

PAKISTAN REINSURANCE COMPANY LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

	Note	Six months period ended		Three months period ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		Rupees-----		Rupees-----	
Net insurance premium	24	4,016,450,644	3,494,858,419	1,736,611,635	1,945,188,651
Net Insurance claims	25	(2,448,075,888)	(2,420,358,784)	(1,036,026,863)	(1,771,851,818)
Net commission and other acquisition costs	26	(491,891,948)	(483,212,708)	(236,416,288)	(249,020,728)
Insurance claims and acquisition expenses		(2,939,967,836)	(2,903,571,492)	(1,272,443,151)	(2,020,872,546)
Management expenses		(481,273,806)	(403,749,671)	(270,386,384)	(299,850,790)
Reversal / (Provision) for doubtful debts		387,702,417	(8,936,130)	387,702,417	(8,936,130)
Underwriting results		982,911,419	178,601,126	581,484,517	(384,470,815)
Investment income	27	537,835,158	568,225,598	273,594,965	288,701,376
Rental income - net	28	68,976,061	46,370,389	47,047,234	23,188,954
Other income		189,923,227	17,780,220	110,458,254	13,683,338
Other expenses		(818,837)	(2,174,345)	(582,339)	(1,273,121)
Results of operating activities		1,778,827,028	808,802,988	1,012,002,631	(60,170,268)
Profit from Window Retakaful Operations		9,279,739	9,555,799	9,890,858	6,818,354
Profit before tax		1,788,106,767	818,358,787	1,021,893,489	(53,351,914)
Taxation	30	(707,274,818)	(231,379,393)	(424,615,340)	31,999,760
Profit after tax		1,080,831,950	586,979,394	597,278,149	(21,352,154)
Earnings (after tax) per share - Rupees		1.20	1.96	0.66	(0.07)

The annexed notes 1 to 38 form an integral part of there condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHAIRMAN

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE SIX MONTHS AND THREE MONTH PERIOD ENDED JUNE 30, 2022**

		Six months period Ended		Three months period Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Note	-----Rupees-----			
<b>Participant's Retakaful Fund</b>					
Contributions earned	24	506,075,707	332,882,314	259,329,600	177,879,812
Less: contributions ceded to retotakaful		(77,579,233)	(49,411,020)	(51,439,062)	(21,010,108)
Net contribution revenue		428,496,474	283,471,294	207,890,538	156,869,704
Wakala expense	25	(101,215,141)	(66,576,463)	(51,865,920)	(38,092,139)
Net underwriting income		327,281,333	216,894,831	156,024,618	118,777,565
Net claims - reported/ settled - IBNR	26	(204,580,192)	(272,572,534)	(76,778,239)	(210,677,886)
Charge of contribution deficiency reserve		-	(30,417,426)	-	(30,417,426)
Surplus / (Deficit) before investment income		122,701,141	(86,095,129)	79,246,379	(122,317,747)
Profit on bank deposit		24,309,500	2,110,135	12,102,307	1,411,612
Investment income		6,940,861	3,767,428	6,081,437	3,273,730
Less: Modarib's share of investment income and profit on bank deposit		(7,812,590)	(1,469,391)	(4,545,936)	(1,171,336)
		23,437,771	4,408,172	13,637,808	3,514,006
Cede money received		-	-	-	-
Surplus / (deficit) before taxation		146,138,912	(81,686,957)	92,884,187	(118,803,742)
Taxation	27	(4,635,066)	(635,354)	(4,045,653)	(635,354)
Surplus / (deficit) transferred to accumulated		141,503,846	(82,322,311)	88,838,534	(119,439,096)
<b>Operator's Retakaful Fund</b>					
Wakala fee income	25	101,215,141	66,576,463	51,865,920	38,092,139
Commission expense	28	(100,566,593)	(60,455,333)	(51,933,411)	(32,115,518)
General, administrative and management	29	(6,602,386)	(4,348,358)	(4,348,591)	(3,208,470)
Cede money paid to participants' retakaful fund		(5,953,838)	1,772,772	(4,416,082)	2,768,151
Modarib's share of participant's investment income and profit on bank deposit		7,812,590	1,469,391	4,545,936	1,171,336
Investment income		1,406,945	933,287	1,268,331	852,663
Profit on bank deposit		9,804,359	8,858,641	12,339,117	4,677,785
Profit before taxation		13,070,056	13,034,091	13,737,302	9,469,936
Taxation		(3,790,316)	(3,478,292)	(3,983,818)	(2,651,581)
Profit after taxation		9,279,739	9,555,799	9,753,484	6,818,354

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



**DRAFT****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED****REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **PAKISTAN REINSURANCE COMPANY LIMITED** (the Company) as at June 30, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2022 and June 30, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**Scope of review**

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

**Basis for Qualified Conclusion**

- i. As disclosed in note 14 to the condensed interim financial statements, loans and other receivables include receivable from Sindh Revenue Board (SRB) amounting to Rs. 2,573.89 (December 31, 2021: Rs. 2,573.89) million which was recovered by SRB against the sales tax liability on reinsurance services. The Company has lost control of the asset and it appears not probable that the economic benefits associated with such asset will flow to the Company. Had the Company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly.
- ii. Note 15, 17, 18, 20, 22, 25, 26, 27 and 32 to the condensed interim financial statements include certain account balances and class of transactions which have been recorded against treaty proportional business. The Company does not obtain necessary documents from ceding companies for record keeping and verification purposes but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Any adjustment to these amounts would have a consequential impact on the Company's net assets as at June 30, 2022 and the profit from ordinary activities attributable to members of the Company.

bn

- iii. The opening balance of insurance/reinsurance receivables to the extent of gross and net amount of Rs. 8.89 billion and Rs. 7.767 billion, respectively (refer note 15) and due to other insurance Companies amounting to Rs. 75 million (refer note 22), include balances which remain unreconciled as at the reporting date. The company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, we were unable to support our conclusion in respect of these balances and therefore resulting adjustments and consequential impact thereon, if any, on these condensed interim financial statements.
- iv. As disclosed in note 15.2 to the financial statements, an amount of Rs. 367.7 million included therein has been reversed in respect of provision on account of amount due from one of the insurer companies being doubtful of recovery due to reconciling disputes. We could not substantiate the amount of said reversal of provision based on our review procedures and available supporting records. Had the company not recognized the said reversal of provision, total assets, accumulated profit and shareholders' equity would have been reduced by the same amount.

#### Qualified Conclusion


Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### Emphasis of Matter

We draw attention to note 24.1 to the financial statements which provides details regarding contingencies in respect of which decisions are pending. Our conclusion is not modified in respect of this matter.

#### Other Matter

The financial statements of the Company for the year ended December 31, 2021 and condensed interim financial statements of the Company for the half year ended June 30, 2021 were audited and reviewed by another firm of Chartered Accountants who have expressed a qualified opinion and qualified conclusion thereon vide their reports dated April 25, 2022 and \_\_\_\_\_, respectively.

The engagement partner on the audit resulting in this independent auditor's review report is Mr. Tariq Feroz Khan. 

KARACHI

DATED:

UDIN:

CHARTERED ACCOUNTANTS



**DRAFT****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS****Report On Review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited- Window Retakaful Operation (the Operator) as at June 30, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in fund and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2022 and June 30, 2021 in the condensed interim statement of profit or loss and condensed Interim statement of comprehensive income have not been reviewed and we don't express a conclusion on them.

**Scope of review**

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

**Disclaimer of Conclusion**

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

**Basis for Disclaimer of Conclusion**

-As disclosed in 8, 10, 11, 16, 17, 24, 26, 28 and 30 to these condensed interim financial statements, certain account balances and class of transactions have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate evidence in respect of such account balances and class of transactions because the Company does not establish any system and controls to verify the transactions and only relies on the amounts provided in the statutory quarterly returns and bordereaux. Consequently, we were unable to verify and determine whether any adjustments to these amounts were necessary.

- The opening balance of takaful/retakaful receivables to the extent of gross and net amount of Rs. 216.72 million and Rs. 199.177 million (refer note 8) include material balances which remains unreconciled as at the reporting date. The company is in the process to reconcile these balances.






Due to pending reconciliations relating to the above balances, we were unable to support our conclusion in respect of these balances and therefore resulting adjustment and consequential impact thereon, (if any) on these financial statements remain unascertained.

**Emphasis of Matter**

We draw attention to the note 23.1 to these condensed interim financial statements which explains that the ultimate outcome of the matter stated cannot presently be determined for the reasons as mentioned in the aforementioned note.

**Other matter**

The financial statements of the Operator for the year ended December 31, 2021 and condensed interim financial statements of the Operator for the half year ended June 30, 2021 were audited and reviewed by another firm of Chartered Accountants who have expressed disclaimer of opinion and disclaimer of conclusion vide their reports dated April 25, 2022 and \_\_\_\_\_, respectively.

The engagement partner on the audit resulting in this independent auditor's review report is Mr. Tariq Feroz Khan. 

KARACHI

DATED:

CHARTERED ACCOUNTANTS

UDIN: \_\_\_\_\_