

Pakistan Reinsurance Company Limited

PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi, Pakistan

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PRC/BS/BOD/2024

April 5, 2025

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

SUBJECT: FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 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 Saturday, April 5, 2025 at 02:00 p.m. at the Company's head office has recommended the following:

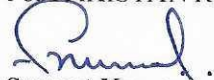
- i. CASH DIVIDEND: **20% i.e. PKR 2/- per share of Rupees Ten (Rs. 10.00)**
- ii. BONUS SHARES: **NIL**
- iii. RIGHT SHARES: **NIL**
- iv. ANY OTHER ENTITLEMENT / CORPORATE ACTION: **NIL**
- v. ANY OTHER PRICE SENSITIVE INFORMATION: **External Auditor have issued qualified report for both conventional 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'** (WRTTO).

The annual report of the Company for the period ended December 31, 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

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
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Islamabad

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PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

AS AT DECEMBER 31, 2024		December 31, 2024	December 31, 2023
		(Rupees)	
	Notes		
ASSETS			
Property and equipment	7	935,839,100	668,689,565
Intangible assets	8	19,761,107	11,119,198
Right-of-use-asset	9	2,177,450,000	1,939,910,000
Assets in Bangladesh	10	-	-
Investment property	11	864,476,353	798,450,467
Investments			
Equity securities	12	6,901,912,955	4,183,710,304
Debt securities	13	16,801,859,292	14,135,599,216
		23,703,772,247	18,319,309,520
Loans and other receivables	14	873,898,168	543,679,569
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16	9,663,385,890	16,621,405,847
Reinsurance recoveries against outstanding claims including IBNR	17	15,767,126,860	18,206,185,158
Deferred commission expense / acquisition cost	18	1,047,205,897	1,125,879,037
Taxation - payments less provision	29	-	-
Prepayments	19	6,955,327,497	11,900,386,846
Cash and bank balances	20	3,235,526,667	3,159,752,669
		67,817,658,513	75,868,656,603
Total Assets From Window Re-Takaful Operations - Operator's Fund	21	1,262,305,527	1,018,749,110
Total Assets		69,079,964,040	76,887,405,713
EQUITY AND LIABILITIES			
Capital and reserves attributable to			
Company's equity holders			
Ordinary share capital	22	9,000,000,000	9,000,000,000
Reserves	23	4,124,511,880	2,800,933,376
Unappropriated profit		8,077,645,381	4,748,800,041
Total Equity		21,202,157,261	16,549,733,417
Revaluation surplus - net of tax	24	1,695,820,477	1,590,000,034
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	25	24,333,649,075	25,927,694,396
- Unearned premium reserves	26	10,621,849,438	16,235,915,117
- Unearned reinsurance commission	27	505,496,153	810,160,213
- Premium deficiency reserve		-	-
		35,460,994,666	42,973,769,726
Retirement benefit obligations	28	3,401,370,786	3,350,608,187
Taxation liabilities- provision less payments	29	533,341,570	603,756,603
Deferred taxation	30	2,945,023,429	1,434,851,979
Insurance / reinsurance payables	31	3,208,296,520	9,862,846,676
Lease liabilities	32	23,775,995	22,277,303
Unclaimed dividend	33	93,997,886	92,036,186
Other creditors and accruals	34	137,872,539	171,691,110
		10,343,678,725	15,538,068,044
Total Liabilities		45,804,673,391	58,511,837,770
Total Liabilities from Window Re-Takaful Operations - Operator's Fund	35	377,312,911	235,834,492
		46,181,986,302	58,747,672,262
Total Equity and Liabilities		69,079,964,040	76,887,405,713
Contingency(ies) and commitment(s)	36		

