کی مالیت 1.733 ملین روپے تھی جو 2.359 ملین روپے (136.12 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں سرمایہ کاری سے 18.09 ملین کی آمدنی ہوئی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 1.364 ملین روپے جو 16.726 ملین روپے کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت کے دوران 27.517 ملین روپے کا منافع بعد از ٹیکس رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 6.24 ملین روپے تھی جو 21.277 ملین روپے (341 فیصد) کا اضافہ دکھا رہا ہے۔

مستقبل کا منظر نامہ

ہم پر امید ہیں کہ کاروباری مسائل اور مسابقت کے ماحول میں منافع بخشی (profitability) کا تسلسل برقرار رکھیں۔ کمپنی نے تالہ بندی کے باوجود انڈر رائٹنگ (underwriting) کے کاروبار میں اضافہ کیا ہے، جس کی وجہ گورنمنٹ کا مؤثر ہوشیار تالہ بندی کی پالیسی تھی۔ کمپنی کووڈ-19 کے منفی اثرات مستقبل میں بھی نہیں دیکھتی۔

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈانٹس (cedants)، ریٹرو سیشینئر (retrocessionnaire)، کاروباری شراکت دار، سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی معاونت اور پیشہ ورانہ 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، وفاداری اور لگن پر اپنے سرانے کو قلم بند کریں۔



بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیرمین

کراچی: 29 اکتوبر 2020

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Financial Position (Unaudited)
As at 30 September 2020

		30 September 2020 Unaudited Rupees	31 December 2019 Audited Rupees
ASSETS	Note		
Property and equipment	7	67,035,697	67,270,717
Assest relating to Bangladesh	8	-	-
Investment property	9	25,834,902	26,849,593
Investments			
Equity securities	10	3,755,158,036	3,865,745,207
Debt securities	11	7,587,285,254	7,076,694,763
Trem deposit receipt		-	-
Loans and other receivables	12	2,808,366,703	2,865,239,725
Insurance / Reinsurance receivables	13	11,920,736,671	9,775,513,552
Reinsurance recoveries against outstanding claims		8,582,817,722	3,934,364,721
Deferred Commission Expense / Acquisition cost		861,925,562	918,544,431
Taxation - payments less provision		497,645,499	646,673,594
Prepayments		5,605,824,459	5,454,167,080
Stock of stationery		536,637	499,806
Cash & Bank	14	1,023,317,971	815,678,747
Total assets from Window Takaful Operations - OPF		369,223,313	388,724,067
Total Assets		43,105,708,426	35,835,966,003
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		3,000,000,000	3,000,000,000
Reserves	15	7,080,211,985	6,828,797,675
Total Equity		10,080,211,985	9,828,797,675
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR		13,740,448,141	8,011,646,909
- Unearned premium reserves		9,128,999,973	8,451,658,849
- Unearned Reinsurance Commission		469,384,273	452,020,316
Retirement benefit obligations		3,003,292,088	2,998,194,096
Deferred taxation	16	293,019,659	293,019,659
Insurance / Reinsurance Payables	17	6,103,897,445	5,511,514,237
		25,536,571	24,287,522
Unclaimed Dividend		152,641,514	107,273,466
Other Creditors and Accruals	18	75,715,753	78,419,901
Total Liabilities		32,992,935,417	25,928,034,955
Total liabilities from Window Takaful Operations - OPF		32,561,024	79,133,373
Total Equity and Liabilities		43,105,708,426	35,835,966,003
Contingency(ies) and commitment(s)			

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN






Pakistan Reinsurance Company Limited

Condensed Interim Statement of Profit and Loss Account (Unaudited)

For the period ended September 30, 2020

	Note	Quarter ended 30 Sep		Nine months ended 30 Sep	
		2020	2019 (Restated)	2020	2019 (Restated)
Net insurance premium	20	1,525,472,158	1,329,929,937	4,703,301,384	5,003,398,658
Net Insurance claims	21	1,039,588,064	1,400,047,549	2,970,216,531	3,132,458,988
Net Commission and other acquisition costs	22	209,579,488	241,281,340	711,167,687	945,826,360
Insurance claims and acquisition expenses		1,249,167,552	1,641,328,889	3,681,384,218	4,078,285,348
Premium deficiency expenses		-	-	-	-
Management Expenses		109,200,436	126,586,899	508,822,278	712,505,462
Underwriting results		167,104,170	(437,985,851)	513,094,888	212,607,848
Investment income	23	281,878,057	126,623,417	690,915,089	391,125,535
Rental income	24	21,883,579	19,035,815	62,421,869	52,442,717
Other income		-	105,058,087	3,148,378	637,289,545
Other expenses (Emp. Laon)		-	-	-	-
Other expenses		(20,574,492)	(1,432,592)	(20,496,401)	(6,924,566)
Results of operating activities		450,291,314	(188,701,124)	1,249,083,823	1,286,541,079
Finance costs		-	-	-	-
Profit before tax from general operations		450,291,314	(188,701,124)	1,249,083,823	1,286,541,079
Profit from Window Retakaful Operations		7,088,876	2,866,417	27,516,909	6,240,561
Profit before tax		457,380,190	(185,834,707)	1,276,600,732	1,292,781,640
Income tax expense	25	(137,193,352)	52,836,315	(407,412,915)	(405,691,140)
Profit after tax		320,186,838	(132,998,392)	869,187,817	887,090,500
Earnings (after tax) per share - Rupees		1.07	(0.44)	2.90	2.96





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

 CFO
  CEO
  DIRECTOR
  DIRECTOR
  CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement Of Total Comprehensive Income (Unaudited)
For the period ended September 30, 2020

	Three months period ended Sep 30		Nine months ended 30 Sep	
	30 Sep	30 Sep	30 Sep	30 Sep
	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Unaudited
	Rupees -----		Rupees -----	
Profit for the Period	320,186,838	(132,998,392)	869,187,817	887,090,500
Other comprehensive income / (loss)				
Items that may not be reclassified subsequently to profit and loss account				
Unrealized loss on available for sale investments - net	630,755,927	(303,646,699)	(17,328,193)	(642,050,596)
Other Comprehensive Income Window Retakaful Operations	206,526		(445,314)	
Transfer to profit and loss account on disposal of available for sale investments			-	-
Impact of deferred tax	-	-	-	-
Items that will not be reclassified subsequently to profit and loss account	630,962,453	(303,646,699)	(17,773,507)	(642,050,596)
Remeasurement of defined benefit obligations	630,962,453	(303,646,699)	(17,773,507)	(642,050,596)
Other comprehensive income for the period	951,149,291	(436,645,091)	851,414,310	245,039,904
Total comprehensive income / (loss) for the period				
Profit and loss appropriation account				
Balance at the commencement of year	9,124,553,749	9,286,783,657	9,828,797,675	9,407,899,593
Total comprehensive income for the Period	951,149,291	(436,645,091)	851,414,310	245,039,904
Final cash dividend paid 2019: Rs. 2.00 @ 20% (2018 : Rs. 2.00 @ 20%) per share	-	-	(600,000,000)	(600,000,000)
Balance of unappropriated profit at the end of the period	10,075,703,040	8,850,138,566	10,080,211,985	9,052,939,497

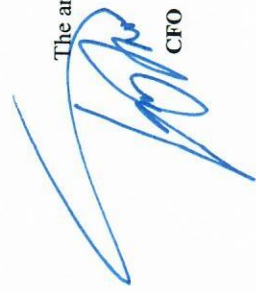
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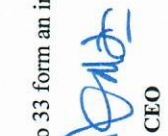
 CFO
 DIRECTOR
 DIRECTOR
 CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the period ended September 30, 2020

	Share capital					Reserves			Total
	Issued	subscribed and paid-up	Reserve for exceptional losses	General reserve		Revenue reserves			
				Unrealized gain on sale investment		Retained earnings	Total reserves		
Rupees									
Balance as at January 01, 2019	3,000,000,000		281,000,000	1,705,142,630	1,777,419,085	6,407,899,593	2,644,337,878	9,407,899,593	
Total Comprehensive income for the period ended September 30, 2019	-		-	(642,050,596)	-	887,090,500	-	887,090,500	
Effect of changes in accounting policy									
Remeasurement of defined benefit obligations - net									
Transactions with owners	-		-	(642,050,596)	-	887,090,500	(642,050,596)	245,039,904	
Final cash dividend 2018: Rs.2.00 @ 20% (2017 : Rs.3.50 @35%) per share									
Balance as at September 30, 2019	3,000,000,000		281,000,000	1,063,092,034	1,777,419,085	6,694,990,093	1,402,287,282	9,052,939,497	
Balance as at January 01, 2020	3,000,000,000		281,000,000	1,652,641,179	1,777,419,085	3,117,737,411	6,828,797,675	9,828,797,675	
Total Comprehensive income for the period ended September 30, 2020	-		-	(17,773,507)	-	869,187,817	-	869,187,817	
Effect of changes in accounting policy									
Remeasurement of defined benefit obligations - net	-		-	-	-	-	-	-	
Transactions with owners	-		-	(17,773,507)	-	869,187,817	851,414,310	851,414,310	
Effect of change in accounting policy - note									
Final cash dividend 2019: Rs.2.00 @ 20% (2018 : Rs.2.00 @20%) per share	-		-	-	-	-	-	-	
Balance as at September 30, 2020	3,000,000,000		281,000,000	1,634,867,672	1,777,419,085	3,386,925,228	7,080,211,985	10,080,211,985	

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


CFO


CEO


DIRECTOR

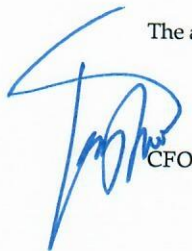
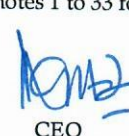
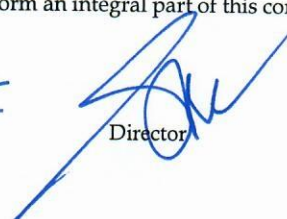
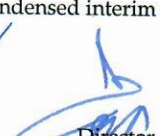


DIRECTOR


CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the period ended September 30, 2020

	2020 (Rupees)	2019 (Rupees)
Operating Cash Flows:		
Underwriting activities:-		
Premium received	11,597,544,701	8,981,447,421
Reinsurance premium paid	(7,939,893,525)	(4,395,289,032)
Claims paid	(2,088,730,535)	(5,016,845,596)
Reinsurance and other recoveries received	198,862,235	2,495,157,021
Commission paid	(1,332,490,367)	(1,503,623,455)
Commission received	695,305,506	512,079,427
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	(2,293,404)
Other underwriting payments (management expenses)	(499,678,103)	(648,528,946)
Net cash flows generated from underwriting activities	630,919,912	422,103,436
Other Operating Activities		
Income tax paid	(258,384,820)	(338,539,936)
General management expenses paid	(2,352,198)	(6,924,566)
Payment under defined benefit obligations		
Other operating (payments) / receipts	(2,592,408)	26,644,031
Advances to employees	10,451,895	11,315,305
Net cash used in other operating activities	(252,877,531)	(307,505,166)
Total cash flow generated from all operating activities	378,042,381	114,598,270
Investment activities		
Fixed Capital expenditure	(5,500,620)	(1,788,996)
Sale proceeds of Fixed Assets	-	327,883
Acquisition of investments	(6,670,211,019)	(7,878,917,544)
Rental income received - net of expenses	56,979,622	40,392,377
Dividend income received	95,151,753	132,451,974
Interest income on bank deposits	188,802,517	162,258,312
Investment income received - net of expenses	568,728,288	327,610,125
Proceeds on sale/ maturity of investments	6,149,029,205	7,913,569,143
Total cash used in investing activities	382,979,746	695,903,274
Financing activities		
Surplus paid	-	-
Dividend paid	(554,631,952)	(642,811,808)
Payments of finance leases	1,249,049	-
Total cash generated used in financing activities	(553,382,903)	(642,811,808)
Net cash generated from all activities	207,639,224	167,689,736
Cash at beginning of the period	815,678,747	2,602,483,789
Cash at end of the period	1,023,317,971	2,770,173,525

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

 CFO
 CEO
 Director
 Director
 Chairman

	2020 (Rupees)	2019 (Rupees)
Reconciliation to profit and loss account		
Operating cash flows	378,042,381	114,598,270
Depreciation expense		
-Fixed assets	(6,750,331)	(5,927,360)
-Investment property	-	-
Exchange gain	(18,144,203)	636,677,178
Rental income	62,421,869	52,442,717
Reinsurance recoveries against outstanding claims	4,648,453,001	2,990,731,944
Provision for outstanding claims	(5,728,801,232)	(3,601,502,357)
Provision for unearned premium	(677,341,125)	(2,622,738,723)
Prepaid reinsurance	152,007,215	1,842,013,527
Provision for employee benefits	(117,828,992)	(275,283,464)
Dividend income	97,437,939	134,110,738
Investment income	(136,291,644)	(195,579,095)
Interest income	670,268,969	448,187,134
Amortization of premium	20,339,373	277,293
Gain on sale of investment	39,160,452	4,129,465
(Decrease)/Increase in operating assets other than cash	2,130,613,306	3,570,564,538
Decrease/(Increase) in operating liabilities	(522,887,975)	(2,144,700,662)
	990,699,003	948,001,143

Other adjustments:

Income tax paid	258,384,820	338,539,936
	258,384,820	338,539,936
Profit/(Loss) before taxation	1,249,083,823	1,286,541,079
Provision for taxation	(407,412,915)	(405,691,140)
Profit/(Loss) after taxation	841,670,908	880,849,939

Rupees

Definition of cash

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

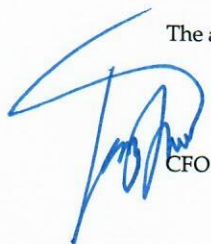
Cash for the purpose of the statement of cash flow consist of:

Cash and cash equivalents:

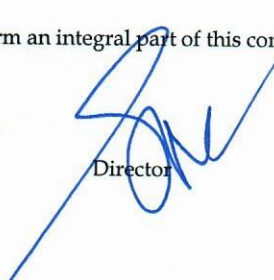
Cash and other equivalent	129,180	50,171
Current and other accounts	1,023,188,791	2,820,123,354
Deposit maturing within 12 months	-	-
	1,023,317,971	2,820,173,525

Rupees

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


CFO


CEO


Director


Director


Chairman

PAKISTAN REINSURANCE COMPANY LIMITED

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

For the nine months period ended September 30, 2020

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. The registered office of the Company 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 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, 2019 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan

This condensed interim financial statement of the Company for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have 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, 2019, 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 September 30, 2020.

4 SIGNIFICANT ACCOUNTING POLICIES

The 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, 2019 .

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 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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').

This new Standard has been applied using the modified retrospective approach, where the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Company has applied the cost model to right-of use assets, except for those assets that meet the definition of investment property. Alternatively, the Company may elect to apply the revaluation model in IAS 16 to right-of-use assets, if it applies the revaluation model to the class of property and equipment that the right-of-use assets relate to.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the KIBOR (Karachi Inter Bank Offer Rate), Generally, the Company uses KIBOR rate as the discount rate.

Management has assessed these amendments and has concluded that these amendments do not have any material impact on the Company's financial statements.

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, 2019.

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the nine months period ended September 30, 2020

7 PROPERTY AND EQUIPMENT

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees-----	
Opening balance	<u>67,270,717</u>	42,756,738
Additions:		
-Furniture, fixtures and office equipments	416,119	4,286,348
Motor vehicles (owned)	-	-
Right-of-use Asset(Leasehold land)	-	25,475,815
Capital work in process(Computer equipment)	5,084,501	3,389,667
Leasehold improvements	-	-
	<u>5,500,620</u>	33,151,830
Less:		
Written down value of assets disposed/transferred	-	338,826
Depreciation charge for the period	<u>5,735,640</u>	8,299,025
Closing balance	<u><u>67,035,697</u></u>	<u><u>67,270,717</u></u>

8 ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN) - NET

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

9 INVESTMENT PROPERTIES

Opening balance	<u>158,716,140</u>	158,716,140
Accumulated depreciation		
Balance at beginning of year	<u>131,866,547</u>	130,432,140
Depreciation for the period/year	<u>1,014,691</u>	1,434,407
	<u>132,881,238</u>	131,866,547
Closing balance	<u><u>25,834,902</u></u>	<u><u>26,849,593</u></u>

The market value of investment properties is Rs.1,192.420 million, as per valuation carried out by an independent valuer as at December 31, 2019.

10 INVESTMENT IN EQUITY SECURITIES

10.1 Investments - Held For Trading

	September 30-2020			December 31-2019		
	Cost	Impairment / Provision	Unrealized Gain / Loss	Cost	Impairment / Provision	Unrealized Gain / Loss
			Rupees			Rupees
Listed Share	192,709,122	-	(29,870,281)	107,547,122	-	(11,321,154)
Total of Held For Trading	192,709,122	-	(29,870,281)	107,547,122	-	(11,321,154)
						Carrying Value
						96,225,968
						96,225,968

10.2 Investments - Available For Sale

	September 30-2020			December 31-2019		
	Cost	Impairment / Provision	Unrealized Gain / Loss	Cost	Impairment / Provision	Unrealized Gain / Loss
			Rupees			Rupees
Listed shares	373,163,266		1,820,240,842	397,234,321		1,910,169,817
Unlisted Shares	2,608,104	(1,990,491)		2,608,104	(1,990,491)	
Mutual Funds	1,592,488,810	(379,049,473)	184,858,137	1,592,488,810	(273,411,423)	142,420,101
Total Available For Sale	1,968,260,180	(381,039,964)	2,005,098,978	1,992,331,235	(275,401,914)	2,052,589,918
						Carrying Value
						2,307,404,138
						617,613
						1,461,497,488
						3,769,519,239
Grand Total	2,160,969,302	(381,039,964)	1,975,228,697	2,099,878,357	(275,401,914)	2,041,268,764
						3,865,745,207

11 Investments in Debt Securities

Cost	Carrying Value
September 30-2020	December 31-2019
Rupees	Rupees

11.1 Held Till Maturity
Pakistan Investment Bonds- HTM
Pakistan Investment Bonds- Floater
Treasury Bills
Term Finance Certificate
Total Debt Securities

2,103,438,885	2,011,098,311
554,936,654	551,586,247
4,099,037,125	4,295,285,010
99,940,000	99,940,000
6,857,352,664	6,957,909,568

11.2 Available for Sale

553,208,750	629,375,686
7,410,561,414	7,587,285,254

Pakistan Investment Bond
Grand Total

1,968,571,127	1,949,351,760
-	-
4,361,503,400	4,445,556,500
9,960,000	99,960,000
6,340,034,527	6,494,868,260

553,208,750	581,826,503
6,893,243,277	7,076,694,763

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the nine months period ended September 30, 2020

12 LOANS AND OTHER RECEIVABLES - Considered good

		(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	Note	-----Rupees-----	
Accrued investment income		129,307,059	178,633,601
Loans to employees	12.1	80,945,811	91,397,706
Receivable from Sindh Revenue Board		2,573,888,727	2,573,888,727
Sundry receivables		24,225,106	21,319,691
		<u>2,808,366,703</u>	<u>2,865,239,725</u>

- 12.1** 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 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good

		(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	Note	-----Rupees-----	
Balance at period/year end		12,578,957,190	10,391,843,169
Less: provision for impariment in due from other insurers / reinsurers	13.1	<u>(658,220,519)</u>	<u>(616,329,617)</u>
		11,920,736,671	9,775,513,552
Premium and claim reserves retained by cedants		17,000,000	24,831,633
Less: provision for impariment in premium and claim reserves retained by cedants		<u>(17,000,000)</u>	<u>(24,831,633)</u>
		<u>11,920,736,671</u>	<u>9,775,513,552</u>

- 13.1** This includes gross amount Rs. 6,064,307,992 (December 31, 2019: Rs.5,377,764,168) due from related party National Insurance Company Limited.

		(Un-Audited) September 30, 2020	(Audited) December 31, 2019
		-----Rupees-----	
upto 3 months		3,662,204,011	3,391,257,210
over 3 months and above		2,402,103,981	1,986,506,958
		<u>6,064,307,992</u>	<u>5,377,764,168</u>

- 13.2** provision for Impairment
opening
charge for peroid/year
Reversal
Closing

	524,634,292	524,634,292
	133,586,227	91,695,325
	-	-
	<u>658,220,519</u>	<u>616,329,617</u>

14 CASH AND BANK BALANCES

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees-----	
Cash in hand	129,180	148,775
Cash at bank in Saving accounts	1,023,188,791	815,529,972
	<u>1,023,317,971</u>	<u>815,678,747</u>

14.1

The saving accounts carry markup at the rates ranging from 2.75% to 9.75% (2019: 2.75% to 8.75%) per annum.

15 RESERVES

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees-----	
Capital Reserve		
-Reserve for exceptional losses	281,000,000	281,000,000
Revenue Reserve		
Unappropriated profit	3,386,925,228	3,117,737,411
-Available for sale reserve	1,634,867,672	1,652,641,179
-General Reserve	1,777,419,085	1,777,419,085
	<u>7,080,211,985</u>	<u>6,828,797,675</u>

DEFERRED TAX

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees-----	
Deferred tax liabilities on taxable temporary differences:		
Property and equipment	3,311,107	3,311,107
Held to maturity investments	(1,535,654)	(1,535,654)
Right-of-use assets	6,878,470	6,878,470
Unrealized gain / (loss) on held for trading investments	3,273,411	3,273,411
Unrealized gain on available for sale investments	553,831,584	553,831,584
	<u>565,758,918</u>	<u>565,758,918</u>
Deferred tax assets on deductible temporary differences:		
Provision for doubtful debts	(23,421,651)	(23,421,651)
Provision for impairment of insurers / reinsurers receivable	(178,735,589)	(178,735,589)
Provision for impairment of receivables from other insurers / reinsurers	(4,930,000)	(4,930,000)
Provision for dividend receivable	(579,285)	(579,285)
Lease liabilities	(7,043,381)	(7,043,381)
Notional interest on interest free loans	(18,887,384)	(18,887,384)
Provision for impairment in available for sale investments	(39,141,969)	(39,141,969)
Provision for impairment of other receivables	(272,739,259)	(272,739,259)
	<u>293,019,659</u>	<u>293,019,659</u>

17 **INSURANCE / REINSURANCE PAYABLES**

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees-----	
Note		
Due to other insurers / reinsurers	6,088,073,089	5,495,689,881
Premium and claim reserves retained from retrocessionaires	15,824,356	15,824,356
	<u>6,103,897,445</u>	<u>5,511,514,237</u>

18 **Other Creditors and Accruals**

Other Creditors and Accruals	37,002,319	38,014,683
Security Deposits	18.1 26,908,939	26,974,889
Accrued expenses	10,591,893	12,217,727
Surplus profit payable	18.2 1,212,602	1,212,602
	<u>75,715,753</u>	<u>78,419,901</u>

18.1 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.

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

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1 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 December 31, 2018 amounting to Rs. 29.112 million (December 31, 2017: Rs. 24.024 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 City Court of Sindh and there have been no further proceedings in this case since last year.

- 19.1.2 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.

Therefore, during the year, 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 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.

Subsequent to year end, 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 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.

- 19.1.3** 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 provision has been made in these financial statements.

- 19.1.4** 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.

19.2 Commitments

- 19.2.1** There are no commitments as on the reporting date (September 30, 2020: Nil).

20 NET PREMIUM REVENUE

	Unaudited		Unaudited	
	Nine months ended 30 Sep		Quarter ended 30 Sep	
	2020	2019	2020	2019
	-----Rupees-----			
Written gross premium	13,742,767,824	12,596,124,168	6,097,047,248	4,801,951,733
Add: Unearned premium reserve opening	8,451,658,849	4,990,287,938	7,497,158,210	6,593,121,572
Less: Unearned premium reserve closing	9,128,999,973	7,613,026,663	9,128,999,973	7,613,026,663
Premium earned	13,065,426,700	9,973,385,443	4,465,205,485	3,782,046,642
Less: Reinsurance premium ceded	8,514,132,531	6,812,000,312	3,360,570,433	2,661,904,180
Add: Prepaid reinsurance premium opening	5,453,474,265	2,472,406,314	5,184,644,374	4,104,632,366
Less: Prepaid reinsurance premium closing	5,605,481,480	4,314,419,841	5,605,481,480	4,314,419,841
Reinsurance expense	8,362,125,316	4,969,986,785	2,939,733,327	2,452,116,705
	4,703,301,384	5,003,398,658	1,525,472,158	1,329,929,937

21 NET INSURANCE CLAIMS

	Unaudited		Unaudited	
	Nine months ended 30 Sep		Quarter ended 30 Sep	
	2020	2019	2020	2019
	-----Rupees-----			
Claims paid	2,088,730,535	5,016,845,596	1,081,757,258	2,938,282,833
Add: Outstanding claims including IBNR closing	13,745,400,141	7,777,212,913	13,745,400,141	7,777,212,913
Less: Outstanding claims including IBNR opening	8,016,598,909	4,175,710,556	12,974,474,774	8,701,196,009
Claims expense	7,817,531,767	8,618,347,953	1,852,682,625	2,014,299,737
Less: Reinsurance and other recoveries received	198,862,235	2,495,157,021	198,862,235	2,039,015,425
Add: Reinsurance and other recoveries in respect of outstanding claims closing	8,582,817,722	3,865,503,181	8,582,817,722	3,865,503,181
Less: Reinsurance and other recoveries in respect of outstanding claims opening	3,934,364,721	874,771,237	7,968,585,396	5,290,266,418
	4,847,315,236	5,485,888,965	813,094,561	614,252,188
Reinsurance and other recoveries revenue	2,970,216,531	3,132,458,988	1,039,588,064	1,400,047,549

22 NET COMMISSION AND OTHER ACQUISITION COSTS

	Unaudited		Unaudited	
	Nine months ended 30 Sep		Quarter ended 30 Sep	
	2020	2019	2020	2019
	-----Rupees-----			
Commission paid or payable	1,332,490,367	1,503,623,455	616,606,529	599,449,887
Add: Deferred commission expense opening	918,544,431	565,597,977	704,006,373	654,952,935
Less: Deferred commission expense closing	861,925,562	854,195,937	861,925,562	854,195,937
Net commission	1,389,109,236	1,215,025,495	458,687,340	400,206,885
Less: Commission received or recoverable	695,305,506	512,079,427	264,986,053	218,184,379
Add: Unearned reinsurance commission opening	452,020,316	74,957,159	453,506,072	258,578,617
Less: Unearned reinsurance commission closing	469,384,273	317,837,451	469,384,273	317,837,451
Commission from reinsurers	677,941,549	269,199,135	249,107,852	158,925,545
	711,167,687	945,826,360	209,579,488	241,281,340

23 Investment income

	Unaudited Nine months ended 30 Sep		Unaudited Quarter ended 30 Sep	
	2020	2019	2020	2019
	Rupees			
Income from equity securities				
Available for sale				
Dividend income	94,530,689	131,119,987	45,983,856	24,239,930
- Related party				
- Other				
Held for trading				
Dividend income	2,907,250	2,990,750	165,000	1,072,000
- Related party				
- Other				
	97,437,939	134,110,737	46,148,856	25,311,930
Income from debt securities				
Held for maturity				
-Return on Pakistan Investment Bond (PIBs)	167,239,940	176,755,999	61,162,666	53,475,572
-Return on Treasury Bills	380,975,885	161,182,871	106,718,700	65,651,576
-Amortization of (discount)/premium on PIBs	20,339,373	277,293	6,446,483	3,518,777
Income from term finance certificate	9,133,354	9,450,509	2,259,575	3,525,962
	577,688,552	347,666,672	176,587,424	126,171,887
Available for Sale				
Return on Pakistan Investment Bond PIBs	56,407,939	8,314,544	19,112,054	8,314,544
Profit received from bank	56,511,851	92,483,210	10,821,012	38,525,963
Net realised gains / (losses) on investments				
Available for sale				
- Gain on sale of Equity securities	39,160,452	4,129,465	13,150,260	-
- Loss on sale of Equity securities				
- Return on government securities				
Held for trading				
- Gain on sale of Equity securities	-		-	
- Loss on sale of Equity securities				
Net Unrealised gains / (losses) on investments at fair value through profit and loss (Held for trading purposes)	(18,551,625)	(11,428,154)	20,339,108	(7,026,658)
Total investment income	808,655,108	575,276,474	286,158,714	191,297,666
Less: Impairment in value of available for sale securities	(105,638,050)	(169,080,364)	-	(58,439,486)
Less: Investment related expenses	(12,101,969)	(15,070,577)	(4,280,657)	(6,234,763)
Net investment income	690,915,089	391,125,533	281,878,057	126,623,417

24 RENTAL INCOME

Rental income	80,576,864	73,557,509	27,919,726	25,495,585
Less: Expenses of investment property	(18,154,995)	(21,114,792)	(6,036,147)	(6,459,770)
	62,421,869	52,442,717	21,883,579	19,035,815

25 TAXATION

	Unaudited		Unaudited	
	Nine months ended 30 Sep		Quarter ended 30 Sep	
	2020	2019	2020	2019
	Rupees			
For the period				
Current	407,412,915	405,691,140	137,193,352	221,451,701
	<u>407,412,915</u>	<u>405,691,140</u>	<u>137,193,352</u>	<u>221,451,701</u>

- 25 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.

- 25.1 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.

- 25.2 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. 776,220,462 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.

- 25.3 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.

- 25.4 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.

26 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:

2020	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	162,836,343	162,836,343	-	-
Available-for-sale investment				
Ordinary shares - listed	2,193,404,108	2,193,404,108	-	-
Mutual fund units	1,398,296,554	1,398,296,554	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
2019	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	96,225,968	96,225,968	-	-
Available-for-sale investment				
Ordinary shares - listed	2,307,404,138	2,307,404,138	-	-
Mutual fund units	1,461,497,488	1,461,497,488	-	-
Ordinary shares - unlisted	617,613	-	-	617,613

26.1 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.

26.2 Valuation techniques

For level 2 investments - held to maturity, the fair value has been determined by using the rates at reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

For Level 3 available-for-sale investments the Company values the investment at lower of carrying value and breakup value.

27 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:

	30-Sep-20	2019
	-----Rupees-----	
Major shareholder		
Government of Pakistan (GoP) through Ministry of Commerce	269,279,570.00	269,279,570.00
Dividend paid for the preceding year		
State Life Insurance Corporation of Pakistan	146,464,402.00	146,464,402.00
Dividend paid for the preceding year		
Related parties by virtue of GoP's holdings		
State Bank of Pakistan		
Purchase of investment (Treasury Bills)	3,575,000,000	4,245,000,000
Dividend received during the year	-	
Pakistan State Oil Company Limited		
Dividend received during the year	-	58,510
National Investment Trust Limited		
Dividend received during the year	23,562,000	23,760,000
National Insurance Company Limited		
Premium due but unpaid	5,372,210,471	2,277,212,868
Insurance premium written during the year	8,654,286,809	10,202,776,656
Premium received	(7,962,189,288)	(7,107,779,053)
Balance at the end of year	6,064,307,992	5,372,210,471
Insurance commission paid	430,643,156	501,442,551
Insurance claims paid	-	2,850,465,603
Other related parties		
Remuneration including benefits and perquisites of key management personnel	258,142,940	268,238,265

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

28 SEGMENT REPORTING

Segment	Current Year	Rupees					TOTAL		
		Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation		Engineering	Treaty
		30 September 2020							
Gross written premium	1,525,739,808	20,717,910	265,594,167	161,276,407	339,830,101	8,064,278,400	3,365,421,031	13,742,767,824	
Unearned-Opening	563,735,480	6,552,853	118,792,816	56,340,140	2,980,344,955	2,670,711,570	2,055,181,035	8,451,658,849	
Unearned-Closing	672,970,006	7,856,045	131,920,792	60,214,765	997,661,101	5,132,809,252	2,125,567,982	9,128,999,973	
Premium Earned	1,416,505,282	19,414,718	252,376,191	157,401,782	2,322,513,955	5,607,180,688	3,295,034,084	13,065,426,704	
Reinsurance-Ceded	527,941,980	-	156,054,222	5,934,200	(208,987,834)	7,547,046,185	491,143,778	8,514,133,531	
Prepaid Reinsurance-Opening	20,949,844	-	79,508,541	3,272,048	2,501,613,136	2,453,680,257	394,450,439	5,453,474,265	
Prepaid Reinsurance-Closing	122,460,176	-	78,747,619	4,432,667	362,940,334	4,597,891,543	439,009,141	5,605,481,480	
Reinsurance Expenses	421,431,648	-	156,815,144	4,773,581	1,979,684,968	5,402,834,899	446,585,076	8,362,125,316	
Net insurance premium	995,073,634	19,414,718	95,561,047	152,628,201	392,828,987	199,345,789	2,848,449,008	4,703,301,384	
Commission income	25,151,472	-	17,988,012	477,358	193,463,386	440,644,537	216,784	677,941,549	
Net underwriting income	1,020,225,106	19,414,718	113,549,059	153,105,559	586,292,373	639,990,326	2,848,665,792	5,381,242,933	
Insurance claims paid	518,861,535	4,614,590	8,363,593	9,983,670	-	127,400,649	1,419,506,498	2,088,736,535	
Outstanding-opening	1,317,826,301	105,909,839	62,691,477	305,059,745	1,413,414,449	2,622,625,776	2,189,171,322	8,016,598,909	
Outstanding-closing	1,683,452,537	306,048,981	83,724,216	316,546,295	7,564,888,450	862,685,221	2,928,050,141	13,745,400,141	
Insurance claims expenses	884,487,771	204,853,732	29,396,332	21,470,220	6,151,474,001	(1,632,539,906)	2,158,389,617	7,817,551,767	
Reinsurance Recoveries Received	-	-	-	-	-	280,166	198,582,069	198,582,235	
Recovery-opening	206,495,743	39,267,000	23,402,252	612,403	1,242,590,061	2,254,192,711	167,804,551	3,934,364,721	
Recovery-closing	241,286,331	186,517,474	43,802,252	612,403	7,221,116,127	518,275,511	371,207,634	8,582,817,722	
Insurance claims recovered from reinsurers	34,790,578	147,250,474	20,400,000	-	5,978,526,066	(1,735,637,034)	401,985,152	4,847,315,256	
Net claims	849,697,193	57,603,258	8,996,332	21,470,220	172,947,935	103,097,128	1,756,404,465	2,970,216,531	
Commission expense	166,698,014	1,780,382	19,116,464	14,287,007	121,135,544	295,879,655	770,212,170	1,389,109,236	
Management expense	107,428,710	2,096,024	10,316,824	16,477,827	42,410,039	21,214,938	308,877,916	508,822,278	
Premium deficiency expense	-	-	-	-	-	-	-	-	
Net insurance claims and expenses	1,123,823,917	61,479,664	38,429,620	52,235,054	336,493,518	420,191,721	2,835,148,551	4,868,148,045	
Underwriting results	(103,598,811)	(42,064,946)	75,119,439	100,870,505	249,798,855	219,798,605	13,171,241	513,094,888	
Net investment income	-	-	-	-	-	-	-	690,915,089	
Rental income	-	-	-	-	-	-	-	62,421,869	
General and Admin expenses	-	-	-	-	-	-	-	(20,496,401)	
Other expenses (Emp. Laon)	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	
Profit before tax	-	-	-	-	-	-	-	-	
Segment Assets	449,451,802	186,943,375	131,250,078	10,264,635	7,637,379,152	5,385,478,859	1,249,456,863	15,050,224,764	
Unallocated Assets	-	-	-	-	-	-	-	28,055,483,662	
Segment Liabilities	2,363,366,161	313,905,026	223,519,769	377,204,327	8,603,999,406	6,409,145,798	5,053,643,900	23,343,784,387	
Unallocated Liabilities	-	-	-	-	-	-	-	9,681,712,054	

Segment	Prior Year	30 September 2019					TOTAL
		Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	
Rupees							
Gross written premium	1,522,708,654	37,366,441	385,565,107	205,075,519	552,432,661	4,048,922,136	
Unearned-Opening	515,086,813	10,212,944	19,682,975	63,414,119	1,561,443,913	1,909,776,715	
Unearned-Closing	719,147,866	10,199,907	194,130,373	79,447,171	618,047,816	3,528,282,541	
Premium Earned	1,318,647,601	37,379,478	211,117,709	189,047,467	1,495,828,758	3,495,416,970	
Reinsurance-Ceded	470,762,237	-	242,456,274	6,562,075	402,688,303	484,073,774	
Prepaid Reinsurance-Opening	20,689,140	-	8,245,057	2,834,005	1,363,380,470	340,463,314	
Prepaid Reinsurance-Closing	130,910,002	-	138,478,025	4,926,051	506,652,688	310,460,183	
Reinsurance Expenses	360,541,675	-	112,223,306	4,470,029	1,259,416,085	514,077,295	
Net insurance premium	958,105,926	37,379,478	98,894,403	184,577,438	236,412,673	2,981,339,675	
Commission income	19,798,915	-	14,466,168	447,003	216,942,040	4,168,049	
Net underwriting income	977,904,841	37,379,478	113,360,571	185,024,441	725,631,105	2,985,507,724	
Insurance claims paid	333,030,331	2,600,752	20,068,505	34,720,307	111,607,383	1,673,280,856	
Outstanding-opening	1,239,691,600	71,695,793	122,226,552	207,521,776	330,843,457	2,024,126,319	
Outstanding-closing	1,229,481,045	102,470,491	98,408,345	215,864,522	2,633,538,932	2,238,619,050	
Insurance claims expenses	322,819,776	33,375,450	(3,749,702)	43,063,053	3,920,762,931	1,887,775,587	
Reinsurance Recoveries Received	46,707,226	-	1,726,739	2,419,684,611	-	27,038,445	
Recovery-opening	388,223,063	18,693,025	43,266,176	96,177,837	133,235,349	195,171,237	
Recovery-closing	205,047,789	39,375,499	21,650,734	-	2,313,743,773	170,906,969	
Insurance claims recovered from reinsurers	(136,468,048)	20,862,474	(19,888,703)	3,438,285,191	2,180,508,424	2,769,627	
Net claims	459,287,824	12,692,976	16,139,001	43,063,053	482,477,740	1,885,003,960	
Commission expense	158,707,897	4,271,158	14,969,488	7,051,513	194,580,062	819,392,733	
Management expense	112,219,073	-21,412,679	28,406,917	8,693,137	207,082,334	299,358,507	
Premium deficiency expense	-	-	-	-	-	-	
Net insurance claims and expenses	730,214,794	(4,448,545)	60,598,562	66,725,678	635,456,830	3,003,755,200	
Underwriting results	247,690,047	41,828,023	52,762,009	118,298,763	90,174,275	(18,247,476)	
Net investment income	-	-	-	-	-	-	
Rental income	-	-	-	-	-	-	
General and Admin expenses	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	
Profit before tax	-	-	-	-	-	-	
Segment Assets	432,673,930	40,305,918	177,545,868	11,720,725	1,628,724,149	999,927,776	
Unallocated Assets	-	-	-	-	-	-	
Segment Liabilities	1,956,687,987	112,670,398	311,024,275	295,799,298	1,890,367,074	4,702,335,462	
Unallocated Liabilities	-	-	-	-	-	-	

For the three months period ended September 30, 2020

28 SEGMENT REPORTING

Segment	Current Year	30 September 2020					Treaty	TOTAL	
		Rupees							
		Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation			Engineering
Gross written premium		723,313,502	7,405,840	112,368,922	57,281,507	364,812,717	3,379,739,100	1,452,225,663	6,097,047,248
Unearned-Closing		613,139,603	6,512,945	115,405,910	55,414,454	1,428,440,871	3,731,338,605	1,746,905,973	7,497,158,210
Unearned-Opening		477,970,006	7,856,045	60,214,765	997,661,101	997,661,101	5,132,809,282	2,125,897,982	9,128,999,973
Premium Earned		463,483,099	6,062,589	95,754,040	52,481,196	795,592,487	1,978,268,423	1,073,563,651	4,465,205,485
Reinsurance-Ceded		30,294,693	-	65,275,943	5,934,200	(323,024,925)	3,098,780,365	483,310,157	3,360,270,433
Prepaid Reinsurance-Opening		251,720,202	-	71,347,544	-	1,273,466,561	3,469,475,186	118,634,881	5,184,644,374
Prepaid Reinsurance-Closing		122,460,176	-	78,347,619	4,432,667	362,940,334	4,597,891,543	439,009,141	5,605,481,480
Reinsurance Expenses		159,554,719	-	57,875,868	1,501,533	587,301,302	1,970,364,008	162,935,897	2,939,733,327
Net insurance premium		303,928,380	6,062,589	37,878,172	50,979,663	208,091,185	7,904,415	910,627,254	1,525,472,158
Commission income		10,464,826	-	5,787,586	150,153	59,638,593	173,057,848	8,846	249,107,852
Net underwriting income		314,393,206	6,062,589	43,665,758	51,129,816	267,729,778	180,962,263	910,636,600	1,774,580,010
Insurance claims paid		451,310,981	4,002,362	1,024,264	8,578,334	-	67,877,920	548,963,397	1,081,757,258
Outstanding-opening		1,577,159,898	111,958,524	84,682,980	323,178,278	7,323,183,370	945,960,832	2,608,350,892	12,974,474,774
Outstanding-closing		1,683,452,537	306,048,981	83,724,216	316,546,295	7,564,888,450	862,685,221	2,928,400,141	13,745,400,141
Insurance claims expenses		557,603,620	198,097,819	65,500	1,946,351	241,705,080	(15,397,691)	868,666,946	1,852,682,625
Reinsurance Recoveries Received		-	-	-	-	-	280,166	198,582,069	198,582,235
Recovery-opening		206,495,743	39,267,000	43,802,252	612,403	6,994,537,936	516,065,511	167,804,551	7,968,585,396
Recovery-closing		241,286,321	186,517,474	43,802,252	612,403	7,221,116,127	518,275,511	371,207,634	8,582,817,722
Insurance claims recovered from reinsurers		34,790,578	147,250,474	-	-	226,578,191	2,490,166	401,985,152	813,094,561
Net claims		528,813,042	50,842,345	65,500	1,946,351	15,126,889	17,887,857	466,681,794	1,039,588,064
Commission expense		51,729,615	588,038	6,324,019	4,863,241	47,181,993	103,707,545	244,292,889	458,687,340
Management expense		47,356,411	935,497	5,303,199	7,642,837	40,822,066	4,267,919	2,872,507	109,200,436
Premium deficiency expense		-	-	-	-	-	-	-	-
Net insurance claims and expenses		621,899,068	52,365,880	11,692,718	14,452,429	103,130,948	90,087,607	713,847,190	1,607,475,840
Underwriting results		(307,505,862)	(46,303,291)	31,973,040	36,677,387	164,598,830	90,874,656	196,789,410	167,104,170
Net investment income		-	-	-	-	-	-	-	-
General and Admin expenses		-	-	-	-	-	-	-	-
Other income		-	-	-	-	-	-	-	-
Profit before tax		-	-	-	-	-	-	-	-
Segment Assets		449,451,802	186,943,375	131,250,078	10,264,635	7,637,379,152	5,385,478,859	1,249,456,863	15,050,224,764
Unallocated Assets		-	-	-	-	-	-	-	28,065,483,662
Segment Liabilities		2,363,366,161	313,905,026	223,519,769	377,204,327	8,602,999,406	6,409,145,798	5,053,643,900	23,343,784,387
Unallocated Liabilities		-	-	-	-	-	-	-	9,681,712,054
		-	-	-	-	-	-	-	33,025,496,441

Segment	Prior Year	Fire and property damage					Treaty	TOTAL					
		Marine Cargo	Marine Hull	Accident	Aviation	Engineering							
									-30 September 2019-				
									Rupees				
Gross written premium	591,299,944	7,028,852	315,555,634	62,922,510	175,710,881	2,106,735,724	1,544,700,188	4,801,951,733					
Unearned-Opening	547,231,958	14,308,189	36,357,586	95,549,454	1,036,218,553	2,731,810,571	2,131,459,061	6,593,121,572					
Unearned-Closing	719,147,866	10,199,907	79,442,171	618,047,816	3,528,775,989	1,309,768,306	3,528,382,541	7,613,026,663					
Premium Earned	419,384,036	11,137,134	157,782,847	79,029,793	591,881,818	1,309,768,306	1,213,062,708	3,782,046,642					
Reinsurance-Ceded	18,397,501	-	204,315,964	6,562,075	127,095,417	2,062,389,341	243,243,882	2,661,904,180					
Prepaid Reinsurance-Opening	232,463,517	-	18,536,961	-	806,511,387	2,812,764,039	234,356,462	4,104,632,366					
Prepaid Reinsurance-Closing	130,910,002	-	138,478,025	4,926,051	506,652,688	3,222,592,892	310,460,183	4,314,419,841					
Reinsurance Expenses	119,951,016	-	84,374,900	1,636,024	426,954,116	1,652,060,488	167,140,161	2,432,116,705					
Net insurance premium	299,433,020	11,137,134	73,407,947	77,393,769	164,927,702	(342,292,182)	1,045,922,547	1,329,929,937					
Commission income	6,963,179	-	10,508,196	163,602	4,467,114	135,703,986	1,119,468	158,925,545					
Net underwriting income	306,396,199	11,137,134	83,916,143	77,557,371	169,394,816	(206,588,196)	1,047,042,015	1,488,855,482					
Insurance claims paid	67,554,869	119,814	3,750,607	6,694,004	2,292,822,959	18,489,211	548,851,369	2,938,382,833					
Outstanding-opening	1,120,090,186	102,207,289	99,159,008	176,173,792	2,473,078,610	2,598,199,080	2,132,288,034	8,771,196,009					
Outstanding-Closing	1,229,481,045	102,470,491	98,408,345	215,864,522	1,258,830,528	2,633,538,932	2,238,619,050	7,777,212,913					
Insurance claims expenses	176,945,728	383,006	2,999,944	46,384,734	1,078,574,877	53,829,063	653,182,385	2,014,299,737					
Reinsurance Recoveries Received	-	-	(3,750,607)	-	2,042,766,032	-	-	2,039,015,425					
Recovery-opening	205,047,738	39,375,499	21,650,734	-	2,195,689,511	2,313,743,773	514,759,163	5,290,266,418					
Recovery-closing	205,047,789	39,375,499	21,650,734	-	1,114,778,417	170,906,969	3,865,503,181	3,865,503,181					
Reinsurance claims recovered from reinsurers	51	-	(3,750,607)	-	961,854,938	(343,852,194)	614,252,188	614,252,188					
Net claims	176,945,677	383,006	6,750,551	46,384,734	116,719,939	53,829,063	999,034,579	1,400,047,549					
Commission expense	48,372,042	12,857,583	6,792,157	6,792,157	3,933,458	75,763,743	251,196,514	400,206,885					
Management expense	19,008,381	(25,126,308)	24,800,256	(6,474,731)	68,042,130	86,940,563	(40,603,392)	126,586,899					
Premium deficiency expense	-	-	-	-	-	-	-	-					
Net insurance claims and expenses	244,326,100	(23,451,914)	44,408,390	46,702,160	188,695,527	216,533,369	1,209,627,701	1,926,841,333					
Underwriting results	62,070,099	34,589,048	39,507,753	30,855,211	(19,300,711)	(423,121,565)	(162,585,686)	(437,985,851)					
Net investment income	-	-	-	-	-	-	-	126,623,417					
rental income	-	-	-	-	-	-	-	19,035,815					
General and Admin expenses	-	-	-	-	-	-	-	(1,432,592)					
Other income	-	-	-	-	-	-	-	105,058,087					
Profit before tax	-	-	-	-	-	-	-	(188,701,124)					
Segment Assets	432,673,930	40,305,918	177,545,868	11,720,725	1,628,724,149	5,743,220,593	999,927,776	9,034,118,959					
Unallocated Assets	-	-	-	-	-	-	-	22,748,778,148					
Segment Liabilities	1,956,687,987	112,670,398	311,024,275	295,799,298	1,890,367,074	6,459,192,533	4,702,335,462	15,708,077,027					
Unallocated Liabilities	-	-	-	-	-	-	-	16,128,183,748					
	-	-	-	-	-	-	-	31,836,260,775					

29 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

	Nine months ended 30 Sept		Quarter ended 30 Sept	
	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
	Unaudited			
	Rupees			
Profit after tax for the period	869,187,817	887,090,500	320,186,838	(132,998,392)
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	2.90	2.96	1.07	(0.44)

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.

30 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	107,273,466

31 FINANCIAL RISK MANAGEMENT






The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December, 31 2019.

32 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements have been authorized for issue on 29th October, 2020 by the Board of Directors of the Company.

33 GENERAL

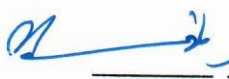



All figures have been rounded off to the nearest rupee unless otherwise stated.

 CFO  CEO  DIRECTOR  DIRECTOR  CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
Condensed Interim Statement Of Financial Position
As at September 30, 2020

		September 30, 2020 (Un-audited)			Audited
		Operator's Fund	Participants Retakaful Fund	Aggregate	December 31, 2019 Aggregate
Note		-----Rupees-----			
Assets					
Investments	7	17,006,834	83,394,248	100,401,082	95,058,181
Takaful/retakaful receivables		-	259,385,795	259,385,795	117,396,079
Other Receivable		10,000	18,000,748	18,010,748	73,559,476
Receivable from Participant Retakaful Fund		-	-	-	80,373,475
Taxation - payments less provision		-	1,217,243	1,217,243	299,855
Deferred commission expense / acquisition cost	15	43,800,853	-	43,800,853	34,719,365
Prepayment		-	26,944,069	26,944,069	20,300,625
Bank balances	8	308,405,626	41,521,852	349,927,478	284,774,917
Total Assets		369,223,313	430,463,955	799,687,268	706,481,973
Funds & Liabilities					
Funds attributable to:					
Participants' Fund					
Ceded money		-	1,000,000	1,000,000	1,000,000
Reserves	9	-	(106,356,748)	(106,356,748)	(35,484,040)
Operator's Fund					
Statutory fund		300,000,000	-	300,000,000	300,000,000
Reserves	9	36,583,596	-	36,583,596	9,512,001
Total Funds		336,583,596	(105,356,748)	231,226,848	275,027,961
Liabilities:					
Underwriting provisions					
Outstanding claims		-	310,770,847	310,770,847	79,628,925
Unearned contribution reserves		-	225,001,456	225,001,456	192,193,746
Payable to Operator's Fund		-	-	-	80,373,475
Payable to Participant Retakaful		18,000,748	-	18,000,748	73,559,476
Provision for taxation		11,706,241	-	11,706,241	3,405,165
Other creditors and accruals	10	2,932,728	48,400	2,981,128	2,293,225
Total liabilities		32,639,717	535,820,703	568,460,420	431,454,012
Total Equity and Liabilities		369,223,313	430,463,955	799,687,268	706,481,973
Contingencies and Commitments					
	11				

The annexed notes 1 to 22 form an integral part of the condensed interim financial statement.











Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
Condensed Interim Statement of Profit or Loss (Un-Audited)
For the Nine months period ended September 30, 2020

		Nine Months Ended		Three Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		-----Un-Audited-----			
		-----Rupees-----			
Note					
Participants' retakaful fund					
Revenue account					
Contributions earned	12	381,727,345	99,117,420	129,706,701	55,282,815
Wakala expense	13	(97,245,156)	(29,267,050)	(32,821,654)	(15,649,919)
Net retakaful benefits	14	(360,393,706)	(90,453,665)	(212,740,170)	(55,848,460)
Underwriting result		(75,911,517)	(20,603,295)	(115,855,123)	(16,215,564)
Profit on bank deposit		1,431,156	754,746	443,954	584,321
Dividend income		5,212,575	-	(1,369,415)	
Less: Modarib's share of investment income		(1,660,933)	(188,686)	231,365	(146,080)
		4,982,798	566,060	(694,096)	438,241
Deficit/Surplus for the period		(70,928,719)	(20,037,235)	(116,549,219)	(15,777,323)
Operator's fund					
Revenue account					
Wakala fee	13	97,245,156	29,267,050	32,821,654	15,649,919
Commission expense	15	(73,023,616)	(20,230,597)	(25,615,695)	(11,209,337)
General, administrative and management expenses	16	(4,091,686)	(1,733,518)	(1,426,649)	(928,135)
		20,129,854	7,302,935	5,779,310	3,512,447
Modarib's share of participants' retakaful fund investment income		1,660,933	188,686	(231,365)	40,552
Dividend income		1,436,880	-	76,068	-
Profit on bank deposit		14,990,262	1,175,825	4,221,648	476,357
Profit before taxation		38,217,929	8,667,446	9,845,661	4,029,356
Taxation		(10,701,020)	(2,426,885)	(2,756,785)	(1,149,308)
Profit after taxation		27,516,909	6,240,561	7,088,876	2,880,048

The annexed notes 1 to 22 form an integral part of the condensed interim financial statement.












Chairman Director Director Chief Executive Officer Chief Financial Officer

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the period ended September 30, 2020 (WTO)

	Operator's Fund	Participants Retakaful Fund	Aggregate 2020	Aggregate 2019
	(Rupees)			
Operating Cash Flows:				
Underwriting activities:-				
Contribution received	-	313,623,019	313,623,019	159,552,648
Retro takaful contribution paid	-	(47,721,124)	(47,721,124)	(64,575,000)
Benefits paid	-	(129,251,784)	(129,251,784)	(31,731,268)
Benefits recoveries from retro takaful	-	-	-	-
Rebate paid	(82,105,105)	-	(82,105,105)	(51,275,542)
Rebate received	-	-	-	-
Net cash flows generated from underwriting activities	(82,105,105)	136,650,111	54,545,006	11,970,838
Other Operating Activities				
Income tax paid	(2,369,232)	(917,388)	(3,286,620)	(481,790)
General management expenses paid	(4,091,686)	-	(4,091,686)	(1,733,518)
Other operating (payments) / receipts	124,263,170	(121,857,001)	2,406,169	130,232
Net cash used in other operating activities	117,802,252	(122,774,389)	(4,972,137)	(2,085,076)
Total cash flow generated from all operating activities	35,697,147	13,875,721	49,572,868	9,885,762
Investment activities				
Acquisition of investments	(1,227,895)	(6,263,285)	(7,491,180)	(23,500,000)
Interest income on bank deposits	14,990,262	1,431,156	16,421,418	1,930,571
Investment income received	1,436,880	5,212,575	6,649,455	-
Statutory fund	-	-	-	-
Total cash used in investing activities	15,199,247	380,446	15,579,693	(21,569,429)
Financing activities				
Net cash generated from all activities	50,896,394	14,256,167	65,152,561	(11,683,667)
Cash at beginning of the period	257,509,232	27,265,685	284,774,917	51,258,000
Cash at end of the period	308,405,626	41,521,852	349,927,478	39,574,333

The annexed notes 1 to 22 form an integral part of the condensed interim financial statement.

 Chairman
  Director
  Director
  Chief Executive Officer
  Chief Financial Officer

	Operator's Fund	Participants Retakaful Fund (Rupees)	Aggregate	Aggregate
Reconciliation to profit and loss account				
Operating cash flows	35,697,147	13,875,721	49,572,868	9,885,762
Provision for outstanding claims	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-
Provision for unearned premium	-	-	-	-
Prepaid reinsurance	-	-	-	-
Profit	16,427,142	6,643,731	23,070,873	1,930,571
Income tax paid	-	-	-	-
(Decrease)/Increase in operating assets other than cash	(60,478,709)	165,690,062	105,211,353	330,605,519
Decrease/(Increase) in operating liabilities	46,572,349	(257,138,233)	(210,565,884)	(353,791,641)
	38,217,929	(70,928,719)	(32,710,790)	(11,369,789)
Other adjustments:				
Income tax paid	(10,701,020)	-	(10,701,020)	(2,426,885)
	(10,701,020)	-	(10,701,020)	(2,426,885)
Total Profit/Deficit for the period	27,516,909	(70,928,719)	(43,411,810)	(13,796,674)
	-	-	-	-
Rupees	27,516,909	(70,928,719)	(43,411,810)	(13,796,674)

Definition of cash

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






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

Cash and cash equivalents:

Current and other accounts

	308,405,626	41,521,852	349,927,478	39,574,333
Rupees	308,405,626	41,521,852	349,927,478	39,574,333

The annexed notes 1 to 22 form an integral part of the condensed interim financial statement.

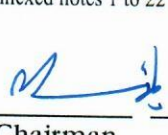

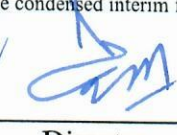
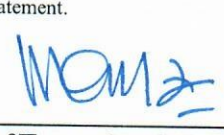
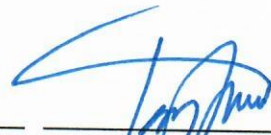
				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Changes in Fund
For the period ended September 30, 2020

OPERATORS FUND				
Statutory Fund	Unrealized gain on available for sale investment	Retained earnings	Total	
Rupees				
Balance as at January 01, 2020	300,000,000	192,662	9,319,339	309,512,001
Total Comprehensive income for the period ended September 30, 2020	-		27,516,909	27,516,909
Statutory fund				
OCI		(445,314)		(445,314)
Balance as at September 30, 2020	300,000,000	(252,652)	36,836,248	336,583,596

PARTICIPANTS RETAKAFUL FUND				
Cede Money	Unrealized gain on available for sale investment	Accumulated Surplus/(Deficit)	Total	
Rupees				
Balance as at January 01, 2020	1,000,000	1,020,623	(36,504,663)	(34,484,040)
Total Comprehensive income for the period ended September 30, 2020	-		(70,928,719)	(70,928,719)
OCI		56,011		56,011
Balance as at September 30, 2020	1,000,000	1,076,634	(107,433,382)	(105,356,748)

The annexed notes 1 to 22 form an integral part of the condensed interim financial statement.

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the 9 months period ended September 30, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Reinsurance Company Limited (the Operator) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Operator is listed on Pakistan Stock Exchange and is engaged in general retakaful business comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Operator is located at 1st Floor, 15-A, Davis Road, State Life Building, Lahore, Pakistan.
- 1.2 The Operator has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund) on September 26, 2018 under the Waqf Deed with a Cede money of Rs. 1,000,000.
- 1.3 The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial information has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful rules 2019.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019 have been followed.

2.1 Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for the available for-sale investments that have been measured at fair value.

2.2 Functional and presentation currency

These condensed interim financial information have been presented in Pakistani Rupees, which is also the functional and presentation currency of the Operator.

3 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.

Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts	January 1, 2023

Standards, amendments and interpretations to the published standards that are not yet notified by the SECP

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the SECP:

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 1, 2016

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statement are in line with the audited annual accounts for the year ended December 31, 2019.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these 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, 2019.

6 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK

Retakaful and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
Notes to the Condensed Interim Financial statement (Un-Audited)
For the 9 months period ended September 30, 2020

7 INVESTMENT

	30-September-2020					
	Operator's Fund			Participant Retakaful Fund		
	Total cost of Investment	Market Value	Unrealized Gain/Loss	Total cost of Investment	Market Value	Unrealized Gain/Loss
	-----Rupees-----					
Al Hamra Islamic Income Fund	3,456,674	3,420,331	(36,343)	16,998,094	16,761,481	(236,613)
Al-Ameen Islamic Sovereign Fund -Class-C	1,844,638	1,829,733	(14,905)	3,255,244	3,228,940	(26,304)
Al-Ameen Islamic Cash Fund	1,546,409	1,548,800	2,391	13,374,498	13,379,101	4,603
Nbp Islamic Mahana Amdani Fund						
(Formerly:Nbp Aitemaad Mahana Amdani Fund)	3,432,992	3,406,285	(26,707)	16,882,345	16,692,688	(189,657)
Abl Islamic Income Fund	3,461,354	3,400,562	(60,793)	17,023,108	16,661,605	(361,503)
Meezan Rozana Amdani Fund - Growth-B	3,401,124	3,401,124	-	16,670,432	16,670,432	-
Growth-B	17,143,191	17,006,834	(136,357)	84,203,720	83,394,247	(809,473)

	31-December-2019					
	Operator's Fund			Participant Retakaful Fund		
	Total cost of Investment	Market Value	Unrealized Gain/Loss	Total cost of Investment	Market Value	Unrealized Gain/Loss
	-----Rupees-----					
Al Hamra Islamic Income Fund	3,156,789	3,227,879	71,090	15,516,000	15,805,197	289,197
Al-Ameen Islamic Sovereign Fund -Class-C	1,700,000	1,750,246	50,246	3,000,000	3,088,670	113,540
Al-Ameen Islamic Cash Fund	1,465,576	1,468,083	2,507	12,662,683	12,681,753	19,070
Nbp Islamic Mahana Amdani Fund						
(Formerly:Nbp Aitemaad Mahana Amdani Fund)	3,156,931	3,230,031	73,100	15,516,000	15,814,738	298,738
Abl Islamic Income Fund	3,156,578	3,230,990	74,412	15,516,000	15,816,078	300,078
Meezan Rozana Amdani Fund - Growth-B	3,214,766	3,214,766	-	15,729,750	15,729,750	-
Growth-B	15,850,640	16,121,994	271,355	77,940,433	78,936,186	1,020,623

Note	September 30, 2020			
	Operator's Fund		Participant's Retakaful Fund	
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees-----			

8 BANK BALANCES

Cash at bank				
- Saving accounts	8.1	308,405,626	257,509,232	41,521,852
				27,265,685

9 RESERVES

Revenue				
Unappropriated profit		36,836,248	9,319,339	(107,433,382)
				(36,504,663)
Capital				
Available for sale reserve		(252,652)	192,662	1,076,634
		36,583,596	9,512,001	(106,356,748)
				(35,484,040)

10 OTHER CREDITORS AND ACCRUALS

Salaries payable		150,000	150,000	-	-
Income tax deducted at source		182,400	122,400	40,800	43,600
Employee income tax payable		40,239	286	-	-
Sindh sales tax payable		4,800	4,800	6,600	2,200
Payable to Participant		2,428,789	1,843,439	-	-
Misc Credits		-	-	1,000	-
Audit fee payable		126,500	126,500	-	-
		2,932,728	2,247,425	48,400	45,800

11 CONTINGENCIES AND COMMITMENTS

- 11.1 The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator details of which are stated in note 19.1.1 to the operator's financial statement. Company has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss account would amount to Rs. 94 million pertaining to the year 2019 and 2020 on retakaful operations excluding any additional penalty or default surcharge.
- 11.2 There are no commitments at year end (December 31 2019: Nil).

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the 9 months period ended September 30, 2020

12 NET CONTRIBUTION REVENUE

	Nine Months Ended		Three Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	-----Un-Audited-----			
	-----Rupees-----			
Written gross contribution	455,612,734	309,155,541	222,784,351	141,340,144
Add: Unearned contribution reserve opening	192,193,748		144,919,949	
Less: Unearned contribution reserve closing	225,001,457	181,907,496	225,001,457	73,297,017
Contribution earned	422,805,025	127,248,045	142,702,843	68,043,127
Less: Retakaful contribution ceded	47,721,124	64,575,000	23,860,562	32,287,500
Add: Prepaid retakaful contribution opening	20,300,625		16,079,649	
Less: Prepaid retakaful contribution closing	26,944,069	36,444,375	26,944,069	19,527,188
Retakaful expense	41,077,680	28,130,625	12,996,142	12,760,312
	381,727,345	99,117,420	129,706,701	55,282,815

13 WAKALA FEE/EXPENSE

Gross wakala fee	104,790,929	71,105,774	51,240,401	32,508,233
Add: Unearned Wakala fee opening	44,204,562	-	33,331,588	-
Less: Unearned Wakala fee closing	(51,750,335)	(41,838,724)	(51,750,335)	(16,858,314)
	97,245,156	29,267,050	32,821,654	15,649,919

14 RETAKAFUL BENEFITS/ CLAIM EXPENSE

Benefits paid	129,251,784	31,731,268	93,695,454	25,734,985
Add: Outstanding benefits / claims including IBNR closing	324,343,396	58,722,397	191,726,131	30,113,475
Less: Outstanding benefits / claims including IBNR opening	79,628,925	-	324,343,396	-
Claims expense	373,966,255	90,453,665	226,312,719	55,848,460
Less: Retakaful and other recoveries received	-	-	-	-
Add: Retakaful and other recoveries in respect of outstanding claims closing	13,572,549	-	13,572,549	-
Less: Retakaful and other recoveries in respect of outstanding claims opening	-	-	-	-
Retakaful and other recoveries revenue	13,572,549	-	13,572,549	-
	360,393,706	90,453,665	212,740,170	55,848,460

15 COMMISSION EXPENSE

Commission paid or payable	82,105,105	24,606,261	41,022,388	12,795,670
Add: Deferred commission expense opening	34,719,365	11,209,337	-	9,525,938
Less: Deferred commission expense closing	43,800,853	15,585,001	15,406,693	11,112,271
	73,023,616	20,230,597	25,615,695	11,209,337

16 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES

Bank charges	57,001	55,018	26,047	31,173
Shariah advisor fee for retakaful	1,500,000	1,500,000	450,000	750,000
Salaries	2,225,041	-	640,958	146,962
Auditor's fee	272,000	168,500	197,000	-
Medical Expenses	12,643	-	112,644	-
CDC charges	25,000	10,000	-	-
	4,091,685	1,733,518	1,426,649	928,135

Pakistan Reinsurance Company Limited
Notes to the Financial Statements
For the period ended September 30, 2019

17 SEGMENT REPORTING

PARTICIPANTS RETAKAFUL FUND Nine months ended September 30, 2019 (Un-Audited)

Segment Current Year	Fire and property damage	Marine	Accident	Treaty	TOTAL
Rupees					
Gross written Contribution	14,981,804	238,444	16,164,693	277,770,600	309,155,541
Unearned-Opening	-	-	-	-	-
Unearned-Closing	9,282,082	125,501	6,470,282	166,029,631	181,907,496
Contribution Earned	5,699,722	112,943	9,694,411	111,740,969	127,248,045
Retakaful-Ceded	-	-	-	64,575,000	64,575,000
Prepaid Retakaful-Opening	-	-	-	-	-
Prepaid Retakaful-Closing	-	-	-	36,444,375	36,444,375
Retakaful Expenses	-	-	-	28,130,625	28,130,625
Net insurance Contribution Rebate	5,699,722	112,943	9,694,411	83,610,344	99,117,420
Net underwriting income	5,699,722	112,943	9,694,411	83,610,344	99,117,420
Insurance claims paid	-	-	-	31,731,268	31,731,268
Outstanding-opening	-	-	-	-	-
Outstanding-closing	-	-	881,166	57,841,231	58,722,397
Insurance claims expenses	-	-	881,166	89,572,499	90,453,665
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	-	-
Recovery-closing	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	-	-	881,166	89,572,499	90,453,665
Wakala Fee	1,310,936	25,977	2,229,715	25,700,423	29,267,050
Management expense	-	-	-	-	-
Premium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	1,310,936	25,977	3,110,881	115,272,922	119,720,715
Underwriting results	4,388,786	86,966	6,583,530	(31,662,578)	(20,603,295)
Profit on bank deposits	-	-	-	-	754,746
Modarib Fee	-	-	-	-	(188,686)
Dividend Income	-	-	-	-	-
Profit before tax	-	-	-	-	(20,037,235)
Segment Assets	2,134,879	28,865	1,488,165	38,186,815	41,838,724
Unallocated Assets	-	-	-	-	275,919,182
	-	-	-	-	317,757,906
Segment Liabilities	9,282,082	125,501	7,351,448	223,870,862	240,629,893
Unallocated Liabilities	-	-	-	-	111,612,053
	-	-	-	-	352,241,946

OPERATORS FUND

Nine months ended September 30, 2019 (Un-Audited)

Segment Current Year	Fire and property damage	Marine	Accident	Treaty	TOTAL
Rupees					
Wakala Fee	1,310,936	25,977	2,229,715	25,700,423	29,267,050
Commission	(684,147)	(12,346)	(788,305)	(18,745,799)	(20,230,597)
Management Expenses	(77,648)	-	(132,068)	(1,522,263)	(1,733,518)
Segment Results	549,141	13,631	1,309,341	5,432,361	7,302,935
Profit on bank deposits	-	-	-	-	1,175,825
Modarib Fee	-	-	-	-	188,686
Profit before tax	-	-	-	-	8,667,446
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets	-	-	-	-	379,196,126
	-	-	-	-	388,724,067
Segment Liabilities	2,134,879	28,865	1,488,165	38,186,815	41,838,724
Unallocated Liabilities	-	-	-	-	37,373,342
	-	-	-	-	79,212,066

Pakistan Reinsurance Company Limited
Notes to the Financial Statements
For three months period ended September 30, 2020

17 SEGMENT REPORTING

PARTICIPANTS RETAKAFUL FUND Three months ended September 30, 2020 (Un-Audited)

Segment Current Year	Fire and property damage	Marine	Accident	Treaty	TOTAL
Rupees					
Gross written Contribution	27,605,387	430,253	4,827,192	189,921,519	222,784,351
Unearned-Opening	2,526,232	49,814	1,271,082	141,072,821	144,919,949
Unearned-Closing	13,614,673	125,857	3,328,405	207,932,522	225,001,457
Contribution Earned	16,516,946	354,210	2,769,869	123,061,818	142,702,843
Retakaful-Ceded	-	-	-	23,860,562	23,860,562
Prepaid Retakaful-Opening	-	-	-	16,079,649	16,079,649
Prepaid Retakaful-Closing	-	-	-	26,944,069	26,944,069
Retakaful Expenses	-	-	-	12,996,142	12,996,142
Net insurance Contribution	16,516,946	354,210	2,769,869	110,065,676	129,706,701
Rebate	-	-	-	-	-
Net underwriting income	16,516,946	354,210	2,769,869	110,065,676	129,706,701
Insurance claims paid	307	-	-	93,695,147	93,695,454
Outstanding-opening	19,887,369	92,115	3,120,766	168,625,881	191,726,131
Outstanding-closing	49,182,510	92,115	3,148,266	271,920,505	324,343,396
Insurance claims expenses	29,295,448	-	27,500	196,989,771	226,312,719
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	-	-
Recovery-closing	-	-	-	13,572,549	13,572,549
Insurance claims recovered from reinsurers	-	-	-	13,572,549	13,572,549
Net claims	29,295,448	-	27,500	183,417,222	212,740,170
Wakala Fee	3,798,898	81,468	637,070	28,304,218	32,821,654
Management expense	-	-	-	-	-
Premium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	33,094,346	81,468	664,570	211,721,440	245,561,824
Underwriting results	(16,577,400)	272,742	2,105,299	(101,655,764)	(115,855,123)
Profit on bank deposits	-	-	-	443,954	443,954
Modarib Fee	-	-	-	231,365	231,365
Dividend Income	-	-	-	(1,369,415)	(1,369,415)
Profit before tax	-	-	-	(116,549,219)	(116,549,219)
Segment Assets	3,131,375	28,947	765,533	61,397,029	65,322,884
Unallocated Assets	-	-	-	-	365,141,070
					430,463,955
Segment Liabilities	62,797,183	217,972	6,476,671	479,853,027	549,344,853
Unallocated Liabilities	-	-	-	-	(13,524,150)
					535,820,703

OPERATORS FUND

Three months ended September 30, 2020 (Un-Audited)

Segment Current Year	Fire and property damage	Accident	Accident	Treaty	TOTAL
Rupees					
Wakala Fee	3,798,898	81,468	637,070	28,304,218	32,821,654
Commission	(2,050,680)	(37,973)	(143,342)	(23,383,700)	(25,615,695)
Management Expenses	(162,184)	(3,451)	(27,840)	(1,233,174)	(1,426,649)
Segment Results	1,586,034	40,044	465,888	3,687,344	5,779,310
Profit on bank deposits	-	-	-	-	4,221,648
Modarib Fee	-	-	-	-	(231,365)
Dividend Income	-	-	-	-	76,068
Profit before tax	-	-	-	-	9,845,661
Segment Assets	1,554,017	13,951	281,718	41,951,167	43,800,853
Unallocated Assets	-	-	-	-	325,422,460
					369,223,313
Segment Liabilities	3,131,375	28,947	765,533	47,824,480	51,750,335
Unallocated Liabilities	-	-	-	-	(19,110,618)
					32,639,717

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS
Notes to the Condensed Interim Financial statement (Un-Audited)
For the 9 months period ended September 30, 2020

18 FAIR VALUE MEASUREMENT

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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

PARTICIPANTS' RETAKAFUL FUND

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
June 30, 2020 (Un-audited)				
Open end mutual funds	83,394,248	-	-	83,394,248
December 31, 2019 (Audited)				
Open end mutual funds	78,936,186	-	-	78,936,186

OPERATOR'S FUND

June 30, 2020 (Un- audited)				
Open end mutual funds	17,006,834	-	-	17,006,834
December 31, 2019 (Audited)				
Open end mutual funds	16,121,995	-	-	16,121,995

19 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Pakistan Reinsurance Company Limited, associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

20 CORRESPONDING FIGURES

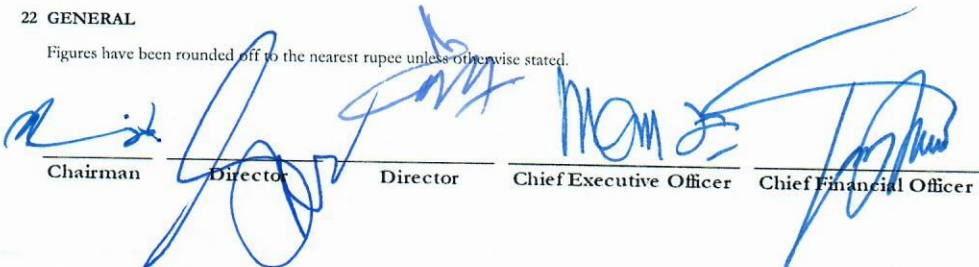
Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. No significant rearrangement or reclassifications were made in these financial statement during the current year.

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29/10/2020 by the Board of Directors of the Operator.

22 GENERAL

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


Chairman Director Director Chief Executive Officer Chief Financial Officer