

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Six months period ended		Three months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- Rupees -----		----- Rupees -----	
Net insurance premium	25	4,857,748,180	4,016,450,644	2,406,290,212	1,736,611,635
Net insurance claims	26	(3,097,642,538)	(2,448,075,888)	(1,461,696,721)	(1,036,026,863)
Net commission and other acquisition costs	27	(564,221,599)	(491,891,948)	(300,574,032)	(236,416,288)
Insurance claims and acquisition expenses		(3,661,864,137)	(2,939,967,836)	(1,762,270,753)	(1,272,443,151)
Management expenses	28	(771,285,843)	(481,273,806)	(546,675,255)	(270,386,384)
Reversal of Provision for doubtful debts		-	387,702,417	-	387,702,417
Underwriting results		424,598,200	982,911,419	97,344,204	581,484,517
Investment income - net	29	954,002,119	537,835,158	545,769,829	273,594,965
Rental income - net	30	72,927,568	68,976,061	37,506,656	47,047,234
Finance cost		(1,528,796)	-	(1,511,153)	-
Fair value gain on investment property		95,225,076	-	95,225,076	-
Other income		370,168,865	189,923,227	175,088,412	110,458,254
Other expenses		(4,641,359)	(818,837)	(1,647,601)	(582,339)
Results of operating activities		1,910,751,673	1,778,827,029	947,775,423	1,012,002,631
Profit from Window Retakaful Operations - Operator's retakaful fund		31,080,453	9,279,739	28,019,563	9,890,858
Profit before tax		1,941,832,126	1,788,106,768	975,794,986	1,021,893,489
Taxation - Current	31	(718,123,571)	(707,274,818)	(401,821,006)	(424,615,340)
- Deferred		24,323,531	-	-	-
		(693,800,040)	(707,274,818)	(401,821,006)	(424,615,340)
Profit after tax		1,248,032,086	1,080,831,950	573,973,980	597,278,149
Earnings (after tax) per share - Rupees	34	1.39	1.20	0.64	0.66

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
 CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)
 FOR THE SIX MONTHS AND THREE MONTH PERIOD ENDED JUNE 30, 2023

	Note	Six months period Ended		Three months period Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
-----Rupees-----					
Participant's Retakaful Fund					
Contributions earned	23	641,061,887	506,075,707	286,915,513	259,329,600
Less: contributions ceded to retrotakaful		(54,358,735)	(77,579,233)	(23,169,393)	(51,439,062)
Net contribution revenue		586,703,152	428,496,474	263,746,120	207,890,538
Wakala expense	24	(128,212,378)	(101,215,141)	(57,383,103)	(51,865,920)
Net underwriting income		458,490,774	327,281,333	206,363,017	156,024,618
Net claims - reported / settled - IBNR	25	(226,531,914)	(204,580,192)	(41,157,406)	(76,778,239)
Surplus before investment income		231,958,860	122,701,141	165,205,611	79,246,379
Profit on bank deposit		88,846,061	24,309,500	88,846,061	12,102,307
Investment income		12,451,521	6,940,861	11,673,749	6,081,437
Less: Modarib's share of investment income and profit on bank deposit		(25,324,396)	(7,812,590)	(25,129,953)	(4,545,936)
		75,973,186	23,437,771	75,389,857	13,637,808
Surplus before taxation		307,932,046	146,138,912	240,595,468	92,884,187
Taxation	26	(14,938,646)	(4,635,066)	(14,821,980)	(4,045,653)
Surplus transferred to accumulated surplus		292,993,400	141,503,846	225,773,488	88,838,534
Operator's Retakaful Fund					
Wakala fee income	24	128,212,378	101,215,141	57,383,103	51,865,920
Commission expense	27	(124,319,357)	(100,566,593)	(63,216,008)	(51,933,411)
General, administrative and management expenses	28	(12,771,026)	(6,602,386)	(7,260,469)	(4,348,591)
		(8,878,005)	(5,953,838)	(13,093,374)	(4,416,082)
Modarib's share of participant's investment income and profit on bank deposit		25,324,396	7,812,590	25,129,953	4,545,936
Investment income		2,506,139	1,406,945	2,347,457	1,268,331
Profit on bank deposits		31,999,033	9,804,359	31,999,033	12,339,117
Profit before taxation		50,951,563	13,070,056	46,383,069	13,737,302
Taxation		(19,871,110)	(3,790,316)	(18,089,397)	(3,983,818)
Profit after taxation		31,080,453	9,279,739	28,293,672	9,753,484

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

CHAIRMAN

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

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAKISTAN REINSURANCE COMPANY LIMITED** (the Company) as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Basis for Qualified Conclusion

- i. As disclosed in note 14 to the condensed interim financial statements, loans and other receivables include receivable from Sindh Revenue Board (SRB) amounting to Rs. 2,573.89 million (December 31, 2022: Rs. 2,573.89 million) which was recovered by SRB against the sales tax liability on reinsurance services. Presently the Company could not substantiate any control over the underlying asset and the flow of the economic benefits is remote due to ongoing court case. Had the Company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly.
- ii. Note 15, 17, 18, 20, 22, 25, 26, 27 and 33 to the condensed interim financial statements include certain account balances and class of transactions which have been recorded against treaty proportional business. The Company solely relies on the amounts mentioned in statutory quarterly returns (and in one case bordereau is obtained) for the purpose of recording transactions including premium and claims. However, the Company does not have any systems and controls to verify such transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

- iii. The opening balance of insurance/reinsurance receivables to the extent of gross and net amount of Rs. 16,792 million and Rs. 16,626 million, respectively (refer note 15) and due to other insurance Companies amounting to Rs. 40.11 million (refer note 22), include balances which remain unreconciled as at the reporting date. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, we were unable to support our conclusion in respect of these balances and therefore resulting adjustments and consequential impact thereon, if any, on these condensed interim financial statements.

Qualified Conclusion

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


Emphasis of Matter

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

Other Matters

- i. The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.
- ii. The financial statements of the Company for the year ended December 31, 2022 and condensed interim financial statements of the Company for the half year ended June 30, 2022 were audited and reviewed by another firm of Chartered Accountants who have expressed a qualified opinion and qualified conclusion thereon vide their reports dated April 06, 2023 and August 27, 2022 respectively.

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

Chartered Accountants 
Karachi
Dated:
UDIN:

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

Report On Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited- Window Retakaful Operation (the Operator) as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in fund and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Disclaimer of Conclusion

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

Basis for Disclaimer of Conclusion

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

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- ii. The opening balance of takaful / retakaful receivables to the extent of gross and net amount of Rs. 423.435 million and Rs. 410.660 million (refer note 8) include material balances which remains unreconciled as at the reporting date. The Company is in the process to reconcile these balances.

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

Emphasis of Matter

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

Other matter

- i. The figures for the quarters ended June 30, 2022 and June 30, 2023 in the condensed interim profit and loss account and condensed Interim statement of comprehensive income have not been reviewed and we don't express a conclusion on them.
- ii. The financial statements of the Operator for the year ended December 31, 2022 and condensed interim financial statements of the Operator for the half year ended June 30, 2022 were audited and reviewed by another firm of Chartered Accountants who have expressed disclaimer of opinion and disclaimer of conclusion vide their reports dated April 06, 2023 and August 27 2022, respectively.

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

Chartered Accountants 

Karachi

Dated:

UDIN: