

**Directors' Report**  
**For First Quarter Ended March 31, 2022**

**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 first quarter ended March 31, 2022.

**Review of Business Activities**

The gross written premium is Rs.4,575million against an amount of Rs.3,648 million for the corresponding period of last year, showing increase of Rs. 927 million (25.41%). The net premium is Rs. 2,280 million against Rs. 1,550 million, showing an increase of Rs. 730 million (47.09%). The net commission (expense) for the period is Rs. 255 million as compared to Rs. 234 million, showing increase of Rs. 21 million (8.97% ). The net claims are Rs. .1,412 million against Rs. 649 million, showing increase of Rs. 763 million (117.56%).

The underwriting results after management expenses for the quarter under review are Rs. 402 million as compared to Rs.563 million for the corresponding period last year showing decrease of Rs. 161 million.

The income from investment including rentals and other items for the period under review is recorded as Rs. 307 million, as compared to Rs. 244 million in the corresponding period of last year, showing an increase of Rs. 63 million (25.82%).

The profit before tax for the quarter under review, is Rs. 711 million, as compared to Rs. 814 million recorded in the corresponding period last year, showing decrease of Rs. 103 million(12.65%).

The profit after tax for the quarter under review is Rs. 478 million, as compared to Rs. 551 million in the corresponding period of last year showing decrease of Rs. 73 million (13.24%) resulting in earning per share of Rs. 1.59 as compared to Rs. 1.84for the corresponding period of last year.

## **Review of Window Re-Takaful Business Activities**

### **Participants' Retakaful Fund**

The gross written contribution is Rs. **282** million against an amount of Rs. 205 million for the corresponding period of last year, showing an increase of Rs. 77 million (37.05%). The net contribution is Rs. **247** million against Rs. 155 million, showing an increase of Rs. 92 million (60%). The wakala expense for the period is Rs. **49** million as compared to Rs. 36 million, showing an increase of Rs. 13 million (36.11% ). The net claim expense for the period is Rs. **128** million as compared to Rs. 62 million, showing an increase of Rs. 66 million (106%), The income from investment and others income for the period under review is recorded as Rs. 9million, as compared to Rs. 0.9 million in the corresponding period of last year, showing an increase of Rs. 8.1 million.

### **Operator's Retakaful Fund**

The wakala income for the period is Rs. **49** million as compared to Rs. 36 million, showing an increase of Rs. 13 million (36.11% ). The commission expense for the period is Rs. **49** million as compared to Rs. 28 million, showing an increase of Rs. 21 million (75% ), The general administrative & management expense for the period is Rs.**2.2** million as compared to Rs. 1.1 million, showing an increase of Rs. 1.1 million (100% ), The income from investment and others income for the period under review is recorded as Rs. **4.4**million, as compared to Rs. 4.56 million in the corresponding period of last year, showing decrease of Rs. 0.16 million.

The profit after tax for the period under review is Rs. **2.049**million, as compared to Rs. 7.725 million in the corresponding period of last year showing decrease of Rs. 5.676 million (73.48%).

### **Future Outlook**

The economy of Pakistan is facing challenges of the rising current account deficit amid high oil prices. The local inflation coupled with the depreciation of PKR has also caused serious headwinds for the economy. Going forward, we expect the pressure on the economy to ease as the negotiation for the seventh review of IMF has already begun. However, the management has made necessary change in its strategy to increase its growth momentum and enhance profitability over the remaining period of the year.

### **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: 28<sup>th</sup> April, 2022**

**Chief Executive Officer**

**Pakistan Reinsurance Company Limited**

**Condensed Interim Statement of Financial Position (Unaudited)**

**As at 31 March 2022**

		<b>31 March 2022</b>	<b>31 December 2021</b>
		<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
Property and equipment		<b>450,167,430</b>	429,090,186
Right of use asset	6	<b>1,801,531,334</b>	1,801,531,334
Intangible assets		<b>8,474,168</b>	8,474,168
Assest relating to Bangladesh		-	-
Investment property	7	<b>716,299,297</b>	722,274,605
Investments			
Equity securities	8	<b>3,226,717,495</b>	3,388,832,944
Debt securities	9	<b>9,248,337,492</b>	9,174,069,234
Loans and other receivables	10	<b>349,578,321</b>	285,844,725
Receivable from Sindh Revenue Board	10	<b>2,573,888,727</b>	2,573,888,727
Insurance / Reinsurance receivables	11	<b>14,294,843,356</b>	13,686,203,093
Reinsurance recoveries against outstanding claims		<b>12,211,089,578</b>	4,608,127,235
Deferred Commission Expense / Acquisition cost		<b>775,043,263</b>	806,214,206
Prepayments		<b>6,217,854,700</b>	7,723,545,836
Cash & Bank	12	<b>2,414,605,742</b>	1,140,841,359
<b>Total assets from Window Takaful Operations - OPF</b>		<b>464,276,260</b>	456,613,640
<b>Total Assets</b>		<b>54,752,707,163</b>	46,805,551,292
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital		<b>3,000,000,000</b>	3,000,000,000
Revaluation surplus - net of tax		<b>1,545,282,086</b>	1,545,282,086
Reserves	13	<b>8,846,773,858</b>	8,526,912,535
<b>Total Equity</b>		<b>13,392,055,944</b>	13,072,194,621
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
- Outstanding claims including IBNR		<b>17,143,336,806</b>	9,401,437,187
- Unearned premium reserves		<b>9,745,430,571</b>	10,732,384,652
- Unearned Reinsurance Commission		<b>375,069,796</b>	523,294,102
- Premium deficiency reserve		<b>58,873,368</b>	58,873,368
Retirement benefit obligations		<b>3,142,151,996</b>	3,206,839,590
Taxation liabilities- provision less payments		<b>438,589,379</b>	366,732,044
Deferred taxation		<b>810,480,910</b>	810,480,910
Insurance / Reinsurance Payables	14	<b>9,256,439,708</b>	8,208,198,213
Lease liabilities		<b>29,238,876</b>	29,238,876
Unclaimed Dividend		<b>205,956,627</b>	205,956,627
Other Creditors and Accruals	15	<b>49,062,473</b>	89,257,120
<b>Total Liabilities</b>		<b>41,254,630,510</b>	33,632,692,689
<b>Total liabilities from Window Takaful Operations - OPF</b>		<b>106,020,709</b>	100,663,982
<b>Total Equity and Liabilities</b>		<b>54,752,707,163</b>	46,805,551,292
Contingency(ies) and commitment(s)			

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

# Pakistan Reinsurance Company Limited

## Condensed Interim Statement of Profit and Loss Account (Unaudited)

For the period ended March 31, 2022

		2022	2021
	<b>Note</b>		
Net insurance premium	17	<b>2,279,839,009</b>	1,549,669,769
Net Insurance claims	18	<b>(1,412,049,025)</b>	(648,506,966)
Net Commission and other acquisition costs	19	<b>(255,475,660)</b>	(234,191,980)
Insurance claims and acquisition expenses		<b>(1,667,524,685)</b>	(882,698,946)
Management Expenses		<b>(210,688,348)</b>	(103,898,881)
Underwriting results		<b>401,625,976</b>	563,071,942
Investment income		<b>264,240,193</b>	217,154,903
Rental income - net		<b>21,928,827</b>	23,181,435
Other income	20	<b>21,247,698</b>	4,096,882
Other expenses		<b>(236,498)</b>	(901,224)
Results of operating activities		<b>708,806,196</b>	806,603,938
Finance costs		<b>(25,857)</b>	
<b>Profit before tax from general operations</b>		<b>708,780,339</b>	806,603,938
Profit from Window Retakaful Operations		<b>2,049,221</b>	7,725,894
<b>Profit before tax</b>		<b>710,829,560</b>	814,329,832
Income tax expense	21	<b>(233,318,788)</b>	(263,379,153)
<b>Profit after tax</b>		<b>477,510,772</b>	550,950,679
Earnings (after tax) per share - Rupees		<b>1.59</b>	1.84

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

**CFO**      **CEO**      **DIRECTOR**      **DIRECTOR**      **CHAIRMAN**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement Of Total Comprehensive Income (Unaudited)**  
**For the period ended March 31, 2022**

	<b>31 March 2022 Unaudited</b>	<b>31 March 2021 Unaudited</b>
	<b>----- Rupees -----</b>	
<b>Profit for the Period</b>	<b>477,510,772</b>	<b>550,950,679</b>
<b>Other comprehensive income / (loss)</b>		
<b>Items that may not be reclassified subsequently to profit and loss account</b>		
Unrealized loss on available for sale investments - net	(157,906,121)	(143,026,573)
Other Comprehensive Income Window Retakaful Operations	256,672	172,804
Transfer to profit and loss account on disposal of available for sale investments	-	-
Impact of deferred tax	-	-
	<b>(157,649,449)</b>	<b>(142,853,769)</b>
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Remeasurement of defined benefit obligations	-	-
<b>Other comprehensive income for the period</b>	<b>(157,649,449)</b>	<b>(142,853,769)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>319,861,323</b>	<b>408,096,910</b>
<b>Profit and loss appropriation account</b>		
<b>Balance at the commencement of year</b>	<b>13,072,194,621</b>	<b>6,871,489,376</b>
Total comprehensive income for the Period	319,861,323	408,096,910
Final cash dividend paid 2019: Rs.2.00 @ 20% (2018 : Rs.2.00 @ 20% ) per share	-	-
<b>Balance of unappropriated profit at the end of the period</b>	<b>13,392,055,944</b>	<b>7,279,586,286</b>

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

**CFO                      CEO                      DIRECTOR                      DIRECTOR                      CHAIRMAN**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
For the period ended March 31, 2022

	Share capital	Reserves			Revenue reserves		Total
	Issued subscribed and paid-up	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Retained earnings	Total reserves	
	----- Rupees -----						
<b>Balance as at January 01, 2021</b>	3,000,000,000	281,000,000	1,652,641,179	1,777,419,085	3,024,894,108	6,735,954,372	9,735,954,372
Total Comprehensive income for the period ended March 31, 2022	-	-	(142,853,769)	-	550,950,678	408,096,909	408,096,909
Effect of changes in accounting policy (note 5.2)			-			-	-
Remeasurement of defined benefit obligations - net					-	-	-
<b>Transactions with owners</b>	-	-	(142,853,769)	-	550,950,678	408,096,909	408,096,909
Final cash dividend 2021: Rs.2.50 @ 25% (2019 : Rs.2.00 @20% ) per share		-		-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>1,509,787,410</b>	<b>1,777,419,085</b>	<b>3,575,844,786</b>	<b>7,144,051,281</b>	<b>10,144,051,281</b>
<b>Balance as at January 01, 2022</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>423,681,789</b>	<b>1,777,419,085</b>	<b>7,590,093,747</b>	<b>10,072,194,621</b>	<b>13,072,194,621</b>
Total Comprehensive income for the period ended March 31, 2022	-	-	(157,649,449)	-	477,510,772	477,510,772	477,510,772
Effect of changes in accounting policy (note 5.2)			-			-	-
Remeasurement of defined benefit obligations - net			(157,649,449)			(157,649,449)	(157,649,449)
			-		-	-	-
<b>Transactions with owners</b>	-	-	(157,649,449)	-	477,510,772	319,861,323	319,861,323
Effect of change in accounting policy - note	-	-		-	-	-	-
Final cash dividend 2022: Rs.2.00 @ 20% (2021 : Rs.2.50 @25% ) per share	-	-		-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>3,000,000,000</b>	<b>281,000,000</b>	<b>266,032,340</b>	<b>1,777,419,085</b>	<b>8,067,604,519</b>	<b>10,392,055,944</b>	<b>13,392,055,944</b>

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

**CFO**

**CEO**

**DIRECTOR**

**DIRECTOR**

**CHAIRMAN**

**Pakistan Reinsurance Company Limited**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
For the period ended March 31, 2022

	2022 (Rupees)	2021 (Rupees)
<b>Operating Cash Flows:</b>		
<b>Underwriting activities:-</b>		
Premium received	3,966,243,352	2,438,940,124
Reinsurance premium paid	(718,575,551)	(1,912,391,303)
Claims paid	(1,268,322,729)	(1,581,064,956)
Reinsurance and other recoveries received	(4,789,020)	1,119,434,515
Commission paid	(453,800,804)	(351,906,471)
Commission received	81,271,781	91,242,643
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	14,312,108
Other underwriting payments (management expenses)	(197,557,415)	(99,875,003)
<b>Net cash flows generated from underwriting activities</b>	<b>1,404,469,614</b>	<b>(281,308,343)</b>
<b>Other Operating Activities</b>		
Income tax paid	(161,461,453)	(47,049,381)
General management expenses paid	(236,498)	(356,156)
Payment unders defined benefit obligations		
Other operating (payments) / receipts	(152,024,600)	(63,867,547)
Advances to employees	9,067,623	7,342,267
<b>Net cash used in other operating activities</b>	<b>(304,654,928)</b>	<b>(103,930,817)</b>
<b>Total cash flow generated from all operating activities</b>	<b>1,099,814,686</b>	<b>(385,239,160)</b>
<b>Investment activities</b>		
Fixed Capital expenditure	(28,258,726)	(87,411)
Intangible assets	-	-
Sale proceeds of Fixed Assets	-	-
Acquisition of investments	(5,024,645,317)	(4,340,301,873)
Rental income received - net of expenses	(9,363,333)	(2,427,460)
Dividend income received	46,567,340	38,636,940
Interest income on bank deposits	38,160,318	84,784,447
Investment income received - net of expenses	204,559,017	141,241,714
Proceeds on sale/ maturity of investments	4,946,930,398	3,932,385,123
<b>Total cash used in investing activities</b>	<b>173,949,697</b>	<b>(145,768,520)</b>
<b>Financing activities</b>		
Surplus paid	-	-
Dividend paid	-	-
Payments of finance leases	-	-
<b>Total cash generated used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from all activities</b>	<b>1,273,764,383</b>	<b>(531,007,680)</b>
<b>Cash at beginning of the period</b>	<b>1,140,841,359</b>	<b>1,570,505,178</b>
<b>Cash at end of the period</b>	<b>2,414,605,742</b>	<b>1,039,497,498</b>

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN



	2022 (Rupees)	2021 (Rupees)
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	1,099,814,686	(385,239,159)
Depreciation expense		
-Fixed assets	(7,181,482)	(4,451,391)
-Investment property	(5,975,308)	-
Exchange gain	9,749,661	(545,068)
Rental income	21,928,827	23,558,515
Reinsurance recoveries against outstanding claims	7,602,962,343	(1,083,916,618)
Provision for outstanding claims	(7,741,899,619)	891,923,333
Provision for unearned premium	986,954,081	148,224,541
Prepaid reinsurance	(1,505,431,980)	(490,495,118)
Premium deficiency reserve	-	-
Provision for employee benefits	64,687,594	51,529,428
Dividend income	48,401,858	47,980,350
Investment income	(14,580,838)	(14,268,679)
Interest income	228,858,396	181,187,365
Amortization of premium	1,186,377	6,319,723
Gain on sale of investment	374,400	-
(Decrease)/ Increase in operating assets other than cash	633,558,210	1,183,536,115
Decrease/(Increase) in operating liabilities	(876,088,319)	196,914,990
	547,318,887	752,258,327

Other adjustments:

Income tax paid	161,461,453	47,049,381
	161,461,453	47,049,381
Profit/(Loss) before taxation	708,780,340	799,307,708
Provision for taxation	(233,318,788)	(260,950,401)
<b>Profit/(Loss) after taxation</b>	475,461,552	538,357,307
Profit from Window Retakaful Operations - Operator's Fund	2,049,221	7,725,894
<b>Profit after taxation for the period</b>	<i>Rupees</i> 477,510,773	546,083,201

**Definition of cash**

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

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

**Cash and cash equivalents:**

Cash and other equivalent	242,725	101,929
Current and other accounts	2,414,363,017	1,039,395,569
Deposit maturing within 12 months	-	-
	<i>Rupees</i> 2,414,605,742	1,039,497,498

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

**CFO**

**CEO**

**DIRECTOR**

**DIRECTOR**

**CHAIRMAN**

**1 STATUS AND NATURE OF BUSINESS**

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

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

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

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

**3 BASIS OF MEASUREMENT**

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

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

**3.2 Functional and presentation currency**

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

**3.3 Statement of compliance**

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2021 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information of the Company for the quarter ended March 31, 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have been followed.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the quarter ended March 31, 2022.

**4 USE OF ESTIMATES AND JUDGMENTS**

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

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2021.

**5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2021 .

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

**6 PROPERTY AND EQUIPMENT**

	Mar. 31, 2022 Rupees	Dec. 31, 2021 Rupees
Opening balance as at	2,239,095,687	57,228,369
Additions during the period		
Furniture, fixtures and office equipments	1,227,730	1,777,972
Motor vehicles (owned)		-
Right-of-use Asset(Leasehold land)	13,173,846	2,177,103,814
Computer equipment	13,857,150	1,464,159
Leasehold improvements		
	28,258,726	2,180,345,945
	2,267,354,413	2,237,574,314
Less:		
transferred	8,474,168	(8,474,169)
Depreciation charge for the period	7,181,481	6,952,796
	<b>2,251,698,764</b>	<b>2,239,095,687</b>

**7 INVESTMENT PROPERTIES**

	Mar. 31, 2022 Rupees	Dec. 31, 2021 Rupees
Cost	856,771,535	856,771,535
Depreciation	(134,496,930)	(133,219,469)
Balance at beginning of year	722,274,605	723,552,066
Depreciation for the period/year	(5,975,308)	(1,277,461)
	716,299,297	722,274,605
Carrying Value	<u>716,299,297</u>	<u>722,274,605</u>

The market value of investment properties is Rs. 698 million, as per valuation carried out by an independent valuer as at December 31, 2021.

## 8 INVESTMENT IN EQUITY SECURITIES

### 8.1 Investments - Held For Trading

	March 31, 2022 (Uaudited)				Dec 31, 2021			
	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
	Rupees				Rupees			
Listed Share	192,711,620	(54,480,833)	(8,842,366)	138,230,787	192,711,620	-	(45,638,468)	147,073,152
<b>Total of Held For Trading</b>	<b>192,711,620</b>	<b>(54,480,833)</b>	<b>(8,842,366)</b>	<b>138,230,787</b>	<b>192,711,620</b>	<b>-</b>	<b>(45,638,468)</b>	<b>147,073,152</b>

### 8.2 Investments - Available For Sale

	March 31, 2022 (Uaudited)				Dec 31, 2021			
	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
	Rupees				Rupees			
Listed shares	509,966,996	1,230,236,200	(28,879,767)	1,740,203,210	509,970,414	-	1,362,984,608	1,872,955,022
Unlisted Shares	2,608,106	(1,990,492)	132,751,827	617,614	2,608,106	1,990,491	-	617,615
Mutual Funds	1,592,488,810	-253,181,452		1,347,665,884	1,592,488,810	300,680,906	76,379,250	1,368,187,154
<b>Total Available For Sale</b>	<b>2,105,063,912</b>	<b>(255,171,944)</b>	<b>(161,631,594)</b>	<b>3,088,486,708</b>	<b>2,105,067,330</b>	<b>302,671,397</b>	<b>1,439,363,858</b>	<b>3,241,759,791</b>
<b>Total Equity Securities</b>	<b>2,297,775,532</b>	<b>(309,652,777)</b>	<b>(170,473,960)</b>	<b>3,226,717,495</b>	<b>2,297,778,950</b>	<b>302,671,397</b>	<b>1,393,725,390</b>	<b>3,388,832,943</b>

9 Investments in Debt Securities

9.1 Pakistan Investment Bond - Held To Maturity

Amortized cost	Carrying Value
March 31, 2022 (Uaudited)	
Rupees	

Amortized cost as at	Carrying Value
31-Dec-21	
Rupees	

1	Pakistan Investment Bonds - Fixed	2,472,099,972	2,472,003,363
2	Pakistan Investment Bonds - Float	550,804,051	550,804,051
3	Term Finance Certificate	99,880,000	99,880,000
4	Treasury Bills	5,766,659,600	5,766,659,600
	<b>Total</b>	<b>8,889,443,623</b>	<b>8,889,347,014</b>

1,595,597,300	1,586,280,288
554,936,654	550,932,749
99,880,000	99,880,000
6,475,082,500	6,576,126,800
<b>8,725,496,454</b>	<b>8,813,219,837</b>

9.2 Pakistan Investment Bond - Available For Sale

Amortized cost	Carrying Value
March 31, 2022 (Uaudited)	
Rupees	

Amortized cost as at	Carrying Value
31-Dec-21	
Rupees	

1	Pakistan Investment Bonds	331,407,375	358,990,478
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331,407,375	360,849,397
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<b>Grand Total Debt Securities</b>	<b>9,220,850,998</b>	<b>9,248,337,492</b>
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<b>9,056,903,829</b>	<b>9,174,069,234</b>
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**10 LOANS AND OTHER RECEIVABLES**

	March 31, 2022	Dec. 31, 2021
	Rupees	Rupees
<b>- Considered good</b>		
Loans to employees	64,951,994	74,019,617
Accrued investment income	82,681,268	88,573,724
Sundry receivables - Net	58,812,280	11,410,766
Receivable from Tenants	143,132,779	111,840,619
	<u>349,578,321</u>	<u>285,844,726</u>
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
	<u>2,573,888,727</u>	<u>2,573,888,727</u>

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

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

	March 31, 2022	Dec. 31, 2021
	Rupees	Rupees
Due from insurance contract holders	15,344,041,641	14,735,401,379
Less: provision for impairment of receivables from insurance contract holders	(1,049,198,285)	(1,049,198,285)
	<u>14,294,843,356</u>	<u>13,686,203,094</u>
Premium and claim reserves retained by cedants	24,831,633	24,831,633
Less: provision for impairment of receivables from other insurers / reinsurers	(24,831,633)	(24,831,633)
	<u>-</u>	<u>-</u>
	<u>14,294,843,356</u>	<u>13,686,203,094</u>

**12 CASH AND BANK**

	March 31, 2022	Dec. 31, 2021
	Rupees	Rupees
Cash in Hand	242,725	208,191
Cash and other equivalents	172,247,775	39,034,582
Saving accounts	2,242,115,242	1,101,598,586
	<u>2,414,605,741</u>	<u>1,140,841,359</u>

**13 RESERVES**

	March 31, 2022	Dec. 31, 2021
	Rupees	Rupees
Capital Reserve		
Reserve for exceptional losses	281,000,000	281,000,000
Revenue Reserve		
Available for Sale Reserve	266,032,340	1,054,853,340
General Reserve	9,842,444,749	7,191,059,190
	<u>10,389,477,089</u>	<u>8,526,912,530</u>

**14 INSURANCE / REINSURANCE PAYABLES**

	March 31, 2022	Dec. 31, 2021
	Rupees	Rupees
Due to insurance contract holders	9,240,615,352	8,192,373,857
Premium and claim reserves retained	15,824,356	15,824,356
	<u>9,256,439,708</u>	<u>8,208,198,213</u>

**15 OTHER CREDITORS AND ACCRUALS**

		<b>March 31, 2022</b>	<b>Dec. 31, 2021</b>
		<b>Rupees</b>	<b>Rupees</b>
Unpaid and unclaimed dividend		<b>205,956,627</b>	<b>205,956,627</b>
Other Creditors and Accruals		(17,541,416)	15,508,761
Rent Payable		31,693,297	31,693,297
Security Deposits	15.1	27,307,874	26,074,074
Accrued expenses		6,390,116	14,768,388
Surplus profit payable		1,212,602	1,212,602
		<u>49,062,473</u>	<u>89,257,122</u>

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

## 16 CONTINGENCIES AND COMMITMENTS

### **KPT**

The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard, however, the Company has recorded provision in this regard as at December 31, 2021 amounting to Rs. 31.693 million (2020: Rs. 31.693 million).

Currently, a stay is operating in favor of the Company and the matter is pending before the Honorable High Court of Sindh, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the Court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and a hearing has been fixed on January 26, 2022 and the matter is still pending.

### **SRB**

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

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

Subsequently, the Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference in the Honourable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.

Further, the Company has also received a notice from Sindh Revenue Board (SRB) for the period from January 2013 to December 2013. The Company contested the notice; however, the order was passed against the Company giving rise to sales tax liability amounting to Rs. 1,385 million and tax penalty amounting to Rs. 424 million. The Company filed an appeal against the order with Commissioner of Appeals, Sindh Revenue Board which was decided against the Company. The Company being aggrieved by the said order has filed an appeal before Appellant Tribunal-SRB which has been heard and order is awaited. Stay of tax demand has been obtained in this regard which was valid up to April 05, 2017.

During the year 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013. The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.



After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to the condition that SRB will withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011, to the clients and debtors of the Company for the attachment of payables to Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Honourable High Court of Sindh and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the Honourable High Court of Sindh.

During previous year, the SECP vide letter No. ID/PRDD/TAXATION/2020/15 dated March 13, 2020 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

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

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.. The aggregate amount of Rs. 2,573.889 million paid has been recorded as "receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

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

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

### **Employee Old Age Benefit Institution**

The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution (EOBI) vide letter dated October 31, 2009 that Pakistan Reinsurance Company Limited is required to be registered with EOBI. The Company is of the view that since it is a statutory body corporate under the management and control of Ministry of Commerce, Government of Pakistan and have its own pensioner rules and limitation and therefore provisions of EOBI Act, 1976 are not

applicable. A suit was filed with the Honorable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favorable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of Commerce. Further, it has been agreed that advice from Ministry of Law and Justice may be sought on the issue of registration of permanent employees who are already covered under Company's own pension scheme. The financial impact pertaining to contractual employees along with penalty, if any, amounts to Rs. 455,900 (Rs. 243,100) and the impact of permanent employees to the financial statements is currently not ascertainable. Therefore, no provision has been made in these financial statements.

### **Federal Excise Duty**

S.No.	Year	Amount in Rs.	Status of the Case
1	2012	161,753,030	Federal Board of Revenue (FBR) has issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show cause notices in the Honorable High Court of Sindh and the Honorable High Court of Sindh vide order dated January 29, 2019 has suspended the proceedings initiated through the above show-cause notice.
2	2013	755,903,899	
3	2014	765,427,619	
4	2015	835,030,670	
5	2016	928,295,664	
6	2017	626,968,181	
<b>4,073,379,063</b>			

This case is pending for finalization before the Honorable High Court of Sindh. The Company is confident that outcome of the case will be in favor of the Company in light of the 18th amendment in the Constitution of Pakistan.

**Unaudited**

**3 months**

		<b>March 31, 2022</b>	<b>March 31, 2021</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>17</b>	<b>NET PREMIUM REVENUE</b>		
	Written gross premium	<b>4,574,883,615</b>	3,648,043,791
	Add: Unearned premium reserve opening	<b>10,732,384,652</b>	6,513,672,434
	Less: Unearned premium reserve closing	<b>9,745,430,571</b>	6,365,447,892
	Premium earned	<b>5,561,837,696</b>	3,796,268,333
	Less: Reinsurance premium ceded	<b>1,776,566,707</b>	1,756,103,448
	Add: Prepaid reinsurance premium opening	<b>7,722,831,183</b>	4,144,132,224
	Less: Prepaid reinsurance premium closing	<b>6,217,399,203</b>	3,653,637,106
	Reinsurance expense	<b>3,281,998,687</b>	2,246,598,566
		<b>2,279,839,009</b>	1,549,669,767
<b>18</b>	<b>NET INSURANCE CLAIMS</b>		
	Claims paid	<b>1,268,322,729</b>	1,581,064,956
	Add: Outstanding claims including IBNR closing	<b>17,148,288,806</b>	9,583,646,797
	Less: Outstanding claims including IBNR opening	<b>9,406,389,187</b>	10,480,686,890
	Claims expense	<b>9,010,222,348</b>	684,024,863
	Less: Reinsurance and other recoveries received	<b>(4,789,020)</b>	1,119,434,515
	Add: Reinsurance and other recoveries in respect of outstanding claims closing	<b>12,211,089,578</b>	4,519,891,413
	Less: Reinsurance and other recoveries in respect of outstanding claims opening	<b>4,608,127,235</b>	5,603,808,031
	Reinsurance and other recoveries revenue	<b>7,598,173,323</b>	35,517,897
		<b>1,412,049,025</b>	648,506,966
<b>19</b>	<b>NET COMMISSION AND OTHER ACQUISITION COSTS</b>		
	Commission paid or payable	<b>453,800,804</b>	351,906,470
	Add: Deferred commission expense opening	<b>806,214,206</b>	708,870,616
	Less: Deferred commission expense closing	<b>775,043,263</b>	641,762,070
	Net commission	<b>484,971,747</b>	419,015,016
	Less: Commission received or recoverable	<b>81,271,781</b>	91,242,643
	Add: Unearned reinsurance commission opening	<b>523,294,102</b>	338,532,613
	Less: Unearned reinsurance commission closing	<b>375,069,796</b>	244,952,220
	Commission from reinsurers	<b>229,496,087</b>	184,823,036
		<b>255,475,660</b>	234,191,980

## 20 OTHER INCOME

	March 31, 2022	March 31, 2021
	Rupees	Rupees
Return on Deposits	11,084,355	4,096,882
Miscellaneous income	413,682	-
Exchange gain	9,749,661	-
	<u>21,247,698</u>	<u>4,096,882</u>

## 21 TAXATION

	March 31, 2022	March 31, 2021
	Rupees	Rupees
For the quarter Current	<b>233,318,788</b>	263,379,153

### Income Tax

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

S. no.	Tax year	Tax Demand (Rupees)	Status of the case
1	2010	20,748,022	CIRA has decided issues against Company which are pending in ATIR.
2	2011	97,770,680	Tax liability of Rs. 97,770,680 is arising due to unavailability of brought forward loss relating to TY 2010 due to assessment order passed for the aforesaid tax year.
3	2012	127,326,208	Tax liability of Rs. 127,326,208 is arising due to unavailability of loss of Rs. 212,481,202 relating to Tax Year 2010 and tax refund of Rs. 52,957,787 relating to Tax Year 2011, due to assessment orders passed for these tax years.
4	2013	9,342,660	Appeal effect order with regard to CIRA & ATIR orders are pending. Tax liability of Rs. 42,040,463 is arising due to unavailability of tax refunds of Rs. 1,025,968 and Rs. 41,014,495 relating to Tax Years 2010 and 2012 respectively, due to assessment orders passed for these tax years.
5	2014	412,724,772	<p>This pertains to the non deduction of tax on commission and charge id Workers' Welfare Fund.</p> <p>It was clarified to ACIR that reinsurance commission is reimbursement of expenses and is not in the nature of Commission. It was further informed to ACIR that the so called commission expense was not in the nature of commission in terms of section 233 of the Ordinance.</p> <p>ACIR is of the view that since the Company, in terms of section 233 of the Ordinance, was under obligation to deduct tax on Commission paid and deposit the same, the Company failed to deduct/deposit tax, the default on its payments stands established. Hence, the action taken by disallowing the said expenses under section 21(c) of the Ordinance is found well within the purview of law and calls for no question.</p> <p>Further, the Company contests against the charge of Worker Welfare Fund of Rs. 29,681,681. The Company contested that as the Company was established by the Government, hence, excluded from the definition of Industrial Establishment of the Worker Welfare Fund Ordinance, 1971.</p> <p>These matters are pending in ATIR.</p>

6	2015	772,134	This pertains to the disallowance of exchange loss of Rs. 50,578,845 on the ground that it was notional in nature and a provision without considering that the loss is allowable as per provisions of the Ordinance. The Company is contesting the gross loss has been incurred due to following of the mercantile system therefore it is to be allowed and the Company's has relied on the judgement of the Tribunal reported as 2011 PTD 352 and unreported judgement in ITA no. 133 KB 2011.
7	2016	223,912,913	Loss on re-measurement of defined benefit obligations of Rs. 675,584,000 and Provision for compensated absences of Rs. 60,868,000 was disallowed. The Company contends that loss is computed by a qualified actuary and is a determined liability. The above disallowance is found well by the ADCIR. The issue is pending in ATIR, however same issue have been decided in Company's favour in tax year 2015. Appeal effect given vide order dated April 6, 2017. Full bench had been formed due to a conflicting decision of Hon. Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.

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

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

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

**Grand total** **1,728,665,305**

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

## 22 FAIR VALUE HIERARCHY

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

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

The fair value hierarchy has the following levels:

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

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

	As at March 31, 2022	Level 1	Level 2	Level 3
		-----Rupees-----		
<b>Financial assets measured at fair value</b>				
<b>Investments at fair value through profit or loss - held for trading</b>				
Ordinary shares - listed	164,464,328	164,464,328.00	-	-
<b>Investments at fair value- available for sale</b>				
Ordinary shares - listed	1,993,098,979	1,993,098,979	-	-
Mutual fund units	1,465,914,919	1,465,914,919	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
<b>Investments- held to maturity</b>				
Pakistan Investment Bonds-Fixed	2,645,864,458	-	2,645,864,458	-
Pakistan Investment Bonds Floater	551,325,992	-	551,325,992	-
Treasury Bills	5,374,516,775	-	5,374,516,775	-
TFC	99,920,000		99,920,000	-
<b>Available for Sale</b>				
Pakistan Investment Bond-Fiixed	621,846,295	-	621,846,295	-
	As at Dec. 31, 2021	Level 1	Level 2	Level 3
		-----Rupees-----		
<b>Financial assets measured at fair value</b>				
<b>Investments at fair value through profit or loss - held for trading</b>				
Ordinary shares - listed	147,073,152.00	147,073,152	-	-
<b>Investments at fair value - available for sale</b>				
Ordinary shares - listed	1,872,955,021	1,872,955,021	-	
Mutual fund units	1,366,526,561	1,366,526,561	-	
Ordinary shares - unlisted	617,613		-	617,613
<b>Investments- held to maturity</b>				
Pakistan Investment Bonds	1,947,129,685	-	1,947,129,685	
Pakistan Investment Bonds	550,932,749	-	550,932,749	
Treasury Bills	6,576,126,800	-	6,576,126,800	
TFC	99,880,000		99,880,000	

## 23 SEGMENT REPORTING

Segment	Current Year	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
-----31 March 2022-----									
-----Rupees-----									
Gross written premium	449,715,027	12,901,598	22,213,004	38,725,275	1,129,618	2,117,571,474	1,932,627,619	4,574,883,615	
Unearned-Opening	709,287,738	9,793,225	52,201,183	41,133,807	4,455,283,060	3,295,066,824	2,169,618,815	10,732,384,652	
Unearned-Closing	716,647,339	13,499,266	15,243,904	16,731,686	3,336,321,765	2,906,743,010	2,740,243,601	9,745,430,571	
Premium Earned	442,355,426	9,195,557	59,170,283	63,127,396	1,120,090,913	2,505,895,288	1,362,002,833	5,561,837,696	
Reinsurance-Ceded	223,657,449	-	6,205,674	-	-	1,546,703,584	-	1,776,566,707	
Prepaid Reinsurance-Opening	40,842,152	-	22,227,920	3,150,578	4,237,630,265	3,095,679,708	323,300,560	7,722,831,183	
Prepaid Reinsurance-Closing	194,902,509	-	-	1,583,992	3,155,076,475	2,687,930,533	177,905,694	6,217,399,203	
Reinsurance Expenses	69,597,092	-	28,433,594	1,566,586	1,082,553,790	1,954,452,759	145,394,866	3,281,998,687	
Net insurance premium	372,758,334	9,195,557	30,736,689	61,560,810	37,537,123	551,442,529	1,216,607,967	2,279,839,009	
Commission income	4,595,605	-	2,843,359	156,659	56,645,299	164,753,810	501,355	229,496,087	
Net underwriting income	377,353,939	9,195,557	33,580,048	61,717,469	94,182,422	716,196,339	1,217,109,322	2,509,335,096	
Insurance claims paid	40,504,619	838,334	1,058,246	29,194,113	556,382,965	15,654,043	624,690,409	1,268,322,729	
Outstaning-opening	1,841,612,038	68,805,420	229,659,688	291,598,982	1,779,285,442	2,008,445,696	3,186,981,921	9,406,389,187	
Outstaning-closing	3,889,711,713	74,445,713	229,768,399	234,417,697	1,252,796,474	5,685,755,159	5,781,393,651	17,148,288,806	
Insurance claims expenses	2,088,604,294	6,478,627	1,166,957	(27,987,172)	29,893,997	3,692,963,506	3,219,102,139	9,010,222,348	
Reinsurance Recoveries Received	-	-	-	-	-	(4,789,020)	-	(4,789,020)	
Recovery-opening	317,808,041	-	65,747,545	-	1,642,925,619	1,559,407,642	1,022,238,388	4,608,127,235	
Recovery-closing	1,872,782,902	-	67,497,544	-	1,515,600,530	5,140,499,278	3,614,709,324	12,211,089,578	
Insurance claims recovered from reinsuers	1,554,974,861	-	1,749,999	-	(127,325,089)	3,576,302,616	2,592,470,936	7,598,173,323	
Net claims	533,629,433	6,478,627	(583,042)	(27,987,172)	157,219,086	116,660,890	626,631,203	1,412,049,025	
Commission expense	57,061,975	654,648	3,997,557	6,042,284	28,226,967	106,168,523	282,819,793	484,971,747	
Mangement expense	34,447,975	849,795	2,840,491	5,689,062	3,468,944	50,960,842	112,431,239	210,688,348	
Preium deficiency expense	-	-	-	-	-	-	-	-	
Net insurance claims and expenses	625,139,383	7,983,070	6,255,006	(16,255,826)	188,914,997	273,790,255	1,021,882,235	2,107,709,120	
Underwriting results	(247,785,444)	1,212,487	27,325,042	77,973,295	(94,732,575)	442,406,084	195,227,087	401,625,976	
Net investment income								264,240,193	
Rental income								21,928,827	
Finance Cost								-	
Other Expenses								(236,498)	
Other income								21,247,698	
Profit before tax								708,806,196	
Segment Assets	377,353,939	9,195,557	33,580,048	61,717,469	94,182,422	716,196,339	1,217,109,322	2,509,335,096	
Unallocated Assets								52,243,372,067	
								54,752,707,163	
Segment Liabilities	625,139,383	7,983,070	6,255,006	(16,255,826)	188,914,997	273,790,255	1,021,882,235	2,107,709,120	
Unallocated Liabilitied								39,252,942,099	
								41,360,651,219	



Segment Prior Year	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
	-----31 March 2021-----							
	-----Rupees-----							
Gross written premium	355,683,725	7,507,093	55,704,338	50,191,219	74,740,585	1,714,208,067	1,390,008,764	3,648,043,791
Unearned-Opening	566,711,447	7,963,063	93,166,700	44,987,784	236,576,190	3,618,269,871	1,945,997,379	6,513,672,434
Unearned-Closing	655,335,670	9,023,397	3,164,687	53,404,121	190,380,520	3,237,978,329	2,216,161,168	6,365,447,892
Premium Earned	267,059,502	6,446,759	145,706,351	41,774,882	120,936,255	2,094,499,609	1,119,844,975	3,796,268,333
Reinsurance-Ceded	172,735,265	-	30,680,092	-	29,712,526	1,522,975,565	-	1,756,103,448
Prepaid Reinsurance-Opening	17,885,008	-	54,446,935	2,938,875	168,543,304	3,465,398,241	434,919,861	4,144,132,224
Prepaid Reinsurance-Closing	244,787,743	-	-	1,477,556	116,610,324	3,021,175,314	269,586,169	3,653,637,106
Reinsurance Expenses	(54,167,470)	-	85,127,027	1,461,319	81,645,506	1,967,198,492	165,333,692	2,246,598,566
Net insurance premium	321,226,972	6,446,759	60,579,324	40,313,563	39,290,749	127,301,117	954,511,283	1,549,669,767
Commission income	4,788,381	-	-	147,756	10,323,164	169,556,223	7,512	184,823,036
<b>Net underwriting income</b>	326,015,353	6,446,759	60,579,324	40,461,319	49,613,913	296,857,340	954,518,795	1,734,492,803
Insurance claims paid	38,618,335	135,093	59,430	6,508,701	1,035,523,011	10,248,082	489,972,304	1,581,064,956
Outstaning-opening	1,765,854,730	140,719,544	81,818,633	327,965,630	4,220,242,139	1,108,830,004	2,835,256,210	10,480,686,890
Outstaning-closing	1,881,506,089	81,430,547	53,400,530	322,173,580	3,044,657,371	1,199,471,165	3,001,007,515	9,583,646,797
Insurance claims expenses	154,269,694	(59,153,904)	(28,358,673)	716,651	(140,061,757)	100,889,243	655,723,609	684,024,863
Reinsurance Recoveries Received	-	-	-	-	1,119,434,515	-	-	1,119,434,515
Recovery-opening	245,413,842	66,733,022	29,989,753	-	3,974,870,199	845,050,591	441,750,624	5,603,808,031
Recovery-closing	245,413,842	5,083,022	10,949,753	-	2,929,344,215	906,458,602	422,641,979	4,519,891,413
Insurance claims recovered from reinsurers	-	(61,650,000)	(19,040,000)	-	73,908,531	61,408,011	(19,108,645)	35,517,897
Net claims	154,269,694	2,496,096	(9,318,673)	716,651	(213,970,288)	39,481,232	674,832,254	648,506,966
Commission expense	50,340,193	526,305	9,801,572	3,931,258	4,507,019	115,400,582	234,508,087	419,015,016
Mangement expense	18,848,199	344,497	2,438,392	2,381,474	8,391,459	15,939,374	55,638,945	103,898,881
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	223,458,086	3,366,898	2,921,291	7,029,383	(201,071,810)	170,821,188	964,979,286	1,171,420,863
<b>Underwriting results</b>	102,557,267	3,079,861	57,658,033	33,431,936	250,685,723	126,036,152	(10,460,491)	<b>563,071,940</b>
Net investment income								217,154,903
Rental income								23,181,435
General and Admin expenses								(901,224)
Other income								4,096,882
<b>Profit before tax</b>								<b>806,603,936</b>
Segment Assets	326,015,353	6,446,759	60,579,324	40,461,319	49,613,913	296,857,340	954,518,795	1,

**24 Transaction with related parties are summarised as follows:**

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Nature of transaction</b>		
Dividend Income	27,720,000.00	31,680,000.00
Group Company		
Insurance claims paid	557,623,832	1,035,789,687
Insurance commission paid	57,551,696	36,692,446
Premium due but unpaid	2,133,133,762	3,327,220,693
Insurance premium written during period	1,966,554,102	1,691,786,605
Premium received	4,402,322,178	(2,885,873,536)
	<b>8,502,010,042</b>	<b>2,133,133,762</b>

**25 EARNINGS PER SHARE - BASIC AND DILUTED**

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

	<b>Three Months ended</b>	<b>Three Months ended</b>
	<b>2022</b>	<b>2021</b>
Profit after tax for the period		
(Rupees)	477,510,772	550,950,679
Weighted average number		
of ordinary shares	300,000,000	300,000,000
Earning per share - basic (Rupees)	1.59	1.84

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

**26 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December, 31 2021.

**27 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue on 28th April, 2022 by the Board of Directors of the Company.

**28 GENERAL**

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

**CFO**

**CEO**

**DIRECTOR**

**DIRECTOR**

**CHAIRMAN**



**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		2022	2021	2022	2021
		-----Rupees-----			
<b>Assets</b>					
Investments		18,682,289	18,307,796	91,669,284	89,759,175
Other receivables	6	2,805,576	2,865,576	1,498,545	1,231,247
Takaful/retakaful receivables	7		-	449,095,551	330,413,954
Receivable from Participant's Retakaful Fund / Operator's Retakaful Fund - net		5,350,410	-		3,309,474
Qard-e-hasna to Participant's Retakaful Fund		244,254,221	244,254,221	-	-
Retakaful recoveries against outstanding claims			-	29,382,727	29,382,727.00
Deferred wakala fee	8		-	85,059,982	77,933,450
Deferred commission expense	9	82,724,828	80,659,235		-
Prepayments			-	50,228,677	76,368,847
Bank balances		110,458,936	110,526,812	612,934,136	598,618,743
<b>Total Assets</b>		<b>464,276,260</b>	<b>456,613,641</b>	<b>1,319,868,901</b>	<b>1,207,017,617</b>
<b>Funds and Liabilities</b>					
<b>Funds attributable to:</b>					
<b>Operator's Retakaful Fund</b>					
Statutory fund	10	300,000,000	300,000,000	-	-
Reserves	11	58,255,551	55,949,658	-	-
<b>Total Operator's Funds</b>		<b>358,255,551</b>	<b>355,949,658</b>	<b>-</b>	<b>-</b>
<b>Participant's Retakaful Fund</b>					
Seed money	12	-	-	1,000,000	1,000,000
Reserves	11	-	-	150,071,864	97,147,953
<b>Balance of Participant's Retakaful Fund</b>		<b>-</b>	<b>-</b>	<b>151,071,864</b>	<b>98,147,953</b>
Qard-e-Hasna		-	-	244,254,221	244,254,221
		-	-	395,326,085	342,402,174
<b>Liabilities:</b>					
<b>Underwriting provisions</b>					
Outstanding claims including IBNR	13	-	-	410,804,031	314,149,375
Unearned contribution reserves	14	-	-	419,262,402	389,667,246
Contribution deficiency reserve		-	-	42,862,640	42,862,640
		-	-	872,929,073	746,679,261
Unearned wakala fee	8	85,059,982	77,933,450	-	-
Takaful/retakaful payables		-	-	46,231,643	117,935,182
Payable to Participant's Retakaful Fund / Operator's Retakaful Fund - net		-	3,309,474.24	-	-
Taxation - provision less payment		14,171,138	13,404,751	-	-
Deferred taxation - net		319,252	319,252	-	-
Payable to related party		1,354,901	4,454,014	5,350,410	1,000
Other creditors and accruals	15	5,115,436	1,243,042	31,690	-
<b>Total liabilities</b>		<b>106,020,709</b>	<b>100,663,983</b>	<b>924,542,816</b>	<b>864,615,443</b>
<b>Total Equity and Liabilities</b>		<b>464,276,260</b>	<b>456,613,641</b>	<b>1,319,868,901</b>	<b>1,207,017,617</b>
<b>Contingencies and Commitments</b>	16				

The annexed notes 1 to 25 form an integral part of these financial statements

CHAIRMAN

CHIEF EXECUTIVE  
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL  
OFFICER

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

	Note	2022 -----Rupees-----	2021
<b>PARTICIPANTS' RETAKAFUL FUND</b>			
<b>Revenue account</b>			
Contribution earned	17	246,746,107	155,002,502
Less: contributions ceded to retrotakaful	17	(26,140,171)	(28,400,912)
Net contribution revenue	17	220,605,936	126,601,590
Wakala fee expense	18	(49,349,221)	(35,650,575)
Net underwriting income		171,256,715	90,951,015
Net claims - reported/ settled - IBNR	19	(127,801,953)	(61,894,648)
Charge of contribution deficiency reserve -net		-	-
<b>Surplus / (deficit) before investment income</b>		43,454,762	29,056,367
Investment income		859,424	493,698
Other income		10,672,196	698,523
Less: Modarib's fee		(2,882,905)	(298,055)
<b>Surplus / (deficit) before taxation</b>		52,103,477	29,950,533
Taxation		(359,164)	-
<b>Surplus / (deficit) transferred to accumulated deficit</b>		51,744,314	29,950,533
<b>OPERATOR'S RETAKAFUL FUND</b>			
<b>Revenue account</b>			
Wakala fee income	18	49,349,221	35,650,575
Commission expense	20	(48,633,182)	(28,339,815)
General, administrative and management expenses		(2,253,795)	(1,139,887)
		(1,537,756)	6,170,873
Investment income		138,614	80,624
Other income		1,362,377	4,180,856
Modarib's fee		2,882,905	298,055
		4,383,896	4,559,535
<b>Profit before taxation</b>		2,846,140	10,730,408
Taxation		(796,919)	(3,004,514)
<b>Profit after taxation</b>		2,049,221	7,725,893

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OFFICER

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	2022	2021	2022	2021
Note	-----Rupees-----			
<b>Operating cash flow</b>				
<b>Retakaful activities</b>				
Contribution received	-	-	163,697,173	813,424,282
Retro takaful contribution paid	-	-	(71,703,539)	(34,571,803)
Benefits recoveries from retro takaful	-	-	-	-
Benefits paid	-	-	(31,147,297)	(325,612,745)
Commission paid	(50,698,775)	(184,305,739)	-	-
<b>Net cash (used in) / generated from retakaful activities</b>	<b>(50,698,775)</b>	<b>(184,305,739)</b>	<b>60,846,337</b>	<b>453,239,734</b>
<b>Other operating activities</b>				
Income tax paid	(30,532)	(2,075,981)	-	(2,027,758)
Management expenses paid	(2,253,795)	(7,455,110)	-	-
Other operating receipts / (payments)	51,532,057	217,277,232	(57,332,055)	(209,563,936)
<b>Net cash generated from / (used in) other operating activities</b>	<b>49,247,730</b>	<b>151,553,946</b>	<b>(57,332,055)</b>	<b>(211,591,694)</b>
<b>Total cash generated from operating activities</b>	<b>(1,451,045)</b>	<b>23,440,402</b>	<b>3,514,282</b>	<b>241,648,040</b>
<b>Investing activities</b>				
Purchase of investments made	(117,822)	(1,007,959)	(730,510)	(3,755,694)
Profit on bank deposits received	1,362,377	11,753,404	10,672,197	9,320,436
Investment income received	138,614	920,194	859,424	4,560,461
<b>Total cash generated from investing activities</b>	<b>1,383,169</b>	<b>11,665,639</b>	<b>10,801,111</b>	<b>10,125,203</b>
<b>Financing activities</b>				
Qard-e-hasna	-	(244,254,221)	-	244,254,221
<b>Total cash (used in) / generated from financing activities</b>	<b>-</b>	<b>(244,254,221)</b>	<b>-</b>	<b>244,254,221</b>
<b>Net cash (used in) / generated from all activities</b>	<b>(67,876)</b>	<b>(209,148,180)</b>	<b>14,315,393</b>	<b>496,027,464</b>
<b>Cash and cash equivalent at beginning of the year</b>	<b>110,526,812</b>	<b>319,674,992</b>	<b>598,618,743</b>	<b>102,591,279</b>
<b>Cash and cash equivalent at end of the year</b>	<b>110,458,936</b>	<b>110,526,812</b>	<b>612,934,136</b>	<b>598,618,743</b>
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(1,451,045)	23,440,402	3,514,282	241,648,040
Investment income received	138,614	920,194	859,424	4,560,461
Profit on bank deposit	1,362,377	11,753,404	10,672,197	9,320,436
Increase / (decrease) in operating assets other than cash	7,356,001	11,770,057	96,625,783	170,263,294
(Increase) / decrease in operating liabilities	(4,590,339)	(27,477,856)	(59,568,209)	(215,140,982)
	2,815,607	20,406,201	52,103,477	210,651,249
<b>Other adjustments:</b>				
Income tax paid	30,532	2,075,981	-	2,027,758
Profit before taxation	2,846,140	22,482,182	52,103,477	212,679,007
Provision for taxation	(796,919)	(6,519,833)	(359,164)	(2,027,758)
<b>Total profit for the year</b>	<b>2,049,221</b>	<b>15,962,349</b>	<b>51,744,314</b>	<b>210,651,249</b>

The annexed notes 1 to 25 form an integral part of these financial statements

CHAIRMAN

CHIEF EXECUTIVE  
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL  
OFFICER

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

Attributable to Participant's Retakaful Fund					
Seed Money	Reserves			Total Reserves	Balance of Participant's Retakaful Fund
	Capital	Revenue			
	Unrealized gain on available for sale investment	Accumulated Surplus/(deficit)			
-----Rupees-----					
Balance as at January 01, 2021	1,000,000	1,887,212	(116,807,433)	(114,920,221)	(113,920,221)
Total comprehensive income for the year					
Unrealized gain on available for sale investments -net	-	1,416,925	-	1,416,925	1,416,925
Deficit for the year	-	-	210,651,249	210,651,249	210,651,249
Balance as at December 31, 2021	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Balance as at January 01, 2022	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Total comprehensive income for the year					
Unrealized gain on available for sale investments	-	1,179,598	-	1,179,598	1,179,598
Surplus for the year	-	-	51,744,314	51,744,314	51,744,314
Balance as at March 31, 2022	1,000,000	4,483,735	145,588,129	150,071,864	151,071,864

Attributable to Operator's Retakaful Fund					
Statutory Fund	Reserves			Total Operator's Retakaful Fund	
	Capital	Revenue	Total Reserves		
	Unrealized (loss) / gain on available for sale investment	Unappropriated Profit			
-----Rupees-----					
Balance as at January 01, 2021	300,000,000	169,179	39,770,004	39,939,183	339,939,183
Total comprehensive income for the year					
Unrealized loss on available for sale investments - net	-	48,126	-	48,126	48,126
Profit for the year	-	-	15,962,349	15,962,349	15,962,349
Balance as at December 31, 2021	300,000,000	217,305	55,732,353	55,949,659	355,949,659
Balance as at January 01, 2022	300,000,000	217,305	55,732,353	55,949,657	355,949,659
Total comprehensive income for the year					
Unrealized gain on available for sale investments-n	-	256,673	-	256,673	256,673
Profit for the year	-	-	2,049,221	2,049,221	2,049,221
Balance as at March 31, 2022	300,000,000	473,978	57,781,574	58,255,551	358,255,551

The annexed notes 1 to 25 form an integral part of these financial statements

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DIRECTOR

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OFFICER

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

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**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Pakistan Reinsurance Company Limited (the Company) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Pakistan Reinsurance Company Limited - Window Retakaful Operations (the Operator) is listed on Pakistan Stock Exchange and is engaged in general retakaful business comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC 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 in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund) on September 26, 2018 under the Waqf Deed with a Cede money of Rs. 1,000,000.
- 1.3 The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

-International Financial Reporting Standards (IFRS) 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, Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 1416(I).2019 dated November 20, 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Operator has changed format for preparation and presentation of the financial statement to comply with the requirement of the regulation. The application of these regulations for the purpose of preparation and presentation of the financial statement are effective from January 01, 2020.

**2.1 Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the available-for-sale investments that have been measured at fair value. No adjustment for the effect of inflation has been accounted for in the financial statements. All transactions reflected in these financial statements are on accrual basis except for those reflected in Statement of Cash flows.

**2.2 Functional and presentation currency**

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

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**3.1 Standards, amendments and interpretations to the published standards that are relevant to the Operation 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.



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<b>New or Revised Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
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Interest Rate Benchmark Reform — Phase 2 (Amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16) January 1, 2021

Adoption of the above standards have no effect on the amounts for the year ended December 31, 2021.

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of IFRS 9 until December 31, 2022.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

**Temporary exemption from application of IFRS 9**

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are as follows:

**Fair value of financial assets and changes during the year:**

**Operator's Retakaful Fund**

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>	<b>Changes during the year</b>
Financial assets that meet the SPPI criteria, excluding those held for trading	-	-	-
<b>Financial assets that do not meet the SPPI criteria</b>	-	-	-
Equity investments			
Mutual Funds- Available for sale	18,682,289	18,307,796	374,493
	<b>18,682,289</b>	<b>18,307,796</b>	<b>374,493</b>

**Participant's Retakaful Fund**

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>	<b>Changes during the year</b>
Financial assets that meet the SPPI criteria, excluding those held for trading	-	-	-
<b>Financial assets that do not meet the SPPI criteria</b>	-	-	-
Equity investments			
Mutual Funds- Available for sale	91,669,284	89,759,175	1,910,109
	<b>91,669,284</b>	<b>89,759,175</b>	<b>1,910,109</b>

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**3.2 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.

<b>Standards or interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
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
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	April 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.

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

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

<b>Standard or Interpretation</b>	<b>IASB effective date (Annual periods beginning on or after)</b>
IFRS 17 - Insurance Contracts	January 1, 2023

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies are consistent in all the years presented in these financial statements.

**4.1 Retakaful contracts**

Retakaful contracts are based on the principles of Wakala. Retakaful contracts so agreed usually inspire concept of Tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

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A separate Participants Retakaful Fund is created in which all contribution received under general Retakaful contribution net off any Government levies and administrative surcharge are credited. The role of Retakaful Operator is of the management of the Participants Retakaful Fund. At the initial stage of the setup of the Participants Retakaful Fund, the Retakaful Operator makes payment as ceded money to the Participants Retakaful Fund. The terms of the Retakaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Retakaful Operator.

Once a contract has been classified as a Retakaful contract, it remains a Retakaful contract for the remainder of its lifetime, even if the Retakaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

**The Operator underwrites non-life Retakaful contracts that can be categorized into:**

- Fire and property damage;
- Marine, aviation and transport;
- Motor; and
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. The Retakaful risk involved in these contracts is similar to the contracts undertaken by the Operator as Retakaful operator.

**Fire and property damage**

Fire and property damage Retakaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

**Marine, aviation and transport**

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

**Motor**

Motor Retakaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

**Miscellaneous**

All other Retakaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous Retakaful cover.

**4.2 Retakaful surplus**

Retakaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, shall be made after the adjustment of claims paid to them during the year.

**4.3 Qard-e-Hasna**

Qard-e-Hasna is provided by Operators' Fund to Participant's Retakaful Fund in case of deficit in Participant's Retakaful Fund. Qard-e-Hasna is recognized at the amount provided to Participant's Retakaful Fund less impairment, if any. The Operator would be allowed to recover this Qard from the Participant Retakaful Fund over any period without charging any profit.

**4.4 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income and below funds, in which case it is recognized in equity.

#### **4.4.1 Current**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

#### **4.4.2 Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary difference arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax asset is generally recognized and only to the extent that is probable that future taxable profits will be available and the credits can be utilized.

Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

### **4.5 Revenue recognition**

#### **4.5.1 Contribution**

For all takaful contracts, contributions including administrative surcharge under a takaful contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognized as a liability in Participant's Retakaful Fund.

Re-takaful ceded is recognized as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method. The deferred portion of re-takaful contribution expense is recognized as a prepayment.

#### **4.5.2 Rebate From Retrotakaful Operator**

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognized as liability and recognized in the profit and loss account as revenue of Participants' Retakaful Fund in accordance with the pattern of recognition of the re-takaful contributions.

#### **4.5.3 Investment income**

Profit on bank deposits is recognized on a time proportion basis taking into account the effective yield.

Dividend income is recognized when the Operations' right to receive the payment is established.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis taking into account the effective yield on the investments.

Gain / loss on sale of investments is recognized at the time of sale.

#### **4.5.4 Receivables and payables related to takaful contracts**

Receivables including contribution due but unpaid, relating to retakaful contracts are recognized when due. The claim/benefits payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Contribution received in advance is recognized as liability till the time of issuance of takaful contract there against.

### **4.6 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in deposit accounts with banks (current and savings).

### **4.7 Provisions**

A provision is recognized in the statement of financial position when the Operator has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

**4.8 Creditors, accruals and provisions**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and or services received, whether or not billed to the Operator.

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at financial statement date and adjusted to reflect current best estimates.

**4.9 Wakala fee**

Wakala fee is recognized in the Profit and loss account. Wakala Fee is taken 20% of Contribution earned from all business categories. This is recognized as an expense of Participant Retakaful Fund and income of Operator Fund.

