

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

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Reinsurance Company Limited as at June 30, 2020 and the related condensed interim statement of profit or loss, 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 interim financial statements for the six months period then ended (herein-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.

**Conclusion**

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 Matters**

We draw attention to;

- 1) Note 12 and 23.1.1 to the condensed interim financial statements relating to 'Receivable from Sindh Revenue Board' amounting to Rs. 2,573,888,727 and the related contingency thereon respectively. The ultimate outcome of the matter stated cannot presently be determined for the reasons as mentioned in the aforementioned note.
- 2) Note 23.1.2 to the condensed interim financial statements stating contingency related to registration of the Company with Employees Old Age Benefit Institution.

Our conclusion is not modified in respect of the above matters.

### **Other Matter**

The figures for the quarter ended June 30, 2020 and June 30, 2019 in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Grant Thornton Anjum Rahman  
Chartered Accountants  
Karachi  
Date:

**PAKISTAN REINSURANCE COMPANY LIMITED**  
Condensed interim financial statements for the six months period ended June 30, 2020

PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
 AS AT JUNE 30, 2020

		(Unaudited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees -----	
<b>ASSETS</b>			
Property and equipment	7	60,266,422	63,881,050
Intangible assets		8,474,168	3,389,667
Assets relating to Bangladesh	8	-	-
Investment properties	9	26,173,132	26,849,593
Investments			
- Equity securities	10	3,085,084,859	3,865,745,207
- Debt securities	11	6,929,483,723	7,076,694,763
		10,014,568,582	10,942,439,970
Loans and other receivables	12	2,831,004,659	2,865,239,725
Insurance / reinsurance receivables	13	9,001,290,739	9,775,513,552
Reinsurance recoveries against outstanding claims	14	7,968,585,396	3,934,364,721
Deferred commission and other acquisition costs	15	704,006,373	918,544,431
Taxation - payments less provision		626,174,342	646,673,594
Prepayments	16	5,185,362,987	5,454,167,080
Stock of stationery		418,109	499,806
Cash and bank	17	1,094,935,216	815,678,747
		37,521,260,125	35,447,241,936
Total assets from Window Retakaful Operations - Operator's Fund		374,621,300	359,369,153
<b>Total Assets</b>		<b>37,895,881,425</b>	<b>35,806,611,089</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to</b>			
<b>Company's equity holders</b>			
Ordinary share capital		3,000,000,000	3,000,000,000
Reserves	18	6,427,552,305	6,828,718,982
<b>Total Equity</b>		<b>9,427,552,305</b>	<b>9,828,718,982</b>
<b>Liabilities</b>			
Underwriting provisions			
- Outstanding claims including IBNR	19	12,969,522,774	8,011,646,909
- Unearned premium reserves		7,497,158,210	8,451,658,849
- Unearned reinsurance commission		453,506,072	452,020,316
		20,920,187,056	16,915,326,074
Retirement benefit obligations		3,031,846,461	2,998,194,096
Insurance / reinsurance payables	20	4,155,489,273	5,511,514,237
Deferred taxation	21	20,165,487	293,019,659
Lease liabilities		25,536,571	24,287,522
Unclaimed dividends		190,256,311	107,273,466
Other creditors and accruals	22	75,005,910	78,419,901
		28,418,487,069	25,928,034,955
Total liabilities from Window Retakaful Operations - Operator's Fund		49,842,051	49,857,152
<b>Total Liabilities</b>		<b>28,468,329,120</b>	<b>25,977,892,107</b>
<b>Total Equity and Liabilities</b>		<b>37,895,881,425</b>	<b>35,806,611,089</b>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements. SIM

CHAIRMAN

CHIEF EXECUTIVE  
OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL  
OFFICER

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	Note	Six months period ended		Three months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rupees					
Net insurance premium	24	3,177,829,226	3,673,468,721	1,413,755,703	1,998,763,754
Net insurance claims	25	(1,930,628,467)	(2,209,411,439)	(1,278,779,716)	(998,252,195)
Net commission and other acquisition costs	26	(501,588,199)	(704,545,020)	(227,492,415)	(405,923,163)
		(2,432,216,666)	(2,913,956,459)	(1,506,272,131)	(1,404,175,358)
Management expenses		(399,621,842)	(585,918,563)	(244,942,166)	(378,109,967)
<b>Underwriting results</b>		<b>345,990,718</b>	<b>173,593,699</b>	<b>(337,458,594)</b>	<b>216,478,429</b>
Investment income	27	409,037,032	264,502,116	281,337,957	102,531,287
Rental income	28	40,538,290	33,406,902	20,153,294	16,145,434
Other income		5,105,694	532,231,458	11,876,916	396,105,867
Other expenses		(1,879,225)	(5,491,974)	238,911	(19,475,116)
<b>Results of operating activities</b>		<b>798,792,509</b>	<b>998,242,201</b>	<b>(23,851,516)</b>	<b>711,785,901</b>
Profit from Window Retakaful Operations - Operator's fund - after tax		15,919,088	3,285,197	8,208,924	1,530,887
<b>Profit/(loss) before tax</b>		<b>814,711,597</b>	<b>1,001,527,398</b>	<b>(15,642,592)</b>	<b>713,316,788</b>
Taxation	29	(98,601,696)	(312,915,063)	106,884,095	(221,451,701)
<b>Profit for the period</b>		<b>716,109,901</b>	<b>688,612,335</b>	<b>91,241,503</b>	<b>491,865,087</b>
Earnings per share - basic and diluted		<b>2.39</b>	<b>2.30</b>	<b>0.30</b>	<b>1.64</b>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements. 

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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Profit for the period</b>	<b>716,109,901</b>	<b>688,612,335</b>	<b>91,241,503</b>	<b>491,865,087</b>
<b>Other comprehensive (loss)/income</b>				
<b>Items that may be subsequently reclassified to profit or loss account</b>				
Unrealized (loss) / gain on available for sale investments - net	(648,084,120)	(470,005,412)	576,122,971	(212,648,617)
Unrealized loss on available for sale investments - Window Retakaful Operations - Operator's fund	(651,840)	-	(940,561)	-
Transfer to profit or loss account on disposal of available for sale investments	(7,574,958)	-	(16,096,570)	-
Impact of deferred tax	139,034,341	131,601,515	-	-
	(517,276,577)	(338,403,897)	559,085,840	(212,648,617)
<b>Items that will not be subsequently reclassified to profit or loss account</b>	-	-	-	-
<b>Other comprehensive (loss)/income for the period</b>	<b>(517,276,577)</b>	<b>(338,403,897)</b>	<b>559,085,840</b>	<b>(212,648,617)</b>
<b>Total comprehensive income for the period</b>	<b>198,833,324</b>	<b>350,208,438</b>	<b>650,327,343</b>	<b>279,216,470</b>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements. *sim*

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PAKISTAN REINSURANCE COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

Share capital	Reserves				Total reserves	Total	
	Capital		Revenue				
	Reserve for exceptional losses	Unrealized gain on available for sale investment	General reserve	Unappropriated profit			
-----Rupees-----							
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	6,871,489,376	9,871,489,376
Total comprehensive income for the period							
Profit for the period	-	-	-	-	688,612,335	688,612,335	688,612,335
Remeasurement loss on available for sale securities	-	-	(338,403,897)	-	-	(338,403,897)	(338,403,897)
	-	-	(338,403,897)	-	688,612,335	350,208,438	350,208,438
Transactions with owners							
Final cash dividend 2018: Rs.2.00 @ 20% (2017 : Rs.3.00 @ 30%) per share	-	-	-	-	(600,000,000)	(600,000,000)	(600,000,000)
Balance as at June 30, 2019 (Un-audited)	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,366,738,733</u>	<u>1,777,419,085</u>	<u>3,196,539,996</u>	<u>6,621,697,814</u>	<u>9,621,697,814</u>
Balance as at January 01, 2020 (Audited)	3,000,000,000	281,000,000	1,652,562,486	1,777,419,085	3,117,737,410	6,828,718,981	9,828,718,982
Profit for the period	-	-	-	-	716,109,901	716,109,901	716,109,901
Remeasurement loss on available for sale securities	-	-	(517,276,577)	-	-	(517,276,577)	(517,276,577)
Remeasurement of defined benefit obligations - net	-	-	-	-	-	-	-
	-	-	(517,276,577)	-	716,109,901	198,833,324	198,833,324
Transactions with owners							
Final cash dividend 2019: Rs.2.00 @ 20% (2018 : Rs.2.00 @ 20% ) per share	-	-	-	-	(600,000,000)	(600,000,000)	(600,000,000)
Balance as at June 30, 2020 (Un-audited)	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,135,285,909</u>	<u>1,777,419,085</u>	<u>3,233,847,311</u>	<u>6,427,552,305</u>	<u>9,427,552,305</u>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements. *RFM*

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	<b>Six months period ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
	<b>----- Rupees -----</b>	
<b>Operating cash flows</b>		
<b>Underwriting activities:</b>		
Reinsurance premium received	8,365,541,428	5,927,754,125
Reinsurance premium paid	(6,510,774,314)	(2,614,196,134)
Claims paid	(1,006,973,277)	(2,078,562,763)
Reinsurance and other recoveries received	-	456,141,596
Commission paid	(715,883,838)	(904,173,568)
Commission received	445,966,702	293,895,048
Management expenses paid	(353,294,086)	(599,594,323)
<b>Net cash generated from underwriting activities</b>	<b>224,582,615</b>	<b>481,263,981</b>
<b>Other operating activities:</b>		
Income tax paid	(211,922,275)	(155,321,345)
Other expenses paid	(1,879,225)	-
Loans received	13,109,333	10,579,231
Other operating receipts	34,670,727	130,649,335
<b>Net cash used in other operating activities</b>	<b>(166,021,440)</b>	<b>(14,092,779)</b>
<b>Total cash generated from all operating activities</b>	<b>58,561,175</b>	<b>467,171,202</b>
<b>Investing activities:</b>		
Fixed capital expenditure	(5,230,267)	(1,692,393)
Sale proceeds of fixed assets	-	327,883
Payment for investments	(3,730,831,571)	(4,568,645,935)
Rental income received	62,969,131	46,852,147
Dividend income received	51,289,083	108,798,807
Profit / return received	85,559,541	53,962,947
Investment income received - net of expenses	401,680,094	226,281,863
Proceeds from investments	3,872,407,990	5,075,817,634
<b>Total cash generated from investing activities</b>	<b>737,844,001</b>	<b>941,702,953</b>
<b>Financing activities:</b>		
Dividend paid	(517,148,707)	(578,691,733)
<b>Total cash used in financing activities</b>	<b>(517,148,707)</b>	<b>(578,691,733)</b>
<b>Net cash generated from all activities</b>	<b>279,256,469</b>	<b>830,182,422</b>
Cash and cash equivalents at beginning of the period	815,678,747	2,602,483,789
<b>Cash and cash equivalents at end of the period</b>	<b>1,094,935,216</b>	<b>3,432,666,211</b>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	<b>Six months period ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
	----- Rupees -----	
<b>Reconciliation to profit or loss account</b>		
Operating cash flows	58,561,175	467,171,202
Depreciation expense	(4,436,855)	(4,620,338)
Exchange gain	14,459,996	531,644,356
Rental income	40,538,290	33,406,902
Reinsurance recoveries against outstanding claims	4,034,220,675	3,938,495,181
Provision for outstanding claims	(4,957,875,865)	(4,525,485,453)
Provision for unearned premium	1,042,036,897	(1,602,833,634)
Prepaid reinsurance	(187,270,115)	1,632,226,052
Provision for employee benefits	(33,652,365)	(118,296,210)
Dividend income	51,289,083	108,798,807
Other investment income	(152,350,095)	(123,883,888)
Interest income	470,194,961	278,699,216
Amortization of discount / (premium)	13,892,890	(3,241,484)
Profit on disposal of investments	26,010,193	4,129,465
Increase in operating assets other than cash	(915,972,278)	1,827,660,007
Increase in operating liabilities	1,087,223,647	(1,600,949,325)
	<b>586,870,234</b>	<b>842,920,856</b>
<b>Other adjustments:</b>		
Income tax paid	211,922,275	155,321,345
<b>Profit before taxation</b>	<b>798,792,509</b>	<b>998,242,201</b>
Provision for taxation	(98,601,696)	(312,915,063)
<b>Profit after taxation from conventional reinsurance operations</b>	<b>700,190,813</b>	<b>685,327,138</b>
Profit from Window Retakaful Operations - Operator's Fund	15,919,088	3,285,197
<b>Profit after tax for the period</b>	<b>716,109,901</b>	<b>688,612,335</b>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements 

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**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

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**1 STATUS AND NATURE OF BUSINESS**

Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in providing 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.

On September 26, 2018, the Securities and Exchange Commission of Pakistan (SECP) has granted license under Rules 6 of Retakaful Rules, 2012 to undertake General Window Retakaful Operations in respect of general Retakaful product.

The Company is under administrative control of Ministry of Commerce (Government of Pakistan). The Ministry of Commerce holds 44.88% shares of the Company. The Cabinet Committee on Privatisation (CCoP) on August 21, 2020 approved divestment of government stakes in the Company through public offerings.

**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**

These 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.

These condensed interim financial statements have been prepared following accrual basis of accounting except for condensed interim 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**

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

These 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, 2019 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

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These condensed interim financial statements of the Company for the six months period ended June 30, 2020 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, 2019, whereas the comparative condensed interim statement of profit or loss, 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, 2019.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and method of computation adopted by the Company in the preparation of these 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, 2019.

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 accounting standards that are not yet effective and are not expected to have any material impact on the Company's condensed interim financial statements in the period of initial application.

**Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 17 Insurance Contracts	January 1, 2023

**Standards, amendments and interpretations to the published standards that are not yet notified by the SECP**

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the SECP:

<b>Standard or Interpretation</b>	<b>IASB effective date (Annual periods)</b>
IFRS 14 Regulatory Deferral Accounts	January 1, 2016

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

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**6 USE OF ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements are in conformity with the requirements of approved accounting standards as applicable in Pakistan and 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 on-going 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 these 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, 2019.

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, 2019.

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
Note	----- Rupees -----	
<b>7 PROPERTY AND EQUIPMENT</b>		
<b>Operating fixed assets - WDV</b>		
Opening balance	7.1 63,881,050	42,756,737
Additions:		
-Furniture, fixtures and office equipment	145,766	4,286,348
-Right-of-use assets	-	25,475,815
Less:		
-Disposal of electrical installations	-	(28,342)
-Disposal of motor vehicles	-	(310,483)
-Depreciation charge for the period/year	(3,760,394)	(8,299,025)
	<b>(3,614,628)</b>	21,124,313
Closing balance	<b>60,266,422</b>	<b>63,881,050</b>
7.1 This includes fully amortized software.		
<b>8 ASSETS RELATING TO BANGLADESH</b>		
Total assets	15,974,000	15,974,000
Total liabilities	(5,761,000)	(5,761,000)
	<b>10,213,000</b>	10,213,000
Provision for loss on assets in Bangladesh	(10,213,000)	(10,213,000)
	<b>-</b>	<b>-</b>
<b>9 INVESTMENT PROPERTIES</b>		
Opening balance	158,716,140	158,716,140
Less: Accumulated depreciation		
Balance at beginning of year	(131,866,547)	(130,432,140)
Depreciation for the period/year	(676,461)	(1,434,407)
	<b>(132,543,008)</b>	(131,866,547)
Closing balance	<b>26,173,132</b>	<b>26,849,593</b>

PAKISTAN REINSURANCE COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

10 INVESTMENTS IN EQUITY SECURITIES

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	Cost	Impairment / provision	Unrealized gain / (loss)	Market value	Cost	Impairment / provision	Unrealized gain / (loss)	Carrying value
	----- Rupees -----							
<b>10.1 Available for sale</b>								
Listed shares	379,332,444	-	1,386,219,626	1,765,552,070	397,234,321	-	1,910,169,817	2,307,404,138
Unlisted shares	2,608,104	(1,990,491)	-	617,613	2,608,104	(1,990,491)	-	617,613
Mutual funds	1,592,488,810	(510,398,452)	94,325,085	1,176,415,443	1,592,488,810	(404,760,402)	273,769,080	1,461,497,488
<b>Sub total of Available for sale</b>	<b>1,974,429,358</b>	<b>(512,388,943)</b>	<b>1,480,544,711</b>	<b>2,942,585,126</b>	<b>1,992,331,235</b>	<b>(406,750,893)</b>	<b>2,183,938,897</b>	<b>3,769,519,239</b>
<b>10.2 Held for trading</b>								
Listed shares	192,709,122	-	(50,209,389)	142,499,733	107,547,122	-	(11,321,154)	96,225,968
<b>Sub total of Held for trading</b>	<b>192,709,122</b>	<b>-</b>	<b>(50,209,389)</b>	<b>142,499,733</b>	<b>107,547,122</b>	<b>-</b>	<b>(11,321,154)</b>	<b>96,225,968</b>
<b>Grand total</b>	<b>2,167,138,480</b>	<b>(512,388,943)</b>	<b>1,430,335,322</b>	<b>3,085,084,859</b>	<b>2,099,878,357</b>	<b>(406,750,893)</b>	<b>2,172,617,743</b>	<b>3,865,745,207</b>

11 INVESTMENT IN DEBT SECURITIES

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Cost	Carrying value	Cost	Carrying value
	----- Rupees -----			
<b>Investments - Held to maturity</b>				
Pakistan Investment Bonds	1,970,301,303	1,975,230,675	1,968,571,127	1,949,351,760
Treasury Bills	4,012,249,150	4,213,423,285	4,361,503,400	4,445,556,500
Term Finance Certificates	99,940,000	99,940,000	99,960,000	99,960,000
	<b>6,082,490,453</b>	<b>6,288,593,960</b>	<b>6,430,034,527</b>	<b>6,494,868,260</b>
<b>Investments - Available for sale</b>				
Pakistan Investment Bonds	553,208,750	640,889,763	553,208,750	581,826,503
	<b>6,635,699,203</b>	<b>6,929,483,723</b>	<b>6,983,243,277</b>	<b>7,076,694,763</b>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
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		(Unaudited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees -----	
<b>12 LOANS AND OTHER RECEIVABLES - Considered good</b>			
Receivable from Sindh Revenue Board	23.1.1	2,573,888,727	2,573,888,727
Accrued investment income		160,503,721	178,633,601
Loans to employees		78,288,373	91,397,706
Sundry receivables		15,899,975	19,476,252
Receivable from Window Retakaful Operations		2,423,863	1,843,439
		<u>2,831,004,659</u>	<u>2,865,239,725</u>

**13 INSURANCE / REINSURANCE RECEIVABLES**

Balance at period/year end	13.1	9,659,511,258	10,391,843,169
Less: Provision for impairment in due from other	13.2	(658,220,519)	(616,329,617)
		<u>9,001,290,739</u>	<u>9,775,513,552</u>
Premium and claim reserves retained by cedants		24,831,633	24,831,633
Less: Provision for impairment in premium and claim		(24,831,633)	(24,831,633)
		-	-
		<u>9,001,290,739</u>	<u>9,775,513,552</u>

**13.1** This includes an amount of Rs. 5,071,873,842 (December 31, 2019: Rs. 5,377,764,168) due from related party National Insurance Company Limited. The age analysis of amount due from related party is as follows:

		(Unaudited) June 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees -----	
Up to 3 months		3,402,561,219	3,391,257,210
Over 3 months and above		1,669,312,623	1,986,506,958
		<u>5,071,873,842</u>	<u>5,377,764,168</u>

**13.2 Movement of provision for impairment**

Balance at the beginning of the period/year		616,329,617	524,634,292
Provisions made during the period/year		41,890,902	91,695,325
Balance at the end of the period/year		<u>658,220,519</u>	<u>616,329,617</u>

**14 REINSURANCE RECOVERIES AGAINST  
OUTSTANDING CLAIMS**

Facultative business	14.1	7,800,780,845	3,766,560,170
Treaty		167,804,551	167,804,551
		<u>7,968,585,396</u>	<u>3,934,364,721</u>

**14.1 Facultative business**

Fire		206,495,743	206,495,743
Marine cargo		39,267,000	39,267,000
Marine hull		43,802,252	23,402,252
Accident		612,403	612,403
Aviation	14.1.1	6,994,537,936	1,242,590,061
Engineering		516,065,511	2,254,192,711
		<u>7,800,780,845</u>	<u>3,766,560,170</u>

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**14.1.1** This includes an amount of Rs. 5.368 billion in respect of Pakistan International Airline's plane crash, receivable from Marsh LLC (Company's reinsurer). On May 22, 2020, one of PIA's Airbus A320 with the registration AP-BLD 2274, carrying flight PK8308, crashed while approaching to Jinnah International Airport, Karachi. The aircraft and the engine were covered under hull insurance with the insured values of \$19.7 million and \$14 million respectively.

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
Note	----- Rupees -----	
<b>15 DEFERRED COMMISSION AND OTHER ACQUISITION COSTS</b>		
Facultative business	15.1 314,278,736	394,177,408
Treaty	389,727,637	524,367,023
	<u>704,006,373</u>	<u>918,544,431</u>
<b>15.1 Facultative business</b>		
Fire	29,945,548	85,237,464
Marine cargo	627,150	516,378
Marine hull	7,687,103	10,140,080
Accidents and others	5,081,029	5,305,244
Aviation	86,414,747	150,913,962
Engineering	184,523,159	142,064,280
	<u>314,278,736</u>	<u>394,177,408</u>
<b>16 PREPAYMENTS</b>		
Prepaid reinsurance ceded - facultative business	16.1 5,066,009,493	5,059,023,826
Prepaid reinsurance ceded - treaty business	118,634,881	394,450,439
	<u>5,184,644,374</u>	<u>5,453,474,265</u>
Other prepayments	718,613	692,815
	<u>5,185,362,987</u>	<u>5,454,167,080</u>
<b>16.1 Prepayment reinsurance ceded - facultative business</b>		
Fire	251,720,202	20,949,844
Marine hull	71,347,544	79,508,541
Accidents and others	-	3,272,048
Aviation	1,273,466,561	2,501,613,136
Engineering	3,469,475,186	2,453,680,257
	<u>5,066,009,493</u>	<u>5,059,023,826</u>
<b>17 CASH AND BANK</b>		
Cash in hand	138,916	148,775
Saving account	7,661,420	65,470,831
Current account		
- Local currency	655,932,938	444,561,984
- Foreign currency	236,256,998	193,376,310
	<u>892,189,936</u>	<u>637,938,293</u>
Dividend account	194,944,944	112,120,848
	<u>1,094,935,216</u>	<u>815,678,747</u>

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	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees -----	
<b>18 RESERVES</b>		
<b>Capital</b>		
Reserve for exceptional losses	281,000,000	281,000,000
Available for sale reserve	1,135,285,909	1,652,562,486
<b>Revenue</b>		
Unappropriated profit	3,233,847,311	3,117,737,411
General reserve	1,777,419,085	1,777,419,085
	<u>6,427,552,305</u>	<u>6,828,718,982</u>
<b>19 OUTSTANDING CLAIMS INCLUDING IBNR</b>		
Facultative business	19.1 10,366,123,882	5,827,427,587
Treaty	2,608,350,892	2,189,171,322
	<u>12,974,474,774</u>	<u>8,016,598,909</u>
Claims related to Bangladesh, adjusted in Note 8	(4,952,000)	(4,952,000)
	<u>12,969,522,774</u>	<u>8,011,646,909</u>
<b>19.1 Facultative business</b>		
Fire	1,577,159,898	1,317,826,301
Marine cargo	111,958,524	105,809,839
Marine hull	84,682,980	62,691,477
Accident and others	323,178,278	305,059,745
Aviation	19.1.1 7,323,183,370	1,413,414,449
Engineering	945,960,832	2,622,625,776
	<u>10,366,123,882</u>	<u>5,827,427,587</u>
<b>19.1.1</b> This includes an amount of Rs. 5.509 billion in respect of Pakistan International Airline's plane crash. On May 22, 2020, one of PIA's Airbus A320 with the registration AP-BLD 2274, carrying flight PK8308, crashed while approaching to Jinnah International Airport, Karachi. The aircraft and the engine were covered under hull insurance with the insured values of \$19.7 million and \$14 million respectively. As stated in note 14.4.1, Rs. 5.368 will be recovered from Company's reinsurer and the Company's share amounts to Rs. 141 million (2.5% of the total loss).		
	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees -----	
<b>20 INSURANCE / REINSURANCE PAYABLES</b>		
Due to other insurers/reinsurers	4,139,664,917	5,495,689,881
Premium and claim reserves retained from retrocessionaires	15,824,356	15,824,356
	<u>4,155,489,273</u>	<u>5,511,514,237</u>

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	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees -----	
<b>21 DEFERRED TAXATION</b>		
Deferred tax liabilities on taxable temporary differences:		
Property and equipment	3,122,641	2,328,104
Intangible assets	2,457,509	983,003
Held to maturity investments	-	(1,535,654)
Unrealized (loss) / gain on held for trading investments	(11,278,313)	3,273,411
Right-of-use assets	6,623,712	6,878,470
Unrealized gain on available for sale investments	414,797,243	553,831,584
	<u>415,722,792</u>	<u>565,758,918</u>
Deferred tax assets on deductible temporary differences:		
Provision for doubtful debts	(23,421,650)	(23,421,651)
Provision for impairment of insurers / reinsurers receivable	(190,883,951)	(178,735,589)
Provision for impairment of receivables from other insurers / reinsurers	(7,201,173)	(4,930,000)
Provision for dividend receivable	(577,242)	(579,285)
Lease liabilities	(7,405,605)	(7,043,381)
Notional interest on interest free loans	(17,474,891)	(18,887,384)
Provision for impairment in available for sale investments	(148,592,793)	(39,141,969)
	<u>(395,557,306)</u>	<u>(272,739,259)</u>
	<u>20,165,487</u>	<u>293,019,659</u>
<b>22 OTHERS CREDITORS AND ACCRUALS</b>		
Other creditors and accruals	38,233,151	38,014,683
Security deposits	26,974,889	26,974,889
Accrued expenses	8,585,268	12,217,727
Surplus profit payable	1,212,602	1,212,602
	<u>75,005,910</u>	<u>78,419,901</u>
<b>23 CONTINGENCIES AND COMMITMENTS</b>		
<b>23.1 Contingencies</b>		
<b>23.1.1 Sindh Sales Tax</b>		
<p>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 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 Honourable High Court of Sindh against the orders of Appellant Tribunal.</p> <p>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.</p> <p>Subsequently, 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. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference in the Honourable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.</p>		

**PAKISTAN REINSURANCE COMPANY LIMITED**  
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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 year 2017, 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 may keep contesting the case in High Court vigorously.

After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to the condition that SRB will 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 Honourable Supreme Court of Pakistan.

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

Subsequently, SRB offered out of court settlement and proposed the following terms:

- a) the Company should forgo Rs. 1 billion out of Rs. 2,573 million, already recovered by SRB in lieu of SST for the year 2011 to 2013 and remaining Rs. 1,573 million to be adjusted against future sales tax liability of Company from 2014-2018;
- b) all liabilities of Company up to the year 2018 in respect of SST will be waived off; and
- c) parties will withdraw petition before Honorable High Court of Sindh.

During the year, Company wrote a letter to SRB dated April 15, 2019 offering amicable settlement proposal in which the Company proposed the following terms:

- a) waive all the sales tax liabilities for the years 2011 to 2018;
- b) the Company to start prospective sales tax invoicing on reinsurance services provided to local insurers;
- c) The Company will pay two-third of its prospective sales tax liabilities for the years 2019 and onwards and adjust the remaining one-third against already paid under protest amount of Rs. 2,574 million; and
- d) Parties to withdraw pending case before Honorable High Court of Sindh.

SRB vide letter SRB/TP/57/2016 dated April 26, 2019 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice. Further, SRB suggested that in case the Company desires to make any out of court settlement it may present its proposal and meet SRB in person for further deliberations and considerations. However, the Company and SRB have not reached to any agreement yet.

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 or 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 or loss accounts for the years 2014, 2015, 2016, 2017, 2018, 2019 and the half year 2020, the financial impact of which on the condensed interim financial statements would be Rs. 10,851 million (approximately).

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During the year, 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.

Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2019 has been recorded in these financial statements.

**23.1.2 EOBI**

The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution (EOBI) 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 it 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 are not applicable. A suit was filed with the Honourable Civil Court in 2011 where the judgment was passed against the Company.

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

**23.1.3** Except as mentioned above, as at June 30, 2020, there is no material change in the status of matters reported as contingencies in the annual audited financial statements of the Company for the year ended December 31, 2019.

<b>(Unaudited)</b>	<b>(Audited)</b>
<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>----- Rupees -----</b>	

**23.2 Commitments**

Commitments in respect of capital expenditure	<u><b>25,422,503</b></u>	<u>30,507,003</u>
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PAKISTAN REINSURANCE COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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	Six months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees -----			
<b>24 NET INSURANCE PREMIUM</b>				
Written gross premium	7,645,720,576	7,794,172,435	4,962,358,901	4,500,626,881
Add: Unearned premium reserve opening	8,451,658,849	4,990,287,938	6,791,304,063	5,412,349,353
Less: Unearned premium reserve closing	(7,497,158,210)	(6,593,121,572)	(7,497,158,210)	(6,593,121,572)
<b>Premium earned</b>	<b>8,600,221,215</b>	<b>6,191,338,801</b>	<b>4,256,504,754</b>	<b>3,319,854,662</b>
Less: Reinsurance premium ceded	5,153,562,098	4,150,096,132	3,734,285,886	2,869,927,136
Add: Prepaid reinsurance premium opening	5,453,474,265	2,472,406,314	4,293,107,539	2,555,796,138
Less: Prepaid reinsurance premium closing	(5,184,644,374)	(4,104,632,366)	(5,184,644,374)	(4,104,632,366)
<b>Reinsurance expense</b>	<b>(5,422,391,989)</b>	<b>(2,517,870,080)</b>	<b>(2,842,749,051)</b>	<b>(1,321,090,908)</b>
	<b>3,177,829,226</b>	<b>3,673,468,721</b>	<b>1,413,755,703</b>	<b>1,998,763,754</b>
<b>25 NET INSURANCE CLAIMS</b>				
Claims paid	1,006,973,277	2,078,562,763	490,850,309	933,925,728
Add: Outstanding claims including IBNR closing	12,974,474,774	8,701,196,009	12,974,474,774	8,469,721,307
Less: Outstanding claims including IBNR opening	(8,016,598,909)	(4,175,710,556)	(8,154,207,023)	(4,158,802,014)
<b>Claims expense</b>	<b>5,964,849,142</b>	<b>6,604,048,216</b>	<b>5,311,118,060</b>	<b>5,244,845,021</b>
Less: Reinsurance and other recoveries received	-	456,141,596	-	149,887,873
Add: Reinsurance and other recoveries in respect of outstanding claims closing	7,968,585,396	5,290,266,418	7,968,585,396	5,083,816,008
Less: Reinsurance and other recoveries in respect of outstanding claims opening	(3,934,364,721)	(1,351,771,237)	(3,936,247,052)	(987,111,055)
<b>Reinsurance and other recoveries revenue</b>	<b>(4,034,220,675)</b>	<b>(4,394,636,777)</b>	<b>(4,032,338,344)</b>	<b>(4,246,592,826)</b>
	<b>1,930,628,467</b>	<b>2,209,411,439</b>	<b>1,278,779,716</b>	<b>998,252,195</b>
<b>26 NET COMMISSION AND OTHER ACQUISITION COSTS</b>				
Commission paid or payable	715,883,838	904,173,568	434,368,228	456,595,279
Add: Deferred commission expense opening	918,544,431	565,597,977	719,055,375	657,659,818
Less: Deferred commission expense closing	(704,006,373)	(654,952,935)	(704,006,373)	(654,952,935)
<b>Net commission</b>	<b>930,421,896</b>	<b>814,818,610</b>	<b>449,417,230</b>	<b>459,302,162</b>
Less: Commission received or recoverable	430,319,453	293,895,048	331,693,891	235,334,047
Add: Unearned reinsurance commission opening	452,020,316	74,957,159	343,736,996	76,623,569
Less: Unearned reinsurance commission closing	(453,506,072)	(258,578,617)	(453,506,072)	(258,578,617)
<b>Commission from reinsurers</b>	<b>(428,833,697)</b>	<b>(110,273,590)</b>	<b>(221,924,815)</b>	<b>(53,378,999)</b>
	<b>501,588,199</b>	<b>704,545,020</b>	<b>227,492,415</b>	<b>405,923,163</b>

PAKISTAN REINSURANCE COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees			
<b>27 INVESTMENT INCOME</b>				
Income from equity securities				
Available for sale				
Dividend income	48,546,833	106,880,057	14,873,412	78,697,470
Held for trading				
Dividend income	2,742,250	1,918,750	1,547,250	934,750
	<u>51,289,083</u>	<u>108,798,807</u>	<u>16,420,662</u>	<u>79,632,220</u>
Income from debt securities				
Return on debt securities				
Held to maturity				
Pakistan Investment Bonds	106,077,274	123,280,427	55,672,543	69,052,479
Treasury Bills	274,257,185	95,531,295	133,363,950	44,492,507
Profit / (loss) on Term Finance Certificates	6,873,779	(3,241,484)	41,002,829	(2,779,878)
Premium / (amortization) of discount on PIBs	13,892,890	5,924,547	6,753,612	3,079,068
	<u>401,101,128</u>	<u>221,494,785</u>	<u>236,792,934</u>	<u>113,844,176</u>
Available for sale				
Pakistan Investment Bonds	37,295,885	-	-	-
Profit from saving accounts	45,690,838	53,962,947	-	26,978,794
Net realized gains on investments				
Available for sale financial assets				
Realized gain on Equity securities	26,010,193	4,129,465	7,631,836	1,268,551
Net unrealized losses on investments				
Net unrealized losses / (gain) on held for trading investm	(38,890,733)	(4,401,496)	24,318,723	(5,788,952)
<b>Total investment income</b>	<b>522,496,394</b>	<b>383,984,508</b>	<b>285,164,155</b>	<b>215,934,789</b>
Less: Impairment in value of available for sale investment	(105,638,050)	(110,646,578)	-	(109,485,595)
Less: Investment related expenses	(7,821,312)	(8,835,814)	(3,826,198)	(3,917,907)
<b>Net Investment income</b>	<b>409,037,032</b>	<b>264,502,116</b>	<b>281,337,957</b>	<b>102,531,287</b>
<b>28 RENTAL INCOME</b>				
Rental income	52,657,138	48,061,924	20,153,294	24,607,872
Less: expenses of investment property	(12,118,848)	(14,655,022)	-	(8,462,438)
	<u>40,538,290</u>	<u>33,406,902</u>	<u>20,153,294</u>	<u>16,145,434</u>
<b>29 TAXATION</b>				
For the year				
Current	232,421,528	338,941,222	(106,884,095)	221,451,701
Deferred	(133,819,832)	(56,463,407)	-	-
	<u>98,601,696</u>	<u>282,477,815</u>	<u>(106,884,095)</u>	<u>221,451,701</u>
Prior year	-	30,437,248	-	-
	<u>98,601,696</u>	<u>312,915,063</u>	<u>(106,884,095)</u>	<u>221,451,701</u>

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

**30 FAIR VALUE HIERARCHY**

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	----- Rupees -----			
<b>June 30, 2020 (Un-audited)</b>				
<b>Financial assets measured at fair value</b>				
<b>Held-for-trading investment</b>				
Ordinary shares - listed	142,499,733	142,499,733	-	-
<b>Available-for-sale investment</b>				
Ordinary shares - listed	1,765,552,070	1,765,552,070	-	-
Mutual fund units	1,176,415,443	1,176,415,443	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
	<u>3,085,084,859</u>	<u>3,084,467,246</u>	<u>-</u>	<u>617,613</u>
<b>December 31, 2019 (Audited)</b>				
<b>Financial assets measured at fair value</b>				
<b>Held-for-trading investment</b>				
Ordinary shares - listed	96,225,968	96,225,968	-	-
<b>Available-for-sale investment</b>				
Ordinary shares - listed	2,307,404,138	2,307,404,138	-	-
Mutual fund units	1,461,497,488	1,461,497,488	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
	<u>3,865,745,207</u>	<u>3,865,127,594</u>	<u>-</u>	<u>617,613</u>









**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**

**32 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:

	(Unaudited)		(Unaudited)	
	Six months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees -----				
<b>Major shareholder</b>				
<b>Government of Pakistan through Ministry of Commerce</b>				
Dividend paid during the year	269,279,570	269,279,570	269,279,570	269,279,570
<b>State Life Insurance Corporation of Pakistan</b>				
Dividend paid during the year	146,464,402	146,464,402	146,464,402	146,464,402
<b>Related parties by virtue of GoP's holdings</b>				
<b>State Bank of Pakistan</b>				
Purchase of investment (I-Bills)	3,575,000,000	4,245,000,000	2,075,000,000	1,740,000,000
<b>Pakistan State Oil Company Limited</b>				
Dividend received during the year	-	58,510	-	58,510
<b>National Investment Trust Limited</b>				
Dividend received during the year	27,720,000	23,760,000	-	23,760,000
<b>National Insurance Company Limited</b>				
Premium due but unpaid	5,377,764,168	2,506,257,714	4,462,028,107	2,506,257,714
Insurance premium written during the year	4,596,354,797	3,235,234,996	3,600,270,158	3,235,234,996
Premium received	(4,902,245,123)	(2,406,115,066)	(2,990,424,425)	(2,406,115,066)
Balance at the end of year	<u>5,071,873,842</u>	<u>3,335,377,644</u>	<u>5,071,873,840</u>	<u>3,335,377,644</u>
Insurance commission paid	242,971,356	177,049,622	197,708,939	195,963,926
Insurance claims paid	-	186,791,699	-	502,564,938
<b>Other related parties</b>				
Remuneration including benefits and perquisites of key management personnel	258,142,940	268,238,265	155,235,481	92,216,237
Window Retakaful Operations	580,424	-	548074	-

**33 IMPACT OF COVID-19**

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

PAKISTAN REINSURANCE COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

34 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 the period end as follows:

	(Unaudited)		(Unaudited)	
	Six months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Profit/(loss) after tax for the period	716,109,901	688,612,335	91,241,503	491,865,087
Weighted average number of ordinary shares (Number of shares)	300,000,000	300,000,000	300,000,000	300,000,000
Earning/(loss) per share - basic	2.39	2.30	0.30	1.64

35 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassifications for purposes of correct presentation, are as under:

Reclassification from	Reclassification to	--- (Rupees) ---
Property and equipment	Intangible assets	3,389,667
Sundry receivables	Receivable from Window Retakaful Operations	1,843,439

36 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

37 GENERAL

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

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
CHIEF EXECUTIVE  
OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL  
OFFICER

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

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Window Retakaful Operation as at June 30, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in funds, and condensed interim statement of cash flows, 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 this 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 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 13.1 to the condensed interim financial statements, the ultimate outcome of the matter stated cannot presently be determined for the reasons as mentioned in the aforementioned note.

Our conclusion is not modified in respect of the above matter.

**Other Matter**

The figures for the quarter ended June 30, 2020 and June 30, 2019 in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Grant Thornton Anjum Rahman  
Chartered Accountants  
Karachi  
Date:

DRAFT

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**WINDOW RETAKAFUL OPERATIONS**  
Condensed Interim Financial statements for the six month  
period ended June 30, 2020

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**

**Condensed Interim Statement Of Financial Position (Un-Audited)**

**As at June 30, 2020**

	Note	Operator's Fund		Participant's retakaful fund	
		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
<b>Assets</b>					
Investments	7	16,735,651	16,121,995	82,120,025	78,936,186
Other receivable		30,000	-	-	-
Takaful/retakaful receivables	8	-	-	198,288,192	117,396,079
Receivables from Participant Retakaful Fund - net		38,972,419	51,018,561	-	-
Deferred commission expense	9 & 18	28,394,160	34,719,365	-	-
Taxation - payments less provision		-	-	299,097	299,855
Unearned wakala fee	15	-	-	39,019,631	44,204,562
Prepaid retakaful ceded		-	-	16,079,649	20,300,625
Bank balances	10	290,489,070	257,509,232	53,670,327	27,265,685
<b>Total assets</b>		<b>374,621,300</b>	<b>359,369,153</b>	<b>389,476,921</b>	<b>288,402,992</b>
<b>Funds and Liabilities</b>					
<b>Funds attributable to:</b>					
<b>Participants' Retakaful Fund</b>					
Ceded money		-	-	1,000,000	1,000,000
Reserves	11	-	-	(16,921,472)	(35,484,040)
		-	-	(15,921,472)	(34,484,040)
<b>Operator's Fund</b>					
Statutory fund		300,000,000	300,000,000	-	-
Reserves	11	24,779,249	9,512,001	-	-
<b>Total Funds</b>		<b>324,779,249</b>	<b>309,512,001</b>	<b>(15,921,472)</b>	<b>(34,484,040)</b>
<b>Liabilities:</b>					
<b>Underwriting provisions</b>					
- Outstanding claims including IBNR		-	-	196,758,603	79,628,925
- Unearned contribution reserves		-	-	169,650,572	192,193,746
		-	-	366,409,175	271,822,671
Unearned wakala fee	15	39,019,631	44,204,562	-	-
Payable to Operator's Fund		-	-	38,972,419	51,018,561
Taxation - provision less payment		7,883,713	3,405,165	-	-
Other creditors and accruals	12	2,938,707	2,247,425	16,799	45,800
<b>Total liabilities</b>		<b>49,842,051</b>	<b>49,857,152</b>	<b>405,398,393</b>	<b>322,887,032</b>
<b>Total equity and liabilities</b>		<b>374,621,300</b>	<b>359,369,153</b>	<b>389,476,921</b>	<b>288,402,992</b>
<b>Contingencies and commitments</b>	13				

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements. *S.M*

Chairman

Director


Director

Chief Executive Officer

Chief Financial Officer

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**
**Condensed Interim Statement of Profit or Loss (Un-Audited)**
**For the six months period ended June 30, 2020**

	Note	Six Months Ended		Three Months Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Un-Audited-----					
-----Rupees-----					
<b>Participants' retakaful fund</b>					
<b>Revenue account</b>					
Contributions earned	14	255,371,558	59,204,918	128,811,054	16,306,382
Less: contributions ceded to retrocession	14	(28,081,538)	(15,370,313)	(13,397,007)	(773,437)
Net contribution revenue	14	227,290,020	43,834,605	115,414,047	15,532,945
Wakala expense	15	(58,735,458)	(13,617,131)	(29,626,542)	(3,750,467)
Net claims - reported/ settled - IBNR	16	(152,686,008)	(34,605,205)	(106,941,249)	(26,443,553)
<b>Surplus before investment income</b>		<b>15,868,554</b>	<b>(4,387,731)</b>	<b>(21,153,744)</b>	<b>(14,661,075)</b>
Profit on bank deposit		987,202	170,425	474,768	162,210
Dividend income		4,756,787	-	3,853,041	-
Less: Modarib's share of investment income		(1,435,997)	(42,606)	(1,081,952)	(40,552)
<b>Surplus before taxation</b>		<b>4,307,992</b>	<b>127,819</b>	<b>3,245,857</b>	<b>121,658</b>
Taxation	17	(783,184)	-	-	-
<b>Surplus transferred to accumulated surplus</b>		<b>19,393,362</b>	<b>(4,259,912)</b>	<b>(17,907,887)</b>	<b>(14,539,417)</b>
<b>Operator's fund</b>					
<b>Revenue account</b>					
Wakala fee	15	58,735,458	13,617,131	29,626,542	3,750,467
Commission expense	18	(47,407,922)	(9,021,260)	(24,125,061)	(1,683,399)
General, administrative and management expenses	19	(2,740,037)	(928,845)	(1,909,702)	(457,746)
		8,587,499	3,667,026	3,591,779	1,609,322
Modarib's share of participants' retakaful fund investment income		1,435,997	42,606	1,081,952	40,552
Dividend income		1,360,812	-	1,242,082	-
Profit on bank deposit		10,768,614	853,142	5,646,051	476,357
<b>Profit before taxation</b>		<b>22,152,922</b>	<b>4,562,774</b>	<b>11,561,864</b>	<b>2,126,231</b>
Taxation		(6,233,834)	(1,277,577)	(3,352,940)	(595,344)
<b>Profit after taxation</b>		<b>15,919,088</b>	<b>3,285,197</b>	<b>8,208,924</b>	<b>1,530,887</b>

 The annexed notes 1 to 26 form an integral part of these condensed interim financial statements. 
**Chairman**
**Director**
**Director**
**Chief Executive Officer**
**Chief Financial Officer**

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the six months period ended June 30, 2020

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Un-Audited-----				
-----Rupees-----				
<b>Participants' Retakaful Fund</b>				
Surplus/ (deficit) for the period	20,176,546	(4,259,912)	(17,907,887)	(14,539,417)
<b>Other comprehensive income for the period</b>				
<i>Item that may be subsequently reclassified to profit or loss account</i>	-	-	-	-
Unrealised loss arising during the period on revaluation of available-for-sale investments	(830,794)	-	(2,346,997)	-
<i>Item that will not be subsequently reclassified to profit or loss account</i>	-	-	-	-
<b>Total comprehensive income/ (loss) for the period</b>	<b>19,345,752</b>	<b>(4,259,912)</b>	<b>(20,254,884)</b>	<b>(14,539,417)</b>
<b>Operator's Fund</b>				
Profit after taxation	15,919,088	3,285,197	8,208,924	1,530,887
<b>Other comprehensive income for the period</b>				
<i>Item that may be subsequently reclassified to profit or loss account</i>	-	-	-	-
Net unrealised loss arising during the year on revaluation of available-for-sale investments	(651,840)	-	(940,561)	-
<i>Item that will not be subsequently reclassified to profit or loss account</i>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>15,267,248</b>	<b>3,285,197</b>	<b>7,268,363</b>	<b>1,530,887</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements. 52

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement of Cash Flows (Un-Audited)

For the six months period ended June 30, 2020

	Operator's Fund		Participant's Retakaful Fund	
	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
-----Rupees-----				
<b>Operating cash flow</b>				
<b>Retakaful activities</b>				
Contribution received	-	-	138,709,170	31,857,274
Retro takaful contribution paid	-	-	(23,860,562)	-
Benefits paid	-	-	(35,556,330)	(5,996,283)
Comission paid	-	-	(41,082,717)	-
<b>Net cash generated from retakaful activities</b>	-	-	38,209,561	25,860,991
<b>Other operating activities</b>				
Income tax paid	(1,724,574)	(68,387)	(782,427)	(4,272)
Management expenses paid	(2,740,037)	(803,845)	-	(136,497)
Other operating receipts/(payments)	26,542,918	(32,295,001)	(12,715,817)	-
<b>Net cash generated / (used) from other operating activities</b>	22,078,307	(33,167,233)	(13,498,244)	(140,769)
	22,078,307	(33,167,233)	(13,498,244)	(140,769)
<b>Total cash generated/ (used) in operating activities</b>	22,078,307	(33,167,233)	24,711,317	25,720,222
<b>Investing activities</b>				
Purchase of investments made	(1,227,895)	-	(4,050,664)	-
Investment income received	1,360,812	-	4,756,787	-
Profit on bank deposits received	10,768,614	853,142	987,202	170,425
<b>Total cashflow generated from investing activities</b>	10,901,531	853,142	1,693,325	170,425
<b>Financing activities</b>	-	-	-	-
<b>Total cash generated/ (used) in financing activities</b>	-	-	-	-
<b>Net cash generated/ (used) from all activities</b>	32,979,838	(32,314,091)	26,404,642	25,890,647
<b>Cash and cash equivalent at beginning of the period</b>	257,509,232	50,256,856	27,265,685	1,001,144
<b>Cash and cash equivalent at end of the period</b>	290,489,070	17,942,765	53,670,327	26,891,791
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	22,078,307	(33,167,233)	24,711,317	25,720,222
Investment income received	1,360,812	-	4,756,787	-
Profit on bank deposit	10,768,614	784,755	987,202	166,153
Increase in operating assets other than cash	(80,279,496)	36,486,562	77,500,777	128,273,321
Increase in operating liabilities	66,500,111	(887,274)	(88,561,964)	(158,423,880)
	20,428,348	3,216,810	19,394,119	(4,264,184)
<b>Other adjustments:</b>				
Income tax paid	1,724,574	68,387	782,427	4,272
Profit before taxation	22,152,922	3,285,197	20,176,546	(4,259,912)
Provision for taxation	(6,233,834)	-	(783,184)	-
<b>Total profit/ (deficit) for the year</b>	15,919,088	3,285,197	19,393,362	(4,259,912)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements. *sim*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Condensed Interim Statement of Changes in Funds (Un-Audited)

For the six months period ended June 30, 2020

Statutory Fund	Operator's Fund		Total
	Reserves		
	Capital	Revenue	
	Unrealized gain / (loss) on available for sale investment	Unappropriated Profit	

-----Rupees-----

Balance as at January 01, 2019 (Audited)	50,000,000	-	78,471	50,078,471
Profit for the period	-	-	9,240,868	9,240,868
Increase in statutory Fund	250,000,000	-	-	250,000,000
Unrealized gain on available for sale investments	-	192,662	-	192,662
Balance as at December 31, 2019 (Audited)	300,000,000	192,662	9,319,339	309,512,001
<b>Balance as at January 01, 2020 (Audited)</b>	<b>300,000,000</b>	<b>192,662</b>	<b>9,319,339</b>	<b>309,512,001</b>
Profit for the period	-	-	15,919,088	15,919,088
Unrealized loss on available for sale investments	-	(651,840)	-	(651,840)
Balance as at June 30, 2020 (Un-Audited)	300,000,000	(459,178)	25,238,427	324,779,249

Ceded money	Participants Retakaful Fund		Total
	Reserves		
	Capital	Revenue	
	Unrealized gain / (loss) on available for sale investment	Accumulated surplus	

-----Rupees-----

Balance as at January 01, 2019 (Audited)	1,000,000	-	144	1,000,144
Deficit for the period	-	-	(36,504,807)	(36,504,807)
Unrealized gain on available for sale investments	-	1,020,623	-	1,020,623
Balance as at December 31, 2019 (Audited)	1,000,000	1,020,623	(36,504,663)	(34,484,040)
<b>Balance as at January 01, 2020 (Audited)</b>	<b>1,000,000</b>	<b>1,020,623</b>	<b>(36,504,663)</b>	<b>(34,484,040)</b>
Profit for the period	-	-	19,393,362	19,393,362
Unrealized loss on available for sale investments	-	(830,794)	-	(830,794)
Balance as at June 30, 2020 (Un-Audited)	1,000,000	189,829	(17,111,301)	(15,921,472)

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements. *Sie*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

## **1 STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Reinsurance Company Limited (the Operator) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Operator is listed on Pakistan Stock Exchange and is engaged in general retakaful business comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Operator is located at 1st Floor, 15-A, Davis Road, State Life Building, Lahore, Pakistan.
- 1.2** The Operator has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund ) on September 26, 2018 under the Waqf Deed with a Cede money of Rs. 1,000,000.
- 1.3** The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

## **2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These condensed interim financial information has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful rules 2019.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019 have been followed.

### **2.1 Basis of measurement**

These condensed interim financial statements have been prepared on the historical cost basis except for the available for-sale investments that have been measured at fair value.

### **2.2 Functional and presentation currency**

These condensed interim financial information have been presented in Pakistani Rupees, which is also the functional and presentation currency of the Operator.

## **3 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK**

Retakaful and financial risk management objectives and polices are consistent with those disclosed in the financial statements for the year ended December 31, 2019.

#### 4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

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

##### Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts	January 1, 2023

##### Standards, amendments and interpretations to the published standards that are not yet notified by the SECP

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the SECP:

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 1, 2016

#### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statement are in line with the audited annual accounts for the year ended December 31, 2019.

#### 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial information 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 information, 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, 2019.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

7 INVESTMENTS

Available for sale - Mutual Funds

	Operator's Fund			Participant Retakaful Fund		
	Total cost of investment	Market value of investment	Unrealized (loss)	Total cost of investment	Market value of investment	Unrealized (loss)
June 30, 2020 (Un- Audited)	-----R u p e e s-----					
Al Hamra Islamic Income Fund	3,527,764	3,352,070	(175,694)	16,712,114	16,478,670	(233,444)
Al-Ameen Islamic Sovereign Fund	1,894,884	1,804,390	(90,494)	3,269,823	3,184,217	(85,606)
Al-Ameen Islamic Cash Fund	1,531,613	1,528,353	(3,260)	13,230,269	13,202,437	(27,832)
NBP Islamic Mahana Amdani Fund	3,506,091	3,348,816	(157,275)	16,618,516	16,411,061	(207,455)
ABL Islamic Income Fund	3,571,797	3,346,680	(225,117)	16,674,061	16,397,604	(276,457)
Meezan Rozana Amdani Fund	3,355,342	3,355,342	-	16,446,036	16,446,036	-
	<b>17,387,491</b>	<b>16,735,651</b>	<b>(651,840)</b>	<b>82,950,819</b>	<b>82,120,025</b>	<b>(830,794)</b>
December 31, 2019 (Audited)						
Al Hamra Islamic Income Fund	3,156,789	3,227,879	71,090	15,516,000	15,805,197	289,197
Al-Ameen Islamic Sovereign Fund	1,700,000	1,750,246	50,246	3,000,000	3,088,670	113,540
Al-Ameen Islamic Cash Fund	1,465,576	1,468,083	2,507	12,662,683	12,681,753	19,070
NBP Islamic Mahana Amdani Fund	3,156,931	3,230,031	73,100	15,516,000	15,814,738	298,738
ABL Islamic Income Fund	3,156,578	3,230,990	74,412	15,516,000	15,816,078	300,078
Meezan Rozana Amdani Fund	3,214,766	3,214,766	-	15,729,750	15,729,750	-
	<b>15,850,640</b>	<b>16,121,995</b>	<b>271,355</b>	<b>77,940,433</b>	<b>78,936,186</b>	<b>1,020,623</b>

8 TAKAFUL/RETAKAFUL RECEIVABLES

Note	June 30, 2020			
	Operator's Fund		Participant's Retakaful Fund	
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees-----			
Treaty retakaful	-	-	165,271,591	82,027,561
Facultative retakaful	-	-	33,016,601	35,368,518
	-	-	<b>198,288,192</b>	<b>117,396,079</b>

9 DEFERRED COMMISSION EXPENSE

Facultative business	9.1	371,566	1,988,054	-	-
Treaty		28,022,594	32,731,311	-	-
		<b>28,394,160</b>	<b>34,719,365</b>	<b>-</b>	<b>-</b>
9.1 Facultative business					
Fire		294,991	1,623,545	-	-
Marine cargo		5,390	17,916	-	-
Accident		65,039	195,198	-	-
Engineering		6,146	151,395	-	-
		<b>371,566</b>	<b>1,988,054</b>	<b>-</b>	<b>-</b>

10 BANK BALANCES

Cash at bank					
- Saving accounts	10.1	290,489,070	257,509,232	53,670,327	27,265,685

10.1 Saving accounts carry profit rates ranging from 5% to 7% (December 31 2019: 5% to 7%) per annum.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

		June 30, 2020			
		Operator's Fund		Participant's Retakaful Fund	
		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		-----Rupees-----			
<b>11</b>	<b>RESERVES</b>				
	<b>Revenue</b>				
	Unappropriated profit /(loss)	25,238,427	9,319,339	(17,111,301)	(36,504,663)
	<b>Capital</b>				
	Available for sale reserve	(459,178)	192,662	189,829	1,020,623
		<u>24,779,249</u>	<u>9,512,001</u>	<u>(16,921,472)</u>	<u>(35,484,040)</u>
<b>12</b>	<b>OTHER CREDITORS AND ACCRUALS</b>				
	Salaries payable	150,000	150,000	-	-
	Income tax deducted at source	137,400	122,400	13,600	43,600
	Employee income tax payable	21,144	286	-	-
	Sindh sales tax payable	4,800	4,800	2,199	2,200
	Payable to PRCL	2,423,863	1,843,439	1,000	-
	Audit fee payable	201,500	126,500	-	-
		<u>2,938,707</u>	<u>2,247,425</u>	<u>16,799</u>	<u>45,800</u>
<b>12.1</b>	This amount is payable to PRCL on account of salaries of Retakaful employees.				
<b>13</b>	<b>CONTINGENCIES AND COMMITMENTS</b>				
<b>13.1</b>	The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator details of which are stated in note 23.1.1 to the operator's condensed interim financial statement. Company has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss account would amount to Rs. 85 million pertaining to the year 2019 and 2020 on retakaful operations excluding any additional penalty or default surcharge.				
<b>13.2</b>	There are no commitments at period end (December 31 2019: Nil).				
<b>14</b>	<b>NET CONTRIBUTION REVENUE</b>				
		Six Months Ended		Three Months Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		-----Un-Audited-----			
		-----Rupees-----			
	Written gross contribution	232,828,383	167,815,397	21,260,111	74,991,416
	Add: Unearned contribution reserve opening	192,193,748	-	277,201,516	-
	Less: Unearned contribution reserve closing	169,650,573	108,610,479	169,650,573	58,685,034
	Contribution earned	255,371,558	59,204,918	128,811,054	16,306,382
	Less: Retakaful contribution ceded	23,860,562	32,287,500	-	-
	Add: Prepaid retakaful contribution opening	20,300,625	-	29,476,656	-
	Less: Prepaid retakaful contribution closing	16,079,649	16,917,187	16,079,649	773,437
	Retakaful expense	28,081,538	15,370,313	13,397,007	(773,437)
		<u>227,290,020</u>	<u>43,834,605</u>	<u>115,414,047</u>	<u>15,532,945</u>
<b>15</b>	<b>WAKALA FEE</b>				
	Gross wakala fee	53,550,528	38,597,541	4,889,525	17,248,025
	Add: Unearned Wakala fee opening	44,204,562	-	63,756,649	-
	Less: Unearned Wakala fee closing	(39,019,632)	(24,980,410)	(39,019,632)	(13,497,558)
		<u>58,735,458</u>	<u>13,617,131</u>	<u>29,626,542</u>	<u>3,750,467</u>

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

16 RETAKAFUL BENEFITS/ CLAIM EXPENSE

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Un-Audited-----			
	-----Rupees-----			
Benefits paid	35,556,330	5,996,283	22,828,663	10,042,175
Add: Outstanding benefits / claims including IBNR closing	201,791,075	28,608,922	201,791,075	16,401,378
Less: Outstanding benefits / claims including IBNR opening	84,661,397	-	117,678,489	-
Claims expense	152,686,008	34,605,205	106,941,249	26,443,553
Less: Retakaful and other recoveries received	-	-	-	-
Add: Retakaful and other recoveries in respect of outstanding claims closing	-	-	-	-
Less: Retakaful and other recoveries in respect of outstanding claims opening	-	-	-	-
Retakaful and other recoveries revenue	-	-	-	-
	152,686,008	34,605,205	106,941,249	26,443,553

17 TAXATION

For the year				
Current-deducted at source	(783,184)	-	-	-
Deferred	-	-	-	-
	(783,184)	-	-	-

The management is of the view that PTF should not be taxable. Accordingly, tax liability against the PTF income has not been computed in these financial statements a practice which is also consistent with the practice followed by other insurance/takaful companies and the requirement of the Income tax Ordinance, 2001. However, tax deducted at source on dividend income is considered as full and final tax for the period.

18 COMMISSION EXPENSE

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Un-Audited-----			
	-----Rupees-----			
Commission paid or payable	41,082,717	24,606,261	(570,537)	12,795,670
Add: Deferred commission expense opening	34,719,365	-	53,089,758	-
Less: Deferred commission expense closing	(28,394,160)	(15,585,001)	(28,394,160)	(11,112,271)
	47,407,922	9,021,260	24,125,061	1,683,399

19 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES

Bank charges	30,954	23,845	1,242	2,746
Shariah advisor fee for retakaful	1,050,000	750,000	590,000	300,000
Salaries	1,584,083	145,000	1,233,460	145,000
Auditor's fee	75,000	10,000	75,000	10,000
CDC charges	-	-	10,000	-
	2,740,037	928,845	1,909,702	457,746

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

20 SEGMENT REPORTING

PARTICIPANTS' RETAKAFUL FUND

	Six months ended June 30, 2020				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Gross written contribution	2,187,887	23,869	4,203,259	226,413,368	232,828,383
Unearned contribution-Opening	14,708,070	165,628	3,416,224	173,903,826	192,193,748
Unearned contribution-Closing	2,526,232	49,814	1,271,082	165,803,445	169,650,573
<b>Contribution earned</b>	<b>14,369,725</b>	<b>139,683</b>	<b>6,348,401</b>	<b>234,513,749</b>	<b>255,371,558</b>
Retakaful-Ceded	-	-	-	23,860,562	23,860,562
Prepaid retakaful-Opening	-	-	-	20,300,625	20,300,625
Prepaid retakaful-Closing	-	-	-	16,079,649	16,079,649
<b>Retakaful expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,081,538</b>	<b>28,081,538</b>
Net contribution	14,369,725	139,683	6,348,401	206,432,211	227,290,020
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>14,369,725</b>	<b>139,683</b>	<b>6,348,401</b>	<b>206,432,211</b>	<b>227,290,020</b>
Benefits paid	-	-	-	35,556,330	35,556,330
Outstanding claims-Opening	3,005,450	22,787	1,598,713	75,001,975	79,628,925
Outstanding claims-Closing	19,887,369	92,115	3,120,766	173,658,353	196,758,603
<b>Benefits expenses</b>	<b>16,881,919</b>	<b>69,328</b>	<b>1,522,053</b>	<b>134,212,708</b>	<b>152,686,008</b>
Retakaful recoveries received	-	-	-	-	-
Recovery-Opening	-	-	-	-	-
Recovery-Closing	-	-	-	-	-
Benefits recovered from retro takaful	-	-	-	-	-
Net benefits	16,881,919	69,328	1,522,053	134,212,708	152,686,008
Wakala fee	3,305,037	32,127	1,460,132	53,938,162	58,735,458
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	-
Net benefits and expenses	20,186,956	101,455	2,982,185	188,150,870	211,421,466
<b>Underwriting results</b>	<b>(5,817,231)</b>	<b>38,228</b>	<b>3,366,216</b>	<b>18,281,341</b>	<b>15,868,554</b>
Profit on bank deposits					987,202
Modarib Fee					(1,435,997)
<b>Profit before tax</b>					<b>15,419,759</b>
Segment Assets	14,369,725	139,683	6,348,401	206,432,211	227,290,020
Unallocated Assets					162,186,901
					389,476,921
Segment Liabilities	20,186,956	101,455	2,982,185	188,150,870	211,421,466
Unallocated Liabilities					193,976,927
					405,398,393

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

**OPERATOR'S FUND**

	Six months ended June 30, 2020				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Wakala Fee	3,305,037	32,127	1,460,132	53,938,162	58,735,458
Commission	(1,729,562)	(14,913)	(432,369)	(45,231,078)	(47,407,922)
Management Expenses	(149,961)	(1,458)	(66,251)	(2,522,367)	(2,740,037)
<b>Segment Results</b>	<b>1,425,514</b>	<b>15,756</b>	<b>961,512</b>	<b>6,184,718</b>	<b>8,587,500</b>
Profit on bank deposits					10,768,614
Dividend income					1,360,812
Modarib Fee					1,435,997
<b>Profit before tax</b>					<b>22,152,923</b>
Segment Assets	294,991	5,390	71,185	28,022,594	28,394,160
Unallocated Assets					346,227,140
					<b>374,621,300</b>
Segment Liabilities	581,033	11,457	292,349	38,134,792	39,019,632
Unallocated Liabilities					10,822,420
					<b>49,842,051</b>

**PARTICIPANTS' RETAKAFUL FUND**

	Three months ended June 30, 2020				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Gross written contribution	941,108	23,869	965,809	19,329,325	21,260,111
Unearned contribution-Opening	8,088,011	100,672	2,225,103	266,787,730	277,201,516
Unearned contribution-Closing	2,526,232	49,814	1,271,082	165,803,445	169,650,573
<b>Contribution Earned</b>	<b>6,502,887</b>	<b>74,727</b>	<b>1,919,830</b>	<b>120,313,610</b>	<b>128,811,054</b>
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	29,476,656	29,476,656
Prepaid Retakaful-Closing	-	-	-	16,079,649	16,079,649
<b>Retakaful Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,397,007</b>	<b>13,397,007</b>
Net contribution	6,502,887	74,727	1,919,830	106,916,603	115,414,047
Rebate	-	-	-	-	-
<b>Net underwriting income</b>	<b>6,502,887</b>	<b>74,727</b>	<b>1,919,830</b>	<b>106,916,603</b>	<b>115,414,047</b>
Benefits paid	-	-	-	22,828,663	22,828,663
Outstanding claims-Opening	14,822,978	92,115	3,001,025	94,729,899	112,646,017
Outstanding claims-Closing	19,887,369	92,115	3,120,766	168,625,881	184,536,354
<b>Benefits expenses</b>	<b>5,064,391</b>	<b>-</b>	<b>119,741</b>	<b>96,724,645</b>	<b>94,719,000</b>

PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

	Three months ended June 30, 2020				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Retakaful recoveries received	-	-	-	-	-
Recovery-Opening	-	-	-	-	-
Recovery-Closing	-	-	-	-	-
Benefits recovered from retro takaful	-	-	-	-	-
Net benefits	5,064,391	-	119,741	96,724,645	94,719,000
Wakala Fee	1,495,664	17,187	441,561	27,672,130	29,626,542
Management expense	-	-	-	-	-
Contribution deficiency expense	-	-	-	-	-
Net benefits and expenses	6,560,055	17,187	561,302	124,396,775	124,345,543
<b>Underwriting results</b>	(57,168)	57,540	1,358,528	(17,480,172)	(8,931,496)
Profit on bank deposits					476,495
Modarib Fee					(1,081,952)
<b>Deficit before tax</b>					<b>(9,536,953)</b>
Segment assets	581,033	11,457	292,349	54,214,441	55,099,280
Unallocated assets					334,377,641
					389,476,921
Segment liabilities	22,994,635	153,386	4,684,197	372,564,118	400,396,336
Unallocated liabilities					5,002,057
					405,398,393

**OPERATOR'S FUND**

	Three months ended 30 June 2020				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	-----Rupees-----				
Wakala Fee	1,495,664	17,187	441,561	27,672,130	29,626,542
Commission	(780,943)	(7,945)	(104,243)	(23,231,930)	(24,125,061)
Management Expenses	(98,348)	(1,032)	(37,196)	(1,773,126)	(1,909,702)
<b>Segment Results</b>	616,373	8,210	300,122	2,667,075	3,591,780
Profit on bank deposits					5,646,051
Modarib Fee					1,081,952
<b>Profit before tax</b>					<b>10,319,783</b>
Segment Assets	294,991	5,390	71,185	28,022,594	28,394,160
Unallocated Assets					346,227,140
					374,621,300
Segment Liabilities	581,033	11,457	292,349	38,134,792	39,019,632
Unallocated Liabilities					10,822,420
					49,842,051

**21 IMPACT OF COVID-19**

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

**PAKISTAN REINSURANCE COMPANY LIMITED WINDOW RETAKAFUL OPERATIONS**

Notes to the Condensed Interim Financial statement (Un-Audited)

For the six months period ended June 30, 2020

**22 FAIR VALUE MEASUREMENT**

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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**PARTICIPANTS' RETAKAFUL FUND**

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
<b>June 30, 2020 (Un-audited)</b>				
Open end mutual funds	82,120,025	-	-	82,120,025
<b>December 31, 2019 (Audited)</b>				
Open end mutual funds	78,936,186	-	-	78,936,186

**OPERATOR'S FUND**

<b>June 30, 2020 (Un- audited)</b>				
Open end mutual funds	16,735,651	-	-	16,735,651
<b>December 31, 2019 (Audited)</b>				
Open end mutual funds	16,121,995	-	-	16,121,995

**23 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of Pakistan Reinsurance Company Limited, associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

(Unaudited)		(Unaudited)	
Six months period ended		Three months period ended	
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees -----			

**Pakistan Reinsurance Company Limited**

Salaries paid during the period	580,424	-	548,074	-
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**24 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. No significant rearrangement or reclassifications were made in these financial statement during the current year.

**25 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on \_\_\_\_ by the Board of Directors of the Operator.

**26 GENERAL**

Figures have been rounded off to the nearest rupee unless otherwise stated. *S.M*