

PRC/BS/BOD/186/2024

**FORM – 7**

August 29, 2024

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

**SUBJECT: FINANCIAL RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2024**

Dear Sir,

We are pleased to inform you that the Board of Directors of Pakistan Reinsurance Company Limited (the 'Company') in its meeting held on Thursday, 29 August 2024 at 11:00 a.m. at the Company's head office has recommended the following:

- i. CASH DIVIDEND: **NIL**
- ii. BONUS SHARES: **NIL**
- iii. RIGHT SHARES: **NIL**
- iv. ANY OTHER ENTITLEMENT / CORPORATE ACTION: **NIL**
- v. ANY OTHER PRICE SENSITIVE INFORMATION: **External Auditor have issued qualified report for both conventional and Window Re-takaful Accounts. Both are enclosed.**

The financial results of the Company for the captioned period are enclosed as **Annexure 'A'** (Conventional) and **Annexure 'B'** (WRTO).

The half yearly report of the Company for the period ended June 30, 2024 will be transmitted through PUCARS separately, within the specified time and shall also be made available on Company's website [www.pakre.org.pk](http://www.pakre.org.pk)

Yours sincerely,  
For PAKISTAN REINSURANCE COMPANY LIMITED



**Sumeet Kumar**  
Company Secretary



**Cc:**

**Director**

Company Law Division  
Securities and Exchange  
Commission of Pakistan  
NIC Building, Jinnah Avenue  
Blue Area, Islamabad

**Director**

Enforcement Department  
Securities and Exchange  
Commission of Pakistan  
NIC Building, Jinnah Avenue  
Blue Area, Islamabad

**Executive Director/HOD**

Offsite-II Department  
Supervision Division  
Securities & Exchange  
Commission of Pakistan  
63, NIC Building, Jinnah Avenue,  
Islamabad

Emerging Pakistan is an initiative put in motion by the Ministry of Commerce, Government of Pakistan. For more details please contact:

MINISTRY OF COMMERCE  
ROOM NO.502, 5<sup>TH</sup> FLOOR, BLOCK—A,  
PAK SECRETARIAT, ISLAMABAD, PAKISTAN








TEL: +92-51-9202621  
FAX: +92-51-9205241  
[www.commerce.gov.pk](http://www.commerce.gov.pk)  
[www.emergingpakistan.gov.pk](http://www.emergingpakistan.gov.pk)

# Annexure-A

## PAKISTAN REINSURANCE COMPANY LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED JUNE 30, 2024

	Note	Six months period ended		Three months period ended	
		June 30, 2024 Unaudited	June 30, 2023 Unaudited	June 30, 2024 Unaudited	June 30, 2023 Unaudited
Net Insurance premium	26	5,398,892,600	4,857,748,180	2,701,291,810	2,406,290,212
Net Insurance claims	27	(2,715,826,636)	(3,097,642,538)	(1,317,837,252)	(1,461,696,721)
Net Commission and other acquisition costs	28	(530,510,189)	(564,221,599)	(265,897,970)	(300,574,032)
Insurance claims and acquisition expenses		(3,246,336,825)	(3,661,864,137)	(1,583,735,222)	(1,762,270,753)
Management Expenses	29	(964,942,143)	(771,285,843)	(611,743,953)	(546,675,255)
Underwriting results		1,187,613,632	424,598,200	505,812,635	97,344,204
Investment income	30	1,679,044,372	954,002,119	973,335,306	545,769,829
Rental income - net	31	70,340,825	72,927,568	31,062,684	37,506,656
Finance cost		(6,628,980)	(1,528,796)	(6,531,991)	(1,511,153)
Fair value gain on investment property		-	95,225,076	-	95,225,076
Other income		180,597,178	370,168,865	73,300,734	175,088,412
Other expenses		(41,068,561)	(4,641,359)	(40,055,366)	(1,647,601)
<b>Profit before tax from general operations</b>		<b>3,069,898,466</b>	<b>1,910,751,673</b>	<b>1,536,924,002</b>	<b>947,775,423</b>
Profit from Window Retakaful Operations		92,601,799	50,951,562	82,795,536	46,383,069
<b>Profit before tax</b>		<b>3,162,500,264</b>	<b>1,961,703,235</b>	<b>1,619,719,537</b>	<b>994,158,492</b>
Income tax expense	32	(1,477,399,325)	(713,671,149)	(882,222,103)	(419,910,403)
<b>Profit after tax</b>		<b>1,685,100,939</b>	<b>1,248,032,086</b>	<b>737,497,434</b>	<b>574,248,089</b>
Earnings (after tax) per share - Rupees	36	1.87	1.39	0.82	0.64