**4.9.1 Provision for unearned wakala fee**

The Operator manages the general takaful operations for the participants and charges wakala fee to Participants' Retakaful Fund on gross contributions recognized for each class. Unearned portion of wakala fee is determined on the basis of unearned portion of contribution received.

**4.10 Commission**

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and retrotakaful sessions has been deferred and recognized as assets and liability as under:

**4.10.1 Commission income**

Commission income is being taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of retrotakaful Contribution to comply with the requirements of Insurance Rules, 2017. issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

**4.10.2 Deferred commission expense**

Commission expenses are deferred and recognized as an asset in correlation with unearned Contribution that will be recognized in the subsequent reporting period to comply with the requirements of Insurance Rules, 2017; issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

**4.11 Statutory fund**

Total amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in the separate bank account for Window Takaful business duly maintained in a scheduled bank.

**4.12 Contribution**

Contribution written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, Contribution is recognized as revenue in accordance with the pattern of the incidence of risk.

**4.12.1 Provision for unearned contribution**

The portion of Contribution written relating to the unexpired period of coverage is recognized as unearned Contribution by the Company. The unearned portion of Contribution income is recognized as a liability. For Treaty business, the liability is calculated by applying 1/8 method and for Facultative Business over the period of insurance from the date of issuance of the policy to which it relates to its expiry.

**4.13 Retro-takaful ceded**

The Company enters into retrotakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retrotakaful Contributions are accounted for in the same period as the related Contributions for the accepted retrotakaful business being retakaful.

Retrotakaful liabilities represent balances due to retrotakaful companies. Amount payable are estimated in a manner consistent with the related retrotakaful contract. Retrotakaful assets represent balance due from retrotakaful companies. Amount recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retrotakaful policies and are in accordance with the related insurance contract.

Retrotakaful assets are not offset against related insurance liabilities. Income for expenses from retrotakaful contracts are not offset against expenses or income from related insurance assets. Retrotakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Company assesses its retrotakaful assets for impairment on balance sheet date. If there is an objective evidence that the retrotakaful asset is impaired; the Company reduces the carrying amount of the retrotakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

**4.14 Provision for outstanding claims including Incurred But Not Reported (IBNR)**

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

**4.15 Retro - takaful recoveries against outstanding claims**

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

**4.16 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.17 Segment reporting**

For management purposes, the Company is organized into six departments which deal with specific type of insurance policies. These departments are business segments for financial reporting purposes. Moreover, there are 'treaty arrangement' under each department and is treated as a separate segment. Thus the Company has seven segment - fire, marine cargo, marine hull, accident and others, aviation, engineering and treaty.

These segments are the basis on which the Company report its primary segment information. Other operations of the Company comprises investment in securities and in properties. The Company operates in Pakistan only. There are no transactions between segments.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

**4.18 Investments**

**4.18.1 Classification and recognition**

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment held for trading in which case transaction costs are charged to profit and loss account.

These are recognized and classified as follows:

- Held for trading,
- Held to maturity, and
- Available-for-sale.

The classification depends on the purpose for which the financial assets were acquired.

**4.18.2 Measurement**

**(a) Held for trading**

Investments which are designated as held for trading upon initial recognition.

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on remeasurement of these investments are recognized in profit or loss account.

#### **Held to maturity**

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortized cost less provision for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using effective yield method.

#### **(c) Available-for-sale**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets held for trading.

Equity securities held by the Operator that are traded in an active market are classified as Available for Sale and are stated at fair value at the end of each reporting period. Dividend on AFS equity investments are recognized in profit and loss account. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of capital reserve. When the investments is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in comprehensive income is reclassified to profit and loss account.

#### **4.18.3 Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Available-for-Sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

#### **4.19 Impairment of non financial assets**

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

#### **4.20 Management expenses**

Management expenses directly attributable to Window Retakaful Operations are charged to Operator's Retakaful Fund on an accrual basis.

#### **4.21 Mudarib's fee**

The Operator also manages the participants' investment as Mudarib and charges 25 % of the investment income and profit on bank deposits earned by the Participant's Retakaful Fund as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

#### **4.22 Benefits**

Benefits are charged to Participant's Retakaful Fund as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

#### **4.23 Receivables and payables related to retakaful contracts**

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognized as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

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**4.24 Contribution deficiency reserve**

The Participant's Retakaful Fund is required to maintain a provision in respect of contribution deficiency for the individual class of business where the unearned contribution liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recognized as an expense in the profit or loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

The management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date.

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**5.1 Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

	<b>Note</b>
a) classification of investments;	4.18.1
b) impairment of available for sale investments ;	4.18.3
c) taxation;	4.4
d) provision for unearned wakala fee;	4.9.1
e) deferred commission expense;	4.10.2
f) provision for outstanding claims including IBNR and re-takaful recoveries;	4.14
g) provision for unearned contribution;	4.12.1
h) allocation of management expenses; and	4.20
i) contribution deficiency reserves.	4.24



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			Operator's Retakaful Fund	
			March 31, 2022	December 31,2021
			-----Rupees-----	
6	OTHER RECEIVABLES	Note		
	Loan to employee		40,000	100,000
	Accrued markup on bank deposits		2,765,576	2,765,576
			2,805,576	2,865,576
7	TAKAFUL/RETAKAFUL RECEIVABLES			
			Participant's Retakaful Fund	
			March 31, 2022	December 31,2021
			-----Rupees-----	
	Due from takaful participants holders			
	Treaty takaful		343,732,163	238,236,899
	Facultative takaful		109,411,800	96,225,467
			453,143,963	334,462,366
	Less: provision for impairment		4,048,412	4,048,412
			449,095,551	330,413,954
			Operator's Retakaful Fund	
			March 31, 2022	December 31,2021
			-----Rupees-----	
8	DEFERRED WAKALA FEE / UNEARNED WAKALA FEE			
	Facultative business	8.1	5,004,584	5,461,817
	Treaty		80,055,398	72,471,633
			85,059,982	77,933,450
8.1	Facultative business			
	Fire		3,937,988	4,579,804
	Marine Cargo		3,116	1,452
	Marine Hull		-	12,547
	Accident		598,322	308,227
	Engineering		465,158	559,787
			5,004,584	5,461,817
9	DEFERRED COMMISSION EXPENSE			
	Facultative business	9.1	2,824,207	2,633,700
	Treaty		79,900,621	78,025,535
			82,724,828	80,659,235
9.1	Facultative business			
	Fire		2,439,960	2,335,311
	Marine cargo		1,558	792
	Marine Hull		-	6,273
	Accident		150,307	137,996
	Engineering		232,382	153,328
			2,824,207	2,633,700
10	STATUTORY FUND			
	Total amount of Rs. 300 million is deposited by the Operator as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.			
11	RESERVES			
			Operator's Retakaful Fund	
			March 31, 2022	December 31,2021
			-----Rupees-----	
	Revenue			
	Unappropriated profit /(loss)		57,781,574	55,732,353
			145,588,129	93,843,816
	Capital			
	Unrealized gain / (loss) on Availaable for sale investments		473,978	217,305
			58,255,551	55,949,658
12	SEED MONEY			
	It represent the initial amount deposited by the Operator of Rs. 1,000,000 in waqf fund to create a Participant's Retakaful Fund.			
13	OUTSTANDING CLAIMS INCLUDING IBNR			
			Participant's Retakaful Fund	
			March 31, 2022	December 31,2021
			-----Rupees-----	
		Note		
	Facultative business	13.1	67,703,976	75,979,626
	Treaty		343,100,055	238,169,749
		13.2	410,804,031	314,149,373

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FOR THE PERIOD ENDED MARCH 31, 2021

<b>13.1</b>	<b>Facultative business</b>		
	Fire	56,942,018	62,102,577
	Marine cargo	113,958	136,745
	Marine Hull	-	-
	Accident	4,197,672	4,902,131
	Engineering	6,450,328	8,838,173
		<u>67,703,976</u>	<u>75,979,626</u>

**14 UNEARNED CONTRIBUTION RESERVES**

		<b>Participant's Retakaful Fund</b>	
		<b>March 31, 2022</b>	<b>December 31, 2021</b>
		-----Rupees-----	
	Facultative business	25,022,920	27,309,083
	Treaty	394,239,482	362,358,163
		<u>419,262,402</u>	<u>389,667,246</u>

		<b>Participant's Retakaful Fund</b>	
		<b>March 31, 2022</b>	<b>December 31, 2021</b>
		-----Rupees-----	
<b>14.1</b>	<b>Facultative business</b>		
	Fire	19,689,940	22,899,021
	Marine cargo	15,582	7,259
	Marine Hull	-	62,734
	Accident	2,991,609	2,798,933
	Engineering	2,325,789	1,541,136
		<u>25,022,920</u>	<u>27,309,083</u>

**15 OTHER CREDITORS AND ACCRUALS**

		<b>Operator's Retakaful Fund</b>		<b>Participant's Retakaful Fund</b>	
		<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
		-----Rupees-----			
	Salaries payable	131,800	50,409	26,730	-
	Income tax deducted at source	205,500	156,000	3,960	-
	Sindh sales tax payable	6,600	6,600	-	-
	Other payable	3,760,536	-	-	-
	Audit fee payable	861,000	861,000	-	-
	Miscellaneous creditors	150,000	169,033	1,000	1,000
		<u>5,115,436</u>	<u>1,243,042</u>	<u>31,690</u>	<u>1,000</u>

**16 CONTINGENCIES AND COMMITMENTS**

**16.1** 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 33.4 to the operator's financial statement. Company has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss account would be amounted to Rs. 78.4 million pertaining to the year 2020 (2019: Rs. 55.2 millions) on retakaful operations excluding any additional penalty or default surcharge.

**16.2** There were no commitments as at March 31, 2022 (2020: Nil).

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE PERIOD ENDED MARCH 31, 2021**

**17 NET CONTRIBUTION REVENUE**

NET CONTRIBUTION REVENUE

	Participant's Retakaful Fund	
	March 31, 2022	March 31, 2021
Note	-----Rupees-----	
Written gross contributions	282,378,770	204,941,071
Add: Unearned contribution reserve opening	389,667,246	238,875,048
Less: Unearned contribution reserve closing	425,299,909	288,813,617
Contributions earned	246,746,107	155,002,502
Retakaful contribution ceded		
Add: prepaid retakaful contribution opening	76,368,848	75,847,698
Less: prepaid retakaful contribution closing	50,228,677	47,446,786
Retakaful expense	(26,140,171)	(28,400,912)
	220,605,936	126,601,590

**18 WAKALA FEE**

Gross wakala fee		56,475,754	47,136,446
Add: unearned wakala fee- opening		77,933,449	54,941,261
Less: unearned wakala fee- closing		85,059,982	66,427,132
	18.1	<u>49,349,221</u>	<u>35,650,575</u>

**18.1** This represents expense for Participants Retakaful Fund and revenue for Operator's Retakaful Fund. The Operator manages the Window Retakaful Operations for the participants and charges 20% of the gross contribution written as wakala fee against the services.

**19 NET CLAIMS - REPORTED / SETTLED - IBNR**

	Participant's Retakaful Fund	
	March 31, 2022	March 31, 2021
	-----Rupees-----	
Benefits/claims paid	31,147,297	29,267,756
Less: Outstanding benefits/claims including IBNR - opening	314,149,375	299,136,344
Add: Outstanding benefits/claims including IBNR - closing	410,804,031	331,763,236
Claims expense	127,801,953	61,894,648
Retakaful and other recoveries received	-	-
Add: Retakaful and other recoveries received- closing	29,382,727	-
Less: Retakaful and other recoveries received- opening	29,382,727	-
Retakaful and other recoveries revenue	-	-
Net claims expenses	127,801,953	61,894,648

**20 COMMISSION EXPENSE**

COMMISSION EXPENSE

	Operator's Retakaful Fund	
	March 31, 2022	March 31, 2021
	-----Rupees-----	
Commission paid or payable	50,698,775	41,653,254
Add: deferred commission expense- opening	80,659,235	34,719,365
Less: deferred commission expense- closing	82,724,828	53,089,758
Net Commision	48,633,182	23,282,861

**21 NUMBER OF EMPLOYEES**

	2022	2021
Number of employees at the year end	<u>3</u>	<u>3</u>
Average number of employees during the year	<u>3</u>	<u>3</u>

**Pakistan Reinsurance Company Limited**  
**Notes to the Financial Statements**  
**For the period ended March 31, 2022**

**13 SEGMENT REPORTING**

**PARTICIPANTS RETAKAFUL FUND**

Segment Current Year	Period ended March 31, 2022 (Un-Audited)				
	Fire and property damage	Marine	Accident	Treaty	TOTAL
	Rupees				
Gross written Contribution	19,808,888	177,384	2,035,376	260,357,122	282,378,770
Unearned-Opening	24,440,157	69,993	2,798,933	362,358,163	389,667,246
Unearned-Closing	22,015,729	15,582	2,991,609	400,276,989	425,299,909
<b>Contribution Earned</b>	<b>22,233,316</b>	<b>231,795</b>	<b>1,842,700</b>	<b>222,438,296</b>	<b>246,746,107</b>
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	76,368,848	76,368,848
Prepaid Retakaful-Closing	-	-	-	50,228,677	50,228,677
<b>Retakaful Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,140,171</b>	<b>26,140,171</b>
Net insurance Contribution	22,233,316	231,795	1,842,700	196,298,125	220,605,936
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>22,233,316</b>	<b>231,795</b>	<b>1,842,700</b>	<b>196,298,125</b>	<b>220,605,936</b>
Insurance claims paid	699,649	-	-	30,447,648	31,147,297
Outstanding-opening	70,940,750	136,745	4,902,131	238,169,749	314,149,375
Outstanding-closing	63,392,347	113,958	4,197,672	343,100,054	410,804,031
<b>Insurance claims expenses</b>	<b>(6,848,754)</b>	<b>(22,787)</b>	<b>(704,459)</b>	<b>135,377,953</b>	<b>127,801,953</b>
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	29,382,727	29,382,727
Recovery-closing	-	-	-	29,382,727	29,382,727
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	(6,848,754)	(22,787)	(704,459)	135,377,953	127,801,953
Wakala Fee	4,446,663	46,359	368,540	44,487,659	49,349,221
Management expense	-	-	-	-	-
Preium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	(2,402,091)	23,572	(335,919)	179,865,612	177,151,174
<b>Underwriting results</b>	<b>24,635,407</b>	<b>208,223</b>	<b>2,178,619</b>	<b>16,432,513</b>	<b>43,454,762</b>
Profit on bank deposits					10,672,196
Dividend income					859,424
Modarib Fee					(2,882,905)
<b>Profit before tax</b>					<b>52,103,477</b>
Segment Assets	63,392,347	113,958	4,197,672	393,328,731	461,032,708
Unallocated Assets					858,836,194
					<b>1,319,868,901</b>
Segment Liabilities	89,811,222	132,656	7,787,603	823,432,441	921,163,922
Unallocated Liabilities					3,378,894
					<b>924,542,816</b>

**OPERATORS FUND**

Segment Current Year	Period ended March 31, 2022 (Un-Audited)				
	Fire and property damage	Marine	Accident	Treaty	TOTAL
	Rupees				
Wakala Fee	4,446,663	46,359	368,540	44,487,659	49,349,221
Commission	(2,156,957)	(25,483)	(92,366)	(46,358,376)	(48,633,182)
Management Expenses	(203,081)	(2,117)	(16,831)	(2,031,766)	(2,253,795)
<b>Segment Results</b>	<b>2,086,625</b>	<b>18,759</b>	<b>259,343</b>	<b>(3,902,483)</b>	<b>(1,537,756)</b>
Profit on bank deposits					1,362,377
Dividend income					138,614
Modarib Fee					2,882,905
<b>Profit before tax</b>					<b>2,846,140</b>
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					454,748,319
					<b>464,276,260</b>
Segment Liabilities	4,403,146	3,116	598,322	80,055,398	85,059,982
Unallocated Liabilities					(20,960,727)
					<b>106,020,709</b>

### 13 SEGMENT REPORTING

#### PARTICIPANTS RETAKAFUL FUND

<b>PARTICIPANTS RETAKAFUL FUND</b>					
	Period ended March 31, 2021 (Un-Audited)				
<b>Segment Current Year</b>	<b>Fire and property damage</b>	<b>Marine</b>	<b>Accident</b>	<b>Treaty</b>	<b>TOTAL</b>
			Rupees		
Gross written Contribution	9,963,762	664,697	2,443,131	191,869,481	204,941,071
Unearned-Opening	13,048,134	64,808	4,923,375	220,838,731	238,875,048
Unearned-Closing	13,156,817	416,997	4,192,800	271,047,003	288,813,617
<b>Contribution Earned</b>	<b>9,855,079</b>	<b>312,508</b>	<b>3,173,706</b>	<b>141,661,209</b>	<b>155,002,502</b>
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	75,847,698	75,847,698
Prepaid Retakaful-Closing	-	-	-	47,446,786	47,446,786
<b>Retakaful Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,400,912</b>	<b>28,400,912</b>
Net insurance Contribution	9,855,079	312,508	3,173,706	113,260,297	126,601,590
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>9,855,079</b>	<b>312,508</b>	<b>3,173,706</b>	<b>113,260,297</b>	<b>126,601,590</b>
Insurance claims paid	-	-	194,231	29,073,525	29,267,756
Outstanding-opening	71,548,846	2,131,407	1,221,279	224,234,812	299,136,344
Outstanding-closing	70,596,691	2,176,037	3,115,526	255,874,982	331,763,236
<b>Insurance claims expenses</b>	<b>(952,155)</b>	<b>44,630</b>	<b>2,088,478</b>	<b>60,713,695</b>	<b>61,894,648</b>
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	-	-
Recovery-closing	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	(952,155)	44,630	2,088,478	60,713,695	61,894,648
Wakala Fee	2,266,668	71,877	729,952	32,582,078	35,650,575
Mangement expense	-	-	-	-	-
Preium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	1,314,513	116,507	2,818,430	93,295,773	97,545,223
<b>Underwriting results</b>	<b>8,540,566</b>	<b>196,001</b>	<b>355,276</b>	<b>19,964,524</b>	<b>29,056,367</b>
Profit on bank deposits					698,523
Dividend income					493,698
Modarib Fee					(298,055)
<b>Profit before tax</b>					<b>29,950,533</b>
Segment Assets	70,596,691	2,176,037	3,115,526	303,321,768	379,210,022
Unallocated Assets					199,817,540
					579,027,562
Segment Liabilities	86,779,576	2,688,943	8,272,670	589,262,796	687,003,985
Unallocated Liability					2,673,287
					689,677,272
<b>OPERATORS FUND</b>					
	Period ended March 31, 2021 (Un-Audited)				
<b>Segment Current Year</b>	<b>Fire and property damage</b>	<b>Marine</b>	<b>Accident</b>	<b>Treaty</b>	<b>TOTAL</b>
			Rupees		
Wakala Fee	2,266,668	71,877	729,952	32,582,078	35,650,575
Commission	(1,164,432)	(37,195)	(176,643)	(26,961,545)	(28,339,815)
Management Expenses	(72,474)	(2,298)	(23,339)	(1,041,776)	(1,139,887)
<b>Segment Results</b>	<b>1,029,762</b>	<b>32,384</b>	<b>529,970</b>	<b>4,578,757</b>	<b>6,170,873</b>
Profit on bank deposits					4,180,856
Dividend income					80,624
Modarib Fee					298,055
<b>Profit before tax</b>					<b>10,730,408</b>
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					380,075,055
					389,602,996
Segment Liabilities	3,026,068	95,909	964,344	62,340,811	66,427,132
Unallocated Liability					(58,974,804)
					7,452,328

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

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**23 CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with approximate mix of capital elements.

Amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

The Company monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of Operator' and Participant' Retakaful Fund

**24 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the

**25 GENERAL**

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

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**CHAIRMAN**

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**CHIEF EXECUTIVE  
OFFICER**

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**DIRECTOR**

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**DIRECTOR**

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**CHIEF FINANCIAL  
OFFICER**