

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Financial Position (Unaudited)
As at 31 March 2021

| | | 31 March 2021 | 31 December 2020 |
|--|-------------|--------------------------|---------------------|
| | | Unaudited | Audited |
| ASSETS | Note | Rupees | Rupees |
| Property and equipment | 6 | 61,657,923 | 65,702,538 |
| Assest relating to Bangladesh | | - | - |
| Investment property | 7 | 25,177,306 | 25,496,671 |
| Investments | | | |
| Equity securities | 8 | 3,624,095,839 | 3,763,247,842 |
| Debt securities | 9 | 8,671,627,233 | 8,271,505,868 |
| Loans and other receivables | 10 | 2,859,290,579 | 2,879,141,999 |
| Insurance / Reinsurance receivables | 11 | 9,335,877,428 | 8,141,085,867 |
| Reinsurance recoveries against outstanding claims | | 4,519,891,413 | 5,603,808,031 |
| Deferred Commission Expense / Acquisition cost | | 641,762,070 | 708,870,616 |
| Taxation - payments less provision | | - | 181,407,606 |
| Prepayments | | 3,653,973,351 | 4,144,875,197 |
| Cash & Bank | 12 | 1,039,497,498 | 1,570,505,178 |
| Total assets from Window Takaful Operations - OPF | | 433,148,244 | 409,366,837 |
| Total Assets | | 34,865,998,884 | 35,765,014,250 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Ordinary share capital | | 3,000,000,000 | 3,000,000,000 |
| Reserves | 13 | 7,649,641,105 | 7,241,544,195 |
| Total Equity | | 10,649,641,105 | 10,241,544,195 |
| Liabilities | | | |
| Underwriting Provisions | | | |
| - Outstanding claims including IBNR | | 9,578,694,797 | 10,475,734,890 |
| - Unearned premium reserves | | 6,365,447,892 | 6,513,672,434 |
| - Unearned Reinsurance Commission | | 244,952,220 | 338,532,613 |
| Retirement benefit obligations | | 3,137,098,570 | 3,188,627,998 |
| Deferred taxation | | 116,933,390 | 116,933,390 |
| Insurance / Reinsurance Payables | 14 | 4,394,608,936 | 4,550,351,723 |
| Taxation - payments less provision | | 34,922,166 | - |
| Lease liabilities | | 26,778,855 | 26,778,855 |
| Unclaimed Dividend | 15 | 155,208,129 | 155,208,129 |
| Other Creditors and Accruals | 15 | 76,402,462 | 88,202,370 |
| Total Liabilities | | 24,131,047,417 | 25,454,042,402 |
| Total liabilities from Window Takaful Operations - OPF | | 85,310,363 | 69,427,654 |
| Total Equity and Liabilities | | 34,865,998,885 | 35,765,014,251 |

Contingency(ies) and commitment(s)

The annexed notes 1 to 28 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 March 31, 2021

| | | 3 months ended 31 Mar | |
|--|-------------|------------------------------|---------------|
| | | 2021 | 2020 |
| | Note | | |
| Net insurance premium | 17 | 1,549,669,769 | 1,764,073,526 |
| Net Insurance claims | 18 | 648,506,966 | 651,848,751 |
| Net Commission and other acquisition costs | 19 | 234,191,980 | 274,095,781 |
| Insurance claims and acquisition expenses | | 882,698,946 | 925,944,532 |
| Management Expenses | | 103,898,881 | 110,575,214 |
| Underwriting results | | 563,071,942 | 727,553,780 |
| Investment income | | 217,154,903 | 236,655,012 |
| Rental income | | 23,181,435 | 20,384,996 |
| Other income | 20 | 4,096,882 | 14,132,334 |
| Other expenses | | (901,224) | (238,911) |
| Results of operating activities | | 806,603,938 | 998,487,211 |
| Profit before tax from general operations | | 806,603,938 | 998,487,211 |
| Profit from Window Retakaful Operations | | 7,725,894 | 9,240,868 |
| Profit before tax | | 814,329,832 | 1,007,728,079 |
| Income tax expense | | (263,379,153) | (339,305,623) |
| Profit after tax | | 550,950,679 | 668,422,456 |
| Earnings (after tax) per share - Rupees | | 1.84 | 2.23 |

The annexed notes 1 to 28 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 March 31, 2021

| | 31 Mar 2021 Unaudited | 31 Mar 2020 Unaudited |
|--|--------------------------------------|--------------------------------------|
| | ----- Rupees ----- | |
| Profit for the Period | 550,950,679 | 668,422,455 |
| Other comprehensive income / (loss) | | |
| Items that may not be reclassified subsequently to profit and loss account | | |
| Unrealized loss on available for sale investments - net | (143,026,573) | - |
| Other Comprehensive Income Window Retakaful Operations | 172,804 | - |
| Transfer to profit and loss account on disposal of available | (142,853,769) | - |
| Items that will not be reclassified subsequently to profit and loss account | | |
| Other comprehensive income for the period | <u>(142,853,769)</u> | - |
| Total comprehensive income / (loss) for the period | <u><u>408,096,910</u></u> | <u><u>668,422,455</u></u> |
| Profit and loss appropriation account | | |
| Balance at the commencement of year | 10,241,544,195 | 6,871,489,376 |
| Total comprehensive income for the Period | 408,096,910 | 668,422,455 |
| Balance of unappropriated profit at the end of the period | <u><u>10,649,641,105</u></u> | <u><u>7,539,911,831</u></u> |