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

Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer

	Note	Six months period Ended		Three months period Ended	
		Jun 30, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023
-----Rupees-----					
<b>Participant's Retakaful Fund</b>					
Contributions earned		824,186,468	641,061,887	429,029,107	286,915,513
Less: contributions ceded to retrotakaful		(104,183,646)	(54,358,735)	(48,015,356)	(23,169,393)
Net contribution revenue	23	720,002,822	586,703,152	381,013,751	263,746,120
Wakala expense	24	(164,837,294)	(128,212,377)	(85,805,822)	(57,383,103)
Net underwriting income		555,165,529	458,490,775	295,207,930	206,363,017
Net claims - reported/ settled - IBNR	25	(372,486,579)	(226,531,914)	(262,321,793)	(41,157,406)
Surplus before investment income		182,678,950	231,958,861	32,886,137	165,205,611
Profit on bank deposit		121,173,453	88,846,060	121,173,453	88,846,060
Investment income		59,964,847	12,451,521	51,024,051	11,673,749
Less: Modarib's share of investment income and profit on bank deposit		(45,284,575)	(25,324,395)	(43,049,376)	(25,129,952)
Surplus before taxation		135,853,725	75,973,186	129,148,128	75,389,857
Taxation	26	(30,963,103)	(14,938,646)	(25,829,628)	(14,821,980)
Surplus for the period transferred to accumulated surplus		287,569,572	292,993,401	136,204,637	225,773,488
<b>Operator's Retakaful Fund</b>					
Wakala fee income	24	164,837,294	128,212,377	85,805,822	57,383,103
Commission expense	27	(152,397,828)	(124,319,357)	(88,100,889)	(63,216,008)
General, administrative and management expenses	28	(9,820,196)	(12,771,026)	(6,481,118)	(7,260,469)
Cede money paid to participants' retakaful fund		2,619,270	(8,878,006)	(8,776,185)	(13,093,374)
Modarib's share of participant's investment income and profit on bank deposit		45,284,575	25,324,395	43,049,376	25,129,952
Investment income		14,539,977	2,506,139	12,094,789	2,347,457
Profit on bank deposit		30,157,977	31,999,034	30,157,977	31,999,034
Profit before taxation		89,982,529	59,829,568	85,302,142	59,476,443
Taxation		(36,114,702)	(19,871,109)	(29,845,123)	(18,089,397)
Profit after taxation attributable to shareholders		56,487,097	31,080,452	46,680,833	28,293,671

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

W







Chairman                      Director                      Director                      Chief Executive Officer                      Chief Financial Officer

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

## REPORT ON REVIEW OF CONDENSED 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, 2024 and the related condensed interim profit and loss account, 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-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### 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

#### 1. Receivable from Sindh Revenue Board (SRB) and the Related Litigation

As disclosed in note 15 to the condensed interim financial statements, receivable from Sindh Revenue Board (SRB) represents the amount of Rs. 2,573.89 million (December 31, 2023: Rs. 2,573.89 million) which was recovered by SRB against the sales tax liability on reinsurance services. Presently the Company could not substantiate any control over the underlying asset and the flow of the economic benefits is remote due to ongoing court case. Had the Company not recorded this asset, total assets, accumulated profit and shareholders' equity would have been reduced by the same amount accordingly.

#### 2. Unreconciled balances

The opening balances of the Company's amount due from other insurance / reinsurance companies on account of treaty and facultative business to the extent of gross amount of Rs. 16,089.612 million and net amount of Rs. 15,905.456 million (refer note 16 of the condensed interim financial statements) includes balances which remained unreconciled as at the reporting date and that gross amount included opening balance of related party M/s National Insurance Corporation Limited amounting to Rs. 10,468.111 million whose financial statements are not available after the year 2017. Similarly, the opening balance of Company's amount due to other insurance companies on account of treaty and facultative business, as

appearing in note 23 of the condensed interim financial statements, to the extent of Rs 175.701 million includes balances which remained unreconciled as at reporting date. Management asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after 3 to 4 months of the transaction. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on the condensed interim financial statements remain unascertained.

### **Qualified Conclusion**

Based on our review, with the exception of the matters described in the "Basis for Qualified Conclusion" section of our report, 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**

1. We draw attention to the notes 16, 17, 18, 19, 21, 23, 26, 27, 28 and 34 to the condensed interim financial statements, which reflect the transactions and balances relating to the Company's treaty proportional reinsurance business. Hitherto fore, no supporting documentation of the premium and claims of the ceding insurance companies were made available to the auditors. However, over the period the management has developed some control mechanism over treaty proportional business premium and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years. Our conclusion is not further modified in respect of this matter.
2. We draw attention to note 25.1 to the condensed interim financial statements, which provides details regarding contingencies in respect of which decisions are pending. Our conclusion is not further modified in respect of this matter.

### **Other Matters**

The figures for the three months ended June 30, 2024 and June 30, 2023 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Hanif Razzak.

Chartered Accountants

Karachi

Dated:

UDIN:

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

## Report On Review of Condensed 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, 2024 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in funds and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of review

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 condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

#### 1. Unreconciled Balances

The opening balances of takaful / retakaful receivables (refer note 8 of the condensed interim financial statements) to the extent of gross amount of Rs 511.588 million and net amount of Rs. 498.982 million include material balances which remains unreconciled as at the reporting date and that gross amount includes opening balance of related party M/s National Insurance Corporation Limited amounting to Rs. 8.833 million whose financial statements are not available after the year 2017. Managements asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after 3 to 4 months of transaction. The Operator is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on the condensed interim financial statements remain unascertained.

### Qualified Conclusion

Based on our review, with the exception of the matter described in the “Basis for Qualified Conclusion” section of our report, 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

1. We draw attention to the notes 8, 10, 11, 17, 23, 25, 27 and 29 to the condensed interim financial statements, which reflect the transactions and balances relating to the Operator's treaty proportional

reinsurance business. Hitherto fore, no supporting documentation of the contribution and claims of the ceding takaful entities were made available to the auditors. However, the management has developed some control mechanism over treaty proportional business contribution and claims which includes obtaining relevant information from ceding entities in support of periodic returns on random basis and performing ceding entity wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years. Our conclusion is not further modified in respect of this matter.

2. We draw attention to the note 22.1 to the condensed interim financial statements, which provides details regarding contingencies in respect of which decisions are pending. Our conclusion is not further modified in respect of this matter.

#### **Other matter**

The figures for the three months ended June 30, 2023 and June 30, 2024 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we don't express a conclusion on thereon.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Hanif Razzak.

Chartered Accountants  
Karachi  
Dated:  
UDIN: