Pakistan Reinsurance Company Limited

Condensed Interim Financial Statements
For the Half Year ended June 30, 2019
Commitment To Excellence

Vision

To be a leading provider of reinsurance and risk management services in the region

PakRe

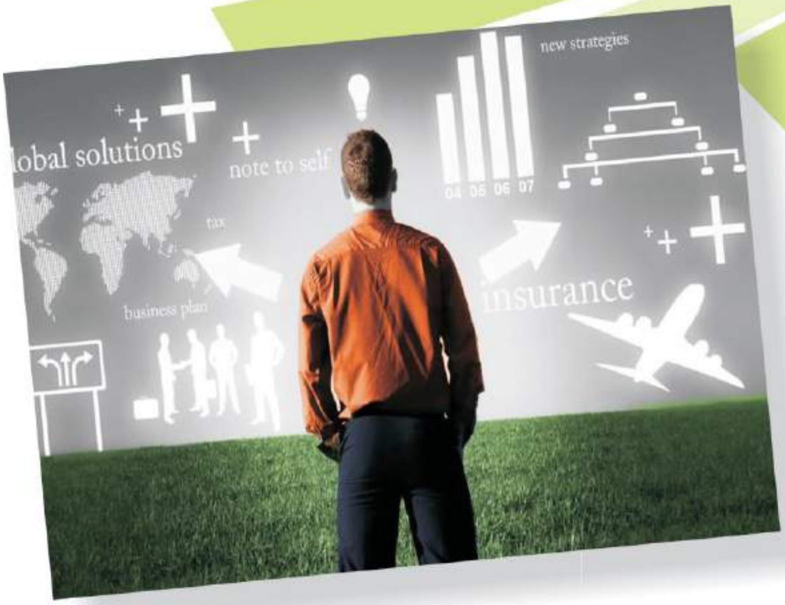
Mission

To provide secure reinsurance capacity and outstanding risk management advice in a profitable manner and to conduct business in a dependable and professional way with the highest standards of customer service.

Strategy

To remain the best provider of reinsurance and risk management services to the insurance industry and to have good business relationship with local insurers, reinsurance brokers and foreign reinsurers.

PakRe



Objectives

- *To provide the best reinsurance services to the local insurance industry.*

- *To prepare employees to meet the challenges of fast changing business requirements as well as to provide them with conducive working environment.*

- *To assist in the development of National Insurance Industry.*

- *To enhance Domestic retention capacity in order to save valuable foreign exchange.*

PakRe

Corporate Information

BOARD OF DIRECTORS OF PRCL

	Members	Types
Mr. Shahab Khawaja	Chairman Board	Independent
Mr. Shakeel Ahmed Mangnejo	CEO / Director	Executive
Mr. Abdul Sami Kehar	Director	Independent
Mr. Mumtaz Ali Rajper	Director	Non-Executive
Mr. Mushtaq Ahmed Mahar	Director	SLIC Nominee
Mr. Musleh-ud-Din	Director	Non-Executive
Dr. Nazim Latif	Director	Ex-Officio

COMPANY SECRETARY / COMPLIANCE OFFICER

Mr. Shams-ud-Din

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mumtaz Ali Rajper	Member
Dr. Nazim Latif, Joint Secretary (Ins.)	Member
Mr. Mushtaq Ahmed Mahar	Member
Mr. Muhammad Khurshid, CIA	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Dr. Nazim Latif, Joint Secretary (Ins.)	Member
Mr. Mushtaq Ahmed Mahar	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shahzad F. Lodhi, ED (HR)	Secretary

INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shahab Khawaja	Member
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Jamil Ahmed, CFO	Member
Mr. Naveed Iqbal, Manager (Head of Investment)	Secretary

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shams-ud-Din / Compliance Officer	Secretary

PROCUREMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Dr. Nazim Latif	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Shahzad F. Lodhi, ED (Admn.)	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Mr. Shahab Khawaja	Chairman
Mr. Abdul Sami Kehar	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Muhammad Junaid Moti, ED (Underwriting)	Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Dr. Nazim Latif	Member
Mr. Shakeel Ahmed Mangnejo, CEO	Member
Mr. Muhammad Junaid Moti, ED (Underwriting)	Secretary

SENIOR MANAGEMENT

Mr. Shakeel Ahmed Mangnejo	Chief Executive Officer
Mr. Shahzad Farooq Lodhi	Executive Director (HR/Admn)
Mr. Shams-ud-Din	Company Secretary / Compliance Officer
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Mr. Muhammad Khurshid	Chief Internal Auditor
Mr. Jamil Ahmed	Chief Financial Officer
Mrs. Raana Muneer Ahmad	General Manager / Head of Northern Zone
Mr. Zohaib Hasan	General Manager / Head of IT Department

BANKERS
National Bank of Pakistan
Bank Al-Habib Limited
Sindh Bank Limited

ZONAL OFFICE
1st Floor, 15-A, Davis Road
State Life Building
Lahore.
Tele: (92-42) 36360242-45
Telefax: (92-42) 36360246

AUDITOR
Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd floor, Modern Motors House
Beaumont Road
Karachi
Tel: (92-21) 35672951-56
Email: krahman@gtpak.com

SHARE REGISTRAR
Central Depository Company of Pakistan Limited
CDC House, 99-B,Block-B, SMCHS
Main Shahra-e-Faisal
Karachi-74400, Pakistan
Tele: (92-21) 111-111-500

Directors' Report
For Six Months Ended June 30, 2019

The Valued Shareholders,
Pakistan Reinsurance Company Limited.

On behalf of the Board of Directors of PRCL, I am pleased to present the condensed interim financial statements of Company for second quarter ended June 30, 2019.

<u>Review of Business Activities</u>

The gross written premium is Rs. **7,794** million against an amount of Rs. 4,811 million for the corresponding period of last year, showing an increase of Rs. 2,983 million (62.01%). The net premium is Rs. **3,673** million against Rs. 2,645 million, showing an increase of Rs. 1,028 million (38.87%). The net commission (expense) for the period is Rs. **705** million as compared to Rs. 486 million, showing an increase of Rs. 219 million (45.06%). The net claims are Rs. 2,209 million against Rs. 1,455 million, showing an increase of Rs. 754 million (51.82%).

The underwriting results after management expenses for the period under review are Rs. 174 million as compared to Rs. 294 million for the corresponding period last year showing a decrease of Rs. 120 million.

The income from investment, rental and other income for the period under review is recorded as Rs. 829 million, as compared to Rs. 568 million in the corresponding period of last year, showing a increase of Rs. 261 million (45.95%) .

The profit before tax for the period under review, is Rs. 998 million, as compared to Rs. 857 million recorded in the corresponding period last year, showing increase of Rs. 141 million (16.45%).
The profit after tax for the period under review is Rs. 689 million, as compared to Rs. 602 million in the corresponding period of last year showing increase of Rs. 86 million (14%) resulting in earning per share of Rs. 2.30 as compared to Rs. 2.01 for the corresponding period of last year.

The Company commenced its Retakaful business with effect from 1st quarter of 2019 and earned profit before tax amounting to Rs. 5 million.

Future Outlook

We are hopeful to deliver sustainable profitability in a challenging and competitive business environment.

Acknowledgement

The Directors of your Company would like to take this opportunity to thank the Company's valued clients, cedants, retrocessionnaires, business partners, the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange for their professional assistance and guidance.

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future. Finally, the Directors also wish to place on record their appreciation for the hard work, loyalty and devotion of the officers and staff of the Company.

For and on behalf of the Board of Directors.

Chairman Board
Karachi: 29th August, 2019

ناظمین کی رپورٹ

30جون 2019 کو اختتام پذیر پہلی ششماہی رپورٹ

معزز حصص کنندگان

پاکستان ری-انشورنس کمپنی لمیٹڈ

پاکستان ری انشورنس کمپنی لمیٹڈ کے بورڈ کے ناظمین کی جانب سے، کمپنی کی درمیانی مدت کی مختصر مالیاتی دستاویزات پیش کرتے ہوئے میں خوشی محسوس کرتا ہوں جس کا اختتام 30جون 2019 کو ہوا۔

کاروباری سرگرمیوں کا جائزہ

گذشتہ سال کا اسی مدت کے 4,811 ملین روپے مجموعی تحریری پریمیم کے مقابلے میں اس مدت میں اس کی مالیت **7,794** ملین روپے ہے جو 2,983 ملین (62.01 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ سال کے اسی مدت کے 2,645 ملین روپے خالص پریمیم کے مقابلے میں اس سہ ماہی میں اس کی مالیت **3,673** ملین روپے ہے جو 1,028 ملین (38.87 فیصد) کا اضافہ دکھارہا ہے۔ مذکورہ مدت میں 705 ملین روپے کے خالص کمیشن (اخراجات) کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 486 ملین روپے ہے جو 219 ملین (45.06 فیصد) کا اضافہ دکھارہا ہے۔ خالص دعوے 1,455 ملین روپے کے مقابلے میں 2,209 ملین روپے رہے جو 754 ملین (51.82 فیصد) کا اضافہ دکھارہا ہے۔

زیر غور مدت میں انتظامی اخراجات کے بعد مالیاتی (underwriting) نتائج 174 ملین روپے ہیں جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 294 ملین روپے تھی جو 120 ملین کی کمی دکھارہا ہے۔

زیر جائزہ مدت میں سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر اشیاء نے 829 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت میں 568 ملین روپے تھا جو 261 ملین (45.95 فیصد) کا اضافہ دکھارہا ہے۔

زیر جائزہ مدت میں منافع بعد از محصول 998 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 857 ملین روپے تھا جو 141 ملین روپے (16.45 فیصد) کی کا اضافہ دکھارہا ہے۔

زیر جائزہ مدت میں منافع قبل از محصول 689 ملین روپے رہا جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 602 ملین روپے تھا جو 86 ملین روپے (14 فیصد) کا اضافہ دکھارہا ہے جس کا نتیجہ گذشتہ سال کے 2.01 منافع فی حصص کے مقابلے میں اس مدت میں یہ 2.30 فی حصص رہا۔

کمپنی نے، 2019 کی پہلی سہ ماہی سے اپنے ری تکافل کاروبار کا آغاز کردیا ہے اور 5 ملین کا منافع قبل از محصول کمایا۔

مستقبل کا منظر نامہ

ہم پر امید ہیں کہ کاروباری مسائل اور مسابقت کے ماحول میں تسلسل سے منافع بخشی (profitability) فراہم کریں گے۔

ستائش

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈ انٹس (cedants)، ریٹرو سیشیشنئر (retrocessionnaire)، کاروباری شراکت دار، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا ان کی ~~مدد~~ معاونت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص کنندگان کا بھی، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالاخر، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے افسران اور اسٹاف کی سخت محنت اور لگن کے سراہنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

بورڈ کے چیرمین

کراچی: 29 اگست 2019

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

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited as at June 30, 2019 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Basis for qualified conclusion

1) As stated in note 14 to the condensed interim financial statements, Insurance/Reinsurance receivables includes a balance amounting to Rs. 505 million (December 31, 2018: Rs. 376 million) which is subject to confirmation and reconciliation. Consequently, the impact of adjustments, if any, on these condensed interim financial statements is presently not ascertainable.

2) No provision on account of IBNR respective to Treaty business has been made in the condensed interim financial statements. In the absence of confirmation from ceding companies, the amount of IBNR remains unascertainable.

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Qualified conclusion

Except for the adjustments to the condensed interim financial statements that we might have become aware of had it not been for the situation described above, based on our review, 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 13.2 and 20.1.1 to the condensed interim financial statements which provides details regarding receivable and contingency related to Sind Revenue Board amounting to Rs. 2,573 million and Rs. 7,292 million respectively.

Our conclusion is not qualified in respect of this matter.

Other Matters

1) The figures for the quarter ended June 30, 2019 and June 30, 2018 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

2) The condensed interim financial statements for the six months period ended June 30, 2018 and the financial statements of the Company for the year ended December 31, 2018 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated August 30, 2018 and audit report dated April 03, 2019 expresses a modified conclusion and modified opinion on the aforementioned condensed interim financial statements and audited financial statements, respectively.

The engagement partner on the review resulting in this independent auditor's review report is **Mr. Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: August 29, 2019

PAKISTAN REINSURANCE COMPANY LIMITED

Condensed interim financial statements for the six months period ended June 30, 2019

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Financial Position
As at June 30, 2019

	Note	Unaudited June 30, 2019	Audited December 31, 2018
		----------Rupees----------	
ASSETS			
Property and equipment	8	**40,935,321**	42,756,739
Assets relating to Bangladesh	9	**-**	-
Investment property	10	**27,566,795**	28,284,000
Investments			
Equity securities	11	**3,564,163,865**	4,163,297,396
Debt securities	12	**3,974,071,600**	4,470,399,038
		7,538,235,465	8,633,696,434
Loans and other receivables	13	**2,896,804,138**	2,935,562,441
Insurance / Reinsurance receivables	14	**7,302,184,473**	5,435,766,163
Reinsurance recoveries against outstanding claims		**5,290,266,418**	1,351,771,237
Deferred commission expense / acquisition cost		**654,952,935**	565,597,976
Taxation - payments less provision		**492,427,848**	707,762,550
Prepayments		**4,106,433,413**	2,476,126,074
Stock of stationery		**424,089**	517,642
Cash and bank balances	15	**3,432,666,211**	2,602,483,789
		31,782,897,107	24,780,325,045
Total assets from Window Retakaful Operations - Operator's Fund		**54,718,245**	50,545,771
TOTAL ASSETS		**31,837,615,352**	24,830,870,816
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		**3,000,000,000**	3,000,000,000
Reserves	16	**3,425,157,818**	3,763,561,715
Unappropriated profit		**3,196,539,996**	3,107,927,660
Total shareholders' equity		**9,621,697,814**	9,871,489,375
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		**8,696,244,010**	4,170,758,556
Unearned premium reserves		**6,593,121,572**	4,990,287,942
Unearned Reisurance Commission		**258,578,617**	74,957,159
Retirement benefit obligations		**2,701,545,164**	2,583,248,954
Deferred taxation	17	**180,925,182**	368,990,104
Insurance / reinsurance payables	18	**3,542,674,590**	2,538,418,948
Unclaimed dividend		**172,681,374**	151,373,107
Other creditors and accruals	19	**68,792,452**	80,879,371
Total Liabilities		**22,214,562,961**	14,958,914,141
		31,836,260,775	24,830,403,516
Total liabilities from Window Retakaful Operations - Operator's Fund		**1,354,577**	467,300
Total Equity and Liabilities		**31,837,615,352**	24,830,870,816
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 33 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Pakistan Reinsurance Company Limited
Profit And Loss Account (Un-audited)
For the six months period ended June 30, 2019

	Note	Six months period ended		Three months period ended	
		June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
		-----Rupees-----			
Net insurance premium	21	**3,673,468,721**	2,644,833,785	**1,998,763,754**	1,114,378,417
Net Insurance claims	22	**2,209,411,439**	1,455,435,454	**998,252,195**	447,242,437
Net Commission and other acquistion costs	23	**704,545,020**	485,904,537	**405,923,163**	216,721,215
Insurance claims and acquisition expenses		**2,913,956,459**	1,941,339,991	**1,404,175,358**	663,963,652
Management expenses		**585,918,563**	409,595,164	**378,109,967**	265,521,503
Underwriting results		**173,593,699**	293,898,630	**216,478,429**	184,893,262
Investment income	24	**264,502,116**	382,412,930	**102,531,288**	144,873,392
Rental income	25	**33,406,902**	29,808,583	**16,145,434**	15,475,464
Other income		**532,231,458**	155,632,086	**396,105,867**	146,112,675
Other expenses		**(5,491,974)**	(4,503,426)	**(19,475,116)**	(19,204,668)
Results of operating activities		**998,242,201**	857,248,803	**711,785,902**	472,150,125
Profit from Window Retakaful Operations		**4,562,774**	-	**246,286**	-
Profit before tax		**1,002,804,975**	857,248,803	**712,032,188**	472,150,125
Income tax expense	26	**(314,192,640)**	(255,125,858)	**(221,451,701)**	(143,715,885)
Profit after tax		**688,612,335**	602,122,945	**490,580,486**	328,434,240
Earnings per share - Rupees	30	**2.30**	2.01	**1.64**	1.09

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. S.M.

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Pakistan Reinsurance Company Limited
Condensed Interim Statement Of Total Comprehensive Income (Un-audited)
For the six months period ended June 30, 2019

	Six months period ended		Three months period ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	----------Rupees----------			
Profit for the Period	**688,612,335**	602,122,945	**490,580,486**	328,434,240
Other comprehensive (loss) / income				
Items that may not be reclassified to profit and loss account subsequently				
- unrealized gain/(loss) on available for sale of investment - Net of deferred tax	**(338,403,897)**	560,937,180	**(212,648,617)**	63,414,261
Transfer to profit and loss account on disposal of available for sale investments	-	(105,704,365)	-	-
Other comprehensive (loss)/ income for the period	**(338,403,897)**	455,232,815	**(212,648,617)**	63,414,261
Total comprehensive income for the period	**350,208,438**	1,057,355,760	**277,931,869**	391,848,501

The annexed notes 1 to 33 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the six months period ended June 30, 2019

	Issued subscribed and paid-up share capital	Reserves				Total shareholders' equity
		Capital reserve	Revenue reserves			
		Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Retained earnings	
	------------------	------------------	------------------ Rupees	------------------	------------------	------------------
Balance as at January 01, 2018 (Audited)	3,000,000,000	281,000,000	3,099,175,838	1,777,419,085	2,957,871,048	11,115,465,971
Total comprehensive income for the period						
Profit for the period	-	-	-	-	603,610,797	603,610,797
Unrelaised gain on available for sale investment	-	-	455,232,815	-	-	455,232,815
	-	-	455,232,815	-	603,610,797	1,058,843,612
Transactions with owners						
Final cash dividend 2017: Rs.3.50 @ 35% (2016 : Rs.3.00 @30%) per share		-		-	(1,050,000,000)	(1,050,000,000)
Balance as at June 30, 2018 (Un-audited)	**3,000,000,000**	**281,000,000**	**3,554,408,653**	**1,777,419,085**	**2,511,481,845**	**11,124,309,583**
Balance as at January 01, 2019 (Audited)	**3,000,000,000**	**281,000,000**	**1,705,142,630**	**1,777,419,085**	**3,107,927,661**	**9,871,489,376**
Total Comprehensive income for the period ended June 30, 2019	-	-		-	**688,612,335**	**688,612,335**
Remeasurement loss on Available For Sales securities	-	-	**(338,403,897)**	-	-	**(338,403,897)**
Remeasurement of defined benefit obligations - net	-	-	-		-	-
	-	-	**(338,403,897)**	-	**688,612,335**	**350,208,438**
Transactions with owners						
Final cash dividend 2018: Rs.2.00 @ 20% (2017 : Rs.3.50 @35%) per share	-	-		-	**(600,000,000)**	**(600,000,000)**
Balance as at June 30, 2019 (Un-audited)	**3,000,000,000**	**281,000,000**	**1,366,738,733**	**1,777,419,085**	**3,196,539,996**	**9,621,697,814**

The annexed notes 1 to 33 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Pakistan Reinsurance Company Limited
Condensed Interim Cash Flows Statement
For the six months period ended June 30, 2019

	Six months period ended	
	June 30, 2019	June 30, 2018
	--------------Rupees----------------	
Operating Cash Flows:		
Underwriting activities		
Premium received	**5,927,754,125**	4,529,766,891
Reinsurance premium paid	**(2,614,196,134)**	(2,814,673,712)
Claims paid	**(2,078,562,763)**	(1,239,246,273)
Reinsurance and other recoveries received	**456,141,596**	222,213,940
Commission paid	**(904,173,568)**	(623,549,983)
Commission received	**293,895,048**	200,987,985
Management expenses paid	**(599,594,323)**	(291,944,725)
Net cash flows generated from underwriting activities	**481,263,981**	(16,445,877)
Other Operating Activities		
Income tax paid	**(155,321,345)**	(509,844,747)
Repayment of advances to employees	**10,579,231**	5,440,820
Other operating receipts	**130,649,335**	114,819,019
Net cash used in other operating activities	**(14,092,779)**	(389,584,908)
Total cash flow generated from / (used in) all operating activities	**467,171,202**	(406,030,785)
Investment activities		
Fixed Capital expenditure	**(1,692,393)**	(12,825,540)
Sale proceeds of Fixed Assets	**327,883**	419,596
Acquisition of investments	**(4,568,645,935)**	(3,287,072,050)
Rental income received - net of expenses	**46,852,147**	64,449,582
Dividend income received	**108,798,807**	58,058,993
Interest income on bank deposits	**53,962,947**	36,750,331
Investment income received - net of expenses	**226,281,863**	112,761,082
Proceeds from investment	**5,075,817,634**	3,767,909,588
Total cash generated from investing activities	**941,702,953**	740,451,582
Financing activities		
Dividend paid	**(578,691,733)**	(940,969,563)
Total cash generated used in financing activities	**(578,691,733)**	(940,969,563)
Net cash generated from all activities	**830,182,422**	(606,548,767)
Cash at beginning of the period	**2,602,483,789**	2,517,093,774
Cash at end of the period	**3,432,666,211**	1,910,545,007

The annexed notes 1 to 33 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Pakistan Reinsurance Company Limited
Condensed Interim Cash Flows Statement
For the six months period ended June 30, 2019

	Six months period ended	
	June 30, 2019	June 30, 2018
	---------------Rupees---------------	
Reconciliation to profit and loss account		
Operating cash flows	**467,171,202**	(406,030,785)
Depreciation expense	**(3,903,133)**	(3,463,365)
Exchange gain	**531,644,356**	151,119,167
Rental income	**33,406,902**	29,808,583
Reinsurance recoveries against outstanding claims	**3,938,495,181**	978,842,285
Provision for outstanding claims	**(4,525,485,453)**	(1,417,245,407)
Provision for unearned premium	**(1,602,833,634)**	(405,325,363)
Prepaid reinsurance	**1,632,226,052**	334,924,123
Provision for employee benefits	**(118,296,210)**	(15,840,983)
Dividend income	**108,798,807**	54,591,605
Investment income	**(123,883,888)**	184,954,322
Interest income	**278,699,216**	36,784,809
Amortization of (premium)/discount on investment	**(3,241,484)**	4,912,399
Gain on sale of investment	**4,129,465**	102,657,647
Increase in operating assets other than cash	**1,827,660,007**	208,616,381
Decrease/(Increase) in operating liabilities	**(1,596,386,551)**	509,586,492
	847,483,630	348,891,910
Other adjustments:		
Income tax expense		
	155,321,345	509,844,747
	155,321,345	509,844,747
Profit before taxation	**1,002,804,975**	858,736,657
Provision for taxation	**(314,192,640)**	(255,125,858)
Profit after taxation	**688,612,335**	603,610,799

The annexed notes 1 to 33 form an integral part of this condensed interim financial information. S,M

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Company is located at 1st Floor, 15- A, Davis Road, State Life Building, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Basis of measurement

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

This condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.2 Functional and presentation currency

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

3.3 Statement of compliance

This condensed interim financial statements are unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial statement of the Company for the quarter ended June 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34) Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the insurance Accounting Regulation, 2017 . In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have been followed.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the quarter ended June 30, 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2018 .

Amendments to certain existing standards and new standards and interpretations on approved accounting standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

There are certain adoptions, amendments and interpretations with respect to the approved accouting standards that are not yet effevtive and are not expected to have any material impact on the Company's condensed interim financial statements in the period of initial application.

5.1 IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

These amendments do not have any material impact on the Company's financial statements.

6 USE OF ESTIMATES AND JUDGMENTS

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

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

In preparing this condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2018.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2018.

7 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTION

Following are the summary of significant events and transactions that have affected the financial position and performance of the Company:

a. During the period, total addition to investment amounted to Rs. 4,568 million and total disposal from investments amounted to Rs. 5,076 million.

b. During the period, the Company recorded exchange gain amounted to Rs. 531 million.

c. During the period, the Company recorded impairment loss amounted to Rs. 110 million in equity securities.

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the six months period ended June 30, 2019

8 PROPERTY AND EQUIPMENT

	Note	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
		------------Rupees------------	
Opening balance	8.1	42,756,739	36,570,719
Additions:			
-Furniture, fixtures and office equipments		1,692,393	12,986,969
Less:			
Disposal of vehicle		(327,883)	(419,594)
Depreciation charge for the period		(3,185,928)	(6,381,355)
		(1,821,418)	6,186,020
Closing balance		40,935,321	42,756,739

8.1 This includes fully amortized software.

9 ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN) - NET

Fixed assets		
Land and building	8,608,000	8,608,000
Furniture and fixture	4,000	4,000
	8,612,000	8,612,000
Investments		
Stock and shares	7,112,000	7,112,000
Debenture	250,000	250,000
	7,362,000	7,362,000
	15,974,000	15,974,000
Liabilities		
Outstanding claims	(4,952,000)	(4,952,000)
Other liabilities	(809,000)	(809,000)
	(5,761,000)	(5,761,000)
	10,213,000	10,213,000
Provision for loss on assets in Bangladesh	(10,213,000)	(10,213,000)
	-	-

10 INVESTMENT PROPERTIES

Opening balance	158,716,140	158,716,140
Less: Accumulated depreciation		
Balance at beginning of year	130,432,140	128,909,387
Depreciation for the period/year	717,205	1,522,753
	(131,149,345)	(130,432,140)
Closing balance	27,566,795	28,284,000

The market value of investment properties is Rs.1,144 million, as per valuation carried out by an independent valuer as at December 31, 2018.

11 INVESTMENT IN EQUITY SECURITIES

	June 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
	Cost	Accumulated impairment losses (11.1.1)	Unrealised gain /(loss)	Carrying value	Cost	Accumulated impairment losses (11.1.1)	Unrealised gain /(loss)	Carrying value
	Rupees							
11.1 Available for sale								
Listed share	400,626,708	-	1,572,797,973	1,973,424,681	414,287,094	-	1,992,759,611	2,407,046,705
Unlisted share	2,608,104	(1,990,491)	-	617,613	2,608,105	(1,990,491)	-	617,614
Mutual funds	1,701,038,079	(516,319,181)	324,865,824	1,509,584,722	1,701,457,734	(405,672,603)	374,909,601	1,670,694,732
Subtotal of Available for sale	2,104,272,891	(518,309,672)	1,897,663,797	3,483,627,016	2,118,352,933	(407,663,094)	2,367,669,212	4,078,359,051
11.2 Held for trading								
Listed share	84,938,345	-	(4,401,496)	80,536,849	107,547,122	-	(22,608,777)	84,938,345
Subtotal of held for trading	84,938,345	-	(4,401,496)	80,536,849	107,547,122	-	(22,608,777)	84,938,345
	2,189,211,236	(518,309,672)	1,893,262,301	3,564,163,865	2,225,900,055	(407,663,094)	2,345,060,435	4,163,297,396

11.1.1 Movement in accumulated impairment losses on available for sale investments

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
	Rupees	
Opening balance	407,663,094	326,243,562
Charge for the period / year	110,646,578	81,419,532
Closing balance	518,309,672	407,663,094

12 INVESTMENT IN DEBT SECURITIES

Held to maturity

	June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
	Cost	Carrying value	Cost	Carrying value
Pakistan Investment Bonds	2,288,958,471	2,249,595,592	2,227,198,249	2,163,261,750
Treasury Bills	1,597,570,735	1,624,496,008	2,184,623,575	2,207,137,288
Term Finance Certificate	99,980,000	99,980,000	100,000,000	100,000,000
	3,986,509,206	3,974,071,600	4,511,821,824	4,470,399,038

13 LOANS AND OTHER RECEIVABLES - Considered good

	Note	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
		---Rupees---	
Accrued investment income		**145,924,811**	153,705,215
Loans to employees	13.1	**154,545,940**	165,125,171
Receivable from Sindh Revenue Board	13.2	**2,573,888,727**	2,573,888,727
Sundry receivables		**22,444,660**	42,843,328
		2,896,804,138	2,935,562,441

13.1 Loans to employees represent mark-up free loans are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made. No loan has been advanced to the Directors of the Company.

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

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

The Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal. On May 31, 2016, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sales Tax Act, 2011. On June 03, 2016, the Honorable High Court of Sindh granted stay to the Company in respect of this matter which restrained SRB from proceeding against the Company. The case is still pending before the Honorable High Court of Sindh.

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

During the prior year, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013. The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company must keep contesting the case in High Court vigorously. After obtaining legal opinion, approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2016, to the Commission (SRB) that the Company would agree to make payment of the principal amount of the demand under protest subject to condition that SRB would withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011, to the clients and debtors of the Company for the attachment of payables to Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Superior courts and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the final appellate forum which is the Honorable Supreme Court of Pakistan.

SRB vide letter dated May 17, 2017, assured that SRB would abide by all conditions as stated in the Company letter dated May 17, 2017.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as "receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015. However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 3,299.130 million pertaining to the years 2011, 2012 and 2013, excluding any additional penalty or default surcharge. Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015, 2016, 2017 and 2018, the financial impact of which on the financial statements has remained unascertained.

Based on the legal opinion from legal advisor, management is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will come in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2018 has been recorded in these financial statements.

The SECP vide letter No. ID/PRDD/TAXATION/2019/15 dated March 13, 2019 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

Imposition of sales tax on the reinsurance services would increase the cost of doing business for insurance companies, which may reflect as an increase in the rates of insurance premiums, making insurance more costly for the policyholders. As lowering the cost of business is the primary agenda of the Government of Pakistan and as such, the imposition of sales tax on reinsurance services would be working at odds with measures taken by the Government of Pakistan for ease of doing business in Pakistan.

14 INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good

	Note	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
		-----Rupees-----	
Balance at period/year end	14.1	**7,861,665,947**	5,952,343,308
Less: provision for impariment in due from other insurers / reinsurers		**(567,313,108)**	(524,634,292)
		7,294,352,839	5,427,709,016
Premium and claim reserves retained by cedants		**24,831,634**	25,057,147
Less: provision for impariment in premium and claim reserves retained by cedants	14.2	**(17,000,000)**	(17,000,000)
		7,302,184,473	5,435,766,163

14.1 This includes gross amount Rs. 3,335,377,644 (December 31, 2018: Rs.2,277,212,869) due from related party National Insurance Company Limited.

	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
	-----Rupees-----	
Upto 3 months	**3,335,377,644**	2,277,213,869
Over 3 months and above	**-**	-
	3,335,377,644	2,277,213,869

14.2 Provision for impariment

Opening	**524,634,292**	524,634,292
Charge for the period / year	**102,124,329**	-
Reserval	**(59,445,513)**	-
Closing	**567,313,108**	524,634,292

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the six months period ended June 30, 2019

15 CASH AND BANK BALANCES

	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
	-----Rupees-----	
Cash in hand	**49,022**	39,508
Saving account	**34,243,593**	11673944.66
Current account		
Local currency	**465,473,011**	153,171,438
Foreign currency	**2,755,015,189**	2,281,379,566
Dividend account	**177,885,396**	156,219,332
	3,398,373,596	2,590,770,336
	3,432,666,211	2,602,483,789

15.1 The saving accounts carry markup at the rates ranging from 2.75% to 9.75% (2018: 2.75% to 8.75%) per annum.

16 RESERVES

	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
	-----Rupees-----	
Capital Reserve		
-Reserve for exceptional losses	**281,000,000**	281,000,000
Revenue Reserve		
-Available for sale reserve	**1,366,738,733**	1,705,142,630
-General Reserve	**1,777,419,085**	1,777,419,085
	3,425,157,818	3,763,561,715

17 DEFERRED TAX

	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
	----------Rupees----------	
Deferred tax liabilities on taxable temporary differences:		
Property and equipment	1,797,015	1,797,015
Held to maturity investments	1,193,290	1,193,290
Unrealized gain on available for sale investments	531,345,864	662,947,379
	534,336,169	665,937,684
Deferred tax assets on deductible temporary differences:		
Provision for doubtful debts	(22,614,006)	(22,614,006)
Provision for impairment of insurers / reinsurers receivable	(164,997,609)	(146,897,602)
Provision for impairment of receivables from other insurers / reinsurers	(4,760,000)	(4,760,000)
Provision for dividend receivable	(559,310)	(559,310)
Provision for impairment in available for sale investments	(146,874,765)	(115,893,723)
Provision for impairment of other receivables	(6,149,939)	-
Unrealized loss on held for trading investments	(7,455,358)	(6,222,939)
	(353,410,987)	(296,947,580)
	180,925,182	368,990,104

MOVEMENT IN DEFERRED TAX

Balance at the beginning of the year	368,990,104	609,429,942
Deferred tax through:		
Profit and Loss Account	(56,463,407)	(4,626,379)
Other Comprehensive Income	(131,601,515)	(235,813,458)
	180,925,182	368,990,105

18 INSURANCE / REINSURANCE PAYABLES

	Note	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
		----------Rupees----------	
Due to other insurers / reinsurers		3,526,850,234	2,520,075,675
Premium and claim reserves retained from retrocessionaires		15,824,356	18,343,273
		3,542,674,590	2,538,418,948

19 OTHER CREDITORS AND ACCRUALS

	Note	(Un-Audited) June 30, 2019	(Audited) Dececmber 31, 2018
		------Rupees------	
Creditor and other payables		**38,209,370**	33,635,846
Security deposits	19.1	**25,112,664**	26,556,464
Accrued expenses		**4,257,816**	19,474,459
Surplus profit payable	19.2	**1,212,602**	1,212,602
		68,792,452	80,879,371

19.1 This represents deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors, which is in the normal course of business and does not carry any interest or mark-up.

19.2 This represents the amount set aside for the shareholders in accordance with the requirements of Pakistan Insurance Corporation Act,1952 (repealed).

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 In continuation of Note 13.2, in the event of adverse decision, the Company would also have to record sales tax liability amounting to Rs. 7,292 million on re-insurance services with a corresponding charge to profit and loss account. This amount pertains to the years 2014, 2015, 2016, 2017, 2018 and half year 2019.

20.1.2 The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard however the Company has recorded provision in this regard as at June 30, 2019 amounting to Rs. 29.112 million (December 31, 2018: Rs. 29.112 million).

Currently, a stay is operating in favour of the Company and the matter is pending before the Honorable Court of Senior Judge - Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the court. Most likely outcome of the case may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and there have been no further proceedings in this case since last year.

20.1.3 The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution vide letter dated October 31, 2009 that Pakistan Reinsurance Company Limited is required to be registered with EOBI. The Company is of the view that since PRCL is a statutory body corporate under the management and control of Ministry of Commerce, Government of Pakistan and have its own pensioner rules and limitation and therefore provisions of EOBI Act, 1976 is not applicable. Suit was filed with the Honorable Civil Court Judge Karachi East in 2011 where the judgment has came against the Company.

Further, the Company has filed an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding and the management expects a favorable outcome. The financial impact to the financial statements is currently not quantifiable. Therefore, no

20.1.4 Federal Board of Revenue (FBR) has issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show cause notices in the Honorable High Court of Sindh and the Honorable High Court of Sindh vide order dated January 29, 2018 has suspended the proceedings initiated through the above show-cause notice. This case is pending for finalization before the Honorable High Court of Sindh. The Company is confident that outcome of the case will be in the favor of Company in light of 18th amendment in the Constitution of Pakistan.

20.1.5 Contingencies related to income tax are presented in note 26 to these interim condensed financial statements.

20.2 Commitments

20.2.1 There are no commitments as on the reporting date (December 31, 2018: Nil).

21 NET PREMIUM REVENUE

	(Un-Audited)		(Un-Audited)	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees			
Written gross premium	7,794,172,435	4,811,390,475	4,500,626,881	2,166,890,193
Add: Unearned premium reserve opening	4,990,287,938	3,856,658,993	5,412,349,353	4,354,971,403
Less: Unearned premium reserve closing	6,593,121,572	4,261,984,357	6,593,121,572	4,261,984,357
Premium earned	6,191,338,801	4,406,065,111	3,319,854,662	2,259,877,239
Less: Reinsurance premium ceeded	4,150,096,132	2,096,155,450	2,869,927,136	1,158,466,082
Add: Prepaid reinusurance premium opening	2,472,406,314	1,870,094,821	2,555,796,138	2,192,051,685
Less: Prepaid reinusurance premium closing	4,104,632,366	2,205,018,945	4,104,632,366	2,205,018,945
Reinsurance expense	2,517,870,080	1,761,231,326	1,321,090,908	1,145,498,822
	3,673,468,721	2,644,833,785	1,998,763,754	1,114,378,417

22 NET INSURANCE CLAIMS

Claims paid	2,078,562,763	1,239,246,273	933,925,728	653,673,777
Add: Outstanding claims including IBNR closing	8,701,196,009	6,135,847,606	8,469,721,307	6,135,847,606
Less: Outstanding claims including IBNR opening	4,175,710,556	4,718,602,200	4,158,802,014	6,111,887,884
Claims expense	6,604,048,216	2,656,491,679	5,244,845,021	677,633,499
Less: Reinsurance and other recoveries received	456,141,596	222,213,940	149,887,873	218,688,036
Add: Reinsurance andother recoveries in respect of outstanding claims closing	5,290,266,418	3,138,536,322	5,083,816,008	3,138,536,322
Less: Reinsurance andother recoveries in respect of outstanding claims opening	1,351,771,237	2,159,694,037	987,111,055	3,126,833,296
	4,394,636,777	1,201,056,225	4,246,592,826	230,391,062
Reinsurance and other recoveries revenue	2,209,411,439	1,455,435,454	998,252,195	447,242,437

23 NET COMMISSION AND OTHER ACQUISTION COSTS

Commission paid or payable	904,173,568	623,549,983	456,595,279	276,286,507
Add: Deferred commission expense opening	565,597,977	696,641,094	657,659,818	693,525,455
Less: Deferred commission expense closing	654,952,935	607,869,696	654,952,935	607,869,696
Net commission	814,818,610	712,321,381	459,302,162	361,942,266
Less: Commission received or recoverable	293,895,048	200,987,985	235,334,047	90,958,072
Add: Unearned reinsurance commission opening	74,957,159	284,665,088	76,623,569	313,499,208
Less: Unearned reinsurance commission closing	258,578,617	259,236,229	258,578,617	259,236,229
Commission from reinsureres	110,273,590	226,416,844	53,378,999	145,221,051
	704,545,020	485,904,537	405,923,163	216,721,215

24 Investment income

	(Un-Audited)		(Un-Audited)	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	------------Rupees------------			
Income from equity securities				
Available for sale				
Dividend income	**106,880,057**	52,549,857	**78,697,470**	33,001,083
Held for trading				
Dividend income	**1,918,750**	2,041,748	**934,750**	1,460,508
	108,798,807	54,591,605	**79,632,220**	34,461,591
Income from debt securities				
Held for maturity				
-Return on Pakistan Investment Bond (PIBs)	**123,280,427**	138,300,475	**69,052,479**	68,237,624
-Return on Treasury Bills	**95,531,295**	47,644,455	**44,492,507**	21,606,393
-Amortization of premium/(discount) on PIBs	**(3,241,484)**	4,912,399	**(2,779,878)**	3,121,234
Income from term finance certificate	**5,924,547**	-	**3,079,068**	-
	221,494,785	190,857,329	**113,844,176**	92,965,251
Profit received from bank	**53,962,947**	36,784,808	**26,978,794**	19,069,611
Net realised gains / (losses) on investments				
Available for sale				
- Gain on sale of Equity securities	**4,129,465**	102,657,647	**1,268,551**	7,026,668
Held for trading				
- Gain on sale of Equity securities	-	1,487,851	-	1,487,851
Net Unrealised gains / (losses) on investments at fair value through profit and loss (Held for trading purposes)	**(4,401,496)**	6,344,339	**(5,788,952)**	(4,171,301)
Total investment income	**383,984,508**	391,235,728	**215,934,790**	149,351,820
Less: Impairment in value of available for sale securities	**(110,646,578)**	-	**(109,485,595)**	-
Less: Investment related expenses	**(8,835,814)**	(8,822,798)	**(3,917,907)**	(4,478,428)
Net investment income	**264,502,116**	382,412,930	**102,531,288**	144,873,392

25 RENTAL INCOME

Rental income	**48,061,924**	43,002,408	**24,607,872**	22,593,430
Less: expenses of investment property	**(14,655,022)**	(13,193,825)	**(8,462,438)**	(7,117,966)
	33,406,902	29,808,583	**16,145,434**	15,475,464

26 TAXATION

For the period				
Current	**340,218,799**	255,125,858	252,400,679	143,706,731
Prior year	**30,437,248**	-	-	-
Deferred	**(56,463,407)**	-	-	-
	314,192,640	255,125,858	**252,400,679**	143,706,731

26.1 The Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notices under section 161/205 of the Income Tax Ordinance, 2001 for the Tax Years 2012, 2014, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies. The tax demand against these show causes notices amounts to Rs.148,318,431, Rs.260,214,169 Rs.55,305,922 and Rs.182,669,756, respectively.

The Company filed appeals against the orders pertaining to Tax Years 2014, 2015 and 2016 which have been decided against the Company by CIRA before Appellate Tribunal Inland Revenue (ATIR) which are still pending in ATIR.

26.2 Further, ATIR has passed the order in favor of the Company through by ATIR for Tax Year 2012 and 2015 under section 161/205 amounting to Rs. 148,318,431 and Rs. 15,764,077 respectively. Pursuant to ATIR order, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to Company for Tax year 2012 the appeal is pending before Additional Commissioner FBR.

The Assistant Commissioner of Inland Revenue (ACIR) has also issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance, and charging Worker Welfare Fund and disallowance of actuarial loss through other comprehensive income) from Tax Year 2016 and onwards.

The tax demand against these show causes notices amounts to Rs. 217,443,078, Rs. 622,813,927 Rs. 159,499,231, Rs.508,263,856, Rs. 320,013,363, Rs. 191,405,099, Rs. 542,653,335, Rs, 515,794,286, Rs. 28,080,000 Rs. 776,220462 and Rs. 655,869,725 respectively. The Company filed appeal before Commissioner Inland Revenue Appeal (CIRA). The Commissioner Inland Revenue Appeal (CIRA) passed order against the Company for tax year 2009, the Company filed an appeal against CIRA order before ATIR, which is pending for final verdict.

26.3 Out of above orders, in tax year 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 certain issues have been decided in favor of the Company by CIRA and deleted tax liability in aggregate amounting to Rs. 3,596,069,873. Pursuant to these orders, the Company filed appeal effect/refund applications to FBR (department), this resulted in reduction in tax liability for Tax Years 2010 and 2016 amounting to Rs. 82,409,843, Rs. 224,242,362 and refund created in favor of Company fort tax Years 2011, 2015 and 2017 amounting to Rs. 220,905,279, Rs. 24,228,768 and Rs.92,401,764 respectively. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss through other comprehensive income).

Further, the Commissioner Inland Revenue (Appeals-II) passed order dated August 20, 2017 in respect of appeal filed by the Company against re-assessment order for Tax Year 2015 dated April 24, 2017 passed by ACIR under section 122(5A) of the Income Tax Ordinance, 2001 on re-measurement of defined benefit obligation in favor of Company. However, during the year the Company paid an amount of Rs. 100 million under protest.

26.4 Consequent upon filing of returns for the tax year 2018, FBR has issued order dated 31/01/2019 under section 122(5A) alongwith notice of demand under section 137(2) of the Income Tax Ordinance, 2001 to amend original assessment creating tax liability amounting to Rs.799,153,338 against re-measurement of defined benefits obligations, dividend income at corporate rate, commission expenses, investment property related expenses, provision for compensated absences, provision for ECGS and ECO Ins Pool, provision for KPT rate and taxes, loans to employees, depreciation on investment properties and disposal of motor vehicles.

In the light of the above demand of FBR, the Company filed appeal before the Commissioner Inland Revenue (Appeals-II), Karachi against the order passed under section 122(5A) of the ITO, 2001 and paid Rs.79,915,334 being 10% of the total tax liability under protest and intimated FBR for automatic stay against recovery of tax demand pursuant to section 140(1) of the Ordinance.

Hearing was fixed on 27.6.2019 and refixed on 2.7.2019 heared by Commissioner Inland Revenue (Appeal-II). Decision of CIRA -II is awaited.

27 FAIR VALUE MEASUREMENT

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at June 30, 2019 and December 31, 2018:

	Level 1	Level 2	Level 3	Total
	---Rupees---			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	**80,536,849**	**-**	**-**	**80,536,849**
Investments at fair value- available for sale				
Ordinary shares - listed	**1,973,424,681**	**-**	**-**	**1,973,424,681**
Mutual fund units	**1,509,584,722**	**-**	**-**	**1,509,584,722**
Ordinary shares - unlisted	**-**	**-**	**617,613**	**617,613**
June 30, 2019 (Un-audited)	**3,563,546,252**	**-**	**617,613**	**3,564,163,865**
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	84,938,345	-	-	84,938,345
Investments at fair value - available for sale				
Ordinary shares - listed	2,407,046,705	-	-	2,407,046,705
Mutual fund units	1,670,694,732	-	-	1,670,694,732
Ordinary shares - unlisted	-	-	617,613	617,613
December 31, 2018 (Audited)	4,162,679,782	-	617,613	4,163,297,395

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

- Level 1 - Fair value measurement using quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - Fair value measurement using inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

- Level 3 - Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e unobservable inputs).

The fair value of all other assets and liabilities is estimated to approximate their carrying value.

28 SEGMENT INFORMATION

Six month period ended June 30, 2019 (Un-Audited)

	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	931,408,710	30,337,589	70,009,473	142,153,009	378,721,780	3,737,319,326	2,504,222,548	7,794,172,435
Add: Unearned-opening	515,086,813	10,212,944	19,682,975	63,414,119	1,561,443,913	910,670,399	1,909,776,775	4,990,287,938
Less: Unearned-closing	547,231,958	14,308,189	36,357,586	95,549,454	1,036,218,753	2,731,810,571	2,131,645,061	6,593,121,572
Premium earned	899,263,565	26,242,344	53,334,862	110,017,674	903,946,940	1,916,179,154	2,282,354,262	6,191,338,801
Reinsurance-ceded	452,365,036	-	38,140,310	-	275,584,886	3,143,176,008	240,829,892	4,150,096,132
Add: Prepaid reinsurance-opening	20,689,140	-	8,245,057	2,834,005	1,363,388,470	736,785,938	340,463,704	2,472,406,314
Less: Prepaid reinsurance-closing	232,463,517	-	18,536,961	-	806,511,387	2,812,764,039	234,356,462	4,104,632,366
Reinsurance expenses	240,590,659	-	27,848,406	2,834,005	832,461,969	1,067,197,907	346,937,134	2,517,870,080
Net insurance premium	658,672,906	26,242,344	25,486,456	107,183,669	71,484,971	848,981,247	1,935,417,128	3,673,468,721
Commission income	12,835,736	-	3,957,972	283,401	6,909,846	83,238,054	3,048,581	110,273,590
Net underwriting income	671,508,642	26,242,344	29,444,428	107,467,070	78,394,817	932,219,301	1,938,465,709	3,783,742,311
Insurance claims paid	265,475,462	2,480,938	16,317,898	28,026,303	548,714,503	93,118,172	1,124,429,487	2,078,562,763
Less: Outstaning-opening	1,239,691,600	71,695,793	122,226,552	207,521,776	179,605,059	330,843,457	2,024,126,319	4,175,710,556
Add: Outstaning-closing	1,120,090,186	102,207,299	99,159,008	176,173,792	2,473,078,610	2,598,199,080	2,132,288,034	8,701,196,009
Insurance claims expenses	145,874,048	32,992,444	(6,749,646)	(3,321,681)	2,842,188,054	2,360,473,795	1,232,591,202	6,604,048,216
Reinsurance recoveries received	46,707,226	-	5,477,346	-	376,918,579	-	27,038,445	456,141,596
Less: Recovery-opening	388,223,063	18,693,025	43,266,176	-	96,177,837	133,235,349	672,175,787	1,351,771,237
Add: Recovery-closing	205,047,738	39,375,499	21,650,734	-	2,195,689,511	2,313,743,773	514,759,163	5,290,266,418
Insurance claims recovered from reinsuers	(136,468,099)	20,682,474	(16,138,096)	-	2,476,430,253	2,180,508,424	(130,378,179)	4,394,636,777
Net claims	282,342,147	12,309,970	9,388,450	(3,321,681)	365,757,801	179,965,371	1,362,969,381	2,209,411,439
Commission expense	110,335,855	2,979,770	3,195,061	8,177,331	3,118,055	118,816,319	568,196,219	814,818,610
Mangement expense	70,017,652	2,280,596	5,262,887	10,686,200	28,470,004	280,948,976	188,252,247	585,918,562
Net insurance claims and expenses	462,695,654	17,570,336	17,846,398	15,541,850	397,345,860	579,730,666	2,119,417,847	3,610,148,611
Underwriting results	208,812,988	8,672,008	11,598,030	91,925,220	(318,951,043)	352,488,635	(180,952,138)	173,593,700
Net investment income								264,502,116
rental income								33,406,902
General and Admin expenses								(5,491,974)
Other income								532,231,458
Profit before tax								998,242,202
Segment assets	491,163,671	40,754,643	42,823,046	6,107,996	3,008,044,684	5,280,995,683	1,179,961,996	10,049,851,719
Unallocated assets								21,733,045,388
								31,782,897,107
Segment Liabilites	1,680,504,650	116,515,488	137,370,290	271,723,246	3,515,148,682	5,566,408,742	4,265,225,100	15,552,896,198
Unallocated Liabilitied								6,529,276,071
								31,836,260,775

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the six months period ended June 30, 2019

	Six month period ended June 30, 2018 (Un-Audited)							
	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	762,193,425	25,501,815	46,380,006	86,863,516	33,081,063	1,634,501,341	2,222,869,309	4,811,390,475
Add: Unearned-opening	569,580,358	14,456,478	18,199,494	39,481,845	1,197,098,425	580,418,372	1,437,424,021	3,856,658,993
Less: Unearned-closing	462,648,168	12,352,606	16,225,945	51,634,724	595,373,564	1,329,355,234	1,794,394,116	4,261,984,357
Premium earned	869,125,615	27,605,687	48,353,555	74,710,637	634,805,924	885,564,479	1,865,899,214	4,406,065,111
Reinsurance-ceded	297,301,494	-	23,928,174	-	15,871,130	1,439,105,134	319,949,518	2,096,155,450
Add: Prepaid reinsurance-opening	21,982,924	-	7,395,637	3,752,269	1,069,008,688	449,111,482	318,843,821	1,870,094,821
Less: Prepaid reinsurance-closing	150,284,272	-	8,323,303	-	531,329,581	1,187,205,132	327,876,657	2,205,018,945
Reinsurance expenses	169,000,146	-	23,000,508	3,752,269	553,550,237	701,011,484	310,916,682	1,761,231,326
Net insurance premium	700,125,469	27,605,687	25,353,047	70,958,368	81,255,687	184,552,995	1,554,982,532	2,644,833,785
Commission income	8,584,693	-	1,924,367	-	118,250,957	94,191,297	3,465,530	226,416,844
Net underwriting income	708,710,162	27,605,687	27,277,414	70,958,368	199,506,644	278,744,292	1,558,448,062	2,871,250,629
Insurance claims paid	267,419,810	4,605,512	12,000,830	32,005,234	14,019,471	36,270,067	872,925,349	1,239,246,273
Less: Outstaning-opening	1,250,561,544	45,634,627	98,270,441	172,267,889	116,351,952	921,658,158	2,113,857,589	4,718,602,200
Add: Outstaning-closing	1,338,665,886	54,446,377	91,176,814	168,983,624	127,899,000	2,054,650,831	2,300,025,074	6,135,847,606
Insurance claims expenses	355,524,152	13,417,262	4,907,203	28,720,969	25,566,519	1,169,262,740	1,059,092,834	2,656,491,679
Reinsurance recoveries received	-	-	7,500,519	-	9,181,349	-	205,532,072	222,213,940
Less: Recovery-opening	542,010,270	-	27,864,737	-	46,134,162	706,346,795	837,338,073	2,159,694,037
Add: Recovery-closing	481,757,343	-	21,864,322	-	49,851,940	1,758,954,764	826,107,953	3,138,536,322
Insurance claims recovered from reinsuers	(60,252,927)	-	1,500,104	-	12,899,127	1,052,607,969	194,301,952	1,201,056,225
Net claims	415,777,079	13,417,262	3,407,099	28,720,969	12,667,392	116,654,771	864,790,882	1,455,435,454
Commission expense	124,135,664	4,161,758	4,463,572	5,716,164	88,017,953	47,100,817	438,725,453	712,321,381
Mangement expense	104,107,287	7,170,801	5,572,902	14,085,508	18,002,420	28,821,268	206,146,615	383,906,801
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	644,020,030	24,749,821	13,443,573	48,522,641	118,687,765	192,576,856	1,509,662,950	2,551,663,636
Underwriting results	64,690,132	2,855,866	13,833,841	22,435,727	80,818,879	86,167,436	48,785,112	319,586,993
Net investment income								383,900,782
Rental income								29,808,583
General and Admin expenses								(30,191,789)
Other income								155,632,087
Profit before tax								858,736,656
Segment assets	1,540,107,629	55,801,453	100,438,051	172,473,894	745,978,114	3,316,908,346	3,017,028,760	8,948,736,247
Unallocated assets								16,599,682,894
								25,548,419,141
Segment Liabilites	1,809,835,327	66,798,983	108,663,239	220,618,348	841,095,178	3,511,615,714	4,098,441,403	10,657,068,192
Unallocated Liabilitied								3,767,041,366
								14,424,109,558

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the six months period ended June 30, 2019

28 SEGMENT REPORTING

Three month quarter ended June 30, 2019 (Un-Audited)

	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	182,900,526	6,826,216	47,527,398	49,985,764	346,113,359	2,864,248,921	1,003,024,697	4,500,626,881
Add: Unearned-opening	822,623,684	16,764,968	5,422,982	101,303,944	1,185,431,851	1,096,167,176	2,184,634,748	5,412,349,353
Less: Unearned-closing	547,231,958	14,308,189	36,357,586	95,549,454	1,036,218,753	2,731,810,571	2,131,645,061	6,593,121,572
Premium earned	458,292,252	9,282,995	16,592,794	55,740,254	495,326,457	1,228,605,526	1,056,014,384	3,319,854,662
Reinsurance-ceded	1,351,580	-	25,773,122	-	262,516,263	2,498,565,456	81,720,715	2,869,927,136
Add: Prepaid reinsurance-opening	357,710,368	-	63,541	1,424,831	1,029,860,263	847,444,268	319,292,867	2,555,796,138
Less: Prepaid reinsurance-closing	232,463,517	-	18,536,961	-	806,511,387	2,812,764,039	234,356,462	4,104,632,366
Reinsurance expenses	126,598,431	-	7,299,702	1,424,831	485,865,139	533,245,685	166,657,120	1,321,090,908
Net insurance premium	331,693,821	9,282,995	9,293,092	54,315,423	9,461,318	695,359,841	889,357,264	1,998,763,754
Commission income	7,716,832	-	759,527	142,483	6,247,851	37,096,232	1,416,074	53,378,999
Net underwriting income	339,410,653	9,282,995	10,052,619	54,457,906	15,709,169	732,456,073	890,773,338	2,052,142,753
Insurance claims paid	48,737,981	1,334,997	2,667,645	5,609,365	245,353,570	29,508,808	600,729,597	933,941,963
Less: Outstaning-opening	1,053,627,624	77,792,201	99,159,008	204,010,618	169,976,436	328,795,896	2,225,440,231	4,158,802,014
Add: Outstaning-closing	1,120,090,186	102,207,299	99,159,008	176,173,792	2,241,603,908	2,598,199,080	2,132,288,034	8,469,721,307
Insurance claims expenses	115,200,543	25,750,095	2,667,645	(22,227,461)	2,316,981,042	2,298,911,992	507,577,400	5,244,861,256
Reinsurance recoveries received	-	-	(2,667,645)	-	152,555,518	-	-	149,887,873
Less: Recovery-opening	205,047,738	18,693,025	21,650,734	-	93,725,046	133,235,349	514,759,163	987,111,055
Add: Recovery-closing	205,047,738	39,375,499	21,650,734	-	1,989,239,101	2,313,743,773	514,759,163	5,083,816,008
Insurance claims recovered from reinsuers	-	20,682,474	(2,667,645)	-	2,048,069,573	2,180,508,424	-	4,246,592,826
Net claims	115,200,543	5,067,621	5,335,290	(22,227,461)	268,911,469	118,403,568	507,577,400	998,268,430
Commission expense	56,166,239	1,059,655	1,143,423	3,841,375	2,387,888	70,947,824	323,755,758	459,302,162
Mangement expense	15,365,973	573,489	3,992,907	4,199,441	29,077,929	240,633,381	84,266,847	378,109,967
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	186,732,755	6,700,765	10,471,620	(14,186,645)	300,377,286	429,984,773	915,600,005	1,835,680,559
Underwriting results	152,677,898	2,582,230	(419,001)	68,644,551	(284,668,117)	302,471,300	(24,826,667)	216,462,194
Net investment income								102,531,288
rental income								16,145,434
General and Admin expenses								4,135,549
Other income								373,368,946
Profit before tax								712,643,411
Segment assets	491,163,671	40,754,643	42,823,046	6,107,996	3,008,044,684	5,280,995,683	1,179,961,996	10,049,851,719
Unallocated assets								21,733,045,388
								31,782,897,107
Segment Liabilites	1,680,504,650	116,515,488	137,370,290	271,723,246	3,515,148,682	5,566,408,742	4,265,225,100	15,552,896,198
Unallocated Liabilitied								16,283,364,577
								31,836,260,775

PAKISTAN REINSURANCE COMPANY LIMITED
Notes To The Condensed Interim Financial statement (Un-Audited)
For the six months period ended June 30, 2019

	Three month quarter ended June 30, 2018 (Un-Audited)							
	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	186,906,756	4,739,598	19,621,051	30,870,074	6,483,525	1,121,262,680	797,006,509	2,166,890,193
Add: Unearned-opening	698,309,084	19,152,056	6,118,199	62,010,022	910,397,108	690,384,130	1,968,600,804	4,354,971,403
Less: Unearned-closing	462,648,168	12,352,606	16,225,945	51,634,724	595,373,564	1,329,355,234	1,794,394,116	4,261,984,357
Premium earned	422,567,672	11,539,048	9,513,305	41,245,372	321,507,069	482,291,576	971,213,197	2,259,877,239
Reinsurance-ceded	-	-	11,431,536	-	(718,107)	994,169,240	153,583,413	1,158,466,082
Add: Prepaid reinsurance-opening	271,190,995	-	-	1,886,500	812,072,682	778,547,882	328,353,626	2,192,051,685
Less: Prepaid reinsurance-closing	150,284,272	-	8,323,303	-	531,329,581	1,187,205,132	327,876,657	2,205,018,945
Reinsurance expenses	120,906,723	-	3,108,233	1,886,500	280,024,994	585,511,990	154,060,382	1,145,498,822
Net insurance premium	301,660,949	11,539,048	6,405,072	39,358,872	41,482,075	(103,220,414)	817,152,815	1,114,378,417
Commission income	6,353,885	-	470,171	-	60,218,986	76,184,672	1,993,337	145,221,051
Net underwriting income	308,014,834	11,539,048	6,875,243	39,358,872	101,701,061	(27,035,742)	819,146,152	1,259,599,468
Insurance claims paid	229,322,698	3,843,619	12,000,830	9,170,210	7,553,752	23,487,662	368,295,006	653,673,777
Less: Outstaning-opening	1,395,306,998	47,915,577	98,270,441	175,483,524	125,308,053	1,955,421,608	2,314,181,683	6,111,887,884
Add: Outstaning-closing	1,338,665,886	54,446,377	91,176,814	168,983,624	127,899,000	2,054,650,831	2,300,025,074	6,135,847,606
Insurance claims expenses	172,681,586	10,374,419	4,907,203	2,670,310	10,144,699	122,716,885	354,138,397	677,633,499
Reinsurance recoveries received	-	-	7,500,519	-	5,655,445	-	205,532,072	218,688,036
Less: Recovery-opening	542,010,270	-	27,864,737	-	47,811,503	1,672,229,887	836,916,899	3,126,833,296
Add: Recovery-closing	481,757,343	-	21,864,322	-	49,851,940	1,758,954,764	826,107,953	3,138,536,322
Insurance claims recovered from reinsuers	(60,252,927)	-	1,500,104	-	7,695,882	86,724,877	194,723,126	230,391,062
Net claims	232,934,513	10,374,419	3,407,099	2,670,310	2,448,817	35,992,008	159,415,271	447,242,437
Commission expense	59,456,837	1,664,209	770,937	3,314,984	41,637,691	30,468,661	224,628,947	361,942,266
Mangement expense	72,115,564	4,288,850	3,311,547	9,380,075	12,267,152	7,307,164	156,851,151	265,521,503
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	364,506,914	16,327,478	7,489,583	15,365,369	56,353,660	73,767,833	540,895,369	1,074,706,206
Underwriting results	(56,492,080)	(4,788,430)	(614,340)	23,993,503	45,347,401	(100,803,575)	278,250,783	184,893,262
Net investment income								146,361,243
rental income								15,475,464
General and Admin expenses								(19,235,183)
Other income								146,112,675
Profit before tax								473,607,461
Segment assets	1,540,107,629	55,801,453	100,438,051	172,473,894	745,978,114	3,316,908,346	3,017,028,760	8,948,736,247
Unallocated assets								16,599,682,894
								25,548,419,141
Segment Liabilites	1,809,835,327	66,798,983	108,663,239	220,618,348	841,095,178	3,511,615,714	4,098,441,403	10,657,068,192
Unallocated Liabilitied								3,767,041,366
								14,424,109,558

29 TRANSACTIONS WITH RELATED PARTIES

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

	(Un-Audited) Six months period ended		(Un-Audited) Three months period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees			
Related parties by virtue of GoP's holdings				
State Bank of Pakistan				
Purchase of investment (Treasury Bills)	1,740,000,000	1,220,000,000	4,245,000,000	2,534,110,000
Dividend received during the year	-	49,000	-	49,000
Pakistan State Oil Company Limited				
Dividend received during the year	58,510	146,280	58,510	146,280
National Investment Trust Limited				
Dividend received during the year	-	21,780,000	23,760,000	21,780,000
National Insurance Company Limited				
Premium due but unpaid	2,506,257,714	1,618,741,243	2,277,212,869	1,544,908,122
Insurance premium written during the year	3,235,234,996	1,055,768,832	4,013,674,547	1,666,492,512
Premium received	(2,406,115,066)	(1,378,151,153)	(2,955,509,772)	(1,915,041,712)
Insurance commission paid	177,049,622	48,447,019	195,963,926	60,558,665
Insurance claims paid	186,791,699	19,554,582	502,564,938	26,020,301
Other related parties				
Remuneration including benefits and perquisites of key management personnel	268,238,265	212,560,776	92,216,237	9,490,240

30 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding as at

	(Un-Audited)		(Un-Audited)	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees			
Profit after tax for the period	688,612,335	602,122,945	490,580,486	328,434,240
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	2.30	2.01	1.64	1.09

No diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

31 CORRESPONDING FIGURES

Corresponding figure has been rearranged and reclassifed, for the purpose of correct presentation.

Reclassified from	Reclassified to	Rupees
Other creditors and accruals	Unclaimed dividend	172,681,374

32 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements have been authorized for issue on ____________August, 2019 by the Board of Directors of the Company.

33 GENERAL

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

Chief Financial Officer **Chief Executive Officer** **Director** **Director** **Chairman**

Commitment To Excellence

PakRe

Pakistan Reinsurance Company Limited

PRC Towers, 32 - A, Lalazar Drive, M.T. Khan Road, Karachi
PO.Box 4777, Sindh
Pakistan

Phone : (+92-21) 99202908-14
Fax : (+92-21) 99202921-22
Email : prcl@pakre.org.pk
Website : www.pakre.org.pk