



Pakistan Reinsurance Company Limited

Condensed Interim Financial Statement For the Half Year Ended June 30, 2014



Secure today & tomorrow

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Vision

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

Mission

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

In fulfilling this mission, PRCL is committed to:-

- Providing its clients, and particularly insurance companies in Pakistan, with comprehensive insurance, reinsurance, financial and business services of the highest quality and value.
- Maintaining financial strength and stability through prudent business decisions and sound operations based on state of the art information technology.
- Taking a long-term view of business relationships.
- Practicing the highest standards of integrity and professionalism.
- Investing continuously in knowledge required to support business decisions and long-term business strategy formulation.
- Achieving consistent, long-term financial growth and profitability for its shareholders.
- Attracting retaining and developing capable and dedicated employees who in turn contribute to the growth of the company and share its success.



Strategy

To remain best provider of reinsurance and risk management services to the insurance industry, to have good business relationship with the insurance industry and to remain professionals who can be of assistance to the industry at all levels.

Objectives

- To provide best services to the local insurance industry in order to check outflow of foreign exchange, to the maximum possible extent.
- To develop good business relations with other reinsurers.
- To train its people according to fast changing business market requirements as well as to provide them with the ideal working environment.
- To share risks and preserve resources by providing reinsurance facilities to the insurance companies.
- To assist in the development of the national insurance industry.
- To enhance domestic retention capacity in the country in order to save valuable foreign exchange.

CORPORATE INFORMATION-2014



BOARD OF DIRECTORS OF PRCL

DR. MASUMA HASAN	DIRECTOR
MR. MUMTAZ ALI RAJPER	DIRECTOR
MR. TAUFIQ HABIB	DIRECTOR
MR. ATTAULLAH A. RASHEED	DIRECTOR

COMPANY SECRETARY

MR. SHAHZAD F. LODHI	EXECUTIVE DIRECTOR (H.R.)/COMPANY SECRETARY
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SENIOR MANAGEMENT

MR. SHAHZAD F. LODHI
EXECUTIVE DIRECTOR (H.R.)/COMPANY
SECRETARY

MRS. FARZANA MUNAF
EXECUTIVE DIRECTOR/CFO

MRS. GHAZALA IMRAN
REGIONAL DIRECTOR (NZO)

AUDITORS

BOD Ebrahim & Co.
CHARTERED ACCOUNTANT
2nd Floor, Block-C, Laakson Square,
Building # 01, Sarwar Shaheed Road,
Karachi – 74200

SHARE REGISTRAR

Central Depository Company of Pakistan
Limited (CDC),
CDC House, 99=B, Block-B, SMCHS,
Main Shahre-e-Faisal,
Karachi-74400, Pakistan
Ph: (92-21) 111-111-500

REGISTERED OFFICES

PRC Towers, 32-A, Lalazar Drive,
M.T. Khan Road, P.O. Box: 4777,
Karachi, Pakistan
Tel: (92-21) 99202908-15
Telex: (92-21) 20428
Telefax: (92-21)99202920-22
E-mail: prcl@pakre.org.pk
Website: www.pakre.org.pk

ZONAL OFFICE

State Life Building,
1st Floor, Davis Road,,
Lahore.

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

Directors' Report

for the half year ended June 30, 2014

The Shareholders, Pakistan Reinsurance Co. Ltd.

On behalf of the Board of Directors of PRCL, I am pleased to present the un-audited condensed interim financial statements of the Company for the half year ended June 30, 2014. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

The financial statements for the half year ended June 30, 2014 reflect the treaty business returns received from 31 insurance companies out of 34. These returns received in PRCL after one month from the date of closing of their half year, as per the amendment were made in PIC (Compulsory Surplus Reinsurance) Regulations, 1978 as well as facultative business as per record of the Company. No returns were received from Crescent Star Insurance Company, Shaheen Insurance Company, (Karachi) and Asia Insurance Company (Lahore).

The Gross written Premium was Rs.3,393 million against Rs.3,404 million for the corresponding period, showing a decrease of Rs.11 million. The Net Premium was Rs.2,342 million against Rs.2,178 million, showing an increase of Rs.164 million (8%). The Net Commission for the period is Rs.456 million as compared to Rs.468 million, showing a decrease of Rs.12 million (3%). The Net Claims were Rs.1,137 million against Rs.1,066 million showing an increase of Rs.71 million (7%).

The underwriting results after management expenses for the half year ended June 30, 2014 were Rs.466 million as compared to Rs.382 million for the corresponding period last year, showing an increase of Rs.84 million (22%).

The income from investment including rental and other income for the period under review, was recorded at Rs.405 million, as compared to Rs.463 million in the corresponding period.

The Profit Before Tax for the half year ended June 30, 2014, was Rs.773 million, as compared to Rs.842 million in the half year ended June 30, 2013, showing a decrease of Rs.69 million (8%). The Profit after Tax for the half year ended June 30, 2014, was Rs.505 million, as compared to Rs.596 million in the half year ended June 30, 2013, showing a decrease of Rs.91 million (15%). The earning per share for the half year ended June 30, 2014 stood at Rs.1.69 compared to Rs.1.99 for the previous period.

