



Pakistan Reinsurance Company Limited

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

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E-mail: prcl@pakre.org.pk, Website: www.pakre.org.pk

PRC/BS/BOD/199/2026/4/1

FORM – 7

Karachi, April 7, 2026

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

SUBJECT: FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025.

Dear Sir/Madam,

We are pleased to inform you that the Board of Directors of Pakistan Reinsurance Company Limited (“the Company”), in its 199th meeting held on Tuesday, April 7, 2026, at 11:00 a.m. at the Company’s registered head office, has recommended the following:

- i. CASH DIVIDEND: **10% I.E. PKR 1/- 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 AUDITORS HAVE ISSUED QUALIFIED REPORTS FOR BOTH CONVENTIONAL AND WINDOW RETAKAFUL ACCOUNTS. BOTH REPORTS ARE ENCLOSED.**

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

The Annual Report of the Company for the period ended December 31, 2025 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
63, NIC Building, Jinnah Avenue,
Islamabad

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PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Notes	December 31, 2025	December 31, 2024 <i>Restated</i> <i>(Rupees)</i>	December 31, 2023 <i>Restated</i>
ASSETS				
Property and equipment	7	1,003,329,632	935,839,100	668,689,565
Intangible assets	8	15,295,201	19,761,107	11,119,198
Right-of-use-asset	9	2,375,400,000	2,177,450,000	1,939,910,000
Assets in Bangladesh	10	-	-	-
Investment property	11	897,198,665	864,476,353	798,450,467
Investments				
Equity securities	12	10,022,646,256	6,901,912,955	4,183,710,304
Debt securities	13	16,813,072,488	16,801,859,292	14,135,599,216
		26,835,718,744	23,703,772,247	18,319,309,520
Loans and other receivables	14	1,022,015,515	875,612,682	543,679,569
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16	13,555,378,242	9,663,385,890	16,621,405,847
Reinsurance recoveries against outstanding claims including IBNR	17	10,282,198,129	15,767,126,860	18,206,185,158
Deferred commission expense / acquisition cost	18	1,031,300,986	1,047,205,897	1,125,879,037
Prepayments	19	8,859,777,808	6,953,612,983	11,900,386,846
Cash and bank	20	2,117,696,503	3,235,526,667	3,159,752,669
Total Assets of Window Re-Takaful Operations		70,569,198,152	67,817,658,513	75,868,656,603
Total Assets	21	5,785,803,270	5,129,872,731	3,943,942,381
		76,355,001,422	72,947,531,244	79,812,598,984
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	22	9,000,000,000	9,000,000,000	9,000,000,000
Reserves	23	5,491,642,748	4,124,511,880	2,800,933,376
Unappropriated profit	23	9,539,479,616	8,077,645,381	4,748,800,041
Total Equity		24,031,122,364	21,202,157,261	16,549,733,417
Revaluation surplus - net of tax	24	1,830,895,412	1,695,820,477	1,590,000,034
Liabilities				
Underwriting Provisions				
- Outstanding claims including IBNR	25	18,765,129,085	24,333,649,075	25,927,694,396
- Unearned premium reserves	26	12,361,671,413	10,621,849,438	16,235,915,117
- Unearned reinsurance commission	27	691,189,321	505,496,153	810,160,213
- Premium deficiency reserve		24,549,000	-	-
		31,842,538,819	35,460,994,666	42,973,769,726
Retirement benefit obligations	28	3,618,507,534	3,401,370,786	3,350,608,187
Taxation liabilities- provision less payments	29	17,491,358	533,341,569	603,756,603
Deferred taxation liability	30	3,913,006,542	2,945,023,429	1,434,851,979
Insurance / reinsurance payables	31	5,994,559,524	3,208,296,520	9,862,846,676
Lease liabilities	32	20,600,758	23,775,995	22,277,303
Other creditors and accruals	33	220,190,657	231,870,426	263,727,296
Total Liabilities		13,784,356,373	10,343,678,725	15,538,068,044
		45,626,895,192	45,804,673,391	58,511,837,770
Total liabilities and fund of Window Re-Takaful Operations	34	71,488,912,968	68,702,651,129	76,651,571,221
Total Equity and Liabilities		4,866,088,454	4,244,880,115	3,161,027,763
		76,355,001,422	72,947,531,244	79,812,598,984
Contingencies and commitments	35			