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the period ended March 31, 2021

| | Share capital | | Reserves | | | Revenue reserves | | Total |
|--|-------------------------------|--------------------------------|---------------------------------------|----------------------|----------------------|----------------------|-----------------------|-------|
| | Issued subscribed and paid-up | Reserve for exceptional losses | Unrealized gain on available for sale | General reserve | Retained earnings | Total reserves | | |
| | ----- Rupees ----- | | | | | | | |
| 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 March 31, 2020 | - | - | - | - | 668,422,455 | 668,422,455 | 668,422,455 | |
| Transactions with owners | - | - | - | - | 668,422,455 | 668,422,455 | 668,422,455 | |
| Balance as at March 31, 2020 | 3,000,000,000 | 281,000,000 | 1,652,641,179 | 1,777,419,085 | 3,786,159,866 | 7,497,220,130 | 10,497,220,130 | |
| Balance as at January 01, 2021 | 3,000,000,000 | 281,000,000 | 1,440,831,468 | 1,777,419,085 | 3,742,293,642 | 7,241,544,195 | 10,241,544,195 | |
| Total Comprehensive income for the period ended March 31, 2021 | - | - | - | - | 550,950,679 | 550,950,679 | 550,950,679 | |
| Remeasurement of defined benefit obligations - net | - | - | (142,853,769) | - | - | (142,853,769) | (142,853,769) | |
| Transactions with owners | - | - | (142,853,769) | - | 550,950,679 | 408,096,910 | 408,096,910 | |
| Effect of change in accounting policy - note | - | - | - | - | - | - | - | |
| Balance as at March 31, 2021 | 3,000,000,000 | 281,000,000 | 1,297,977,699 | 1,777,419,085 | 4,293,244,321 | 7,649,641,105 | 10,649,641,105 | |

The annexed notes 1 to 28 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 March 31, 2021

| | 2021 | 2020 |
|--|----------------------|--------------------|
| | (Rupees) | (Rupees) |
| Operating Cash Flows: | | |
| Underwriting activities:- | | |
| Premium received | 2,438,940,124 | 2,992,665,957 |
| Reinsurance premium paid | (1,912,391,303) | (2,143,964,565) |
| Claims paid | (1,581,064,956) | (516,122,968) |
| Reinsurance and other recoveries received | 1,119,434,515 | - |
| Commission paid | (351,906,471) | (281,515,610) |
| Commission received | 91,242,643 | 98,625,562 |
| Premium and claim reserves retained from retrocessionaires/withheld by ceding companies | 14,312,108 | - |
| Other underwriting payments (management expenses) | (99,875,003) | (108,511,991) |
| Net cash flows generated from underwriting activities | (281,308,343) | 41,176,385 |
| Other Operating Activities | | |
| Income tax paid | (47,049,381) | (187,065,041) |
| General management expenses paid | (356,156) | (238,911) |
| Payment under defined benefit obligations | - | - |
| Other operating (payments) / receipts | (63,867,547) | (47,166,414) |
| Advances to employees | 7,342,267 | 8,012,887 |
| Net cash used in other operating activities | (103,930,817) | (226,457,479) |
| Total cash flow generated from all operating activities | (385,239,160) | (185,281,094) |
| Investment activities | | |
| Fixed Capital expenditure | (87,411) | (5,230,267) |
| Acquisition of investments | (4,340,301,873) | (2,157,309,969) |
| Rental income received - net of expenses | (2,427,460) | (4,378,127) |
| Dividend income received | 38,636,940 | 34,868,421 |
| Interest income on bank deposits | 84,784,447 | 105,987,988 |
| Investment income received - net of expenses | 141,241,714 | 211,659,656 |
| Proceeds on sale/ maturity of investments | 3,932,385,123 | 1,695,943,074 |
| Total cash used in investing activities | (145,768,520) | (118,459,224) |
| Financing activities | | |
| Surplus paid | - | - |
| Dividend paid | - | (80,253) |
| Payments of finance leases | - | - |
| Total cash generated used in financing activities | - | (80,253) |
| Net cash generated from all activities | (531,007,680) | (303,820,571) |
| Cash at beginning of the period | 1,570,505,178 | 815,678,747 |
| Cash at end of the period | 1,039,497,498 | 511,858,176 |

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

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CEO

DIRECTOR

DIRECTOR

CHAIRMAN

| | 2021 (Rupees) | 2020 (Rupees) |
|---|--------------------|--------------------|
| Reconciliation to profit and loss account | | |
| Operating cash flows | (385,239,160) | (185,281,094) |
| Depreciation expense | | |
| -Fixed assets | (4,451,391) | (1,366,391) |
| -Investment property | - | (696,832) |
| Exchange gain | (545,068) | 5,712,474 |
| Rental income | 23,558,515 | 20,384,996 |
| Reinsurance recoveries against outstanding claims | (1,083,916,618) | 1,882,331 |
| Provision for outstanding claims | 891,923,333 | (137,608,114) |
| Provision for unearned premium | 148,224,541 | 1,660,354,785 |
| Prepaid reinsurance | (490,495,118) | (1,160,366,726) |
| Provision for employee benefits | 51,529,428 | 46,409,759 |
| Dividend income | 47,980,350 | 34,868,421 |
| Investment income | (14,268,679) | (67,204,570) |
| Interest income | 181,187,365 | 243,473,527 |
| Amortization of premium | 6,319,723 | 7,139,278 |
| Gain on sale of investment | - | 18,378,357 |
| (Decrease)/Increase in operating assets other than cash | 1,198,182,172 | (321,042,744) |
| (Decrease)/(Increase) in operating liabilities | 196,914,990 | 637,992,208 |
| | 766,904,383 | 803,029,665 |
| Other adjustments: | | |
| Income tax paid | 47,049,381 | 187,065,041 |
| | 47,049,381 | 187,065,041 |
| Profit/(Loss) before taxation | 813,953,764 | 990,094,706 |
| Provision for taxation | (263,379,153) | (339,305,623) |
| Profit/(Loss) after taxation | 550,574,611 | 650,789,083 |

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 | 101,929 | 121,638 |
| Current and other accounts | 1,039,395,569 | 811,736,538 |
| | <i>Rupees</i> 1,039,497,498 | 811,858,176 |

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

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

With effect from February 15, 2001, the Company took over all the assets and liabilities of former Pakistan Insurance Corporation (PIC) vide SRO No.98(1)/2000 dated February 14, 2001 of the Ministry of Commerce issued in terms of Pakistan Insurance Corporation Reorganization) 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 MEASUREMENT

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

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

3.2 Functional and presentation currency

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

3.3 Statement of compliance

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2019 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information of the Company for the quarter ended March 31, 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.

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2020, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the quarter ended March 31, 2021.

4 USE OF ESTIMATES AND JUDGMENTS

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

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2020.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2020 .

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

6 PROPERTY AND EQUIPMENT

| | Mar. 31, 2021 Rupees | Dec. 31, 2020 Rupees |
|---|-------------------------|-------------------------|
| Opening balance as at | 65,702,538 | 63,881,050 |
| Additions during the period | | |
| Furniture, fixtures and office equipments | 291,290 | - |
| Motor vehicles (owned) | - | - |
| Right-of-use Asset(Leasehold land) | 72511 | 727,752 |
| Capital work in process(Computer equipment) | 72,511 | 1,019,042 |
| Leasehold improvements | 65,775,049 | 64,900,092 |
| Less: | | |
| transferred | | (8,474,169) |
| Deprecation charge for the period | 4,117,126 | 7,671,723 |
| | 61,657,923 | 65,702,538 |

7 INVESTMENT PROPERTIES

| | Mar. 31, 2021 Rupees | Dec. 31, 2020 Rupees |
|----------------------------------|-------------------------|-------------------------|
| Cost | 158,716,140 | 158,716,140 |
| Depreciation | (133,219,469) | (131,866,547) |
| Balance at beginning of year | 25,496,671 | 26,849,593 |
| Depreciation for the period/year | (319,365) | (1,352,922) |
| | 25,177,306 | 25,496,671 |
| Carrying Value | <u>25,177,306</u> | <u>25,496,671</u> |

The market value of investment properties is Rs.1.229.30 million, as per valuation carried out by an independent valuer as at December 31, 2020.

8 INVESTMENT IN EQUITY SECURITIES

8.1 Investments - Held For Trading

| | March 31,2020 (Uaudited) | | | | Dec 31,2020 | | | |
|----------------------------------|--------------------------|--|------------------------|--------------------|--------------------|------------------------|------------------------|--------------------|
| | Cost | | Unrealized Gain / Loss | Carrying Value | Cost | Impairment / provision | Unrealized Gain / Loss | Carrying Value |
| | Rupees | | | | Rupees | | | |
| Listed Share | 174,704,867 | | (10,240,539) | 164,464,328 | 192,711,620 | | (18,006,753) | 174,704,867 |
| Total of Held For Trading | 174,704,867 | | (10,240,539) | 164,464,328 | 192,711,620 | | (18,006,753) | 174,704,867 |

8.2 Investments - Available For Sale

| | March 31,2020 (Uaudited) | | | | Dec 31,2020 | | | |
|---------------------------------|--------------------------|--------------------|------------------------|----------------------|----------------------|------------------------|------------------------|----------------------|
| | Cost | | Unrealized Gain / Loss | Carrying Value | Cost | Impairment / provision | Unrealized Gain / Loss | Carrying Value |
| | Rupees | | | | Rupees | | | |
| Listed shares | 373,163,266 | | 1,619,935,713 | 1,993,098,979 | 373,163,266 | - | 1,781,322,761 | 2,154,486,027 |
| Unlisted Shares | 2,608,104 | 1,990,492 | | 617,613 | 2,608,104 | 1,990,491 | - | 617,613 |
| Mutual Funds | 1,592,488,809 | 307,657,758 | (434,231,648) | 1,465,914,919 | 1,592,488,810 | 307,657,758 | (466,707,233) | 1,433,439,335 |
| Total Available For Sale | 1,968,260,179 | 309,648,250 | 1,185,704,065 | 3,459,631,511 | 1,968,260,180 | 309,648,249 | 1,314,615,528 | 3,588,542,975 |
| Total Equity Securities | 2,142,965,046 | 309,648,250 | 1,175,463,526 | 3,624,095,839 | 2,160,971,800 | 309,648,249 | 1,296,608,775 | 3,763,247,842 |

9 Investments in Debt Securities

9.1 Pakistan Investment Bond - Held To Maturity

| | | Amortized cost | Carrying Value | Amortized cost as at | Carrying Value |
|---|-----------------------------------|--------------------------|----------------------|----------------------|----------------------|
| | | March 31,2021 (Uaudited) | | 31-Dec-20 | |
| | | Rupees | | Rupees | |
| 1 | Pakistan Investment Bonds - Fixed | 2,024,018,163 | 2,024,018,163 | 2,024,018,163 | 2,017,569,742 |
| 2 | Pakistan Investment Bonds - Float | 551,325,992 | 551,325,992 | 551,691,150 | 551,454,689 |
| 3 | Term Finance Certificate | 99,920,000 | 99,920,000 | 99,920,000 | 99,920,000 |
| 4 | Treasury Bills | 5,374,516,775 | 5,374,516,775 | 4,973,013,535 | 4,973,013,535 |
| | Total | 8,049,780,930 | 8,049,780,930 | 7,648,642,848 | 7,641,957,966 |

9.2 Pakistan Investment Bond - Available For Sale

| | | Amortized cost | Carrying Value | Amortized cost as at | Carrying Value |
|------------------------------------|---------------------------|--------------------------|----------------------|----------------------|----------------------|
| | | March 31,2021 (Uaudited) | | 31-Dec-20 | |
| | | Rupees | | Rupees | |
| 1 | Pakistan Investment Bonds | 592,727,736 | 621,846,295 | 553,208,750 | 629,547,902 |
| | Total | | | | |
| Grand Total Debt Securities | | 8,642,508,666 | 8,671,627,225 | 8,201,851,598 | 8,271,505,868 |

10 LOANS AND OTHER RECEIVABLES

| | March 31, 2021 | Dec. 31, 2020 |
|-------------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| - Considered good | | |
| Accrued investment income | 192,432,530 | 103,805,616 |
| Loans to employees | 71,903,571 | 79,245,838 |
| Receivable from Sindh Revenue Board | 2,573,888,727 | 2,573,888,727 |
| Receivable from Tenants | - | 108,231,867 |
| Sundry receivables | 21,065,751 | 13,969,952 |
| | <u>2,859,290,579</u> | <u>2,879,141,999</u> |

- 10.1** 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.

11 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good

| | March 31, 2021 | Dec. 31, 2020 |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| Due from insurance contract holders | 10,220,993,291 | 9,181,348,022 |
| Less: provision for impairment of receivables from insurance contract holders | (870,803,755) | (1,040,262,155) |
| | <u>9,350,189,536</u> | <u>8,141,085,867</u> |
| Premium and claim reserves retained by cedants | 2,687,892 | 17,000,000 |
| Less: provision for impairment of receivables from other insurers / reinsurers | (17,000,000) | (17,000,000) |
| | <u>9,335,877,428</u> | <u>8,141,085,867</u> |

12 CASH AND BANK

| | March 31, 2021 | Dec. 31, 2020 |
|----------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Cash in Hand | 101,929 | 100,232 |
| Cash and other equivalents | (101,696,106) | 87,404,388 |
| Saving accounts | 1,141,091,675 | 1,483,000,559 |
| | <u>1,039,497,498</u> | <u>1,570,505,178</u> |

- 12.1** The saving accounts carry markup at the rates ranging from 8.75% to 11.25% (2018: 3.75% to 8.75%) per annum.

13 RESERVES

| | March 31, 2021 | Dec. 31, 2020 |
|--------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Capital Reserve | | |
| Reserve for exceptional losses | 281,000,000 | 281,000,000 |
| Revenue Reserve | | |
| Available for Sale Reserve | 1,297,804,895 | 1,440,831,468 |
| General Reserve | 6,062,937,512 | 5,519,712,727 |
| | <u>7,641,742,407</u> | <u>7,241,544,195</u> |

14 INSURANCE / REINSURANCE PAYABLES

| | March 31, 2021 | Dec. 31, 2020 |
|-------------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Due to insurance contract holders | 4,378,784,579 | 4,534,527,366 |
| Premium and claim reserves retained | 15,824,356 | 15,824,356 |
| | <u>4,394,608,935</u> | <u>4,550,351,722</u> |

15 OTHER CREDITORS AND ACCRUALS

| | <u>March 31, 2021</u> | <u>Dec. 31, 2020</u> |
|-------------------------------|-----------------------|----------------------|
| | Rupees | Rupees |
| Unpaid and unclaimed dividend | 155,208,129 | 147,891,866 |
| Other Creditors and Accruals | 40,982,942 | 42,119,119 |
| Security Deposits | 19,425,891 | 20,075,526 |
| Accrued expenses | 8,412,844 | 18,426,940 |
| Surplus profit payable | 7,580,785 | 7,580,785 |
| | <u>76,402,462</u> | <u>88,202,370</u> |

- 15.1** 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.

16 CONTINGENCIES AND COMMITMENTS

KPT

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, 2019 amounting to Rs. 29.950 million (December 31, 2018: Rs. 26.935 million).

Currently, a stay is operating in favour of the Company and the matter is pending before the Honourable High Court of Sindh, 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 Honourable High Court of Sindh and a hearing has been fixed on April 09, 2021 and the matter is still pending.

SRB

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 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 Honourable 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.

Subsequently, 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. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference in the Honourable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.

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 year 2017, 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 may keep contesting the case in High Court vigorously.

After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to the condition that SRB will 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 Honourable High Court of Sindh 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 Honourable High Court of Sindh.

During previous year, the SECP vide letter No. ID/PRDD/TAXATION/2020/15 dated March 13, 2020 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.

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.. 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.

Further, if the matter is decided against the Company, the charge to accumulated profits would amount to Rs. 14,042.042 million (approximately) pertaining to the years 2011 to 2020 excluding any additional penalty or default surcharge. The pending legal proceeding may result in claims that the Company is unlikely to be able to satisfy. Further, in that case, the overall equity may erode and turn into negative and the Company would also face liquidity crunch and be unable to meet its solvency requirements in addition to "going concern assumption" basis of accounting.

Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favour of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2020 has been recorded in these financial statements.

Employee Old Age Benefit Institution

The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution (EOBI) 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 it 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 are not applicable. A suit was filed with the Honourable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honourable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favourable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of

Federal Excise Duty

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 Honourable High Court of Sindh and the Honourable High Court of Sindh vide order dated January 29, 2019 has suspended the proceedings initiated through the above show-cause notice.