These headline figures mask the positive developments that we have seen in our business over the first six months of the year.

Directors' Report

for the half year ended June 30, 2014

Future Outlook

The general insurance sector's performance is strongly correlated to economic growth and results are likely to be improved based on possible improvement in energy crisis and law and order situation in the country.

Acknowledgement

The Directors of your Company would like to take this opportunity to thank all the Company's valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Stock Exchanges, Central Depository Company for their professional approach and guidance.

We also thank our stakeholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally, the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of the officers and members of the staff who have contributed towards the growth of the Company and the success of its operations.

For and on behalf
of the Board of Directors

Chairman/Director

Karachi: 27th August, 2014.

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying:

- condensed interim balance sheet;
- condensed interim profit and loss account;
- condensed interim statement of comprehensive income;
- condensed interim statement of changes in equity;
- condensed interim statement of cash flows;
- condensed interim statement of premiums;
- condensed interim statement of claims;
- condensed interim statement of expenses; and
- condensed interim statement of investment income

together with the explanatory notes of **PAKISTAN REINSURANCE COMPANY LIMITED** (“the Company”) as at and for the six months period ended June 30, 2014 (here-in-after referred to as the “condensed interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, “Review of Interim financial information performed by the Independent Auditor of the Entity”. A review of interim financial information 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 the International Standard 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 information as at and for the six months period ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended June 30, 2014 and June 30, 2013 in the accompanying interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements for the year ended December 31, 2013 and for the six months ended June 30, 2013 were audited and reviewed respectively by another firm of chartered accountants who had expressed an unqualified opinion and conclusion thereon vide their reports dated April 30, 2014 and August 23, 2013 respectively.

KARACHI

DATED: August 27, 2014

CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2014

	Note	June 30, 2014 Unaudited Rupees	December 31, 2013 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
2,500,000,000 (December 31, 2013: 2,500,000,000)			
Ordinary shares of Rs.10 each		25,000,000,000	25,000,000,000
Issued subscribed and paid up capital			
3,000,000 (December 31, 2013: 3,000,000)			
Ordinary shares of Rs. 10 each		3,000,000,000	3,000,000,000
Retained earnings		1,268,829,986	1,512,977,449
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
		3,327,249,071	3,571,396,534
Shareholders' equity		6,327,249,071	6,571,396,534
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		2,589,892,633	2,564,779,785
Provision for unearned premium		3,655,527,683	4,502,049,279
Commission income unearned		57,741,262	75,141,712
Total underwriting provisions		6,303,161,578	7,141,970,776
Deferred liability - employee benefits		725,210,041	704,236,000
Long term deposits		13,895,512	14,367,887
Creditors and accruals			
Amount due to other insurers and reinsurers		1,231,615,435	1,357,718,565
Premium and claim reserves retained from retrocessionaires		19,063,742	19,063,742
Other creditors and accruals		38,813,372	34,340,782
Accrued expenses		17,623,800	22,030,942
Taxation - net		421,007,466	353,889,913
Retention money payable		6,368,183	6,821,056
		1,734,491,998	1,793,865,000
Other liabilities			
Dividend payable		828,030,962	78,809,294
Surplus profit payable		1,212,602	1,212,602
		829,243,564	80,021,896
Total liabilities		9,606,002,693	9,734,461,559
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		15,933,251,764	16,305,858,093

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2014

		June 30, 2014 Unaudited Rupees	December 31, 2013 Audited Rupees
ASSETS			
Cash and bank deposits			
		57,786	47,825
		2,464,863,985	2,056,331,619
		220,000,000	650,000,000
		2,684,921,771	2,706,379,444
Loans to employees		60,266,591	73,156,019
Investments	6	6,774,868,552	6,513,424,268
Investment properties	7	34,806,871	35,751,748
Current assets - others			
	8	2,358,008,249	2,611,797,575
		87,843,293	16,841,456
		160,146,388	170,654,899
		1,532,761,885	1,541,433,305
		492,101,748	495,865,753
		1,600,420,428	1,991,791,441
		92,288,345	90,926,500
		1,699,396	1,396,718
		6,325,269,732	6,920,707,647
Fixed assets			
Tangible			
		17,662,882	18,107,173
		11,070,506	12,115,884
		13,716,494	13,163,291
		10,668,365	13,052,619
		53,118,247	56,438,967
Assets relating to Bangladesh		-	-
TOTAL ASSETS		<u>15,933,251,764</u>	<u>16,305,858,093</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Three months period ended June 30							2014	2013
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
Revenue account	Note -----Rupees-----								
Net premium revenue	208,693,544	16,642,130	17,332,699	38,163,011	36,442,932	94,138,837	712,456,075	1,123,869,228	1,110,220,130
Less:									
Net claims	118,018,157	3,680,002	5,413,349	13,575,621	32,441,408	(3,937,051)	198,943,232	368,134,718	518,858,972
Expenses	3,097,361	2,236,257	583,996	2,096,604	3,049,497	2,121,969	184,503,790	197,689,474	194,492,152
Net commission	24,643,954	4,030,535	744,787	4,266,825	(14,379)	636,881	193,401,102	227,709,705	237,948,415
Underwriting results	62,934,072	6,695,336	10,590,567	18,223,961	966,406	95,317,038	135,607,951	330,335,331	158,920,591
Investment income - net								168,915,370	175,081,302
Rental income - net								13,287,803	10,498,545
Exchange (loss) / gain								(18,387,112)	22,638,992
Other income								11,226	(639,246)
General and administration expenses								(7,949,980)	(10,841,655)
								155,877,307	196,737,938
Profit before tax								486,212,638	355,658,529
Income tax expense									
Current								(165,406,823)	(106,914,137)
								(165,406,823)	(106,914,137)
Profit after tax								320,805,815	248,744,392
Profit and loss appropriation account									
Balance at the commencement of period								1,512,977,449	1,867,206,894
Profit after tax for the year								505,852,537	102,095,244
Final cash dividend 2013: Rs. 2.50 @ 25% (2012: Rs. 2.50 @ 25%) per share								(750,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period								1,268,829,986	1,219,302,138
Earnings per share - basic and diluted								1.07	0.83

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

Note	Six months period ended June 30							2014	2013
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Aggregate	Aggregate
-----Rupees-----									
Revenue account									
Net premium revenue	404,066,604	37,850,603	34,909,335	76,588,635	71,075,379	197,393,903	1,520,122,179	2,342,006,638	2,178,235,623
Less:									
Net claims	154,397,680	10,029,841	(4,315,693)	30,402,828	32,218,948	33,433,167	881,041,355	1,137,208,126	1,066,060,752
Expenses	50,540,666	9,578,294	6,130,282	13,657,956	14,220,823	26,240,640	162,619,943	282,988,604	262,104,620
Net commission	48,284,251	9,186,942	1,396,391	8,770,717	(48,074)	2,602,347	385,408,259	455,600,833	467,566,276
Underwriting results	150,844,007	9,055,526	31,698,355	23,757,134	24,683,682	135,117,749	91,052,622	466,209,075	382,503,975
Investment income - net								377,980,155	436,590,922
Rental income - net								26,416,987	23,765,789
Exchange (loss) / gain								(81,784,282)	18,555,749
Other income								927,733	945,663
General and administration expenses								(16,177,021)	(19,899,342)
Profit before tax								<u>307,363,572</u>	<u>459,958,781</u>
Income tax expense									
Current								(267,720,110)	(245,761,774)
Profit after tax								<u>(267,720,110)</u>	<u>(245,761,774)</u>
Profit and loss appropriation account								<u>505,852,537</u>	<u>596,700,982</u>
Balance at the commencement of period								1,512,977,449	1,197,161,063
Profit after tax for the year								505,852,537	596,700,982
Final cash dividend 2013: Rs. 2.50 @ 25% (2012: Rs. 2.50 @ 25%) per share								(750,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period								<u>1,268,829,986</u>	<u>1,043,862,045</u>
Earnings per share - basic and diluted								<u>1.69</u>	<u>1.99</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM OTHER COMPREHENSIVE INCOME (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Three months period ended June 30		Six months period ended June 30	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Profit for the period	320,805,815	248,744,392	505,852,537	596,700,982
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>320,805,815</u>	<u>248,744,392</u>	<u>505,852,537</u>	<u>596,700,982</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Share capital	Reserve for exceptional losses	Reserves			Total
	Issued subscribed and paid-up		Revenue reserves		Total reserves	
			Retained earnings	General reserve		
----- Rupees -----						
Balance as at January 01, 2013 - Restated	3,000,000,000	281,000,000	1,197,161,063	1,777,419,085	2,974,580,148	6,255,580,148
Effect of change in accounting policy	-	-	(40,807,140)	-	-	-
Balance as at January 01, 2013 - Restated	3,000,000,000	281,000,000	1,156,353,923	1,777,419,085	2,974,580,148	6,255,580,148
Total Comprehensive income for the period ended June 30, 2013	-	-	596,700,982	-	596,700,982	596,700,982
Transactions with owners						
Final cash dividend 2012: Rs.2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2013	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,003,054,905</u>	<u>1,777,419,085</u>	<u>2,821,281,130</u>	<u>6,102,281,130</u>
Balance as at January 01, 2014	3,000,000,000	281,000,000	1,512,977,449	1,777,419,085	3,290,396,534	6,571,396,534
Total Comprehensive income for the period ended June 30, 2014	-	-	505,852,537	-	505,852,537	505,852,537
Transactions with owners						
Final cash dividend 2013: Rs.2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2014	<u>3,000,000,000</u>	<u>281,000,000</u>	<u>1,268,829,986</u>	<u>1,777,419,085</u>	<u>3,046,249,071</u>	<u>6,327,249,071</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Six months period ended June 30	
	2014	2013
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	3,646,332,971	4,114,990,978
Reinsurance premium paid	(1,716,076,368)	(1,947,139,795)
Claims paid	(1,341,202,428)	(1,175,363,326)
Reinsurance and other recoveries received	237,778,570	41,751,135
Commission paid	(525,246,179)	(518,869,352)
Commission received	56,008,900	46,818,930
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	(71,001,837)	(24,694,433)
Expenses paid	(282,988,604)	(262,104,620)
Net cash inflows from underwriting activities	3,605,025	275,389,517
Other operating activities		
Income tax paid	(200,602,557)	(193,593,285)
General management expenses paid	(16,177,021)	(19,899,342)
Loans disbursed - net	12,889,428	9,937,207
Other receipts - sundry debtors	14,146,402	27,899,454
Net cash used in other operating activities	(189,743,748)	(175,655,966)
Total cash (used in) / generated from all operating activities	(186,138,723)	99,733,551
Investment activities		
Fixed capital expenditure	2,452,876	1,855,190
Sale proceeds of Fixed Assets	1,812,720	1,717,668
Acquisition of investments	(2,708,076,467)	(1,418,212,963)
Rental income received - net of expenses	51,947,799	39,621,177
Dividend income received	56,739,378	118,517,250
Interest income on bank deposits	74,039,754	60,138,045
Investment income received - net of expenses	237,656,003	237,553,805
Sale proceeds of investments	2,448,887,319	1,717,793,680
Total cash inflow from investment activities	165,459,382	758,983,852
Financing activities		
Dividend paid	(778,332)	(687,969,249)
Total cash outflow from financing activities	(778,332)	(687,969,249)
Net cash (used in) / generated from all activities	(21,457,673)	170,748,154
Cash and cash equivalents at beginning of the period	2,706,379,444	2,014,444,834
Cash and cash equivalents at end of the period	<u>2,684,921,771</u>	<u>2,185,192,988</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Six months period ended June 30	
	2014	2013
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	(186,138,723)	99,733,551
Depreciation expense	(5,055,450)	(4,876,253)
Exchange (loss) / gain	(81,784,282)	18,555,749
Other income	-	945,663
Rental income	26,416,987	23,765,789
Pension - officers	(24,687,000)	(17,863,000)
Pension - staff	(13,692,000)	(7,968,000)
Medical	(16,768,000)	(17,869,154)
Gratuity	(1,056,000)	(384,000)
Compensated absences	(5,400,000)	(3,959,000)
Provision for outstanding claims	(33,784,268)	67,551,439
Provision for unearned premium	846,521,596	(780,006,641)
Prepaid reinsurance	(388,869,645)	866,476,536
Provision for employee benefits	(20,974,041)	(51,889,358)
Dividend income	56,739,377	130,680,366
Investment income	242,877,076	232,485,368
Interest income	74,039,754	60,138,045
Amortization of premium	2,255,136	1,861,749
Gain on sale of investment	2,068,812	11,425,394
(Increase) / decrease in operating assets other than cash	(196,212,526)	121,491,964
Decrease in operating liabilities	296,473,287	285,759,834
	<u>572,970,090</u>	<u>1,036,056,041</u>
Other adjustments:		
Income tax refunded / (paid) - net	200,602,557	(193,593,285)
	<u>200,602,557</u>	<u>(193,593,285)</u>
Profit before taxation	773,572,647	842,462,756
Provision for taxation	(267,720,110)	(245,761,774)
Profit after taxation	<u><u>505,852,537</u></u>	<u><u>596,700,982</u></u>

Definition of cash

Cash comprises of cash in hand, policy stamps, postage stamps, revenue stamp, bank balances and other deposit which are readily convertible to cash in hand and which are used in the cash management function on day-to-day basis.

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

Cash and cash equivalents:

Cash and other equivalents	57,786	77,390
Current and other accounts	2,464,863,985	1,535,115,598
Deposit maturing within 12 months	220,000,000	650,000,000
	<u><u>2,684,921,771</u></u>	<u><u>2,185,192,988</u></u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
 SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Three months period ended June 30									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2014 (I=D-H)	2013
-----R u p e e s-----										
Business underwritten inside Pakistan										
Facultative										
Fire	186,272,181	981,745,082	723,470,456	444,546,807	1,987,500	582,632,144	348,766,381	235,853,263	208,693,544	195,845,588
Marine cargo	10,948,420	11,167,920	5,474,210	16,642,130	-	-	-	-	16,642,130	11,539,089
Marine hull	87,627,914	48,009,642	98,494,933	37,142,623	52,027,707	22,217,562	54,435,345	19,809,924	17,332,699	26,855,531
Accident and others	51,189,881	73,943,203	86,970,073	38,163,011	-	-	-	-	38,163,011	33,459,939
Aviation	19,364,025	659,903,857	399,470,822	279,797,060	2,829,987	577,115,047	336,590,906	243,354,128	36,442,932	42,699,099
Engineering	373,861,392	637,789,247	688,198,593	323,452,046	288,295,966	439,221,714	498,204,471	229,313,209	94,138,837	131,028,437
Total	729,263,813	2,412,558,951	2,002,079,087	1,139,743,677	345,141,160	1,621,186,467	1,237,997,103	728,330,524	411,413,153	441,427,683
Treaty	913,167,403	1,669,351,489	1,653,448,596	929,070,296	307,857,104	267,880,875	359,123,758	216,614,221	712,456,075	668,792,447
Grand total	1,642,431,216	4,081,910,440	3,655,527,683	2,068,813,973	652,998,264	1,889,067,342	1,597,120,861	944,944,745	1,123,869,228	1,110,220,130

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
 SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Six months period ended June 30,									
	Premiums written	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance		Reinsurance expense (H=E+F-G)	Net premium revenue	
	(A)	Opening (B)	Closing (C)			Opening (F)	Closing (G)		2014 (I=D-H)	2013
-----R u p e e s-----										
Business underwritten inside Pakistan										
Facultative										
Fire	759,153,826	836,819,945	723,470,456	872,503,315	429,398,012	387,805,080	348,766,381	468,436,711	404,066,604	400,960,830
Marine cargo	33,284,260	10,040,553	5,474,210	37,850,603	-	-	-	-	37,850,603	29,724,181
Marine hull	102,867,091	71,360,408	98,494,933	75,732,566	57,683,084	37,575,492	54,435,345	40,823,231	34,909,335	54,602,354
Accident and others	84,843,310	78,715,398	86,970,073	76,588,635	-	-	-	-	76,588,635	64,715,160
Aviation	47,086,534	910,779,804	399,470,822	558,395,516	22,541,862	801,369,181	336,590,906	487,320,137	71,075,379	86,323,602
Engineering	607,019,563	721,563,721	688,198,593	640,384,691	429,543,371	511,651,888	498,204,471	442,990,788	197,393,903	247,612,076
Total	1,634,254,584	2,629,279,829	2,002,079,087	2,261,455,326	939,166,329	1,738,401,641	1,237,997,103	1,439,570,867	821,884,459	883,938,203
Treaty	1,758,289,061	1,872,769,450	1,653,448,596	1,977,609,915	569,022,629	247,588,865	359,123,758	457,487,736	1,520,122,179	1,294,297,420
Grand total	3,392,543,645	4,502,049,279	3,655,527,683	4,239,065,241	1,508,188,958	1,985,990,506	1,597,120,861	1,897,058,603	2,342,006,638	2,178,235,623

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
 SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Three months period ended June 30									
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries	Reinsurance and other recoveries in		Reinsurance and other recoveries revenue	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2014 (I=D-H)	2013
-----Rupees-----										
Business underwritten inside Pakistan										
Facultative										
Fire	49,732,095	484,165,673	552,451,735	118,018,157	-	136,468,099	136,468,099	-	118,018,157	36,735,559
Marine cargo	8,932,648	38,390,753	33,138,107	3,680,002	-	-	-	-	3,680,002	11,096,975
Marine hull	17,150,760	52,082,292	52,086,797	17,155,265	11,745,364	14,442,587	14,439,139	11,741,916	5,413,349	9,775,000
Accident and others	7,895,554	125,707,091	131,387,158	13,575,621	-	-	-	-	13,575,621	15,391,903
Aviation	5,495	57,293,727	89,214,613	31,926,381	-	54,789,576	54,274,549	(515,027)	32,441,408	24,073,008
Engineering	21,689,047	230,990,514	202,575,070	(6,726,397)	-	125,477,162	122,687,816	(2,789,346)	(3,937,051)	37,991,823
Total	105,405,599	988,630,050	1,060,853,480	177,629,029	11,745,364	331,177,424	327,869,603	8,437,543	169,191,486	135,064,268
Treaty	498,231,160	1,448,112,033	1,533,991,153	584,110,280	206,164,519	1,025,889,753	1,204,892,282	385,167,048	198,943,232	383,794,704
Grand total	603,636,759	2,436,742,083	2,594,844,633	761,739,309	217,909,883	1,357,067,177	1,532,761,885	393,604,591	368,134,718	518,858,972

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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(Attaullah A. Rasheed)
 DIRECTOR

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
 SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received	Six months period ended June 30		Reinsurance and other recoveries revenue	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2014 (I=D-H)	2013
		-----Rupees-----								
Business underwritten inside Pakistan										
Facultative										
Fire	78,083,286	476,137,341	552,451,735	154,397,680	-	136,468,099	136,468,099	-	154,397,680	60,520,944
Marine cargo	15,965,872	39,074,138	33,138,107	10,029,841	-	-	-	-	10,029,841	14,507,386
Marine hull	19,100,675	61,811,334	52,086,797	9,376,138	13,695,279	14,442,587	14,439,139	13,691,831	(4,315,693)	21,256,773
Accident and others	9,656,698	110,641,028	131,387,158	30,402,828	-	-	-	-	30,402,828	(3,738,264)
Aviation	256,277	61,809,888	89,214,613	27,661,002	224,384	59,056,879	54,274,549	(4,557,946)	32,218,948	18,588,947
Engineering	61,655,288	222,710,921	202,575,070	41,519,437	8,086,270	122,687,816	122,687,816	8,086,270	33,433,167	91,029,305
Total	184,718,096	972,184,650	1,060,853,480	273,386,926	22,005,933	332,655,381	327,869,603	17,220,155	256,166,771	202,165,091
Treaty	1,156,484,332	1,597,547,135	1,533,991,153	1,092,928,350	215,772,637	1,208,777,924	1,204,892,282	211,886,995	881,041,355	863,895,661
Grand total	1,341,202,428	2,569,731,785	2,594,844,633	1,366,315,276	237,778,570	1,541,433,305	1,532,761,885	229,107,150	1,137,208,126	1,066,060,752

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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PAKISTAN REINSURANCE COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
 SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Three months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission from retrocession	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2014 (K=F-J)	2013
-----Rupees-----												
Business underwritten inside Pakistan												
Facultative												
Fire	36,647,305	89,927,023	80,651,196	45,923,132	3,097,361	49,020,493	39,750	44,751,314	23,511,886	21,279,178	27,741,315	32,260,416
Marine cargo	2,276,547	2,892,262	1,138,274	4,030,535	2,236,257	6,266,792	-	-	-	-	6,266,792	5,340,174
Marine hull	9,060,925	5,937,846	10,756,455	4,242,316	583,996	4,826,312	7,942,052	4,485,160	8,929,683	3,497,529	1,328,783	3,549,912
Accident and others	5,923,602	7,845,702	9,502,479	4,266,825	2,096,604	6,363,429	-	-	-	-	6,363,429	6,465,304
Aviation	811,810	792,210	1,167,316	436,704	3,049,497	3,486,201	350,816	1,127,614	1,027,347	451,083	3,035,118	3,033,911
Engineering	13,654,130	26,857,046	27,896,320	12,614,856	2,121,969	14,736,825	14,054,610	22,062,979	24,139,614	11,977,975	2,758,850	4,376,344
Total	68,374,319	134,252,089	131,112,040	71,514,368	13,185,684	84,700,052	22,387,228	72,427,067	57,608,530	37,205,765	47,494,287	55,026,061
Treaty	213,032,600	341,418,661	360,989,708	193,461,553	184,503,790	377,965,343	-	193,183	132,732	60,451	377,904,892	377,414,506
Grand total	281,406,919	475,670,750	492,101,748	264,975,921	197,689,474	462,665,395	22,387,228	72,620,250	57,741,262	37,266,216	425,399,179	432,440,567

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
SIX MONTHS PERIOD ENDED JUNE 30, 2014

Class	Six months period ended June 30											
	Three months period ended June 30,											2013
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense 2014 (K=F-J)	
	Opening (B)	Closing (C)					Opening (H)	Closing (I)				
-----Rupees-----												
Business underwritten inside Pakistan												
Facultative												
Fire	75,469,128	95,306,645	80,651,196	90,124,577	50,540,666	140,665,243	24,027,074	41,325,138	23,511,886	41,840,326	98,824,917	65,024,448
Marine cargo	8,061,071	2,264,145	1,138,274	9,186,942	9,578,294	18,765,236	-	-	-	-	18,765,236	11,379,844
Marine hull	11,336,460	8,065,439	10,756,455	8,645,444	6,130,282	14,775,726	9,192,863	6,985,873	8,929,683	7,249,053	7,526,673	6,979,571
Accident and others	8,965,975	9,307,221	9,502,479	8,770,717	13,657,956	22,428,673	-	-	-	-	22,428,673	11,501,033
Aviation	1,316,843	716,978	1,167,316	866,505	14,220,823	15,087,328	1,233,042	708,884	1,027,347	914,579	14,172,749	4,753,308
Engineering	26,372,647	27,308,699	27,896,320	25,785,026	26,240,640	52,025,666	21,375,921	25,946,372	24,139,614	23,182,679	28,842,987	6,000,002
Total	131,522,124	142,969,127	131,112,040	143,379,211	120,368,661	263,747,872	55,828,900	74,966,267	57,608,530	73,186,637	190,561,235	105,638,206
Treaty	393,724,055	352,896,625	360,989,708	385,630,972	162,619,943	548,250,915	180,000	175,445	132,732	222,713	548,028,202	624,032,690
Grand total	525,246,179	495,865,752	492,101,748	529,010,183	282,988,604	811,998,787	56,008,900	75,141,712	57,741,262	73,409,350	738,589,437	729,670,896

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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CHIEF FINANCIAL OFFICER

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PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2014

	Three months period ended June 30		Six months period ended June 30	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Income from trading investments				
Held-for-trading	-	4,162,963	-	3,828,995
Dividend income	8,277,592	20,320,125	56,739,377	130,680,366
	8,277,592	24,483,088	56,739,377	134,509,361
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	94,320,451	87,596,961	185,867,696	170,339,339
Return on other fixed income securities and deposits	32,495,347	38,376,792	74,039,754	60,138,045
Income on treasury bills	32,761,101	23,482,848	55,687,026	56,744,588
Amortization of premium on Pakistan Investment Bond	1,580,360	590,508	2,255,136	1,861,749
	161,157,259	150,047,109	317,849,612	289,083,721
Gain on sale of investments				
Available-for-sale	-	157,740	2,068,812	7,596,399
Gain on revaluation of investments				
Held-for-trading	1,306,104	2,539,127	4,826,134	8,769,276
Less: Investment related expenses	(1,825,585)	(2,145,762)	(3,503,780)	(3,367,835)
Net investment income	168,915,370	175,081,302	377,980,155	436,590,922

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

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PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan on March 30, 2000 as public limited company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is engaged in providing reinsurance product and services to insurance companies and investment activities. The Company's registered office is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

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

2 BASIS OF PREPARATION

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

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

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.1 Statement of compliance

This condensed interim financial information of the Company for the six month period ended June 30, 2014 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 Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

The condensed interim financial information for the six month period ended June 30, 2014 is unaudited but has been reviewed by the external auditors of the Company.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of 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 information of the Company for the year ended December 31, 2013.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information were the same as those applied in the preparation of the financial information of the Company for the year ended December 31, 2013.

4.1 Application of International Financial Reporting Standard - 2 (Share-based Payments)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs).

The Scheme needs to be accounted for by the covered entities under the provisions of amended International Financial Reporting Standard 2 Share Based Payments (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted the staff costs of the Company for the period would have been higher by Rs. 30.767 million, profit after taxation would have been lower by Rs. 30.767 million, retained earnings would have been lower by Rs. 30.767 million, earnings per share would have been lower by Rs. 0.10 per share and reserves would have been higher by Rs. 30.767 million.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has certain disputes with National Construction Company Limited (NCC) and other consultants, over the certification of final bills in relation to the construction of the PRC Towers. The Company filed a claim against the NCC amounting to Rs. 105.9 million for breach of the contract. The NCC has filed a counter claim of Rs. 133.6 million against the Company for financial loss and loss of goodwill. In relation to the dispute with the consultants / contractors, the total work as certified by the Company's consultants amounted to Rs. 200.76 million against the total contract price of Rs. 208.94 million and the asset capitalized amounted to Rs. 191.92 million. There has been no further proceeding in the case since last year.
- 5.2 Decree had been awarded to National Bank of Pakistan against the Company in a case amounting to Rs. 36.55 (December 31, 2013: Rs. 36.55) million, pertaining to the default of Adamjee Insurance Company Limited for the advance payment guaranteed by the Company. The decree holder has not filed execution application within the prescribed limitation period, the management therefore considers it as time barred and the management believe that the Company has a strong position in this case.
- 5.3 The Company has disputed the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged as payable in this regard as at June 30, 2014 amounted to Rs. 3.351 million (December 31, 2013: Rs. 3.351 million).

Currently, stay is operating in favour of the Company and the matter is pending before the Honourable Court of Senior Judge - Karachi, West, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. Both the parties has provided evidences to District Court of Sindh and the order is pending with the concerned authority.

- 5.4 The Company has received a notice from Sindh Revenue Board (SRB) relating to non filing of Sales Tax return on services provided by them 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. 495.5 million. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company has filed an appeal with the Appellate Tribunal Inland Revenue, Sindh Revenue Board which is pending for hearing due to its disfunctionality, for which reason, the Honorable High Court of Sindh has granted an interim stay order in the favor of the Company. The management and the tax advisor are confident that eventual outcome will be in favor of the Company. Hence, no provision has been made in this condensed interim financial information.
- 5.5 Contingencies related to income tax are presented in note 10.
- 5.6 There is no commitment as on the balance sheet date (December 31, 2013: Nil).

	June 30, 2014 Rupees	December 31, 2013 Rupees
6 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	421,028,207	421,028,207
Mutual fund units	1,957,007,894	1,957,007,894
Ordinary shares - unlisted	617,613	617,613
	<u>2,378,653,714</u>	<u>2,378,653,714</u>
Held-to-maturity		
Pakistan Investment Bonds	3,172,069,171	3,170,704,754
Treasury Bills	1,134,639,200	880,405,000
	4,306,708,371	4,051,109,754
Held-for-trading		
Ordinary shares - listed	89,506,467	83,660,800
	<u>6,774,868,552</u>	<u>6,513,424,268</u>

The available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) as per Rule 16(a) of SECP Insurance Rules, 2002. However, International Accounting Standard 39 dealing with the recognition and measurements of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on June 30, 2014 would have been higher by Rs. 3,705.086 million (December 31, 2013: higher by Rs.2,468.282 million) and the net equity would have been higher by Rs. 3,705.086 million (December 31, 2013: higher by Rs.2,468.282 million).

7 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,240.814 million, as per valuation carried out by an independent valuer in 2013.

	Note	June 30, 2014 Rupees	December 31, 2013 Rupees
8 AMOUNT DUE FROM OTHER INSURERS			
Amount due from other insurers	8.1	2,744,008,249	2,997,797,575
Provision for doubtful balances		(386,000,000)	(386,000,000)
		<u>2,358,008,249</u>	<u>2,611,797,575</u>

8.1 This includes Rs.841,182,202 (December 31, 2013: Rs.1,110,357,000) due from related parties.

9 ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of fixed assets that have been acquired / disposed off are as follows:

	-----2014-----	
	Additions Rupees	Disposals Rupees
Electrical installations, air conditioning plant and lifts	1,899,956	-
Furniture, fixtures, books and office equipments and computer	83,045	-
Vehicles	-	1,193,147
	<u>1,983,001</u>	<u>1,193,147</u>
Electrical installations, air conditioning plant and lifts	725,100	-
Furniture, fixtures, books and office equipments and computer	766,951	-
Vehicles	87,000	324,711
	<u>1,579,051</u>	<u>324,711</u>
	June 30, 2014 Rupees	June 30, 2013 Rupees

10 INCOME TAX EXPENSE

10.1 Provision for taxation

Current	<u>267,720,110</u>	<u>245,761,774</u>
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10.2 The department had made add backs relating to assessment years 1984-85 to 2001-02 on account of income under Export Credit Guarantee Schemes (ECGS). The Company had filed appeal against this in Income Tax Appellate Tribunal (ITAT), however, the ITAT concluded the appeals against the Company for the assessment years 1984-85 to 1994-95. The Company had filed an appeal in the Honourable High Court against the add backs relating to assessment years 1984-89, however the judgment was made against the Company by the Honourable High Court. The Company has now filed an appeal in the Honourable Supreme Court of Pakistan against the said judgement of the Honourable High Court, the Honourable Supreme Court of Pakistan vide order dated August 21, 2007 has granted leave to file an appeal against the said judgment.

The Company had filed an appeal in the Honourable High Court against the add backs relating to assessment years 1995-96 to 2001-02. These cases are pending for finalization before the Honourable High Court.

The total amount of income tax deposited by the Company since the year 1984-85 to the year 2001-02 in respect of Export Credits Guarantee Scheme (ECGS) is now recorded as a receivable from the Ministry of Finance, Government of Pakistan. The matter is contested by the Ministry and is now before Alternate Dispute Resolution Committee (ADRC).

- 10.3 The Assistant Commissioner of Inland Revenue (ACIR) has also issued a show cause notice under section 161/205(3) of the Income Tax Ordinance, 2001 for the tax year 2009 for non deduction of tax on payment of insurance / reinsurance premium under section 152(1AA) of the Ordinance. The Company has made submission in this regard, and has not received any further notice in this regard.
- 10.4 The Assistant Commissioner of Inland Revenue (ACIR) has also issued a show cause notices under section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2012 and tax year 2008 for non deduction of tax on commission paid to foreign reinsurance companies. The Company has, in respect of this issue, received a demand notice of Rs. 148,318,431 and Rs. 217,443,078 under order dated February 28, 2014 and July 1, 2014 respectively. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) contesting the ACIR's stand on the basis that the Company do not pay any such amount but such amounts are adjusted and the net amount of premium is received by the Company and it is in accordance with current industry practice. The Company has not made provision in this regard as it is confident that the case will be decided in the Company's favour.
- 10.5 Notice has been issued by the authority for tax year 2003, however, assessment proceedings are pending before the Honourable High Court. Further, a relief of Rs. 41,567,000 was allowed to the Company by the Commissioner Inland Revenue (Appeal) for tax year 2004, which was also confirmed by Appellate Tribunal Inland Revenue. The Income Tax department has filed an ITRA against the said relief. The said ITRA is considered doubtful as it relates to miscellaneous application for rectification and has not challenged the main order. The Company has not made provision in this regard as it is confident that the case will be decided in the Company's favour.

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise companies under common directorship, staff retirement benefit funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	Three months period ended June 30		Six months period ended June 30	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Balances				
Premium due but unpaid	-	(1,643,727)	-	(1,893,727)
Insurance premium written during the period	-	15,524,374	-	15,774,374
Premium received	-	(5,596,014)	-	(5,596,014)
Balance at the end	-	8,284,633	-	8,284,633
Transaction				
Insurance commission paid	-	4,877,261	-	4,877,261
Insurance claims paid	-	713,760	-	713,760
Premium paid - net	-	2,150	-	2,150
Insurance commission received	-	876	-	876
Insurance claims received	-	148	-	148
Dividend income	21,780,000	15,840,000	21,780,000	15,840,000

The transactions with related parties are in the normal course of business at contracted rates and terms determined on commercial terms.

Profit oriented state-controlled entities - various	Three months period ended June 30		Six months period ended June 30	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Premium due but unpaid	861,580,076	1,054,856,484	1,110,357,464	1,444,397,543
Insurance premium written during the period	256,182,835	256,608,136	684,997,900	723,875,798
Premium received	(276,580,709)	(776,443,408)	(954,173,162)	(1,633,252,128)
Balance at the end	841,182,202	535,021,212	841,182,202	535,021,213
Insurance claims paid	8,650,438	-	25,404,803	-
Insurance commission paid	31,788,401	-	48,939,160	-
Group insurance premium	942,937	663,451	3,030,231	1,334,689

13 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:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit after tax for the period (Rupees)	<u>320,805,815</u>	<u>248,744,392</u>	<u>505,852,537</u>	<u>596,700,982</u>
Weighted average number of ordinary shares	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Earning per share - basic (Rupees)	<u>1.07</u>	<u>0.83</u>	<u>1.69</u>	<u>1.99</u>

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

14 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. No significant reclassifications have been made during the period, except as detailed in note 11.1 to the condensed interim financial information.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on August 27, 2014 by the Board of Directors of the Company.

16 GENERAL

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

(Farzana Munaf)
CHIEF FINANCIAL OFFICER

(Taufique Habib)
DIRECTOR

(Attaullah A. Rasheed)
DIRECTOR

At the time of the meeting of Board of Directors, office of the Chief Executive is vacant. Therefore, in pursuance of relaxation granted by Securities Exchange Commission of Pakistan (SECP), these financial statements, as approved by the Board of Directors, have been signed by two directors and the Chief Financial Officer.

Secure today & tomorrow



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