The annexed notes 1 to 61 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, 2025

		December 31, 2025	December 31, 2024
	Notes	----- (Rupees) -----	
Net insurance premium	36	9,069,190,843	10,854,927,767
Net insurance claims	37	(5,399,434,899)	(5,436,150,719)
Net commission and other acquisition costs	39	(941,407,900)	(1,073,782,937)
Premium deficiency reserve expense		(24,549,000)	-
Insurance claims and acquisition expenses		(6,365,391,799)	(6,509,933,656)
Management expenses	40	(1,686,476,057)	(2,019,607,343)
(Provision) / reversal of provision for doubtful debts		(97,426,448)	113,945,262
Underwriting results		919,896,539	2,439,332,030
Investment income	41	3,317,234,855	3,443,381,114
Rental income - net	42	170,153,601	149,961,507
Other income	43	329,113,085	652,861,079
Other expenses	44	(42,202,702)	(30,762,419)
Results of operating activities		3,774,298,839	4,215,441,281
Finance cost	45	(6,738,283)	(9,222,676)
Conventional Profit before tax		4,687,457,095	6,645,550,635
Profit from Window Retakaful Operations - Operator's Fund	46	49,839,613	174,787,448
Profit before levies and income tax		4,737,296,708	6,820,338,083
Levies	47	(23,760,000)	(26,929,187)
Profit before income tax		4,713,536,708	6,793,408,896
Income tax		(1,584,440,444)	(3,015,094,041)
Profit for the year	47.1	3,129,096,264	3,778,314,855
Earnings (after tax) per share - Rupees	48	3.48	4.20

The annexed notes 1 to 61 form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	December 31, 2025 ----- (Rupees) -----	December 31, 2024
Profit for the year		3,129,096,264	3,778,314,855
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit and loss account			
Unrealized gain on available for sale investments		2,242,302,645	2,388,909,209
Deferred tax on unrealised gain on available for sale investments		(874,498,032)	(931,674,592)
Impact of change in tax rate		-	(122,167,489)
		1,367,804,613	1,335,067,128
Unrealized gain on available for sale investments - Window Retakaful Operations- net of tax		7,082,038	6,713,880
Deferred tax on gain on revaluation Unrealized gain on available for sale investments - Window Retakaful Operations		(2,762,001)	(2,618,404)
Impact of change in tax rate		-	(88,360)
		4,320,037	4,007,116
		1,372,124,650	1,339,074,244
Items that will not be reclassified subsequently to Profit and Loss Account			
Actuarial (loss)/gain on defined benefit obligations	28.3	(46,292,000)	297,660,663
Surplus on revaluation of property and equipment	7.1	51,030,697	194,396,213
Surplus on revaluation of right of use asset	9	455,708,851	437,706,392
Deferred tax on revaluation surplus	24	(197,628,424)	(246,520,016)
Deferred tax on revaluation surplus - effect of change in tax rate	24	-	(142,388,063)
		309,111,124	243,194,526
		1,634,943,774	1,879,929,433
Total comprehensive income for the year		4,764,040,039	5,658,244,288

The annexed notes 1 to 61 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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

December 31, 2025 December 31, 2024
----- (Rupees) -----

OPERATING CASH FLOWS:

Underwriting activities:-

Premium received	28,074,263,126	31,660,102,471
Reinsurance premium paid	(20,234,153,469)	(21,112,265,257)
Claims paid	(11,832,135,430)	(8,109,320,928)
Reinsurance and other recoveries received	6,349,109,272	3,518,183,186
Commission paid	(2,437,176,663)	(2,376,286,109)
Commission received	1,697,366,842	1,076,512,252
Other underwriting payments (management expenses)	(1,500,167,981)	(1,642,292,456)
Net cash inflows from underwriting activities	117,105,697	3,014,633,159

Other operating activities:

Levies & Income tax paid	(2,208,756,546)	(2,968,300,406)
Other operating payments	(46,389,622)	(52,215,291)
Other operating receipts	233,903,270	236,187,354
Advances to employees	6,366,877	10,767,465
Net cash (outflows) from other operating activities	(2,014,876,021)	(2,773,560,878)
Total cash (outflows) / inflows from all operating activities	(1,897,770,324)	241,072,281

Investment activities

Additions to property and equipments	(95,251,469)	(131,195,393)
Sale proceeds of fixed assets	13,268,181	(8,864,079)
Additions in intangible assets	(3,000,000)	-
Payments for investment	(14,600,610,197)	(12,828,812,384)
Rental income received - net of expenses	30,524,140	108,910,012
Dividend income received	526,487,750	427,074,939
Interest income on bank deposits	316,987,877	711,375,505
Investment income received - net of expenses	2,068,472,043	2,093,257,392
Proceeds from investments	14,366,348,415	10,366,565,375
Total cash inflows from investing activities	2,623,226,740	738,311,367

Financing activities

Dividend paid	(1,839,859,960)	(898,038,300)
Payments of finance leases	(3,426,620)	(5,571,350)
Total cash (outflows) from financing activities	(1,843,286,580)	(903,609,650)
Net cash (outflows) / inflows from all activities	(1,117,830,164)	75,773,998
Cash and cash equivalents at beginning of the year	3,235,526,667	3,159,752,669
Cash and cash equivalents at end of the year	2,117,696,503	3,235,526,667

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	December 31, 2025	December 31, 2024
	----- (Rupees) -----	
Reconciliation to profit and loss account		
Operating cash flows	(1,897,770,324)	241,072,281
Depreciation expense	(328,948,179)	(263,369,625)
Exchange gain	42,991,012	56,908,483
Rental income	170,153,601	149,961,507
Reinsurance recoveries against outstanding claims	(5,484,928,731)	(2,439,058,298)
Provision for outstanding claims	5,568,519,990	1,594,045,321
Provision for unearned premium	(1,739,821,975)	5,614,065,679
Prepaid reinsurance	1,906,164,825	(4,946,596,842)
Premium deficiency reserve	(24,549,000)	-
Provision for employee benefits	126,815,915	(348,423,232)
Dividend income	526,487,750	418,256,896
Investment income	229,103,280	321,736,050
Interest income	2,090,722,086	2,429,821,139
Amortization of premium	179,745,633	167,464,810
Gain on sale of investment	292,157,671	89,978,073
Provision for doubtful debts	97,426,448	-
Change in operating assets other than cash	3,820,046,922	(7,191,071,926)
Change in operating liabilities	(3,095,616,374)	7,718,201,142
	<u>2,478,700,549</u>	<u>3,612,991,458</u>
Other adjustments:		
Income tax paid	2,208,756,546	3,032,559,177
Profit before levies & income tax	<u>4,687,457,095</u>	<u>6,645,550,635</u>
Income tax	(1,608,200,444)	(3,042,023,228)
Profit after taxation	<u>3,079,256,651</u>	<u>3,603,527,407</u>
Profit from Window Retakaful Operations - Operator's Fund	49,839,613	174,787,448
Profit after taxation for the year	<u><u>3,129,096,264</u></u>	<u><u>3,778,314,855</u></u>

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

Cash and cash equivalents:

Cash	756,385	866,385
Cash at bank	<u>2,116,940,118</u>	<u>3,234,660,282</u>
	<u><u>2,117,696,503</u></u>	<u><u>3,235,526,667</u></u>

The annexed notes 1 to 61 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 CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reserves				Total equity	
	Capital		Revenue			
	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Unappropriated profit		
	Rupees					
Balance as at January 01, 2024	9,000,000,000	281,000,000	1,384,637,060	1,135,296,316	4,748,800,040	16,549,733,416
Total comprehensive income attributable to Company's equity holders						
Profit for the year						
Unrealized profit on available for sale investments	-	-	-	-	3,778,314,855	3,778,314,855
Deferred tax on available for investments	-	-	2,388,909,209	-	-	2,388,909,209
Deferred tax on available for investments - effect of change in tax rate	-	-	(931,674,592)	-	-	(931,674,592)
Unrealized gain on available for sale investments -	-	-	(122,167,489)	-	-	(122,167,489)
Window Retakaful Operations- net of tax	-	-	-	-	-	-
Remeasurement of defined benefit obligations - net of tax	-	-	4,007,116	-	-	4,007,116
Surplus on revaluation of property and equipment	-	-	-	-	297,660,663	297,660,663
Surplus on revaluation of right of use asset	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	-	-	-
Transfer on account of incremental depreciation - net of tax	-	-	1,339,074,244	-	4,075,975,518	5,415,049,762
Incremental Depreciation- Property and equipment	-	-	-	-	-	-
Incremental Depreciation- Right of use assets	-	-	-	-	13,576,970	13,576,970
Reclassification adjustment related to "available for sale" investments	-	-	-	-	123,797,113	123,797,113
Transaction with owners	-	-	(15,495,740)	-	15,495,740	-
Final cash dividend for the year 2023: Rs. 1.00 @ 10%	-	-	-	-	-	-
Balance as at December 31, 2024	9,000,000,000	281,000,000	2,708,215,564	1,135,296,316	(900,000,000)	(900,000,000)
					8,077,645,381	21,202,157,261
Balance as at January 01, 2025	9,000,000,000	281,000,000	2,708,215,564	1,135,296,316	8,077,645,381	21,202,157,261
Total comprehensive income attributable to Company's equity holders						
Profit for the year						
Unrealized (loss) on available for sale investments	-	-	-	-	3,129,096,264	3,129,096,264
Deferred tax on available for investments	-	-	2,242,302,645	-	-	2,242,302,645
Deferred tax on available for investments - effect of change in tax rate	-	-	(874,498,032)	-	-	(874,498,032)
Unrealized loss on available for sale investments -	-	-	-	-	-	-
Window Retakaful Operations- net of tax	-	-	-	-	-	-
Remeasurement of defined benefit obligations - net of tax	-	-	4,320,037	-	-	4,320,037
Surplus on revaluation of property and equipment	-	-	-	-	(46,292,000)	(46,292,000)
Surplus on revaluation of right of use asset	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-
Deferred tax on revaluation surplus - effect of change in tax rate	-	-	-	-	-	-
Transfer on account of incremental depreciation - net of tax	-	-	1,372,124,650	-	3,082,804,264	4,454,928,914
Incremental Depreciation- Property and equipment	-	-	-	-	-	-
Incremental Depreciation- Right of use assets	-	-	-	-	18,827,206	18,827,206
Reclassification adjustment related to "available for sale" investments	-	-	-	-	155,208,983	155,208,983
Transaction with owners	-	-	(4,993,782)	-	4,993,782	-
Final cash dividend for the year 2024: Rs. 2.00 @ 20%	-	-	-	-	-	-
Balance as at December 31, 2025	9,000,000,000	281,000,000	4,075,346,432	1,135,296,316	(1,800,000,000)	(1,800,000,000)
					9,539,479,616	24,031,122,364

The annexed notes 1 to 61 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, 2025

	Note	Operator's Retakaful Fund		Participant's Retakaful fund	
		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
-----Rupees-----					
ASSETS					
Investments	5	539,241,324	208,315,432	3,030,637,769	813,094,056
Other receivable	6	919,990	7,484,813	61,058,531	23,412,420
Takaful/ retakaful receivables	7	-	-	573,316,942	585,782,001
Receivable from Participant's Retakaful Fund - net	8	196,127,095	159,393,278	-	-
Qard-e-hasna to Participant's Retakaful Fund	9	300,000,000	300,000,000	-	-
Retakaful recoveries against outstanding claims	26	-	-	204,388,782	207,495,090
Deferred wakala fee	10	-	-	153,137,884	175,296,606
Deferred commission expense	11	152,970,534	184,582,058	-	-
Prepayments	12	-	-	249,781,036	148,038,177
Bank balances	13	19,296,109	402,529,946	304,927,274	1,914,448,854
TOTAL ASSETS		1,208,555,052	1,262,305,527	4,577,248,218	3,867,567,204
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Retakaful Fund					
Statutory fund	14	600,000,000	600,000,000	-	-
Reserves	15	319,714,817	284,992,616	-	-
Total Operator's Funds		919,714,817	884,992,616	-	-
Participant's Retakaful Fund					
Seed money	16	-	-	1,000,000	1,000,000
Reserves	15	-	-	2,186,168,886	1,680,306,271
Balance of Participant's Retakaful Fund				2,187,168,886	1,681,306,271
Qard-e-Hasna	9	-	-	300,000,000	300,000,000
				2,487,168,886	1,981,306,271
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR	17	-	-	782,550,990	597,880,348
Unearned contribution reserves	18	-	-	765,689,419	876,483,028
Contribution deficiency reserve		-	-	13,947,000	-
				1,562,187,409	1,474,363,376
Unearned wakala fee	10	153,137,884	175,296,606	-	-
Takaful/retakaful payables	19	-	-	331,733,139	252,472,589
Payable to Operator's Retakaful Fund - net	8	-	-	196,127,095	159,393,278
Taxation - provision less payment	20	9,288,151	54,123,865	-	-
Deferred taxation	21	5,954,747	3,192,746	-	-
Other creditors and accruals	22	1,370,057	1,349,878	31,690	31,690
Payable to Pakistan Reinsurance Company Limited	23	119,089,396	143,349,816	-	-
TOTAL LIABILITIES		288,840,235	377,312,911	2,090,079,333	1,886,260,933
TOTAL EQUITY AND LIABILITIES		1,208,555,052	1,262,305,527	4,577,248,218	3,867,567,204
CONTINGENCIES AND COMMITMENTS	24				

The annexed notes 1 to 41 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, 2025

		December 31, 2025	December 31, 2024
	Note	-----Rupees-----	
Participant's Retakaful Fund			
Contributions earned		1,569,906,379	1,427,408,942
Less: contributions ceded to retakaful		(220,881,169)	(194,260,861)
Net contribution revenue	25	1,349,025,210	1,233,148,081
Net claims - reported/ settled - IBNR	26	(998,289,444)	(912,215,685)
(Charge) of contribution deficiency reserve		(13,947,000)	-
Surplus before investment and other income		336,788,766	320,932,396
Investment income	27	126,911,521	88,863,572
Other income	28	73,453,899	264,861,482
Less: modarib's fees	29	(50,091,355)	(88,431,264)
(Provision) / reversal of provision for doubtful contributions receivable	7.2	(10,407,961)	35,657,889
Surplus before taxation		476,654,869	621,884,076
Taxation	30	(44,019,721)	(59,702,430)
Surplus transferred to accumulated surplus		432,635,148	562,181,646
Operator's Retakaful Fund			
Wakala fee income	25.1	392,476,595	356,852,235
Commission expense	31	(415,272,605)	(338,312,950)
General, administrative and management expenses	32	(19,410,404)	(16,733,308)
		(42,206,414)	1,805,977
Investment income	27	32,095,895	22,109,382
Other income	28	9,858,778	62,440,826
Modarib's fee	29	50,091,355	88,431,264
		92,046,028	172,981,471
Profit before taxation		49,839,613	174,787,448
Taxation	30	(19,437,449)	(76,716,567)
Profit after taxation attributable to shareholders		30,402,164	98,070,881

The annexed notes 1 to 41 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, 2025

	Note	<u>December 31,</u>	<u>December 31, 2024</u>
		-----Rupees-----	
Participants' Retakaful Fund			
Surplus for the year		432,635,148	562,181,646
Other comprehensive income			
Item that may be subsequently reclassified to profit and loss account			
Unrealised gain on 'available for sale' investments - net			
	35	73,227,467	24,647,793
Total comprehensive income for the year		<u>505,862,615</u>	<u>586,829,439</u>
Operator's Retakaful Fund			
Profit after taxation		30,402,164	98,070,881
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	35	7,082,038	6,713,880
Deferred tax on gain on revaluation of available-for-sale investments	21	(2,762,001)	(2,618,404)
Impact of change in tax rate		-	(88,360)
		4,320,037	4,007,116
Total comprehensive income for the year		<u>34,722,201</u>	<u>102,077,997</u>

The annexed notes 1 to 41 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 CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Rupees				
OPERATING CASH FLOWS				
Retakaful activities				
Contributions received	-	-	1,853,646,463	2,035,115,900
Retakaful contribution paid	-	-	(243,363,478)	242,647,738
Benefits paid	-	-	(900,676,738)	(919,200,658)
Benefits recoveries from retakaful	-	-	90,164,244	13,809,748
Commission paid	(383,661,080)	(408,481,781)	-	-
Net cash (outflows) / inflows from retakaful activities	(383,661,080)	(408,481,781)	799,770,491	1,372,372,728
Other operating activities				
Income tax paid /payable	(64,273,163)	(78,302,015)	(44,019,721)	(59,702,429)
Other operating payments	(19,410,404)	(98,285,565)	-	(34,598,043)
Other operating receipts	365,999,991	594,736,949	(421,321,525)	(714,602,672)
Net cash inflows / (outflows) from other operating activities	282,316,424	418,149,369	(465,341,246)	(808,903,144)
Total cash flow from all operating activities	(101,344,656)	9,667,588	334,429,245	563,469,584
Investment activities				
Payment for investments made	(323,843,854)	(178,046,140)	(2,144,316,245)	(672,682,718)
Receipt of profit on bank deposits	9,858,778	58,965,312	73,453,899	264,861,482
Receipt of investment income	32,095,895	22,109,382	126,911,521	88,863,573
Increase in Statutory Fund	-	-	-	-
Total cash flow from investing activities	(281,889,181)	(96,971,446)	(1,943,950,825)	(318,957,663)
Net cash (outflows) / inflows from all activities	(383,233,837)	(87,303,858)	(1,609,521,580)	244,511,921
Cash and cash equivalents at beginning of the year	402,529,946	489,833,804	1,914,448,854	1,669,936,933
Cash and cash equivalents at end of the year	19,296,109	402,529,946	304,927,274	1,914,448,854
Reconciliation to profit and loss				
Operating cash flows	(101,344,656)	9,667,589	334,429,245	563,469,584
Receipt of profit on bank deposits	9,858,778	58,965,312	73,453,899	264,861,482
Receipt of investment income	32,095,895	22,109,382	126,911,521	88,863,573
(Decrease) / increase in operating assets other than cash	(1,442,530)	146,100,252	101,658,883	531,501
Decrease / (Increase) in operating liabilities	46,398,963	(140,357,101)	(203,818,400)	(355,544,493)
Other adjustments:				
Income tax paid	64,273,163	78,302,014	44,019,721	59,702,429
Profit before taxation	49,839,613	174,787,448	476,654,869	621,884,075
Provision for taxation	(19,437,449)	(76,716,567)	(44,019,721)	(59,702,430)
Profit after taxation	30,402,164	98,070,881	432,635,148	562,181,645

The annexed notes 1 to 41 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, 2025

Statutory Fund	Attributable to Operator's Retakaful Fund			Total	
	Reserves		Total reserves		
	Capital	Revenue			
Unrealized gain on available for sale investment	Unappropriated profit				
-----Rupees-----					
Balance as at January 01, 2024	600,000,000	1,342,622	181,571,997	182,914,619	782,914,619
Increase in Statutory Fund	-	-	-	-	-
Unrealized gain on available for sale investments-net	-	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
Balance as at January 01, 2025	600,000,000	4,993,783	279,998,833	284,992,616	884,992,616
Unrealized gain on available for sale investments-net of tax	-	4,320,037	-	4,320,037	4,320,037
Profit for the year	-	-	30,402,164	30,402,164	30,402,164
Balance as at December 31, 2025	600,000,000	9,313,820	310,400,997	319,714,817	919,714,817

Seed money	Attributable to Participant's Retakaful Fund			Total	
	Reserves		Total reserves		
	Capital	Revenue			
Unrealized gain on available for sale investment	Accumulated Surplus				
-----Rupees-----					
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
Balance as at January 01, 2025	1,000,000	34,364,428	1,645,941,843	1,680,306,271	1,681,306,271
Total comprehensive income for the year	-	-	432,635,148	432,635,148	432,635,148
Surplus for the year	-	73,227,467	-	73,227,467	73,227,467
Unrealized gain on available for sale investments-net	-	73,227,467	432,635,148	505,862,615	505,862,615
Balance as at December 31, 2025	1,000,000	107,591,895	2,078,576,991	2,186,168,886	2,187,168,886

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

**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, 2025, the 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, 2025 and of the profit, the 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 35.2 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/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 4,280.32 million and net amount of Rs. 3,578.87 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 4,224.15 million. Similarly, the Company's amount due to other insurance/reinsurance companies on account of treaty and facultative business as appearing in note 31 in the annexed financial statements includes unreconciled balance of Rs 6,774.07 million. Management asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after three to four 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, 19, 25, 26, 27, 31, 36, 37, 39 and 53 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 35.1 to 35.9 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 5.25.1 and 36 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 78% of gross premium written.	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.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>We identified revenue recognition as a key 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>	<ul style="list-style-type: none"> • Assessed the appropriateness of the Company's accounting policies for recording of facultative premiums in line with the requirements of applicable laws, accounting and reporting standards. • 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. • Assessing the appropriateness of disclosures made in financial statements to ascertain whether these are in compliance with applicable financial reporting framework.
2.	<p>Valuation of outstanding claims including claims incurred but not reported</p>	
	<p>Refer to notes 6.6 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 33% 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>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the accounting policies 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 policy, including the design and implementation of internal controls over the capturing, processing and recording of information related to claims.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The Company maintains provision for Incurred But Not Reported (IBNR) 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>	<ul style="list-style-type: none"> • 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 objectivity of the actuary involved by the Company to value IBNR claims reserves for facultative claims. • 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 claims 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. 30,405 million, form a substantial portion (40%) 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. 5,798 million, form 77% 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>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's processes and evaluated the design and implementation of key controls for valuation and classification of investments and recognition of investment and its related income. • Obtained the external confirmations of security custodians to verify existence and completeness of the investment portfolio and compared and reconciled 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.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>Refer to note 12 and 13 to the financial statements and the accounting policies in Note 5.7 for investment and note 41 for investment income.</p>	<ul style="list-style-type: none"> • Assessed the methodologies used to determine fair values such as quoted market prices or discounted cash flow models and performed recalculation by using the data used in valuation to evaluate the accuracy of carrying value of investments. Ensured that any fair value adjustments are accounted for in the other comprehensive income (OCI) or profit and loss account as appropriate. • Reviewed the impairment testing procedures, particularly for unlisted shares, and verified the adequacy of impairment losses recognized and ensure they have been properly recorded in accordance with the relevant financial reporting standards. • Performed 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. Performed tests to ensure the correct application of the effective interest rate method for recognition of interest income on Pakistan Investment Bonds and treasury bills. • Assessed the appropriateness of accounting policy adopted by the Company for compliance with the requirements of applicable financial reporting framework. • Assessed 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, 2025, 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, 2025 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 takaful entities on account of treaty and facultative business as appearing in note 7 in the annexed financial statements includes unreconciled gross amount of Rs. 155.61 million and net amount of Rs. 118.07 million and that gross amount includes balance of related party M/s National Insurance Company Limited amounting to Rs. 53.2 million. Similarly, the operator's amount due to other takaful and retakaful entities on account of treaty and facultative business as appearing in note 19 in the annexed financial statements includes unreconciled balance of Rs. 0.52 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 Operator 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 7, 10, 11, 17, 18, 25, 26, 31 and 34 to the annexed financial statements, which reflect the transactions and balances relating to the Operator's treaty retakaful business. Hitherto fore, no supporting documentation of the contributions and claims of the ceding takaful entities were made available to the auditors. However, the management in past few years has developed some control mechanism over treaty business contributions and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding entity wise analysis of treaty business carried out with ceding entities 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 24.1 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: _____, 2026

UDIN: