

Directors' Report

For Six Months Ended June 30, 2021

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 six months ended June 30, 2021.

Review of Conventional Business Activities

The gross written premium is Rs. **8,260** million against an amount of Rs. 7,646 million for the corresponding period of last year, showing an increase of Rs. 614 million (8.00%). The net premium is Rs. **3,495** million against Rs. 3,178 million, showing an increase of Rs. 317 million (9.98%). The net commission expense for the period is Rs. **483** million as compared to Rs. 502 million, showing decrease of Rs. 18 million (-3.66%). The net claims are Rs. **2,420** million against Rs. 1,931 million, showing an increase of Rs. 489 million (25.32%).

The underwriting results after management expenses for the period under review are Rs. **179** million as compared to Rs. 346 million for the corresponding period last year showing decrease of Rs. 167 million. (-48.26%)

The income from investment, rental and other income for the period under review is recorded as Rs. 632 million, as compared to Rs. 455 million in the corresponding period of last year, showing an increase of Rs. 177 million (38.90%) .

The profit before tax for the period under review is Rs. **818** million, as compared to Rs. 815 million recorded in the corresponding period last year, showing an increase of Rs. 3 million (0.37%).

The profit after tax for the period under review is Rs. 587 million, as compared to Rs. 716 million in the corresponding period of last year showing decrease of Rs. 129 million (-18.01%) resulting in earning per share of Rs. **1.96** as compared to Rs. 2.39 for the corresponding period of last year showing decrease of Rs. 0.43 per share (-17.99%).

Review of Window Re-Takaful Business Activities

Participants' Retakaful Fund

The gross written contribution is Rs. **390** million against an amount of Rs. 233 million for the corresponding period of last year, showing an increase of Rs. 157 million (67.38%). The net contribution is Rs. **283** million against Rs. 227 million, showing an increase of Rs. 56 million (24.67%). The wakala expense for the period is Rs. **67** million as compared to Rs. 59 million, showing an increase of Rs. 8 million (13.56%). The net claim expense for the period is Rs. 273 million as compared to Rs. 153 million, showing an increase of Rs. 120 million (78.43%), The income from investment for the period under review is recorded as Rs. 4.4 million, as compared to Rs. 4.3 million in the corresponding period of last year, showing an increase of Rs. 0.1 million (2.3%).

Operator's Retakaful Fund

The wakala income for the period is Rs. 67 million as compared to Rs. 59 million, showing an increase of Rs. 8 million (13.56%). The commission expense for the period is Rs. 60 million as compared to Rs. 47 million, showing an increase of Rs. 13 million (27.66%), The general administrative & management expense for the period is Rs. 4.3 million as compared to Rs. 2.7 million, showing an increase of Rs. 1.6 million (59.26%), The income from investment for the period under review is recorded as Rs. 11.26 million, as compared to Rs. 13.57 million in the corresponding period of last year, showing decrease of Rs. 2.31 million.

The profit after tax for the period under review is Rs. 9.56 million, as compared to Rs. 15.92 million in the corresponding period of last year showing an increase of Rs. 6.36 million (39.95%).

Auditors Qualification

The Auditors have issued qualified opinion on the following matters of conventional & Window Retakaful Business:

Conventional Business

1. As disclosed in note 12 to the condensed interim financial statements, loans and other receivables include receivable from Sindh Revenue Board (SRB) amounting to Rs. 2,573.89 (2020: Rs. 2,573.89) million which was recovered by SRB against the sales tax liability on reinsurance services. The Company has recorded this amount as an asset, however the Company could not substantiate any control over the underlying asset and the flow of economic benefits is improbable due to ongoing Court case. Had the Company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly.

Management Comments

Based on the legal opinion, the Company is expecting a favourable decision from Honorable Sindh High Court and the amount recovered by SRB shall be refunded to the Company. Accordingly, the Company has recorded the amount recovered by SRB as receivable

2. Note 13, 15, 18, 20, 21, 26, 28, 29, 30, 33 and 35 to the condensed interim financial statements include certain account balances and class of transactions which have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate evidence in respect of such account balances and class of transactions because the Company does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Management Comments

As prescribed under section 43 of Insurance Ordinance 2000, the Company records the transactions relating to Premiums, Claims and Commissions on account of its treaty business on the basis of returns received from Ceding Insurance Companies and require supporting documents from them whenever deemed necessary. However, as pointed out by the auditors, further supporting documents are being obtained from ceding companies.

Window Retakaful Business

1. As disclosed in note 18 to the condensed interim financial statements, “Total assets from window retakaful operations - Operator's Retakaful fund” include an amount of Rs. 244.254 million provided as *Qard-e-hasna* to Participant's Retakaful Fund. The review report on the condensed interim financial statements of the Company's Window Retakaful Operations includes a modified conclusion with respect to the above mentioned balance. Had the balance been fully impaired, the “Total assets from window retakaful operations - Operator's Retakaful fund”, “Profit from window retakaful operations- Operator's Retakaful fund”, “Profit for the period” and “Total equity” would have been reduced by the same amount, accordingly.

Management Comments

Based on future projections, management expects that Participants' Retakaful Fund would be able to repay Qard-e-Hasna within next five years

2. Note9, 10, 12, 13, 18, 19, 20, 26, 27, 28, 30, and 32 to these condensed interim financial statements, certain account balances and class of transactions which have been recorded against treaty business. We were unable to complete our review in respect of such account balances and class of transactions because the Operations does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Management Comments

As prescribed under section 43 of Insurance Ordinance 2000, the Company records the transactions relating to Premiums, Claims and Commissions on account of its treaty business on the basis of returns received from Ceding Insurance Companies and require supporting documents from them whenever deemed necessary. However, as pointed out by the auditors, further supporting documents are being obtained from ceding companies.

3. As stated in note 9 to these condensed interim financial statements, the balances under the head “Takaful/Retakaful receivables” amount to Rs. 304,732,350 in respect of which balance confirmations have not been received. In the absence of independent confirmations, we were unable to obtain sufficient appropriate audit evidence to support our conclusion in respect of the existence and valuation related to these balances. Had we been able to complete our review of “Takaful/Retakaful receivables” matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.

Management Comments

Balance confirmations are received from the ceding insurers on annual basis and it is expected that this issue shall be received during the Annual Audit

4. As disclosed in note 11 to these condensed interim financial statements, the Operator has recorded a receivable of Rs. 244,254,221 as “Qard-e-hasna to Participant Retakaful Fund”. To assess the recoverability of the recognized receivable the management has prepared three years’ financial projections for future taxable surplus based on which management has concluded that there will be sufficient surplus to pay off the receivable.

The key assumptions to arrive at the taxable surplus are those regarding the growth rates, projected retrocession rates, net claim rates, commission rates, and unearned premium rates used in the projections. However, we were unable to obtain sufficient appropriate evidence to verify the reasonableness of the assumptions used in the projections. Therefore, we were unable to conclude our review in respect of the above balances.

Management Comments

Keeping in view the growth trend in Retakaful business, management expects that projected results shall be achieved

5. As disclosed in the note 1.4, these condensed interim financial statements are prepared on the assumption that the Operations will continue as a going concern. However, we were unable to obtain sufficient appropriate evidence to support our conclusion in respect of the assumptions used in the going concern assessment provided by the management. These condensed interim financial statements do not reflect any adjustment that would be required should the Operations be unable to continue as a going concern.

Management Comments

As already explained above, management expects that Participants' Retakaful Fund would be able to repay Qard-e-Hasna within next five years based on its projections. Further due to availability of support from the Operators, there is no question on the validity of going concern assumption used by the management.

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: 25th August, 2021

Chief Executive Officer

ناظمین کی رپورٹ

30 جون 2021 کو اختتام پذیر چھ 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 جون 2021 کو اختتام پذیر دوسری سہ ماہی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے میں خوشی محسوس کرتا ہوں۔

روایتی کاروباری سرگرمیوں کا جائزہ

گذشتہ سال کا اسی مدت کے 7,646 ملین روپے مجموعی تحریری پر بیم کے مقابلے میں اس مدت میں اس کی مالیت 8,260 ملین روپے ہے جو 614 ملین (8 فیصد) کا اضافہ دکھا رہا ہے۔ گذشتہ سال کے اسی مدت کے 3,178 ملین روپے خالص پر بیم کے مقابلے میں اس کی مالیت 3,495 ملین روپے رہی جو 317 ملین روپے (9.98 فیصد) کا اضافہ دکھا رہا ہے۔ مذکورہ مدت میں 483 ملین روپے کے خالص کمیشن کے اخراجات کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 502 ملین روپے ہے جو 18 ملین روپے (3.66 فیصد) کی کمی دکھا رہا ہے۔ مذکورہ مدت میں خالص دعوے 2,420 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 1,931 ملین روپے تھے جو 489 ملین روپے (25.32 فیصد) کا اضافہ دکھا رہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی ضمانت (underwriting) نتائج 179 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 346 ملین روپے تھی جو 167 ملین روپے (48.26 فیصد) کی کمی دکھا رہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی کرایہ اور دیگر آمدنی نے 632 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 455 ملین روپے تھا جو 177 ملین (38.90 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 818 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 815 ملین روپے تھا جو 3 ملین روپے (0.37 فیصد) کا اضافہ دکھا رہا ہے۔

زیر جائزہ مدت میں منافع بعد از محصول 587 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 716 ملین روپے تھا جو 129 ملین روپے (-) 18.01 فیصد) کی کمی دکھا رہا ہے، جس کا نتیجہ گذشتہ سال کی اسی مدت کے 2.39 روپے فی حصص کی آمدنی کے مقابلے میں اس مدت میں فی حصص آمدنی 1.96 روپے رہی جو 0.43 روپے فی حصص (17.99 فیصد) کی کمی دکھا رہا ہے۔

ونڈوری-نکافل کی کاروباری سرگرمیوں کا جائزہ

شراکت داری ری-نکافل فنڈ

گذشتہ سال کا اسی مدت کے 233 ملین روپے کے مجموعی تحریری شراکت کے حصے کے مقابلے میں اس مدت میں اس حصے کی مالیت 390 ملین روپے ہے جو 157 ملین روپے (67.38 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ سال کے اسی مدت کے 277 ملین روپے خالص حصہ کے مقابلے میں اس کی مالیت 283 ملین روپے ہے جو 56 ملین (24.67 فیصد) کا اضافہ دکھارہا ہے۔ مذکورہ مدت میں وکالہ (wakala) کے اخراجات 67 ملین روپے رہے جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 59 ملین روپے ہے جو 8 ملین روپے (13.56 فیصد) کا اضافہ دکھارہا ہے۔ زیر جائزہ مدت کے لیے خالص دعوے کے اخراجات 273 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت میں ان کی مالیت 153 ملین روپے تھی جو 120 ملین روپے (78.43 فیصد) کا اضافہ دکھارہا ہے۔ زیر غور مدت میں سرمایہ کاری سے 4.4 ملین کی آمدنی ہوئی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 4.3 ملین روپے جو 0.1 ملین روپے (2.3 فیصد) کا اضافہ دکھارہا ہے

آپریٹر کاری نکافل فنڈ

گذشتہ سال کا اسی مدت کے 59 ملین روپے کی وکالہ آمدنی کے مقابلے میں اس مدت میں اس کی مالیت 67 ملین روپے ہے جو 8 ملین (13.56 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ سال کے اسی مدت کے 47 ملین روپے کمیشن کے اخراجات مقابلے میں اس کی مالیت 60 ملین روپے رہی جو 13 ملین (27.66 فیصد) کا اضافہ دکھارہا ہے۔ زیر جائزہ مدت کے لیے عام انتظامی اور مینجمنٹ کے اخراجات 4.3 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت میں ان کی مالیت 2.7 ملین روپے تھی جو 1.6 ملین روپے (59.26 فیصد) کا اضافہ دکھارہا ہے۔ زیر غور مدت میں سرمایہ کاری سے 11.26 ملین کی آمدنی کا اندراج ہوا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 13.57 ملین روپے تھی جو 2.31 ملین روپے کی کمی دکھارہا ہے۔

زیر جائزہ مدت کے دوران 9.56 ملین روپے کا منافع بعد از ٹیکس رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 15.92 ملین روپے تھی جو 6.36 ملین روپے (39.95 فیصد) کا اضافہ دکھارہا ہے۔

محاسبین (Auditors) کا تبصرہ

محاسبین نے روایتی اور ونڈوری نکافل کاروبار پر مندرجہ ذیل معاملات پر اپنی کو ایفانڈ (qualified) رائے دی ہے۔

روایتی کاروبار

1. جیسا کہ مالیاتی دستاویزات کے نوٹ 12 میں ظاہر کیا گیا ہے کہ، قرضہ جات اور دیگر وصولیایاں بشمول سندھ بورڈ آف ریونیو (SRB) سے وصولیائی کی مالیت 2,573.89 (2,573.89:2020) ملین روپے جو SRB نے ری انشورنس کی خدمات پر بطور سیلز ٹیکس کی مالی ذمہ داری کے وصول کیا ہے۔ کمپنی نے اس رقم کو اپنا اثاثہ دکھایا ہے، تاہم کمپنی مذکورہ بالا اثاثہ پر اپنے اختیار کی توثیق نہیں کر سکا اور عدالت میں مقدمہ ہونے کی وجہ اس کے

معاشی فوائد قرین قیاس ہے۔ اگر کمپنی اس اثاثہ کا اندراج نہ کیا ہوتا تو، کل اثاثہ جات، جمع شدہ منافع، حصص کنندگان کا ملکیتی سرمایہ اور قرضہ جات کی ادائیگی کی صلاحیت اسی مناسبت سے ان کی مالیت کم ہو سکتی تھی۔

انتظامیہ کا تبصرہ

قانونی رائے کے مطابق، کمپنی کو توقع ہے کہ معزز عدالت عالیہ کی جانب سے موافق فیصلہ آئے گا اور سندھ بورڈ آف ریونیو (SRB) کی جانب سے وصول کردہ بلز ٹیکس کی رقم کمپنی کو واپس مل جائے گی۔ اس وجہ سے کمپنی نے اس رقم کو SRB سے بطور وصولی کے اندراج کیا ہے۔

2. جیسا کہ درمیانی مدت کی مختصر مالیاتی دستاویزات کے نوٹ نمبر 13، 15، 18، 20، 21، 26، 28، 29، 30، 33 اور 35 میں ظاہر کیا گیا ہے، کچھ کھاتوں کے بقایا جات اور مختلف درجہ کے لین دین کے سودوں کا اندراج متناسب معاہداتی (Treaty) کاروبار کی مد میں کیا گیا ہے۔ ہم ایسے کھاتوں کے بقایا جات اور مختلف درجہ کے لین دین کی کافی اور مناسب محاسبی شہادتیں حاصل نہیں کر پائے جس کی وجہ یہ ہے کہ کمپنی ان مالیت کارڈ اور توثیق کے لیے سیڈنگ کمپنیز سے متعلقہ ضروری دستاویزات نہیں طلب کرتی بلکہ لین دین کے اندراج جو دستوری سہ ماہی رٹرنز میں درج مالیت پر انحصار کرنا پڑتا ہے۔ نتیجتاً، ہم اس بات کا تعین کرنے سے قاصر ہیں کہ ان رقوم میں کوئی ترمیم کرنا ضروری ہے۔

انتظامیہ کا تبصرہ

جیسا کہ انشورنس آرڈیننس 2000 کی شق نمبر 43 میں درج ہے، معاہداتی (Treaty) کاروبار کے سلسلے میں کمپنی پر بیم، دعوے اور کمیشن سے متعلق کھاتوں کا اندراج سیڈنگ انشورنس کمپنیز کی جانب سے رٹرنز کی بنیاد پر کرتی ہے اور جب کبھی مناسب سمجھے تو ان سے متعلقہ دستاویزات طلب کرتی ہے۔ جیسا کہ محاسب نے نشاندہی کی ہے، سیڈنگ انشوررز سے مزید متعلقہ دستاویزات طلب کی جا رہی ہیں۔

ونڈوری تکافل کاروبار

1. جیسا کہ درمیانی مدت کی مالیاتی دستاویزات کے نوٹ نمبر 18 میں بیان کیا گیا ہے کہ "آپریٹر کے ونڈوری تکافل فنڈ کے آپریشن سے حاصل ونڈوری تکافل کے کل اثاثہ جات "میں 244.254 ملین روپے کی رقم شامل ہے جو شراکت داری کے ری تکافل فنڈ کو بطور قرض حسنہ فراہم کیا گیا ہے۔ مذکورہ بالا بقایا کے حوالے سے کمپنی کے ونڈوری تکافل آپریشن کی درمیانی مدت کی ترمیم شدہ مختصر مالیاتی دستاویزات کی جائزہ رپورٹ میں تبدیل شدہ موقف شامل ہے۔ اگر یہ بقایا جات خراب ہوتا تو "آپریٹر کے ری تکافل فنڈ- ونڈوری تکافل آپریشن سے کل اثاثہ جات"، "آپریٹر کے ری تکافل فنڈ- ونڈوری تکافل آپریشن سے منافع"، "مدت کا منافع" اور "کل ملکیتی سرمایہ" بھی اسی مالیت سے کم ہو چکا ہوتا۔

انتظامیہ کا تبصرہ

مستقبل کی پروجیکشن کی بنیاد پر انتظامیہ توقع کر رہی ہے شراکت داری کی کاروباری تکافل فنڈ مذکورہ قرض حسنہ اگلے پانچ سالوں میں واپس کرنے کے قابل ہو سکے گا۔

انتظامیہ کا تبصرہ

2. جیسا کہ درمیانی مدت کی مختصر مالیاتی دستاویزات کے نوٹ نمبر 9، 10، 12، 13، 18، 19، 20، 26، 27، 28، 30 اور 32 میں ظاہر کیا گیا ہے، کچھ کھاتوں کے بقایا جات اور مختلف درجہ کے لین دین کے سودوں کی کا اندراج متناسب معاہداتی (Treaty) کاروبار کی مد میں کیا گیا ہے۔ اس حوالے سے ہم ایسے بقایا جات پر اپنی نظر ثانی کی رپورٹ مکمل نہیں کر پائے اس کی وجہ یہ ہے کہ آپریشن اپنے رکارڈ اور توثیق کے لیے سیڈنگ کمپنیوں سے مطلوبہ ضروری دستاویزات طلب نہیں کرتی اور لین دین کے اندراج کا کل انحصار دستوری سہ ماہی رٹرنز میں درج مالیت پر ہوتا ہے۔ نتیجتاً، ہم اس بات کا تعین کرنے سے قاصر ہیں کہ ان رقوم میں کوئی ترمیم کرنا ضروری ہے۔

انتظامیہ کا تبصرہ

جیسا کہ انشورنس آرڈیننس 2000 کی شق نمبر 43 میں درج ہے، معاہداتی (Treaty) کاروبار کے سلسلے میں کمپنی پر بیمہ، دعوے اور کمیشن سے متعلق کھاتوں کا اندراج سیڈنگ انشورنس کمپنی کی جانب سے رٹرنز کی بنیاد پر کرتی ہے اور جب کبھی مناسب سمجھے تو ان سے متعلقہ دستاویزات طلب کرتی ہے۔ تاہم جیسا کہ محاسب نے نشاندہی کی ہے، سیڈنگ انشوررز سے مزید متعلقہ دستاویزات طلب کی جا رہی ہیں۔

3. جیسا کہ درمیانی مدت کی مختصر مالیاتی دستاویزات کے نوٹ نمبر 9 میں ظاہر کیا گیا ہے کہ "ہکافل / آری ہکافل کی قابل وصول رقوم" کی مد میں موجودگی اور تخمینے کے حوالے سے اپنے اخذ کردہ نتائج کے سلسلے میں مناسب مطلوبہ آڈٹ ثبوت حاصل نہ کر پائے۔ اگر "ہکافل / آری ہکافل کے قابل وصول بقایا جات" کے معاملات پر نظر ثانی مکمل کر چکے ہوتے تو ہمارے علم میں آجاتی کہ درمیانی مدت کی مالیاتی دستاویزات میں ترمیم ضروری ہوگی

انتظامیہ کا تبصرہ

سیڈنگ انشوررز سے سالانہ بنیاد پر بقایا جات کی توثیق موصول ہو گئی ہے اور توقع ہے یہ معاملے کا سالانہ آڈٹ میں جائزہ لیا جائے گا۔

4. جیسا کہ درمیانی مدت کی مختصر مالیاتی دستاویزات کے نوٹ نمبر "11" میں ظاہر کیا گیا ہے کہ آپریٹر نے "شرکت داری ری ہکافل فنڈ کو قرض حسنہ" کی مد میں 244,254,221 روپے دئے ہیں۔ انتظامیہ نے مسلمہ قابل وصولی مالیت کے وصولی کے امکانات کا اندازہ لگانے کے لیے مستقبل کے زائد از ضرورت (surplus) قابل محصول تین سال کا "مالیاتی اندازہ" لگایا ہے جس کی بنیاد پر انتظامیہ کا اندازہ ہے کہ اس مدت میں کافی زائد از ضرورت رقم ہوگی کہ قابل وصول بقایا جات کی ادائیگی کی جاسکے۔

اس قابل محصول زائد از ضرورت کا اندازہ لگانے کے لیے بنیادی مفروضے میں؛ نمو کی شرح، ریٹرو سیشن کا پریکٹیکل شرح، خالص دعوے کی شرح، کمیشن کی شرح اور غیر حاصل شدہ پر بیمہ کی شرح کا استعمال کیا گیا ہے۔ تاہم، پروجیکشنز میں استعمال کئے جانے والے مفروضوں کی معقولیت کی توثیق کے مناسب مطلوبہ شہادتیں حاصل نہ کر سکے۔ اس لیے ہم مذکورہ بقایا جات پر جائزے کا منطقی نتیجہ نہیں نکال سکتے۔

انتظامیہ کا تبصرہ

انتظامیہ کو توقع ہے کہ ری نکافل کے کاروبار کی نمو کے رجحان کو مد نظر رکھتے ہوئے وہ مطلوبہ نتائج حاصل کر لے گی۔

جیسا کہ درمیانی مدت کی مختصر مالیاتی دستاویزات کے نوٹ نمبر 1.4 میں ظاہر کیا گیا ہے کہ ان کی تیاری کے لیے اس کے بطور آپریشنز کے جاری رہنے کے مفروضے کی بنیاد پر کیا گیا ہے۔ تاہم، انتظامیہ کی جانب سے آپریشن کے جاری رہنے کے مفروضے کی توثیق کے لیے مناسب مطلوبہ شہادتیں حاصل نہ کر سکے۔ آپریشن کے جاری نہ رہنے کی صورت میں یہ درمیانی مدت کی مختصر مالیاتی دستاویزات میں کسی تبدیلی کی عکاسی کی ضرورت نہیں ظاہر کرتا۔

انتظامیہ کا تبصرہ

کہ جیسے پہلے ہی اوپر بیان کیا جا چکا ہے، انتظامیہ کو پرو جیکشن کی بنیاد پر توقع ہے کہ شرکت داری ری نکافل فنڈ پانچ سالوں میں قرض حسنہ ادا کرنے کے قابل ہو گا۔ مزید یہ کہ آپریٹرز کی معاونت ہونے کی وجہ سے، انتظامیہ کی جاری رہنے کے مفروضے کی توثیق پر کوئی سوال پیدا نہیں ہوتا۔

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 موثر ہوشیار تالہ بندی کی پالیسی تھی۔ کمپنی کو وڈ-19 کے منفی اثرات مستقبل میں بھی نہیں دیکھتی۔

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈ انٹس (cedants)، ریٹرو سیشنیشنئر (retrocessionaire)، کاروباری شرکت دار، سیکورٹیور 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 سر اپنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

چیف ایگزیکٹو آفیسر

بورڈ کے چیئرمین

کراچی: 25 اگست 2021

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited as at June 30, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (herein-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- 1) As disclosed in note 12 to the condensed interim financial statements, loans and other receivables include receivable from Sindh Revenue Board (SRB) amounting to Rs. 2,573.89 (2020: Rs. 2,573.89) million which was recovered by SRB against the sales tax liability on reinsurance services. The Company has recorded this amount as an asset, however the Company could not substantiate any control over the underlying asset and the flow of economic benefits is improbable due to ongoing Court case. Had the Company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly.

- 2) Note 13, 15, 18, 20, 21, 26, 28, 29, 30, 33 and 35 to the condensed interim financial statements include certain account balances and class of transactions which have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate evidence in respect of such account balances and class of transactions because the Company does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Any adjustment to these amounts would have a consequential impact on the Company's net assets as at June 30, 2021 and the profits from ordinary activities attributable to members of the Company.

- 3) As disclosed in note 18 to the condensed interim financial statements, "Total assets from window retakaful operations - Operator's Retakaful fund" include an amount of Rs. 244.254 million provided as *Qard-e-hasna* to Participant's Retakaful Fund. The review report on the condensed interim financial statements of the Company's Window Retakaful Operations includes a modified conclusion with respect to the above mentioned balance. Had the balance been fully impaired, the "Total assets from window retakaful operations - Operator's Retakaful fund", "Profit from window retakaful operations – Operator's Retakaful fund", "Profit for the period" and "Total equity" would have been reduced by the same amount, accordingly.

Qualified Conclusion

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

Emphasis of Matter

We draw attention to Note 27.1 to the financial statements which provides details regarding contingencies in respect of which decisions are pending. Our conclusion is not modified in respect of this matter.

Other Matter

- 1) The figures for the quarter ended June 30, 2021 and June 30, 2020 in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion on them.
- 2) We have also issued a separate review report _____ giving disclaimer of opinion on the condensed interim financial statements of Pakistan Reinsurance Company Limited - Window Retakaful Operations for the period ended June 30, 2021.

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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date:

DRAFT

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
		----- Rupees -----	
ASSETS			
Property and equipment	7	55,039,317	57,228,369
Intangible assets		8,474,168	8,474,168
Assets relating to Bangladesh	8	-	-
Investment properties	9	24,857,941	25,496,671
Investments			
- Equity securities	10	3,789,675,418	3,763,247,842
- Debt securities	11	8,629,672,667	8,271,505,868
		12,419,348,085	12,034,753,710
Loans and other receivables	12	2,830,974,776	2,879,142,000
Insurance / reinsurance receivables	13	8,307,272,528	8,141,085,867
Reinsurance recoveries against outstanding claims including IBNR	14	3,541,702,314	5,603,808,031
Deferred commission expense	15	624,421,834	708,870,616
Taxation - payments less provision		59,405,414	181,407,606
Prepayments	16	3,968,178,540	4,144,875,197
Cash and bank balances	17	619,135,765	1,570,505,178
		32,458,810,682	35,355,647,413
Total assets from window retakaful operations - Operator's retakaful fund	18	426,723,634	409,366,837
Total Assets		32,885,534,316	35,765,014,250
EQUITY AND LIABILITIES			
Capital and reserves attributable to			
Company's equity holders			
Issued, subscribed and paid-up share capital		3,000,000,000	3,000,000,000
Reserves	19	7,037,013,476	7,241,544,195
Total Equity		10,037,013,476	10,241,544,195
Liabilities			
Underwriting provisions			
- Outstanding claims including IBNR	20	9,049,264,197	10,475,734,890
- Unearned premium reserves	21	6,534,498,584	6,513,672,434
- Unearned reinsurance commission	22	307,953,509	338,532,613
		15,891,716,290	17,327,939,937
Retirement benefit obligations		3,183,319,720	3,188,627,998
Insurance / reinsurance payables	23	3,226,314,903	4,550,351,722
Deferred taxation	24	122,950,992	116,933,390
Lease liabilities		28,014,025	26,778,855
Unclaimed dividends		238,470,458	155,208,129
Other creditors and accruals	25	80,096,185	88,202,370
		6,879,166,283	8,126,102,464
Total liabilities from window retakaful operations - Operator's retakaful fund	26	77,638,267	69,427,654
Total Liabilities		22,848,520,840	25,523,470,055
Total Equity and Liabilities		32,885,534,316	35,765,014,250
CONTINGENCIES AND COMMITMENTS			
	27		

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Six months period ended		Three months period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Rupees					
Net insurance premium	28	3,494,858,419	3,177,829,226	1,945,188,651	1,413,755,703
Net insurance claims	29	(2,420,358,784)	(1,930,628,467)	(1,771,851,818)	(1,278,779,716)
Net commission and other acquisition costs	30	(483,212,708)	(501,588,199)	(249,020,728)	(227,492,415)
		(2,903,571,492)	(2,432,216,666)	(2,020,872,546)	(1,506,272,131)
Management expenses		(403,749,671)	(357,730,940)	(299,850,790)	(203,051,264)
Provision for doubtful debts		(8,936,130)	(41,890,902)	(8,936,130)	(41,890,902)
Underwriting results		178,601,126	345,990,718	(384,470,815)	(337,458,594)
Investment income - net	31	568,225,598	409,037,032	288,701,376	281,337,957
Rental income - net	32	46,370,389	40,538,290	23,188,954	20,153,294
Other income		17,780,220	5,105,694	13,683,338	11,876,916
Other expenses		(2,174,345)	(1,879,225)	(1,273,121)	238,911
		808,802,988	798,792,509	(60,170,268)	(23,851,516)
Profit from window retakaful operations - Operator's retakaful fund	33	9,555,799	15,919,088	6,818,354	8,208,924
Profit/(loss) before tax		818,358,787	814,711,597	(53,351,914)	(15,642,592)
Taxation	34	(231,379,393)	(98,601,696)	31,999,760	106,884,095
Profit / (loss) for the period		586,979,394	716,109,901	(21,352,154)	91,241,503
Earnings / (loss) per share - basic and diluted	38	1.96	2.39	(0.07)	0.30

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Six months period ended		Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees -----			
Profit / (loss) for the period	586,979,394	716,109,901	(21,352,154)	91,241,503
Other comprehensive (loss) / income				
Items that may be subsequently reclassified to profit or loss				
Unrealized (loss) / gain on available for sale investments - net	(2,203,838)	(648,084,120)	140,822,735	576,122,971
Unrealized (loss) / gain on available for sale investments - window retakaful operations - Operator's retakaful fund	(409,615)	(651,840)	(582,419)	(940,561)
Transfer to profit or loss account on disposal of available for sale investments	(49,613,737)	(7,574,958)	(49,440,933)	(16,096,570)
Deferred tax on available for sale investments	10,717,078	139,034,341	-	-
	(41,510,112)	(517,276,577)	90,799,383	559,085,840
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Other comprehensive (loss) / income for the period	(41,510,112)	(517,276,577)	90,799,383	559,085,840
Total comprehensive income for the period	545,469,282	198,833,323	69,447,229	650,327,343

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Six months period ended	
		June 30, 2021	June 30, 2020
		----- Rupees -----	
Operating cash flows			
Underwriting activities:			
Reinsurance premium received		8,085,277,982	8,365,541,428
Reinsurance premium paid		(5,877,041,984)	(6,510,774,314)
Claims paid	29	(3,627,519,563)	(1,006,973,277)
Reinsurance and other recoveries received	29	1,842,795,802	-
Commission paid	30	(775,758,928)	(715,883,838)
Commission received	30	346,415,897	445,966,702
Management expenses paid		(399,688,637)	(353,294,086)
Net cash (used in) / generated from underwriting activities		(405,519,431)	224,582,615
Other operating activities:			
Income tax paid		(92,642,522)	(211,922,275)
Other expenses paid		(2,174,345)	(1,879,225)
Loans (disbursed) / received		(8,603,177)	13,109,333
Other operating receipts		4,191,124	34,670,727
Net cash used in other operating activities		(99,228,920)	(166,021,440)
Total cash (used in) / generated from all operating activities		(504,748,351)	58,561,175
Investing activities:			
Fixed capital expenditure		(1,233,252)	(5,230,267)
Payment for investments		(8,227,915,689)	(3,730,831,571)
Rental received		98,679,977	62,969,131
Dividend received		76,581,059	51,289,083
Profit / return received		78,549,551	85,559,541
Investment income received - net of expenses		335,350,429	401,680,094
Proceeds from investments		7,861,727,084	3,872,407,990
Total cash generated from investing activities		221,739,159	737,844,001
Financing activities:			
Dividend paid		(668,360,221)	(517,148,707)
Total cash used in financing activities		(668,360,221)	(517,148,707)
Net cash (used in) / generated from all activities		(951,369,413)	279,256,469
Cash and cash equivalents at beginning of the period		1,570,505,178	815,678,747
Cash and cash equivalents at end of the period		619,135,765	1,094,935,216

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Six months period ended	
		June 30, 2021	June 30, 2020
		----- Rupees -----	
Reconciliation to profit or loss			
Operating cash flows		(504,748,351)	58,561,175
Depreciation expense		(4,061,034)	(4,436,855)
Exchange gain		15,333,543	14,459,996
Rental income - net		46,370,389	40,538,290
Reinsurance recoveries against outstanding claims		(2,062,105,717)	4,034,220,675
Provision for outstanding claims		1,431,596,453	(4,957,875,865)
Provision for unearned premium		(20,826,151)	1,042,036,897
Prepaid reinsurance		(176,377,494)	(187,270,115)
Provision for employee benefits		5,308,278	(33,652,365)
Dividend income	31	80,397,457	51,289,083
Other investment related income /(expenses)		45,824,027	(152,350,095)
Interest income		385,493,567	470,194,961
Amortization of discount on PIBs	31	12,857,725	13,892,890
Profit on disposal of investments		49,613,736	26,010,193
Decrease/ (increase) in operating assets other than cash		141,022,127	(915,972,278)
Increase in operating liabilities		1,270,461,911	1,087,223,647
		716,160,466	586,870,234
Other adjustments:			
Income tax paid		92,642,522	211,922,275
Profit before taxation		808,802,988	798,792,509
Provision for taxation	34	(231,379,393)	(98,601,696)
Profit after taxation from conventional reinsurance operations		577,423,595	700,190,812
Profit from window retakaful operations - Operator's retakaful fund		9,555,799	15,919,088
Profit after tax for the period		586,979,394	716,109,901

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Reserves					Total reserves	Total
	Capital		Revenue				
	Share capital	Reserve for exceptional losses	Unrealized gain / (loss) on available for sale investment	General reserve	Unappropriated profit		
-----Rupees-----							
Balance as at January 01, 2020 (Audited)	3,000,000,000	281,000,000	1,652,562,486	1,777,419,085	3,117,737,410	6,828,718,981	9,828,718,981
Total comprehensive income for the period							
Profit for the period	-	-	-	-	716,109,901	716,109,901	716,109,901
Other comprehensive loss for the period	-	-	(517,276,577)	-	-	(517,276,577)	(517,276,577)
	-	-	(517,276,577)	-	716,109,901	198,833,324	198,833,324
Transactions with owners							
Final cash dividend 2019: Rs.2.00 @ 20% (2018 : Rs.2.00 @ 20%) per share	-	-	-	-	(600,000,000)	(600,000,000)	(600,000,000)
Balance as at June 30, 2020 (Un-audited)	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,135,285,909</u>	<u>1,777,419,085</u>	<u>3,233,847,311</u>	<u>6,427,552,305</u>	<u>9,427,552,305</u>
Balance as at January 01, 2021 (Audited)	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							
Profit for the period	-	-	-	-	586,979,394	586,979,394	586,979,394
Other comprehensive income for the period	-	-	(41,510,112)	-	-	(41,510,112)	(41,510,112)
	-	-	(41,510,112)	-	586,979,394	545,469,282	545,469,282
Transactions with owners							
Final cash dividend 2020: Rs.2.50 @ 25% (2019 : Rs.2.00 @ 20%) per share	-	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
Balance as at June 30, 2020 (Un-audited)	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,399,321,355</u>	<u>1,777,419,085</u>	<u>3,579,273,036</u>	<u>7,037,013,476</u>	<u>10,037,013,476</u>

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

CHAIRMAN

**CHIEF EXECUTIVE
OFFICER**

DIRECTOR

DIRECTOR

**CHIEF FINANCIAL
OFFICER**

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

1 STATUS AND NATURE OF BUSINESS

Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in providing reinsurance and other insurance business. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

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

The Company was granted authorisation on September 26, 2018 under Rule 6 of the Takaful Rules, 2012 to undertake Window Retakaful Operations in respect of general retakaful products by the Securities and Exchange Commission of Pakistan (SECP).

The Company is under administrative control of Ministry of Commerce (Government of Pakistan). The Ministry of Commerce holds 44.88% shares of the Company. The Cabinet Committee on Privatisation (CCoP) on August 21, 2020 approved divestment of 20% of government stakes in the Company through public offerings.

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

These 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.

These condensed interim financial statements have been prepared following accrual basis of accounting except for condensed interim 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

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

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

These 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, 2020 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

These condensed interim financial statements of the Company for the six months period ended June 30, 2021 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34) Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the insurance Accounting Regulation, 2017 . In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have been followed.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2020, whereas the comparative condensed interim statement of profit or loss, 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 six months ended June 30, 2020.

Total assets, total liabilities and profit of the Window Retakaful Operations of the Company referred to as the Operator's retakaful fund have been presented in these financial statement in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015. A separate set of financial statements of the Window Retakaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted by the Company in the preparation of these 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, 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.

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.

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

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

6 USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements are in conformity with the requirements of approved accounting standards as applicable in Pakistan and 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 on-going 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 these 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, 2020.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2020.

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Note	----- Rupees -----	
7 PROPERTY AND EQUIPMENT		
Operating fixed assets - WDV		
Opening balance	57,228,369	63,881,050
Additions:		
- Furniture and fixtures	58,000	131,280
- Office equipment	235,739	160,010
- Computer equipment	371,557	727,752
- Air-conditioning	567,956	-
	1,233,252	1,019,042
Less:		
- Depreciation charge for the period/year	(3,422,304)	(7,671,723)
Closing balance	<u>55,039,317</u>	<u>57,228,369</u>
8 ASSETS RELATING TO BANGLADESH		
Total assets	15,974,000	15,974,000
Total liabilities	8.1 (5,761,000)	(5,761,000)
	10,213,000	10,213,000
Provision for loss on assets in Bangladesh	(10,213,000)	(10,213,000)
	<u>-</u>	<u>-</u>

8.1 These include claims related to Bangladesh amounting to Rs. 4,952,000 (2020: Rs. 4,952,000).

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees -----	
9 INVESTMENT PROPERTIES		
Opening balance	25,496,671	26,849,593
Less:		
- Depreciation charge for the period/year	(638,730)	(1,352,922)
Closing balance	<u>24,857,941</u>	<u>25,496,671</u>

PAKISTAN REINSURANCE COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

10 INVESTMENTS IN EQUITY SECURITIES

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost	Impairment	Unrealized gain	Carrying amount	Cost	Impairment	Unrealized gain	Carrying amount
----- Rupees -----								
Available for sale								
Related Parties								
Listed shares	88,521,808	-	801,475,800	889,997,608	88,521,808	-	819,512,316	908,034,124
Unlisted shares	1,235,840	(618,227)	-	617,613	1,235,840	(618,227)	-	617,613
Mutual funds	800,000,000	(175,308,386)	-	624,691,614	800,000,000	(223,323,313)	-	576,676,687
	889,757,648	(175,926,613)	801,475,800	1,515,306,835	889,757,648	(223,941,540)	819,512,316	1,485,328,424
Others								
Listed shares	290,658,854	-	923,751,006	1,214,409,860	284,641,458	-	961,810,445	1,246,451,903
Unlisted shares	1,372,264	(1,372,264)	-	-	1,372,264	(1,372,264)	-	-
Mutual funds	792,488,810	(68,357,503)	167,748,798	891,880,105	792,488,810	(84,334,445)	148,608,283	856,762,648
	1,084,519,928	(69,729,767)	1,091,499,804	2,106,289,965	1,078,502,532	(85,706,709)	1,110,418,728	2,103,214,551
Sub total	1,974,277,576	(245,656,380)	1,892,975,604	3,621,596,800	1,968,260,180	(309,648,249)	1,929,931,044	3,588,542,975
Held for trading								
Related Parties								
Listed shares	104,552,855	-	(26,300,697)	78,252,158	104,552,855	-	(19,465,388)	85,087,467
Others								
Listed shares	88,158,765	-	1,667,695	89,826,460	88,158,765	-	1,458,635	89,617,400
Sub total	192,711,620	-	(24,633,002)	168,078,618	192,711,620	-	(18,006,753)	174,704,867
Grand total	2,166,989,196	(245,656,380)	1,868,342,602	3,789,675,418	2,160,971,800	(309,648,249)	1,911,924,291	3,763,247,842

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

11 INVESTMENT IN DEBT SECURITIES

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Cost	Carrying value/ Market value	Cost	Carrying value/ Market value
----- Rupees -----				
Investments - Held to maturity				
Pakistan Investment Bonds - fixed	2,007,804,600	2,030,686,293	2,007,804,600	2,017,569,742
Pakistan Investment Bonds - floating	551,691,150	551,195,863	551,691,150	551,454,689
Treasury Bills	5,230,095,600	5,320,184,360	4,859,252,700	4,973,013,535
Term Finance Certificates	99,900,000	99,900,000	99,920,000	99,920,000
	7,889,491,350	8,001,966,516	7,518,668,450	7,641,957,966
Investments - Available for sale				
Pakistan Investment Bonds	553,208,750	627,706,151	553,208,750	629,547,902
	8,442,700,100	8,629,672,667	8,071,877,200	8,271,505,868

	Note	(Unaudited)	(Audited)
		June 30, 2021	December 31, 2020
----- Rupees -----			
12 LOANS AND OTHER RECEIVABLES			
Receivable from Sindh Revenue Board	27.1.1	2,573,888,727	2,573,888,727
Accrued investment income		115,396,058	103,805,616
Loans to employees	12.1	74,700,442	79,245,838
Receivable from tenants		53,551,551	108,231,867
Sundry receivables - net		13,437,998	13,969,952
		2,830,974,776	2,879,142,000

12.1 No loan has been provided to the Directors of the Company. Details of loans to Executives of the Company is as under:

	Note	(Unaudited)	(Audited)
		June 30, 2021	December 31, 2020
----- (Rupees) -----			
Balance at the beginning of the period/year		1,336,255	2,070,985
Add: disbursements during the period/year		410,000	600,000
Less: receipts during the period/year		(587,772)	(1,334,730)
Balance at the end of the period/year		1,158,483	1,336,255

13 INSURANCE / REINSURANCE RECEIVABLES

Amount due from other reinsurers		266,357,202	529,873,972
Amount due from other insurers	13.1 & 13.2	9,090,113,611	8,651,474,050
		9,356,470,813	9,181,348,022
Less: provision for impairment in due from other insurers / reinsurers	13.3	(1,049,198,285)	(1,040,262,155)
		8,307,272,528	8,141,085,867
Premium and claim reserves retained by cedants		24,831,633	24,831,633
Less: provision for impairment in premium and claim reserves retained by cedants		(24,831,633)	(24,831,633)
		8,307,272,528	8,141,085,867

13.1 This includes an amount of Rs. 553.92 (December 31, 2020: 553.92) million which is under litigation/dispute and the Company has recorded a provision of Rs. 325.63 million (December 31, 2020 Rs. 325.63 million) in respect of these balances.

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

13.2 This includes an amount of Rs. 3,628,017,995 (December 31, 2020: Rs. 3,327,220,693) due from related party, National Insurance Company Limited. The age analysis of amount due from related party is as follows:

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Note	----- Rupees -----	
Up to 3 months	3,054,289,268	1,621,987,912
Over 3 months and above	573,728,727	1,705,232,781
	<u>3,628,017,995</u>	<u>3,327,220,693</u>

13.3 Movement of provision for impairment

Balance at the beginning of the period/year	1,040,262,155	616,329,617
Provisions made during the period/year	8,936,130	423,932,538
Balance at the end of the period/year	<u>1,049,198,285</u>	<u>1,040,262,155</u>

**14 REINSURANCE RECOVERIES AGAINST
OUTSTANDING CLAIMS INCLUDING IBNR**

Facultative business	14.1	2,685,797,214	5,162,057,407
Treaty	14.2	855,905,100	441,750,624
		<u>3,541,702,314</u>	<u>5,603,808,031</u>

14.1 Facultative business

Fire	333,119,317	245,413,842
Marine cargo	5,083,022	66,733,022
Marine hull	53,234,447	29,989,753
Aviation	1,438,840,471	3,974,870,199
Engineering	855,519,957	845,050,591
	<u>2,685,797,214</u>	<u>5,162,057,407</u>

14.2 Treaty

Proportional	643,496,226	376,534,914
Non-proportional	212,408,874	65,215,710
	<u>855,905,100</u>	<u>441,750,624</u>

15 DEFERRED COMMISSION EXPENSE

Facultative business	15.1	233,090,423	305,594,212
Treaty	15.2	391,331,411	403,276,404
		<u>624,421,834</u>	<u>708,870,616</u>

15.1 Facultative business

Fire	46,470,296	79,674,038
Marine cargo	713,674	477,411
Marine hull	9,533,451	6,222,156
Accidents and others	4,235,360	4,050,395
Aviation	2,251,855	8,479,821
Engineering	169,885,787	206,690,391
	<u>233,090,423</u>	<u>305,594,212</u>

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees -----	
15.2 Treaty			
Proportional		390,844,087	399,694,547
Non-proportional		487,324	3,581,857
		<u>391,331,411</u>	<u>403,276,404</u>
16 PREPAYMENTS			
Prepaid reinsurance ceded - facultative business	16.1	3,732,073,374	3,709,212,363
Prepaid reinsurance ceded - treaty business	16.2	235,681,356	434,919,861
		<u>3,967,754,730</u>	<u>4,144,132,224</u>
Others		423,810	742,973
		<u>3,968,178,540</u>	<u>4,144,875,197</u>
16.1 Prepayment reinsurance ceded - facultative business			
Fire		162,620,995	17,885,008
Marine hull		67,671,666	54,446,935
Accidents and others		-	2,938,875
Aviation		33,975,111	168,543,304
Engineering		3,467,805,602	3,465,398,241
		<u>3,732,073,374</u>	<u>3,709,212,363</u>
16.2 Prepaid reinsurance ceded - treaty business			
Proportional		194,933,382	336,674,207
Non-proportional		40,747,974	98,245,654
		<u>235,681,356</u>	<u>434,919,861</u>
17 CASH AND BANK BALANCES			
Cash in hand		145,399	100,232
Cash at bank in:			
Saving accounts			
- Local currency		737,403	87,404,388
- Foreign currency		254,883,966	699,769,599
		<u>255,621,369</u>	<u>787,173,987</u>
Current accounts			
- Local currency		126,128,844	628,022,830
Dividend accounts			
- Saving accounts		64,327,879	64,071,843
- Current accounts		172,912,274	91,136,286
		<u>237,240,153</u>	<u>155,208,129</u>
		<u>619,135,765</u>	<u>1,570,505,178</u>
18 TOTAL ASSETS FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S RETAKAFUL FUND			
Assets			
Investments		17,642,962	17,251,711
Other receivable		1,367,117	1,377,632
Qard-e-hasna to Participant's Retakaful Fund		244,254,221	-
Receivable from Participant's retakaful fund - net		-	29,557,577
Deferred commission expense		51,309,334	41,504,925
Deferred tax asset		102,153	-
Bank balances		112,047,847	319,674,992
Total Assets		<u>426,723,634</u>	<u>409,366,837</u>

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

19 RESERVES	Note	(Unaudited)	(Audited)
		June 30, 2021	December 31, 2020
		Rupees	
Capital			
Reserve for exceptional losses		281,000,000	281,000,000
Available for sale reserve		1,399,321,355	1,440,831,468
Revenue			
Unappropriated profit		3,579,273,036	3,742,293,642
General reserve		1,777,419,085	1,777,419,085
		<u>7,037,013,476</u>	<u>7,241,544,195</u>
20 OUTSTANDING CLAIMS INCLUDING IBNR			
Facultative business	20.1	5,354,141,330	7,645,430,680
Treaty	20.2	3,700,074,867	2,835,256,210
		<u>9,054,216,197</u>	<u>10,480,686,890</u>
Claims related to Bangladesh	8.1	(4,952,000)	(4,952,000)
		<u>9,049,264,197</u>	<u>10,475,734,890</u>
20.1 Facultative business			
Fire		1,973,638,581	1,765,854,730
Marine cargo		70,470,745	140,719,544
Marine hull		162,352,574	81,818,633
Accident and others		314,643,787	327,965,630
Aviation		1,534,406,133	4,220,242,139
Engineering		1,298,629,510	1,108,830,004
		<u>5,354,141,330</u>	<u>7,645,430,680</u>
20.2 Treaty			
Proportional		2,783,104,074	2,416,686,917
Non-proportional		916,970,793	418,569,293
		<u>3,700,074,867</u>	<u>2,835,256,210</u>
21 UNEARNED PREMIUM RESERVES			
Facultative business	21.1	4,554,023,439	4,567,675,055
Treaty	21.2	1,980,475,145	1,945,997,379
		<u>6,534,498,584</u>	<u>6,513,672,434</u>
21.1 Facultative business			
Fire		452,391,313	566,711,447
Marine cargo		7,929,752	7,963,063
Marine hull		142,845,514	93,166,700
Accident and others		43,802,679	44,987,784
Aviation		229,516,088	236,576,190
Engineering		3,677,538,093	3,618,269,871
		<u>4,554,023,439</u>	<u>4,567,675,055</u>
21.2 Treaty			
Proportional		1,638,062,192	1,506,408,842
Non-proportional		342,412,953	439,588,537
		<u>1,980,475,145</u>	<u>1,945,997,379</u>

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees -----	
22 UNEARNED REINSURANCE COMMISSION			
Facultative business	22.1	307,953,509	338,524,042
Treaty	22.2	-	8,571
		<u>307,953,509</u>	<u>338,532,613</u>
22.1 Facultative business			
Fire		9,535,616	1,788,500
Marine hull		6,767,166	5,444,693
Accident and others		-	293,888
Aviation		3,203,817	14,153,699
Engineering		288,446,910	316,843,262
		<u>307,953,509</u>	<u>338,524,042</u>
22.2 Treaty			
Proportional		-	7,346
Non-proportional		-	1,225
		<u>-</u>	<u>8,571</u>
23 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers/reinsurers	23.1	3,210,490,547	4,534,527,366
Premium and claim reserves retained from retrocessionaires		15,824,356	15,824,356
		<u>3,226,314,903</u>	<u>4,550,351,722</u>
23.1	This includes an amount of Rs. 9.9 million (December 31, 2020: 36.28 million) which is under litigation.		
24 DEFERRED TAXATION			
Deferred tax liabilities on taxable temporary differences:			
Property and equipment		2,519,685	2,517,325
Right-of-use assets		6,114,196	6,368,954
Unrealized gain on investments		541,819,354	554,458,044
		<u>550,453,235</u>	<u>563,344,323</u>
Deferred tax assets on deductible temporary differences:			
Provision for doubtful debts		(21,590,126)	(24,181,604)
Provision for impairment of insurers / reinsurers receivable		(304,267,503)	(301,676,025)
Provision for impairment of receivables from other insurers / reinsurers		(7,201,173)	(7,201,174)
Lease liabilities		(8,124,067)	(7,765,868)
Notional interest on interest free loans		(15,079,024)	(15,788,270)
Provision for impairment in available for sale investments		(71,240,350)	(89,797,992)
		<u>(427,502,243)</u>	<u>(446,410,933)</u>
		<u>122,950,992</u>	<u>116,933,390</u>
25 OTHERS CREDITORS AND ACCRUALS			
Other creditors and accruals		11,923,197	10,425,822
Rent payable		31,693,297	31,693,297
Security deposits		26,074,074	26,443,709
Accrued expenses		9,193,015	18,426,940
Surplus profit payable		1,212,602	1,212,602
		<u>80,096,185</u>	<u>88,202,370</u>

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FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees -----	
26 TOTAL LIABILITIES FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S RETAKAFUL FUND		
Liabilities:		
Unearned wakala fee	59,144,239	54,941,261
Taxation- provision less payment	11,193,801	8,960,899
Payable to Operator's Retakaful Fund - net	119,590	-
Deferred taxation	-	69,101
Other creditors and accruals	1,347,864	866,500
Payable to related party	5,832,773	4,589,893
Total liabilities	77,638,267	69,427,654

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Sindh Sales Tax

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.

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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 condensed interim 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. 15,115.896 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 condensed interim financial statements.

The last hearing was held on August 20, 2021 but the case was discharged. The next hearing is to be held on September 10, 2021.

27.1.2 As at June 30, 2021, there is no material change in the status of matters reported as contingencies in the annual audited financial statements of the Company for the year ended December 31, 2020.

(Unaudited)	(Audited)
June 30, 2021	December 31, 2020
Rupees	

27.2 Commitments

Commitments in respect of:

- Short term lease rentals (0 to 1 year)	2,264,425	514,642
- Capital expenditure (intangible assets)	25,422,503	25,422,503
	27,686,928	25,937,145

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	Note	Six months period ended		Three months period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees -----					
28 NET INSURANCE PREMIUM					
Written gross premium		8,260,400,772	7,645,720,576	4,612,356,979	4,962,358,901
Add: Unearned premium reserve opening	21	6,513,672,433	8,451,658,849	6,365,447,892	6,791,304,063
Less: Unearned premium reserve closing	21	(6,534,498,584)	(7,497,158,210)	(6,534,498,584)	(7,497,158,210)
Premium earned		8,239,574,621	8,600,221,215	4,443,306,287	4,256,504,754
Reinsurance premium ceded		4,568,338,708	5,153,562,098	2,812,235,260	3,734,285,886
Add: Prepaid reinsurance premium opening	16	4,144,132,224	5,453,474,265	3,653,637,106	4,293,107,539
Less: Prepaid reinsurance premium closing	16	(3,967,754,730)	(5,184,644,374)	(3,967,754,730)	(5,184,644,374)
Reinsurance expense		(4,744,716,202)	(5,422,391,989)	(2,498,117,636)	(2,842,749,051)
Net insurance premium		3,494,858,419	3,177,829,226	1,945,188,651	1,413,755,703
29 NET INSURANCE CLAIMS					
Claims paid		3,627,519,562	1,006,973,277	2,046,454,606	490,850,309
Add: Outstanding claims including IBNR closing	20	9,054,216,197	12,974,474,774	9,054,216,197	12,974,474,774
Less: Outstanding claims including IBNR opening	20	(10,480,686,890)	(8,016,598,909)	(9,583,646,797)	(8,154,207,023)
Claims expense		2,201,048,869	5,964,849,142	1,517,024,006	5,311,118,060
Reinsurance recoveries received		1,842,795,802	-	723,361,287	-
Add: Reinsurance recoveries against outstanding claims including IBNR closing	14	3,541,702,314	7,968,585,396	3,541,702,314	7,968,585,396
Less: Reinsurance recoveries against outstanding claims including IBNR opening	14	(5,603,808,031)	(3,934,364,721)	(4,519,891,413)	(3,936,247,052)
Reinsurance and other recoveries revenue		219,309,915	(4,034,220,675)	254,827,812	(4,032,338,344)
Net insurance claims		2,420,358,784	1,930,628,467	1,771,851,818	1,278,779,716
30 NET COMMISSION AND OTHER ACQUISITION COSTS					
Commission paid or payable		775,758,928	715,883,838	423,852,457	434,368,228
Add: Deferred commission expense opening	15	708,870,615	918,544,431	641,762,070	719,055,375
Less: Deferred commission expense closing	15	(624,421,834)	(704,006,373)	(624,421,834)	(704,006,373)
Net commission		860,207,709	930,421,896	441,192,693	449,417,230
Commission received or recoverable		346,415,897	430,319,453	255,173,254	331,693,891
Add: Unearned reinsurance commission opening	22	338,532,613	452,020,316	244,952,220	343,736,996
Less: Unearned reinsurance commission closing	22	(307,953,509)	(453,506,072)	(307,953,509)	(453,506,072)
Commission from reinsurers		(376,995,001)	(428,833,697)	(192,171,965)	(221,924,815)
Net commission and other acquisition costs		483,212,708	501,588,199	249,020,728	227,492,415

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	Six months period ended		Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees -----				
31 INVESTMENT INCOME - NET				
Income from equity securities				
Available for sale				
Dividend income	74,893,457	48,546,833	29,492,107	14,873,412
Held for trading				
Dividend income	5,504,000	2,742,250	2,925,000	1,547,250
	<u>80,397,457</u>	<u>51,289,083</u>	<u>32,417,107</u>	<u>16,420,662</u>
Income from debt securities				
Return on debt securities				
Held to maturity				
Pakistan Investment Bonds - fixed	97,573,423	106,077,274	43,716,019	55,672,543
Pakistan Investment Bonds - floating	24,183,297	-	10,559,076	-
Treasury Bills	189,683,318	274,257,185	104,632,338	133,363,950
Profit / (loss) on Term Finance Certificates	4,218,034	6,873,779	2,132,204	19,353,519
Amortization of discount on PIBs	12,857,725	13,892,890	6,668,130	6,753,612
	<u>328,515,797</u>	<u>401,101,128</u>	<u>167,707,767</u>	<u>215,143,624</u>
Available for sale				
Pakistan Investment Bonds	38,942,449	37,295,885	19,595,368	-
Profit from saving accounts	24,932,132	45,690,838	23,299,587	21,649,310
Net realized gains on investments				
Available for sale financial assets				
Realized gain on Equity securities	49,613,736	26,010,193	49,613,736	7,631,836
Net unrealized losses on investments				
Net unrealized losses / (gain) on held for trading investment	(6,626,249)	(38,890,733)	3,614,290	24,318,723
Total investment income	515,775,322	522,496,394	296,247,855	285,164,155
(Reversal) / impairment in value of available for sale investment	63,991,869	(105,638,050)	-	-
Investment related expenses	(11,541,593)	(7,821,312)	(7,546,479)	(3,826,198)
Net Investment income	568,225,598	409,037,032	288,701,376	281,337,957
32 RENTAL INCOME - NET				
Rental income	62,965,045	52,657,138	34,376,705	20,153,294
Less: expenses of investment property	(16,594,656)	(12,118,848)	(11,187,751)	-
	<u>46,370,389</u>	<u>40,538,290</u>	<u>23,188,954</u>	<u>20,153,294</u>
33 PROFIT FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S RETAKAFUL FUND				
Revenue account				
Wakala fee	66,576,463	58,735,458	38,092,139	29,626,542
Commission expense	(60,455,333)	(47,407,922)	(32,115,518)	(24,125,061)
General, administrative and management expenses	(4,348,358)	(2,740,037)	(3,208,470)	(1,909,702)
	<u>1,772,772</u>	<u>8,587,499</u>	<u>2,768,151</u>	<u>3,591,779</u>
Investment income	933,287	1,360,812	852,663	1,242,082
Profit on bank deposits	8,858,641	10,768,614	4,677,785	5,646,051
Modarib's share of Participant's Retakaful investment and other income	1,469,391	1,435,997	1,171,336	1,081,952
	<u>11,261,319</u>	<u>13,565,423</u>	<u>6,701,784</u>	<u>7,970,085</u>
Profit before taxation	13,034,091	22,152,922	9,469,936	11,561,864
Taxation	(3,478,292)	(6,233,834)	(2,651,581)	(3,352,940)
Profit after taxation	9,555,799	15,919,088	6,818,354	8,208,924
34 TAXATION				
For the year				
Current	214,644,714	232,421,528	(48,734,439)	(106,884,095)
Deferred	16,734,679	(133,819,832)	16,734,679	-
	<u>231,379,393</u>	<u>98,601,696</u>	<u>(31,999,760)</u>	<u>(106,884,095)</u>

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35 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:

	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
June 30, 2021 (Un-audited)				
Financial assets measured at fair value				
Equity securities				
Held-for-trading investment				
Ordinary shares - listed	168,078,618	168,078,618	-	-
Available-for-sale investment				
Ordinary shares - listed	2,104,407,468	2,104,407,468	-	-
Mutual fund units	1,516,571,719	1,516,571,719	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Debt securities				
Available-for-sale investment				
Pakistan Investment Bonds	627,706,151	627,706,151	-	-
	<u>4,417,381,569</u>	<u>4,416,763,956</u>	<u>-</u>	<u>617,613</u>
December 31, 2020 (Audited)				
Financial assets measured at fair value				
Equity securities				
Held-for-trading investment				
Ordinary shares - listed	174,704,867	174,704,867	-	-
Available-for-sale investment				
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
Debt securities				
Available-for-sale investment				
Pakistan Investment Bonds	620,547,902	-	-	-
	<u>4,383,795,744</u>	<u>3,762,630,229</u>	<u>-</u>	<u>617,613</u>

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36.2 Three month period ended

June 30, 2021	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Proportional Treaty	Non-proportional Treaty	Total
	Rupees								
Gross written premium	323,426,339	6,690,244	191,531,053	48,503,133	406,686,659	2,718,967,670	774,157,607	142,394,274	4,612,356,980
Unearned-Opening	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
Unearned-Closing	452,391,313	7,929,752	142,845,514	43,802,679	229,516,088	3,677,538,093	1,638,062,191	342,412,953	6,534,498,583
Premium earned	526,370,696	7,783,889	51,850,226	58,104,575	367,551,091	2,279,407,906	941,201,498	211,036,408	4,443,306,288
Reinsurance-Ceded	-	-	90,292,245	-	86,596,538	2,500,193,405	114,155,871	20,997,200	2,812,235,260
Prepaid reinsurance-Opening	244,787,743	-	-	1,477,556	116,610,324	3,021,175,314	219,583,142	50,003,027	3,653,637,106
Prepaid reinsurance-Closing	162,620,995	-	67,671,666	-	33,975,111	3,467,805,602	194,933,382	40,747,974	3,967,754,730
Reinsurance expenses	82,166,748	-	22,620,579	1,477,556	169,231,751	2,053,563,117	138,805,631	30,252,253	2,498,117,636
Net insurance premium	444,203,948	7,783,889	29,229,647	56,627,019	198,319,340	225,844,789	802,395,866	180,784,154	1,945,188,653
Commission income	4,889,990	-	2,262,058	147,756	7,119,347	172,531,526	4,433,012	788,276	192,171,965
Net underwriting income (A)	526,370,696	7,783,889	51,850,226	58,104,575	367,551,091	2,279,407,906	941,201,498	211,036,408	2,137,360,618
Insurance claims paid	142,318,384	51,800,388	22,560,271	19,345,193	930,941,376	58,776,268	670,408,455	150,304,271	2,046,454,606
Outstanding-Opening	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
Outstanding-Closing	1,973,638,581	70,470,745	162,352,574	314,643,787	1,534,406,133	1,298,629,510	2,783,104,074	916,970,793	9,054,216,197
Insurance claims expenses	234,450,876	40,840,586	131,512,315	11,815,400	(579,309,862)	157,934,613	1,017,711,255	502,068,823	1,517,024,006
Reinsurance recoveries received	-	-	16,809,210	-	706,552,077	-	-	-	723,361,287
Recovery-Opening	245,413,842	5,083,022	10,949,753	-	2,929,344,215	906,458,602	343,042,084	79,599,895	4,519,891,413
Recovery-Closing	333,119,317	5,083,022	53,234,447	-	1,438,840,471	855,519,957	643,790,479	212,114,621	3,541,702,314
Insurance claims recovered from reinsures	87,705,475	-	59,093,904	-	(783,951,667)	(50,938,645)	300,748,395	132,514,726	(254,827,812)
Net claims	146,745,401	40,840,586	72,418,411	11,815,400	204,641,805	208,873,258	716,962,860	369,554,097	1,771,851,818
Commission expense	68,464,261	751,428	3,582,181	5,504,869	4,275,715	120,789,826	228,808,565	9,015,848	441,192,693
Management expense	70,514,687	1,235,645	4,640,029	8,989,196	31,481,994	35,851,493	127,375,485	28,698,390	308,786,920
Net insurance claims and expenses (B)	285,724,349	42,827,659	80,640,621	26,309,465	240,399,514	365,514,577	1,073,146,910	407,268,335	2,521,831,431
Underwriting results (C=A-B)	240,646,347	(35,043,770)	(28,790,395)	31,795,110	127,151,577	1,913,893,329	(131,945,412)	(196,231,927)	(384,470,814)
Net investment income									288,701,376
Rental income									23,188,954
Other expenses									(1,273,121)
Other income									13,683,338
Profit before tax									(60,170,267)
Segment assets	397,829,555	7,856,159	21,641,678	63,819,043	(38,785,884)	83,070,779	945,043,463	945,043,463	2,425,518,256
Unallocated assets									30,682,555,579
									33,108,073,835
Segment liabilities	391,415,912	5,018,432	4,606,492	27,069,031	184,941,310	131,292,200	1,228,795,735	1,228,795,735	3,201,934,847
Unallocated liabilities									21,946,984,709
									25,148,919,556

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

June 30, 2020	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Proportional Treaty	Non-proportional Treaty	Total
	Rupees								
Gross written premium	232,155,101	7,572,837	153,521,889	66,620,443	(43,430,152)	3,684,023,907	689,515,901	172,378,975	4,962,358,901
Unearned-Opening	703,037,006	6,796,116	9,265,208	54,085,476	2,214,389,400	1,853,464,345	1,560,213,210	390,053,302	6,791,304,063
Unearned-Closing	413,139,603	6,512,794	115,405,910	55,414,454	1,428,440,871	3,731,338,605	1,397,524,778	349,381,195	7,497,158,210
Premium earned	522,052,504	7,856,159	47,381,187	65,291,465	742,518,377	1,806,149,647	852,204,332	213,051,083	4,256,504,754
Reinsurance-Ceded	6,799,850	-	96,411,300	-	85,495,822	3,544,336,205	994,167	248,542	3,734,285,886
Prepaid reinsurance-Opening	376,524,361	-	3,535,698	1,636,024	1,879,625,358	1,794,137,773	190,118,660	47,529,665	4,293,107,539
Prepaid reinsurance-Closing	251,720,202	-	71,347,544	-	1,273,466,561	3,469,475,186	94,907,905	23,726,976	5,184,644,374
Reinsurance expenses	131,604,009	-	28,599,454	1,636,024	770,105,210	1,865,460,915	96,204,922	24,051,231	2,842,749,051
Net insurance premium	390,448,495	7,856,159	18,781,733	63,655,441	(115,604,061)	(59,311,268)	755,999,410	188,999,852	1,413,755,703
Commission income	7,381,060	-	2,859,945	163,602	68,973,118	142,502,889	35,361	8,840	221,924,815
Net underwriting income (A)	397,829,555	7,856,159	21,641,678	63,819,043	(38,785,884)	83,070,779	756,034,770	189,008,693	1,635,680,518
Insurance claims paid	2,921,874	251,125	7,331,058	724,542	-	59,042,487	336,463,378	84,115,845	490,850,309
Outstanding-Opening	1,314,758,964	109,105,400	74,489,173	312,257,944	1,416,859,783	2,709,766,952	1,773,575,046	443,393,761	8,154,207,023
Outstanding-Closing	1,577,159,898	111,958,524	84,682,980	323,178,278	7,323,183,370	945,960,832	2,086,680,714	521,670,178	12,974,474,774
Insurance claims expenses	265,322,808	3,104,249	17,524,865	11,644,876	5,906,323,587	(1,704,763,633)	649,569,046	162,392,262	5,311,118,060
Reinsurance recoveries received	-	-	-	-	-	-	-	-	-
Recovery-Opening	206,495,743	39,267,000	23,402,252	612,403	1,244,472,392	2,254,192,711	134,243,641	33,560,910	3,936,247,052
Recovery-Closing	206,495,743	39,267,000	43,802,252	612,403	6,994,537,936	516,065,511	134,243,641	33,560,910	7,968,585,396
Insurance claims recovered from reinsures	-	-	20,400,000	-	5,750,065,544	(1,738,127,200)	-	-	4,032,338,344
Net claims	265,322,808	3,104,249	(2,875,135)	11,644,876	156,258,043	33,363,567	649,569,046	162,392,262	1,278,779,716
Commission expense	63,759,320	690,338	3,144,583	5,865,983	34,928,732	90,965,727	200,050,038	50,012,509	449,417,230
Management expense	62,333,784	1,223,845	4,337,044	9,558,172	-6,245,465	6,962,906	133,417,504	33,354,376	244,942,166
Net insurance claims and expenses (B)	391,415,912	5,018,432	4,606,492	27,069,031	184,941,310	131,292,200	983,036,588	245,759,147	1,973,139,112
Underwriting results (C=A-B)	6,413,643	2,837,727	17,035,186	36,750,012	(223,727,194)	(48,221,421)	(227,001,818)	(56,750,454)	(337,458,594)
Net investment income									281,337,957
Rental income									20,153,294
Other expenses									238,911
Other income									11,876,916
Profit before tax									(23,851,516)
Segment assets	397,829,555	7,856,159	21,641,678	63,819,043	(38,785,884)	83,070,779	945,043,463	945,043,463	1,480,474,793
Unallocated assets									30,682,555,579
									32,163,030,372
Segment liabilities	391,415,912	5,018,432	4,606,492	27,069,031	184,941,310	131,292,200	1,228,795,735	1,228,795,735	1,973,139,112
Unallocated liabilities									21,946,984,709
									23,920,123,821

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

37 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:

	(Unaudited)		(Unaudited)	
	Six months period ended		Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees -----				
Major shareholder				
Government of Pakistan through Ministry of Commerce				
Dividend paid during the period	336,599,463	269,279,570	336,599,463	269,279,570
State Life Insurance Corporation of Pakistan				
Dividend paid during the period	183,080,503	146,464,402	183,080,503	146,464,402
Related parties by virtue of GoP's holdings				
State Bank of Pakistan				
Purchase of investment (T-Bills)	8,648,247,700	3,575,000,000	-	2,075,000,000
Pakistan State Oil Company Limited				
Dividend received during the period	70,210	-	-	-
National Investment Trust Limited				
Dividend received during the period	27,720,000	27,720,000	-	-
National Insurance Company Limited				
Premium due but unpaid	3,675,594,282	5,377,764,168	3,521,037,019	4,462,028,107
Insurance premium written during the year	4,890,599,272	4,596,354,797	3,203,406,981	3,600,270,158
Premium received	(4,938,175,560)	(4,902,245,123)	(3,096,426,005)	(2,990,424,425)
Balance at the end of period	<u>3,628,017,995</u>	<u>5,071,873,842</u>	<u>3,628,017,995</u>	<u>5,071,873,840</u>
Insurance commission paid	186,555,156	242,971,356	149,117,713	197,708,939
Insurance claims paid	2,017,984,596	-	982,194,909	-
Other related parties				
Remuneration including benefits and perquisites of key management personnel	105,646,772	258,142,940	78,441,836	155,235,481

38 EARNINGS / (LOSS) 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:

	(Unaudited)		(Unaudited)	
	Six months period ended		Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Profit / (loss) after tax for the period	<u>586,979,394</u>	<u>716,109,901</u>	<u>(21,352,154)</u>	<u>91,241,503</u>
Weighted average number of ordinary shares (Number of shares)	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Earning / (loss) per share - basic	<u>1.96</u>	<u>2.39</u>	<u>(0.07)</u>	<u>0.30</u>

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

39 SUBSEQUENT NON ADJUSTING EVENTS

There are no significant subsequent events that need to be disclosed for the period ended June 30, 2021.

40 CORRESPONDING EVENTS

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant rearrangements have been made.

41 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on _____ by the Board of Directors of the Company.

42 GENERAL

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

CHAIRMAN

CHIEF EXECUTIVE
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL
OFFICER

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PAKISTAN REINSURANCE COMPANY LIMITED -
WINDOW RETAKAFUL OPERATIONS**

Introduction

We were engaged to review the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited - Window Retakaful (the Operations), as at June 30, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in funds, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. However, because of matter described in Basis for Disclaimer of Conclusion paragraph, we were not able to obtain sufficient appropriate evidence for expressing a conclusion on these condensed interim financial statements.

Scope of Review

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

Basis for Disclaimer of Conclusion

1. Note 9, 10, 12, 13, 18, 19, 20, 26, 27, 28, 30, and 32 to these condensed interim financial statements, certain account balances and class of transactions which have been recorded against treaty business. We were unable to complete our review in respect of such account balances and class of transactions because the Operations does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.
2. As stated in note 9 to these condensed interim financial statements, the balances under the head "Takaful/Retakaful receivables" amount to Rs. 304,732,350 in respect of which

balance confirmations have not been received. In the absence of independent confirmations, we were unable to obtain sufficient appropriate audit evidence to support our conclusion in respect of the existence and valuation related to these balances. Had we been able to complete our review of “Takaful/Retakaful receivables” matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.

3. As disclosed in note 11 to these condensed interim financial statements, the Operator has recorded a receivable of Rs. 244,254,221 as “Qard-e-hasna to Participant Retakaful Fund”. To assess the recoverability of the recognized receivable the management has prepared three years’ financial projections for future taxable surplus based on which management has concluded that there will be sufficient surplus to pay off the receivable.

The key assumptions to arrive at the taxable surplus are those regarding the growth rates, projected retrocession rates, net claim rates, commission rates, and unearned premium rates used in the projections. However, we were unable to obtain sufficient appropriate evidence to verify the reasonableness of the assumptions used in the projections. Therefore, we were unable to conclude our review in respect of the above balances.

4. As disclosed in the note 1.4, these condensed interim financial statements are prepared on the assumption that the Operations will continue as a going concern. However, we were unable to obtain sufficient appropriate evidence to support our conclusion in respect of the assumptions used in the going concern assessment provided by the management. These condensed interim financial statements do not reflect any adjustment that would be required should the Operations be unable to continue as a going concern.

Disclaimer of Conclusion

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to form a conclusion on these condensed interim financial statements. Accordingly, we do not express a conclusion on these condensed interim financial statements.

Emphasis of Matters

We draw attention to the following matters:

1. Note 1.4 to these condensed interim financial statements, which describes the financial performance of Participant's Retakaful fund of the Window Retakaful Operations.
2. Note 25.1 to these condensed interim financial statements, which explains that the ultimate outcome of the matter stated cannot presently be determined for the reasons as mentioned in the aforementioned note.
3. Note 34.1 to these condensed interim financial statements, which fully explains the matter that the Participant's Retakaful Fund has not been compliant with the solvency requirements as prescribed under the Insurance Ordinance, 2000.

Our conclusion is not further modified in respect of the above matters.

Other Matter

The figures for the quarter ended June 30, 2021 and June 30, 2020 in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date:

DRAFT

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	Operator's Retakaful Fund		Participant's Retakaful fund	
		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
-----Rupees-----					
Assets					
Investments	7	17,642,962	17,251,711	86,541,022	84,586,557
Other receivable	8	1,367,117	1,377,632	471,598	-
Takaful/retakaful receivables	9	-	-	304,732,350	213,512,771
Receivables from Participant's Retakaful Fund - net	10	-	29,557,577	119,590	-
Qard-e-hasna to Participant's Retakaful Fund	11	244,254,221	-	-	-
Deferred wakala fee	12	-	-	59,144,239	54,941,261
Retakaful recoveries against outstanding claims		-	-	38,805,585	-
Deferred commission expense	13	51,309,334	41,504,925	-	-
Deferred tax asset	14	102,153	-	-	-
Prepayments	15	-	-	26,436,678	75,847,698
Bank balances	16	112,047,847	319,674,992	422,364,847	102,591,279
Total assets		426,723,634	409,366,837	938,615,909	531,479,566
Funds and Liabilities					
Funds attributable to:					
Operator's Retakaful Fund					
Statutory fund		300,000,000	300,000,000	-	-
Reserves	17	49,085,367	39,939,183	-	-
Total Operator's Funds		349,085,367	339,939,183	-	-
Participant's Retakaful Fund					
Seed money		-	-	1,000,000	1,000,000
Reserves	17	-	-	(198,561,144)	(114,920,221)
Balance of Participant's Takaful Fund		-	-	(197,561,144)	(113,920,221)
Qard-e-Hasna		-	-	244,254,221	-
		-	-	46,693,077	(113,920,221)
Liabilities:					
Underwriting provisions					
Outstanding claims including IBNR	18	-	-	511,132,183	299,136,344
Unearned contribution reserves	19	-	-	295,721,195	238,875,048
Contribution deficiency reserve	20	-	-	49,428,203	19,010,777
		-	-	856,281,581	557,022,169
Unearned wakala fee	12	59,144,239	54,941,261	-	-
Takaful/retakaful payables	21	-	-	35,640,251	58,819,041
Payable to Operator's Retakaful Fund - net	10	119,590	-	-	29,557,577
Taxation - provision less payment	22	11,193,801	8,960,899	-	-
Deferred tax liability	14	-	69,101	-	-
Other creditors and accruals	23	1,347,864	866,500	1,000	1,000
Payable to related party	24	5,832,773	4,589,893	-	-
Total liabilities		77,638,267	69,427,654	891,922,832	645,399,787
Total equity and liabilities		426,723,634	409,366,837	938,615,909	531,479,566
Contingencies and commitments	25				

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chairman **Director** **Director** **Chief Executive Officer** **Chief Financial Officer**

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Six Months Ended		Three Months Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
-----Rupees-----					
Participant's Retakaful Fund					
Revenue account					
Contributions earned	26	332,882,314	255,371,558	177,879,812	128,811,054
Less: contributions ceded to retrotakaful	26	(49,411,020)	(28,081,538)	(21,010,108)	(13,397,007)
Net contribution revenue	26	283,471,294	227,290,020	156,869,704	115,414,047
Wakala expense	27	(66,576,463)	(58,735,458)	(38,092,139)	(29,626,542)
Net underwriting income		216,894,831	168,554,562	118,777,565	85,787,505
Net claims - reported/ settled - IBNR	28	(272,572,534)	(152,686,008)	(210,677,886)	(106,941,249)
Charge of contribution deficiency reserve	20	(30,417,426)	-	(30,417,426)	-
(Deficit)/Surplus before investment income		(86,095,129)	15,868,554	(122,317,747)	(21,153,744)
Profit on bank deposit		2,110,135	987,202	1,411,612	474,768
Investment income		3,767,428	4,756,787	3,273,730	3,853,041
Less: Modarib's share of investment income and profit on bank deposit		(1,469,391)	(1,435,997)	(1,171,336)	(1,081,952)
		4,408,172	4,307,992	3,514,006	3,245,857
Deficit before taxation		(81,686,957)	20,176,546	(118,803,742)	(17,907,887)
Taxation	29	(635,354)	(783,184)	(635,354)	-
(Deficit)/surplus transferred to accumulated deficit		(82,322,311)	19,393,362	(119,439,096)	(17,907,887)
Operator's Retakaful Fund					
Revenue account					
Wakala fee income	27	66,576,463	58,735,458	38,092,139	29,626,542
Commission expense	30	(60,455,333)	(47,407,922)	(32,115,518)	(24,125,061)
General, administrative and management expenses	31	(4,348,358)	(2,740,037)	(3,208,470)	(1,909,702)
		1,772,772	8,587,499	2,768,151	3,591,779
Modarib's share of participant's retakaful investment income and profit on bank deposit		1,469,391	1,435,997	1,171,336	1,081,952
Investment income		933,287	1,360,812	852,663	1,242,082
Profit on bank deposit		8,858,641	10,768,614	4,677,785	5,646,051
Profit before taxation		13,034,091	22,152,922	9,469,936	11,561,864
Taxation		(3,478,292)	(6,233,834)	(2,651,581)	(3,352,940)
Profit after taxation		9,555,799	15,919,088	6,818,354	8,208,924

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Six Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
-----Rupees-----				
Participant's Retakaful Fund				
(Deficit)/surplus for the period	(82,322,311)	20,176,546	(118,803,742)	(17,907,887)
Other comprehensive (loss)/income for the period				
<i>Item that may be subsequently reclassified to profit or loss account</i>				
Unrealised loss on revaluation of available-for-sale investments - net of tax	(1,318,612)	(830,794)	(2,072,332)	(2,346,997)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
	-	-	-	-
Total comprehensive (loss)/income for the period	(83,640,923)	19,345,752	(120,876,074)	(20,254,884)
Operator's Retakaful Fund				
Profit after taxation	9,555,799	15,919,088	6,818,354	8,208,924
Other comprehensive income for the period				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Net unrealised loss on revaluation of available-for-sale investments - net of tax	(409,615)	(651,840)	(582,419)	(940,561)
<i>Item that will not be subsequently reclassified to profit or loss account</i>				
	-	-	-	-
Total comprehensive income for the period	9,146,184	15,267,248	6,235,935	7,268,363

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
-----Rupees-----				
Operating cash flow				
Retakaful activities				
Contribution received	-	-	298,508,883	138,709,170
Retro takaful contribution paid	-	-	(23,178,790)	(23,860,562)
Benefits paid	-	-	(99,382,280)	(35,556,330)
Comission paid	(70,259,744)	-	-	(41,082,717)
Net cash (used in) / generated from retakaful activities	(70,259,744)	-	175,947,813	38,209,561
Other operating activities				
Income tax paid	(2,388,508)	(1,724,574)	(635,353)	(782,427)
Management expenses paid	(4,075,358)	(2,740,037)	-	-
Other operating receipts/(payments)	104,359,623	26,542,918	(101,926,001)	(12,715,817)
Net cash generated from/(used in) in other operating activities	97,895,757	22,078,307	(102,561,354)	(13,498,244)
	97,895,757	22,078,307	(102,561,354)	(13,498,244)
Total cash generated from all operating activities	27,636,013	22,078,307	73,386,459	24,711,317
Investing activities				
Purchase of investments made	(757,079)	(1,227,895)	(3,733,755)	(4,050,664)
Profit on bank deposits received	8,858,641	1,360,812	1,638,537	4,756,787
Investment income received	889,501	10,768,614	4,228,106	987,202
Total cashflow generated from investing activities	8,991,063	10,901,531	2,132,888	1,693,325
Financing activities				
Qard-e-hasna	(244,254,221)	-	244,254,221	-
Total cash generated in financing activities	(244,254,221)	-	244,254,221	-
Net cash (used in)/generated from all activities	(207,627,145)	32,979,838	319,773,568	26,404,642
Cash and cash equivalents at beginning of the period	319,674,992	257,509,232	102,591,279	27,265,685
Cash and cash equivalents at end of the period	112,047,847	290,489,070	422,364,847	53,670,327
Reconciliation to profit and loss				
Operating cash flows	27,636,013	22,078,307	73,386,459	24,711,317
Profit on bank deposits received	8,858,641	1,360,812	1,638,537	4,756,787
Investment income received	889,501	10,768,614	4,228,106	987,202
(Decrease)/increase in operating assets other than cash	(18,554,040)	(80,279,496)	36,147,388	77,500,777
(Increase)/decrease in operating liabilities	(8,184,532)	66,500,111	(197,722,800)	(88,561,964)
	10,645,583	20,428,348	(82,322,310)	19,394,119
Other adjustments:				
Income tax paid	2,388,508	1,724,574	635,353	782,427
Profit/(deficit) before taxation	13,034,091	22,152,922	(81,686,957)	20,176,546
Provision for taxation	(3,478,292)	(6,233,834)	(635,354)	(783,184)
Total profit/(deficit) for the period	9,555,799	15,919,088	(82,322,311)	19,393,362

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
 CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

Statutory Fund	Attributable to Operator's Retakaful Fund			Total
	Reserves		Total Reserves	
	Capital	Revenue		
Unrealized gain / (loss) on available for sale investment	Unappropriated Profit			

-----Rupees-----

Balance as at January 01, 2020 (Audited)	300,000,000	192,662	9,319,339	9,512,001	309,512,001
Total comprehensive income for the year					
Unrealized loss on available for sale investments-net	-	(23,483)	-	(23,483)	(23,483)
Profit for the year			30,450,665	30,450,665	30,450,665
Balance as at December 31, 2020 (Audited)	<u>300,000,000</u>	<u>169,179</u>	<u>39,770,004</u>	<u>39,939,183</u>	<u>339,939,183</u>
Balance as at January 01, 2021 (Audited)	300,000,000	169,179	39,770,004	39,939,183	339,939,183
Profit for the period	-	-	9,555,799	9,555,799	9,555,799
Unrealized loss on available for sale investments	-	(409,615)	-	(409,615)	(409,615)
Balance as at June 30, 2021 (Un-Audited)	<u>300,000,000</u>	<u>(240,436)</u>	<u>49,325,803</u>	<u>49,085,367</u>	<u>349,085,367</u>

Seed money	Attributable to Participant's Retakaful Fund			Total
	Reserves		Total Reserves	
	Capital	Revenue		
Unrealized (loss) on available for sale investment	Accumulated deficit			

-----Rupees-----

Balance as at January 01, 2020 (Audited)	1,000,000	1,020,623	(36,504,663)	(35,484,040)	(34,484,040)
Total comprehensive income for the year					
Unrealized gain on available for sale investments - net of tax	-	866,589	-	866,589	866,589
Deficit for the year	-	-	(80,302,770)	(80,302,770)	(80,302,770)
Balance as at December 31, 2020 (Audited)	<u>1,000,000</u>	<u>1,887,212</u>	<u>(116,807,433)</u>	<u>(114,920,221)</u>	<u>(113,920,221)</u>
Balance as at January 01, 2021 (Audited)	1,000,000	1,887,212	(116,807,433)	(114,920,221)	(113,920,221)
Deficit for the period	-	-	(82,322,311)	(82,322,311)	(82,322,311)
Unrealized loss on available for sale investments - net of tax	-	(1,318,612)	-	(1,318,612)	(1,318,612)
Balance as at June 30, 2021 (Un-Audited)	<u>1,000,000</u>	<u>568,600</u>	<u>(199,129,744)</u>	<u>(198,561,144)</u>	<u>(197,561,144)</u>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

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 registered office of the Operator is situated at PRC Tower, 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 ("the Operations") in Pakistan. The Operator is engaged in general retakaful business comprising of fire, marine, aviation, engineering and accident. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participant's 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.
- 1.4 During the period Participant's Retakaful fund ("the Fund") of the Window Retakaful Operations incurred a deficit of Rs. 82,322,311 (June 30, 2020 surplus of : Rs. 19,393,362), resulting in accumulated deficit of Rs. 199,129,744 (2020: Rs. 116,807,433) as of the date of statement of financial position.

Moreover, the Fund is unable to comply with the minimum solvency requirement under Insurance Ordinance, 2000 and reported a deficit in net admissible assets over minimum requirement amounting to Rs. 74,386,150 (refer note 34). This may create adverse effect on the operations of the funds. Therefore, the Operator has undertaken certain plans and measures to improve the Fund's liquidity and financial position which includes the following:

- The Operator is working on reassessment of its portfolio of takaful business and considering to accept only those policies resulting in less benefit paid as compared to contribution received and rejecting those which could result more outflow of claims than The contribution received.
- The operator is also taking measures to reduce its operating costs; and
- In order to ensure the uninterrupted operations of the Fund, the Operator has provided Qard-e-Hasna amounting to Rs. 244,254,221 to the Fund further the Operator's support shall remain available to the Fund as and when needed.

Considering the above factors, the management believes that the going concern assumption is appropriate and has prepared these condensed interim financial statements on going concern basis.

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,

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

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.

2.3 Statement of compliance

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

These 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 Operator as at and for the year ended December 31, 2020 which have been prepared in accordance with approved accounting standards as applicable to takaful companies in Pakistan.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Operator for the year ended December 31, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in fund are extracted from the unaudited condensed interim financial statements for the six months period ended June 30, 2020.

3 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK

Retakaful and financial risk management objectives and polices are consistent with those disclosed in the financial statements for the year ended December 31, 2020.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted by the Company in the preparation of these 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, 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.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	January 1, 2020
Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company.	

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
IFRS 3 - References to Conceptual Framework	January 1, 2022
IAS 16 - Proceeds before intended use	January 1, 2022
IAS 37 - Onerous Contracts - Cost of Fulfilling a contract	January 1, 2022
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 17 - Insurance Contracts	January 1, 2023
IFRS 9 - ECL model on the financial assets due from Government	July 1, 2021

6 USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements are in conformity with the requirements of approved accounting standards as applicable in Pakistan and 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 on-going 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 these 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, 2020.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2020.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

7 INVESTMENTS

Available for sale - Mutual Funds

	Operator's Retakaful Fund			Participant's Retakaful Fund		
	Total cost of Investment	Carrying Value of Investment	Unrealized (Loss) / gain	Total cost of Investment	Carrying Value of Investment	Unrealized (Loss) / gain
June 30, 2021 (Un-audited)	-----Rupees-----					
Al Hamra Islamic Income Fund	3,656,027	3,549,233	(106,794)	17,916,524	17,393,174	(523,350)
Al-Ameen Islamic Sovereign Fund -Class-C	1,944,688	1,894,880	(49,808)	3,431,802	3,343,905	(87,897)
Al-Ameen Islamic Cash Fund	1,613,380	1,611,336	(2,044)	13,881,174	13,919,224	38,050
NBP Islamic Mahana Amdani Fund	3,639,839	3,534,281	(105,558)	17,837,235	17,319,941	(517,294)
ABL Islamic Income Fund	3,610,906	3,510,279	(100,627)	17,692,220	17,199,182	(493,038)
Meezan Rozana Amdani Fund - Growth-B	3,542,950	3,542,953	3	17,099,573	17,365,596	266,023
	18,007,790	17,642,962	(364,828)	87,858,529	86,541,022	(1,317,507)

December 31, 2020 (Audited)

Al Hamra Islamic Income Fund	3,357,880	3,473,395	115,515	16,422,914	17,021,528	598,614
Al-Ameen Islamic Sovereign Fund -Class-C	1,802,654	1,857,056	54,402	3,181,154	3,277,158	96,004
Al-Ameen Islamic Cash Fund	1,627,613	1,569,627	(57,986)	13,534,694	13,559,122	24,428
NBP Islamic Mahana Amdani Fund	3,390,201	3,457,516	67,315	16,294,754	16,943,750	648,996
ABL Islamic Income Fund	3,388,786	3,447,823	59,037	16,373,998	16,893,168	519,170
Meezan Rozana Amdani Fund - Growth-B	3,446,297	3,446,294	(3)	16,891,831	16,891,831	-
	17,013,431	17,251,711	238,280	82,699,345	84,586,557	1,887,212

8 OTHER RECEIVABLES

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	-----Rupees-----			
Loan to employee	65,000	25,000	-	-
Accrued markup on bank deposits	1,302,117	1,352,632	471,598	-
	1,367,117	1,377,632	471,598	-

9 TAKAFUL/RETAKAFUL RECEIVABLES

Due from takaful participants holders

	Note	Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		-----Rupees-----	
Treaty retakaful		228,957,171	157,639,043
Facultative retakaful		82,673,606	62,772,155
		311,630,777	220,411,198
Less: provision for impairment	9.1	6,898,427	6,898,427
		304,732,350	213,512,771
9.1 Movement of provision for impairment			
Balance at the beginning of the period		6,898,427	-
Provisions made during the period		-	6,898,427
Balance at the end of the period		6,898,427	6,898,427

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

10 RECEIVABLE FROM PARTICIPANT'S RETAKAFUL FUND / (PAYABLE TO OPERATOR'S RETAKAFUL FUND)	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
-----Rupees-----					
Amount (payable) to / receivable from					
Participant's Retakaful Fund	10.1	(2,108,678)	(23,919,481)	2,108,678	23,919,481
Wakala fee	10.2	70,779,441	233,975,156	(70,779,441)	(233,975,156)
Modarib's share of participant's retakaful fund investment income and bank profit	10.3	1,469,391	1,879,482	(1,469,391)	(1,879,482)
Commission payable		(70,259,744)	(182,377,580)	70,259,744	182,377,580
		<u>(119,590)</u>	<u>29,557,577</u>	<u>119,590</u>	<u>(29,557,577)</u>

10.1 The amount is payable by the Operator to Participant's Retakaful Fund related to contribution received by the Operator from takaful participants.

10.2 It represents the amount receivable from Participant's Retakaful Fund related to wakala fee charged at 20% (2020: 23%) of gross contribution written amounted to Rs. 66,576,463 (2020: Rs. 138,858,928).

10.3 It represents Mudarib fee receivable against managing the investments and funds of participants at the rate 25% of all investment income and profit on bank deposits.

11 QARD-E-HASNA	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
-----Rupees-----					
Opening balance of Qard-e-Hasna		-	-	-	-
Qard-e-hasna transferred from OPF during the period		244,254,221	-	(244,254,221)	-
Qard-e-hasna returned by PTF during the period		-	-	-	-
Impairment adjustment		-	-	-	-
Closing balance of Qard-e-Hasna		<u>244,254,221</u>	<u>-</u>	<u>(244,254,221)</u>	<u>-</u>

12 UNEARNED WAKALA FEE / DEFERRED WAKALA FEE		Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Facultative business	12.1	3,061,951	4,148,353	3,061,951	4,148,353
Treaty		56,082,288	50,792,908	56,082,288	50,792,908
		<u>59,144,239</u>	<u>54,941,261</u>	<u>59,144,239</u>	<u>54,941,261</u>

12.1 Facultative business		Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Fire		2,023,152	2,232,422	2,023,152	2,232,422
Marine cargo		71,189	14,906	71,189	14,906
Accident		831,417	1,132,376	831,417	1,132,376
Engineering		136,193	768,649	136,193	768,649
		<u>3,061,951</u>	<u>4,148,353</u>	<u>3,061,951</u>	<u>4,148,353</u>

13 DEFERRED COMMISSION EXPENSE		Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Facultative business	13.1	1,561,340	1,773,629	-	-
Treaty		49,747,994	39,731,296	-	-
		<u>51,309,334</u>	<u>41,504,925</u>	<u>-</u>	<u>-</u>

13.1 Facultative business		Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Fire		1,252,240	1,183,599	-	-
Marine cargo		38,870	7,442	-	-
Accident		208,276	248,393	-	-
Engineering		61,954	334,195	-	-
		<u>1,561,340</u>	<u>1,773,629</u>	<u>-</u>	<u>-</u>

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
14 DEFERED TAX ASSET/(LIABILITY)		-----Rupees-----			
Opening liability		(69,101)	(78,693)	-	-
Deductible temporary differences on					
Unrealized gain on available for sale investments		171,254	-	-	-
Taxable temporary differences					
Unrealized gain on available for sale investments		-	9,592	-	-
		<u>102,153</u>	<u>(69,101)</u>	<u>-</u>	<u>-</u>
15 PREPAYMENTS					
Treaty business					
Prepaid retakaful contribution ceded		-	-	26,436,678	75,847,698
16 BANK BALANCES					
Cash at bank in:					
- Saving accounts	16.1	<u>112,047,847</u>	319,674,992	<u>422,364,847</u>	<u>102,591,279</u>
16.1 Markup on profit and loss sharing account ranging from 5% to 7% (December 31 2020: 3% to 6%) per annum.					
17 RESERVES					
Revenue					
Unappropriated profit /(loss)		49,325,803	39,770,004	(199,129,744)	(116,807,433)
Capital					
Unrealized (loss)/gain on available for sale reserve		(240,436)	169,179	568,600	1,887,212
		<u>49,085,367</u>	<u>39,939,183</u>	<u>(198,561,144)</u>	<u>(114,920,221)</u>
				-----Rupees-----	
18 OUTSTANDING CLAIMS INCLUDING IBNR					
Facultative business	18.1			85,114,561	74,901,532
Treaty				426,017,622	224,234,812
	18.2			<u>511,132,183</u>	<u>299,136,344</u>
18.1 Facultative business					
Fire				78,195,968	70,709,441
Marine cargo				136,745	136,745
Marine Hull				-	1,994,662
Accident				4,018,720	1,221,279
Engineering				2,763,128	839,405
				<u>85,114,561</u>	<u>74,901,532</u>

18.2 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017 SECP issued separate guidelines for the Company for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Company, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Company recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation dated March 26, 2021 which amounts to Rs. 6,008,726 and Rs. 36,839,921 respectively.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

		Participant's Retakaful Fund	
		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
19	UNEARNED CONTRIBUTION RESERVES	Note	-----Rupees-----
	Facultative business	19.1	15,309,753
	Treaty		280,411,442
			<u>295,721,195</u>
19.1	Facultative business		
	Fire		10,115,762
	Marine cargo		131,476
	Marine Hull		224,468
	Accident		4,157,084
	Engineering		680,963
			<u>15,309,753</u>
20	CONTRIBUTION DEFICIENCY RESERVE		
	Fire		9,144,215
	Marine cargo		70,016
	Treaty		40,213,972
			<u>49,428,203</u>
21	TAKAFUL/RETAKAFUL PAYABLES		
	Retakaful contribution payable		<u>35,640,251</u>
			58,819,041
22	TAXATION- PROVISION LESS PAYMENT		
		Operator's Retakaful Fund	Participant's Retakaful Fund
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Note	-----Rupees-----	
	Balance at the beginning of the period/year	(8,960,899)	(3,326,472)
	Income tax deducted at source on dividend income	132,422	176,553
	Income tax deducted at source on bank profit	1,284,221	2,852,178
	Payment of income tax	-	3,774,438
	Provision for current tax	(3,649,546)	(12,437,596)
	Balance at the end of the period/year	<u>(11,193,801)</u>	<u>(8,960,899)</u>
23	OTHER CREDITORS AND ACCRUALS		
	Salaries payable	326,800	-
	Income tax deducted at source	83,565	-
	Employee income tax payable	112,999	-
	Audit fee payable	824,500	716,500
	Miscellaneous creditors	-	150,000
		<u>1,347,864</u>	<u>866,500</u>
		<u>1,000</u>	<u>1,000</u>
24	PAYABLE TO RELATED PARTY		
	Pakistan Reinsurance Company Limited	24.1	5,832,773
			4,589,893
24.1	Payable in respect of		
	Income tax		3,774,439
	Salaries		1,970,988
	Bonus		87,346
			<u>5,832,773</u>
			<u>4,589,893</u>
25	CONTINGENCIES AND COMMITMENTS		
25.1	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 27.1.1 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 would be amounted to Rs. 129 million pertaining to the year 2021 (2020: Rs. 78.4 millions) on retakaful operations excluding any additional penalty or default surcharge.		

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

25.2 There are no commitments as at June 30, 2021 (December 31 2020: Nil).

	Note	Six Months Ended		Three Months Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
26 NET CONTRIBUTION REVENUE		-----Rupees-----			
Written gross contribution	32	389,728,461	232,828,383	184,787,390	21,260,111
Add: Unearned contribution reserve opening	32	238,875,048	192,193,748	288,813,617	277,201,516
Less: Unearned contribution reserve closing		(295,721,195)	(169,650,573)	(295,721,195)	(169,650,573)
Contribution earned		332,882,314	255,371,558	177,879,812	128,811,054
Retakaful contribution ceded		-	23,860,562	-	-
Add: Prepaid retakaful contribution opening	32	75,847,698	20,300,625	47,446,786	29,476,656
Less: Prepaid retakaful contribution closing	32	(26,436,678)	(16,079,649)	(26,436,678)	(16,079,649)
Retakaful expense		49,411,020	28,081,538	21,010,108	13,397,007
		<u>283,471,294</u>	<u>227,290,020</u>	<u>156,869,704</u>	<u>115,414,047</u>
27 WAKALA FEE/EXPENSE					
Gross wakala fee	32	77,945,692	53,550,528	30,809,246	4,889,525
Add: Unearned Wakala fee opening		47,775,010	44,204,562	66,427,132	63,756,649
Less: Unearned Wakala fee closing		(59,144,239)	(39,019,632)	(59,144,239)	(39,019,632)
		<u>66,576,463</u>	<u>58,735,458</u>	<u>38,092,139</u>	<u>29,626,542</u>
28 NET CLAIMS - REPORTED / SETTLED - IBNR					
Benefits/claims paid		99,382,280	35,556,330	70,114,524	22,828,663
Less: Outstanding benefits/claims including IBNR - opening		(299,136,344)	(84,661,397)	(331,763,236)	(117,678,489)
Add: Outstanding benefits / claims including IBNR - closing		511,132,183	201,791,075	511,132,183	201,791,075
Claims expense		311,378,119	152,686,008	249,483,471	106,941,249
Retakaful and other recoveries received		-	-	-	-
Add: Retakaful and other recoveries received- closing		38,805,585	-	38,805,585	-
Less: Retakaful and other recoveries received- opening		-	-	-	-
Retakaful and other recoveries revenue		38,805,585	-	38,805,585	-
Net claims expenses		<u>272,572,534</u>	<u>152,686,008</u>	<u>210,677,886</u>	<u>106,941,249</u>
29 TAXATION					
For the year					
Current-deducted at source		635,354	783,184	-	-
		<u>635,354</u>	<u>783,184</u>	<u>-</u>	<u>-</u>
30 COMMISSION EXPENSE					
Commission paid or payable		70,259,744	41,082,717	33,223,578	(570,537)
Add: Deferred commission expense opening	32	41,504,923	34,719,365	50,201,274	53,089,758
Less: Deferred commission expense closing		(51,309,334)	(28,394,160)	(51,309,334)	(28,394,160)
		<u>60,455,333</u>	<u>47,407,922</u>	<u>32,115,518</u>	<u>24,125,061</u>
31 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES					
Salaries, allowance and other benefits		3,221,368	1,584,083	2,531,480	1,233,460
Shariah Advisor fee		1,000,645	1,050,000	550,645	590,000
Auditor's remuneration		108,000	75,000	108,000	75,000
Others		18,345	30,954	18,345	11,242
		<u>4,348,358</u>	<u>2,740,037</u>	<u>3,208,470</u>	<u>1,909,702</u>

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATION
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

32 SEGMENT REPORTING

PARTICIPANT'S RETAKAFUL FUND

	Six months ended June 30, 2021				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Gross written contribution	25,264,020	1,043,242	5,686,370	357,734,829	389,728,461
Unearned contribution-Opening	13,048,134	64,808	4,923,375	220,838,731	238,875,048
Unearned contribution-Closing	10,796,725	355,944	4,157,084	280,411,442	295,721,195
Contribution earned	27,515,429	752,106	6,452,661	298,162,118	332,882,314
Retakaful-Ceded	-	-	-	-	-
Prepaid retakaful-Opening	-	-	-	75,847,698	75,847,698
Prepaid retakaful-Closing	-	-	-	26,436,678	26,436,678
Retakaful expenses	-	-	-	49,411,020	49,411,020
Net contribution	27,515,429	752,106	6,452,661	248,751,098	283,471,294
Rebate	-	-	-	-	-
Net underwriting income (A)	27,515,429	752,106	6,452,661	248,751,098	283,471,294
Benefits paid	1,815,430	-	194,231	97,372,619	99,382,280
Outstanding benefits/claims-opening	(71,548,846)	(2,131,407)	(1,221,279)	(224,234,812)	(299,136,344)
Outstanding benefits/claims-closing	80,959,096	136,745	4,018,720	426,017,622	511,132,183
Claims expenses	11,225,680	(1,994,662)	2,991,672	299,155,429	311,378,119
Retakaful recoveries received	-	-	-	-	-
Retakaful recoveries against outstanding claims-opening	-	-	-	-	-
Retakaful recoveries against outstanding claims-closing	-	-	-	38,805,585	38,805,585
Retakaful recoveries revenue	-	-	-	38,805,585	38,805,585
Net benefit expenses	11,225,680	(1,994,662)	2,991,672	260,349,844	272,572,534
Wakala fee	5,503,086	150,421	1,290,532	59,632,424	66,576,463
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	30,417,426
Net benefits and expenses (B)	16,728,766	(1,844,241)	4,282,204	319,982,268	369,566,423
Underwriting results (C=A-B)	10,786,663	2,596,347	2,170,457	(71,231,170)	(86,095,129)
Profit on bank deposits					2,110,135
Modarib share of PTF investment income and bank profit					(1,469,391)
Investment income					3,767,428
Deficit before tax					(81,686,957)
Segment Assets	27,515,429	752,106	6,452,661	248,751,098	283,471,294
Unallocated Assets					655,144,615
					<u>938,615,909</u>
Segment Liabilities	16,728,766	(1,844,241)	4,282,204	319,982,268	339,148,997
Unallocated Liabilities					552,773,835
					<u>891,922,832</u>

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

OPERATOR'S RETAKAFUL FUND

	Six months ended June 30, 2021				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Wakala Fee	5,503,086	150,421	1,290,532	59,632,424	66,576,463
Commission	(3,255,781)	(92,898)	(347,184)	(56,759,470)	(60,455,333)
Management Expenses	(336,861)	(9,208)	(78,998)	(3,923,291)	(4,348,358)
Segment Results	1,910,444	48,315	864,350	(1,050,337)	1,772,772
Profit on bank deposits					8,858,641
Dividend income					933,287
Modarib share of PTF investment income and bank profit					1,469,391
Profit before tax					13,034,091
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					417,195,693
					426,723,634
Segment Liabilities	2,159,345	71,189	831,417	56,082,288	59,144,239
Unallocated Liabilities					18,494,028
					77,638,267

PARTICIPANT'S RETAKAFUL FUND

	Three months ended June 30, 2021				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Gross written contribution	15,300,258	378,545	3,243,239	165,865,348	184,787,390
Unearned contribution-Opening	13,156,817	416,997	4,192,800	271,047,003	288,813,617
Unearned contribution-Closing	10,796,725	355,944	4,157,084	280,411,442	295,721,195
Contribution Earned	17,660,350	439,598	3,278,955	156,500,909	177,879,812
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	47,446,786	47,446,786
Prepaid Retakaful-Closing	-	-	-	26,436,678	26,436,678
Retakaful Expenses	-	-	-	21,010,108	21,010,108
Net contribution	17,660,350	439,598	3,278,955	135,490,801	156,869,704
Rebate	-	-	-	-	-
Net underwriting income (A)	17,660,350	439,598	3,278,955	135,490,801	156,869,704
Benefits/claims paid	1,815,430	-	-	68,299,094	70,114,524
Outstanding benefits/claims-opening	(70,596,691)	(2,176,037)	(3,115,526)	(255,874,982)	(331,763,236)
Outstanding benefits/claims-closing	80,959,096	136,745	4,018,720	426,017,622	511,132,183
Claims expenses	12,177,835	(2,039,292)	903,194	238,441,734	249,483,471

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

Three months ended June 30, 2021					
	Fire and property damage	Marine	Accident	Treaty	TOTAL
-----Rupees-----					
Retakaful recoveries received	-	-	-	38,805,585	38,805,585
Retakaful recoveries against outstanding claims-opening	-	-	-	-	-
Retakaful recoveries against outstanding claims-closing	-	-	-	-	-
Benefits recovered from retro takaful	-	-	-	38,805,585	38,805,585
Net benefit expenses	12,177,835	(2,039,292)	903,194	199,636,149	210,677,886
Wakala Fee	1,923,040	22,098	567,734	35,579,267	38,092,139
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	30,417,426
Net benefits and expenses (B)	14,100,875	(2,017,194)	1,470,928	235,215,416	279,187,451
Underwriting results (C=A-B)	3,559,475	2,456,792	1,808,027	(99,724,615)	(122,317,747)
Profit on bank deposits					1,411,612
Modarib share of PTF investment income and bank profit					(1,171,336)
Investment income					3,273,730
Deficit before tax					(118,803,742)
Segment assets	581,033	11,457	292,349	54,214,441	55,099,280
Unallocated assets					883,516,628
					938,615,909
Segment liabilities	93,915,166	563,878	9,007,221	762,511,352	865,997,617
Unallocated liabilities					25,925,215
					891,922,832

OPERATOR'S RETAKAFUL FUND

Three months ended 30 June 2021					
	Fire and property damage	Marine	Accident	Treaty	TOTAL
-----Rupees-----					
Wakala Fee	1,923,040	22,098	567,734	35,579,267	38,092,139
Commission	(2,091,349)	(55,703)	(170,541)	(29,797,925)	(32,115,518)
Management Expenses	(264,387)	(6,910)	(55,659)	(2,881,515)	(3,208,470)
Segment Results	(432,696)	(40,515)	341,534	2,899,827	2,768,151
Profit on bank deposits					4,677,785
Modarib share of PTF investment income and bank profit					1,171,336
Investment income					852,663
Profit before tax					9,469,936
Segment Assets	294,991	5,390	71,185	28,022,594	28,394,160
Unallocated Assets					398,329,474
					426,723,634
Segment Liabilities	2,159,345	71,189	831,417	56,082,288	59,144,239
Unallocated Liabilities					18,494,028
					77,638,267

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

33 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.

PARTICIPANT'S RETAKAFUL FUND

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
----- Rupees -----				
June 30, 2021 (Un-audited)				
Open end mutual funds	86,541,022	-	-	86,541,022
December 31, 2020 (Audited)				
Open end mutual funds	84,586,557	-	-	84,586,557

OPERATOR'S RETAKAFUL FUND

June 30, 2021 (Un- audited)				
Open end mutual funds	17,642,962	-	-	17,642,962
December 31, 2020 (Audited)				
Open end mutual funds	17,251,711	-	-	17,251,711

34 STATEMENT OF SOLVENCY

	Note	Participant's Retakaful Fund	
		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
-----Rupees-----			
Assets			
Investments	7	86,541,022	84,586,557
Takaful/retakaful receivables	9	304,732,350	213,512,771
Prepayment	14	26,436,678	75,847,698
Deferred wakala fee	12	59,144,239	54,941,261
Bank balances	16	422,364,847	102,591,279
Total Assets (A)		899,219,136	531,479,566
In-admissible assets as per section 32 (2) of Insurance Ordinance, 2000			
Contribution due since more than three months		(81,682,454)	(130,434,000)
Total In-admissible assets (B)		(81,682,454)	(130,434,000)
Total Admissible Assets (C=A-B)		817,536,682	401,045,566
Total Liabilities			
Outstanding benefits including IBNR	18	511,132,183	299,136,344
Unearned contribution reserves	19	295,721,195	238,875,048
Contribution deficiency reserves	20	49,428,203	19,010,777
Takaful/retakaful payable	21	35,640,251	58,819,041
Payable to Operator's Retakaful Fund - net		-	29,557,577
Other creditors and accruals	23	1,000	1,000
Total Liabilities (D)		891,922,832	645,399,787
		(74,386,150)	(244,354,221)

34.1 The Participant's Retakaful Fund has not complied with the minimum solvency requirement as against the requirement of section 36 of the Insurance ordinance, 2000 and Takaful Rules, 2012 section 10 (k).

**PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021**

35 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.

	(Un-audited)		(Un-audited)	
	Six months period ended		Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees -----			
Pakistan Reinsurance Company Limited				
Salaries paid during the period	3,221,368	580,424	2,531,480	548,074

36 SUBSEQUENT NON ADJUSTING EVENTS

There are no significant subsequent events that need to be disclosed for the period ended June 30, 2021.

37 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.

38 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on ____ by the Board of Directors of the Operator.

39 GENERAL

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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