

Directors' Report
For Six Months Ended June 30, 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 the Company for the second quarter ended June 30, 2022.

Review of Conventional Business Activities

The gross written premium is Rs.9,374 million against an amount of Rs.8,260 million for the corresponding period of last year, showing an increase of Rs. 1,114 million (growth of 13.49%). The net premium is Rs. 4,016 million against Rs. 3,495 million, showing an increase of Rs. 521 million i.e. 15%. The net commission expense for the period is Rs. 492 million as compared to Rs. 483 million, showing an increase of Rs. 9 million (1.86%). The net claims are Rs. 2,448 million against Rs. 2,420 million, showing an increase of Rs. 28 million (1.16%).

The underwriting profit after management expenses for the period under review is Rs. 983 million as compared to profit of Rs.179 million for the corresponding periods last year showing increase of Rs. 804 million i.e. 449%.

The income from investment, rental and other income for the period under review is recorded as Rs. 797 million, as compared to Rs. 632 million in the corresponding period of last year, showing an increase of Rs. 165 million i.e. 26.11%.

The profit before tax for the period under review is Rs. 1,788 million, as compared to Rs. 818 million recorded in the corresponding period last year, showing an increase of Rs. 970 million i.e. 119%.

The profit after tax for the period under review is Rs. 1,081 million, as compared to Rs. 587 million in the corresponding period of last year showing an increase of Rs. 494 million (84%) resulting in earnings per share of Rs. 1.20 as compared to Rs. 0.65 (adjusted for Bonus shares) for the corresponding period of last year showing an increase of Rs. 0.55 per share.

Review of Window Re-Takaful Business Activities

Participants' Retakaful Fund

The gross written contribution is Rs. 503 million against an amount of Rs. 389 million for the corresponding period of last year, showing an increase of Rs. 114 million (29.31%). The net contribution is Rs. 428 million against Rs. 283 million, showing an increase of Rs. 145 million (51.24%). The wakala expense for the period is Rs. 101 million as compared to Rs. 66 million,

showing an increase of Rs. 35 million (53%). The net claim expense for the period is Rs. **204** million as compared to Rs. 272 million, showing a decrease of Rs. 68 million (25%), The income from investment and bank deposits for the period under review is recorded as Rs. **31.2** million, as compared to Rs. 5.8 million in the corresponding period of last year, showing an increase of Rs. 25.4 million (438%).

Operator's Retakaful Fund

The wakala income for the period is Rs. **101** million as compared to Rs. 66 million, showing an increase of Rs. 35 million (53%). The commission expense for the period is Rs. **100** million as compared to Rs. 60 million, showing an increase of Rs. 40 million (66.66%), The general administrative & management expense for the period is Rs. **6.6** million as compared to Rs. 4.3 million, showing an increase of Rs. 2.3 million (53.4%), The income from investment and bank deposits for the period under review are recorded as Rs. **11.2** million, as compared to Rs. 9.7 million in the corresponding period of last year, showing an increase of Rs. 1.5 million.

The profit after tax for the period under review is Rs. **9.3** million, as compared to Rs. 9.55 million in the corresponding period of last year showing decrease of Rs. 0.25 million.

1. RECEIVABLE AND LITIGATION RELATING TO SINDH REVENUE BOARD (SRB)

As stated in note 14, receivable from SRB amounting to Rs. 2,573.89 (December 31,2021: Rs. 2,573.89) million which was recovered by SRB against the demand of sales tax liability on reinsurance services for the tax year from 2011 to 2013. The Company has not recorded provision against the sales tax demand and has disclosed the amounts as contingent liability.

The Company filed an appeal with Commissioner of appeals SRB and the Appellate Tribunal where the judgement was upheld in favor of SRB. Thereafter, the Company paid an amount of Rs. 2,131 million under protest and remaining amount of Rs. 442 million were recovered by SRB through the encashment of TDRs. The aggregate amount has been recorded as 'Receivable from SRB' as stated in note 14 of the condensed interim financial statements. As a result, the Company filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal. The case is still pending before the Honorable High Court of Sindh and there have been no further proceedings in the case.

The recording of asset constitutes a departure from the application of IFRS since presently the Company could not substantiate any control over the underlying asset and the flow of economic benefits is improbable due to ongoing Court case.

Management Comments:

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

2. TREATY REINSURANCE ARRANGEMENTS

As per section 2 (11) of Companies' Act, 2017 and section 45 (a) & (b) of Insurance Ordinance, 2000, the Company is required to maintain proper books of account with the details of policyholders in respect of policy issued, name, address, effective date of policy. Furthermore, the Company is also required to maintain the record of claims for entering the details of the claims paid, name, address of the claimant and the date of discharge of the claims and in the case of claims rejected, the date of claims rejection and reasons thereof.

Further, Treaty agreements between the Company and the ceding companies state the following:

- Ceding companies need to have proper records which shall have entries with dates and sufficient particulars;
- Ceding companies are required to provide full premium / claim bordereaux along with every quarterly return;
- Right to inspection by authorized personnel of the Company where they can inspect and obtain copies of ceding companies' records;
- The Company is entitled to request copies of the whole part of any documents related to the risk and their reinsurance; and
- The Company shall have the right to the information as long as one out of the two parties to contract is claiming to the other.

However, except for the quarterly returns filed by ceding companies there was no adequate supporting record to verify the treaty business, consequently we were unable to verify the underlying transactions and corresponding balances. Furthermore, for claims outstanding for more than one year, we were unable to determine whether any damages for delay in processing of the claims are applicable on the Company as the data pertaining those claims was unavailable.

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. We were unable to obtain sufficient and appropriate evidence in respect of such account balances and class of transactions because the Company does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in quarterly returns for the purpose of recording transactions. Further, alternative procedures were not possible to obtain sufficient and appropriate evidence. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Management Comments:

As prescribed under section 43 of Insurance ordinance 2000, the company record the transaction relating to premium, claims and commission on accounts of treaty business on the basis of returns received from ceding insurance companies and requires supporting documents from them whenever deemed necessary. However, as pointed out by the auditor, further supporting documents are being obtained from ceding companies.

3. UNRECONCILED BALANCES

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 material balances which remains 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 adjustment and consequential impact thereon if any on these financial statements.

Management Comments:

Amount due from other insurer companies includes gross and net amount of Rs. 8.89 billion and Rs. 7.767 billion respectively (refer note 16) and due to other insurance companies includes and amount of Rs. 75 million (refer note 30). These balances remain unreconciled. The Company is in the process to reconcile these balances. Due to pending confirmations/reconciliation relating to above balances, resulted adjustment and consequential impact thereon, (if any) on these financial statements remain unascertained.

4. REVERSAL OF PROVISION

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.

Management Comments:

The amount mentioned above represent amount due from M/s Premier Insurance Limited as on 31-December 2021 which was provided in the books at full due to nonreceipt of confirmation from the ceding company. However, the management of PRCL subsequently took up the matter with M/s Premier Limited. As a result, the company started the reconciliation process with PRCL and also shared the last 10 years ledger. On accounts of these developments PRCL does not consider the need for the aforesaid provision, accordingly the provision made earlier has been reversed in the half-yearly financial statements 30-06-2022.

Future Outlook

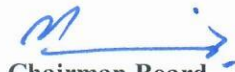
The first half of 2022 proved to be economically and politically challenging for the country. Despite the challenges, we shall continue to strive to deliver sustainable profitability in the current economic environment. The company has improved its overall profitability amid a challenging business environment and is ready to take advantage of new prospects for business growth.

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 and devotion of the officers and staff of the Company.

For and on behalf of the Board of Directors.



Chairman Board
Karachi: 27th August 2022



Chief Executive Officer

ناظمین کی رپورٹ

30 جون 2022 کو اختتام پذیر دوسری سہ ماہی کی رپورٹ

قابل قدر حصص کنندگان

پاکستان ری-انشرنس کمپنی لمیٹڈ

ہم، پاکستان ری انشرنس کمپنی لمیٹڈ کے بورڈ کے ناظمین کی جانب سے، کمپنی کی 30 جون 2022 کو اختتام پذیر دوسری سہ ماہی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

روایتی کاروباری سرگرمیوں کا جائزہ

گزشتہ سال اسی مدت کے 8,260 ملین روپے مجموعی تحریر شدہ پریمیم کے مقابلے میں اس مدت میں اس کی مالیت 9,374 ملین روپے رہا جو 1,114 ملین (13.49 فیصد نمو) کا اضافہ ظاہر کرتا ہے۔ گزشتہ سال کے اسی مدت کے 3,495 ملین روپے خالص پریمیم کے مقابلے میں اس کی مالیت 4,016 ملین روپے ہے جو 521 ملین (15 فیصد) کا اضافہ ظاہر کر رہا ہے۔ مذکورہ مدت میں 492 ملین روپے کے خالص کمیشن کے اخراجات کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 483 ملین روپے ہے جو 9 ملین روپے (1.86 فیصد) کا اضافہ دکھارہا ہے۔ گزشتہ سال اسی مدت کے خالص دعوے 2,420 ملین روپے کے مقابلے میں موجودہ مدت میں 2,448 ملین روپے رہا جو 28 ملین روپے (1.16 فیصد) کا اضافہ دکھارہا ہے۔ زیر غور سہ ماہی میں انتظامی اخراجات کے بعد مالیاتی ضمانت (underwriting) کا منافع 983 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں منافع کی مالیت 179 ملین روپے تھی جو 804 ملین روپے کا اضافہ ظاہر کر رہا ہے یعنی 449 فیصد۔ زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 797 ملین روپے کا اندراج کیا جبکہ گزشتہ سال اسی مدت میں 632 ملین روپے تھا جو 165 ملین روپے (یعنی 26.11 فیصد) کا اضافہ ظاہر کر رہا ہے۔ زیر جائزہ سہ ماہی میں منافع قبل از محصول 1,788 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 818 ملین روپے تھا جو 970 ملین روپے (یعنی 119 فیصد) کا اضافہ دکھارہا ہے۔ زیر جائزہ سہ ماہی میں منافع بعد از محصول 1,081 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 587 ملین روپے تھا جو 494 ملین روپے (84 فیصد) کا اضافہ دکھارہا ہے جس کا نتیجہ گزشتہ سال کی اسی مدت کے 0.65 (بونس حصص شامل کردہ) روپے فی حصص کی آمدنی کے مقابلے میں اس سہ ماہی میں فی حصص آمدنی 1.20 روپے رہی جو 0.55 فی حصص کا اضافہ دکھارہا ہے۔

ونڈو ری-مکافل سرگرمیوں کا جائزہ

شرکت داری ری-مکافل فنڈ

سال 2022 کی دوسری سہ ماہی میں مجموعی تحریر شدہ شرکت کے حصے کی مالیت 503 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 389 ملین روپے تھی جو 114 ملین روپے (29.31 فیصد) کا اضافہ دکھارہا ہے۔ گزشتہ سال اسی مدت میں خالص حصص کی مالیت 283 ملین روپے تھی، اس کے

مقابلے میں اس سہ ماہی میں اس کی مالیت 428 ملین روپے رہی جو 145 ملین روپے (51.24 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں وکالہ اخراجات 101 ملین روپے رہے جو گذشتہ سال اسی مدت میں 66 ملین روپے تھے جو 35 ملین روپے (53 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں خالص دعوے کے اخراجات 204 ملین روپے رہے اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 272 ملین روپے تھی جو 68 ملین روپے (25 فیصد) کی کمی دکھا رہا ہے۔ زیر جائزہ مدت کے دوران سرمایہ کاری سے آمدنی اور بینک ڈپازٹس نے 31.2 ملین روپے کا اندراج کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 5.8 ملین روپے تھی جو 25.4 ملین روپے (438 فیصد) کا اضافہ دکھا رہا ہے۔

آپریٹر کاری- ٹکافل فنڈ

زیر غور مدت میں وکالہ اخراجات 101 ملین روپے رہے جو گذشتہ سال اسی مدت میں 66 ملین روپے تھے جو 35 ملین روپے (53 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں کمیشن کے اخراجات 100 ملین روپے رہے جو گذشتہ سال اسی مدت میں 60 ملین روپے تھے جو 40 ملین روپے (66.66 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور سہ ماہی میں عام انتظامی اور انتظامیہ کے اخراجات 6.6 ملین روپے رہے جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 4.3 ملین روپے تھی جو 2.3 ملین روپے (53.4 فیصد) کا اضافہ ظاہر کر رہا ہے۔ زیر جائزہ مدت میں سرمایہ کاری سے آمدنی اور بینک ڈپازٹس نے 11.2 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 9.7 ملین روپے تھا جو 1.5 ملین روپے کا اضافہ ظاہر کر رہا ہے۔ زیر جائزہ سہ ماہی میں منافع بعد از محصول 9.3 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 9.55 ملین روپے تھا جو 0.25 ملین روپے کا اضافہ دکھا رہا ہے۔

1. قابل وصولی واجبات اور سندھ ریونیو بورڈ سے مقدمہ بازی

جیسا کہ نوٹ نمبر 14 میں بیان کیا گیا ہے، سندھ ریونیو بورڈ سے قابل وصولی واجبات کی مالیت 2,573.89 (31 دسمبر 2021 میں یہ مالیت 2,573.89 ملین روپے ہے جو سال 2011 سے 2013 کی مدت میں ری انشورنس کی خدمات پر سیلز ٹیکس کی مالی ذمہ داری (liability) کی مد میں سندھ ریونیو بورڈ کی جانب سے قابل وصولی واجبات ہیں۔ کمپنی نے اس رقم کو غیر یقینی (contingent) مالی ذمہ داری (liability) ظاہر کیا ہے اور اسی لیے سیلز ٹیکس کی مد میں کچھ بھی مختص (provision) نہیں کیا ہے۔ کمپنی نے سندھ ریونیو بورڈ کے کمیشنر اور ایبیلٹ ٹریبیونل کے پاس درخواست جمع کروائی تھی جس نے سندھ ریونیو بورڈ کے حق میں فیصلہ برقرار رکھا۔ بعد ازاں، کمپنی نے احتجاج کے ساتھ 2,131 ملین روپے سندھ ریونیو بورڈ کو ادا کیے اور اس نے 442 ملین روپے TDRs کو فروخت کر کے وصول کر لی۔ مجموعی رقم کو بطور "سندھ ریونیو بورڈ سے قابل وصولی واجبات" جیسا کہ درمیانی مدت کی مختصر مالی دستاویزات کے نوٹ نمبر 14 میں ظاہر کیا گیا ہے۔ اس کے نتیجے میں، کمپنی نے اپیلٹ ٹریبیونل کے فیصلے کے خلاف سندھ کی معزز عدالت عالیہ میں مقدمہ داخل کر دیا ہے۔ مقدمہ ابھی تک سندھ کی معزز عدالت عالیہ میں زیر غور ہے اور اس کیس پر کوئی پیش رفت نہیں ہے۔ اثاثہ کا اندراج IFRS کے ضوابط سے انحراف ہے اور فی الوقت کمپنی مذکورہ اثاثہ پر اپنا کنٹرول ثابت نہیں کر سکی اس لیے عدالت میں مقدمہ کی وجہ سے اس اثاثہ کے معاشی فوائد بعید از قیاس ہے۔

انتظامیہ کا تبصرہ

قانونی رائے کی بنیاد پر، کمپنی کو معزز عدالت عالیہ، سندھ سے کمپنی کے حق میں فیصلے کی توقع ہے اور جو رقم سندھ ریونیو بورڈ نے جو رقم وصول کر لی ہے وہ کمپنی کو واپس ادا کر دی جائے گی۔ اس بنیاد پر کمپنی نے سندھ ریونیو بورڈ نے جو رقم وصول کر لی ہے وہ کمپنی کو واپس مل جائے گی۔

2. معاہداتی ری-انشورنس کے انتظامات

کمپنیز ایکٹ 2017 کی شق نمبر 2(11) اور انشورنس آرڈیننس 2000 کی شق نمبر 45(a) اور (b) کے مطابق کمپنی پر لازم ہے کہ اجراء کردہ پالیسی کے لینے والے کانام، پتہ، پالیسی کی موثر تاریخ کی تفصیلات کے ساتھ مکمل کھاتوں کے گوشواروں کارکارڈ رکھے۔ علاوہ ازیں، کمپنی کے لیے لازم ہے کہ دعویٰ کارکارڈ رکھے جس میں دعویٰ کی ادائیگی، مدعی کانام، پتہ اور داوعوں کے اخراج کی تاریخ اور اگر دعویٰ مسترد کئے جاتے ہیں تو مسترد کرنے کی تاریخ کے ساتھ مسترد کرنے کی وجہ بھی درج کریں۔

مزید یہ کہ کمپنی اور سیڈنگ کمپنی کے درمیان معاہداتی معاہدہ درج ذیل چیزیں بیان کرتا ہے:

- سیڈنگ کمپنی کے لیے ضروری ہے کہ مناسب رکارڈ رکھے جس میں تاریخ اور مناسب تفصیلات درج ہوں۔
- سیڈنگ کمپنی کے لیے ضروری ہے کہ، ہر سہ ماہی میں پورا پرمیم / دعویٰ بورڈرائیکس (claim bordereaux) فراہم کرے۔
- کمپنی کے مجاز عملے کو یہ حق حاصل ہے کہ وہ سیڈنگ کمپنی کے رکارڈ کا معائنہ کر سکیں اور ان کی نقول حاصل کر سکیں۔
- کمپنی اس بات کی مستحق ہے کہ وہ رسکس اور ان کی ری-انشورنس سے متعلق دستاویزات کی مکمل نقول کے لیے درخواست کرے۔
- جب معاہدے کے دونوں فریق میں سے کوئی ایک فریق دوسرے پر دعویٰ کر رہا ہے اس کی معلومات حاصل کرنے کا حق کمپنی کو ہو گا۔
- تاہم، ماسوائے سیڈنگ کمپنی کی جمع کردہ سہ ماہی رٹرنز کے، معاہداتی کاروبار کی توثیق کی معاونت کے لیے کوئی اور رکارڈ نہیں ہے، اس کے نتیجہ میں ہم مذکورہ لین دین اور ان کے بقایا جات کی تصدیق سے معذور ہیں۔ علاوہ ازیں، ایسے دعویٰ ایک سال سے زیادہ مدت سے واجب الادا ہیں ہم اس بات سے لاعلم ہیں کہ اس بات کا تعین کر سکیں کہ دعویٰ کی تاخیر سے پراسس کرنے پر کمپنی پر جرمانہ لاگو ہوتا ہے کہ نہیں کیونکہ ان دعویٰ سے متعلق اعداد و شمار دستیاب نہیں ہیں۔
- درمیانی مدت کی مختصر دستاویزات کے نوٹ نمبر 15، 17، 18، 20، 22، 25، 26، 27 اور 32 میں کچھ کھاتوں کے بقایا جات اور لین دین کی کلاس شامل ہیں جن کا اندراج ٹریڈ ریگریٹر پر پور شٹل (proportional) کاروبار کی مد میں کیا گیا ہے۔ ہم، ان کھاتوں کے بقایا جات اور لین دین کی کلاس سے متعلق مناسب اور کافی ثبوت حاصل کرنے سے معذور رہے کیونکہ کمپنی اپنے رکارڈ اور تصدیق کے لیے، سیڈنگ کمپنی سے ضروری متعلقہ دستاویزات نہیں طلب کرتی، بلکہ وہ لین دین کیے اندراج کے لئے صرف سیڈنگ کمپنی کی سہ ماہی رٹرنز میں ظاہر کی گئی رقم پر انحصار کرتی ہے۔ مزید یہ کہ مناسب اور کافی ثبوت کے حصول کے لیے متبادل طریقہ کار ممکن نہیں تھے۔ نتیجتاً، ہم اس بات کا تعین کرنے سے قاصر ہیں کہ ان رقوم میں ردوبدل ضروری ہیں۔

انتظامیہ کا تبصرہ

جیسا کہ، انشورنس آرڈیننس 2000، کی شق نمبر 43 میں بیان کیا گیا ہے، کمپنی، معاہداتی کاروبار کی مد میں پرمیم، دعویٰ اور کمیشن کا اندراج سیڈنگ انشورنس کمپنیز سے موصول شدہ رٹرنز کی بنیاد پر ہوتا ہے اور ان سے کمپنی جب ضروری سمجھے گی تو ان سے معاونت کی دستاویزات طلب کر سکتی ہے۔ تاہم، جیسا کہ آڈیٹر نے نشان دہی کی ہے سیڈنگ کمپنیز سے معاونت کے دستاویزات لی جا رہی ہیں۔

3. غیر ہم آہنگ بقایا جات

انشورنس / ری-انشورنس کے قابل وصولی کے آغاز کے مجموعی اور خالص بقایا جات بالترتیب 8.89 ارب روپے اور 7.767 ارب روپے (نوٹ 15 دیکھیں) اور جو دیگر انشورنس کمپنیز کی جانب 75 ملین روپے (نوٹ 22 دیکھیں) کے مواد (material) کے بقایا جات شامل ہیں اس رپورٹ کی تاریخ تک مالی دستاویزات اے ہم آہنگ نہیں ہیں۔ کمپنی ان بقایا جات کو ہم آہنگ کرنے کے عمل میں مصروف ہے۔ ان مذکورہ بالا بقایا جات سے متعلق ہم آہنگ کرنے کے زیر التوا عمل کی وجہ سے، ان بقایا جات سے متعلق اپنے فیصلہ اور اس کے نتیجے، ان مالیاتی دستاویزات میں ہونے والی متعلقہ ردوبدل اور ان کے اثرات کی حمایت کرنے سے ہم معذور ہیں۔

انتظامیہ کا تبصرہ

دیگر انشورنس کمپنیز کی جانب واجب الادا رقم میں بالترتیب شامل ہیں مجموعی اور خالص 8.89 ارب روپے اور 7.767 ارب روپے (نوٹ نمبر 16 دیکھیں) اور دیگر کی جانب 75 ملین روپے (نوٹ نمبر 30 دیکھیں) کی واجب الادا رقم شامل ہے۔ یہ بقایا جات غیر ہم آہنگ ہیں۔ کمپنی ان بقایا جات کو ہم آہنگ کرنے میں مصروف ہے۔ مذکورہ بالا بقایا جات کی تصدیق / ہم آہنگی کے عمل زیر غور ہے، اس کے نتیجے میں ہونے والے ردوبدل اور اس سے پیدا ہونے والے نتائج کے اثرات (اگر کوئی ہوئے تو) کا ان مالی دستاویزات پر اثر غیر یقینی ہے۔

4. واپسی کی گنجائش (REVERSAL OF PROVISION)

جیسا کہ ان مالی دستاویزات کے نوٹ نمبر 15.2 میں ظاہر کیا گیا ہے کہ 367.7 ملین روپے شامل ہے جو مختص کیا گیا تھا اس رقم کی بنیاد انشورنس کمپنیز میں ایک سے وصولی ہم آہنگ کے تنازعات کی وجہ سے مشکوک ہو گئی ہے، اس لیے اس مختص شدہ رقم کی واپسی کر دی گئی ہے۔ ہم مذکورہ مختص شدہ رقم کی واپسی کو ثابت نہیں کر سکتے جس کی وجہ ہمارے جائزہ لینے کے طریقہ کار اور دستیاب معاون رکارڈ ہیں۔ اگر کمپنی اس مختص شدہ رقم کی واپسی تسلیم نہیں کرتی تو کل اثاثہ جات، جمع شدہ منافع اور حصص کنندگان کا ملکیتی سرمایہ میں مذکورہ رقم کی مالیت کے مساوی کمی آچکی ہوتی۔

انتظامیہ کا تبصرہ

مذکورہ بالا رقم جو ظاہر کی گئی ہے، وہ رقم، 31 دسمبر 2021 تک، میسرز پریمیر انشورنس کمپنی لمیٹڈ سے قابل وصولی تھی جس کو کھاتوں میں درج کیا گیا تھا جس کی وجہ سیڈنگ کمپنی کے جانب عدم وصولی کی تصدیق کا ہونا تھا۔ تاہم بعد ازاں پاکستان ری-انشورنس کمپنی لمیٹڈ کی انتظامیہ نے معاملہ میسرز پریمیر انشورنس کمپنی لمیٹڈ اٹھایا ہے۔ جس کے نتیجے میں کمپنی نے میسرز پریمیر انشورنس کمپنی لمیٹڈ کے ساتھ کھاتوں کو ہم آہنگ کرنے کا عمل شروع کیا ہے اور گزشتہ 10 سالوں کے کھاتوں کا تبادلہ ہوا ہے۔ اس پیش رفت کے بعد پاکستان ری-انشورنس کمپنی لمیٹڈ مذکورہ مختص شدہ رقم کو برقرار رکھنے کی ضرورت نہیں سمجھتی، اس لیے اس مد میں جو رقم مختص کی گئی تھی اس کو 30 جون 2022 کو اختتام پذیر ششماہی مالی دستاویزات میں اسے واپس کر دیا ہے۔

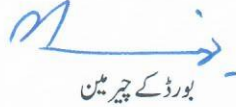
مستقبل کا منظر نامہ

مالی سال 2022 کا پہلا نصف ملک کے لیے معاشی اور سیاسی طور پر مشکلات کا شکار رہا۔ ان مشکلات کے باوجود، ہم کوشش کریں گے کہ موجودہ معاشی ماحول میں تسلسل سے جاری رہنے والی منافع بخشی حاصل کریں۔ کمپنی مشکل کاروباری ماحول اپنی مجموعی منافع بخشی میں بہتری لایچکی ہے اور کاروبار کی نمو کے مواقعوں سے فائدہ اٹھانے کے لیے تیار ہے۔

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈانٹس (cedants)، ریٹرو سیشنسٹر (retrocessionnaire)، کاروباری شراکت دار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی معاونت اور پیشہ ورانہ رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے حصص کنندگان کا بھی، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالآخر، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے افسران اور اسٹاف کی سخت محنت، وفاداری اور لگن پر اپنے سر اپنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے


بورڈ کے چیئرمین


چیف ایگزیکٹو آفیسر

کراچی: 27 اگست 2022

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.

- 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

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

		June 30, 2022 Unaudited	December 31, 2021 Audited
	Note	Rupees-----	
ASSETS			
Property and equipment	7	454,306,076	429,090,186
Right of use asset		1,801,531,334	1,801,531,334
Capital work in process	8	8,474,168	8,474,168
Assets relating to Bangladesh	9	-	-
Investment property	10	722,274,605	722,274,605
Investments			
Equity securities	11	2,982,515,015	3,388,832,943
Debt securities	12	9,322,577,905	9,174,069,234
Loans and other receivables	13	314,808,901	285,844,726
Receivable from Sindh Revenue Board	14	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	15	12,520,421,024	13,686,203,094
Reinsurance recoveries against outstanding claims	16	10,202,237,072	4,608,127,235
Deferred commission expense / acquisition cost	17	756,523,689	806,214,206
Prepayments	18	7,174,193,585	7,723,545,836
Cash and bank	19	1,104,970,774	1,140,841,359
Total assets of Window Takaful Operations - OPF		463,175,798	456,613,640
TOTAL ASSETS		50,401,898,673	46,805,551,293
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		9,000,000,000	3,000,000,000
Revaluation surplus - net of tax		1,545,282,086	1,545,282,086
Reserves		2,720,854,655	8,526,912,530
TOTAL EQUITY		13,266,136,741	13,072,194,616
LIABILITIES			
Underwriting Provisions			
Outstanding claims including IBNR	20	17,043,480,615	9,401,437,187
Unearned premium reserves		9,104,972,900	10,732,384,652
Unearned reinsurance commission		435,910,314	523,294,102
Premium deficiency reserves		58,873,372	58,873,372
		26,643,237,201	20,715,989,313
Retirement benefit obligations		2,971,424,000	3,206,839,590
Taxation liabilities- provision less payments		624,391,213	366,732,044
Deferred taxation	21	813,195,279	810,480,910
Insurance / reinsurance payables	22	5,777,308,918	8,208,198,213
Lease liabilities		29,238,876	29,238,876
Unclaimed dividend		89,174,954	205,956,627
Other creditors and accruals	23	86,663,840	89,257,122
TOTAL LIABILITIES		37,034,634,281	33,632,692,695
Total liabilities from Window Takaful Operations - OPF		101,127,651	100,663,982
TOTAL EQUITY AND LIABILITIES		50,401,898,673	46,805,551,293

CONTINGENCIES AND COMMITMENTS

24

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHAIRMAN

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
CONDENSED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED)
FOR THE 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
	Rupees		Rupees	
Profit for the Period	1,080,831,950	586,979,394	597,278,149	(21,352,154)
Other comprehensive income / (loss) for the period				
Items that may not be reclassified subsequently to profit and loss account				
Unrealized loss on available for sale investments - net	(416,088,948)	(51,817,575)	(258,182,827)	91,208,998
Other comprehensive loss- Window Retakaful Operations	(1,318,612)	(409,615)	(1,575,284)	(409,615)
Deferred tax on available for sale investment	130,517,735	10,717,078	-	-
	(286,889,825)	(41,510,112)	(259,758,111)	90,799,383
Total comprehensive income for the period	793,942,125	545,469,282	337,520,038	69,447,229

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2022

Share capital	Capital reserves		Revenue reserves			Total reserves	Total
	Issued, subscribed and paid up capital	Revaluation surplus	Unrealized loss on available for sale investment	Reserve for exceptional losses	General reserve		
Rupees							
3,000,000,000	-	1,440,831,468	281,000,000	1,777,419,085	3,742,293,642	7,241,544,195	10,241,544,195
-	-	(386,026,254)	-	-	2,589,586,463	2,589,586,463	2,589,586,463
-	-	48,126	-	-	-	(386,026,254)	(386,026,254)
-	-	-	-	-	-	48,126	-
-	280,540,358	-	-	-	-	280,540,358	280,540,358
-	1,264,741,728	-	-	-	-	1,264,741,728	1,264,741,728
-	-	-	-	-	(168,240,000)	(168,240,000)	(168,240,000)
-	1,545,282,086	(385,978,128)	-	-	2,421,346,463	3,580,650,421	3,580,602,295
-	-	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
3,000,000,000	1,545,282,086	1,054,853,340	281,000,000	1,777,419,085	5,413,640,105	10,072,194,616	13,072,146,490
3,000,000,000	1,545,282,086	1,054,853,340	281,000,000	1,777,419,085	5,413,640,105	10,072,194,616	13,072,146,490
-	-	-	-	-	1,080,831,950	1,080,831,950	1,080,831,950
-	-	(286,889,825)	-	-	-	(286,889,825)	(286,889,825)
-	-	-	-	-	-	-	-
-	-	(286,889,825)	-	-	1,080,831,950	793,942,125	793,942,125
-	-	-	-	-	(600,000,000)	(600,000,000)	(600,000,000)
-	-	-	-	-	(642,122,769)	(5,357,877,231)	(6,000,000,000)
6,000,000,000	1,545,282,086	767,963,515	281,000,000	1,135,296,316	536,594,824	4,266,136,741	13,266,136,741

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

CHIEF FINANCIAL OFFICER
DIRECTOR

CHIEF EXECUTIVE OFFICER
CHAIRMAN

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		----- Rupees-----	
OPERATING CASH FLOWS			
(a) Underwriting activities			
Premium received		10,928,304,964	8,079,902,004
Reinsurance premium paid		(8,742,447,243)	(5,877,041,986)
Claims paid		(2,317,285,179)	(3,627,519,562)
Reinsurance and other recoveries received		1,917,142,882	1,842,795,802
Commission paid		(930,391,793)	(775,758,928)
Commission received		400,806,574	346,415,897
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies		-	14,312,108
Other underwriting payments (management expenses)		(467,324,104)	(408,624,767)
Net cash flow from / (used in) underwriting activities		788,806,101	(405,519,432)
(b) Other operating activities			
Income tax paid		(301,418,782)	(92,642,522)
General management expenses paid		(818,837)	(2,174,345)
Payment under defined benefit obligations			
Other operating (payments) / receipts		(251,568,158)	(10,192,619)
Advances to employees		(25,340,938)	4,545,396
Net cash used in other operating activities		(579,146,715)	(100,464,090)
Total cash flow from / (used in) all operating activities		209,659,386	(505,983,522)
INVESTMENT ACTIVITIES			
Fixed Capital expenditure		(41,347,133)	(1,233,252)
Sale proceeds of Fixed Assets		481,480	-
Acquisition of investments		(9,276,157,611)	(8,227,915,689)
Rental income received - net of expenses		83,824,800	98,679,977
Dividend income received		82,846,294	76,581,059
Interest income on bank deposits		46,387,018	84,501,869
Investment income received - net of expenses		477,522,328	327,775,561
Proceeds on sale/ maturity of investments		9,097,694,526	7,861,727,085
Total cash flow from all investing activities		471,251,702	220,116,610
FINANCING ACTIVITIES			
Surplus paid		-	-
Dividend paid		(716,781,673)	(666,737,671)
Payments of finance leases		-	1,235,170
Net cash used in all activities		(716,781,673)	(665,502,501)
Net cash used in all activities		(35,870,585)	(951,369,413)
Cash and cash equivalents at beginning of the period		1,140,841,359	1,570,505,178
Cash and cash equivalents at end of the period		1,104,970,774	619,135,765

The annexed notes 1 to 38 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

1 STATUS AND NATURE OF BUSINESS

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

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

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

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Company is located at 37-A, New Muslim Town, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2021 which have been prepared in accordance with approved accounting and reporting standards as applicable to insurance companies in Pakistan.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2107, Takaful Rules, 2012 and General Takaful Regulations, 2019.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance 200, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Regulation, 2019 differ with the requirements of IAS 34, provisions of and directives issued the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 have been followed.

The comparative statement of financial position presented in this condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the six months period June 30, 2021

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

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical convention, except for 'held to maturity' investments that are stated at amortised cost and investment 'at fair value - held for trading and available for sale' are stated at fair value.

3.3 Functional and presentation currency

These condensed interim financial statements have been prepared and presented in Pakistan Rupees, which is the Company's functional currency.

4 USE OF ESTIMATES AND JUDGMENTS

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

These are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the company's accounting period beginning on or after January 01, 2022. These standards, interpretations and amendments are either not relevant to the company's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 5.1 below.

5.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

Standard, Interpretation or amendment

Effective date
(annual periods
beginning on or
after)

AIP IFRS 9 Financial Instruments- Fees in the 10% test for derecognition of financials liabilities

January 1, 2022

Standard, Interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Revised conceptual framework (amendments)	January 1, 2022
- IAS 16 - Property, plant and equipments: proceeds before intended use	January 1, 2022
- IAS 37 - Onerous contract: cost of fulfilling a contract	January 1, 2022
- IAS 1 - Classification of liabilities as current to non-current (amendments)	January 1, 2023
AIP IAS 41 Agriculture taxation in fair value measurements	
Sale or contribution of assets between an investor and its associates or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalized
Definition of accounting estimates - Amendment to IAS 8	January 1, 2023
Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12	January 1, 2023

The above amendments are not likely to have an impact on Company's condensed interim financial statements. In addition to above standards, there are certain new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after 01 January 2022 but are considered not to be relevant to the Company's operations and therefore, are not detailed in these condensed interim financial statements.

6 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the company for the period ended December 31, 2021.

		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Note	----- Rupees -----	
7 PROPERTY AND EQUIPMENT			
Operating fixed assets - WDV			
Opening balance		429,090,184	35,266,460
Addition during the period		41,347,133	3,892,302
Revaluation		-	395,127,265
Disposal		(2,181,539)	-
Depreciation		(13,949,702)	(5,195,843)
Closing balance		<u>454,306,076</u>	<u>429,090,184</u>
8 CAPITAL WORK IN PROGRESS			
Closing balance		<u>8,474,168</u>	<u>8,474,168</u>
8.1	This relates to the implementation of ERP (Enterprise resources planning) and development of customized system solution which includes Reinsurance, Administration, Human Resource, Audit ,Accounting and Finance, Investment , Corporate Affairs and Retakaful modules		
9 ASSETS RELATING TO BANGLADESH			
Total assets		15,974,000	15,974,000
Total liabilities	9.1	<u>(5,761,000)</u>	<u>(5,761,000)</u>
		10,213,000	10,213,000
Provision for loss on assets in Bangladesh		<u>(10,213,000)</u>	<u>(10,213,000)</u>
		<u>-</u>	<u>-</u>
9.1	These include claims related to Bangladesh amounting to Rs. 4,952,000 (December 31, 2021: Rs. 4,952,000).		
10 INVESTMENT PROPERTIES			
Opening balance		722,274,603	25,496,672
Depreciation for the period / year		-	(1,277,463)
Addition during the year		-	-
Revaluation surplus		-	698,055,394
Closing balance		<u>722,274,603</u>	<u>722,274,603</u>

Available for sale	June 30, 2022			
	Cost	Provision / impairment	Unrealized gain / (loss)	Carrying value
	Rupees			
-Listed shares	511,342,678	-	1,145,699,691	1,656,497,854
-Unlisted shares	2,608,106	(1,990,491.00)	-	617,615
-Mutual funds	1,592,488,810	(300,680,906.00)	(111,509,263.00)	1,180,298,641
Sub Total	2,106,439,594	(302,671,397.00)	1,034,190,428	2,837,414,110
Held For Trading				
Listed share	219,592,593	-	(74,491,688)	145,100,905
Sub Total	219,592,593	-	(74,491,688)	145,100,905
Grand Total	2,326,032,187	(302,671,397)	959,698,740	2,982,515,015

	December 31, 2021			
	Cost	Provision	Unrealized gain / (loss)	Carrying value
	Rupees			
	511,342,678	-	1,362,984,608	1,872,955,022
	2,608,106	(1,990,491)	-	617,615
	1,592,488,810	(300,680,906.00)	76,379,250	1,368,187,154
	2,106,439,594	(304,043,661)	1,439,363,858	3,241,759,791
	192,711,620	-	(45,638,468)	147,073,152
	192,711,620	-	(45,638,468)	147,073,152
	2,299,151,214	(304,043,661)	1,393,725,390	3,388,832,943

12 INVESTMENTS IN DEBT SECURITIES

	June 30, 2022	
	Cost	Market value
	Rupees	
1 Pakistan Investment Bonds	2,563,701,906	2,479,616,940
2 Pakistan Investment Bonds (Available for sale)	331,407,375	354,770,742
3 PIB (Floater) 3 years and 5 years	554,936,654	550,673,923
4 Treasury Bills	5,837,656,600	5,837,656,300
5 Term Finance Certificate	99,860,000	99,860,000
Total Debt Securities	9,387,562,535	9,322,577,905

	December 31, 2021	
	Cost	Market value
	Rupees	
	1,595,597,300	1,586,280,288
	331,407,375	360,849,397
	554,936,654	550,932,749
	6,576,126,800	6,576,126,800
	99,880,000	99,880,000
	9,157,948,129	9,174,069,234

		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Note	Rupees	
13	LOANS AND OTHER RECEIVABLES		
	Considered good		
	Accrued investment income	104,261,982	88,573,724
	Loans to employees	99,360,555	74,019,617
	Sundry receivables - net	28,487,673	11,410,766
	Receivable from tenants	82,698,691	111,840,619
		<u>314,808,901</u>	<u>285,844,726</u>
14	RECEIVABLE FROM SINDH REVENUE BOARD	<u>2,573,888,727</u>	<u>2,573,888,727</u>
<p>The aggregate amount of Rs.2,573.889 million (December 31, 2021: Rs. 2,53.889 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.</p>			
15	INSURANCE / REINSURANCE RECEIVABLES		
	Opening balance	15.1 13,181,916,892	14,735,401,379
	Less: Provision for impairment in due from other insurers / reinsurers	15.2 (661,495,868)	(1,049,198,285)
		<u>12,520,421,024</u>	<u>13,686,203,094</u>
	Premium and claim reserves retained by	24,831,633	24,831,633
	Less: Provision for impairment in premium	(24,831,633)	(24,831,633)
		<u>-</u>	<u>-</u>
		<u>12,520,421,024</u>	<u>13,686,203,094</u>
15.1	This includes an amount of Rs. 6,062,096,511 (December 31, 2021: Rs. 8,788,498,324) due from related party "National Insurance Company Limited". The age analysis of amount due from related party is as follows:		
	Up to 3 months	3,387,176,168	4,617,664,380
	Over 3 months and above	2,674,920,343	4,170,833,944
		<u>6,062,096,511</u>	<u>8,788,498,324</u>
15.2	Movement of provision for impairment		
	Opening balance	1,049,198,285	1,040,262,155
	Provision (reversed)/made during the period/year	(387,702,417)	8,936,130
	Closing balance	<u>661,495,868</u>	<u>1,049,198,285</u>

			June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Note	----- Rupees -----	
16	REINSURANCE RECOVERIES			
	Facultative business	16.1	7,889,470,239	3,585,888,847
	Treaty		<u>2,312,766,833</u>	<u>1,022,238,388</u>
			<u>10,202,237,072</u>	<u>4,608,127,235</u>
16.1	Facultative business			
	Fire		1,599,067,287	317,808,041
	Marine hull		67,497,544	65,747,545
	Aviation		1,079,827,718	1,642,925,619
	Engineering		<u>5,143,077,690</u>	<u>1,559,407,642</u>
			<u>7,889,470,239</u>	<u>3,585,888,847</u>
17	DEFERRED COMMISSION EXPENSE			
	Facultative business	17.1	303,297,868	344,747,514
	Treaty		<u>453,225,821</u>	<u>461,466,692</u>
			<u>756,523,689</u>	<u>806,214,206</u>
17.1	Facultative business			
	Fire		50,167,710	98,891,830
	Marine cargo		498,363	252,683
	Marine hull		6,206,550	3,521,874
	Accidents and others		5,109,770	3,709,144
	Aviation		51,575,758	104,731,532
	Engineering		<u>189,739,717</u>	<u>133,640,451</u>
			<u>303,297,868</u>	<u>344,747,514</u>
18	PREPAYMENTS			
	Prepaid reinsurance ceded			
	facultative business	18.1	6,063,007,509	7,399,530,623
	Prepaid reinsurance ceded - treaty business		<u>1,111,105,111</u>	<u>323,300,560</u>
			<u>7,174,112,620</u>	<u>7,722,831,183</u>
	Other prepayments		<u>80,965</u>	<u>714,653</u>
			<u>7,174,193,585</u>	<u>7,723,545,836</u>
18.1	Prepayment reinsurance ceded - facultative business			
	Fire		123,910,845	40,842,152
	Marine hull		54,921,831	22,227,920
	Accidents and others		43,661,992	3,150,578
	Aviation		2,071,814,252	4,237,630,265
	Engineering		<u>3,768,698,589</u>	<u>3,095,679,708</u>
			<u>6,063,007,509</u>	<u>7,399,530,623</u>

		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Note	Rupees	
19 CASH AND BANK			
Cash in hand		336,543	208,191
Saving account		198,680,872	39,034,582
Current account			
Local currency		170,875,755	609,832,373
Foreign currency		644,906,405	285,809,585
		815,782,160	895,641,959
Dividend account		90,171,199	205,956,627
		<u>1,104,970,774</u>	<u>1,140,841,359</u>
20 OUTSTANDING CLAIMS INCLUDING IBNR			
Facultative business	20.1	11,088,534,433	6,219,407,266
Treaty		5,959,898,182	3,186,981,921
		<u>17,048,432,615</u>	<u>9,406,389,187</u>
Claims related to Bangladesh, adjusted in Note 9		(4,952,000)	(4,952,000)
		<u>17,043,480,615</u>	<u>9,401,437,187</u>
20.1 Facultative business			
Fire		3,555,182,761	1,841,612,038
Marine cargo		75,449,477	68,805,420
Marine hull		229,585,351	229,659,688
Accident and others		241,587,020	291,598,982
Aviation		1,202,828,414	1,779,285,442
Engineering		5,783,901,410	2,008,445,696
		<u>11,088,534,433</u>	<u>6,219,407,266</u>
21 DEFERRED TAXATION			
Deferred tax liabilities on taxable temporary differences:			
Revaluation surplus on property and equipment		114,586,907	114,586,907
Revaluation surplus on right-of-use assets			
- net of tax		516,584,650	516,584,650
Property and equipment		11,599,090	10,618,523
Right of use assets		5,859,437	5,859,437
Investment property		203,437,162	202,436,064
Unrealized gain on investments		278,312,635	404,180,363
		<u>1,130,379,880</u>	<u>1,254,265,944</u>

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	----- Rupees -----	
Deferred tax assets on deductible temporary differences:		
Provision for doubtful debts	(24,136,875)	(24,136,875)
Provision for impairment of insurers / reinsurers receivable	(174,950,792)	(304,267,503)
Provision for impairment of receivables from other insurers / reinsurers	(7,201,174)	(7,201,174)
Lease liabilities	(8,479,274)	(8,479,274)
Notional interest on interest free loans	(14,641,781)	(11,925,502)
Provision for impairment in available for sale investments	(87,774,705)	(87,774,705)
	<u>(317,184,601)</u>	<u>(443,785,034)</u>
	<u>813,195,279</u>	<u>810,480,910</u>
22 INSURANCE / REINSURANCE		
Due to other insurers/reinsurers	5,761,484,560	8,192,373,857
Premium and claim reserves retained from retrocessionaires	15,824,358	15,824,356
	<u>5,777,308,918</u>	<u>8,208,198,213</u>
23 OTHERS CREDITORS AND ACCRUALS		
Other creditors and accruals	21,454,813	15,508,761
Rent payable	31,693,297	31,693,297
Security deposits	26,044,990	26,074,074
Accrued expenses	6,258,138	14,768,388
Surplus profit payable	1,212,602	1,212,602
	<u>86,663,840</u>	<u>89,257,122</u>
24 CONTINGENCIES AND COMMITMENTS		
24.1 Contingencies		
22.1.1 Sindh Sales Tax		

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

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

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

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

During the year 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013.

The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.

After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commissioner (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 and 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 furthermore, 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 condensed interim financial statements.

24.1.2 EOBI

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, therefore provisions of EOBI Act, 1976 are not applicable. A suit was filed with the Honourable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honourable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favourable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of 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 (December 31, 2021 Rs. 243,100). However, the financial impact pertaining employees in the financial statements is currently not ascertainable. Therefore, no provision has been made in these condensed financial statements.

- 24.1.3 Except as mentioned above, as at June 30, 2022, there is no material change in the status of matters reported as contingencies in the annual audited financial statements of the Company for the year ended December 31, 2021.

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	----- Rupees -----	
24.2 Commitments		
Commitments in respect of:		
Short term lease rentals (0 to 1 year)	565,908	565,908
Capital expenditure (intangible assets)	25,422,503	25,422,503
Commitments in respect of capital expenditure	<u>25,988,411</u>	<u>25,988,411</u>

25 **NET INSURANCE PREMIUM**

Written gross premium
Add: unearned premium reserve opening
Less: unearned premium reserve closing
Premium earned
Less: reinsurance premium ceded
Add: prepaid reinsurance premium opening
Less: prepaid reinsurance premium closing
Reinsurance expense

	Six months period ended		Three months period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- Rupees -----			
Written gross premium	9,374,070,476	8,260,400,772	4,799,186,861	4,612,356,979
Add: unearned premium reserve opening	10,732,384,652	6,513,672,433	9,745,430,571	6,365,447,892
Less: unearned premium reserve closing	(9,104,972,900)	(6,534,498,584)	(9,104,972,900)	(6,534,498,584)
Premium earned	11,001,482,228	8,239,574,621	5,439,644,532	4,443,306,287
Less: reinsurance premium ceded	6,436,313,021	4,568,338,708	4,659,746,314	2,812,235,260
Add: prepaid reinsurance premium opening	7,722,831,183	4,144,132,224	6,217,399,203	3,653,637,106
Less: prepaid reinsurance premium closing	(7,174,112,620)	(3,967,754,730)	(7,174,112,620)	(3,967,754,730)
Reinsurance expense	(6,985,031,584)	(4,744,716,202)	(3,703,032,897)	(2,498,117,636)
	4,016,450,644	3,494,858,419	1,736,611,635	1,945,188,651

26 **NET INSURANCE CLAIMS**

Claims paid
Add: outstanding claims including IBNR closing
Less: outstanding claims including IBNR opening
Claims expense
Less: reinsurance and other recoveries received
Add: reinsurance and other recoveries in respect of
outstanding claims closing
Less: reinsurance and other recoveries in respect of
outstanding claims opening
Reinsurance and other recoveries revenue

Claims paid	2,317,285,179	3,627,519,562	1,048,962,450	2,046,454,606
Add: outstanding claims including IBNR closing	17,048,432,615	9,054,216,197	17,048,432,615	9,054,216,197
Less: outstanding claims including IBNR opening	(9,406,389,187)	(10,480,686,890)	(17,148,288,806)	(9,583,646,797)
Claims expense	9,959,328,607	2,201,048,869	949,106,259	1,517,024,006
Less: reinsurance and other recoveries received	1,917,142,882	1,842,795,802	1,921,931,902	723,361,287
Add: reinsurance and other recoveries in respect of outstanding claims closing	10,202,237,072	3,541,702,314	10,202,237,072	3,541,702,314
Less: reinsurance and other recoveries in respect of outstanding claims opening	(4,608,127,235)	(5,603,808,031)	(12,211,089,578)	(4,519,891,413)
Reinsurance and other recoveries revenue	7,511,252,719	219,309,915	86,920,604	254,827,812
	2,448,075,888	2,420,358,784	1,036,026,863	1,771,851,818

27 **NET COMMISSION AND OTHER ACQUISITION COSTS**

Commission paid or payable
Add: deferred commission expense opening
Less: deferred commission expense closing
Net commission
Less: commission received or recoverable
Add: unearned reinsurance commission opening
Less: unearned reinsurance commission closing
Commission from reinsurers

Commission paid or payable	930,391,793	775,758,928	476,590,989	423,852,457
Add: deferred commission expense opening	806,214,206	708,870,615	775,043,263	641,762,070
Less: deferred commission expense closing	(756,523,689)	(624,421,834)	(756,523,689)	(624,421,834)
Net commission	980,082,310	860,207,709	495,110,563	441,192,693
Less: commission received or recoverable	400,806,574	346,415,897	319,534,793	255,173,254
Add: unearned reinsurance commission opening	523,294,102	338,532,613	375,069,796	244,952,220
Less: unearned reinsurance commission closing	(435,910,314)	(307,953,509)	(435,910,314)	(307,953,509)
Commission from reinsurers	(488,190,362)	(376,995,001)	(258,694,275)	(192,171,965)
	491,891,948	483,212,708	236,416,288	249,020,728

MANAGEMENT EXPENSE

	Six months period ended		Three months period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- Rupees -----			
Salaries, Wages and Benefits	393,683,362	305,175,726	196,514,098	206,263,063
Employee benefits	-	88,363,000	-	88,363,000
Travelling and Conveyance	4,545,614	1,632,392	2,849,656	492,822
Entertainment Expenses	1,099,719	258,199	788,442	192,530
Communication Exp.	1,682,136	789,803	778,118	463,253
Insurance	1,454,020	1,853,014	140,569	1,420,000
Utilities	5,123,848	841,012	6,385,742	(93,647)
Printing and Stationery	1,712,075	702,888	1,041,906	517,715
Repairs and Renewal	1,399,341	766,743	888,861	605,573
Medical Expenses	8,976,046	7,021,163	4,046,549	5,103,159
Rent, Rates and Taxes	2,309,655	1,652,678	2,309,655	1,646,278
Computer related Expenses	5,185,178	1,000,000	2,228,094	1,470,255
Consult./Professional Ser.Chgs.	2,526,684	319,225	2,102,934	266,060
Newspaper & Periodicals	62,115	23,816	38,358	12,249
Depreciation	16,043,025	4,061,034	8,468,281	4,074,311
Directors' Meeting Exp.	5,760,546	5,332,143	3,553,132	1,089,384
Advertisement & Business Promotion	6,072,250	677,000	5,722,250	677,000
Training & Research	1,270,750	459,088	55,143	257,000
Repairs and Maintenance	8,139,009	8,270,726	6,684,995	2,971,019
Shares Transaction Costs	63,427	126,823	45,573	117,865
Financial / CDC Charges	80,000	-	80,000	-
Bank charges	199,074	55,435	173,217	15,670
Others	35,219,370	2,503,401	35,388,549	1,600,773
	502,607,245	431,885,309	280,284,122	317,525,332
Expense allocated to Rental Income	(11,315,268)	(16,594,045)	(5,297,193)	(11,564,220)
Expense allocated to Investment Income	(10,018,171)	(11,541,593)	(4,279,699)	(7,513,453)
	481,273,806	403,749,671	270,707,230	298,447,659

INVESTMENT INCOME**Income from equity securities**

Available for sale

Dividend income

Profit on Pakistan Investment Bonds

Held for trading

Dividend income

77,882,294	74,893,457	-	29,492,107
-	-	-	-
4,964,000	5,504,000	1,822,000	2,925,000
82,846,294	80,397,457	1,822,000	32,417,107

Six months period ended		Three months period ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- Rupees -----			
106,853,704	97,573,423	60,821,452	43,716,019
33,017,804	24,183,297	31,641,932	10,559,076
315,887,050	189,683,315	163,494,250	104,632,338
6,525,997	4,218,034	-	2,132,204
8,669,826	12,857,728	7,483,449	6,668,130
470,954,381	328,515,797	263,441,083	167,707,767
22,531,475	38,942,449	32,622,436	19,595,368
-	24,932,132	-	23,299,587
-	49,613,736	-	49,613,736
-	-	-	-
374,400	-	-	-
(28,853,221)	(6,626,249)	(20,010,855)	3,614,290
547,853,329	515,775,322	277,874,664	296,247,855
(10,018,171)	(11,541,593)	(4,279,699)	(7,546,479)
537,835,158	568,225,598	273,594,965	288,701,376
80,291,329	62,965,045	46,369,119	34,376,705
(11,315,268)	(15,955,926)	(5,297,193)	(11,187,751)
68,976,061	46,370,389	41,071,926	23,188,954
445,838,227	214,644,714	233,318,788	(48,734,439)
133,232,104	16,734,679	63,092,066	16,734,679
128,204,486	-	128,204,486	-
707,274,818	231,379,393	424,615,340	(31,999,760)

31 FAIR VALUE HIERARCHY

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

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

The fair value hierarchy has the following levels:

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

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

	Total	Level 1	Level 2	Level 3
	Rupees			
June 30, 2022 (Un-audited)				
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	145,100,905	145,100,905	-	-
Available-for-sale investment				
Ordinary shares - listed	1,656,497,854	1,656,497,854	-	-
Mutual fund units	1,180,298,641	1,180,298,641	-	-
Ordinary shares - unlisted	617,615	-	-	617,615
	<u>2,982,515,015</u>	<u>2,981,897,400</u>	<u>-</u>	<u>617,615</u>
December 31, 2021 (Audited)				
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	147,073,152	147,073,152	-	-
Available-for-sale investment				
Ordinary shares - listed	1,872,955,022	1,872,955,022	-	-
Mutual fund units	1,368,187,154	1,368,187,154	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
	<u>3,388,832,943</u>	<u>3,388,215,328</u>	<u>-</u>	<u>617,613</u>

June 30, 2022

June 30, 2022	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	797,389,099	22,485,517	193,199,610	179,498,268	28,313,714	5,163,591,560	2,989,592,708	9,374,070,476
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	452,785,134	10,050,779	95,130,330	96,936,370	2,205,324,835	3,868,542,995	2,376,202,457	9,104,972,900
Premium earned	1,053,891,703	22,227,963	150,270,463	123,695,705	2,278,271,939	4,590,115,389	2,783,009,066	11,001,482,228
Reinsurance-ceded	223,657,449	-	79,167,522	54,061,089	22,393,800	4,785,942,607	1,271,090,554	6,436,313,021
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	123,910,845	-	54,921,831	43,661,992	2,071,814,252	3,768,698,589	1,111,105,111	7,174,112,620
Reinsurance expenses	140,588,756	-	46,473,611	13,549,675	2,188,209,813	4,112,923,726	483,286,003	6,985,031,584
Net insurance premium	913,302,947	22,227,963	103,796,852	110,146,030	90,062,126	477,191,663	2,299,723,063	4,016,450,644
Commission income	9,277,541	-	4,647,361	951,058	114,926,705	353,195,354	5,192,343	488,190,362
Net underwriting income (A)	922,580,488	22,227,963	108,444,213	111,097,088	204,988,831	830,387,017	2,304,915,406	4,504,641,006
Insurance claims paid	232,204,812	1,325,386	2,661,960	49,696,545	733,945,892	40,611,241	1,256,839,343	2,317,285,179
Outstanding-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
Outstanding-closing	3,555,182,761	75,449,477	229,585,351	241,587,020	1,202,828,414	5,783,901,410	5,959,898,182	17,048,432,615
Insurance claims expenses	1,945,775,535	7,969,443	2,587,623	(315,417)	157,488,864	3,816,066,955	4,029,755,604	9,959,328,607
Reinsurance recoveries received	-	-	-	-	659,335,525	(4,789,020)	1,262,596,377	1,917,142,882
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	1,599,067,287	-	67,497,544	-	1,079,827,718	5,143,077,690	2,312,766,833	10,202,237,072
Insurance claims recovered from reinsures	1,281,259,246	-	1,749,999	-	96,237,624	3,578,881,028	2,553,124,822	7,511,252,719
Net claims	664,516,289	7,969,443	837,624	(315,417)	61,251,240	237,185,927	1,476,630,782	2,448,075,888
Commission expense	137,487,711	1,535,825	9,829,162	7,980,762	57,129,973	193,574,488	572,544,389	980,082,310
Management expense	165,965,709	3,739,897	18,861,998	17,979,660	16,366,119	63,791,485	194,568,938	481,273,806
Premium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses (B)	967,969,709	13,245,165	29,528,784	25,645,005	134,747,332	494,551,900	2,243,744,109	3,909,432,004
Provisional for doubtful debts	-	-	-	-	-	-	-	445,919,692
Underwriting results (C=A-B)	(45,389,221)	8,982,798	78,915,429	85,452,083	70,241,499	335,835,117	61,171,297	1,041,128,694
Net investment income	-	-	-	-	-	-	-	537,835,158
Rental income	-	-	-	-	-	-	-	68,976,061
Other expenses	-	-	-	-	-	-	-	(818,837)
Other income	-	-	-	-	-	-	-	189,923,227
Profit before tax	-	-	-	-	-	-	-	1,788,106,767
								811,037,465
Segment assets	922,580,488	22,227,963	108,444,213	111,097,088	204,988,831	830,387,017	2,304,915,406	4,654,368,746
Unallocated assets	-	-	-	-	-	-	-	47,192,532,671
								51,846,901,417
								39535009953
Segment liabilities	967,969,709	13,245,165	29,528,784	25,645,005	134,747,332	494,551,900	2,243,744,109	3,909,432,004
Unallocated liabilities	-	-	-	-	-	-	-	34,804,639,503
								38,714,071,507

June 30, 2021

June 30, 2021	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	679,110,064	14,197,337	247,235,391	98,694,352	481,427,244	4,433,175,737	2,306,560,647	8,260,400,772
Unearned-opening	566,711,447	7,963,063	93,166,700	44,987,784	236,576,190	3,618,269,870	1,945,997,379	6,513,672,433
Unearned-closing	452,391,313	7,929,752	142,845,514	43,802,679	229,516,088	3,677,538,093	1,980,475,145	6,534,498,584
Premium earned	793,430,198	14,230,648	197,556,577	99,879,457	488,487,346	4,373,907,514	2,272,082,881	8,239,574,621
Reinsurance-ceded	172,735,265	-	120,972,337	-	116,309,064	4,023,168,970	135,153,072	4,568,338,708
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	162,620,995	-	67,671,666	-	33,975,111	3,467,805,602	235,681,356	3,967,754,730
Reinsurance expenses	27,999,278	-	107,747,606	2,938,875	250,877,257	4,020,761,609	334,391,577	4,744,716,202
Net insurance premium	765,430,920	14,230,648	89,808,971	96,940,582	237,610,089	353,145,905	1,937,691,304	3,494,858,419
Commission income	9,678,371	-	10,774,759	293,888	14,151,663	342,087,749	8,571	376,995,001
Net underwriting income (A)	775,109,291	14,230,648	100,583,730	97,234,470	251,761,752	695,233,654	1,937,699,875	3,871,853,420
Insurance claims paid	180,936,719	51,935,481	22,619,701	25,853,894	1,966,464,387	69,024,350	1,310,685,030	3,627,519,562
Outstanding-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
Outstanding-closing	1,973,638,581	70,470,745	162,352,574	314,643,787	1,534,406,133	1,298,629,510	3,700,074,867	9,054,216,197
Insurance claims expenses	388,720,570	(18,313,318)	103,153,642	12,532,051	(719,371,619)	258,823,856	2,175,503,687	2,201,048,869
Reinsurance recoveries received	-	-	16,809,210	-	1,825,986,592	-	-	1,842,795,802
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	333,119,317	5,083,022	53,234,447	-	1,438,840,471	855,519,957	855,905,100	3,541,702,314
Insurance claims recovered from reinsurers	87,705,475	(61,650,000)	40,053,904	-	(710,043,136)	10,469,366	414,154,476	(219,309,915)
Net claims	301,015,095	43,336,682	63,099,738	12,532,051	(9,328,483)	248,354,490	1,761,349,211	2,420,358,784
Commission expense	118,804,454	1,277,733	13,383,753	9,436,127	8,782,734	236,190,407	472,332,501	860,207,709
Management expense	88,427,754	1,644,021	10,375,340	11,199,231	27,450,324	40,797,802	223,855,199	403,749,671
Premium deficiency expense	-	-	-	-	-	-	-	-
Provision for doubtful debts	1,957,158	36,387	229,636	247,871	607,554	902,972	4,954,553	8,936,130
Net insurance claims and expenses (B)	510,204,461	46,294,823	87,088,467	33,415,280	27,512,129	526,245,671	2,462,491,464	3,693,252,294
Underwriting results (C=A-B)	264,904,830	(32,064,175)	13,495,263	63,819,190	224,249,623	168,987,984	(524,791,589)	178,601,126
Net investment income	-	-	-	-	-	-	-	568,225,598
Rental income	-	-	-	-	-	-	-	46,370,389
Other expenses	-	-	-	-	-	-	-	(2,174,345)
Other income	-	-	-	-	-	-	-	17,780,220
Profit before tax	-	-	-	-	-	-	-	808,802,988
Segment assets	775,109,291	14,230,648	100,583,730	97,234,470	251,761,752	695,233,654	1,937,699,875	3,871,853,420
Unallocated assets	-	-	-	-	-	-	-	29,013,680,897
Segment liabilities	510,204,461	46,294,823	87,088,467	33,415,280	27,512,129	526,245,671	2,462,491,464	32,885,534,317
Unallocated liabilities	-	-	-	-	-	-	-	3,693,252,294
	-	-	-	-	-	-	-	19,155,268,546
	-	-	-	-	-	-	-	22,848,520,840

June 30, 2022	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	347,674,072	9,583,919	170,986,606	140,772,993	27,184,096	3,046,020,086	1,056,965,089	4,799,186,861
Unearned-opening	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
Unearned-closing	452,785,134	10,050,779	95,130,330	96,936,370	2,205,324,835	3,868,542,995	2,376,202,457	9,104,972,900
Premium earned	611,536,277	13,032,406	91,100,180	60,568,309	1,158,181,026	2,084,220,101	1,421,006,233	5,439,644,532
Reinsurance-ceded	-	-	72,961,848	54,061,089	22,393,800	3,239,239,023	1,271,090,554	4,659,746,314
Prepaid reinsurance-opening	194,902,509	-	-	1,583,992	3,155,076,475	2,687,930,533	177,905,694	6,217,399,203
Prepaid reinsurance-closing	123,910,845	-	54,921,831	43,661,992	2,071,814,252	3,768,698,589	1,111,105,111	7,174,112,620
Reinsurance expenses	70,991,664	-	18,040,017	11,983,089	1,105,656,023	2,158,470,967	337,891,137	3,703,032,897
Net insurance premium	540,544,613	13,032,406	73,060,163	48,585,220	52,525,003	(74,250,866)	1,083,115,096	1,736,611,635
Commission income	4,681,936	-	1,804,002	794,399	58,281,406	188,441,544	4,690,988	258,694,275
Net underwriting income (A)	545,226,549	13,032,406	74,864,165	49,379,619	110,806,409	114,190,678	1,087,806,084	1,995,305,910
Insurance claims paid	191,700,193	487,052	1,603,714	20,502,432	177,562,927	24,957,198	632,148,934	1,048,962,450
Outstanding-opening	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
Outstanding-closing	3,555,182,761	75,449,477	229,585,351	241,587,020	1,202,828,414	5,783,901,410	5,959,898,182	17,048,432,615
Insurance claims expenses	(142,828,759)	1,490,816	1,420,666	27,671,755	127,594,867	123,103,449	810,653,465	949,106,259
Reinsurance recoveries received	-	-	-	-	659,335,525	-	1,262,596,377	1,921,931,902
Recovery-opening	1,872,782,902	-	67,497,544	-	1,515,600,530	5,140,499,278	3,614,709,324	12,211,089,578
Recovery-closing	1,599,067,287	-	67,497,544	-	1,079,827,718	5,143,077,690	2,312,766,833	10,202,237,072
Insurance claims recovered from reinsures	(273,715,615)	-	-	-	223,562,713	2,578,412	(39,346,114)	(86,920,604)
Net claims	130,886,856	1,490,816	1,420,666	27,671,755	(95,967,846)	120,525,037	849,999,579	1,036,026,863
Commission expense	80,425,736	881,177	5,831,605	1,938,478	28,903,006	87,405,965	289,724,596	495,110,563
Management expense	131,517,734	2,890,102	16,021,507	12,290,598	12,897,175	12,830,643	81,938,623	270,386,382
Premium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses (B)	342,830,326	5,262,095	23,273,778	41,900,831	(54,167,665)	220,761,645	1,221,662,798	1,801,523,808
Underwriting results (C=A-B)	202,396,223	7,770,311	51,590,387	7,478,788	164,974,074	(106,570,967)	(133,856,714)	193,782,102
Provision for doubtful debts								445,919,692
Net investment income								273,594,965
Rental income								41,071,926
Other expenses								(582,339)
Other income								110,458,254
Profit before tax								1,064,244,600
Segment assets	545,226,549	13,032,406	74,864,165	49,379,619	110,806,409	114,190,678	1,087,806,084	2,145,033,650
Unallocated assets								2,145,033,650
Segment liabilities	342,830,326	5,262,095	23,273,778	41,900,831	(54,167,665)	220,761,645	1,221,662,798	1,801,523,808
Unallocated liabilities								1,801,523,808

June 30, 2021

	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	323,426,339	6,690,244	191,531,053	48,503,133	406,686,659	2,718,967,670	916,551,881	4,612,356,979
Unearned-opening	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
Unearned-closing	452,391,313	7,929,752	142,845,514	43,802,679	229,516,088	3,677,538,093	1,980,475,145	6,534,498,584
Premium earned	526,370,696	7,783,889	51,850,226	58,104,575	367,551,091	2,279,407,906	1,152,237,904	4,443,306,287
Reinsurance-ceded	-	-	90,292,245	-	86,596,538	2,500,193,405	135,153,072	2,812,235,260
Prepaid reinsurance-opening	244,787,743	-	-	1,477,556	116,610,324	3,021,175,314	269,586,169	3,653,637,106
Prepaid reinsurance-closing	162,620,995	-	67,671,666	-	33,975,111	3,467,805,602	235,681,356	3,967,754,730
Reinsurance expenses	82,166,748	-	22,620,579	1,477,556	169,231,751	2,053,563,117	169,057,885	2,498,117,636
Net insurance premium	444,203,948	7,783,889	29,229,647	56,627,019	198,319,340	225,844,789	983,180,019	1,945,188,651
Commission income	4,889,990	-	2,262,058	147,756	7,119,347	172,531,526	1,059	186,951,736
Net underwriting income (A)	449,093,938	7,783,889	31,491,705	56,774,775	205,438,687	398,376,315	983,181,078	2,132,140,387
Insurance claims paid	142,318,384	51,800,388	22,560,271	19,345,193	930,941,376	58,776,268	820,712,726	2,046,454,606
Outstanding-opening	1,881,506,089	81,430,547	53,400,530	322,173,580	3,044,657,371	1,199,471,165	3,001,007,515	9,583,646,797
Outstanding-closing	1,973,638,581	70,470,745	162,352,574	314,643,787	1,534,406,133	1,298,629,510	3,694,949,107	9,049,090,437
Insurance claims expenses	234,450,876	40,840,586	131,512,315	11,815,400	(579,309,862)	157,934,613	1,514,654,318	1,511,898,246
Reinsurance recoveries received	-	-	16,809,210	-	706,552,077	-	-	723,361,287
Recovery-opening	245,413,842	5,083,022	10,949,753	-	2,929,344,215	906,458,602	422,641,979	4,519,891,413
Recovery-closing	333,119,317	5,083,022	53,234,447	-	1,438,840,471	855,519,957	855,905,100	3,541,702,314
Insurance claims recovered from reinsures	87,705,475	-	59,093,904	-	(783,951,667)	(50,938,645)	433,263,121	(254,827,812)
Net claims	146,745,401	40,840,586	72,418,411	11,815,400	204,641,805	208,873,258	1,081,391,197	1,766,726,058
Commission expense	68,464,261	751,428	3,582,181	5,504,869	4,275,715	120,789,826	237,824,413	441,192,693
Management expense	66,802,210	1,210,014	6,297,038	8,485,254	24,805,204	32,227,675	159,679,341	299,506,736
Premium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses (B)	282,011,872	42,802,028	82,297,630	25,805,523	233,722,724	361,890,759	1,478,894,951	2,507,425,487
Underwriting results (C=A-B)	167,082,066	(35,018,139)	(50,805,925)	30,969,252	(28,284,037)	36,485,556	(495,713,873)	(375,285,100)
Provision for doubtful debts	-	-	-	-	-	-	-	(8,936,130)
Net investment income	-	-	-	-	-	-	-	288,701,376
Rental income	-	-	-	-	-	-	-	23,188,954
Other expenses	-	-	-	-	-	-	-	(1,273,121)
Other income	-	-	-	-	-	-	-	13,683,338
Profit before tax	-	-	-	-	-	-	-	1,788,106,767
Segment assets	449,093,938	7,783,889	31,491,705	56,774,775	205,438,687	398,376,315	983,181,078	2,132,140,387
Unallocated assets	-	-	-	-	-	-	-	2,132,140,387
Segment liabilities	282,011,872	42,802,028	82,297,630	25,805,523	233,722,724	361,890,759	1,478,894,951	2,507,425,487
Unallocated liabilities	-	-	-	-	-	-	-	2,507,425,487

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.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of holding Company, associated companies, staff retirement fund, Directors and key management personnel. The transactions with related parties are in normal course of business. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

	(Unaudited) Six months period ended		(Unaudited) Three months period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- Rupees -----			
Major shareholder				
Government of Pakistan through Ministry of Commerce				
Dividend paid during the year	305,999,512	336,599,463	305,999,512	336,599,463
State Life Insurance Corporation of Pakistan				
Dividend paid during the year	146,464,402	183,080,503	146,464,402	183,080,503
Related parties by virtue of GoP's holdings				
Purchase of investment (T-Bills)	8,358,943,200	8,648,247,700	4,221,610,700	-
Pakistan State Oil Company Limited				
Dividend received during the year	-	70,210	-	-
National Investment Trust Limited				
Dividend received during the year	27,720,000	27,720,000	-	-
National Insurance Company Limited				
Premium due but unpaid	8,797,497,324	3,675,594,282	8,797,497,324	3,521,037,019
Insurance premium written during the year	5,181,175,820	4,890,599,272	5,181,175,820	3,203,406,981
Premium received	7,916,576,633	(4,938,175,560)	7,916,576,633	(3,096,426,005)
Balance at the end of year	<u>6,062,096,511</u>	<u>3,628,017,994</u>	<u>6,062,096,511</u>	<u>3,628,017,995</u>
Insurance commission paid	230,106,146	186,555,156	172,554,451	149,117,713
Insurance claims paid	730,298,714	2,017,984,596	172,674,882	982,194,909
Other related parties				
Remuneration including benefits and perquisites of key management personnel	-	105,646,772	-	78,441,836

34 IMPACT OF COVID-19

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

35 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:

	(Unaudited) Six months period ended		(Unaudited) Three months period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Profit/ (loss) after tax for the period	<u>1,080,831,950</u>	<u>586,979,394</u>	<u>597,278,149</u>	<u>(21,352,154)</u>
Weighted average number of ordinary shares (Number of shares)	<u>900,000,000</u>	<u>900,000,000</u>	<u>900,000,000</u>	<u>900,000,000</u>
Earning/ (loss) per share - basic	<u>1.20</u>	<u>0.65</u>	<u>0.66</u>	<u>(0.02)</u>

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassifications for purposes of correct presentation, are as under:

27 AUG 2022

37 DATE OF AUTHORIZATION FOR ISSUE

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

38 GENERAL

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHAIRMAN

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: _____

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2022

		Operator's Retakaful Fund		Participant's Retakaful fund	
	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		Rupees			
ASSETS					
Investments	6	18,998,750	18,307,796	93,260,105	89,759,175
Other receivable	7	3,185,576	2,865,576	1,498,554	1,231,247
Takaful/retakaful receivables	8	-	-	500,266,872	330,413,954
Receivables from Participant's/Operator's Retakaful fund - net	9	11,574,559	-	-	3,309,474
Qard-e-hasna to Participant's Retakaful Fund		-	244,254,221	-	-
Deferred wakala fee	10	-	-	77,486,250	77,933,450
Retakaful recoveries against outstanding claims		-	-	92,863,736	29,382,727
Deferred commission expense	11	73,782,562	80,659,235	-	-
Deferred tax asset	12	-	-	-	-
Prepayments	13	-	-	8,472,701	76,368,847
Bank balances	14	358,452,691	110,526,812	452,436,357	598,618,743
TOTAL ASSETS		465,994,138	456,613,641	1,226,284,575	1,207,017,617
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Retakaful Fund					
Statutory fund		300,000,000	300,000,000	-	-
Reserves	15	64,866,486	55,949,658	-	-
Total Operator's Funds		364,866,486	355,949,658	-	-
Participant's Retakaful Fund					
Seed money		-	-	1,000,000	1,000,000
Reserves	15	-	-	236,199,509	97,147,953
Balance of Participant's Takaful Fund		-	-	237,199,509	98,147,953
Qard-e-Hasna		-	-	-	244,254,221
		-	-	237,199,509	342,402,174
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR	16	-	-	519,902,407	314,149,375
Unearned contribution reserves	17	-	-	387,431,251	389,667,246
Contribution deficiency reserve	18	-	-	42,862,640	42,862,640
		-	-	950,196,298	746,679,261
Unearned wakala fee	10	77,486,250	77,933,450	-	-
Takaful/retakaful payables	19	-	-	27,282,519	117,935,182
Payable to Participant/Operator's Retakaful Fund - net		-	3,309,475	11,574,559	-
Taxation - provision less payment	20	15,519,564	13,404,751	-	-
Deferred tax liability	12	171,021	319,252	-	-
Other creditors and accruals	21	984,363	1,243,041	31,691	1,000
Payable to related party	22	6,966,453	4,454,014	-	-
TOTAL LIABILITIES		101,127,651	100,663,983	989,085,066	864,615,443
TOTAL EQUITY AND LIABILITIES		465,994,138	456,613,641	1,226,284,575	1,207,017,617
CONTINGENCIES AND COMMITMENTS					

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

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-----			
Participant's Retakaful Fund					
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)
Operator's Retakaful Fund					
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

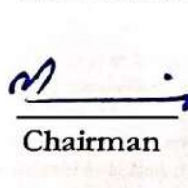



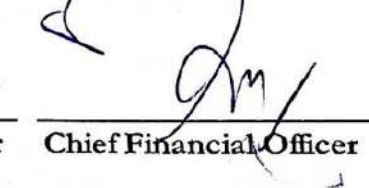
The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
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
	-----Rupees-----			
Participant's Retakaful Fund				
Surplus for the period	141,503,846	(82,322,311)	88,838,534	(119,439,096)
Other comprehensive loss for the period				
Item that may be subsequently reclassified to profit or				
Unrealised loss on 'available for sale' investments - net of tax	(2,452,290)	1,318,612	(3,631,888)	(2,072,332)
Total comprehensive income for the period	<u>139,051,556</u>	<u>(81,003,699)</u>	<u>85,206,646</u>	<u>(121,511,428)</u>
Operator's Retakaful Fund				
Profit after taxation	9,279,739	9,555,799	9,753,484	6,818,354
Other comprehensive loss for the period				
Item that may be subsequently reclassified to profit or				
Unrealised loss on 'available for sale investments' - net of tax	(362,911)	(409,615)	(619,584)	(582,419)
Total comprehensive income for the period	<u>8,916,828</u>	<u>9,146,184</u>	<u>9,133,900</u>	<u>6,235,935</u>

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

				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

30, 2022

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

Rupees

Balance as at January 01, 2021 (Audited)	300,000,000	169,179	39,770,004	39,939,183	339,939,183
Total comprehensive income for the period			9,555,799	9,555,799	9,555,799
Profit for the year					
Balance as at June 30, 2021 (Unaudited)	300,000,000	169,179	49,325,803	49,494,982	349,494,982
Balance as at January 01, 2022 (Audited)	300,000,000	217,305	55,732,353	55,949,658	355,949,658
Profit for the period	-	-	9,279,739	9,279,739	9,279,739
Unrealized loss on available for sale investments-net of tax	-	(362,911)	-	(362,911)	(362,911)
Balance as at June 30, 2022 (Unaudited)	300,000,000	(145,606)	65,012,092	64,866,486	364,866,486

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

Rupees

Balance as at January 01, 2021 (Audited)	1,000,000	1,887,212	(116,807,433)	(114,920,221)	(113,920,221)
Total comprehensive income for the period	-	(1,318,612)	-	(1,318,612)	(1,318,612)
Unrealized loss on available for sale investments (Deficit) for the period	-	-	(82,322,311)	(82,322,311)	(82,322,311)
Balance as at June 30, 2021 (Unaudited)	1,000,000	568,600	(199,129,744)	(198,561,144)	(197,561,144)
Balance as at January 01, 2022 (Audited)	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Surplus for the period	-	-	141,503,846	141,503,846	141,503,846
Unrealized loss on available for sale investments	-	(2,452,290)	-	(2,452,290)	(2,452,290)
Balance as at June 30, 2022 (Unaudited)	1,000,000	851,847	235,347,662	236,199,509	237,199,509


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

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE, 2022


	Operator's Retakaful Fund		Participant's Retakaful Fund	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----				
Operating cash flow				
Retakaful activities				
Contribution received	-	-	328,982,705	298,508,883
Retro takaful contribution paid	-	-	(95,331,670)	(23,178,790)
Benefits paid	-	-	(90,940,378)	(99,382,280)
Benefits recoveries from retro takaful	-	-	28,632,209	-
Commission paid	(93,689,920)	(70,259,744)	-	-
Net cash (used in) / from retakaful activities	(93,689,920)	(70,259,744)	171,342,867	175,947,813
Other operating activities				
Income tax paid	(1,675,503)	(2,388,508)	-	(635,353)
Management expenses paid	(6,602,386)	(4,075,358)	-	-
Other operating receipts/(payments)	339,884,479	104,359,623	(342,822,395)	(101,926,001)
Net cash from/(used in) other operating activities	331,606,590	97,895,757	(342,822,395)	(102,561,354)
Total cash from/(used in) all operating activities	237,916,669	27,636,013	(171,479,528)	73,386,459
Investing activities				
Payment for investments made	(1,202,096)	(757,079)	(5,953,219)	(3,733,755)
Receipt of profit on bank deposits	9,804,359	8,858,641	24,309,500	1,638,537
Receipt of investment income	1,406,945	889,501	6,940,861	4,228,106
Total cashflow from investing activities	10,009,208	8,991,063	25,297,142	2,132,888
Financing activities				
Qard-e-hasna	-	(244,254,221)	-	244,254,221
Total cash from financing activities	-	(244,254,221)	-	244,254,221
Net cash flow from/(used-in) all activities	247,925,877	(207,627,145)	(146,182,387)	319,773,568
Cash and cash equivalents at beginning of the period	110,526,812	319,674,992	598,618,743	102,591,279
Cash and cash equivalents at end of the period	358,452,690	112,047,847	452,436,357	422,364,847
Reconciliation to profit and loss				
Operating cash flows	237,916,669	27,636,013	(171,479,528)	73,386,459
Receipt of Profit on bank deposits	9,804,359	8,858,641	24,309,500	1,638,587
Receipt of Investment income	1,406,945	889,501	6,940,861	4,228,106
(Decrease)/increase in operating assets other than cash	(239,236,337)	(18,554,040)	166,952,494	36,147,388
(Increase)/decrease in operating liabilities	1,502,916	(8,184,532)	119,415,585	(197,722,800)
Other adjustments:				
Income tax paid	1,675,503	2,388,508	-	635,353
Profit/(deficit) before taxation	13,070,056	13,034,091	146,138,911	(81,686,907)
Provision for taxation	(3,790,316)	(3,478,292)	(4,635,066)	(635,354)
Profit after taxation	9,279,739	9,555,799	141,503,845	(82,322,311)

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


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

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 which 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.
- 1.4 During the period, Participant's Retakaful fund of the Window Retakaful Operations incurred a surplus of Rs. 141,503,846 (June 2021: Rs. 82,322,311 deficit), resulting in accumulated surplus of Rs. 235,347,662 (December 2021: Rs. 93,843,816) as of the date of statement of financial position. Further, as of that date total assets of Participant's Retakaful Fund exceed its total liabilities by Rs. 237,199,509 (2021: Rs. 98,147,953).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

-Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019, Insurance Accounting regulations 2017 and Takaful Rules, 2012.

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

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

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Operator for the year ended December 31, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in funds are extracted from the unaudited condensed interim financial statements for the half year ended June 30, 2021.

2.2 Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for certain investments that are stated at their fair value.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees, which is also the functional currency.

3 USE OF JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operators' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the company as at and for the year ended December 31, 2021.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same and are consistent with those followed in the preparation of the annual audited financial statements of the Operator for the year ended December 31, 2021.

Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

These are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the company's accounting period beginning on or after January 01, 2022. These standards, interpretations and amendments are either not relevant to the company's operations or are not expected to have a significant effect on this condensed interim financial information except as disclosed in note 5.1 below.

Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

Standard, Interpretation or amendment	Effective date (annual periods beginning on or after)
AIP IFRS 9 Financial Instruments- Fees in the 10% test for derecognition of financial liabilities	January 1, 2022
- IFRS 3 - Revised conceptual framework (amendments)	January 1, 2022
- IAS 16 - Property, plant and equipments: proceeds before intended use	January 1, 2022
- IAS 37 - Onerous contract: cost of fulfilling a contract	January 1, 2022
- IAS 1 - Classification of liabilities as current to non-current (amendments)	January 1, 2023
AIP IAS 41 Agriculture taxation in fair value measurements	
Sale or contribution of assets between an investor and its associates or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalized
Definition of accounting estimates - Amendment to IAS	January 1, 2023

Standard, Interpretation or amendment

**Effective date
(annual periods
beginning on or
after)**

Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2

January 1, 2023

Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12

January 1, 2023

The above amendments are not likely to have an impact on Company's condensed interim financial statements. In addition to above standards, there are certain new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after 01 January 2022 but are considered not to be relevant to the Company's operations and therefore, are not detailed in these condensed interim financial statements.

5 INSURANCE AND FINANCIAL RISK MANAGEMENT

The insurance and financial risk management objectives and policies are consistent with those disclosed in annual audited financial statements of the Operator for the year ended December 31, 2021.

6 INVESTMENTS

Available for sale - Mutual Funds

	June 30, 2022					
	Operator's Fund			Participant Retakaful Fund		
	Total cost of Investment	Market Value	Unrealized Gain/Loss	Total cost of Investment	Market Value	Unrealized Gain/Loss
	Rupees					
Al Hamra Islamic income fund	3,902,248	3,819,754	(82,494)	19,181,651	18,718,875	(462,776)
Al-Ameen Islamic Sovereign Fund -Class-C	2,059,555	2,025,736	(33,819)	3,634,508	3,574,828	(59,680)
Al-Ameen Islamic Cash Fund	1,775,645	1,741,165	(34,480)	15,354,648	15,040,739	(313,909)
NBP Islamic Mahana Amdani Fund (Formerly: Nbp Aitemaad Mahana Amdani Fund)	3,879,668	3,802,516	(77,152)	18,988,439	18,634,442	(353,997)
Abl Islamic Income Fund	3,871,926	3,769,358	(102,568)	19,034,769	18,468,581	(566,188)
Meezan Rozana Amdani Fund - Growth-b	3,840,220	3,840,220	-	18,822,644	18,822,640	(4)
	19,329,262	18,998,749	(330,513)	95,016,659	93,260,105	(1,756,554)

	December 31, 2021					
	Operator's Fund			Participant Retakaful Fund		
	Total cost of Investment	Market Value	Unrealized Gain/Loss	Total cost of Investment	Market Value	Unrealized Gain/Loss
Al Hamra Islamic income fund	3,456,674	3,688,243	231,569	16,998,094.0000	18,074,395	1,076,301
Al-Ameen Islamic Sovereign Fund -Class-C	1,844,638	1,975,524	130,886	3,255,244.0000	3,486,219	230,975
Al-Ameen Islamic Cash Fund	1,564,970	1,668,320	103,350	13,534,827.0000	14,411,467	876,640
NBP Islamic Mahana Amdani Fund (Formerly: Nbp Aitemaad Mahana Amdani Fund)	3,432,992	3,672,321	239,329	16,882,345.0000	17,996,414	1,114,069
Abl Islamic Income Fund	3,461,354	3,639,723	178,369	17,023,108.0000	17,833,413	810,305
Meezan Rozana Amdani Fund - Growth-b	3,446,297	3,663,665	217,368	16,891,834.0000	17,957,267	1,065,433
	17,206,925	18,307,796	1,100,871	84,585,452	89,759,175	5,173,723

June 30, 2022	December 31, 2021
Rupees	

7 OTHER RECEIVABLES

Loan to employee
Accrued markup on bank deposits

420,000	
2,765,576	1,498,554
3,185,576	1,498,554

8 TAKAFUL/RETAKAFUL RECEIVABLES

Due from takaful participants holders

Treaty retakaful

Facultative retakaful

Less: provision for impairment

8.1 Movement of provision for impairment

Opening balance

Provisions made during the period

Closing balance

Note

Participant's Retakaful Fund	
June 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
Rupees	

387,320,783	238,236,899
116,994,501	96,225,467
504,315,284	334,462,366
(4,048,412)	(4,048,412)
500,266,872	330,413,954

(4,048,412)	-
-	4,048,412
(4,048,412)	4,048,412

		Operator's Retakaful Fund		Participant's Retakaful Fund		
		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	
		Rupees				
9	RECEIVABLE FROM PARTICIPANT'S RETAKAFUL FUND / (PAYABLE TO					
	Amount (payable) to / receivable from Participant's Retakaful Fund	9.1	(3,316,053)	2,127,468	3,316,053	(2,127,468)
	Wakala fee	9.2	100,767,942	(179,463,592)	(100,767,942)	179,463,592
	Modarib's share of participant's retakaful fund investment income and bank profit	9.3	7,812,590	(3,660,141)	(7,812,590)	3,660,141
	Commission payable		(93,689,920)	184,305,739	93,689,920	(184,305,739)
			<u>11,574,559</u>	<u>3,309,474</u>	<u>(11,574,559)</u>	<u>(3,309,474)</u>
9.1	The amount is payable by the Operator to Participant's Retakaful Fund related to contribution received by the Operator from takaful participants.					
9.2	It represents the amount receivable from Participant's Retakaful Fund related to wakala fee charged at 20% (2021: 23%) of gross contribution written amounted to Rs. 503,839,712 (2021: Rs. 186,629,843).					
9.3	It represents Mudarib fee receivable against managing the investments and funds of participants at the rate 25% of all investment income and profit on bank deposits.					
10	UNEARNED WAKALA FEE / DEFERRED WAKALA FEE					
	Facultative business Treaty	10.1	2,852,849	5,461,817	2,852,849	5,461,817
			<u>74,633,401</u>	<u>72,471,633</u>	<u>74,633,401</u>	<u>72,471,633</u>
			<u>77,486,250</u>	<u>77,933,450</u>	<u>77,486,250</u>	<u>77,933,450</u>
10.1	Facultative business					
	Fire		10,058,605	4,579,804	10,058,605	4,579,804
	Marine Hull		521,823	13,999	521,823	13,999
	Accident		3,599,490	137,996	3,599,490	137,996
	Engineering		84,326	153,328	84,326	153,328
			<u>14,264,244</u>	<u>4,885,127</u>	<u>14,264,244</u>	<u>4,885,127</u>
11	DEFERRED COMMISSION EXPENSE					
	Facultative business Treaty	11.1	1,362,958	2,633,700	-	-
			<u>72,419,604</u>	<u>78,025,535</u>	-	-
			<u>73,782,562</u>	<u>80,659,235</u>	-	-
11.1	Facultative business					
	Fire		1,135,415	2,335,311	-	-
	Marine Hull		39,137	7,065	-	-
	Accident		179,973	137,996	-	-
	Engineering		8,433	153,328	-	-
			<u>1,362,958</u>	<u>2,633,700</u>	-	-
12	DEFERRED TAX ASSET/(LIABILITY)					
	Opening balance		(319,252)	102,153	-	-
	Deductible temporary differences on Unrealized gain on available for sale investments		148,231	-	-	-
	Taxable temporary differences Unrealized loss on available for sale investments		-	(421,405)	-	-
			<u>(171,021)</u>	<u>(319,252)</u>	-	-

		Operator's Retakaful Fund		Participant's Retakaful Fund	
		June 30, 2022 (UnAudited)	December 31, 2021 (Audited)	June 30, 2022 (UnAudited)	December 31, 2021 (Audited)
		-----Rupees-----			
13	PREPAYMENTS				
	Treaty business				
	Prepaid retakaful contribution ceded	-	-	8,472,701	76,368,847
14	BANK BALANCES				
	Cash at bank in:				
	Saving accounts	14.1 358,452,691	110,526,812	452,436,357	598,618,743

14.1 Markup on profit and loss sharing account ranging from 14% to 16% (December 31 2021: 9% to 10 %) per annum.

15 RESERVES

Revenue Reserves					
Unappropriated profit / (loss)		65,012,092	55,732,353	235,347,662	93,843,816
Capital Reserves					
Unrealized (loss) /gain on available for sale reserve		(145,606)	217,305	851,847	3,304,137
		64,866,486	55,949,658	236,199,509	97,147,953

16 OUTSTANDING CLAIMS INCLUDING IBNR

Facultative business			
Treaty	16.1	64,302,100	75,979,626
		<u>455,600,307</u>	<u>238,169,749</u>
Facultative business	16.2	<u><u>519,902,407</u></u>	<u><u>314,149,375</u></u>
Fire			
Marine cargo		50,449,242	62,102,577
Marine hull		113,958	136,745
Accident		-	-
Engineering		5,198,470	4,902,131
		<u>8,540,430</u>	<u>8,838,173</u>
		<u><u>64,302,100</u></u>	<u><u>75,979,626</u></u>

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

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

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Operator recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation dated March 26, 2021 which amounts to Rs. 8.657 million and Rs. 38.735 million respectively.

17 UNEARNED CONTRIBUTION RESERVES

Facultative business	17.1	14,264,244	27,309,083
Treaty		373,167,007	362,358,163
		387,431,251	389,667,246

		Participant's Retakaful Fund	
		June 30, 2022 (UnAudited)	December 31, 2021 (Audited)
Note		Rupees	
17.1 Facultative business			
Fire		10,058,605	22,899,021
Marine cargo		-	7,259
Marine hull		521,823	62,734
Accident		3,599,490	2,798,933
Engineering		84,326	1,541,136
		<u>14,264,244</u>	<u>27,309,083</u>
18 CONTRIBUTION DEFICIENCY RESERVE			
Fire		-	-
Marine cargo		42,862,640	42,862,640
Treaty		<u>42,862,640</u>	<u>42,862,640</u>
19 TAKAFUL/RETAKAFUL PAYABLES			
Retakaful contribution payable		<u>27,282,519</u>	<u>117,935,182</u>
20 TAXATION- PROVISION LESS PAYMENT	Note	Operator's Retakaful Fund	
		June 30, 2022 (UnAudited)	December 31, 2021 (Audited)
		Participant's Retakaful Fund	
		June 30, 2022 (UnAudited)	December 31, 2021 (Audited)
		Rupees	
Balance at beginning of the period/year		(15,480,732)	(8,960,899)
Income tax deducted at source on dividend income		367,236	162,387
Income tax deducted at source on bank profit		3,384,248	1,913,594
Payment of income tax		-	-
Provision for current tax		(3,790,316)	(6,519,833)
Balance at end of the period/year		<u>(15,519,564)</u>	<u>(13,404,751)</u>
21 OTHER CREDITORS AND ACCRUALS			
Treaty reinsurers		-	-
Salaries payable		16,400	4,000
Income tax deducted at source		302,520	156,000
Employee income tax payable		116,000	46,409
Sindh sales tax payable		-	-
Other Payable		-	-
Audit fee payable		385,800	861,000
Sindh sales tax payable		13,643	6,600
Miscellaneous creditors		150,000	169,032
		<u>984,363</u>	<u>1,243,041</u>
22 PAYABLE TO RELATED PARTY			
Pakistan Reinsurance Company Limited	22.1	<u>6,966,453</u>	<u>4,454,014</u>
22.1 Payable in respect of			
Income tax		3,774,439	3,774,439
Salaries		1,970,988	728,108
Bonus		87,346	87,346
		<u>5,832,773</u>	<u>4,589,893</u>
23 CONTINGENCIES AND COMMITMENTS			
23.1	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. Company has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss would be Rs. 65.4 million pertaining to the half year 2022 (2021: Rs. 121.3 millions) on retakaful operations excluding any additional penalty or default surcharge.		
23.2	There are no commitments as at June 31, 2022 (December 31 2021: Nil).		

		Six Months Ended		Three Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Note	-----Rupees-----			
24	NET CONTRIBUTION REVENUE				
	Written gross contribution	30	503,839,712	389,728,461	221,460,942
	Add: unearned contribution reserve opening	30	389,667,246	238,875,048	425,299,909
	Less: unearned contribution reserve closing		(387,431,251)	(295,721,195)	(387,431,251)
	Contribution earned		506,075,707	332,882,314	259,329,600
	Retakaful contribution ceded		9,683,086	-	9,683,086
	Add: prepaid retakaful contribution opening	30	76,368,848	75,847,698	50,228,677
	Less: prepaid retakaful contribution closing	30	(8,472,701)	(26,436,678)	(8,472,701)
	Retakaful expense		77,579,233	49,411,020	51,439,062
			428,496,474	283,471,294	207,890,538
25	WAKALA FEE/EXPENSE				
	Gross wakala fee	30	100,767,942	77,945,692	44,292,188
	Add: unearned Wakala fee opening		77,933,449	47,775,010	85,059,982
	Less: unearned Wakala fee closing		(77,486,250)	(59,144,239)	(77,486,250)
			101,215,141	66,576,463	51,865,920
26	NET CLAIMS - REPORTED / SETTLED - IBNR				
	Benefits/claims paid		90,940,378	99,382,280	59,793,081
	Less: outstanding benefits/claims including IBNR -		(314,149,375)	(299,136,344)	(410,804,031)
	Add: outstanding benefits / claims including IBNR -		519,902,407	511,132,183	519,902,407
	Claims expense		296,693,410	311,378,119	168,891,457
	Retakaful and other recoveries received		28,632,209	-	28,632,209
	Add: retakaful and other recoveries received- closing		92,863,736	38,805,585	63,481,009
	Less: retakaful and other recoveries received- opening		(29,382,727)	-	-
	Retakaful and other recoveries revenue		92,113,218	38,805,585	92,113,218
	Net claims expenses		204,580,192	272,572,534	76,778,239
27	TAXATION				
	Current tax-deducted at source		4,635,066	635,354	(3,790,316)
			4,635,066	635,354	(3,790,316)
28	COMMISSION EXPENSE				
	Commission paid or payable	30	93,689,920	70,259,744	42,991,145
	Add: deferred commission expense opening		80,659,235	41,504,923	-
	Less: deferred commission expense closing		(73,782,562)	(51,309,334)	8,942,266
			100,566,593	60,455,333	51,933,411
29	GENERAL, ADMINISTRATIVE AND				
	Salaries, allowance and other benefits		5,732,736	3,221,368	3,997,919
	Shariah advisor fee		825,000	1,000,645	330,000
	Auditor's remuneration		-	108,000	-
	Others		44,650	18,345	20,672
			6,602,386	4,348,358	4,348,591
					3,208,470

PARTICIPANT'S RETAKAFUL FUND

Six months ended June 30, 2022

	Fire and property	Marine	Accident	Treaty	TOTAL
	-----Rupees-----				
Gross written contribution	36,558,530	916,464	5,656,265	460,708,453	503,839,712
Unearned contribution-opening	24,440,157	69,993	2,798,933	362,358,163	389,667,246
Unearned contribution-closing	10,142,931	521,823	3,599,490	373,167,007	387,431,251
Contribution earned	50,855,756	464,634	4,855,708	449,899,609	506,075,707
Retakaful-Ceded	-	-	-	9,683,086	9,683,086
Prepaid retakaful-opening	-	-	-	76,368,848	76,368,848
Prepaid retakaful-closing	-	-	-	8,472,701	8,472,701
Retakaful expenses	-	-	-	77,579,233	77,579,233
Net contribution	50,855,756	464,634	4,855,708	372,320,376	428,496,474
Rebate	-	-	-	-	-
Net underwriting income (A)	50,855,756	464,634	4,855,708	372,320,376	428,496,474
Benefits paid	1,719,919	-	4,505	89,215,954	90,940,378
Outstanding benefits/claims-opening	70,940,750	136,745	4,902,131	238,169,749	314,149,375
Outstanding benefits/claims-closing	58,989,672	113,958	5,198,470	455,600,307	519,902,407
Claims expenses	(10,231,159)	(22,787)	300,844	306,646,512	296,693,410
Retakaful recoveries received	-	-	-	28,632,209	28,632,209
Retakaful recoveries against outstanding claims-opening	-	-	-	29,382,727	29,382,727
Retakaful recoveries against outstanding claims-closing	-	-	-	92,863,736	92,863,736
Retakaful recoveries revenue	-	-	-	92,113,218	92,113,218
Net benefit expenses	(10,231,159)	(22,787)	300,844	214,533,294	204,580,192
Wakala fee	10,171,151	92,927	971,142	89,979,922	101,215,141
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	-
Net benefits and expenses (B)	(60,008)	70,140	1,271,986	304,513,216	305,795,333
Underwriting results (C=A-B)	50,915,764	394,494	3,583,722	67,807,160	122,701,141
Profit on bank deposits					24,309,500
Modarib share of PTF investment income and bank profit					(7,812,590)
Investment income					6,940,861
Profit before tax					146,138,912

Six months ended June 30, 2022

	Fire and property	Marine	Accident	Treaty	TOTAL
	-----Rupees-----				
Segment Assets	58,989,672	113,958	5,198,470	464,073,008	528,375,108
Unallocated Assets					711,132,858
					<u>1,239,507,966</u>
Segment Liabilities	71,161,189	740,146	9,517,858	903,400,715	984,819,908
Unallocated Liabilities					2,673,287
					<u>987,493,195</u>
OPERATOR'S RETAKAFUL FUND					
Wakala fee	10,171,151	92,927	971,142	89,979,922	101,215,141
Commission	(5,494,371)	(43,335)	(243,743)	(94,785,144)	(100,566,593)
Management expenses	(663,476)	(6,062)	(63,349)	(5,869,499)	(6,602,386)
Segment Results	<u>4,013,304</u>	<u>43,530</u>	<u>664,050</u>	<u>(10,674,721)</u>	<u>(5,953,838)</u>
Profit on bank deposits					9,804,359
Dividend income					1,406,945
Modarib share of PTF investment income and bank profit					7,812,590
Profit before tax					<u>13,070,056</u>
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					456,466,197
					<u>465,994,138</u>
Segment Liabilities	2,028,586	104,365	719,898	74,633,401	77,486,250
Unallocated Liabilities					23,641,401
					<u>101,127,651</u>

PARTICIPANT'S RETAKAFUL FUND

Three months period ended June 30, 2022

Gross written contribution
 Unearned contribution-opening
 Unearned contribution-closing
Contribution Earned
 Retakaful-ceded
 Prepaid Retakaful-opening
 Prepaid Retakaful-closing
Retakaful Expenses
 Net contribution
 Rebate
Net underwriting income (A)
 Benefits/claims paid
 Outstanding benefits/claims-opening
 Outstanding benefits/claims-closing
Claims expenses
 Retakaful recoveries received
 Retakaful recoveries against outstanding claims-opening
 Retakaful recoveries against outstanding claims-closing
Benefits recovered from retro takaful
 Net benefit expenses
 Wakala Fee
 Management expense
 Contribution deficiency expense
Net benefits and expenses (B)
Underwriting results (C=A-B)
 Profit on bank deposits
 Modarib share of PTF investment income and bank profit
 Investment income
 Deficit before tax

Fire and property	Marine	Accident	Treaty	TOTAL
-----Rupees-----				
16,749,642	739,080	3,620,889	200,351,331	221,460,942
22,015,729	15,582	2,991,609	400,276,989	425,299,909
10,142,931	521,823	3,599,490	373,167,007	387,431,251
28,622,440	232,839	3,013,008	227,461,313	259,329,600
-	-	-	9,683,086	9,683,086
-	-	-	50,228,677	50,228,677
-	-	-	8,472,701	8,472,701
-	-	-	51,439,062	51,439,062
28,622,440	232,839	3,013,008	176,022,251	207,890,538
-	-	-	-	-
28,622,440	232,839	3,013,008	176,022,251	207,890,538
1,020,270	-	4,505	58,768,306	59,793,081
63,392,347	113,958	4,197,672	343,100,054	410,804,031
58,989,672	113,958	5,198,470	455,600,307	519,902,407
(3,382,405)	-	1,005,303	171,268,559	168,891,457
-	-	-	28,632,209	28,632,209
-	-	-	-	-
-	-	-	63,481,009	63,481,009
-	-	-	92,113,218	92,113,218
(3,382,405)	-	1,005,303	79,155,341	76,778,239
5,724,488	46,568	602,602	45,492,263	51,865,920
-	-	-	-	-
-	-	-	-	-
2,342,083	46,568	1,607,905	124,647,603	128,644,159
26,280,357	186,271	1,405,103	51,374,648	79,246,379
				12,102,307
				(4,545,936)
				6,081,437
				92,884,186

Three months period ended June 30, 2022					
Fire and property	Marine	Accident	Treaty	TOTAL	
-----Rupees-----					
Segment assets					
Unallocated assets	58,989,672	113,958	5,198,470	464,073,008	528,375,108
					236,563,019
					764,938,127
Segment liabilities					
Unallocated liabilities	71,465,477	755,800	9,625,843	914,595,726	996,442,846
					918,490,635
					77,952,211
OPERATOR'S RETAKAFUL FUND					
Wakala Fee					
Commission	5,724,488	46,568	602,602	45,492,263	51,865,920
Management Expenses	(3,337,414)	(17,852)	(151,377)	(48,426,768)	(51,933,411)
Segment Results	(460,395)	(3,945)	(46,518)	(3,837,733)	(4,348,590)
Profit on bank deposits	1,926,679	24,771	404,707	(6,772,238)	(4,416,081)
Modarib share of PTF investment income and bank profit					12,339,117
					4,545,936
Investment income					1,268,331
Profit before tax					13,737,303
Segment Assets					
Unallocated Assets	294,991	5,390	71,185	28,022,594	28,394,160
					24,775,124
					(3,619,036)
Segment Liabilities					
Unallocated Liabilities	2,028,586	104,365	719,898	74,633,401	77,486,250
					-
					77,486,250

31 FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

PARTICIPANT'S RETAKAFUL FUND

June 30, 2022 (Un-audited)

Open end mutual funds

December 31, 2021 (Audited)

Open end mutual funds

OPERATOR'S RETAKAFUL FUND

June 30, 2022 (Unaudited)

Open end mutual funds

December 31, 2021 (Audited)

Open end mutual funds

Fair value measurement using			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
93,260,105	-	-	93,260,105
89,759,175	-	-	89,759,175
18,998,750	-	-	18,998,750
18,307,796	-	-	18,307,796

32 STATEMENT OF SOLVENCY

Assets

		Participant's Retakaful Fund	
		June 30, 2022 (UnAudited)	December 31, 2021 (Audited)
Investments	6	93,260,105	89,759,175
Takaful/retakaful receivables	8	500,266,872	330,413,954
Other Receivable		1,498,554	1,231,247
Prepayment	14	8,472,701	76,368,847
Deferred wakala fee	10	77,486,250	77,933,450
Receivable from Operator's Retakaful Fund-net		-	3,309,474
Retakaful Recoveries against outstanding claims		92,863,736	29,382,727
Bank balances	14	452,436,357	598,618,743
Total Assets (A)		<u>1,226,284,575</u>	<u>1,207,017,617</u>

In-admissible assets as per section 32 (2)
of Insurance Ordinance, 2000

Contribution due since more than three months	(312,745,347)	(195,647,000)
Total In-admissible assets (B)	<u>(312,745,347)</u>	<u>(195,647,000)</u>
Total Admissible Assets (C=A-B)	<u>913,539,228</u>	<u>1,011,370,617</u>
Total Liabilities		

Outstanding benefits including IBNR	16	519,902,407	314,149,375
Unearned contribution reserves	17	387,431,251	389,667,246
Contribution deficiency reserves	18	42,862,640	42,862,640
Takaful/retakaful payable	19	27,282,519	117,935,182
Other creditors and accruals	21	-	1,000
Total Liabilities (D)		<u>977,478,817</u>	<u>864,615,443</u>
		<u>(63,939,589)</u>	<u>146,755,174</u>

Minimum Solvency Requirement (higher of following amounts)

Method A - U/s 36(3)(a)	150,000,000		
Method B - U/s 36(3)(b)	33,288,231		
Method C - U/s 36(3)(c)	140,954,239	(150,000,000)	(150,000,000)

Deficit in Net Admissible Assets over Minimum Requ	<u>(213,939,589)</u>	<u>(3,244,826)</u>
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32.1 The Participant's Retakaful Fund has not complied with the minimum solvency requirement as against the requirement of section 36 of the Insurance ordinance, 2000 and Takaful Rules, 2012

33 SUBSEQUENT NON ADJUSTING EVENTS

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

34 CORRESPONDING FIGURES

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

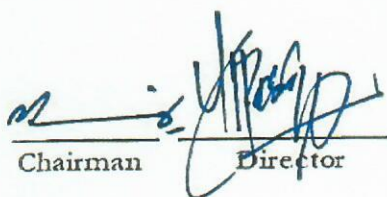
35 DATE OF AUTHORIZATION FOR ISSUE

27 AUG 2022

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

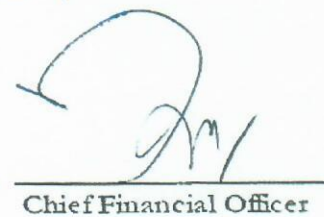
36 GENERAL

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


Chairman


Director


Chief Executive Officer


Chief Financial Officer