Unaudited

3 months

| | March 31, 2021 | March 31, 2020 |
|---|----------------------|----------------------|
| | Rupees | Rupees |
| 17 NET PREMIUM REVENUE | | |
| Written gross premium | 3,648,043,791 | 2,683,361,677 |
| Add: Unearned premium reserve opening | 6,513,672,434 | 8,451,658,849 |
| Less: Unearned premium reserve closing | 6,365,447,892 | 6,791,304,063 |
| Premium earned | 3,796,268,333 | 4,343,716,463 |
| Less: Reinsurance premium ceded | 1,756,103,448 | 1,419,276,212 |
| Add: Prepaid reinsurance premium opening | 4,144,132,224 | 5,453,474,265 |
| Less: Prepaid reinsurance premium closing | 3,653,637,106 | 4,293,107,539 |
| Reinsurance expense | 2,246,598,566 | 2,579,642,938 |
| | 1,549,669,767 | 1,764,073,525 |
| 18 NET INSURANCE CLAIMS | | |
| Claims paid | 1,581,064,956 | 516,122,968 |
| Add: Outstanding claims including IBNR closing | 9,583,646,797 | 8,154,207,023 |
| Less: Outstanding claims including IBNR opening | 10,480,686,890 | 8,016,598,909 |
| Claims expense | 684,024,863 | 653,731,082 |
| Less: Reinsurance and other recoveries received | 1,119,434,515 | - |
| Add: Reinsurance and other recoveries in respect of outstanding claims closing | 4,519,891,413 | 3,936,247,052 |
| Less: Reinsurance and other recoveries in respect of outstanding claims opening | 5,603,808,031 | 3,934,364,721 |
| Reinsurance and other recoveries revenue | 35,517,897 | 1,882,331 |
| | 648,506,966 | 651,848,751 |
| 19 NET COMMISSION AND OTHER ACQUISITION COSTS | | |
| Commission paid or payable | 351,906,470 | 281,515,610 |
| Add: Deferred commission expense opening | 708,870,616 | 918,544,431 |
| Less: Deferred commission expense closing | 641,762,070 | 719,055,375 |
| Net commission | 419,015,016 | 481,004,666 |
| Less: Commission received or recoverable | 91,242,643 | 98,625,562 |
| Add: Unearned reinsurance commission opening | 338,532,613 | 452,020,316 |
| Less: Unearned reinsurance commission closing | 244,952,220 | 343,736,996 |
| Commission from reinsurers | 184,823,036 | 206,908,882 |
| | 234,191,980 | 274,095,784 |

20 **OTHER INCOME**

| | <u>March 31, 2021</u> Rupees | <u>March 31, 2020</u> Rupees |
|----------------------|---------------------------------|---------------------------------|
| Return on Deposits | 4,096,882 | 8,392,500 |
| Miscellaneous income | - | 27,360 |
| Exchange gain | - | 5,712,474 |
| | <u>4,096,882</u> | <u>14,132,334</u> |

21 **TAXATION**

| | <u>March 31, 2021</u> Rupees | <u>March 31, 2020</u> Rupees |
|----------------------------|---------------------------------|---------------------------------|
| For the quarter Current | 263,379,153 | 339,305,623 |

Income Tax

The status of orders passed under section 122 of the Income Tax Ordinance, 2001 is as follows:

| S. no. | Tax year | Tax Demand (Rupees) | Status of the case |
|--------|----------|---------------------|---|
| 1 | 2010 | 20,748,022 | CIRA has decided issues against Company which are pending in ATIR. |
| 2 | 2011 | 97,770,680 | Tax liability of Rs. 97,770,680 is arising due to unavailability of brought forward loss relating to TY 2010 due to assessment order passed for the aforesaid tax year. |
| 3 | 2012 | 127,326,208 | Tax liability of Rs. 127,326,208 is arising due to unavailability of loss of Rs. 212,481,202 relating to Tax Year 2010 and tax refund of Rs. 52,957,787 relating to Tax Year 2011, due to assessment orders passed for these tax years. |
| 4 | 2013 | 9,342,660 | Appeal effect order with regard to CIRA & ATIR orders are pending. Tax liability of Rs. 42,040,463 is arising due to unavailability of tax refunds of Rs. 1,025,968 and Rs. 41,014,495 relating to Tax Years 2010 and 2012 respectively, due to assessment orders passed for these tax years. |
| 5 | 2014 | 412,724,772 | This pertains to the non deduction of tax on commission and charge id Workers' Welfare Fund. |
| 6 | 2015 | 772,134 | This pertains to the disallowance of exchange loss of Rs. 50,578,845 on the ground that it was notional in nature and a provision without considering that the loss is allowable as per provisions of the Ordinance. The Company is contesting the gross loss has been incurred due to following of the mercantile system therefore it is to be allowed and the Company's has relied on the judgement of the Tribunal reported as 2011 PTD 352 and unreported judgement in ITA no. 133 KB 2011. |
| 7 | 2016 | 223,912,913 | Loss on re-measurement of defined benefit obligations of Rs. 675,584,000 and Provision for compensated absences of Rs. 60,868,000 was disallowed. The Company contends that loss is computed by a qualified actuary and is a determined liability. The above disallowance is found well by the ADCIR. The issue is pending in ATIR, however same issue have been decided in Company's favour in tax year 2015. Appeal effect given vide order dated April 6, 2017. Full bench had been formed due to a conflicting decision of Hon. Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet. |

| S. No. | Tax year | Tax Demand (Rupees) | Status of the case |
|-----------------------------|----------|---------------------|---|
| 8 | 2018 | 353,612,146 | <p>This pertains to the non deduction of tax on commission and the commission expense has been disallowed. It was clarified to ACIR that reinsurance commission is reimbursement of expenses and is not in the nature of Commission as also clarified by SECP. It was further informed to ACIR that the so called commission expense was not in the nature of commission in terms of section 233 of the Ordinance.</p> <p>It was further informed to ACIR that the issue is already decided by Tribunal in Company's favour in respect of Tax years 2008, 2009, 2011 and 2012, which were required to be followed as per section 124A of the Ordinance. ACIR does not agree with Company's view and disallowed Commission expense on the ground that the tax was not withheld on the amount by relying on the decision of Tribunal in the Company's own case in respect of Tax year 2014/15. The Company has filed an appeal before CIRA and the matter is still pending.</p> |
| <u>1,246,209,535</u> | | | |

The status of orders passed under section 161 of the Income Tax Ordinance, 2001 is as follows:

| S. no. | Tax year | Tax Demand (Rupees) | Status of the case |
|---------------------------|----------|---------------------|---|
| 1 | 2014 | 260,214,169 | Company received various notices in respect of non deduction of with holding tax on commission paid to ceding companies. CIRA has decided issue of Commission expense against Company and appeal is pending in ATIR. Full bench had been formed due to a conflicting decision of Hon. Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet. |
| 2 | 2015 | 39,541,845 | |
| 3 | 2016 | 182,699,756 | |
| <u>482,455,770</u> | | | |

Grand total 1,728,665,305

The above matters are pending before various forums. On the basis of the opinion of tax advisor, the Company is confident that the eventual outcome will be in favour of the Company.

22 FAIR VALUE HIERARCHY

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

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

The fair value hierarchy has the following levels:

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

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

| | As at March 31, 2021 | Level 1 | Level 2 | Level 3 |
|--|-------------------------|----------------|---------------|---------|
| | -----Rupees----- | | | |
| Financial assets measured at fair value | | | | |
| Investments at fair value through profit or loss - held for trading | | | | |
| Ordinary shares - listed | 164,464,328 | 164,464,328.00 | - | - |
| Investments at fair value- available for sale | | | | |
| Ordinary shares - listed | 1,993,098,979 | 1,993,098,979 | - | - |
| Mutual fund units | 1,465,914,919 | 1,465,914,919 | - | - |
| Ordinary shares - unlisted | 617613 | - | - | 617,613 |
| Investments- held to maturity | | | | |
| Pakistan Investment Bonds-Fixed | 2,645,864,458 | - | 2,645,864,458 | - |
| Pakistan Investment Bonds Floater | 551,325,992 | - | 551,325,992 | - |
| Treasury Bills | 5,374,516,775 | - | 5,374,516,775 | - |
| TFC | 99,920,000 | - | 99,920,000 | - |
| Available for Sale | | | | |
| Pakistan Investment Bond-Fixed | 621,846,295 | - | 621,846,295 | - |
| | As at Dec. 31, 2020 | Level 1 | Level 2 | Level 3 |
| | -----Rupees----- | | | |
| Financial assets measured at fair value | | | | |
| Investments at fair value through profit or loss - held for trading | | | | |
| Ordinary shares - listed | 174,704,867.00 | 174,704,867 | - | - |
| Investments at fair value - available for sale | | | | |
| Ordinary shares - listed | 2,154,486,027 | 2,154,486,027 | - | - |
| Mutual fund units | 1,433,439,335 | 1,433,439,335 | - | - |
| Ordinary shares - unlisted | 617,613 | - | - | 617,613 |
| Investments- held to maturity | | | | |
| Pakistan Investment Bonds | 2,647,117,644 | - | 2,647,117,644 | - |
| Pakistan Investment Bonds | 551,454,689 | - | 551,454,689 | - |
| Treasury Bills | 4,973,013,535 | - | 4,973,013,535 | - |
| TFC | 99,920,000 | - | 99,920,000 | - |

Pakistan Reinsurance Company Limited
Notes to the Financial Statements
For the period ended March 31, 2021

23 SEGMENT REPORTING

| Segment Current Year | Fire and property damage | Marine Cargo | Marine Hull | Accident | Aviation | Engineering | Treaty Prop | Treaty Non- prop | TOTAL |
|---|-----------------------------|---------------------|---------------------|-------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|
| | -----31 March 2021----- | | | | | | | | |
| | -----Rupees----- | | | | | | | | |
| Gross written premium | 355,683,725 | 7,507,093 | 55,704,338 | 50,191,219 | 74,740,585 | 1,714,208,067 | 1,209,105,636 | 180,903,128 | 3,648,043,791 |
| Unearned-Opening | 566,711,447 | 7,963,063 | 93,166,700 | 44,987,784 | 236,576,190 | 3,618,269,871 | 1,506,408,842 | 439,588,537 | 6,513,672,434 |
| Unearned-Closing | 655,335,670 | 9,023,397 | 3,164,687 | 53,404,121 | 190,380,520 | 3,237,978,329 | 1,805,106,082 | 411,055,086 | 6,365,447,892 |
| Premium Earned | 267,059,502 | 6,446,759 | 145,706,351 | 41,774,882 | 120,936,255 | 2,094,499,609 | 910,408,396 | 209,436,579 | 3,796,268,333 |
| Reinsurance-Ceded | 172,735,265 | - | 30,680,092 | - | 29,712,526 | 1,522,975,565 | - | - | 1,756,103,448 |
| Prepaid Reinsurance-Opening | 17,885,008 | - | 54,446,935 | 2,938,875 | 168,543,304 | 3,465,398,241 | 336,674,207 | 98,245,654 | 4,144,132,224 |
| Prepaid Reinsurance-Closing | 244,787,743 | - | - | 1,477,556 | 116,610,324 | 3,021,175,314 | 208,688,353 | 60,897,816 | 3,653,637,106 |
| Reinsurance Expenses | (54,167,470) | - | 85,127,027 | 1,461,319 | 81,645,506 | 1,967,198,492 | 127,985,854 | 37,347,838 | 2,246,598,566 |
| Net insurance premium | 321,226,972 | 6,446,759 | 60,579,324 | 40,313,563 | 39,290,749 | 127,301,117 | 782,422,542 | 172,088,741 | 1,549,669,767 |
| Commission income | 4,788,381 | - | - | 147,756 | 10,323,164 | 169,556,223 | 7,512 | - | 184,823,036 |
| Net underwriting income | 326,015,353 | 6,446,759 | 60,579,324 | 40,461,319 | 49,613,913 | 296,857,340 | 782,430,054 | 172,088,741 | 1,734,492,803 |
| Insurance claims paid | 38,618,335 | 135,093 | 59,430 | 6,508,701 | 1,035,523,011 | 10,248,082 | 397,691,494 | 92,280,810 | 1,581,064,956 |
| Outstanding-opening | 1,765,854,730 | 140,719,544 | 81,818,633 | 327,965,630 | 4,220,242,139 | 1,108,830,004 | 2,302,231,060 | 533,025,150 | 10,480,686,890 |
| Outstanding-closing | 1,881,506,089 | 81,430,547 | 53,400,530 | 322,173,580 | 3,044,657,371 | 1,199,471,165 | 2,435,801,274 | 565,206,241 | 9,583,646,797 |
| Insurance claims expenses | 154,269,694 | (59,153,904) | (28,358,673) | 716,651 | (140,061,757) | 100,889,243 | 531,261,708 | 124,461,901 | 684,024,863 |
| Reinsurance Recoveries Received | - | - | - | - | 1,119,434,515 | - | - | - | 1,119,434,515 |
| Recovery-opening | 245,413,842 | 66,733,022 | 29,989,753 | - | 3,974,870,199 | 845,050,591 | 376,534,914 | 65,215,710 | 5,603,808,031 |
| Recovery-closing | 245,413,842 | 5,083,022 | 10,949,753 | - | 2,929,344,215 | 906,458,602 | 360,247,281 | 62,394,698 | 4,519,891,413 |
| Insurance claims recovered from reinsurers | - | (61,650,000) | (19,040,000) | - | 73,908,531 | 61,408,011 | (16,287,633) | (2,821,012) | 35,517,897 |
| Net claims | 154,269,694 | 2,496,096 | (9,318,673) | 716,651 | (213,970,288) | 39,481,232 | 547,549,341 | 127,282,913 | 648,506,966 |
| Commission expense | 50,340,193 | 526,305 | 9,801,572 | 3,931,258 | 4,507,019 | 115,400,582 | 233,250,905 | 1,257,182 | 419,015,016 |
| Mangement expense | 10,130,125 | 213,807 | 1,586,499 | 1,429,482 | 2,128,665 | 48,821,865 | 34,436,188 | 5,152,250 | 103,898,881 |
| Preium deficiency expense | - | - | - | - | - | - | - | - | - |
| Net insurance claims and expenses | 214,740,012 | 3,236,208 | 2,069,398 | 6,077,391 | (207,334,604) | 203,703,679 | 815,236,434 | 133,692,345 | 1,171,420,863 |
| Underwriting results | 111,275,341 | 3,210,551 | 58,509,926 | 34,383,928 | 256,948,517 | 93,153,661 | (32,806,380) | 38,396,396 | 563,071,940 |
| Net investment income | | | | | | | | | 217,154,903 |
| Rental income | | | | | | | | | 23,181,435 |
| General and Admin expenses | | | | | | | | | (901,224) |
| Other expenses (Emp. Laon) | | | | | | | | | - |
| Other income | | | | | | | | | 4,096,882 |
| Profit before tax | | | | | | | | | 806,603,936 |
| Segment Assets | 326,015,353 | 6,446,759 | 60,579,324 | 40,461,319 | 49,613,913 | 296,857,340 | 782,430,054 | 172,088,741 | 1,734,492,803 |
| Unallocated Assets | | | | | | | | | 33,131,506,081 |
| | | | | | | | | | 34,865,998,884 |
| Segment Liabilities | 214,740,012 | 3,236,208 | 2,069,398 | 6,077,391 | (207,334,604) | 203,703,679 | 815,236,434 | 133,692,345 | 1,171,420,863 |
| Unallocated Liabilitied | | | | | | | | | 23,044,936,917 |
| | | | | | | | | | 24,216,357,780 |

| Segment Prior Year | Fire and property damage | Marine Cargo | Marine Hull | Accident | Aviation | Engineering | Treaty | Treaty | TOTAL |
|--|-----------------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|
| | -31 March 2020- | | | | | | | | |
| -----Rupees----- | | | | | | | | | |
| Gross written premium | 570,271,205 | 5,739,233 | (286,644) | 37,374,457 | 18,447,536 | 1,000,515,393 | 900,376,849 | 150,923,648 | 2,683,361,677 |
| Unearned-Opening | 563,735,480 | 6,552,853 | 118,792,816 | 56,340,140 | 2,980,344,955 | 2,670,711,570 | 1,770,947,012 | 284,234,023 | 8,451,658,849 |
| Unearned-Closing | 703,037,006 | 6,796,116 | 9,265,208 | 54,085,476 | 2,214,389,400 | 1,853,464,345 | 1,684,814,984 | 265,451,528 | 6,791,304,063 |
| Premium Earned | 430,969,679 | 5,495,970 | 109,240,964 | 39,629,121 | 784,403,091 | 1,817,762,618 | 986,508,877 | 169,706,143 | 4,343,716,463 |
| Reinsurance-Ceded | 485,847,437 | - | (5,633,021) | - | 28,541,269 | 903,929,615 | 6,590,912 | - | 1,419,276,212 |
| 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 | 376,524,361 | - | 3,535,698 | 1,636,024 | 1,879,625,358 | 1,794,137,773 | 237,648,325 | - | 4,293,107,539 |
| Reinsurance Expenses | 130,272,920 | - | 70,339,822 | 1,636,024 | 650,529,047 | 1,563,472,099 | 163,393,026 | - | 2,579,642,938 |
| Net insurance premium | 300,696,759 | 5,495,970 | 38,901,142 | 37,993,097 | 133,874,044 | 254,290,519 | 823,115,851 | 169,706,143 | 1,764,073,525 |
| Commission income | 7,305,586 | - | 9,340,481 | 163,603 | 64,851,675 | 125,083,800 | 163,737 | - | 206,908,882 |
| Net underwriting income | 308,002,345 | 5,495,970 | 48,241,623 | 38,156,700 | 198,725,719 | 379,374,319 | 823,279,588 | 169,706,143 | 1,970,982,407 |
| Insurance claims paid | 64,628,680 | 361,103 | 8,271 | 680,794 | - | 480,242 | 441,789,849 | 8,174,029 | 516,122,968 |
| Outstating-opening | 1,317,826,301 | 105,809,839 | 62,691,477 | 305,059,745 | 1,413,414,449 | 2,622,625,776 | 2,149,402,908 | 39,768,414 | 8,016,598,909 |
| Outstating-closing | 1,314,758,964 | 109,105,400 | 74,489,173 | 312,257,944 | 1,416,859,783 | 2,709,766,952 | 2,176,695,425 | 40,273,382 | 8,154,207,023 |
| Insurance claims expenses | 61,561,343 | 3,656,664 | 11,805,967 | 7,878,993 | 3,445,334 | 87,621,418 | 469,082,366 | 8,678,997 | 653,731,082 |
| Reinsurance Recoveries Received | - | - | - | - | - | - | - | - | - |
| 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 | 206,495,743 | 39,267,000 | 23,402,252 | 612,403 | 1,244,472,392 | 2,254,192,711 | 167,804,551 | - | 3,936,247,052 |
| Insurance claims recovered from reinsurers | - | - | - | - | 1,882,331 | - | - | - | 1,882,331 |
| Net claims | 61,561,343 | 3,656,664 | 11,805,967 | 7,878,993 | 1,563,003 | 87,621,418 | 469,082,366 | 8,678,997 | 651,848,751 |
| Commission expense | 51,209,079 | 502,006 | 9,647,862 | 3,557,783 | 39,024,819 | 101,206,383 | 274,178,017 | 1,678,717 | 481,004,666 |
| Mangement expense | 18,848,199 | 344,497 | 2,438,392 | 2,381,474 | 8,391,459 | 15,939,374 | 53,097,599 | 9,134,220 | 110,575,214 |
| Preium deficiency expense | - | - | - | - | - | - | - | - | - |
| Net insurance claims and expenses | 131,618,621 | 4,503,167 | 23,892,221 | 13,818,250 | 48,979,281 | 204,767,175 | 796,357,982 | 19,491,934 | 1,243,428,631 |
| Underwriting results | 176,383,724 | 992,803 | 24,349,402 | 24,338,450 | 149,746,438 | 174,607,144 | 26,921,606 | 150,214,209 | 727,553,775 |
| Net investment income | | | | | | | | | 236,655,012 |
| Rental income | | | | | | | | | 20,384,996 |
| General and Admin expenses | | | | | | | | | (238,911) |
| Other income | | | | | | | | | 14,132,334 |
| Profit before tax | | | | | | | | | 998,487,206 |
| Segment Assets | 308,002,345 | 5,495,970 | 48,241,623 | 38,156,700 | 198,725,719 | 379,374,319 | 823,279,588 | 169,706,143 | 1,970,982,407 |
| Unallocated Assets | | | | | | | | | 30,889,747,360 |
| | | | | | | | | | <u>32,860,729,767</u> |
| Segment Liabilities | 131,618,621 | 4,503,167 | 23,892,221 | 13,818,250 | 48,979,281 | 204,767,175 | 796,357,982 | 19,491,934 | 1,243,428,631 |
| Unallocated Liabilitied | | | | | | | | | 22,353,399,857 |
| | | | | | | | | | <u>23,596,828,488</u> |

24 Transaction with related parties are summarised as follows:

| Nature of transaction | March 31, 2021 | March 31, 2020 |
|---|-----------------------|-----------------------|
| | Rupees | Rupees |
| Dividend Income Group Company | 31,680,000.00 | 27,720,000.00 |
| Insurance claims paid | 1,035,789,687 | - |
| Insurance commission paid | 36,692,446 | 45,262,417 |
| Premium due but unpaid | 3,327,220,693 | 5,372,210,471 |
| Insurance premium written during period | 1,691,786,605 | 1,001,638,335 |
| Premium received | (2,885,873,536) | (1,911,820,700) |
| | 2,133,133,762 | 4,462,028,106 |

25 EARNINGS PER SHARE - BASIC AND DILUTED

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

| | <u>Three Months ended</u> 2021 | <u>Three Months ended</u> 2020 |
|---|--|--|
| Profit after tax for the period (Rupees) | <u>550,950,679</u> | <u>668,422,623</u> |
| Weighted average number of ordinary shares | <u>300,000,000</u> | <u>300,000,000</u> |
| Earning per share - basic (Rupees) | <u>1.84</u> | <u>2.23</u> |

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

26 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 2020.

27 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 30th April, 2021 by the Board of Directors of the Company.

28 GENERAL

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN