PakRe

Pakistan Reinsurance Company Limited

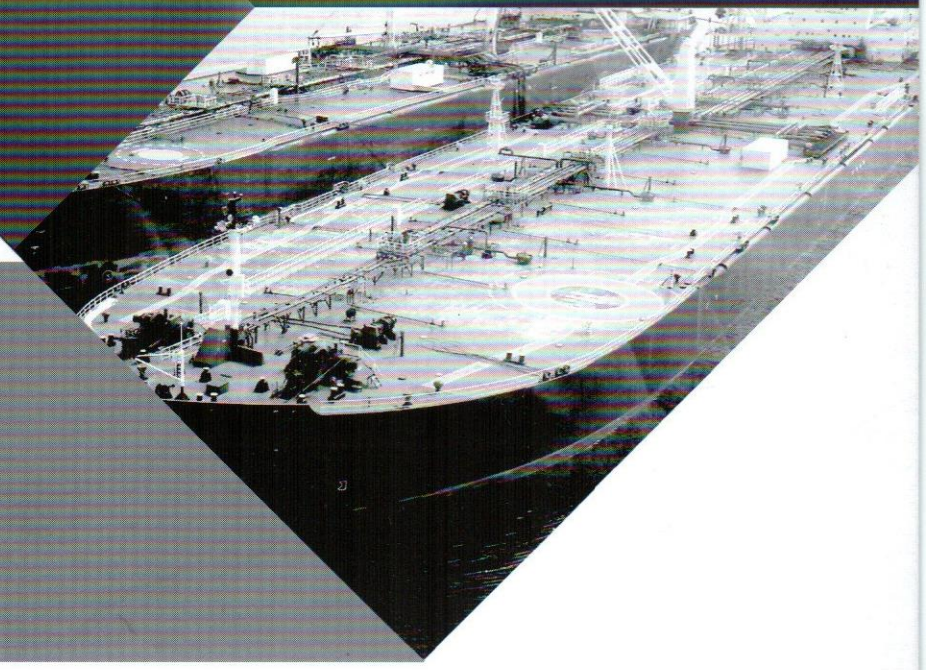




CONDENSED INTERIM FINANCIAL STATEMENT

for the Half Year Ended June 30, 2017

Commitment To Excellence



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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-tem 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

BOARD OF DIRECTORS OF PRCL

Mr. Shahab Anwar Khawaja	Chairman Board of Directors
Mr. Muhammad Siddique Memon	CEO / Director
Mr. Abdul Sami Kehar	Director
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Director
Mrs. Ghazala Ahmed	Director
Mr. Mumtaz Ali Rajper	Director
Mr. Musleh ud Din	Director

COMPANY SECRETARY / COMPLIANCE OFFICER

Mr. Shams-ud-Din

AUDIT COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mumtaz Ali Rajper	Member
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Khurshid	In attendance
Mr. Jamil Ahmed, Chief Financial Officer	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Ms. Ghazala Ahmed	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shahzad Farooq Lodhi, ED (HR)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shahab Anwar Khawaja	Member
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

PROCUREMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shahzad Farooq Lodhi, ED (Admn)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Ms. Ghazala Ahmed	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Muhammad Junaid Moti, ED (U/W)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Muhammad Junaid Moti, ED (U/W)	In attendance
Mr. Farmanullah Zarkoon GM (Claims)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

SENIOR MANAGEMENT

Mr. Muhammad Siddique Memon	Chief Executive Officer
Mr. Shahzad Farooq Lodhi	Executive Director (HR)
Mr. Muhammad Khurshid	Chief Internal Auditor
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Mr. Shams-ud-Din	Company Secretary / Compliance Officer
Mr. Jamil Ahmed	Chief Financial Officer
Mr. Saleem Abdul Razzaq	General Manager (NZO)
Mrs. Rana Muneer Ahmed	General Manager (NZO)
Mr. Farmanullah Zarkoon	General Manager (Business Development) / Claims
Mr. Zohaib Hasan	General Manager (DPD)

AUDITORS

Mr. Zulfikar Ali Causer
Engagement Partner
BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C, Lakson Square Building # 01
Sarwar Shaheed Road
Karachi. – 74200

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

SHARE REGISTRAR

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

REGISTERED OFFICE

PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.
Tele: (92-21) 99202908-15
Telefax: (92-21) 99202921-22
Email: prcl@pakre.org.pk
Website: www.pakre.org.pk

ZONAL OFFICE

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

Directors' Report

For The Half Year Ended June 30, 2017

The Shareholders,

Pakistan Reinsurance Company Limited.

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 ending June 30, 2017. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

The Gross written Premium is Rs.3,366 million against an amount of Rs.4,082 million for the corresponding period, showing a decrease of Rs.715 million (18%). The Net Premium is Rs.2,710 million against Rs.2,833 million, showing a decrease of Rs.123 million (4%). The Net Commission (Revenue) for the period is Rs.601 million as compared to Rs.617 million, showing a decrease of Rs.16 million (2.6 %). The Net Claims are Rs.1,540 million against Rs.1,340 million showing an increase of Rs.200 million (15%).

The underwriting results after management expenses for the half year ending June 30, 2017 are Rs.218 million as compared to Rs.545 million for the corresponding period last year, showing a decrease of Rs.327 (60%). The reason for such a decrease is the payment to long outstanding claims.

The income from investment including rentals for the period under review is recorded as Rs.3,223 million, as compared to Rs. 590 million in the corresponding period last year, showing an increase of (446%).

The Profit Before Tax for the half year ending June 30, 2017, is Rs. 3,560 million, as compared to Rs.1,136 million recorded in the half year ended June 30, 2016, showing an increase of Rs. 2,424 million (213%). The Profit after Tax for the half year ending June 30, 2017, is Rs.2,492 million, as compared to Rs. 861 million in the half year ended June 30, 2016, showing an increase of Rs. 1,630

million (189%). The Earnings Per Share, for the half-year ending June 30, 2017 remained at Rs. 8.31 as compared to Rs. 2.87 for the previous period showing a percentage increase of 189%.

Future Outlook

The general insurance sector's performance is strongly correlated to overall economic growth and results are likely to improve based on projected improvement in law and order situation and energy situation of the country.

Acknowledgements

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

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future.

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

For and on behalf of the Board of Directors

Chairman Board
Karachi: _____ August 2017

ڈائریکٹر کی کی رپورٹ

برائے نصف سال جس کا اختتام 30 جون 2017 کو ہوا

حصص یافتگان

پاکستان ری انشورنس کمپنی لمیٹڈ

میں، PRCLکے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی درمیانی مدت کے نصف سال جس کا اختتام 30 جون 2017 کو ہوا غیر آڈٹ شدہ مختصرمالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ جیسا کہ درکار ہے ہمارے بیرونی آڈیٹر نے ان کا محدود جائزہ لے چکے ہیں اور ان کی جائزہ رپورٹ منسلک ہے۔

کاروباری سرگرمیوں کا جائزہ

مجموعی درج پریمئم گذشتہ سال کی اسی مدت کے دوران 715ملین روپے کی کمی(18فیصد) دکھاتے ہوئے 4,082 ملین روپے کے مقابلے میں زیر غور مدت میں 3,366 ملین روپے تھا۔ خالص درج پریمئم گذشتہ سال کی اسی مدت کے دوران 123 ملین روپے کی کمی(4 فیصد) دکھاتے ہوئے 2,833ملین روپے کے مقابلے میں زیر غور مدت میں 2,710 ملین روپے ہے۔ خالص کمیشن گذشتہ سال کی اسی مدت کے دوران 16 ملین روپے کی کمی (2.6فیصد) دکھاتے ہوئے 617 ملین روپے کے مقابلے میں زیر غور مدت میں 601 ملین روپے ہے ۔ خالص دعوے گذشتہ سال کی اسی مدت کے دوران 200 ملین روپے کا اضافہ(15 فیصد) دکھاتے ہوئے 1,340ملین روپے کے مقابلے میں زیر غور مدت میں 1,540 ملین روپے ہے ۔

مالی منصوبوں کے تحفظ کی ذمہ داری (underwriting) کےنتائج بعد از انتظامی اخراجات کے گذشتہ سال کی اسی مدت کے دوران 327 ملین روپے کی کمی(60 فیصد) دکھاتے ہوئے 545 ملین روپے کے مقابلے میں زیر غور مدت میں 218 ملین روپے ہے۔ اس کمی کی وجہ دیرینہ دعوں کی ادائیگیاں ہیں۔ سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر آمدنی گذشتہ سال کی اسی مدت کے دوران 446 فیصد اضافہ دکھاتے ہوئے 590 ملین روپے کے مقابلے میں زیر غور مدت میں 3,223 ملین روپے ہیں ۔

30 جون 2017 کو ختم ہونے والے سال کی پہلی ششماہی کا منافع قبل از محصول 3,560 ملین روپے ہے جس میں گذشتہ نصف سال 30 جون 2016 کے منافع قبل از محصول میں 1,136ملین روپے میں 2,424 ملین روپے کا اضافہ(213 فیصد) کا اندراج ہوا۔30 جون 2016 کو ختم ہونے والی ششماہی کا 861 ملین روپے کا منافع بعد از محصول میں 1,630 ملین روپے کا اضافہ(189فیصد) دکھاتے ہوئے30 جون 2017 کی پہلی ششماہی پر منافع بعد از محصول 2,492 ملین روپے ہے ۔ 30 جون 2017 کو ختم ہونے والے

سال کی پہلی ششماہی گذشتہ سال کی اسی مدت کی میں آمدنی فی حصص بغیر تبدیلی کے 8.31 روپے رہی جبکہ گذشتہ سال اس مدت میں یہ آمدنی 2.87 روپے تھی جس میں 189 فیصد کا اضافہ دیکھا گیا ہے۔

مستقبل کا منظر نامہ

جنرل بیمہ کے شعبے کی کارکردگی اور معاشی ترقی میں مضبوط باہمی ربط ہے اور ملک میں امن و امان اور توانائی کی بہتر ہوتی ہوئی صورتحال کی بنیاد پر توقع ہے کہ نتائج میں بہتری آئے گی۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے تمام معزز گاہکوں، ریٹرو سیشنائرز (retrocessionaires)، دلال، کاروباری شرکاء، معاونین، انشورنس کمپنیوں، سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج، سینٹرل ڈپازٹری کمپنی آف پاکستان کا ان کی پیشہ ورانہ حمائت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص یافتگان کا ان کے کمپنی پر مسلسل اعتماد اور بھروسے کا بھی شکریہ کرتے ہیں اور ہم انہیں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔

اور اخر میں ڈائریکٹرز چاہتے ہیں کہ کمپنی کے افسران اور دیگر عملے کے ارکان لگن، وفاداری اور جانفشانی سے کام جس نے کمپنی کے ترقی اور کامیابی میں حصہ ڈالا اس بات کی ستائش کو رکارڈ پر لایا جائے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

شہاب خواجہ

چیرمین بورڈ

کراچی: 26th August, 2017

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying:

- condensed interim balance sheet as at June 30, 2017 and;
- 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, 2017 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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.

1. The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, we have noted that the Company is not following the guidelines of aforesaid Circular No. 9 of 2016 and no separate estimation for IBNR claims reserve has been recorded as management is of the view that the Company records the outstanding claims on the basis of returns received from ceding insurance companies and data / information required for separate estimation of IBNR could not be available or expected to be made available.

2. As on December 31, 2016, the balance under the head "Amount due from other insurers / reinsurers" included an amount of Rs. 1,492.238 million in respect of which balance confirmation was not received during the audit for the year ended December 31, 2016. Management has recorded a provision amounting to Rs. 235.968 million in respect of these balances. In the absence of an independent confirmation we were unable to confirm the existence and valuation related to this amount. The Company is in process of reconciling all balances with ceding companies as detailed in note 22. Due to pending confirmation/reconciliation relating to the above balances, resultant adjustment and consequential impact therefore, if any, on the financial statements remain unascertained.

Conclusion

Based on our review, except for the adjustments in respect of matters stated above nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

1. Note 7.4 to the condensed interim financial information which provides details regarding orders passed by Sindh Revenue Board demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company for the years 2011, 2012 and 2013. The Company has not recorded provision against the orders and has disclosed the amounts as contingent liabilities. During the prior year, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sales Tax Act 2011. Further, during the period the Company has paid an amount to Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for the years 2011, 2012 and 2013 which has been recorded as receivable as management is confident on the basis of advise received from its legal advisors that the decision will be in the favour of the Company. However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 2,573.889 million pertaining to the years 2011, 2012 and 2013 excluding any additional penalty or default surcharge.

Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015 and 2016. The financial impact for these tax years remains unascertained.

2. Note 6.1 and 12.2 to the condensed interim financial information which inter-alia provides details regarding Reconciliation Committee formed by the Audit Committee of the Board in prior year to reconcile and recover balances from insurance companies. The Company continues to follow up and reconcile these balances and record adjustments wherever considered necessary.

3. Note 7 to this condensed interim financial information which provides details regarding contingencies in respect of which decisions are pending.

Other matters

The figures for the quarters ended June 30, 2017 and June 30, 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED:

CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017 Unaudited Rupees	December 31, 2016 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
2,500,000,000 (December 31, 2016: 2,500,000,000) ordinary shares of Rs. 10/- each		25,000,000,000	25,000,000,000
Issued, subscribed and paid up capital		3,000,000,000	3,000,000,000
Retained earnings		3,939,147,052	2,345,041,499
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
Shareholders' equity		5,997,566,137	4,403,460,584
LIABILITIES		8,997,566,137	7,403,460,584
Underwriting provisions			
Provision for outstanding claims (including IBNR)		4,099,632,518	4,590,671,732
Provision for unearned premium		3,541,612,720	4,420,092,072
Commission income unearned		34,883,738	24,177,478
Total underwriting provisions		7,676,128,976	9,034,941,282
Deferred liability - employee benefits		1,247,266,744	1,296,307,190
Long term deposits	5	16,416,375	16,299,040
Creditors and accruals			
Amount due to other insurers and reinsurers	6	1,462,400,590	1,964,346,423
Premium and claim reserves retained from retrocessionaries		19,063,743	19,063,743
Other creditors and accruals		24,586,639	26,026,662
Accrued expenses		5,584,025	19,909,377
Taxation - net		113,226,823	-
Retention money payable		6,368,183	6,368,183
		1,631,230,003	2,035,714,388
Other liabilities			
Dividend payable		137,889,517	119,430,677
Surplus profit payable		1,212,602	1,212,602
		139,102,119	120,643,279
Total liabilities		10,710,144,217	12,503,905,179
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		19,707,710,354	19,907,365,763

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017 Unaudited Rupees	December 31, 2016 Audited Rupees
ASSETS			
Cash and bank deposits			
Cash and other equivalents		63,271	44,264
Current and other accounts		2,204,074,382	2,239,958,104
Deposits maturing within 12 months		355,000,000	440,000,000
		2,559,137,653	2,680,002,368
Loans to employees	8	68,769,146	72,949,886
Investments	9	6,174,417,128	6,624,839,230
Investment properties	10	30,616,231	31,425,711
Current assets - others	11		
Amount due from other insurers and reinsurers	12	3,972,836,939	4,533,411,877
Premium and claim reserves retained by cedants		72,400,892	11,685,818
Accrued investment income		247,982,332	190,210,728
Reinsurance recoveries against outstanding claims		1,851,672,965	2,732,782,143
Deferred commission expense		497,333,446	598,286,396
Prepayments		1,545,255,952	1,768,270,301
Taxation - net		-	114,406,208
Other receivables	13	2,573,888,727	442,424,338
Sundry receivables		71,225,690	67,503,384
Stock of stationery		376,951	240,905
		10,832,973,894	10,459,222,097
Fixed assets			
Tangible			
Land and building		14,221,835	14,580,764
Furniture, fixture, books and office equipment		9,839,976	10,150,776
Electrical installations, air conditioning plant and lifts		7,247,962	8,053,291
Motor vehicles		10,486,527	6,141,640
		41,796,301	38,926,471
Assets relating to Bangladesh		-	-
TOTAL ASSETS		19,707,710,354	19,907,365,763

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Three months period ended June 30								
		Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	2017 Aggregate	2016 Aggregate
		----------	----------	----------	----------	----------	Rupees	----------	----------	----------
Revenue account										
Net premium revenue		263,285,982	8,464,066	5,075,136	39,708,916	32,466,447	111,804,594	835,770,231	1,296,575,372	1,454,950,912
Less:										
Net claims		125,647,271	2,128,714	55,205,641	7,661,526	58,774,366	76,423,745	495,546,768	821,388,031	653,573,957
Expenses		53,179,335	2,885,395	1,788,835	9,005,552	9,305,515	22,356,458	158,690,882	257,211,972	233,135,954
Net commission		48,597,416	1,399,499	224,702	6,133,153	(2,353,424)	10,246,667	226,312,128	290,560,141	315,461,137
Underwriting results		35,861,960	2,050,458	(52,144,042)	16,908,685	(33,260,010)	2,777,724	(44,779,547)	(72,584,772)	252,779,864
Investment income - net									3,002,575,759	382,323,392
Rental income - net									15,141,009	14,191,239
Exchange gain									2,817,551	4,200,557
Other income									386,700	1,500
General and administration expenses									(16,607,950)	(12,489,227)
Profit before tax									3,004,313,069	388,227,461
Income tax expense										
Current									2,931,728,297	641,007,325
Profit after tax										
Profit and loss appropriation account									(882,337,739)	(137,421,872)
Balance at the commencement of period									2,049,390,558	503,585,453
Profit after tax									2,237,925,983	2,237,925,983
Final cash dividend [2016: Rs. 3.00 @ 30% (2015: Rs. 2.50 @ 25%) per share]									2,049,390,558	503,585,453
Balance of unappropriated profit at the end of the period									(900,000,000)	(750,000,000)
Earnings per share - basic and diluted									3,387,316,541	1,991,511,436
									6.83	1.68

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Three months period ended June 30		Six months period ended June 30	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Profit for the period	2,049,390,558	503,585,453	2,494,105,553	861,405,136
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,049,390,558	503,585,453	2,494,105,553	861,405,136

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN | CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Six months period ended June 30								
		Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	2017 Aggregate	2016 Aggregate
		----------	----------	----------	----------	----------	Rupees ----------	----------	----------	----------
Revenue account										
Net premium revenue		544,845,026	17,810,220	13,427,449	77,696,620	72,422,890	220,010,033	1,763,956,080	2,710,168,318	2,833,231,492
Less:										
Net claims		327,133,363	3,730,421	55,347,378	(1,645,028)	58,774,366	151,575,400	944,811,849	1,539,727,749	1,339,657,676
Expenses		73,430,369	5,394,755	2,879,800	12,908,856	14,421,705	30,660,042	211,756,565	351,452,092	331,651,491
Net commission		100,891,417	3,052,653	472,932	11,191,569	(4,794,540)	21,041,554	468,871,402	600,726,988	616,543,916
Underwriting results		43,389,877	5,632,391	(45,272,661)	55,241,223	4,021,359	16,733,037	138,516,264	218,261,489	545,378,409
Investment income - net									3,223,147,052	589,582,725
Rental income - net									29,170,827	26,411,156
Exchange gain / (loss)	16								1,120,479	(2,531,632)
Other income	17								114,112,688	62,921
General and administration expenses									(26,002,921)	(22,866,111)
Profit before tax									3,341,548,125	590,659,060
Income tax expense									3,559,809,614	1,136,037,469
Current	15								(1,065,704,060)	(274,632,333)
Profit after tax									2,494,105,553	861,405,136
Profit and loss appropriation account										
Balance at the commencement of period									2,345,041,499	1,880,106,301
Profit after tax									2,494,105,553	861,405,136
Final cash dividend [2016: Rs. 3.00 @ 30%(2015: Rs. 2.50 @ 25%) per share]									(900,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period									3,939,147,052	1,991,511,437
Earnings per share - basic and diluted									8.31	2.87

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Share capital	Reserves				
	Issued subscribed and paid-up	Reserve for exceptional losses	Revenue reserves		Total reserves	Total
			Retained earnings	General reserve		
	---Rupees---					
Balance as at January 01, 2016	3,000,000,000	281,000,000	1,880,106,301	1,777,419,085	3,657,525,386	6,938,525,386
Total comprehensive income for the period ended June 30, 2016	-	-	861,405,136	-	861,405,136	861,405,136
Transactions with owners						
Final cash dividend 2015: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2016	3,000,000,000	281,000,000	1,991,511,437	1,777,419,085	3,768,930,522	7,049,930,522
Balance as at January 01, 2017	3,000,000,000	281,000,000	2,345,041,499	1,777,419,085	4,122,460,584	7,403,460,584
Total comprehensive income for the period ended June 30, 2017	-	-	2,494,105,553	-	2,494,105,553	2,494,105,553
Transactions with owners						
Final cash dividend 2016: Rs. 3.00 @ 30% per share	-	-	(900,000,000)	-	(900,000,000)	(900,000,000)
Balance as at June 30, 2017	3,000,000,000	281,000,000	3,939,147,052	1,777,419,085	5,716,566,137	8,997,566,137

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Six months period ended June 30	
	2017	2016
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	3,926,910,684	3,457,374,495
Reinsurance premium paid	(1,812,931,201)	(1,045,406,764)
Claims paid	(2,325,903,467)	(1,270,835,510)
Reinsurance and other recoveries received	1,176,245,682	14,740,136
Commission paid	(531,284,611)	(691,261,112)
Commission received	42,216,835	52,162,419
Premium and claim reserves retained from retrocessionaries/withheld by ceding companies	(60,715,074)	2,857,352
Expenses paid	(351,452,092)	(331,651,491)
Net cash inflows from underwriting activities	63,086,756	187,979,526
Other operating activities		
Income tax paid	(838,071,030)	(363,367,718)
General management expenses paid	(22,353,876)	(22,866,111)
Loans disbursed - net	4,180,740	(1,142,475)
Other receipts - sundry debtors	(2,199,537,812)	(420,607,636)
Net cash used in other operating activities	(3,055,781,979)	(807,983,940)
Total cash used in all operating activities	(2,992,695,223)	(620,004,414)
Investment activities		
Fixed capital expenditure	(6,194,385)	3,972,785
Sale proceeds of fixed assets	484,989	-
Acquisition of investments	(3,097,503,276)	(1,304,921,190)
Rental income received - net of expenses	36,325,497	46,587,681
Dividend income received	118,956,138	312,634,293
Interest income on bank deposits	44,219,550	58,255,892
Investment income received - net of expenses	3,113,870,441	226,318,733
Sale proceeds of investments	3,543,212,714	1,643,495,319
Total cash inflow from investment activities	3,753,371,668	986,343,512
Financing activities		
Dividend paid	(881,541,160)	(746,073,987)
Total cash outflow from financing activities	(881,541,160)	(746,073,987)
Net cash used in all activities	(120,864,715)	(379,734,889)
Cash and cash equivalents at beginning of the period	2,680,002,368	3,284,965,074
Cash and cash equivalents at end of the period	2,559,137,653	2,905,230,185

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Six months period ended June 30	
	2017	2016
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	(2,992,695,223)	(620,004,414)
Depreciation expense	(3,649,045)	(3,818,121)
Exchange gain / (loss)	1,120,479	(2,531,632)
Rental income	29,170,827	26,411,156
Pension - officers	-	(5,223,987)
Pension - staff	-	2,182,751
Medical	-	(18,175,455)
Gratuity	-	(668,422)
Compensated absences	-	(678,593)
Reinsurance recoveries against outstanding claims	(881,109,178)	-
Provision for outstanding claims	491,039,214	(83,562,302)
Provision for unearned premium	878,479,352	
Prepaid reinsurance	(222,540,935)	103,989,952
Provision for employee benefits	49,040,446	(253,595,854)
Dividend income	185,161,667	327,040,926
Investment income	192,378,696	211,013,875
Interest income	44,219,550	58,255,892
Amortization of premium	5,824,977	5,198,818
Gain on sale of investment	2,795,562,162	3,072,777
Increase in operating assets other than cash	1,630,808,723	1,051,838,907
Decrease / (increase) in operating liabilities	518,926,872	(28,076,524)
	2,721,738,583	772,669,750
Other adjustments:		
Income tax paid	838,071,030	363,367,718
Profit before taxation	3,559,809,613	1,136,037,468
Provision for taxation	(1,065,704,060)	(274,632,333)
Profit after taxation	2,494,105,553	861,405,136

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	63,271	29,840
Current and other accounts	2,204,074,382	2,905,200,345
Deposit maturing within 12 months	355,000,000	-
	2,559,137,653	2,905,230,185

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	202,485,809	794,834,002	638,773,873	358,545,938	70,274,935	275,769,238	250,784,217	95,259,956	263,285,982	281,369,269
Marine cargo	4,513,232	6,207,450	2,256,616	8,464,066	-	-	-	-	8,464,066	9,013,754
Marine hull	26,472,069	6,247,865	25,654,618	7,065,316	13,352,520	745,127	12,107,467	1,990,180	5,075,136	14,300,471
Accident and others	28,096,839	89,252,196	76,707,097	40,641,938	665,621	1,274,729	1,007,328	933,022	39,708,916	36,172,114
Aviation	1,026,422	711,773,230	421,334,033	291,465,619	59,751,561	612,833,987	413,586,376	258,999,172	32,466,447	35,919,787
Engineering	438,875,431	793,252,325	825,141,612	406,986,144	333,357,391	579,883,228	618,059,069	295,181,550	111,804,594	126,565,037
Total	701,469,802	2,401,567,068	1,989,867,849	1,113,169,021	477,402,028	1,470,506,309	1,295,544,457	652,363,880	460,805,141	503,340,432
Treaty	691,398,488	1,825,023,860	1,551,744,872	964,677,476	141,297,738	232,105,745	244,496,238	128,907,245	835,770,231	951,610,480
Grand total	1,392,868,290	4,226,590,928	3,541,612,721	2,077,846,497	618,699,766	1,702,612,054	1,540,040,695	781,271,125	1,296,575,372	1,454,950,912

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Six months period ended June 30,									
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	684,535,084	698,320,157	638,773,873	744,081,368	373,144,774	76,875,785	250,784,217	199,236,342	544,845,026	542,339,675
Marine cargo	16,928,132	3,138,704	2,256,616	17,810,220	0	-	-	-	17,810,220	20,110,857
Marine hull	23,997,281	24,888,296	25,654,618	23,230,959	13,909,369	8,001,608	12,107,467	9,803,510	13,427,449	28,167,696
Accident and others	76,717,158	79,469,401	76,707,097	79,479,462	665,621	2,124,549	1,007,328	1,782,842	77,696,620	74,928,714
Aviation	31,774,595	973,138,918	421,334,033	583,579,480	65,240,460	859,502,506	413,586,376	511,156,590	72,422,890	70,366,363
Engineering	821,754,024	790,793,476	825,141,611	787,405,889	620,103,548	565,351,377	618,059,069	567,395,856	220,010,033	256,784,350
Total	1,655,706,274	2,569,748,952	1,989,867,848	2,235,587,378	1,073,063,772	1,511,855,825	1,295,544,457	1,289,375,140	946,212,238	992,697,655
Treaty	1,710,629,472	1,850,343,120	1,551,744,871	2,009,227,721	239,042,075	250,725,804	244,496,238	245,271,641	1,763,956,080	1,840,533,837
Grand total	3,366,335,746	4,420,092,072	3,541,612,719	4,244,815,099	1,312,105,847	1,762,581,629	1,540,040,695	1,534,646,781	2,710,168,318	2,833,231,492

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30								
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	20,824,692	969,816,639	1,074,639,218	125,647,271	-	382,657,049	382,657,049	-	125,647,271	101,341,206
Marine cargo	2,672,420	37,006,295	36,462,589	2,128,714	-	-	-	-	2,128,714	990,887
Marine hull	848,456	40,370,719	149,085,088	109,562,825	-	377,376	54,734,560	54,357,184	55,205,641	(3,263,775)
Accident and others	3,458,202	181,148,018	185,351,342	7,661,526	-	-	-	-	7,661,526	5,176,288
Aviation	1,192,705,962	1,250,396,772	397,982,809	340,291,999	1,067,157,966	1,122,889,424	337,249,091	281,517,633	58,774,366	(5,863,555)
Engineering	37,782,462	340,908,154	379,549,720	76,424,028	2,969,016	150,952,998	147,984,265	283	76,423,745	57,160,953
Total	1,258,292,194	2,819,646,597	2,223,070,766	661,716,363	1,070,126,982	1,656,876,847	922,624,965	335,875,100	325,841,263	155,542,004
Treaty	373,655,916	1,759,942,076	1,881,513,752	495,227,592	-	929,367,176	929,048,000	(319,176)	495,546,768	498,031,953
Grand total	1,631,948,110	4,579,588,673	4,104,584,518	1,156,943,955	1,070,126,982	2,586,244,023	1,851,672,965	335,555,924	821,388,031	653,573,957

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Six months period ended June 30									
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	117,581,429	994,479,472	1,074,639,218	197,741,175	-	512,049,237	382,657,049	(129,392,188)	327,133,363	180,816,707
Marine cargo	2,672,420	35,404,588	36,462,589	3,730,421	-	-	-	-	3,730,421	8,392,500
Marine hull	41,387,466	79,759,482	149,085,088	110,713,072	20,702,891	20,071,757	54,734,560	55,365,694	55,347,378	(2,903,963)
Accident and others	5,343,254	192,339,624	185,351,342	(1,645,028)	-	-	-	-	(1,645,028)	13,078,792
Aviation	1,203,788,433	1,261,479,243	397,982,809	340,291,999	1,067,157,966	1,122,889,424	337,249,091	281,517,633	58,774,366	(672,611)
Engineering	51,489,888	220,017,329	379,549,720	211,022,279	2,969,016	91,506,402	147,984,265	59,446,879	151,575,400	82,168,313
Total	1,422,262,890	2,783,479,738	2,223,070,766	861,853,918	1,090,829,873	1,746,516,820	922,624,965	266,938,018	594,915,900	280,879,738
Treaty	903,640,577	1,812,143,994	1,881,513,752	973,010,335	85,415,809	986,265,323	929,048,000	28,198,486	944,811,849	1,058,777,938
Grand total	2,325,903,467	4,595,623,732	4,104,584,518	1,834,864,253	1,176,245,682	2,732,782,143	1,851,672,965	295,136,504	1,539,727,749	1,339,657,676

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission from retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2017 (K=F-J)	2016
	Rupees											
Business underwritten inside Pakistan												
Facultative												
Fire	26,789,134	107,295,083	80,283,142	53,801,075	53,179,335	106,980,410	2,810,997	15,513,160	13,120,498	5,203,659	101,776,751	97,149,091
Marine cargo	798,927	1,000,036	399,464	1,399,499	2,885,395	4,284,894	-	-	-	-	4,284,894	6,245,261
Marine hull	2,230,243	592,293	2,306,397	516,139	1,788,835	2,304,974	1,730,287	178,734	1,617,584	291,437	2,013,537	1,766,453
Accident and others	2,770,364	16,097,674	12,711,560	6,156,478	9,005,552	15,162,030	16,641	31,868	25,184	23,325	15,138,705	12,459,159
Aviation	299,855	2,942,351	2,158,633	1,083,573	9,305,515	10,389,088	1,351,578	7,855,026	5,769,607	3,436,997	6,952,091	9,391,572
Engineering	22,204,081	30,912,842	36,728,738	16,388,185	22,356,458	38,744,643	1,578,364	17,442,181	12,879,027	6,141,518	32,603,125	35,426,863
Total	55,092,604	158,840,279	134,587,934	79,344,949	98,521,090	177,866,039	7,487,867	41,020,969	33,411,900	15,096,936	162,769,103	162,438,399
Treaty	164,484,641	425,254,699	362,745,512	226,993,828	158,690,882	385,684,710	834,622	1,318,916	1,471,838	681,700	385,003,010	386,158,692
Grand total	219,577,245	584,094,978	497,333,446	306,338,777	257,211,972	563,550,749	8,322,489	42,339,885	34,883,738	15,778,636	547,772,113	548,597,091

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Six months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2017 (K=F-J)	2016
	Rupees											
Business underwritten inside Pakistan												
Facultative												
Fire	67,474,405	124,714,997	80,283,142	111,906,260	73,430,369	185,336,629	19,868,398	4,266,944	13,120,498	11,014,844	174,321,786	164,166,394
Marine cargo	2,798,999	653,118	399,464	3,052,653	5,394,755	8,447,408	-	-	-	-	8,447,408	12,209,819
Marine hull	2,534,973	1,803,517	2,306,397	2,032,093	2,879,800	4,911,893	1,833,561	1,343,184	1,617,585	1,559,161	3,352,732	3,541,214
Accident and others	15,521,346	8,426,354	12,711,560	11,236,140	12,908,856	24,144,996	16,641	53,114	25,184	44,571	24,100,425	22,163,047
Aviation	2,781,074	1,328,262	2,158,633	1,950,703	14,421,705	16,372,408	1,351,578	11,163,272	5,769,607	6,745,243	9,627,165	15,142,362
Engineering	39,526,287	29,061,745	36,728,738	31,859,293	30,660,042	62,519,335	17,432,315	6,264,451	12,879,027	10,817,739	51,701,596	58,535,819
Total	130,637,084	165,987,993	134,587,934	162,037,143	139,695,527	301,732,670	40,502,493	23,090,964	33,411,900	30,181,557	271,551,113	275,758,655
Treaty	400,647,527	432,298,403	362,745,512	470,200,419	211,756,565	681,956,984	1,714,342	1,086,513	1,471,839	1,329,016	680,627,967	672,436,752
Grand total	531,284,611	598,286,396	497,333,446	632,237,561	351,452,092	983,689,653	42,216,835	24,177,477	34,883,738	31,510,574	952,179,080	948,195,407

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Three months period ended June 30		Six months period ended June 30	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Income from trading investments					
Held for trading					
Dividend income	18.1	1,827,082	2,829,946	5,179,278	6,530,893
(Loss) / gain on revaluation of investments		(15,712,072)	9,193,981	(4,712,664)	14,999,563
		(13,884,990)	12,023,927	466,614	21,530,456
Income from non-trading investments					
Held-to-maturity					
Return on Government Securities		83,700,813	91,617,277	170,951,947	184,158,731
Return on other fixed income securities and deposits	19	28,597,803	42,070,172	44,219,550	58,255,892
Income on Treasury Bills		14,845,591	7,292,961	31,337,867	18,070,057
Amortization of premium on Pakistan Investment Bond		2,703,199	2,756,341	5,824,977	5,198,818
		129,847,406	143,736,751	252,334,341	265,683,498
Available for sale					
Gain on sale of investments		2,790,824,322	2,604,795	2,795,562,162	3,072,777
Dividend income	18.2	98,316,428	228,116,097	179,982,389	305,510,470
		2,889,140,750	230,720,892	2,975,544,551	308,583,246
Less: Investment related expenses		(2,527,407)	(4,158,178)	(5,198,454)	(6,214,476)
Net investment income		3,002,575,759	382,323,392	3,223,147,052	589,582,725

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN | CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan on March 30, 2000 as public limited company under the repealed Companies Ordinance, 1984. Its shares were quoted on Pakistan Stock Exchange. 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.

1.2 The Company has not yet commenced Re-Takaful business. The Risk Management Committee in their meeting held on November 27, 2015 was informed that the potential loss of business due to absence of re-takaful window would be unrecoverable if further delayed. It was mentioned that many companies have applied for the license of Takaful windows and few have already started their Takaful operations. In the absence of the Company's re-takaful window, potential opportunities for growing business under re-takaful window operations will be lost. "Business Plan for Window Retakaful Operations of the Company was presented in the Board meeting no. 111 held on June 13, 2016 and the Board principally gave approval to the management to take necessary steps which are essential to obtain the necessary permissions.

In this regard, a corporate consultancy firm is to be hired by following PPRA rules who will prepare / assist the Company in preparing different requisite documents, advise in matters of segregation of funds, advise in the development of IT system for Window Re-takaful Operations and assist the Company in completing various other formalities.

In this regards Company filed petition under section 21 of repealed Companies Ordinance, 1984 seeking confirmation of Special Resolution passed by the Company on December 31, 2016 to insert a new sub-clause 2(a) after the existing sub-clause 2 under the object clause III of the Memorandum of Association. The newly sub-clause 2(a) shall be read, as "to undertake and carry on all kinds of General Re-Takaful business in Pakistan and/or in any part of the world".

The above mentioned alteration is permissible under Section 21(1)(a) of repealed Companies Ordinance, 1984 and there are no creditors to object to the proposed alteration. Accordingly, the special resolution passed is confirmed by the Companies Registration Office through order dated March 08, 2017.

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' 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, 2017 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 repealed 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 repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

This condensed interim financial information for the six month period ended June 30, 2017 is un-audited but has been reviewed by the external auditors of the Company.

This condensed interim financial information does 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, 2016 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2016, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2016.

This condensed interim financial informatic of the Company has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

During the period, Securities and Exchange Commission of Pakistan has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017, vide its S.R.O No. 88 (I) / 2017 dated February 09, 2017 and S.R.O. No. 89 (I) / 2017 dated February 09, 2017 respectively. These accounting regulations and rules are applicable from the date of issue on every company engaged in the business of Insurance/Takaful. These accounting regulations and rules require the companies to prepare its financial statements and regulatory returns containing the particulars and formats specified in these regulations.

The Company requested the Securities and Exchange Commission of Pakistan (the "Commission") vide their letter dated August 17, 2017 to grant exemption from the preparation of half yearly account for the period ended June 30, 2017 in accordance with the requirements of the aforesaid rules and regulations. In this regard, the Commission vide their letter dated August 21, 2017 has granted the exemption to the Company to prepare its half yearly accounts for the period ended June 30, 2017 in accordance with the requirements of previous rules.

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 statements of the Company for the year ended December 31, 2016.

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 statements of the Company for the year ended December 31, 2016.

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
5 LONG TERM DEPOSITS			
Long term deposits	5.1	16,416,375	16,299,040

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

6 AMOUNT DUE TO OTHER INSURERS			
Amount due to other insurers		353,242,559	190,752,854
Amount due to other reinsurers		1,109,158,031	1,773,593,569
	6.1	1,462,400,590	1,964,346,423

6.1 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior years, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

7 CONTINGENCIES AND COMMITMENTS

7.1 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 amounting to 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 amounting to 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.

7.2 Decree had been awarded to National Bank of Pakistan against the Company in a case amounting to Rs. 36.55 million (2016: Rs. 36.55 million), pertaining to the default of Adamjee Insurance Company Limited for the advance payment guaranteed by the Company. The matter was last fixed in January 2010 but the Board was discharged and the matter was adjourned. The decree holder has not filed execution application within the prescribed limitation period, the management therefore considers it as time barred and the Company has a strong position in this case.

7.3 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, 2017 amounting to Rs. 8.217 million (2016: Rs. 8.217 million).

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

7.4 The Company has received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by the Company to insurance companies for the years 2011, 2012 and 2013. 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 has 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. The Company has filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal

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

Therefore, the Company has received two orders in pursuance of Appellate Tribunal (SRB) Order in 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 is worked out and calculated by SRB amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellate Tribunal. On May 31, 2016, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sale Tax on Services Act, 2011. On June 03, 2016, the Honorable High Court of Sindh granted stay to the Company in respect of this matter which restrained SRB from proceeding against the Company. The case is still pending before the Honorable High Court of Sindh.

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

During the period, 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 appraised 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, approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2016 to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to 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 Honorable 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.

The aggregate amount of Rs. 2,573.889 million recovered and paid to SRB has been recorded as "Other receivables" in this condensed interim financial information. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 2,573.889 million pertaining to the years 2011, 2012 and 2013 excluding any additional penalty or default surcharge. Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015 and 2016, the financial impact of which on the condensed interim financial information has remain unascertained.

Based on the legal opinion from legal advisor, management is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will come in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2016 has been recorded in this condensed interim financial information.

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

Further the Company has filed suit in the Honorable High Court of Sindh and there has been no further proceeding in this case and the Management expects a favorable outcome. The financial impact to the financial statements is currently not quantifiable. Therefore, no provision has been made in this condensed interim financial information.

7.6 Contingencies related to income tax are presented in note 15 to this condensed interim financial information.

7.7 There are no commitments as on the balance sheet date (December 31, 2016: nil).

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
8 CASH AND BANK DEPOSITS			
Cash and other equivalents		63,271	44,264
Saving accounts	8.1	2,204,074,382	2,239,958,104
Deposits maturing within 12 months	8.2	355,000,000	440,000,000
		2,559,137,653	2,680,002,368

8.1 The saving accounts carry markup at the rates ranging from 2.75% to 3.75% (2016: 2.75% to 3.75%) per annum.

8.2 This represents Term Deposits Receipts (TDR) in local currency carrying effective interest rates of ranging between 5.75% to 6.52% (2016: 6.52% to 6.55%) per annum. These deposits are due to mature within 12 months of the year end.

9 LOAN TO EMPLOYEES			
Secured			
Loan to employees	9.1	68,769,146	72,949,886

9.1 Loans to employees represent mark-up free loans except motor car loans, and are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. Motor car loans carry mark-up at a rate of 10% (2016: 10%) per annum. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made. No loan has been advanced to the Directors of the Company.

10 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	930,548,662	428,078,189
Mutual fund units	1,198,009,508	1,957,007,894
Ordinary shares - unlisted	617,613	617,613
	2,129,175,783	2,385,703,696

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
Held-to-maturity			
Pakistan Investment Bonds		2,984,058,817	2,978,233,840
Treasury Bills		932,799,800	1,127,806,300
		3,916,858,617	4,106,040,140
Held-for-trading			
Ordinary shares - listed		128,382,728	133,095,[illegible]
		6,174,417,128	6,624,839,230

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 then temporary) as per Rule 16(a) of the SEC (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, 2017 would have been higher by Rs. 3,099.820 million (December 31, 2016: higher by Rs. 2,385.704 million) and the net equity would have been higher by Rs. 3,467.428 million (December 31, 2016: higher by Rs. 1,214.680 million).

11 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,483.737 million, as per valuation carried out by an independent valuer as at December 31, 2016.

12 AMOUNT DUE FROM OTHER INSURERS AND REINSURERS

Amount due from other insurers		3,577,562,395	4,824,648,843
Amount due from other reinsurers		919,908,836	233,397,326
	12.1 & 12.2	4,497,471,231	5,058,046,169
Provision for doubtful balances		(524,634,292)	(524,634,292)
		3,972,836,939	4,533,411,877

12.1 This includes gross amount Rs. 47,411,228 (December 31, 2016: Rs. 1,398,248,084) due from related party National Insurance Company Limited.

12.2 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior years, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
13 OTHER RECEIVABLE			
Receivable from Sindh Revenue Board	7.4	2,573,888,727	442,424,338

14 ADDITIONS AND DELETIONS IN FIXED ASSETS

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

	Six months period ended June 30, 2017	
	Additions Rupees	Disposals Rupees
Furniture, fixtures, books, office equipments and computers	6,194,385	-
	6,194,385	-
Vehicles	-	484,989
	6,194,385	484,989

	June 30, 2017 Rupees	June 30, 2016 Rupees
15 INCOME TAX EXPENSE		
15.1 Provision for taxation		
Current	1,065,704,060	274,632,333

15.2 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 Honorable High Court against the add backs relating to assessment years 1984-89, however the judgment was made against the Company by the Honorable High Court. The Company has now filed an appeal in the Honorable Supreme Court of Pakistan against the said judgment of the Honorable High Court, the Honorable 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 Honorable High Court against the add backs relating to assessment years 1995-96 to 2001-02. These cases are pending for finalization before the Honorable High Court.

15.3 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 was contested by the Ministry and was placed before Alternate Dispute Resolution Committee (ADRC). The hearing was held on May 17, 2008. The ADRC after hearing the arguments was of the view that the applicability of Article 165A of the Constitution of Pakistan in the case of ECGS income is required to be determined to decide the issue. The members of ADRC have observed that they would require assistance of a legal expert to determine the applicability of Article 165A of the Constitution of Pakistan.

The ADRC, therefore, concluded that they would refer the matter to the FBR for providing legal expert to the ADRC or to reconstitute the ADRC by including therein a legal expert who can interpret and decide on the applicability of the aforesaid Article. FBR via letter No. 2(48) IT-Jud/2006-ADR/45098-R regretted the request for reconstitution of ADRC.

Therefore, the Company needs to pursue its case with Supreme Court of Pakistan which has already granted a leave to appeal against order of High Court. The matter was last fixed on April 29, 2015 and the Honorable Supreme Court of Pakistan vide its order has remanded back the case to High Court. No provision has been made in this condensed interim financial information in respect of this matter.

15.4 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 161/205 and 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies and disallowances of expenses. The tax demand against these show causes notices are amounting to Rs. 370,037,784, Rs. 97,552,694, Rs. 443,039,254, Rs. 468,371,794 Rs. 191,405,099, Rs. 542,653,355, Rs. 553,563,056 and Rs. 925,074,931 respectively. The Company filed appeals against the orders before Commissioner Inland Revenue Appeal (CIRA). CIRA has issued order against as well as in favour of the Company. However the orders passed against the Company are pending before the next forum of Appellate Tribunal Inland Revenue (ATIR). The Company has not recorded provision in this regard with the consultation of tax advisor as it is confident that all outstanding matters will be decided in the Company's favour.

Out of above orders, in Tax Year 2015 and 2016 assessment order u/s 122, certain issues have been decided in favour of the Company by CIRA. Pursuant to these orders, the Company filed an appeal effect order before FBR (department), which is granted and the tax liability is reduced by Rs. 3,800,000 and Rs. 406,000,000 for Tax Year 2015 and 2016 respectively. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss IAS19 through Other comprehensive income).

The Company has filed an appeal contesting the Federal Board of Revenue stance 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 with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

ATIR passed order against the Company dated October 03, 2016 for tax demand under section 161, default surcharge under section 205 and penalty for default under section 182 for the period from January 01, 2013 to September 30, 2014 amounting to Rs. 260,214,169 on non-deduction of withholding tax on commission expense. The Company has challenged the order dated October 03, 2016 passed by ATIR in the Honorable High Court of Sindh.

Further, ATIR has passed the order in favor of the Company through a single order dated December 19, 2016, against tax demands upheld by Commissioner Inland Revenue for Tax Year 2008 and 2009 under section 122(5A) amounting to Rs. 217,443,078 and Rs. 252,776,143 respectively. Pursuant to ATIR order, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to the Company amounting to Rs. 10,096,413 and Rs. 36,669,758 for Tax Year 2008 and Tax Year 2009 respectively.

ATIR and, subsequently, High Court of Sindh has passed an order in favor of the Company for Tax Year 2004 amounting to Rs. 41,576,000. Pursuant to these orders, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and full amount refund is created as Company already has paid the tax liability. The Company adjusted this refund against tax liability of Tax Year 2012.

15.5 Notice has been issued by the authority for Tax Year 2003, however, assessment proceedings are pending before the Honorable 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.

15.6 The Additional Commissioner of Inland Revenue (FBR) have issued show cause notices and orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) related to preceding tax years, by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance.

The Commissioner Appeals of Inland Revenue (FBR) passed an order No.15/A-1 dated March 18, 2016 in favor of M/s EFU General Insurance Limited. As per Company tax advisor, after EFU decision the cases against company are now becoming Infructuous, which is further evident by the recent amendment in Finance Act 2016. After which prospectively, the dividend income and capital gain of insurance companies would be taxed at corporate rate, the Company has incorporated the same tax changes in its financial statements for the year ended December 31, 2016 and condensed interim financial information for the half year ended June 30, 2017. Currently, the cases of various previous tax years on single basket issue are pending before Appellate Tribunal Inland Revenue for verdict. The Company has not recorded provision in this regard with the consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

15.7 During the period, the Additional Commissioner Inland Revenue (ACIR) has also issued show cause notices under section 122(5A), 124 and 129 of the Income Tax Ordinance, 2001 for the Tax Year 2015 and 2016 disallowing expenditures on the account of exchange loss, provision for compensated absences and loss on remeasurement of defined benefit obligation and demanded the tax amounting to Rs. 3.851 million and 224.242 million.

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
16 EXCHANGE GAIN / (LOSS)			
Exchange gain / (loss)	16.1	1,120,479	(2,531,632)

16.1 Exchange gain / (loss) occurred on actual currency translation.

17 OTHER INCOME			
Interest income		383,765	49,121
Miscellaneous income	17.1	113,728,923	13,800
		114,112,688	62,921

17.1 During the period the Company has received amounting to Rs. 113.729 million from the National Investment Trust (NIT) against Zakat deducted under the Zakat & Ushr Ordinance, 1980 on dividend income.

18 DIVIDEND INCOME			
Held for trading	18.1	5,179,278	6,530,893
Available for sale	18.2	179,982,389	305,510,470
		185,161,667	312,041,363
18.1 Held for trading			
National Bank of Pakistan		2,994,495	-
Engro Corporation Limited		1,537,074	51,234
The Hub power Company Limited		350,014	800,032
Fauji Fertilizer Company Limited		255,000	2,994,495
Engro Fertilizer Company Limited		42,695	316,200
Pakistan Telecommunication Company Limited		-	319,500
Attock Cement Limited		-	2,049,432
		5,179,278	6,530,893

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
18.2 Available for sale			
National Bank of Pakistan		47,693,393	47,693,393
MCB Bank Limited		2,963,456	2,963,456
Faysal Bank Limited		-	70,045
Askari Bank Limited		10,914	9,095
United Bank Limited		7,168	7,168
Bank Al-Falah Limited		-	9,232
National Investment Trust Limited		27,720,000	21,780,000
National Investment Unit Trust		37,317,301	208,477,913
NAFA Stock Fund		30,178,655	-
JS Value Fund Limited		163,795	-
Adamjee Insurance Company Limited		3,496,340	2,097,804
United Insurance Company Limited		768,265	-
Habib Insurance Company Limited		22,225	22,225
Jauharabad Sugar Mills Limited		26,451	-
Shahtaj Sugar Mills Limited		1,985	-
Pakistan Packages Limited		20,542,850	12,325,710
Pakistan Petroleum Limited		2,574,000	891,000
Pakistan State Oil Company Limited		81,270	40,635
ICI Pakistan Limited		2,458,248	1,997,327
The Hub Power Company Limited		2,037,298	4,656,681
Akzo Noble Pakistan Limited		1,004,367	1,004,367
Pakistan Tobacco Company Limited		771,540	1,262,520
Kot Addu Power Company Limited		129,000	127,500
Fauji Fertilizer Bin Qasim Limited		10,018	61,107
Linde Pakistan Limited		3,850	4,125
Fauji Cement Company Limited		-	9,167
		179,982,389	305,510,470

19 RETURN ON OTHER FIXED INCOME, SECURITIES AND DEPOSITS

	Note		
From TDRs		1,030,908	17,552,009
From saving bank accounts		43,188,642	40,703,883
	19.1	44,219,550	58,255,892

19.1 These are placed under arrangement with conventional banks.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

20.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2017.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	----------Rupees----------		----------Rupees----------	
Financial Assets				
- Cash and bank deposits	2,559,137,653	2,559,137,653	2,680,002,368	2,680,002,368
- Loans to employees	68,769,146	68,769,146	72,949,886	72,949,886
- Investments				
Available-for-sale				
Ordinary shares - listed	930,548,662	4,186,709,675	428,078,189	3,701,413,596
Mutual fund units	1,198,009,508	1,041,668,214	1,957,007,894	4,994,392,737
Ordinary shares - unlisted	617,613	617,613	617,613	617,613
Held-to-maturity				
Pakistan Investment Bonds	2,984,058,817	3,210,101,332	2,978,233,840	2,978,233,840
Treasury Bills	932,799,800	941,281,534	1,127,806,300	1,127,806,300
Held-for-trading				
Ordinary shares - listed	128,382,728	128,382,728	133,095,394	133,095,394
- Investment properties	6,174,417,128	9,508,761,096	6,624,839,230	12,935,559,479
- Amount due from other insurers and reinsurers	30,616,231	1,483,740,000	31,425,711	1,483,740,000
- Premium and claim reserves retained by cedants	3,972,836,939	3,972,836,939	4,533,411,877	4,533,411,877
- Accrued investment income	72,400,892	72,400,892	11,685,818	11,685,818
- Reinsurance recoveries against outstanding claims	247,982,332	247,982,332	190,210,728	190,210,728
- Sundry receivables	1,851,672,965	1,851,672,965	2,732,782,143	2,732,782,143
	60,217,872	60,217,872	61,075,710	61,075,710
Financial Liabilities				
- Provision for outstanding claims (including IBNR)	4,099,632,518	4,099,632,518	4,590,671,732	4,590,671,732
- Deferred liability - employee benefits	1,247,266,744	1,247,266,744	1,296,307,190	1,296,307,190
- Long term deposits	16,416,375	16,416,375	16,299,040	16,299,040
- Amount due to other insurers and reinsurers	1,462,400,590	1,462,400,590	1,964,346,423	1,964,346,423
- Premium and claim reserves retained from retrocessionaries	19,063,743	19,063,743	19,063,743	19,063,743

	As at June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	----------Rupees----------		----------Rupees----------	
- Other creditors and accruals	24,586,639	24,586,639	26,026,662	26,026,662
- Accrued expenses	5,584,025	5,584,025	19,909,377	19,909,377
- Retention money payable	6,368,183	6,368,183	6,368,183	6,368,183
- Dividend payable	137,889,517	137,889,517	119,430,677	119,430,677
- Surplus profit payable	1,212,602	1,212,602	1,212,602	1,212,602

20.2 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:

	As at June 30, 2017	Level 1	Level 2	Level 3
	----------Rupees----------			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	128,382,728	128,382,728	-	-
Investments at fair value- available for sale				
Ordinary shares - listed	930,548,662	930,548,662	-	-
Mutual fund units	1,198,009,508	1,198,009,508	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Investments- held to maturity				
Pakistan Investment Bonds	2,984,058,817	-	2,984,058,817	-
Treasury Bills	1,127,806,300	-	1,127,806,300	-

	As at December 31, 2016	Level 1	Level 2	Level 3
	----------	----------	Rupees ----------	----------
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	133,095,394	133,095,394	-	-
Investments at fair value - available for sale				
Ordinary shares - listed	428,078,189	428,078,189	-	-
Mutual fund units	1,957,007,894	1,957,007,894	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Investments- held to maturity				
Pakistan Investment Bonds	2,978,233,840	-	2,978,233,840	-
Treasury Bills	1,127,806,300	-	1,127,806,300	-

20.3 Transfers during the period

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

20.4 Valuation techniques

Investments held to maturity

- For level 2 investments - held to maturity, the fair value has been determined by using the rates at reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

- For Level 3 available for sale investments (unlisted shares) the Company values the investment at lower of carrying value and breakup value.

21 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

a) Segment by class of business

	Six month period ended June 30, 2017							
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
	Rupees in '000							
Net premium	565,969	11,038	14,471	113,881	38,552	293,701	1,763,956	2,801,568
Net claims	327,133	3,730	55,347	(1,645)	58,774	151,575	944,812	1,539,727
Management expenses	73,750	4,539	2,948	16,807	10,205	38,356	204,848	351,452
Net commission	115,567	1,881	632	15,746	(3,681)	32,511	468,871	631,527
Underwriting result	49,519	888	(44,456)	82,973	(26,746)	71,259	145,425	278,862
Segment assets								
Prepaid reinsurance ceded	136,169	-	7,372	1,013	478,793	338,193	244,496	1,206,037
Deferred commission expense	58,118	1,572	1,771	8,166	2,025	18,800	362,746	453,197
	194,287	1,572	9,143	9,179	480,818	356,993	607,242	1,659,233
Unallocated corporate assets								18,048,477
Total assets								19,707,710
Segment liabilities								
Provision for unearned premium	503,035	9,029	19,876	40,528	520,412	471,585	1,551,745	3,116,210
Commission income uneamed	5,631	-	1,241	34	6,749	6,420	1,472	21,547
Provision for outstanding claims	1,074,639	36,463	149,085	185,351	397,983	379,550	1,881,514	4,104,585
	1,583,305	45,492	170,202	225,913	925,144	857,555	3,434,731	7,242,342
Un-allocated corporate liabilities								3,467,804
Total liabilities								10,710,146

	Six month period ended June 30, 2016							
Segment by class of business	Fire	Marine Cargo	Marine Hull	Accident and others	Aviation	Engineering	Treaty	Total
	Rupees in '000							
Net premium	542,340	20,111	28,168	74,929	70,366	256,784	1,840,534	2,833,232
Net claims	180,817	8,393	(2,904)	13,079	(673)	82,168	1,058,778	1,339,658
Management expenses	64,485	8,691	4,011	13,160	15,715	33,536	192,054	331,652
Net commission	99,682	3,519	(470)	9,003	(572)	24,999	480,383	616,544
Underwriting result	197,356	(492)	27,531	39,687	55,896	116,081	109,319	545,378
Segment assets								
Prepaid reinsurance ceded	303,588	-	41,195	-	328,250	386,932	193,247	1,253,212
Deferred commission expense	104,596	672	7,782	7,472	1,328	31,892	478,060	631,802
	408,184	672	48,977	7,472	329,578	418,824	671,307	1,885,014
Unallocated corporate assets								15,915,558
Total assets								17,800,572
Segment liabilities								
Provision for unearned premium	795,074	3,944	69,619	64,173	391,842	588,637	2,093,862	4,007,151
Commission income unearned	16,775	-	16,251	-	1,623	5,230	1,209	41,088
Provision for outstanding claims	1,198,703	31,776	44,965	133,301	71,812	254,650	1,661,681	3,396,888
	2,010,552	35,720	130,835	197,474	465,277	848,517	3,756,752	7,445,127
Un-allocated corporate liabilities								3,305,514
Total liabilities								10,750,641

b) Geographical segment

Although the operations of the Company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	Six months period ended June 30, 2017		Six months period ended June 30, 2016	
	Lahore	Karachi	Lahore	Karachi
	Rupees in '000			
Revenue - net premium	244,570	2,556,998	374,480	2,458,751
Total assets	835	19,706,876	772	17,800,554
Total liabilities	550,953	10,159,191	665,301	10,085,340

21.1 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

22 TRANSACTIONS AND BALANCES 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 then remuneration and benefits to key management personnel under the terms of their employment are as follows:

Common directorship	Three months period ended June 30		Six months period ended June 30	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Dividend income	21,780,000	21,780,000	21,780,000	21,780,000

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	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Premium due but unpaid	1,550,681,392	1,028,750,166	1,398,248,084	1,223,801,607
Insurance premium written during the period	483,083,669	443,047,147	845,251,829	715,980,437
Premium received	(1,986,353,834)	(278,686,695)	(2,196,088,685)	(746,671,426)
Balance at the end	47,411,228	1,193,110,618	47,411,228	1,193,110,618
Insurance claims paid	1,195,839,624	1,079,258	1,236,367,320	932,072,746
Insurance commission paid	16,843,837	9,235,580	23,863,434	20,173,256

23 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:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Profit after tax for the period (Rupees)	2,049,390,558	503,585,453	2,494,105,553	861,405,136
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	6.83	1.68	8.31	2.87

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.

24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. No significant reclassifications has been made during the period.

25 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 30th August, 2017. by the Board of Directors of the Company.

26 GENERAL

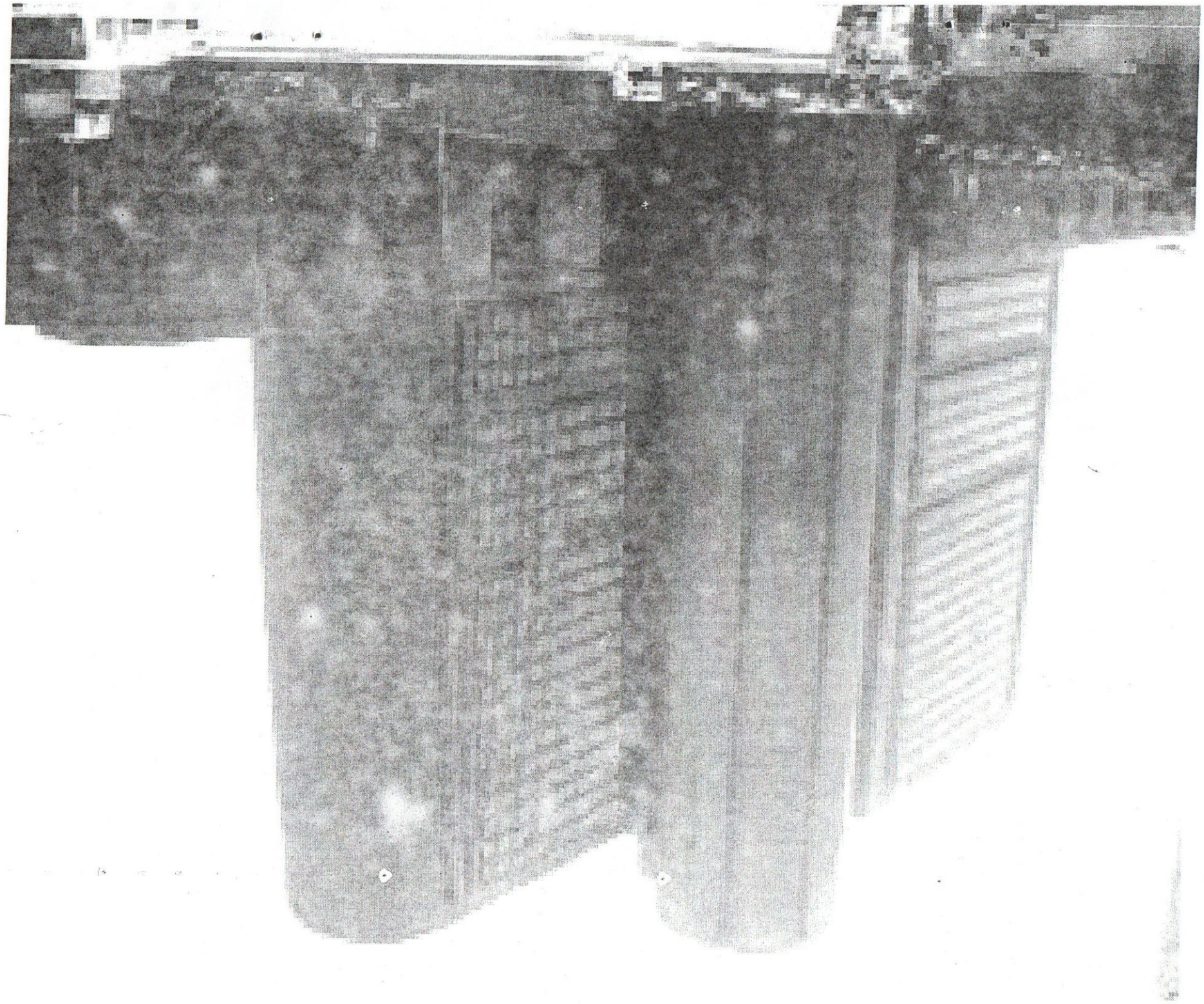
All figures have been rounded off to the nearest rupee unless otherwise stated.

CHAIRMAN **CHIEF EXECFFICER** **DIRECTOR** **DIRECTOR**



Jama

سرمایہ کاری سمجھداری کے ساتھ



Commitment To Excellence



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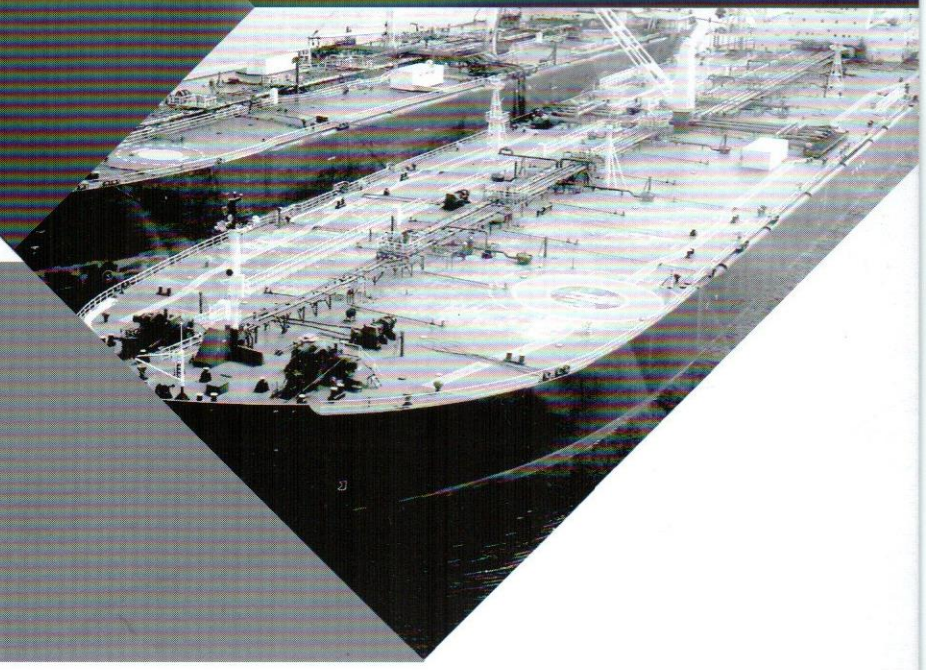




CONDENSED INTERIM FINANCIAL STATEMENT

for the Half Year Ended June 30, 2017

Commitment To Excellence



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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-tem 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

BOARD OF DIRECTORS OF PRCL

Mr. Shahab Anwar Khawaja	Chairman Board of Directors
Mr. Muhammad Siddique Memon	CEO / Director
Mr. Abdul Sami Kehar	Director
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Director
Mrs. Ghazala Ahmed	Director
Mr. Mumtaz Ali Rajper	Director
Mr. Musleh ud Din	Director

COMPANY SECRETARY / COMPLIANCE OFFICER

Mr. Shams-ud-Din

AUDIT COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Mumtaz Ali Rajper	Member
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Khurshid	In attendance
Mr. Jamil Ahmed, Chief Financial Officer	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Sami Kehar	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Ms. Ghazala Ahmed	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shahzad Farooq Lodhi, ED (HR)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

INVESTMENT COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Shahab Anwar Khawaja	Member
Mr. Abdul Sami Kehar	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

PROCUREMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Shahzad Farooq Lodhi, ED (Admn)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Mr. Musleh-ud-Din	Chairman
Ms. Ghazala Ahmed	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Muhammad Junaid Moti, ED (U/W)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Mr. Bilal Khan Pasha (JS Admn./Ins.)	Member
Mr. Muhammad Siddique Memon, CEO	Member
Mr. Jamil Ahmed, CFO	In attendance
Mr. Muhammad Junaid Moti, ED (U/W)	In attendance
Mr. Farmanullah Zarkoon GM (Claims)	In attendance
Mr. Shams-ud-Din, Company Secretary	Secretary

SENIOR MANAGEMENT

Mr. Muhammad Siddique Memon	Chief Executive Officer
Mr. Shahzad Farooq Lodhi	Executive Director (HR)
Mr. Muhammad Khurshid	Chief Internal Auditor
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Mr. Shams-ud-Din	Company Secretary / Compliance Officer
Mr. Jamil Ahmed	Chief Financial Officer
Mr. Saleem Abdul Razzaq	General Manager (NZO)
Mrs. Rana Muneer Ahmed	General Manager (NZO)
Mr. Farmanullah Zarkoon	General Manager (Business Development) / Claims
Mr. Zohaib Hasan	General Manager (DPD)

AUDITORS

Mr. Zulfikar Ali Causer
Engagement Partner
BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C, Lakson Square Building # 01
Sarwar Shaheed Road
Karachi. – 74200

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited

SHARE REGISTRAR

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

REGISTERED OFFICE

PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.
Tele: (92-21) 99202908-15
Telefax: (92-21) 99202921-22
Email: prcl@pakre.org.pk
Website: www.pakre.org.pk

ZONAL OFFICE

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

Directors' Report

For The Half Year Ended June 30, 2017

The Shareholders,

Pakistan Reinsurance Company Limited.

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 ending June 30, 2017. As required these have been subject to limited review by our External Auditors and their review report is annexed.

Review of Business Activities

The Gross written Premium is Rs.3,366 million against an amount of Rs.4,082 million for the corresponding period, showing a decrease of Rs.715 million (18%). The Net Premium is Rs.2,710 million against Rs.2,833 million, showing a decrease of Rs.123 million (4%). The Net Commission (Revenue) for the period is Rs.601 million as compared to Rs.617 million, showing a decrease of Rs.16 million (2.6 %). The Net Claims are Rs.1,540 million against Rs.1,340 million showing an increase of Rs.200 million (15%).

The underwriting results after management expenses for the half year ending June 30, 2017 are Rs.218 million as compared to Rs.545 million for the corresponding period last year, showing a decrease of Rs.327 (60%). The reason for such a decrease is the payment to long outstanding claims.

The income from investment including rentals for the period under review is recorded as Rs.3,223 million, as compared to Rs. 590 million in the corresponding period last year, showing an increase of (446%).

The Profit Before Tax for the half year ending June 30, 2017, is Rs. 3,560 million, as compared to Rs.1,136 million recorded in the half year ended June 30, 2016, showing an increase of Rs. 2,424 million (213%). The Profit after Tax for the half year ending June 30, 2017, is Rs.2,492 million, as compared to Rs. 861 million in the half year ended June 30, 2016, showing an increase of Rs. 1,630

million (189%). The Earnings Per Share, for the half-year ending June 30, 2017 remained at Rs. 8.31 as compared to Rs. 2.87 for the previous period showing a percentage increase of 189%.

Future Outlook

The general insurance sector's performance is strongly correlated to overall economic growth and results are likely to improve based on projected improvement in law and order situation and energy situation of the country.

Acknowledgements

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

We also thank our shareholders who continue to place their trust and confidence in the Company and we assure them of our best efforts in future.

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

For and on behalf of the Board of Directors

Chairman Board
Karachi: _____ August 2017

ڈائریکٹر کی کی رپورٹ

برائے نصف سال جس کا اختتام 30 جون 2017 کو ہوا

حصص یافتگان

پاکستان ری انشورنس کمپنی لمیٹڈ

میں، PRCLکے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی درمیانی مدت کے نصف سال جس کا اختتام 30 جون 2017 کو ہوا غیر آڈٹ شدہ مختصرمالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ جیسا کہ درکار ہے ہمارے بیرونی آڈیٹر نے ان کا محدود جائزہ لے چکے ہیں اور ان کی جائزہ رپورٹ منسلک ہے۔

کاروباری سرگرمیوں کا جائزہ

مجموعی درج پریمئم گذشتہ سال کی اسی مدت کے دوران 715ملین روپے کی کمی(18فیصد) دکھاتے ہوئے 4,082 ملین روپے کے مقابلے میں زیر غور مدت میں 3,366 ملین روپے تھا۔ خالص درج پریمئم گذشتہ سال کی اسی مدت کے دوران 123 ملین روپے کی کمی(4 فیصد) دکھاتے ہوئے 2,833ملین روپے کے مقابلے میں زیر غور مدت میں 2,710 ملین روپے ہے۔ خالص کمیشن گذشتہ سال کی اسی مدت کے دوران 16 ملین روپے کی کمی (2.6فیصد) دکھاتے ہوئے 617 ملین روپے کے مقابلے میں زیر غور مدت میں 601 ملین روپے ہے ۔ خالص دعوے گذشتہ سال کی اسی مدت کے دوران 200 ملین روپے کا اضافہ(15 فیصد) دکھاتے ہوئے 1,340ملین روپے کے مقابلے میں زیر غور مدت میں 1,540 ملین روپے ہے ۔

مالی منصوبوں کے تحفظ کی ذمہ داری (underwriting) کےنتائج بعد از انتظامی اخراجات کے گذشتہ سال کی اسی مدت کے دوران 327 ملین روپے کی کمی(60 فیصد) دکھاتے ہوئے 545 ملین روپے کے مقابلے میں زیر غور مدت میں 218 ملین روپے ہے۔ اس کمی کی وجہ دیرینہ دعوں کی ادائیگیاں ہیں۔ سرمایہ کاری سے آمدنی بشمول کرایہ اور دیگر آمدنی گذشتہ سال کی اسی مدت کے دوران 446 فیصد اضافہ دکھاتے ہوئے 590 ملین روپے کے مقابلے میں زیر غور مدت میں 3,223 ملین روپے ہیں ۔

30 جون 2017 کو ختم ہونے والے سال کی پہلی ششماہی کا منافع قبل از محصول 3,560 ملین روپے ہے جس میں گذشتہ نصف سال 30 جون 2016 کے منافع قبل از محصول میں 1,136ملین روپے میں 2,424 ملین روپے کا اضافہ(213 فیصد) کا اندراج ہوا۔30 جون 2016 کو ختم ہونے والی ششماہی کا 861 ملین روپے کا منافع بعد از محصول میں 1,630 ملین روپے کا اضافہ(189فیصد) دکھاتے ہوئے30 جون 2017 کی پہلی ششماہی پر منافع بعد از محصول 2,492 ملین روپے ہے ۔ 30 جون 2017 کو ختم ہونے والے

سال کی پہلی ششماہی گذشتہ سال کی اسی مدت کی میں آمدنی فی حصص بغیر تبدیلی کے 8.31 روپے رہی جبکہ گذشتہ سال اس مدت میں یہ آمدنی 2.87 روپے تھی جس میں 189 فیصد کا اضافہ دیکھا گیا ہے۔

مستقبل کا منظر نامہ

جنرل بیمہ کے شعبے کی کارکردگی اور معاشی ترقی میں مضبوط باہمی ربط ہے اور ملک میں امن و امان اور توانائی کی بہتر ہوتی ہوئی صورتحال کی بنیاد پر توقع ہے کہ نتائج میں بہتری آئے گی۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے تمام معزز گاہکوں، ریٹرو سیشنائرز (retrocessionaires)، دلال، کاروباری شرکاء، معاونین، انشورنس کمپنیوں، سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج، سینٹرل ڈپازٹری کمپنی آف پاکستان کا ان کی پیشہ ورانہ حمائت اور رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے حصص یافتگان کا ان کے کمپنی پر مسلسل اعتماد اور بھروسے کا بھی شکریہ کرتے ہیں اور ہم انہیں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔

اور اخر میں ڈائریکٹرز چاہتے ہیں کہ کمپنی کے افسران اور دیگر عملے کے ارکان لگن، وفاداری اور جانفشانی سے کام جس نے کمپنی کے ترقی اور کامیابی میں حصہ ڈالا اس بات کی ستائش کو رکارڈ پر لایا جائے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

شہاب خواجہ

چیرمین بورڈ

کراچی: 26th August, 2017

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying:

- condensed interim balance sheet as at June 30, 2017 and;
- 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, 2017 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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.

1. The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, we have noted that the Company is not following the guidelines of aforesaid Circular No. 9 of 2016 and no separate estimation for IBNR claims reserve has been recorded as management is of the view that the Company records the outstanding claims on the basis of returns received from ceding insurance companies and data / information required for separate estimation of IBNR could not be available or expected to be made available.

2. As on December 31, 2016, the balance under the head "Amount due from other insurers / reinsurers" included an amount of Rs. 1,492.238 million in respect of which balance confirmation was not received during the audit for the year ended December 31, 2016. Management has recorded a provision amounting to Rs. 235.968 million in respect of these balances. In the absence of an independent confirmation we were unable to confirm the existence and valuation related to this amount. The Company is in process of reconciling all balances with ceding companies as detailed in note 22. Due to pending confirmation/reconciliation relating to the above balances, resultant adjustment and consequential impact therefore, if any, on the financial statements remain unascertained.

Conclusion

Based on our review, except for the adjustments in respect of matters stated above nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

1. Note 7.4 to the condensed interim financial information which provides details regarding orders passed by Sindh Revenue Board demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company for the years 2011, 2012 and 2013. The Company has not recorded provision against the orders and has disclosed the amounts as contingent liabilities. During the prior year, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sales Tax Act 2011. Further, during the period the Company has paid an amount to Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for the years 2011, 2012 and 2013 which has been recorded as receivable as management is confident on the basis of advise received from its legal advisors that the decision will be in the favour of the Company. However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 2,573.889 million pertaining to the years 2011, 2012 and 2013 excluding any additional penalty or default surcharge.

Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015 and 2016. The financial impact for these tax years remains unascertained.

2. Note 6.1 and 12.2 to the condensed interim financial information which inter-alia provides details regarding Reconciliation Committee formed by the Audit Committee of the Board in prior year to reconcile and recover balances from insurance companies. The Company continues to follow up and reconcile these balances and record adjustments wherever considered necessary.

3. Note 7 to this condensed interim financial information which provides details regarding contingencies in respect of which decisions are pending.

Other matters

The figures for the quarters ended June 30, 2017 and June 30, 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED:

CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017 Unaudited Rupees	December 31, 2016 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
2,500,000,000 (December 31, 2016: 2,500,000,000) ordinary shares of Rs. 10/- each		25,000,000,000	25,000,000,000
Issued, subscribed and paid up capital		3,000,000,000	3,000,000,000
Retained earnings		3,939,147,052	2,345,041,499
Reserve for exceptional losses		281,000,000	281,000,000
General reserve		1,777,419,085	1,777,419,085
Shareholders' equity		5,997,566,137	4,403,460,584
LIABILITIES		8,997,566,137	7,403,460,584
Underwriting provisions			
Provision for outstanding claims (including IBNR)		4,099,632,518	4,590,671,732
Provision for unearned premium		3,541,612,720	4,420,092,072
Commission income unearned		34,883,738	24,177,478
Total underwriting provisions		7,676,128,976	9,034,941,282
Deferred liability - employee benefits		1,247,266,744	1,296,307,190
Long term deposits	5	16,416,375	16,299,040
Creditors and accruals			
Amount due to other insurers and reinsurers	6	1,462,400,590	1,964,346,423
Premium and claim reserves retained from retrocessionaries		19,063,743	19,063,743
Other creditors and accruals		24,586,639	26,026,662
Accrued expenses		5,584,025	19,909,377
Taxation - net		113,226,823	-
Retention money payable		6,368,183	6,368,183
		1,631,230,003	2,035,714,388
Other liabilities			
Dividend payable		137,889,517	119,430,677
Surplus profit payable		1,212,602	1,212,602
		139,102,119	120,643,279
Total liabilities		10,710,144,217	12,503,905,179
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		19,707,710,354	19,907,365,763

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017 Unaudited Rupees	December 31, 2016 Audited Rupees
ASSETS			
Cash and bank deposits			
Cash and other equivalents		63,271	44,264
Current and other accounts		2,204,074,382	2,239,958,104
Deposits maturing within 12 months		355,000,000	440,000,000
		2,559,137,653	2,680,002,368
Loans to employees	8	68,769,146	72,949,886
Investments	9	6,174,417,128	6,624,839,230
Investment properties	10	30,616,231	31,425,711
Current assets - others	11		
Amount due from other insurers and reinsurers	12	3,972,836,939	4,533,411,877
Premium and claim reserves retained by cedants		72,400,892	11,685,818
Accrued investment income		247,982,332	190,210,728
Reinsurance recoveries against outstanding claims		1,851,672,965	2,732,782,143
Deferred commission expense		497,333,446	598,286,396
Prepayments		1,545,255,952	1,768,270,301
Taxation - net		-	114,406,208
Other receivables	13	2,573,888,727	442,424,338
Sundry receivables		71,225,690	67,503,384
Stock of stationery		376,951	240,905
		10,832,973,894	10,459,222,097
Fixed assets			
Tangible			
Land and building		14,221,835	14,580,764
Furniture, fixture, books and office equipment		9,839,976	10,150,776
Electrical installations, air conditioning plant and lifts		7,247,962	8,053,291
Motor vehicles		10,486,527	6,141,640
		41,796,301	38,926,471
Assets relating to Bangladesh		-	-
TOTAL ASSETS		19,707,710,354	19,907,365,763

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Three months period ended June 30								
		Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	2017 Aggregate	2016 Aggregate
		----------	----------	----------	----------	----------	Rupees	----------	----------	----------
Revenue account										
Net premium revenue		263,285,982	8,464,066	5,075,136	39,708,916	32,466,447	111,804,594	835,770,231	1,296,575,372	1,454,950,912
Less:										
Net claims		125,647,271	2,128,714	55,205,641	7,661,526	58,774,366	76,423,745	495,546,768	821,388,031	653,573,957
Expenses		53,179,335	2,885,395	1,788,835	9,005,552	9,305,515	22,356,458	158,690,882	257,211,972	233,135,954
Net commission		48,597,416	1,399,499	224,702	6,133,153	(2,353,424)	10,246,667	226,312,128	290,560,141	315,461,137
Underwriting results		35,861,960	2,050,458	(52,144,042)	16,908,685	(33,260,010)	2,777,724	(44,779,547)	(72,584,772)	252,779,864
Investment income - net									3,002,575,759	382,323,392
Rental income - net									15,141,009	14,191,239
Exchange gain									2,817,551	4,200,557
Other income									386,700	1,500
General and administration expenses									(16,607,950)	(12,489,227)
Profit before tax									3,004,313,069	388,227,461
Income tax expense										
Current									2,931,728,297	641,007,325
Profit after tax										
Profit and loss appropriation account									(882,337,739)	(137,421,872)
Balance at the commencement of period									2,049,390,558	503,585,453
Profit after tax									2,237,925,983	2,237,925,983
Final cash dividend [2016: Rs. 3.00 @ 30% (2015: Rs. 2.50 @ 25%) per share]									2,049,390,558	503,585,453
Balance of unappropriated profit at the end of the period									(900,000,000)	(750,000,000)
Earnings per share - basic and diluted									3,387,316,541	1,991,511,436
									6.83	1.68

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Three months period ended June 30		Six months period ended June 30	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Profit for the period	2,049,390,558	503,585,453	2,494,105,553	861,405,136
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,049,390,558	503,585,453	2,494,105,553	861,405,136

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN | CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Six months period ended June 30								
		Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	2017 Aggregate	2016 Aggregate
		----------	----------	----------	----------	----------	Rupees ----------	----------	----------	----------
Revenue account										
Net premium revenue		544,845,026	17,810,220	13,427,449	77,696,620	72,422,890	220,010,033	1,763,956,080	2,710,168,318	2,833,231,492
Less:										
Net claims		327,133,363	3,730,421	55,347,378	(1,645,028)	58,774,366	151,575,400	944,811,849	1,539,727,749	1,339,657,676
Expenses		73,430,369	5,394,755	2,879,800	12,908,856	14,421,705	30,660,042	211,756,565	351,452,092	331,651,491
Net commission		100,891,417	3,052,653	472,932	11,191,569	(4,794,540)	21,041,554	468,871,402	600,726,988	616,543,916
Underwriting results		43,389,877	5,632,391	(45,272,661)	55,241,223	4,021,359	16,733,037	138,516,264	218,261,489	545,378,409
Investment income - net									3,223,147,052	589,582,725
Rental income - net									29,170,827	26,411,156
Exchange gain / (loss)	16								1,120,479	(2,531,632)
Other income	17								114,112,688	62,921
General and administration expenses									(26,002,921)	(22,866,111)
Profit before tax									3,341,548,125	590,659,060
Income tax expense									3,559,809,614	1,136,037,469
Current	15								(1,065,704,060)	(274,632,333)
Profit after tax									2,494,105,553	861,405,136
Profit and loss appropriation account										
Balance at the commencement of period									2,345,041,499	1,880,106,301
Profit after tax									2,494,105,553	861,405,136
Final cash dividend [2016: Rs. 3.00 @ 30%(2015: Rs. 2.50 @ 25%) per share]									(900,000,000)	(750,000,000)
Balance of unappropriated profit at the end of the period									3,939,147,052	1,991,511,437
Earnings per share - basic and diluted									8.31	2.87

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Share capital	Reserves				
	Issued subscribed and paid-up	Reserve for exceptional losses	Revenue reserves		Total reserves	Total
			Retained earnings	General reserve		
	---Rupees---					
Balance as at January 01, 2016	3,000,000,000	281,000,000	1,880,106,301	1,777,419,085	3,657,525,386	6,938,525,386
Total comprehensive income for the period ended June 30, 2016	-	-	861,405,136	-	861,405,136	861,405,136
Transactions with owners						
Final cash dividend 2015: Rs. 2.50 @ 25% per share	-	-	(750,000,000)	-	(750,000,000)	(750,000,000)
Balance as at June 30, 2016	3,000,000,000	281,000,000	1,991,511,437	1,777,419,085	3,768,930,522	7,049,930,522
Balance as at January 01, 2017	3,000,000,000	281,000,000	2,345,041,499	1,777,419,085	4,122,460,584	7,403,460,584
Total comprehensive income for the period ended June 30, 2017	-	-	2,494,105,553	-	2,494,105,553	2,494,105,553
Transactions with owners						
Final cash dividend 2016: Rs. 3.00 @ 30% per share	-	-	(900,000,000)	-	(900,000,000)	(900,000,000)
Balance as at June 30, 2017	3,000,000,000	281,000,000	3,939,147,052	1,777,419,085	5,716,566,137	8,997,566,137

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Six months period ended June 30	
	2017	2016
	Rupees	Rupees
Operating cash flows		
Underwriting activities:-		
Premium received	3,926,910,684	3,457,374,495
Reinsurance premium paid	(1,812,931,201)	(1,045,406,764)
Claims paid	(2,325,903,467)	(1,270,835,510)
Reinsurance and other recoveries received	1,176,245,682	14,740,136
Commission paid	(531,284,611)	(691,261,112)
Commission received	42,216,835	52,162,419
Premium and claim reserves retained from retrocessionaries/withheld by ceding companies	(60,715,074)	2,857,352
Expenses paid	(351,452,092)	(331,651,491)
Net cash inflows from underwriting activities	63,086,756	187,979,526
Other operating activities		
Income tax paid	(838,071,030)	(363,367,718)
General management expenses paid	(22,353,876)	(22,866,111)
Loans disbursed - net	4,180,740	(1,142,475)
Other receipts - sundry debtors	(2,199,537,812)	(420,607,636)
Net cash used in other operating activities	(3,055,781,979)	(807,983,940)
Total cash used in all operating activities	(2,992,695,223)	(620,004,414)
Investment activities		
Fixed capital expenditure	(6,194,385)	3,972,785
Sale proceeds of fixed assets	484,989	-
Acquisition of investments	(3,097,503,276)	(1,304,921,190)
Rental income received - net of expenses	36,325,497	46,587,681
Dividend income received	118,956,138	312,634,293
Interest income on bank deposits	44,219,550	58,255,892
Investment income received - net of expenses	3,113,870,441	226,318,733
Sale proceeds of investments	3,543,212,714	1,643,495,319
Total cash inflow from investment activities	3,753,371,668	986,343,512
Financing activities		
Dividend paid	(881,541,160)	(746,073,987)
Total cash outflow from financing activities	(881,541,160)	(746,073,987)
Net cash used in all activities	(120,864,715)	(379,734,889)
Cash and cash equivalents at beginning of the period	2,680,002,368	3,284,965,074
Cash and cash equivalents at end of the period	2,559,137,653	2,905,230,185

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Six months period ended June 30	
	2017	2016
	Rupees	Rupees
Reconciliation to profit and loss account		
Operating cash flows	(2,992,695,223)	(620,004,414)
Depreciation expense	(3,649,045)	(3,818,121)
Exchange gain / (loss)	1,120,479	(2,531,632)
Rental income	29,170,827	26,411,156
Pension - officers	-	(5,223,987)
Pension - staff	-	2,182,751
Medical	-	(18,175,455)
Gratuity	-	(668,422)
Compensated absences	-	(678,593)
Reinsurance recoveries against outstanding claims	(881,109,178)	-
Provision for outstanding claims	491,039,214	(83,562,302)
Provision for unearned premium	878,479,352	
Prepaid reinsurance	(222,540,935)	103,989,952
Provision for employee benefits	49,040,446	(253,595,854)
Dividend income	185,161,667	327,040,926
Investment income	192,378,696	211,013,875
Interest income	44,219,550	58,255,892
Amortization of premium	5,824,977	5,198,818
Gain on sale of investment	2,795,562,162	3,072,777
Increase in operating assets other than cash	1,630,808,723	1,051,838,907
Decrease / (increase) in operating liabilities	518,926,872	(28,076,524)
	2,721,738,583	772,669,750
Other adjustments:		
Income tax paid	838,071,030	363,367,718
Profit before taxation	3,559,809,613	1,136,037,468
Provision for taxation	(1,065,704,060)	(274,632,333)
Profit after taxation	2,494,105,553	861,405,136

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	63,271	29,840
Current and other accounts	2,204,074,382	2,905,200,345
Deposit maturing within 12 months	355,000,000	-
	2,559,137,653	2,905,230,185

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30									
	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	202,485,809	794,834,002	638,773,873	358,545,938	70,274,935	275,769,238	250,784,217	95,259,956	263,285,982	281,369,269
Marine cargo	4,513,232	6,207,450	2,256,616	8,464,066	-	-	-	-	8,464,066	9,013,754
Marine hull	26,472,069	6,247,865	25,654,618	7,065,316	13,352,520	745,127	12,107,467	1,990,180	5,075,136	14,300,471
Accident and others	28,096,839	89,252,196	76,707,097	40,641,938	665,621	1,274,729	1,007,328	933,022	39,708,916	36,172,114
Aviation	1,026,422	711,773,230	421,334,033	291,465,619	59,751,561	612,833,987	413,586,376	258,999,172	32,466,447	35,919,787
Engineering	438,875,431	793,252,325	825,141,612	406,986,144	333,357,391	579,883,228	618,059,069	295,181,550	111,804,594	126,565,037
Total	701,469,802	2,401,567,068	1,989,867,849	1,113,169,021	477,402,028	1,470,506,309	1,295,544,457	652,363,880	460,805,141	503,340,432
Treaty	691,398,488	1,825,023,860	1,551,744,872	964,677,476	141,297,738	232,105,745	244,496,238	128,907,245	835,770,231	951,610,480
Grand total	1,392,868,290	4,226,590,928	3,541,612,721	2,077,846,497	618,699,766	1,702,612,054	1,540,040,695	781,271,125	1,296,575,372	1,454,950,912

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Premiums written (A)	Unearned premium reserve		Premiums earned (D=A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H=E+F-G)	Net premium revenue	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Six months period ended June 30,									
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	684,535,084	698,320,157	638,773,873	744,081,368	373,144,774	76,875,785	250,784,217	199,236,342	544,845,026	542,339,675
Marine cargo	16,928,132	3,138,704	2,256,616	17,810,220	0	-	-	-	17,810,220	20,110,857
Marine hull	23,997,281	24,888,296	25,654,618	23,230,959	13,909,369	8,001,608	12,107,467	9,803,510	13,427,449	28,167,696
Accident and others	76,717,158	79,469,401	76,707,097	79,479,462	665,621	2,124,549	1,007,328	1,782,842	77,696,620	74,928,714
Aviation	31,774,595	973,138,918	421,334,033	583,579,480	65,240,460	859,502,506	413,586,376	511,156,590	72,422,890	70,366,363
Engineering	821,754,024	790,793,476	825,141,611	787,405,889	620,103,548	565,351,377	618,059,069	567,395,856	220,010,033	256,784,350
Total	1,655,706,274	2,569,748,952	1,989,867,848	2,235,587,378	1,073,063,772	1,511,855,825	1,295,544,457	1,289,375,140	946,212,238	992,697,655
Treaty	1,710,629,472	1,850,343,120	1,551,744,871	2,009,227,721	239,042,075	250,725,804	244,496,238	245,271,641	1,763,956,080	1,840,533,837
Grand total	3,366,335,746	4,420,092,072	3,541,612,719	4,244,815,099	1,312,105,847	1,762,581,629	1,540,040,695	1,534,646,781	2,710,168,318	2,833,231,492

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30								
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	20,824,692	969,816,639	1,074,639,218	125,647,271	-	382,657,049	382,657,049	-	125,647,271	101,341,206
Marine cargo	2,672,420	37,006,295	36,462,589	2,128,714	-	-	-	-	2,128,714	990,887
Marine hull	848,456	40,370,719	149,085,088	109,562,825	-	377,376	54,734,560	54,357,184	55,205,641	(3,263,775)
Accident and others	3,458,202	181,148,018	185,351,342	7,661,526	-	-	-	-	7,661,526	5,176,288
Aviation	1,192,705,962	1,250,396,772	397,982,809	340,291,999	1,067,157,966	1,122,889,424	337,249,091	281,517,633	58,774,366	(5,863,555)
Engineering	37,782,462	340,908,154	379,549,720	76,424,028	2,969,016	150,952,998	147,984,265	283	76,423,745	57,160,953
Total	1,258,292,194	2,819,646,597	2,223,070,766	661,716,363	1,070,126,982	1,656,876,847	922,624,965	335,875,100	325,841,263	155,542,004
Treaty	373,655,916	1,759,942,076	1,881,513,752	495,227,592	-	929,367,176	929,048,000	(319,176)	495,546,768	498,031,953
Grand total	1,631,948,110	4,579,588,673	4,104,584,518	1,156,943,955	1,070,126,982	2,586,244,023	1,851,672,965	335,555,924	821,388,031	653,573,957

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Six months period ended June 30									
	Claims paid (A)	Provision for outstanding claims		Claims expense (D=A+C-B)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H=E+G-F)	Net claims expense	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017 (I=D-H)	2016
	Rupees									
Business underwritten inside Pakistan										
Facultative										
Fire	117,581,429	994,479,472	1,074,639,218	197,741,175	-	512,049,237	382,657,049	(129,392,188)	327,133,363	180,816,707
Marine cargo	2,672,420	35,404,588	36,462,589	3,730,421	-	-	-	-	3,730,421	8,392,500
Marine hull	41,387,466	79,759,482	149,085,088	110,713,072	20,702,891	20,071,757	54,734,560	55,365,694	55,347,378	(2,903,963)
Accident and others	5,343,254	192,339,624	185,351,342	(1,645,028)	-	-	-	-	(1,645,028)	13,078,792
Aviation	1,203,788,433	1,261,479,243	397,982,809	340,291,999	1,067,157,966	1,122,889,424	337,249,091	281,517,633	58,774,366	(672,611)
Engineering	51,489,888	220,017,329	379,549,720	211,022,279	2,969,016	91,506,402	147,984,265	59,446,879	151,575,400	82,168,313
Total	1,422,262,890	2,783,479,738	2,223,070,766	861,853,918	1,090,829,873	1,746,516,820	922,624,965	266,938,018	594,915,900	280,879,738
Treaty	903,640,577	1,812,143,994	1,881,513,752	973,010,335	85,415,809	986,265,323	929,048,000	28,198,486	944,811,849	1,058,777,938
Grand total	2,325,903,467	4,595,623,732	4,104,584,518	1,834,864,253	1,176,245,682	2,732,782,143	1,851,672,965	295,136,504	1,539,727,749	1,339,657,676

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2017

Class	Three months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission from retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2017 (K=F-J)	2016
	Rupees											
Business underwritten inside Pakistan												
Facultative												
Fire	26,789,134	107,295,083	80,283,142	53,801,075	53,179,335	106,980,410	2,810,997	15,513,160	13,120,498	5,203,659	101,776,751	97,149,091
Marine cargo	798,927	1,000,036	399,464	1,399,499	2,885,395	4,284,894	-	-	-	-	4,284,894	6,245,261
Marine hull	2,230,243	592,293	2,306,397	516,139	1,788,835	2,304,974	1,730,287	178,734	1,617,584	291,437	2,013,537	1,766,453
Accident and others	2,770,364	16,097,674	12,711,560	6,156,478	9,005,552	15,162,030	16,641	31,868	25,184	23,325	15,138,705	12,459,159
Aviation	299,855	2,942,351	2,158,633	1,083,573	9,305,515	10,389,088	1,351,578	7,855,026	5,769,607	3,436,997	6,952,091	9,391,572
Engineering	22,204,081	30,912,842	36,728,738	16,388,185	22,356,458	38,744,643	1,578,364	17,442,181	12,879,027	6,141,518	32,603,125	35,426,863
Total	55,092,604	158,840,279	134,587,934	79,344,949	98,521,090	177,866,039	7,487,867	41,020,969	33,411,900	15,096,936	162,769,103	162,438,399
Treaty	164,484,641	425,254,699	362,745,512	226,993,828	158,690,882	385,684,710	834,622	1,318,916	1,471,838	681,700	385,003,010	386,158,692
Grand total	219,577,245	584,094,978	497,333,446	306,338,777	257,211,972	563,550,749	8,322,489	42,339,885	34,883,738	15,778,636	547,772,113	548,597,091

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

Class	Six months period ended June 30											
	Commission paid or payable (A)	Deferred commission		Net commission expenses (D=A+B-C)	Other management expenses (E)	Underwriting expenses (F=D+E)	Commission from reinsurers (G)	Commission income unearned		Net commission retrocession (J=G+H-I)	Net underwriting expense	
		Opening (B)	Closing (C)					Opening (H)	Closing (I)		2017 (K=F-J)	2016
	Rupees											
Business underwritten inside Pakistan												
Facultative												
Fire	67,474,405	124,714,997	80,283,142	111,906,260	73,430,369	185,336,629	19,868,398	4,266,944	13,120,498	11,014,844	174,321,786	164,166,394
Marine cargo	2,798,999	653,118	399,464	3,052,653	5,394,755	8,447,408	-	-	-	-	8,447,408	12,209,819
Marine hull	2,534,973	1,803,517	2,306,397	2,032,093	2,879,800	4,911,893	1,833,561	1,343,184	1,617,585	1,559,161	3,352,732	3,541,214
Accident and others	15,521,346	8,426,354	12,711,560	11,236,140	12,908,856	24,144,996	16,641	53,114	25,184	44,571	24,100,425	22,163,047
Aviation	2,781,074	1,328,262	2,158,633	1,950,703	14,421,705	16,372,408	1,351,578	11,163,272	5,769,607	6,745,243	9,627,165	15,142,362
Engineering	39,526,287	29,061,745	36,728,738	31,859,293	30,660,042	62,519,335	17,432,315	6,264,451	12,879,027	10,817,739	51,701,596	58,535,819
Total	130,637,084	165,987,993	134,587,934	162,037,143	139,695,527	301,732,670	40,502,493	23,090,964	33,411,900	30,181,557	271,551,113	275,758,655
Treaty	400,647,527	432,298,403	362,745,512	470,200,419	211,756,565	681,956,984	1,714,342	1,086,513	1,471,839	1,329,016	680,627,967	672,436,752
Grand total	531,284,611	598,286,396	497,333,446	632,237,561	351,452,092	983,689,653	42,216,835	24,177,477	34,883,738	31,510,574	952,179,080	948,195,407

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Note	Three months period ended June 30		Six months period ended June 30	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Income from trading investments					
Held for trading					
Dividend income	18.1	1,827,082	2,829,946	5,179,278	6,530,893
(Loss) / gain on revaluation of investments		(15,712,072)	9,193,981	(4,712,664)	14,999,563
		(13,884,990)	12,023,927	466,614	21,530,456
Income from non-trading investments					
Held-to-maturity					
Return on Government Securities		83,700,813	91,617,277	170,951,947	184,158,731
Return on other fixed income securities and deposits	19	28,597,803	42,070,172	44,219,550	58,255,892
Income on Treasury Bills		14,845,591	7,292,961	31,337,867	18,070,057
Amortization of premium on Pakistan Investment Bond		2,703,199	2,756,341	5,824,977	5,198,818
		129,847,406	143,736,751	252,334,341	265,683,498
Available for sale					
Gain on sale of investments		2,790,824,322	2,604,795	2,795,562,162	3,072,777
Dividend income	18.2	98,316,428	228,116,097	179,982,389	305,510,470
		2,889,140,750	230,720,892	2,975,544,551	308,583,246
Less: Investment related expenses		(2,527,407)	(4,158,178)	(5,198,454)	(6,214,476)
Net investment income		3,002,575,759	382,323,392	3,223,147,052	589,582,725

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

CHAIRMAN | CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan on March 30, 2000 as public limited company under the repealed Companies Ordinance, 1984. Its shares were quoted on Pakistan Stock Exchange. 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.

1.2 The Company has not yet commenced Re-Takaful business. The Risk Management Committee in their meeting held on November 27, 2015 was informed that the potential loss of business due to absence of re-takaful window would be unrecoverable if further delayed. It was mentioned that many companies have applied for the license of Takaful windows and few have already started their Takaful operations. In the absence of the Company's re-takaful window, potential opportunities for growing business under re-takaful window operations will be lost. "Business Plan for Window Retakaful Operations of the Company was presented in the Board meeting no. 111 held on June 13, 2016 and the Board principally gave approval to the management to take necessary steps which are essential to obtain the necessary permissions.

In this regard, a corporate consultancy firm is to be hired by following PPRA rules who will prepare / assist the Company in preparing different requisite documents, advise in matters of segregation of funds, advise in the development of IT system for Window Re-takaful Operations and assist the Company in completing various other formalities.

In this regards Company filed petition under section 21 of repealed Companies Ordinance, 1984 seeking confirmation of Special Resolution passed by the Company on December 31, 2016 to insert a new sub-clause 2(a) after the existing sub-clause 2 under the object clause III of the Memorandum of Association. The newly sub-clause 2(a) shall be read, as "to undertake and carry on all kinds of General Re-Takaful business in Pakistan and/or in any part of the world".

The above mentioned alteration is permissible under Section 21(1)(a) of repealed Companies Ordinance, 1984 and there are no creditors to object to the proposed alteration. Accordingly, the special resolution passed is confirmed by the Companies Registration Office through order dated March 08, 2017.

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' 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, 2017 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 repealed 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 repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

This condensed interim financial information for the six month period ended June 30, 2017 is un-audited but has been reviewed by the external auditors of the Company.

This condensed interim financial information does 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, 2016 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2016, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2016.

This condensed interim financial informatic of the Company has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

During the period, Securities and Exchange Commission of Pakistan has issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017, vide its S.R.O No. 88 (I) / 2017 dated February 09, 2017 and S.R.O. No. 89 (I) / 2017 dated February 09, 2017 respectively. These accounting regulations and rules are applicable from the date of issue on every company engaged in the business of Insurance/Takaful. These accounting regulations and rules require the companies to prepare its financial statements and regulatory returns containing the particulars and formats specified in these regulations.

The Company requested the Securities and Exchange Commission of Pakistan (the "Commission") vide their letter dated August 17, 2017 to grant exemption from the preparation of half yearly account for the period ended June 30, 2017 in accordance with the requirements of the aforesaid rules and regulations. In this regard, the Commission vide their letter dated August 21, 2017 has granted the exemption to the Company to prepare its half yearly accounts for the period ended June 30, 2017 in accordance with the requirements of previous rules.

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 statements of the Company for the year ended December 31, 2016.

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 statements of the Company for the year ended December 31, 2016.

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
5 LONG TERM DEPOSITS			
Long term deposits	5.1	16,416,375	16,299,040

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

6 AMOUNT DUE TO OTHER INSURERS			
Amount due to other insurers		353,242,559	190,752,854
Amount due to other reinsurers		1,109,158,031	1,773,593,569
	6.1	1,462,400,590	1,964,346,423

6.1 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior years, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

7 CONTINGENCIES AND COMMITMENTS

7.1 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 amounting to 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 amounting to 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.

7.2 Decree had been awarded to National Bank of Pakistan against the Company in a case amounting to Rs. 36.55 million (2016: Rs. 36.55 million), pertaining to the default of Adamjee Insurance Company Limited for the advance payment guaranteed by the Company. The matter was last fixed in January 2010 but the Board was discharged and the matter was adjourned. The decree holder has not filed execution application within the prescribed limitation period, the management therefore considers it as time barred and the Company has a strong position in this case.

7.3 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, 2017 amounting to Rs. 8.217 million (2016: Rs. 8.217 million).

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

7.4 The Company has received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by the Company to insurance companies for the years 2011, 2012 and 2013. 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 has 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. The Company has filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal

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

Therefore, the Company has received two orders in pursuance of Appellate Tribunal (SRB) Order in 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 is worked out and calculated by SRB amounting to Rs. 372.200 million and Rs. 1,118.094 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellate Tribunal. On May 31, 2016, SRB recovered an amount of Rs. 442.424 million from the Company's bank accounts under section 66 of Sindh Sale Tax on Services Act, 2011. On June 03, 2016, the Honorable High Court of Sindh granted stay to the Company in respect of this matter which restrained SRB from proceeding against the Company. The case is still pending before the Honorable High Court of Sindh.

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

During the period, 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 appraised 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, approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2016 to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to 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 Honorable 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.

The aggregate amount of Rs. 2,573.889 million recovered and paid to SRB has been recorded as "Other receivables" in this condensed interim financial information. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

However, in the event the matter is decided against the Company, the charge to profit and loss account would amount to Rs. 2,573.889 million pertaining to the years 2011, 2012 and 2013 excluding any additional penalty or default surcharge. Further, in the event of adverse decision, the Company would also have to record sales tax liability on re-insurance services with a corresponding charge to profit and loss accounts for the years 2014, 2015 and 2016, the financial impact of which on the condensed interim financial information has remain unascertained.

Based on the legal opinion from legal advisor, management is confident that strong grounds exist to contest the case. The management believes that eventual outcomes will come in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2016 has been recorded in this condensed interim financial information.

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

Further the Company has filed suit in the Honorable High Court of Sindh and there has been no further proceeding in this case and the Management expects a favorable outcome. The financial impact to the financial statements is currently not quantifiable. Therefore, no provision has been made in this condensed interim financial information.

7.6 Contingencies related to income tax are presented in note 15 to this condensed interim financial information.

7.7 There are no commitments as on the balance sheet date (December 31, 2016: nil).

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
8 CASH AND BANK DEPOSITS			
Cash and other equivalents		63,271	44,264
Saving accounts	8.1	2,204,074,382	2,239,958,104
Deposits maturing within 12 months	8.2	355,000,000	440,000,000
		2,559,137,653	2,680,002,368

8.1 The saving accounts carry markup at the rates ranging from 2.75% to 3.75% (2016: 2.75% to 3.75%) per annum.

8.2 This represents Term Deposits Receipts (TDR) in local currency carrying effective interest rates of ranging between 5.75% to 6.52% (2016: 6.52% to 6.55%) per annum. These deposits are due to mature within 12 months of the year end.

9 LOAN TO EMPLOYEES			
Secured			
Loan to employees	9.1	68,769,146	72,949,886

9.1 Loans to employees represent mark-up free loans except motor car loans, and are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. Motor car loans carry mark-up at a rate of 10% (2016: 10%) per annum. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made. No loan has been advanced to the Directors of the Company.

10 INVESTMENTS		
Available-for-sale		
Ordinary shares - listed	930,548,662	428,078,189
Mutual fund units	1,198,009,508	1,957,007,894
Ordinary shares - unlisted	617,613	617,613
	2,129,175,783	2,385,703,696

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
Held-to-maturity			
Pakistan Investment Bonds		2,984,058,817	2,978,233,840
Treasury Bills		932,799,800	1,127,806,300
		3,916,858,617	4,106,040,140
Held-for-trading			
Ordinary shares - listed		128,382,728	133,095,[illegible]
		6,174,417,128	6,624,839,230

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 then temporary) as per Rule 16(a) of the SEC (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, 2017 would have been higher by Rs. 3,099.820 million (December 31, 2016: higher by Rs. 2,385.704 million) and the net equity would have been higher by Rs. 3,467.428 million (December 31, 2016: higher by Rs. 1,214.680 million).

11 INVESTMENT PROPERTIES

The market value of investment properties is Rs. 1,483.737 million, as per valuation carried out by an independent valuer as at December 31, 2016.

12 AMOUNT DUE FROM OTHER INSURERS AND REINSURERS

Amount due from other insurers		3,577,562,395	4,824,648,843
Amount due from other reinsurers		919,908,836	233,397,326
	12.1 & 12.2	4,497,471,231	5,058,046,169
Provision for doubtful balances		(524,634,292)	(524,634,292)
		3,972,836,939	4,533,411,877

12.1 This includes gross amount Rs. 47,411,228 (December 31, 2016: Rs. 1,398,248,084) due from related party National Insurance Company Limited.

12.2 These balances are based on underlying information and returns submitted by insurers/reinsurers periodically. During the prior years, a Reconciliation Committee has been formed via Office Order No. 169 as approved by the Audit Committee of the Board during its meeting held on August 25, 2015 to reconcile and agree the balances relating to other insurer / reinsurer to ensure that the balances are accurate and complete in respect of information available. The provision held is also subject to review as a part of this exercise.

	Note	June 30, 2017 Rupees	December 31, 2016 Rupees
13 OTHER RECEIVABLE			
Receivable from Sindh Revenue Board	7.4	2,573,888,727	442,424,338

14 ADDITIONS AND DELETIONS IN FIXED ASSETS

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

	Six months period ended June 30, 2017	
	Additions Rupees	Disposals Rupees
Furniture, fixtures, books, office equipments and computers	6,194,385	-
	6,194,385	-
Vehicles	-	484,989
	6,194,385	484,989

	June 30, 2017 Rupees	June 30, 2016 Rupees
15 INCOME TAX EXPENSE		
15.1 Provision for taxation		
Current	1,065,704,060	274,632,333

15.2 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 Honorable High Court against the add backs relating to assessment years 1984-89, however the judgment was made against the Company by the Honorable High Court. The Company has now filed an appeal in the Honorable Supreme Court of Pakistan against the said judgment of the Honorable High Court, the Honorable 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 Honorable High Court against the add backs relating to assessment years 1995-96 to 2001-02. These cases are pending for finalization before the Honorable High Court.

15.3 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 was contested by the Ministry and was placed before Alternate Dispute Resolution Committee (ADRC). The hearing was held on May 17, 2008. The ADRC after hearing the arguments was of the view that the applicability of Article 165A of the Constitution of Pakistan in the case of ECGS income is required to be determined to decide the issue. The members of ADRC have observed that they would require assistance of a legal expert to determine the applicability of Article 165A of the Constitution of Pakistan.

The ADRC, therefore, concluded that they would refer the matter to the FBR for providing legal expert to the ADRC or to reconstitute the ADRC by including therein a legal expert who can interpret and decide on the applicability of the aforesaid Article. FBR via letter No. 2(48) IT-Jud/2006-ADR/45098-R regretted the request for reconstitution of ADRC.

Therefore, the Company needs to pursue its case with Supreme Court of Pakistan which has already granted a leave to appeal against order of High Court. The matter was last fixed on April 29, 2015 and the Honorable Supreme Court of Pakistan vide its order has remanded back the case to High Court. No provision has been made in this condensed interim financial information in respect of this matter.

15.4 The Assistant Commissioner of Inland Revenue (ACIR) has also issued show cause notices under section 161/205 and 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016 for non-deduction of tax on commission paid to local reinsurance companies and disallowances of expenses. The tax demand against these show causes notices are amounting to Rs. 370,037,784, Rs. 97,552,694, Rs. 443,039,254, Rs. 468,371,794 Rs. 191,405,099, Rs. 542,653,355, Rs. 553,563,056 and Rs. 925,074,931 respectively. The Company filed appeals against the orders before Commissioner Inland Revenue Appeal (CIRA). CIRA has issued order against as well as in favour of the Company. However the orders passed against the Company are pending before the next forum of Appellate Tribunal Inland Revenue (ATIR). The Company has not recorded provision in this regard with the consultation of tax advisor as it is confident that all outstanding matters will be decided in the Company's favour.

Out of above orders, in Tax Year 2015 and 2016 assessment order u/s 122, certain issues have been decided in favour of the Company by CIRA. Pursuant to these orders, the Company filed an appeal effect order before FBR (department), which is granted and the tax liability is reduced by Rs. 3,800,000 and Rs. 406,000,000 for Tax Year 2015 and 2016 respectively. The Company is contesting remaining outstanding issues before ATIR, (i.e withholding tax on commission expense, disallowance of actuarial loss IAS19 through Other comprehensive income).

The Company has filed an appeal contesting the Federal Board of Revenue stance 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 with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

ATIR passed order against the Company dated October 03, 2016 for tax demand under section 161, default surcharge under section 205 and penalty for default under section 182 for the period from January 01, 2013 to September 30, 2014 amounting to Rs. 260,214,169 on non-deduction of withholding tax on commission expense. The Company has challenged the order dated October 03, 2016 passed by ATIR in the Honorable High Court of Sindh.

Further, ATIR has passed the order in favor of the Company through a single order dated December 19, 2016, against tax demands upheld by Commissioner Inland Revenue for Tax Year 2008 and 2009 under section 122(5A) amounting to Rs. 217,443,078 and Rs. 252,776,143 respectively. Pursuant to ATIR order, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and also created refunds to the Company amounting to Rs. 10,096,413 and Rs. 36,669,758 for Tax Year 2008 and Tax Year 2009 respectively.

ATIR and, subsequently, High Court of Sindh has passed an order in favor of the Company for Tax Year 2004 amounting to Rs. 41,576,000. Pursuant to these orders, the Company filed an appeal effect order before FBR (department), which is granted and thus eliminated the aforementioned tax liabilities and full amount refund is created as Company already has paid the tax liability. The Company adjusted this refund against tax liability of Tax Year 2012.

15.5 Notice has been issued by the authority for Tax Year 2003, however, assessment proceedings are pending before the Honorable 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.

15.6 The Additional Commissioner of Inland Revenue (FBR) have issued show cause notices and orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) related to preceding tax years, by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance.

The Commissioner Appeals of Inland Revenue (FBR) passed an order No.15/A-1 dated March 18, 2016 in favor of M/s EFU General Insurance Limited. As per Company tax advisor, after EFU decision the cases against company are now becoming Infructuous, which is further evident by the recent amendment in Finance Act 2016. After which prospectively, the dividend income and capital gain of insurance companies would be taxed at corporate rate, the Company has incorporated the same tax changes in its financial statements for the year ended December 31, 2016 and condensed interim financial information for the half year ended June 30, 2017. Currently, the cases of various previous tax years on single basket issue are pending before Appellate Tribunal Inland Revenue for verdict. The Company has not recorded provision in this regard with the consultation of tax advisor as it is confident that the case will be decided in the Company's favor.

15.7 During the period, the Additional Commissioner Inland Revenue (ACIR) has also issued show cause notices under section 122(5A), 124 and 129 of the Income Tax Ordinance, 2001 for the Tax Year 2015 and 2016 disallowing expenditures on the account of exchange loss, provision for compensated absences and loss on remeasurement of defined benefit obligation and demanded the tax amounting to Rs. 3.851 million and 224.242 million.

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
16 EXCHANGE GAIN / (LOSS)			
Exchange gain / (loss)	16.1	1,120,479	(2,531,632)

16.1 Exchange gain / (loss) occurred on actual currency translation.

17 OTHER INCOME			
Interest income		383,765	49,121
Miscellaneous income	17.1	113,728,923	13,800
		114,112,688	62,921

17.1 During the period the Company has received amounting to Rs. 113.729 million from the National Investment Trust (NIT) against Zakat deducted under the Zakat & Ushr Ordinance, 1980 on dividend income.

18 DIVIDEND INCOME			
Held for trading	18.1	5,179,278	6,530,893
Available for sale	18.2	179,982,389	305,510,470
		185,161,667	312,041,363
18.1 Held for trading			
National Bank of Pakistan		2,994,495	-
Engro Corporation Limited		1,537,074	51,234
The Hub power Company Limited		350,014	800,032
Fauji Fertilizer Company Limited		255,000	2,994,495
Engro Fertilizer Company Limited		42,695	316,200
Pakistan Telecommunication Company Limited		-	319,500
Attock Cement Limited		-	2,049,432
		5,179,278	6,530,893

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
18.2 Available for sale			
National Bank of Pakistan		47,693,393	47,693,393
MCB Bank Limited		2,963,456	2,963,456
Faysal Bank Limited		-	70,045
Askari Bank Limited		10,914	9,095
United Bank Limited		7,168	7,168
Bank Al-Falah Limited		-	9,232
National Investment Trust Limited		27,720,000	21,780,000
National Investment Unit Trust		37,317,301	208,477,913
NAFA Stock Fund		30,178,655	-
JS Value Fund Limited		163,795	-
Adamjee Insurance Company Limited		3,496,340	2,097,804
United Insurance Company Limited		768,265	-
Habib Insurance Company Limited		22,225	22,225
Jauharabad Sugar Mills Limited		26,451	-
Shahtaj Sugar Mills Limited		1,985	-
Pakistan Packages Limited		20,542,850	12,325,710
Pakistan Petroleum Limited		2,574,000	891,000
Pakistan State Oil Company Limited		81,270	40,635
ICI Pakistan Limited		2,458,248	1,997,327
The Hub Power Company Limited		2,037,298	4,656,681
Akzo Noble Pakistan Limited		1,004,367	1,004,367
Pakistan Tobacco Company Limited		771,540	1,262,520
Kot Addu Power Company Limited		129,000	127,500
Fauji Fertilizer Bin Qasim Limited		10,018	61,107
Linde Pakistan Limited		3,850	4,125
Fauji Cement Company Limited		-	9,167
		179,982,389	305,510,470

19 RETURN ON OTHER FIXED INCOME, SECURITIES AND DEPOSITS

	Note		
From TDRs		1,030,908	17,552,009
From saving bank accounts		43,188,642	40,703,883
	19.1	44,219,550	58,255,892

19.1 These are placed under arrangement with conventional banks.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

20.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2017.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	----------Rupees----------		----------Rupees----------	
Financial Assets				
- Cash and bank deposits	2,559,137,653	2,559,137,653	2,680,002,368	2,680,002,368
- Loans to employees	68,769,146	68,769,146	72,949,886	72,949,886
- Investments				
Available-for-sale				
Ordinary shares - listed	930,548,662	4,186,709,675	428,078,189	3,701,413,596
Mutual fund units	1,198,009,508	1,041,668,214	1,957,007,894	4,994,392,737
Ordinary shares - unlisted	617,613	617,613	617,613	617,613
Held-to-maturity				
Pakistan Investment Bonds	2,984,058,817	3,210,101,332	2,978,233,840	2,978,233,840
Treasury Bills	932,799,800	941,281,534	1,127,806,300	1,127,806,300
Held-for-trading				
Ordinary shares - listed	128,382,728	128,382,728	133,095,394	133,095,394
- Investment properties	6,174,417,128	9,508,761,096	6,624,839,230	12,935,559,479
- Amount due from other insurers and reinsurers	30,616,231	1,483,740,000	31,425,711	1,483,740,000
- Premium and claim reserves retained by cedants	3,972,836,939	3,972,836,939	4,533,411,877	4,533,411,877
- Accrued investment income	72,400,892	72,400,892	11,685,818	11,685,818
- Reinsurance recoveries against outstanding claims	247,982,332	247,982,332	190,210,728	190,210,728
- Sundry receivables	1,851,672,965	1,851,672,965	2,732,782,143	2,732,782,143
	60,217,872	60,217,872	61,075,710	61,075,710
Financial Liabilities				
- Provision for outstanding claims (including IBNR)	4,099,632,518	4,099,632,518	4,590,671,732	4,590,671,732
- Deferred liability - employee benefits	1,247,266,744	1,247,266,744	1,296,307,190	1,296,307,190
- Long term deposits	16,416,375	16,416,375	16,299,040	16,299,040
- Amount due to other insurers and reinsurers	1,462,400,590	1,462,400,590	1,964,346,423	1,964,346,423
- Premium and claim reserves retained from retrocessionaries	19,063,743	19,063,743	19,063,743	19,063,743

	As at June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	----------Rupees----------		----------Rupees----------	
- Other creditors and accruals	24,586,639	24,586,639	26,026,662	26,026,662
- Accrued expenses	5,584,025	5,584,025	19,909,377	19,909,377
- Retention money payable	6,368,183	6,368,183	6,368,183	6,368,183
- Dividend payable	137,889,517	137,889,517	119,430,677	119,430,677
- Surplus profit payable	1,212,602	1,212,602	1,212,602	1,212,602

20.2 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:

	As at June 30, 2017	Level 1	Level 2	Level 3
	----------Rupees----------			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	128,382,728	128,382,728	-	-
Investments at fair value- available for sale				
Ordinary shares - listed	930,548,662	930,548,662	-	-
Mutual fund units	1,198,009,508	1,198,009,508	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Investments- held to maturity				
Pakistan Investment Bonds	2,984,058,817	-	2,984,058,817	-
Treasury Bills	1,127,806,300	-	1,127,806,300	-

	As at December 31, 2016	Level 1	Level 2	Level 3
	----------	----------	Rupees ----------	----------
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Ordinary shares - listed	133,095,394	133,095,394	-	-
Investments at fair value - available for sale				
Ordinary shares - listed	428,078,189	428,078,189	-	-
Mutual fund units	1,957,007,894	1,957,007,894	-	-
Ordinary shares - unlisted	617,613	-	-	617,613
Investments- held to maturity				
Pakistan Investment Bonds	2,978,233,840	-	2,978,233,840	-
Treasury Bills	1,127,806,300	-	1,127,806,300	-

20.3 Transfers during the period

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

20.4 Valuation techniques

Investments held to maturity

- For level 2 investments - held to maturity, the fair value has been determined by using the rates at reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

- For Level 3 available for sale investments (unlisted shares) the Company values the investment at lower of carrying value and breakup value.

21 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

a) Segment by class of business

	Six month period ended June 30, 2017							
	Fire	Marine cargo	Marine hull	Accident and others	Aviation	Engineering	Treaty	Total
	Rupees in '000							
Net premium	565,969	11,038	14,471	113,881	38,552	293,701	1,763,956	2,801,568
Net claims	327,133	3,730	55,347	(1,645)	58,774	151,575	944,812	1,539,727
Management expenses	73,750	4,539	2,948	16,807	10,205	38,356	204,848	351,452
Net commission	115,567	1,881	632	15,746	(3,681)	32,511	468,871	631,527
Underwriting result	49,519	888	(44,456)	82,973	(26,746)	71,259	145,425	278,862
Segment assets								
Prepaid reinsurance ceded	136,169	-	7,372	1,013	478,793	338,193	244,496	1,206,037
Deferred commission expense	58,118	1,572	1,771	8,166	2,025	18,800	362,746	453,197
	194,287	1,572	9,143	9,179	480,818	356,993	607,242	1,659,233
Unallocated corporate assets								18,048,477
Total assets								19,707,710
Segment liabilities								
Provision for unearned premium	503,035	9,029	19,876	40,528	520,412	471,585	1,551,745	3,116,210
Commission income uneamed	5,631	-	1,241	34	6,749	6,420	1,472	21,547
Provision for outstanding claims	1,074,639	36,463	149,085	185,351	397,983	379,550	1,881,514	4,104,585
	1,583,305	45,492	170,202	225,913	925,144	857,555	3,434,731	7,242,342
Un-allocated corporate liabilities								3,467,804
Total liabilities								10,710,146

	Six month period ended June 30, 2016							
Segment by class of business	Fire	Marine Cargo	Marine Hull	Accident and others	Aviation	Engineering	Treaty	Total
	Rupees in '000							
Net premium	542,340	20,111	28,168	74,929	70,366	256,784	1,840,534	2,833,232
Net claims	180,817	8,393	(2,904)	13,079	(673)	82,168	1,058,778	1,339,658
Management expenses	64,485	8,691	4,011	13,160	15,715	33,536	192,054	331,652
Net commission	99,682	3,519	(470)	9,003	(572)	24,999	480,383	616,544
Underwriting result	197,356	(492)	27,531	39,687	55,896	116,081	109,319	545,378
Segment assets								
Prepaid reinsurance ceded	303,588	-	41,195	-	328,250	386,932	193,247	1,253,212
Deferred commission expense	104,596	672	7,782	7,472	1,328	31,892	478,060	631,802
	408,184	672	48,977	7,472	329,578	418,824	671,307	1,885,014
Unallocated corporate assets								15,915,558
Total assets								17,800,572
Segment liabilities								
Provision for unearned premium	795,074	3,944	69,619	64,173	391,842	588,637	2,093,862	4,007,151
Commission income unearned	16,775	-	16,251	-	1,623	5,230	1,209	41,088
Provision for outstanding claims	1,198,703	31,776	44,965	133,301	71,812	254,650	1,661,681	3,396,888
	2,010,552	35,720	130,835	197,474	465,277	848,517	3,756,752	7,445,127
Un-allocated corporate liabilities								3,305,514
Total liabilities								10,750,641

b) Geographical segment

Although the operations of the Company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	Six months period ended June 30, 2017		Six months period ended June 30, 2016	
	Lahore	Karachi	Lahore	Karachi
	Rupees in '000			
Revenue - net premium	244,570	2,556,998	374,480	2,458,751
Total assets	835	19,706,876	772	17,800,554
Total liabilities	550,953	10,159,191	665,301	10,085,340

21.1 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

22 TRANSACTIONS AND BALANCES 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 then remuneration and benefits to key management personnel under the terms of their employment are as follows:

Common directorship	Three months period ended June 30		Six months period ended June 30	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Dividend income	21,780,000	21,780,000	21,780,000	21,780,000

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	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Premium due but unpaid	1,550,681,392	1,028,750,166	1,398,248,084	1,223,801,607
Insurance premium written during the period	483,083,669	443,047,147	845,251,829	715,980,437
Premium received	(1,986,353,834)	(278,686,695)	(2,196,088,685)	(746,671,426)
Balance at the end	47,411,228	1,193,110,618	47,411,228	1,193,110,618
Insurance claims paid	1,195,839,624	1,079,258	1,236,367,320	932,072,746
Insurance commission paid	16,843,837	9,235,580	23,863,434	20,173,256

23 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:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Profit after tax for the period (Rupees)	2,049,390,558	503,585,453	2,494,105,553	861,405,136
Weighted average number of ordinary shares	300,000,000	300,000,000	300,000,000	300,000,000
Earning per share - basic (Rupees)	6.83	1.68	8.31	2.87

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.

24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. No significant reclassifications has been made during the period.

25 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 30th August, 2017. by the Board of Directors of the Company.

26 GENERAL

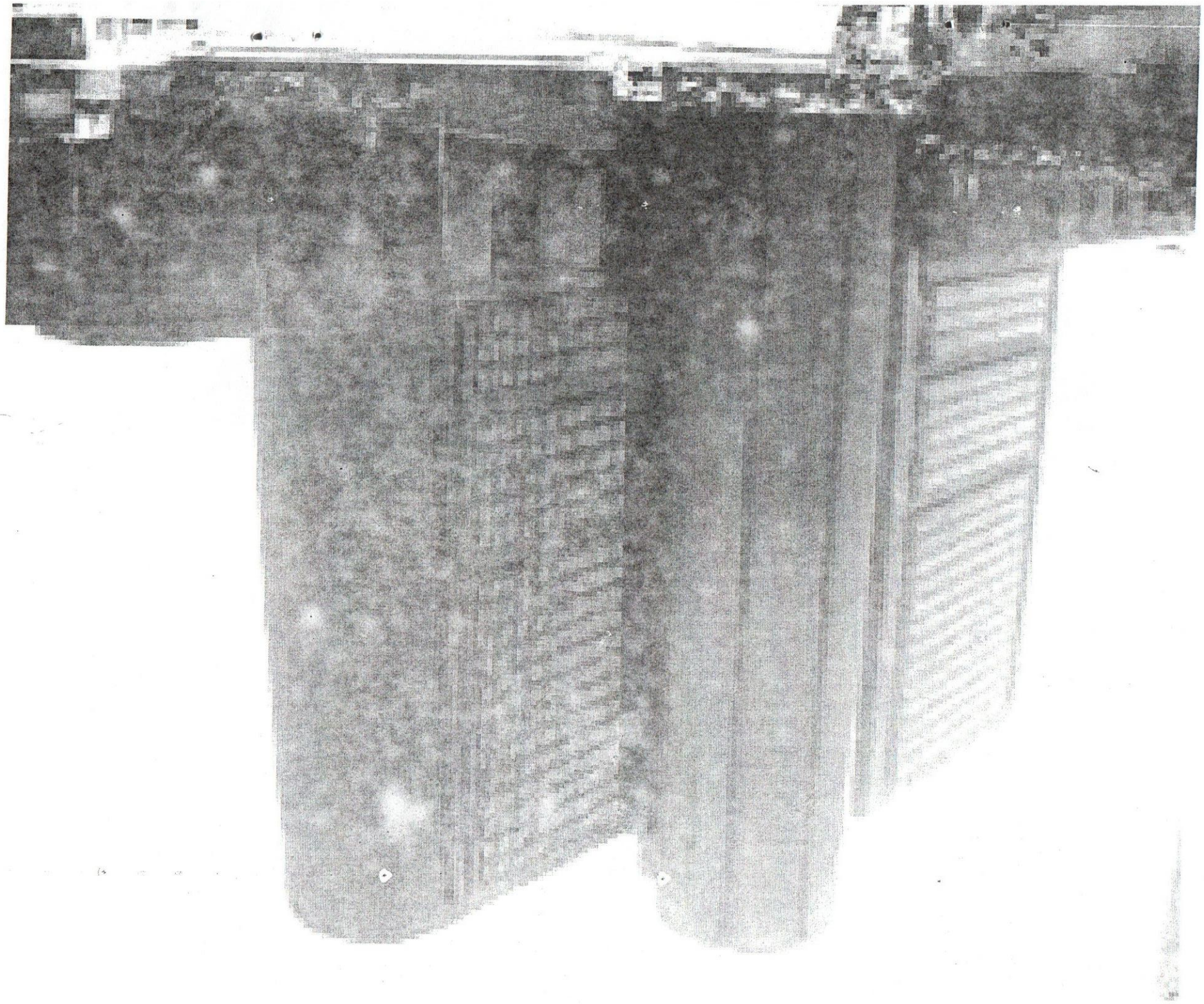
All figures have been rounded off to the nearest rupee unless otherwise stated.

CHAIRMAN **CHIEF EXECFFICER** **DIRECTOR** **DIRECTOR**



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