The annexed notes 1 to 62 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

		December 31, 2024	December 31, 2023
	Notes	----- (Rupees) -----	
Net insurance premium	37	10,854,927,767	9,323,453,350
Net insurance claims	38	(5,436,150,719)	(4,707,325,117)
Net commission and other acquisition costs	40	(1,073,782,937)	(949,366,578)
Premium deficiency reserve expense		-	12,526,427
Insurance claims and acquisition expenses		(6,509,933,656)	(5,644,165,268)
Management expenses	41	(2,019,607,343)	(1,572,158,796)
Reversal / (Provision) for doubtful debts	16	113,945,262	(216,799,192)
Underwriting results		<u>2,439,332,030</u>	<u>1,890,330,094</u>
Investment income	42	3,443,381,114	2,389,536,960
Rental income - net	43	149,961,507	148,543,674
Fair value gain on investment property		66,025,886	87,650,468
Other income	44	586,835,193	1,197,078,078
Other expenses	45	(30,762,419)	(611,958,117)
		<u>4,215,441,281</u>	<u>3,210,851,063</u>
Results of operating activities		6,654,773,311	5,101,181,157
Finance cost	46	(9,222,676)	(7,327,337)
Profit from Window Retakaful Operations	47	174,787,448	142,491,034
Profit before levies and income tax		<u>6,820,338,083</u>	<u>5,236,344,854</u>
Levies	48	(26,929,187)	-
Profit before income tax		<u>6,793,408,896</u>	<u>5,236,344,854</u>
Income tax	48.1	(3,015,094,041)	(2,171,096,737)
Profit for the year		<u><u>3,778,314,855</u></u>	<u><u>3,065,248,117</u></u>
Earnings (after tax) per share - Rupees	49	<u>4.20</u>	<u>3.41</u>

The annexed notes 1 to 62 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	December 31, 2024	December 31, 2023
	(Rupees)	
Notes		
Profit for the year	3,778,314,855	3,065,248,117
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit and loss account		
Unrealized Gain on available for sale investments	2,388,909,209	1,223,971,796
Deferred tax on unrealised gain on available for sale investments	(931,674,592)	(436,993,844)
Impact of change in tax rate	(122,167,489)	-
	1,335,067,128	786,977,952
Unrealized gain on available for sale investments - Window Retakaful Operations- net of tax	6,713,880	844,354
Deferred tax on gain on revaluation Unrealized gain on available for sale investments - Window Retakaful Operations	(2,618,404)	(278,637)
Impact of change in tax rate	(88,360)	(25,133)
	4,007,116	540,584
	1,339,074,244	787,518,536
Items that will not be reclassified subsequently to profit and loss account		
Actuarial loss on defined benefit obligations	297,660,663	355,480,078
Surplus on revaluation of property and equipment- net of tax	194,396,213	88,544,204
Surplus on revaluation of right of use asset- net of tax	437,706,392	456,457,334
Deferred tax on revaluation surplus	(246,520,016)	(179,850,508)
Deferred tax on revaluation surplus - effect of change in tax rate	(142,388,063)	(80,071,973)
	540,855,189	640,559,135
	1,879,929,433	1,428,077,671
Total comprehensive income for the year	5,658,244,288	4,493,325,788

The annexed notes 1 to 62 form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	December 31, 2024	December 31, 2023
	----- (Rupees) -----	
OPERATING CASH FLOWS:		
Underwriting activities:-		
Premium received	31,660,102,471	33,922,739,451
Reinsurance premium paid	(21,112,265,257)	(23,815,288,864)
Claims paid	(8,109,320,928)	(7,061,557,439)
Reinsurance and other recoveries received	3,518,183,186	3,240,015,638
Commission paid	(2,376,286,109)	(2,538,836,707)
Commission received	1,076,512,252	1,665,990,194
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	-
Other underwriting payments (management expenses)	(1,642,292,456)	(1,576,998,633)
Net cash flows generated from underwriting activities	3,014,633,159	3,836,063,640
Other operating activities:		
Levies and income tax paid	(3,032,559,177)	(1,444,914,332)
Other operating payments	(52,215,291)	(13,757,520)
Other operating receipts	300,446,125	146,686,530
Advances to employees	10,767,465	(5,311,676)
Net cash used in other operating activities	(2,773,560,878)	(1,317,296,998)
Total cash flow generated from all operating activities	241,072,281	2,518,766,642
Investment activities		
Additions to property and equipments	(131,195,393)	(165,194,982)
Additions to Intangible assets	(8,864,079)	-
Payments for investment	(12,828,812,384)	(16,932,231,400)
Investment in re-takaful operations statutory fund	-	(300,000,000)
Rental income received - net of expenses	108,910,012	116,016,076
Dividend income received	427,074,939	260,285,730
Interest income on bank deposits	711,375,505	136,025,091
Investment income received - net of expenses	2,093,257,392	1,978,440,300
Proceeds from investments	10,366,565,375	13,189,126,328
Total cash flow from / (used) in investing activities	738,311,367	(1,717,532,857)
Financing activities		
Dividend paid	(898,038,300)	(671,615,827)
Payments of finance leases	(5,571,350)	(755,846)
Total cash used in financing activities	(903,609,650)	(672,371,673)
Net cash flows from all activities	75,773,998	128,862,112
Cash and cash equivalents at beginning of the year	3,159,752,669	3,030,890,557
Cash and cash equivalents at end of the year	3,235,526,667	3,159,752,669

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PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

December 31, December 31,
2024 2023
----- (Rupees) -----

Reconciliation to profit and loss account

Operating cash flows	241,072,281	2,518,010,796
Depreciation expense	(263,369,625)	(204,573,107)
Exchange gain	56,908,483	671,618,175
Rental income	149,961,507	148,543,674
Reinsurance recoveries against outstanding claims	(2,439,058,298)	3,785,475,847
Provision for outstanding claims	1,594,045,321	(4,671,259,163)
Provision for unearned premium	5,614,065,679	(4,188,205,437)
Prepaid reinsurance	(4,946,596,842)	2,959,881,375
Premium deficiency reserve	-	12,526,427
Provision for employee benefits	(348,423,232)	(75,288,675)
Dividend income	418,256,896	270,567,309
Investment income	321,736,050	189,838,585
Interest income	2,429,821,139	1,808,755,076
Amortization of premium	167,464,810	120,375,990
Gain on sale of investment	89,978,073	-
Amount due from other insurer - written off	-	601,678,637
Decrease in operating assets other than cash	(7,191,071,926)	(1,381,014,929)
(Decrease) in operating liabilities	7,718,201,142	1,082,008,908
	3,612,991,458	3,648,939,488

Other adjustments:

Levies and income tax paid	3,032,559,177	1,444,914,332
Profit before levies and income tax	6,645,550,635	5,093,853,820
Provision for taxation	(3,042,023,228)	(2,124,074,696)
Profit after taxation	3,603,527,407	2,969,779,124
Profit from Window Retakaful Operations - Operator's Fund	174,787,448	95,468,993
Profit after taxation for the year	3,778,314,855	3,065,248,117

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

Cash and cash equivalents:

Cash and others	866,385	676,987
Cash at bank	3,234,660,282	3,159,075,682
	3,235,526,667	3,159,752,669

The annexed notes 1 to 62 form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Reserves					Total reserves	Total equity
	Capital		Other		Revenue		
	Share capital	Reserve for exceptional losses	Unrealized gain on available for sale investment	Revaluation surplus	General reserve	Inappropriated profit	
	Rupees						
Balance as at January 01, 2023	9,000,000,000	281,000,000	597,118,524	1,421,277,520	1,135,296,316	1,896,715,297	14,321,407,663
Total comprehensive income attributable to Company's equity holders							
Profit for the year	-	-	-	-	-	3,065,248,116	3,065,248,116
Unrealized profit on available for sale investments	-	-	1,223,971,796	-	-	1,223,971,796	1,223,971,796
Deferred tax on available for investments	-	-	(436,993,844)	-	-	(436,993,844)	(436,993,844)
Unrealized gain on available for sale investments - Window Retailful Operations- net of tax	-	-	540,284	-	-	540,284	540,284
Remeasurement of defined benefit obligations - net of tax	-	-	-	-	355,480,078	355,480,078	355,480,078
Surplus on revaluation of property and equipment	-	-	-	88,544,204	-	88,544,204	88,544,204
Surplus on revaluation of right of use asset	-	-	-	456,457,334	-	456,457,334	456,457,334
Deferred tax on revaluation surplus	-	-	-	(179,850,508)	-	(179,850,508)	(179,850,508)
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	(80,071,973)	-	(80,071,973)	(80,071,973)
Transfer on account of incremental depreciation - net of tax	-	-	787,518,536	285,079,057	-	3,420,728,194	4,493,325,787
Incremental Depreciation-Property and equipment	-	-	-	(12,574,925)	-	12,574,925	-
Incremental Depreciation- Right of use assets	-	-	-	(103,781,624)	-	103,781,624	-
Transaction with owners	-	-	-	-	-	116,356,549	-
Final cash dividend for the year 2022: Rs. 0.75 @ 7.5% (2021: Rs. 2.00 @ 20%) per share	-	-	-	-	-	(675,000,000)	(675,000,000)
Issuance of bonus shares 2022: Nil (2021: @ 200%) per share	-	-	-	-	-	-	-
Balance as at December 31, 2023	9,000,000,000	281,000,000	1,384,637,060	1,590,000,034	1,135,296,316	4,748,800,041	18,139,733,450
Balance as at January 01, 2024	9,000,000,000	281,000,000	1,384,637,060	1,590,000,034	1,135,296,316	4,748,800,041	18,139,733,450
Total comprehensive income attributable to Company's equity holders							
Profit for the year	-	-	-	-	-	3,778,314,855	3,778,314,855
Unrealized (loss) on available for sale investments	-	-	2,388,909,209	-	-	2,388,909,209	2,388,909,209
Deferred tax on available for investments	-	-	(931,674,592)	-	-	(931,674,592)	(931,674,592)
Deferred tax on available for investments - effect of change in tax rate	-	-	(122,167,489)	-	-	(122,167,489)	(122,167,489)
Unrealized loss on available for sale investments - Window Retailful Operations- net of tax	-	-	4,007,116	-	-	4,007,116	4,007,116
Remeasurement of defined benefit obligations - net of tax	-	-	-	-	297,660,663	297,660,663	297,660,663
Surplus on revaluation of property and equipment	-	-	-	194,396,213	-	194,396,213	194,396,213
Surplus on revaluation of right of use asset	-	-	-	437,706,392	-	437,706,392	437,706,392
Deferred tax on revaluation surplus	-	-	-	(246,520,016)	-	(246,520,016)	(246,520,016)
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	(142,388,063)	-	(142,388,063)	(142,388,063)
Transfers on account of incremental depreciation - net of tax	-	-	1,339,074,244	243,194,526	-	4,075,975,518	5,658,244,288
Incremental Depreciation-Property and equipment	-	-	-	(13,576,970)	-	13,576,970	-
Incremental Depreciation- Right of use assets	-	-	-	(123,797,113)	-	123,797,113	-
Reclassification adjustment related to "available for sale" investments	-	-	(15,495,740)	-	-	15,495,740	-
Transaction with owners	-	-	-	-	-	(900,000,000)	(900,000,000)
Final cash dividend for the year 2023: Rs. 1.50 @ 10% (2022: Rs. 0.75 @ 7.5%) per share	-	-	-	-	-	(900,000,000)	(900,000,000)
Balance as at December 31, 2024	9,000,000,000	281,000,000	2,708,215,564	1,695,850,477	1,135,296,316	8,077,645,331	22,497,977,738

The annexed notes 1 to 62 form an integral part of these financial statements

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		Operator's Retakaful Fund		Participant's Retakaful fund	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	Note	-----Rupees-----			
ASSETS					
Investments	6	208,315,432	23,555,412	813,094,056	115,763,546
Other receivable	7	7,484,813	12,890,905	23,412,420	35,646,150
Takaful/ retakaful receivables	8	-	-	585,782,001	578,208,812
Retakaful fund - net	9	159,393,278	78,055,762	-	-
Qard-e-hasna to Participant's Retakaful Fund	10	300,000,000	300,000,000	-	-
Retakaful recoveries against outstanding claims	11	-	-	207,495,090	229,063,419
Deferred wakala fee	12	-	-	175,296,606	130,742,601
Deferred commission expense	13	184,582,058	114,413,227	-	-
Prepayments	14	-	-	148,038,177	165,831,810
Bank balances	15	402,529,946	489,833,804	1,914,448,854	1,669,936,933
TOTAL ASSETS		1,262,305,527	1,018,749,110	3,867,567,204	2,925,193,271
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Retakaful Fund					
Statutory fund	16	600,000,000	600,000,000	-	-
Reserves	17	284,992,616	182,914,618	-	-
Total Operator's Funds		884,992,616	782,914,618	-	-
Participant's Retakaful Fund					
Seed money	18	-	-	1,000,000	1,000,000
Reserves	17	-	-	1,680,306,271	1,093,476,832
Balance of Participant's Retakaful Fund				1,681,306,271	1,094,476,832
Qard-e-Hasna	10	-	-	300,000,000	300,000,000
		-	-	1,981,306,271	1,394,476,832
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR	19	-	-	597,880,348	612,623,902
Unearned contribution reserves	20	-	-	876,483,028	653,713,006
Contribution deficiency reserve	21	-	-	-	-
		-	-	1,474,363,376	1,266,336,908
Unearned wakala fee	12	175,296,606	130,742,601	-	-
Takaful/retakaful payables	22	-	-	252,472,589	186,292,079
Payable to Participant/ Operator's Retakaful Fund - net	9	-	-	159,393,278	78,055,762
Taxation - provision less payment	23	54,123,865	55,709,310	-	-
Deferred taxation	24	3,192,746	485,982	-	-
Other creditors and accruals	25	1,349,878	36,162,662	31,690	31,690
Payable to Pakistan Reinsurance Company Limited	26	143,349,816	12,733,937	-	-
TOTAL LIABILITIES		377,312,911	235,834,492	1,886,260,933	1,530,716,439
TOTAL EQUITY AND LIABILITIES		1,262,305,527	1,018,749,110	3,867,567,204	2,925,193,271
CONTINGENCIES AND COMMITMENTS	27				

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

		December 31, 2024	December 31, 2023
	Note	-----Rupees-----	
Participant's Retakaful Fund			
Contributions earned		1,784,261,177	1,379,231,674
Less: contributions ceded to retrotakaful		(194,260,861)	(129,887,135)
Net contribution revenue	28	1,590,000,316	1,249,344,539
Wakala fee expense	29	(356,852,235)	(275,846,335)
Net underwriting income		1,233,148,081	973,498,204
Net claims - reported/ settled - IBNR	30	(912,215,685)	(435,568,023)
Surplus before investment and other income		320,932,396	537,930,181
Investment income	31	88,863,572	14,670,315
Other income	32	264,861,482	239,197,024
Less: Modarib's fees		(88,431,264)	(63,466,835)
Reversal / (Provision) for doubtful contributions	8.2	35,657,889	(49,977,453)
Surplus before taxation		621,884,076	678,353,232
Taxation	34	(59,702,430)	(34,061,086)
Surplus transferred to accumulated surplus		562,181,646	644,292,146
Operator's Retakaful Fund			
Wakala fee income	29	356,852,235	275,846,335
Commission expense	35	(338,312,950)	(263,110,958)
General, administrative and management expenses	36	(16,733,308)	(21,767,791)
		1,805,977	(9,032,414)
Investment income	31	22,109,382	2,958,821
Other income	32	62,440,826	85,097,792
Modarib's fee	33	88,431,264	63,466,835
		172,981,471	151,523,448
Profit before taxation		174,787,448	142,491,034
Taxation	34	(76,716,567)	(47,022,041)
Profit after taxation attributable to shareholders		98,070,881	95,468,993

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	<u>December 31,</u>	<u>December 31, 2023</u>
		<u>Rupees</u>	
Participants' Retakaful Fund			
Surplus for the year		562,181,646	644,292,146
Other comprehensive income			
Item that may be subsequently reclassified to profit and loss account			
Unrealised gain on 'available for sale' investments - net of tax	6	24,647,793	4,100,516
Total comprehensive income for the year		<u>586,829,439</u>	<u>648,392,662</u>
Operator's Retakaful Fund			
Profit after taxation		98,070,881	95,468,993
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit and loss account			
Unrealized gain on revaluation of available-for-sale investments		6,713,880	844,354
Deferred tax on gain on revaluation		(2,618,404)	(278,637)
Impact of change in tax rate		(88,360)	(25,133)
		4,007,116	540,584
Total comprehensive income for the year		<u>102,077,997</u>	<u>96,009,576</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	-----Rupees-----			
OPERATING CASH FLOWS				
Retakaful activities				
Contributions received	-	-	2,035,115,900	1,442,796,850
Retro takaful contribution paid	-	-	242,647,738	218,706,658
Benefits paid	-	-	(919,200,658)	(651,544,704)
Benefits recoveries from retro takaful	-	-	13,809,748	108,452,669
Commission paid	(408,481,781)	(273,728,473)	-	-
Net cash inflow/outflow from retakaful activities	(408,481,781)	(273,728,473)	1,372,372,728	1,118,411,473
Other operating activities				
Income tax paid /payable	(78,302,014)	(11,927,755)	(59,702,429)	(34,061,086)
Other operating payments	(98,285,565)	(21,767,791)	(34,598,043)	-
Other operating receipts	594,736,949	300,179,184	(714,602,672)	(765,928,852)
Net cash inflow/outflow (used in) other operating activities	418,149,370	266,483,638	(808,903,144)	(799,989,939)
Total cash flow from all operating activities	9,667,589	(7,244,835)	563,469,584	318,421,534
Investment activities				
Payment for investments made	(178,046,140)	(2,515,000)	(672,682,718)	(12,469,728)
Receipt of profit on bank deposits	58,965,312	85,097,792	264,861,482	239,197,024
Receipt of investment income	22,109,382	2,958,821	88,863,573	14,670,315
Increase in Statutory Fund	-	300,000,000	-	-
Total cash flow from investing activities	(96,971,446)	385,541,613	(318,957,663)	241,397,611
Net cash inflow from all activities	(87,303,857)	378,296,778	244,511,921	559,819,145
Cash and cash equivalents at beginning of the year	489,833,804	111,537,026	1,669,936,933	1,110,117,788
Cash and cash equivalents at end of the year	402,529,946	489,833,804	1,914,448,854	1,669,936,933
Reconciliation to profit and loss				
Operating cash flows	9,667,589	(7,244,835)	563,469,584	318,421,534
Receipt of profit on bank deposits	58,965,312	85,097,792	264,861,482	239,197,024
Receipt of investment income	22,109,382	2,958,821	88,863,573	14,670,315
(Decrease) / increase in operating assets other than cash	146,100,252	97,480,137	531,501	189,295,143
(Increase) / decrease in operating liabilities	(140,357,101)	(47,728,636)	(355,544,493)	(117,291,870)
Other adjustments:				
Income tax paid	78,302,014	11,927,755	59,702,429	34,061,086
Profit before taxation	174,787,448	142,491,034	621,884,076	678,353,232
Provision for taxation	(76,716,567)	(47,022,041)	(59,702,430)	(34,061,086)
Profit after taxation	98,070,881	95,468,993	562,181,646	644,292,146

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Attributable to Operator's Retakaful Fund					
Statutory Fund	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Unappropriated profit	Total reserves		
-----Rupees-----					
Balance as at January 01, 2023	300,000,000	802,038	86,103,004	86,905,042	386,905,042
Increase in Statutory Fund	300,000,000	-	-	-	300,000,000
Unrealized gain on available for sale investments-net	-	540,584	-	540,584	540,584
Profit for the year	-	-	95,468,993	95,468,993	95,468,993
Balance as at December 31, 2023	600,000,000	1,342,622	181,571,997	182,914,618	782,914,618
Balance as at January 01, 2024	600,000,000	1,342,622	181,571,997	182,914,619	782,914,619
Unrealized gain on available for sale investments-net of tax	-	4,007,116	-	4,007,116	4,007,116
Profit for the year	-	-	98,070,881	98,070,881	98,070,881
Reclassification adjustment related to "available for sale" investments	-	(355,955)	355,955	-	-
Balance as at December 31, 2024	600,000,000	4,993,783	279,998,833	284,992,616	884,992,616

Attributable to Participant's Retakaful Fund					
Seed money	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Accumulated (deficit) / surplus	Total reserves		
-----Rupees-----					
Balance as at January 01, 2023	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170
Total comprehensive income for the year	-	-	644,292,146	644,292,146	644,292,146
Unrealized gain on available for sale investments-net	-	4,100,516	-	4,100,516	4,100,516
Surplus for the year	-	4,100,516	644,292,146	648,392,662	648,392,662
Balance as at December 31, 2023	1,000,000	9,716,635	1,083,760,197	1,093,476,832	1,094,476,832
Balance as at January 01, 2024	1,000,000	9,716,635	1,083,760,197	1,093,476,832	1,094,476,832
Total comprehensive income for the year	-	-	562,181,646	562,181,646	562,181,646
Surplus for the year	-	24,647,793	-	24,647,793	24,647,793
Unrealized gain on available for sale investments-net	-	24,647,793	562,181,646	586,829,439	586,829,439
Balance as at December 31, 2024	1,000,000	34,364,428	1,645,941,843	1,680,306,271	1,681,306,271

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited, which comprise the statement of financial position as at December 31, 2024, profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit, total comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Qualified Opinion

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

As disclosed in note 15 and 36.2 to the financial statements, an amount of Rs. 2,573.889 million which has been carried from the year 2017 as receivable from Sindh Revenue Board (SRB) which was recovered by SRB in respect of sales tax on reinsurance services. The Company has recorded this amount as an asset; however, the Company could not substantiate any control over the underlying asset and the flow of economic benefits is 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 Company's amount due from other insurance and reinsurance companies on account of treaty and facultative business as appearing in note 16 in the annexed financial statements includes unreconciled gross amount of Rs. 6,791.78 million and net amount of Rs. 6,155.10 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 49.837 million whose financial statements are not yet being issued after the year 2021 for litigation issues. Similarly, the Company's amount due to other insurance companies on account of treaty and facultative business as appearing in note 31 in the annexed financial statements includes unreconciled amount of Rs. 94.92 million. 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 these financial statements remain unascertained.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

1. We draw attention to the notes 16, 17, 18, 25, 26, 27, 37, 38 and 54 to the financial statements, which reflect the transactions and balances relating to the Company's treaty proportional reinsurance business. Previously, no supporting documentation of the premium and claims of the ceding insurance companies were made available to the auditors. However, effective preceding year 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.
2. We draw attention to notes 36.1 to 36.9 of the financial statements, which provide details regarding contingencies in respect of which decisions are pending.

Our opinion is not further modified in respect of the matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	Revenue Recognition -Facultative premium earned	
	Refer notes 5.13 and 37 to the financial statements for accounting policies and details in respect of revenue recognition. The Company recognizes facultative premium earned from facultative reinsurance policies representing 68% of gross premium written. We identified revenue recognition as a key	Our audit procedures to address this matter included the following: <ul style="list-style-type: none"> • Obtained an understanding, including the design and implementation of internal controls over process of capturing, processing in and recording of facultative premium income. • Assessed the appropriateness of the Company's

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be accurately recorded, recognized in the appropriate period and not properly disclosed in the financial statements.</p>	<p>accounting policies for recording of facultative premiums in line with the requirements of applicable laws, accounting and reporting standards.</p> <ul style="list-style-type: none"> • Tested the policies on sample basis where policies were written close to the year-end and subsequent to the year- end, and evaluated that these were recorded in the appropriate accounting period. • Tested the facultative premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders. • Recalculated the unearned portion of facultative premium and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.
2.	<p>Valuation of outstanding claims including claims incurred but not reported</p>	
	<p>Refer to notes 5.6 and 25 to the financial statements for accounting policy and details in respect to facultative claim liabilities.</p> <p>The Company's facultative claim liabilities represent approximately 44% of the Company's total liabilities, both Conventional and Re-takaful. Valuation of these liabilities involves significant judgment because it requires a number of assumptions to be made with high estimation uncertainty such as loss ratios, trend of historical claims and estimates of the frequency and severity of claims. Facultative claim liabilities are recognized on intimation of the insured event based on management judgment and estimate.</p> <p>The Company maintains provision for IBNR</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the accounting policy for recording of facultative claims in line with the requirements of applicable laws and accounting and reporting standards. • Obtained an understanding of the Company's policies including the design and implementation of internal controls over the capturing, processing and recording of information related to claims. • Performed test of details and test of controls on a sample basis to evaluate whether the facultative claims settled during the year-end and outstanding at the year-end are appropriately recorded in accordance with the requirements of company surface regulations. • Assessed the competence, capability and

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>claims based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>Based on the above factors, we have considered it as a key audit matter.</p>	<p>objectivity of the actuary involved by the Company to value IBNR reserves for facultative claims.</p> <ul style="list-style-type: none"> Reviewed the valuation report of management actuary to: <ul style="list-style-type: none"> Understand the basis and methodology used for such valuation. Evaluate the completeness and accuracy of source data used for the purpose of valuation. Evaluated the adequacy of disclosures given on outstanding claims including IBNR as per the insurance regulations and applicable accounting and reporting standards.
3.	Investments and related income	
	<p>The Company's total investments, amounting to Rs. 23,912 million, form a substantial portion (35%) of Company's total assets, both Conventional and Re-takaful. Moreover, the Company's investment income (both taken in profit and loss account and other comprehensive income) amounting to Rs. 5,936 million, form 59% of Company's total comprehensive income, gross of tax. The Company's investment portfolio comprises of government debt securities, equity securities and mutual funds. Because of significant impact of investments on the Company's financial position, results and solvency requirement as well as estimates and judgments are involved in valuation of investments, it is considered as an area of significant audit risk as part of our audit procedures, we include it in key audit matter section of our report.</p> <p>Refer to note 12 and 13 to the financial statements and the accounting policies in Note 5.2 for investment and note 42 for</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the management's processes and evaluating the design and implementation of key controls for valuation and classification of investments and recognition of investment and its related income. Obtaining the external confirmations of security custodians to verify existence and completeness of the investment portfolio and comparing and reconciling the contents of the responses with the books and records of the Company. In cases where confirmations were not received, statements of custodians were used to assess whether number of scripts have been accurately recorded by the Company. Assessing the methodologies used to determine

S. No.	Key Audit Matters	How the matter was addressed in our audit
	investment income.	<p>fair values such as quoted market prices or discounted cash flow models and performing recalculation by using the data used in valuation to evaluate the accuracy of carrying value of investments. Ensuring that any fair value adjustments are accounted for in the other comprehensive income (OCI) or profit and loss account as appropriate.</p> <ul style="list-style-type: none"> • Reviewing the impairment testing procedures, particularly for unlisted shares, and verifying the adequacy of impairment losses recognized and ensure they have been properly recorded in accordance with the relevant financial reporting standards. • Performing substantive testing by checking dividend receipts, dividend announcements, and related documents to ensure that dividends are recognized in accordance with the Company's accounting policies. Performing tests to ensure the correct application of the effective interest rate method for recognition of interest income on Pakistan Investment Bonds and treasury bills. • Assessing the appropriateness of accounting policy adopted by the Company for compliance with the requirements of applicable financial reporting framework. • Assessing the appropriateness of disclosures made in financial statements to ascertain whether these are in compliance with applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

The board of directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matters described in basis for qualified opinion section of our report:

- a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants

Karachi:

Dated:

UDIN :

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Reinsurance Company Limited – Window Retakaful Operations Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited – Window Retakaful Operations (the Operator), which comprise the statement of financial position as at December 31, 2024, the profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in funds for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in funds together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2024 and of the profit, total comprehensive income, its cash flows and the changes in funds for the year then ended.

Basis for Qualified Opinion

1. Unreconciled Balances

The Operator's amount due from other insurance and reinsurance entities on account of treaty and facultative business as appearing in note 8 in the annexed financial statements includes unreconciled gross amount of Rs. 364.956 million and net amount of Rs. 337.815 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 7.758 million whose financial statements are not yet being issued after the year 2021 for litigation issues. Similarly, the operator's amount due to other insurance companies on account of treaty and facultative business as appearing in Note 22 in the annexed financial statements includes unreconciled balance of Rs. 10.439 million. 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 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 these financial statements remain unascertained.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

1. We draw attention to the notes 8, 12, 13, 19, 20, 28, 30, 35 and 38 to the financial statements, which reflect the transactions and balances relating to the Operator's proportional treaty retakaful business. Hitherto, no supporting documentation of the contributions and claims of the ceding takaful companies were made available to the auditors. However, during the year the management has developed some control mechanism over treaty proportional business contributions 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 carried out with ceding companies as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.
2. We draw attention to the note 27.1 to these financial statements which explains that notice was served 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 service provider by the Operator.

Our opinion is not further modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matter described in basis for qualified opinion section of our report:

- a) proper books of account have been kept by the Operator as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in funds together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Chartered Accountants

Karachi:

Dated:

UDIN :