

HALF YEARLY REPORT

Half Year Ended June 30, 2021
(Un-Audited)

**SERVING
RELIABLY**



Reliance Insurance
Company Limited



Window Takaful

Reliance Insurance Company Limited

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Reliance Window Takaful Operations

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COMPANY INFORMATION



BOARD OF DIRECTORS

CHAIRMAN
IRFAN ZAKARIA BAWANY

DIRECTORS

MUHAMMAD OMAR BAWANY
AHMED ALI BAWANY
NOOR M. ZAKARIA
ZIA ZAKARIA
MUHAMMAD PATEL
NAEEM AHMED SHAFI
TASNEEM YUSUF
JAHANGIR ADAM

CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

CHIEF FINANCIAL OFFICER

HAROON A. SHAKOOR

COMPANY SECRETARY & COMPLIANCE OFFICER

GHULAM HAIDER

AUDIT COMMITTEE

TASNEEM YUSUF	CHAIRPERSON
IRFAN ZAKARIA BAWANY	MEMBER
MUHAMMAD OMAR BAWANY	MEMBER

INVESTMENT COMMITTEE

IRFAN ZAKARIA BAWANY	CHAIRMAN
AHMED ALI BAWANY	MEMBER
TASNEEM YUSUF	MEMBER
MUHAMMAD PATEL	MEMBER
A. RAZAK AHMED	MEMBER
HAROON A. SHAKOOR	SECRETARY

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

NAEEM AHMED SHAFI	CHAIRMAN
IRFAN ZAKARIA BAWANY	MEMBER
NOOR M. ZAKARIA	MEMBER
A. RAZAK AHMED	MEMBER

CREDIT RATING

A (SINGLE A) BY VIS
OUTLOOK "POSITIVE"

AUDITORS

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

IRFAN ADVOCATE

SHARI'AH ADVISOR

MUFTI MUHAMMAD FARHAN FAROOQ

BANKERS

HABIB BANK LIMITED
MCB BANK LIMITED
ALLIED BANK LIMITED
SONERI BANK LIMITED
BANK ALFALAH LIMITED
NATIONAL BANK OF PAKISTAN
MEEZAN BANK LIMITED
DUBAI ISLAMIC BANK
MCB ISLAMIC BANK LIMITED
UNITED BANK LIMITED
THE BANK OF PUNJAB
FAYSAL BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
JS BANK LIMITED
THE BANK OF KHYBER

REGISTERED OFFICE

96-A, Sindhi Muslim Co-operative
Housing Society, Karachi.

HEAD OFFICE

Reliance Insurance House,
181-A, Sindhi Muslim Co-operative Housing
Society, P .O. Box No. 13356, Karachi-74400.
Phone : 34539415-17
Fax : 92-21-34539412
E-mail : reli-ins@cyber.net.pk
ric-re@cyber.net.pk
Website: www.relianceins.com

SHARES REGISTRAR

M/s. C&K Management Associates (Pvt.) Ltd.
404-Trade Tower, Abdullah Haroon Road,
Near Hotel Metropole, Karachi-75530.
Tel: (021) 35687839 & 35685930



DIRECTORS' REVIEW

The Shareholders,
Reliance Insurance Company Limited,

Your Directors are pleased to present before you the Half Yearly (Un-audited) Accounts for the period ended June 30, 2021.

During the period under review your Company underwrote gross premium of Rs.271.192 million inclusive of Takaful Contribution for Rs.32.225 million against Rs.242.972 million inclusive of Takaful Contribution for Rs 34.348 million of the corresponding period of the previous year, an increase of 11.61%.

Net claims incurred increased from Rs.15.582 million to Rs.30.028 million compared to corresponding period of last year, underwriting profit increased from Rs.6.088 million to Rs.15.171 million, of previous year, showing an increase of Rs.9.083 million.

Investment income for the six months period stood at Rs. 49.712 million compared to Rs. 7.858 million of previous year – an increase of Rs.41.854 million. Return on investment stood at 5.97%. Investments increased from Rs. 813.517 million to Rs.833.079 million of last year.

Profit before Tax during the period stood at Rs. 48.289 million compared to Rs. 4.235 million of the corresponding period of last year. Earnings per share (EPS) for the current period stood at Re. 0.62, against Re. 0.20 of corresponding period of last year. There is a profit of Rs.5.593 million before tax from Window Takaful Operators Funds. Accumulated surplus from participant Takaful Fund stood at Rs.73.578 for the period under review.

Future Outlook:

Your Management will continue to strive hard to improve upon its performance with the hope that the Government would formulate long term & consistent policies to boost economic activities and gain investors' confidence to meet challenges ahead in the wake of COVID-19 and also continue to concentrate on improving upon Law and Order situation in the Country. We are optimistic that going forward political & economic scenario would improve.

By order of the Board



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 30th August, 2021

ڈائریکٹرز کا جائزہ

بنام حصص یافتگان

ڈائریکٹرز بمسرت کمپنی کے غیر آڈٹ شدہ حسابات دوسری سہ ماہی برائے مدت ختمہ 30/جون 2021 پیش کرتے ہیں۔
زیر جائزہ مدت کے دوران، آپ کی کمپنی نے مجموعی پریمیم 271.192 ملین روپے بشمول 32.225 ملین روپے تکفل تحریری شراکت داری انڈر رائٹ کیا ہے جو کہ گزشتہ سال کی اسی مدت کے مجموعی پریمیم 242.972 ملین روپے بشمول تکفل 34.348 تحریری شراکت داری کے مقابلے میں 11.61 فیصد زائد ہے۔

نیٹ کلیم کہ گزشتہ سال کے 15.582 ملین روپے سے بڑھ کر 30.028 ملین روپے رہے۔ انڈر رائٹنگ منافع 6.088 ملین روپے سے بڑھ کر 15.171 ملین روپے رہا۔ جو کہ 9.083 ملین روپے کا اضافہ ظاہر کرتا ہے۔

سرمایہ کاری کی آمدنی ششماہی مدت کے لیے 41.854 ملین روپے کے اضافہ کے ساتھ 49.712 ملین روپے ہے جب کہ گزشتہ سال کی اسی مدت کے لیے 7.858 ملین روپے تھی۔ سرمایہ کاری پر منافع 5.97 فیصد رہا۔ سرمایہ کاری کی چھٹلے سال کے 813.517 ملین سے بڑھ کر 833.079 ملین روپے رہی۔

اس مدت کے لئے قبل از ٹیکس نفع 48.289 ملین روپے ہے جو کہ گزشتہ سال اسی مدت کے لیے 4.235 ملین روپے تھا۔ فی حصص آمدن 0.62 روپے ہے جو گزشتہ سال اسی مدت کے لیے 0.20 روپے تھا۔ وٹڈ تکفل آپریٹرز فنڈ کا قبل از ٹیکس منافع 5.593 ملین روپے رہا۔ اسی مدت کے لیے وٹڈ تکفل آپریٹرز فنڈ کا جمع شدہ سرپلس 73.578 ملین روپے رہا۔

مستقبل کا نقطہ نظر

آپ کی مینجمنٹ اس کارکردگی کو بہتر بنانے کی بھرپور کوشش کرتی رہے گی اس امید کہ ساتھ کہ آگے آنے والے چیلنجز کا سامنا کرنے کے لیے حکومت اقتصادی سرگرمیوں کو فروغ دینے کے لئے طویل مدتی اور مستحکم پالیسیوں کو تشکیل دے گی COVID-19 کے پیش نظر چیلنجز کا مقابلہ کرنے کے لئے سرمایہ کاروں کا اعتماد حاصل کرے گی اور ملک میں امن و امان کی صورتحال پر بہتر بنانے پر توجہ مرکوز رکھے گی۔

آپ کی مینجمنٹ اعتماد کے ساتھ پر امید ہے کہ مستقبل میں سیاسی اور معاشی صورتحال بہتر ہو جائیگی۔

بجلم بورڈ

اے رزاق احمد

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

کراچی: 30 اگست 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of Reliance Insurance Company Limited Report on Review of Condensed Interim Financial Statements

INTRODUCTION:

We have reviewed the accompanying condensed interim statement of financial position of RELIANCE INSURANCE COMPANY LIMITED ("the Company") as of June 30, 2021, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

SCOPE OF REVIEW:

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

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTER:

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended June 30, 2021 and June 30, 2020 have not been reviewed and we do not express a conclusion of these figures.

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



Kreston Hyder Bhimji & Co.
Chartered Accountants
Engagement Partner: Muhammad Hanif Razzak

Karachi: 30th August, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
Rupees			
ASSETS			
Property and equipment	6	72,223,294	70,210,045
Investments			
Equity securities	7	724,823,011	715,380,268
Debt securities	8	70,120,000	60,000,000
Term deposits	9	38,136,495	38,136,495
		833,079,506	813,516,763
Loan and other receivables	10	4,728,560	6,552,337
Insurance / Reinsurance receivables	11	233,354,125	231,779,728
Reinsurance recoveries against outstanding claims		211,559,703	181,534,773
Deferred Commission Expense		43,426,300	55,989,900
Deferred taxation	12	3,464,955	2,540,125
Prepayments	13	108,531,225	139,837,094
Taxation - net		1,944,475	283,156
Cash and bank balances	14	104,587,496	111,310,340
Total Assets Window Takaful Operator's Fund		105,815,872	100,419,539
TOTAL ASSETS		1,722,715,511	1,713,973,800

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
Rupees			
EQUITY AND LIABILITIES			
Capital and reserves attributable to company's equity holder			
Ordinary share capital	15	603,518,810	561,412,850
General reserves		270,000,000	250,000,000
Unappropriated profit		156,988,834	181,859,678
Surplus on revaluation of available for sale investment		1,283,264	4,361,869
Total Equity		1,031,790,908	997,634,397
LIABILITIES			
Underwriting Provisions			
Outstanding claims including IBNR		253,219,695	223,490,851
Unearned premium reserves		220,113,065	269,351,727
Unearned Reinsurance Commission		22,447,413	30,887,523
Insurance / Reinsurance Payables		149,668,479	147,241,085
Other Creditors and Accruals	16	22,541,022	24,242,502
Total Liabilities Window Takaful - Operation's fund		22,934,929	21,125,715
Total Liabilities		690,924,603	716,339,403
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		1,722,715,511	1,713,973,800

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman

Karachi 30th August, 2021


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Quarter ended June 30		Half year ended June 30	
		2021	2020	2021	2020
		(Rupees)		(Rupees)	
Net insurance premium	18	83,318,243	59,136,116	143,610,737	116,948,497
Net insurance claims	19	(22,632,993)	(8,215,653)	(30,028,267)	(15,582,708)
Net Commission	20	(14,721,353)	(10,924,068)	(28,225,222)	(22,703,895)
Insurance claims and acquisition expenses		(37,354,346)	(19,139,721)	(58,253,489)	(38,286,603)
Management Expenses		(35,994,834)	(37,030,065)	(70,186,116)	(72,573,942)
Underwriting results		9,969,063	2,966,330	15,171,132	6,087,952
Investment income	21	25,129,873	77,627,148	49,712,079	7,857,921
Other income		313,349	-	320,797	-
Other expenses		(12,387,553)	(12,405,702)	(22,508,765)	(21,729,092)
		13,055,669	65,221,446	27,524,111	(13,871,171)
Results of operating activities		23,024,732	68,187,776	42,695,243	(7,783,219)
Profit from takaful operations - Operator's Fund		3,979,699	7,727,237	5,593,292	12,018,062
Profit before taxation		27,004,431	75,915,013	48,288,535	4,234,843
Taxation					
Current taxation		(6,297,400)	(7,011,462)	(10,768,666)	(10,520,764)
Deferred taxation		(1,533,886)	(15,003,891)	(284,753)	18,448,813
		(7,831,286)	(22,015,353)	(11,053,419)	7,928,049
Profit after taxation		19,173,145	53,899,660	37,235,116	12,162,892
Earnings after tax per share -			Re-stated		Re-stated
basic and diluted	22	0.32	0.89	0.62	0.20

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi 30th August, 2021

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter ended June 30		Half year ended June 30	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Profit after tax	19,173,145	53,899,660	37,235,116	12,162,892
Other Comprehensive Income / (Loss)				
Items that will not be reclassified to profit and loss subsequently				
Surplus / (Deficit) on revaluation of available for sale investments	2,656,898	497,017	(2,612,245)	(8,331,876)
Reclassification adjustment related to gain / (loss) on disposal / redemption of available for sale investments	(2,583,648)	(4,000,542)	(1,291,824)	(3,359,665)
(Deficit) on revaluation of available for sale investments - Window Takaful	(631,736)	(911,249)	(384,118)	(516,050)
Impact of related deferred taxation	161,961	1,280,279	1,209,583	3,712,413
	(396,525)	(3,134,495)	(3,078,605)	(8,495,178)
Total comprehensive income for the period	18,776,620	50,765,165	34,156,512	3,667,714

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman

Karachi 30th August, 2021


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer







A. Razak Ahmed
Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	General reserves	Surplus (Defecit) / on revaluation of AFS investments	Unappropriated profit	Total
	(Rupees)				
Balance as at January 01, 2020	561,412,850	250,000,000	8,752,130	113,364,249	933,529,229
Total comprehensive (loss)/income for the half year ended June 30, 2020					
Profit after tax	-	-	-	12,162,892	12,162,892
Other comprehensive income	-	-	(8,495,178)	-	(8,495,178)
	-	-	(8,495,178)	12,162,892	3,667,714
Balance as at June 30, 2020	<u>561,412,850</u>	<u>250,000,000</u>	<u>256,952</u>	<u>125,527,141</u>	<u>937,196,943</u>
Balance as at January 01, 2021	561,412,850	250,000,000	4,361,869	181,859,678	997,634,397
Transfer to general reserves	-	20,000,000	-	(20,000,000)	-
Transactions with owners:					
Issuance of bonus shares	42,105,960	-	-	(42,105,960)	-
Total comprehensive (loss) / income for the half year ended June 30, 2021					
Profit after tax	-	-	-	37,235,116	37,235,116
Other comprehensive income	-	-	(3,078,605)	-	(3,078,605)
	-	-	(3,078,605)	37,235,116	34,156,511
Balance as at June 30, 2021	<u>603,518,810</u>	<u>270,000,000</u>	<u>1,283,264</u>	<u>156,988,834</u>	<u>1,031,790,908</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Irfan Zakaria Bawany Chairman
Mohammad Omar Bawany Director
Noor M. Zakaria Director
Haroon A. Shakoor Chief Financial Officer
A. Razak Ahmed Chief Executive & Managing Director

Karachi 30th August, 2021

CONDENSED INTERIM STATEMENT CASH FLOW (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	————— (Rupees) —————	
Operating cash flow		
a) Underwriting activities		
Premium received	237,568,175	207,247,648
Reinsurance premium paid	(112,658,859)	(76,465,010)
Claims paid	(64,953,973)	(70,758,550)
Reinsurance and other recoveries received	34,629,620	40,953,098
Commission paid	(47,665,949)	(44,866,353)
Commission received	23,564,217	24,184,805
Management expenses paid	(70,186,116)	(72,573,942)
Net cash flow from underwriting activities	297,115	7,721,696
b) Other operating activities		
Income tax paid	(10,807,930)	(8,388,063)
Other operating payments	(15,281,259)	(18,634,533)
Loans disbursed	14,439	(142,900)
Net cash flow from other operating activities	(26,074,749)	(27,165,496)
Net cash flows from all operating activities	(25,777,635)	(19,443,800)
Investment activities		
Profit / return / dividend received	36,684,562	32,408,798
Payments for investments	(48,790,780)	(189,916,531)
Proceeds from sale / redemption of investments	38,246,232	177,763,432
Fixed capital expenditures	(8,705,223)	(251,807)
Proceeds from disposal of property and equipment	1,620,000	-
Total cash flow from investing activities	19,054,791	20,003,892

CONDENSED INTERIM STATEMENT CASH FLOW (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

Note	June 30, 2021	June 31, 2020
	(Rupees)	
Net cash flows all activities	(6,722,844)	560,092
Cash and cash equivalent at the beginning of the period	111,310,340	131,227,604
Cash and cash equivalent at the end of the period	104,587,496	131,787,696
Reconciliation to profit and loss account		
Operating cash flows	(25,777,635)	(19,443,800)
Depreciation expense	(5,392,771)	(6,107,448)
Profit on disposal of property, plant and equipment	320,797	-
Profit on disposal of investments	1,767,060	6,972,049
Dividend income	31,252,616	25,835,581
Other investment income / (loss)	16,692,403	(24,949,709)
(Decrease) / Increase in assets other than cash	(12,537,852)	4,025,830
(Increase) / decrease in liabilities other than borrowings	27,224,014	(4,636,486)
Deferred taxation	(284,753)	18,448,813
Profit after tax from Takaful operations-Operators' Fund	3,971,237	12,018,062
Profit after taxation	37,235,116	12,162,892
Cash and cash equivalent consists of:		
Cash and equivalents	428,080	915,906
Current and other accounts	104,159,416	130,871,790
14	104,587,496	131,787,696

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi 30th August, 2021



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on November 4, 1981 and is engaged in general insurance business and has also been allowed to undertake General Window Takaful operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

The registered office of the Company is situated at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi. The Company has 24 operational branches throughout Pakistan. VIS Credit Rating Company Limited has assessed the Insurer Financial Strength (IFS) rating of the Company as 'A' (Single A), Outlook on the assigned rating is "Positive".

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017 and
- Provisions of and directives issued under Companies Act, 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and SECP Takaful Rules 2017, General Takaful Accounting Regulations, 2019;

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended 31 December, 2020.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

These condensed interim financial statements have been prepared under the accrual basis of accounting except for cash flow statement.

These condensed interim financial statements have been presented in Pak Rupees which is also the Company's functional currency.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

2.3 New standards and amendments

There are certain new standards and amendments to existing standards which have been effective during the period; however these are either irrelevant or do not have significant impact on these condensed interim financial statements hence not detailed in these financial statements.

2.3.1 IFRS 9 'Financial Instruments' and amendment (effective for period ended on or after June 30, 2019).

IFRS 9 replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption option which allows the Company to defer the application of IFRS 9 until the application IFRS 17. For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

Fair value of financial assets as at June 30, 2021 and change in fair value during the period

	June 30, 2021	December 31, 2020	Change during the six months ended June 30, 2021
	(Rupees)		
Financial assets with contractual cash flows that meet the SPPI criteria excluding those held for trading			
Debt securities - Pakistan Energy Sukuk - Held to maturity	70,120,000	-	70,120,000
Financial assets that do not meet the SPPI Criteria			
Equity Securities / Mutual Funds - Available for sale	336,022,754	338,224,475	(2,201,721)
Equity Securities / Mutual Funds - Held for trading	388,800,257	381,568,219	7,232,038

Carrying value of all other financial assets approximates to their fair values since these either have short term maturity or are frequently repriced.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

2.3.2 Further there has been new standards and amendments to existing standards that are not yet effective except as stated above which are also either irrelevant or do not have material impact therefore not detailed in these condensed interim financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are in line with the audited annual financial statements for the year ended December 31, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2020.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2020.

	June 30, 2021	December 31, 2020
	—————(Rupees)—————	
6. PROPERTY AND EQUIPMENT		
6.1 Operating assets		
Opening written down value	70,210,045	83,029,726
Additions and transfers during the period / year at cost		
Furniture & fixtures	193,000	-
Motor Vehicles	8,309,573	-
Computers Equipments	126,650	87,225
Office Equipments	76,000	527,447
	8,705,223	614,672
Written down value of disposal during the period / year	(1,299,203)	(1,396,360)
Motor Vehicles	(5,392,771)	(12,037,993)
Depreciation for the period / year	72,223,294	70,210,045
Closing writtend down value	<u>72,223,294</u>	<u>70,210,045</u>
7. EQUITY SECURITIES		
Available for sale		
Related parties	4,880,482	5,608,117
Other listed securities	81,757,814	67,437,575
Mutual funds	249,384,458	268,918,021
	336,022,754	341,963,713
Held for trading		
Listed securities	388,800,257	373,416,555
	<u>724,823,011</u>	<u>715,380,268</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	December 31, 2020
		(Rupees)	
8. DEBT SECURITIES			
Held to maturity			
Pakistan Energy Sukuk II	8.1 & 8.2	<u>70,120,000</u>	<u>60,000,000</u>
8.1	These carry profit at the rate of 6 months KIBOR (-) 0.10 and will mature on 20 May 2030 (December 31, 2020: 6 months KIBOR (-) 0.10) due on maturity.		
8.2	Pakistan Energy Sukuk II having face value Rs.65 million (December 31, 2020: Rs.60 million) are placed with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000.		
	Note	June 30, 2021	December 31, 2020
		(Rupees)	
9. TERM DEPOSIT			
Deposit maturing within 12 months	9.1	<u>38,136,495</u>	<u>38,136,495</u>
9.1	These carry profit at the rate of 5% to 6.50% per annum (December 31, 2020: 5% to 12% per annum) payable on maturity.		
9.2	These deposits include an advantage account amounting to Rs.11.10 million (December 31, 2020: Rs.11.10 million) which is pledged against the running finance facility. The facility carry markup at rates of 2% over from the profit rate to be paid on the advantage account and 3 months KIBOR plus 175 bps. Total sanctioned limit of the facilities amounts to Rs.10.00 million (December 31, 2020 Rs.10.00 million).		
		June 30, 2021	December 31, 2020
		(Rupees)	
10. LOANS AND OTHER RECEIVABLES			
Considered good			
Loan to employees		914,641	929,080
Deposits		627,351	606,441
Accrued Investment income		1,986,568	1,881,316
Advance against vehicles		1,200,000	3,135,500
		<u>4,728,560</u>	<u>6,552,337</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

Note	June 30, 2021	December 31, 2020
	(Rupees)	
11. INSURANCE / REINSURANCE RECEIVABLE		
Due from insurance contract holders		
Considered good	232,479,175	231,079,551
Considered doubtful	12,361,742	12,361,742
	<u>244,840,917</u>	<u>243,441,293</u>
Less: Allowance for impairment of receivables from Insurance contract holders	<u>(12,361,742)</u>	<u>(12,361,742)</u>
	<u>232,479,175</u>	<u>231,079,551</u>
Due from other insurers/reinsurers - considered good	874,950	700,177
	<u>233,354,125</u>	<u>231,779,728</u>
12. DEFERRED TAXATION		
Deferred tax credits / (debits) arising in respect of:		
Provision for impairment of doubtful	3,584,905	3,584,905
Unrealized gain on held for trading investments	(3,216,155)	(2,950,257)
Impairment loss on available for sale investments	3,422,980	3,441,835
Surplus on revaluation of available for sale investments	(326,775)	(1,536,358)
	<u>3,464,955</u>	<u>2,540,125</u>
Reconciliation of deferred tax		
Opening provision	2,540,125	(4,370,718)
(Charge) / credit to statement of profit or loss	(284,753)	4,875,086
Credit to other comprehensive income	1,209,583	2,035,757
Closing balance	<u>3,464,955</u>	<u>2,540,125</u>
13. Prepayments		
Prepaid reinsurance premium ceded	107,398,868	137,083,112
Prepaid rent	339,987	76,000
Prepaid miscellaneous expenses	792,370	2,259,982
Others	-	418,000
	<u>108,531,225</u>	<u>139,837,094</u>
14. CASH AND BANK DEPOSITS		
Cash and other equivalents		
Cash in hand, Policy stamps and bond paper in hand	428,080	279,708
Current and other bank accounts		
Current accounts	52,882,311	54,652,125
Saving accounts	51,277,105	56,378,507
	<u>104,159,416</u>	<u>111,030,632</u>
	<u>104,587,496</u>	<u>111,310,340</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

14.1 These accounts carry profit at rates ranging 4.5% to 6% (December 31, 2020: 5% to 9%) per annum.

Note	June 30, 2021	December 31, 2020		
			(Rupees)	
15. SHARE CAPITAL				
Authorized Capital				
75,000,000 Ordinary shares of Rs.10 each	<u>750,000,000</u>	<u>750,000,000</u>		
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
	June 30, 2021	December 31, 2020		
	(Number of shares)			
	<u>1,156,680</u>	1,156,680	Ordinary shares of Rs.10 each allotted for consideration paid in cash	11,566,800
	<u>59,195,201</u>	54,984,605	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	549,846,050
	<u>60,351,881</u>	<u>56,141,285</u>		<u>561,412,850</u>
16. OTHER CREDITORS AND ACCRUALS				
Accrued expenses	<u>4,104,342</u>			3,467,271
Unpaid and unclaimed dividend	<u>2,170,665</u>			2,170,665
Other creditors	<u>16,266,015</u>			18,604,566
	<u>22,541,022</u>			<u>24,242,502</u>
17. CONTINGENCIES AND COMMITMENTS				
17.1 Contingencies				
a.	In the year 2016, the Commissioner of Inland Revenue (FBR) had issued show cause notices and then passed orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) related to preceding tax years, by initializing 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. In the year 2016, the Commissioner Inland Revenue (Appeals) has annulled all the assessments under section 122(5A) in which dividend was taxed at normal corporate tax rate. The Commissioner of Inland Revenue has filed an appeal in Appellate Tribunal, Inland Revenue against the order passed by the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company has not made provision in the regard with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.			
b.	The Assistant Commissioner (AC) Sindh Revenue Board has passed an order for assessment under section 23(1) and (1A) of the Sindh Sales Tax on Services Act, 2011 (the Act) in respect of audit for the tax year December 2016 levied Sindh Sales tax at Rs. 110 Million on exempt marine activities and re-insurance under foreign treaties. The company have filed an appeal before the Commissioner-Appeals-SRB and in view of the tax advisor contesting the matter no eventual financial impact is likely to arise.			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	December 31, 2020
(Rupees)			
17.2 Commitments			
The Company is committed to minimum rental payments for each of the following period as follows:			
Not more than one year		<u>330,632</u>	<u>2,569,613</u>
	Note	June 30, 2021	June 30, 2020
(Rupees)			
18. NET INSURANCE PREMIUM			
Written Gross Premium		<u>238,967,799</u>	208,624,191
Add: Unearned premium reserve opening		<u>269,351,727</u>	292,211,950
Less: Unearned premium reserve closing		<u>(220,113,065)</u>	(277,999,757)
Premium earned		<u>288,206,461</u>	222,836,384
Less: Reinsurance premium ceded		<u>114,911,480</u>	105,687,802
Add: Prepaid reinsurance premium opening		<u>137,083,112</u>	132,009,972
Less: Prepaid reinsurance premium closing		<u>(107,398,868)</u>	(131,809,887)
Reinsurance expense		<u>144,595,724</u>	105,887,887
Net Insurance Premium		<u>143,610,737</u>	<u>116,948,497</u>
19. NET INSURANCE CLAIMS EXPENSE			
Claim Paid		<u>64,953,973</u>	70,758,550
Add: Outstanding claims including IBNR closing		<u>253,219,695</u>	145,053,912
Less: Outstanding claims including IBNR opening		<u>(223,490,851)</u>	(153,319,708)
Claims expense		<u>94,682,817</u>	62,492,754
Less: Reinsurance and other recoveries received		<u>34,629,620</u>	40,953,098
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) closing		<u>211,559,703</u>	118,370,323
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) opening		<u>(181,534,773)</u>	(112,413,375)
Reinsurance and other recoveries revenue		<u>64,654,550</u>	46,910,046
Net claims expenses		<u>30,028,267</u>	<u>15,582,708</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	(Rupees)	
20. NET COMMISSION EXPENSE		
Commission paid or payable	47,665,949	44,866,353
Add: Deferred commission expense opening	55,989,900	62,977,589
Less: Deferred commission expense closing	(43,426,300)	(59,903,472)
Net Commission	60,229,549	47,940,470
Less: Commission received or recoverable	23,564,217	24,184,805
Add: Unearned Reinsurance Commission opening	30,887,523	34,581,713
Less: Unearned Reinsurance Commission closing	(22,447,413)	(33,529,943)
Commission from reinsurers	32,004,327	25,236,575
	<u>28,225,222</u>	<u>22,703,895</u>
21. INVESTMENT INCOME		
Income from equity securities		
Dividend income		
Available for sale investments	15,332,064	15,614,487
Held for trading investments	15,920,552	10,221,094
	<u>31,252,616</u>	<u>25,835,581</u>
Income from debt securities - Held for maturity		
Return on debt securities	2,341,733	2,101,959
Income from deposits		
Return on term deposits and saving accounts	3,239,757	5,027,941
	<u>36,834,106</u>	<u>32,965,481</u>
Net realised gains on investments		
Realised gains on		
Available for sale investments	1,646,765	6,544,257
Held for trading investments	120,295	427,792
	<u>1,767,060</u>	<u>6,972,049</u>
Net unrealised gain / (loss) on held for trading investment	11,090,190	(30,104,031)
Total investment income	<u>49,691,356</u>	<u>9,833,499</u>
Less:		
Impairment in value of available for sale investments	65,015	(1,939,624)
Investment related expenses	(44,292)	(35,954)
Net investment income	<u>49,712,079</u>	<u>7,857,921</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
(Rupees)			
22. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after tax		37,235,116	12,162,892
Weighted average number of shares of Rs. 10 each	22.2	60,351,881	60,351,881
Earning per share - Rupees		0.62	0.20

22.1 No figures for diluted earnings per share has been presented as the Company has not issued any instrument which would have dilutive effect on earnings per share when exercised.

22.2 Weighted average numbers of shares have been restated due to issuance of bonus shares.

23. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices determined under "Comparable uncontrolled price method".

Details of transactions with related parties during the period are as follows:

Relation with the Company	Nature of transaction	June 30, 2021	June 30, 2020
(Rupees)			
Transactions during the period			
Associate companies	Premium underwritten	13,375,602	10,282,274
	Premium collected	56,783,270	45,531,676
	Claims paid	10,984,535	18,078,831
	Dividend received	-	18,329
Key management personnel	Remuneration and other benefits	15,777,435	16,480,035
Staff retirement benefits	Contribution to provident fund	1,581,954	1,725,080
Balances as at period end			
Associate companies	Premium due but unpaid	25,479,462	32,374,666
	Provision for outstanding claims	92,970,840	7,643,520

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

24. SEGMENT INFORMATION

	June 30, 2021				Total
	Fire & property damage	Marine, aviation & Transport	Motor (Rupees)	Misc	
Gross written premium (inclusive of Administrative surcharge)	107,445,243	82,904,514	41,229,410	7,388,632	238,967,799
Insurance premium earned	152,468,174	79,005,785	46,720,014	10,012,488	288,206,461
Insurance premium ceded to reinsurers	(83,744,563)	(52,645,445)	(2,148,658)	(6,057,058)	(144,595,724)
Net insurance premium	68,723,611	26,360,340	44,571,356	3,955,430	143,610,737
Commission income	21,133,633	9,250,550	-	1,620,144	32,004,327
Net underwriting income	89,857,244	35,610,890	44,571,356	5,575,574	175,615,064
Insurance claims	(71,133,409)	(8,402,223)	(14,375,514)	(771,671)	(94,682,817)
Insurance claims recovered from reinsurers	59,871,616	4,204,354	-	578,580	64,654,550
Net claims	(11,261,793)	(4,197,869)	(14,375,514)	(193,091)	(30,028,267)
Commission expense	(39,575,884)	(14,145,627)	(4,574,262)	(1,933,776)	(60,229,549)
Management expense	(33,586,927)	(12,882,950)	(21,783,123)	(1,933,116)	(70,186,116)
Net insurance claims & expenses	(84,424,604)	(31,226,446)	(40,732,899)	(4,059,983)	(160,443,932)
Underwriting result	5,432,640	4,384,444	3,838,457	1,515,591	15,171,132
Net Investment Income					49,712,079
Other income					320,797
Other expenses					(22,508,765)
Profit from takafal operations-Operators' Fund					5,593,292
Profit before taxation					<u>48,288,535</u>
Segment assets	285,085,474	109,350,337	184,894,914	16,408,271	595,738,996
Unallocated assets					1,126,976,515
					<u>1,722,715,511</u>
Segment liabilities	318,621,626	122,213,811	206,645,107	18,338,465	665,819,009
Unallocated liabilities					25,105,594
					<u>690,924,603</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	June 30, 2020				Total
	Fire & property damage	Marine, aviation & Transport	Motor (Rupees)	Misc	
Gross written premium (inclusive of Administrative surcharge)	104,718,356	55,974,937	39,552,167	8,378,731	208,624,191
Insurance premium earned	109,689,330	55,698,361	48,507,016	8,941,677	222,836,384
Insurance premium ceded to reinsurers	(62,247,248)	(34,682,693)	(2,856,919)	(6,101,027)	(105,887,887)
Net insurance premium	47,442,082	21,015,668	45,650,097	2,840,650	116,948,497
Commission income	15,350,726	8,384,133	13,341	1,488,375	25,236,575
Net underwriting income	62,792,808	29,399,801	45,663,438	4,329,025	142,185,072
Insurance claims	(45,249,045)	(5,123,652)	(11,277,662)	(842,395)	(62,492,754)
Insurance claims recovered from reinsurers	41,493,840	4,770,692	13,914	631,600	46,910,046
Net claims	(3,755,205)	(352,960)	(11,263,748)	(210,795)	(15,582,708)
Commission expense	(29,121,323)	(12,350,149)	(4,744,036)	(1,724,962)	(47,940,470)
Management expense	(29,440,813)	(13,041,552)	(28,328,773)	(1,762,803)	(72,573,942)
Net insurance claims & expenses	(62,317,341)	(25,744,661)	(44,336,557)	(3,698,560)	(136,097,120)
Underwriting result	475,467	3,655,140	1,326,881	630,465	6,087,952
Net Investment Income					7,857,921
Other expenses					(21,729,092)
Profit from takaful operations-Operators' Fund					12,018,062
Profit before taxation					4,234,843
December 31, 2020					
Segment assets	206,501,602	69,207,509	182,057,252	14,898,459	472,664,822
Unallocated assets					1,241,308,978
					1,713,973,800
Segment liabilities	302,782,198	101,475,250	266,940,763	21,844,812	693,043,023
Unallocated liabilities					23,296,380
					716,339,403



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

25. COVID-19

During the period the COVID-19 pandemic (as declared by International Health Regulations Emergency Committee of the WHO) has significantly affected the market around the globe and the scale and duration of this outbreak remains uncertain and as it evolves globally into 2021. The company on the basis of its current assessment considered that there would be no significant impact of COVID-19 that will adversely affect the business, operations and financial conditions of the company.

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements have been authorized for issue on 30th August, 2021 by the Board of Directors of the Company.

27. GENERAL

Figures have been rounded off to the nearest rupee.



Irfan Zakaria Bawany
Chairman



Mohammad Omar Bawany
Director



Noor M. Zakaria
Director



Haroon A. Shakoor
Chief Financial Officer



A. Razak Ahmed
Chief Executive & Managing Director

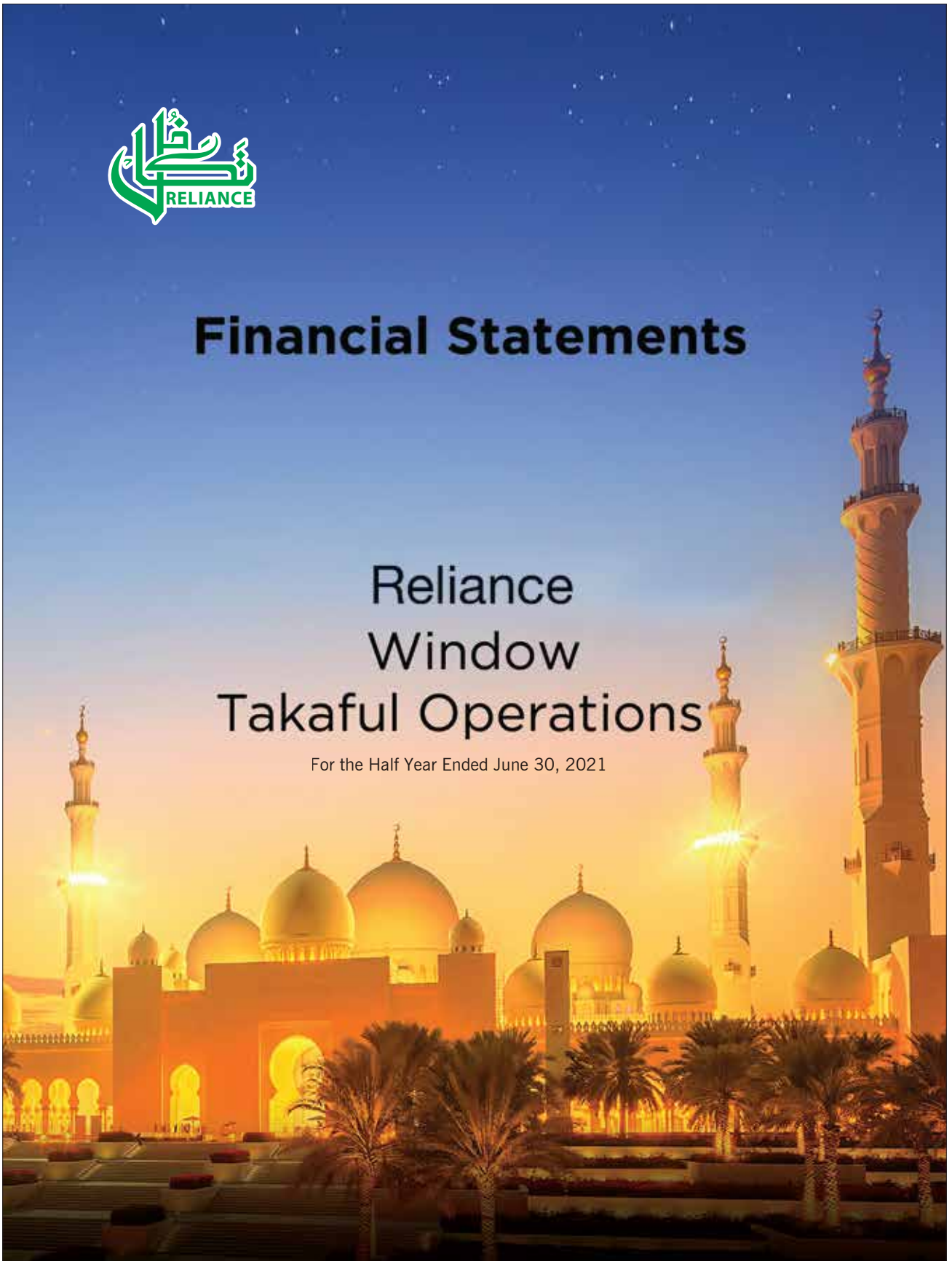
Karachi 30th August, 2021



Financial Statements

Reliance Window Takaful Operations

For the Half Year Ended June 30, 2021





OUR SERVICES

Reliance Insurance underwrites all classes of General Insurance and enjoys reputation second to none. Apart from Conventional General Insurance RIC has also commenced its General Takaful operations in the year 2016.



**General Insurance
(Conventional)**

Reliance Insurance commenced its general insurance business in 1981 and it underwrites all classes of traditional and non-traditional lines.

Reliance Insurance is offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism & Sabotage and Bonds are also being offered.



**General Takaful
(Islamic)**

Takaful is an Islamic alternate of Insurance and is growing steadily. Reliance Insurance commenced its Window Takaful Operations in June 2016 under the guidance of renowned, qualified and certified Sharia Scholars.

Reliance Takaful is offering a wide range of Sharia Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, (MBD, CAR, EAR), Money Takaful, Liability (Public & Private) Takaful and Personal & Group Accident Takaful, etc.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of Reliance Insurance Company Limited - Window Takaful Operations Report on Review of Condensed Interim Financial Statements

INTRODUCTION:

We have reviewed the accompanying condensed interim statement of financial position of RELIANCE INSURANCE COMPANY LIMITED – WINDOW TAKAFUL OPERATIONS (“the Operator”) as of June 30, 2021, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

SCOPE OF REVIEW:

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

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTER:

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended June 30, 2021 and June 30, 2020 have not been reviewed and we do not express a conclusion of these figures.

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



Kreston Hyder Bhimji & Co.
Chartered Accountants

Engagement Partner: Muhammad Hanif Razzak

Karachi: 30th August, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT JUNE 30, 2021

	Note	OPF		PTF	
		(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees)		(Rupees)	
ASSETS					
Investment					
Equity securities	6	21,662,858	21,193,201	10,902,065	10,606,512
Takaful / Re-takaful receivables	7	-	-	34,918,714	21,162,660
Deferred wakala fee		-	-	10,596,775	10,064,441
Receivable from PTF	8	8,144,843	4,802,908	-	-
Accrued investment income		317,311	311,460	279,249	343,466
Retakaful recoveries against outstanding claims		-	-	21,457,395	22,797,076
Deferred Commission Expense		4,264,523	3,781,962	-	-
Prepayments	9	-	423,750	13,357,402	11,177,581
Cash and Bank	10	71,426,337	69,906,258	65,446,996	76,989,468
TOTAL ASSETS		<u>105,815,872</u>	<u>100,419,539</u>	<u>156,958,596</u>	<u>153,141,204</u>

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT JUNE 30, 2021

Note	OPF		PTF	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees)		(Rupees)	
FUND AND LIABILITIES				
Operator's Fund				
Statutory Fund	50,000,000	50,000,000	-	-
Accumulated profit	32,781,832	28,810,595	-	-
Surplus on revaluation of available for sale investments	99,111	483,229	-	-
	<u>82,880,943</u>	<u>79,293,824</u>	-	-
Participants' Takaful Fund (PTF)				
Ceded Money	-	-	500,000	500,000
Accumulated Surplus	-	-	73,577,719	75,964,019
	-	-	<u>74,077,719</u>	<u>76,464,019</u>
Liabilities				
PTF Underwriting Provisions				
Outstanding claims including IBNR	-	-	38,634,874	38,799,678
Unearned contribution reserves	-	-	26,491,937	25,161,104
Reserve for unearned re-takaful rebate	-	-	2,650,704	2,207,592
Unearned wakala fees	10,596,775	10,064,441	-	-
Takaful / Retakaful payables	-	-	4,528,249	4,638,381
Other creditors and accruals	6,847,602	6,420,647	2,430,270	1,067,522
Taxation - provision less payments	5,490,552	4,640,627	-	-
Payable to OPF	-	-	8,144,843	4,802,908
Total Liabilities	<u>22,934,929</u>	<u>21,125,715</u>	<u>82,880,877</u>	<u>76,677,185</u>
Contingencies and Commitments	-	-	-	-
TOTAL FUND AND LIABILITIES	<u>105,815,872</u>	<u>100,419,539</u>	<u>156,958,596</u>	<u>153,141,204</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman

Karachi 30th August, 2021


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

Note	Quarter ended June 30		Half year ended June 30	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Participants' Takaful Fund - (PTF)				
Contribution earned	10,703,456	15,760,013	18,536,537	25,940,455
Less: Contributions ceded to retakaful	(7,127,114)	(6,369,852)	(15,590,516)	(14,902,374)
Net contributions revenue	3,576,342	9,390,161	2,946,021	11,038,081
Retakaful rebate earned	1,319,100	1,268,530	3,203,381	2,986,177
Net underwriting income	4,895,442	10,658,691	6,149,402	14,024,258
Net claims - reported / settled - IBNR	(8,247,415)	(4,080,040)	(9,472,687)	(7,179,486)
Other direct expenses	(134,837)	(62,529)	(325,365)	(86,683)
(Deficit) / Surplus before investment income	(3,486,810)	6,516,122	(3,648,650)	6,758,089
Investment income	1,072,870	1,833,387	2,103,916	5,181,329
Less: Modarib's share of investment income	(429,148)	(733,355)	(841,566)	(2,072,532)
(Deficit) / surplus transferred to accumulated surplus	(2,843,088)	7,616,154	(2,386,300)	9,866,886
Operator's Fund - (OPF)				
Wakala fee	7,135,637	10,506,683	12,357,689	17,293,635
Commission expenses	(2,611,954)	(3,499,486)	(4,928,092)	(6,060,380)
General, administrative and management expenses	(2,564,738)	(1,885,872)	(5,163,132)	(4,426,301)
	1,958,945	5,121,325	2,266,465	6,806,954
Modarib's shares of PTF investment income	429,148	733,355	841,566	2,072,532
Investment income	1,841,606	2,122,557	2,985,261	3,638,576
Direct expenses	(250,000)	(250,000)	(500,000)	(500,000)
Profit before taxation	3,979,699	7,727,237	5,593,292	12,018,062
Taxation	(1,154,113)	-	(1,622,055)	-
Profit after taxation	2,825,586	7,727,237	3,971,237	12,018,062

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi 30th August, 2021

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter ended June 30		Half year ended June 30	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Participants' Takaful Fund - (PTF) (Deficit) / Surplus during the period	(2,843,088)	7,616,154	(2,386,300)	9,866,886
Other comprehensive income:				
Unrealised loss on available-for-sale investments	-	(2,585)	-	(2,585)
Total comprehensive (loss) / income for the period	<u>(2,843,088)</u>	<u>7,613,569</u>	<u>(2,386,300)</u>	<u>9,864,301</u>
Operator's Fund - (OPF)				
Profit after tax	2,825,586	7,727,237	3,971,237	12,018,062
Other Comprehensive income				
Unrealised loss on available-for-sale investments	(631,736)	(911,249)	(384,118)	(516,050)
Total comprehensive income for the period	<u>2,193,850</u>	<u>6,815,988</u>	<u>3,587,119</u>	<u>11,502,012</u>


The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman

Karachi 30th August, 2021


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Operator's Fund			Total
	Statutory Fund	(Accumulated loss) / Profit	Surplus / (Defecit) on revaluation of AFS investments	
	(Rupees)			
Balance as at 1st January 2020	50,000,000	15,980,348	600,440	66,580,788
Total comprehensive income for the half year ended June 30, 2020				
Profit for the period	-	12,018,062	-	12,018,062
Other comprehensive loss	-	-	(516,050)	(516,050)
Balance as at June 30, 2020	50,000,000	27,998,410	84,390	78,082,800
Balance as at January 01, 2021	50,000,000	28,810,595	483,229	79,293,824
Total comprehensive income for the half year ended June 30, 2021				
Profit for the period	-	3,971,237	-	3,971,237
Other comprehensive loss	-	-	(384,118)	(384,118)
Balance as at June 30, 2021	50,000,000	32,781,832	99,111	82,880,943
	Participants Takaful Fund			Total
	Ceded money	(Accumulated loss) / Profit	Surplus/(Defecit) on revaluation of AFS investments	
	(Rupees)			
Balance as at 1st January 2020	500,000	58,586,636	-	59,086,636
Surplus for the period	-	9,866,886	-	9,866,886
Other comprehensive loss	-	-	(2,585)	(2,585)
Balance as at June 30, 2020	500,000	68,453,522	(2,585)	68,950,937
Balance as at January 01, 2021	500,000	75,964,019	-	76,464,019
Deficit for the period	-	(2,386,300)	-	(2,386,300)
Balance as at June 30, 2021	500,000	73,577,719	-	74,077,719

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi 30th August, 2021

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	OPF		PTF	
	June 30, 2021 (un-audited)	June 30, 2020 (un-audited)	June 30, 2021 (un-audited)	June 30, 2020 (un-audited)
	(Rupees)			
Operating Cash Flows				
a) Takaful activities				
Contribution received	-	-	21,966,883	28,823,868
Retakaful contribution paid	-	-	(21,378,347)	(14,704,271)
Claims / Benefits paid	-	-	(14,293,946)	(5,474,450)
Retakaful and other recoveries received	-	-	5,996,136	466,511
Commission paid	(5,410,653)	(4,825,441)	-	-
Retakaful rebate received	-	-	3,646,493	2,533,256
Wakala fee received / (paid)	9,485,647	17,999,945	(9,485,647)	(20,072,477)
Modarib received / (paid)	904,007	2,072,532	(904,007)	(2,072,532)
Net cash flows from takaful activities	4,979,001	15,247,036	(14,452,435)	(10,500,095)
b) Other operating activities				
Income tax paid	(772,130)	(1,097,806)	-	-
General and other expenses paid	(5,663,132)	(4,926,301)	(325,365)	(86,683)
Other operating payments	423,750	-	-	-
Other operating receipts	426,955	506,468	1,362,748	(1,631,595)
Net cash flow from other operating activities	(5,584,557)	(5,517,639)	1,037,383	(1,718,278)
Total cash flow from all operating activities	(605,556)	9,729,397	(13,415,052)	(12,218,373)
Investment activities				
Profit / return received	1,931,957	2,300,036	1,756,206	4,797,363
Dividend received	1,047,453	3,656,372	411,927	131,265
Payments for investments made	(853,775)	(10,917,811)	(295,553)	(10,326,371)
Total cash flows from investing activities	2,125,635	(4,961,403)	1,872,580	(5,397,743)
Net cash flows from all activities	1,520,079	4,767,994	(11,542,472)	(17,616,116)
Cash and cash equivalent at the beginning of the period	69,906,258	59,237,051	76,989,468	102,537,065
Cash and cash equivalent at the end of the period	<u>71,426,337</u>	<u>64,005,045</u>	<u>65,446,996</u>	<u>84,920,949</u>

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN AUDITED)


FOR THE HALF YEAR ENDED JUNE 30, 2021

	OPF		PTF	
	June 30, 2021 (un-audited)	June 30, 2020 (un-audited)	June 30, 2021 (un-audited)	June 30, 2020 (un-audited)
	(Rupees)			
Reconciliation to profit and loss Account				
Operating cash flows	(605,556)	9,729,397	(13,415,052)	(12,218,373)
Dividend income	1,053,304	1,338,540	347,710	383,966
Other investment income	1,931,957	4,372,568	1,756,206	4,797,363
Increase / (Decrease) in assets other than cash	3,400,746	(7,991,808)	15,128,528	6,035,387
Increase / (Decrease) in liabilities other than borrowings	(1,809,213)	4,569,365	(6,203,692)	10,868,543
Profit / Surplus / (Deficit) for the period	3,971,237	12,018,062	(2,386,300)	9,866,886
Attributed to				
Operatot's Fund	3,971,237	12,018,062	-	-
Participants' Takaful Fund	-	-	(2,386,300)	9,866,886
	3,971,237	12,018,062	(2,386,300)	9,866,886

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.







Irfan Zakaria Bawany Chairman
Mohammad Omar Bawany Director
Noor M. Zakaria Director
Haroon A. Shakoor Chief Financial Officer
A. Razak Ahmed Chief Executive & Managing Director

Karachi 30th August, 2021



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on May 30, 2016 under the Waqf deed with a seed money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund (OPF) are approved by the Shariah Advisor of the Operator.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Approved accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting, comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting" issued by International Accounting Standards Board (IASB), as are notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Regulations 2012 and the General Takaful Accounting Regulations, 2019 shall prevail.

These financial statements reflect the financial position and results of operations of both the company and PTF in a manner that the assets, liabilities, income and expenses of the company and PTF remain separately identifiable.

2.2 These condensed interim financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

2.3 These condensed interim financial statements are presented in Pak Rupees which is also the Operator's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or at amortized cost.

These condensed interim financial statements have been prepared under the accrual basis of accounting except for cash flow statement.

2.5 New standards and amendments

There are certain new standards and amendments to existing standards which have been effective during the period; however these are either irrelevant or do not have significant impact on these condensed interim financial statements hence not detailed in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption option which allows the Operator to defer the application of IFRS 9 until the application IFRS 17. For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

Fair value of financial assets as at June 30, 2021 and change in fair value during the period

	June 30, 2021	December 31, 2020	Change during the six months ended June 30, 2021
(Rupees)			
Financial assets that do not meet the SPPI Criteria			
- Equity Securities / Mutual Funds - Available for sale OPF	21,662,858	22,067,238	(404,380)
- Equity Securities / Mutual Funds - Available for sale PTF	10,902,065	10,902,065	-

Carrying value of all other these financial assets approximates to their fair values since these assets are short term in nature or are frequently repriced to market rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted in preparation of condensed interim financial statements are consistent with those followed in preparation of the annual financial statement of the operator for the year ended 31 December 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

5. FINANCIAL RISK MANAGEMENT

The Operator's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2020.

6. INVESTMENT - EQUITY SECURITIES

Available for sale

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
	(Rupees)					
6.1 OPF						
Mutual funds	<u>21,563,746</u>	<u>99,112</u>	<u>21,662,858</u>	20,709,971	483,229	21,193,201
6.2 PTF						
Mutual funds	<u>10,902,065</u>	<u>-</u>	<u>10,902,065</u>	10,606,512	-	10,606,512

7. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF

	OPF		PTF	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees)			
Due from takaful participants holders	-	-	<u>20,529,942</u>	10,271,766
Due from other takaful / retakaful operators	-	-	<u>14,388,772</u>	10,890,894
	-	-	<u>34,918,714</u>	21,162,660
8. RECEIVABLE FROM PTF				
Wakala fee	<u>7,874,654</u>	4,470,278	-	-
Moudarib fee	<u>270,189</u>	332,630	-	-
	<u>8,144,843</u>	4,802,908	-	-
9. PREPAYMENT				
Prepaid re-takaful contribution ceded	-	-	<u>13,357,402</u>	11,177,581
Prepaid expenses	-	423,750	-	-
	-	423,750	<u>13,357,402</u>	11,177,581
10. CASH AND BANK				
Cash and Cash Equivalents				
Policy and Revenue stamps	-	-	<u>56,990</u>	83,970
Cash at bank				
Saving accounts	<u>71,426,337</u>	69,906,258	<u>65,390,006</u>	76,905,498
	<u>71,426,337</u>	69,906,258	<u>65,446,996</u>	76,989,468
11. OTHER CREDITORS AND ACCRUALS				
Audit fee payable	<u>150,000</u>	100,000	-	-
Other payables	<u>6,697,602</u>	6,320,647	<u>2,430,270</u>	1,067,522
	<u>6,847,602</u>	6,420,647	<u>2,430,270</u>	1,067,522

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (31 December 2020: NIL).

13. NET CONTRIBUTION

	PTF	
	June 30, 2021	June 30, 2020
	(Rupees)	
Written Gross Contributions	32,225,059	34,348,396
Less: Wakala Fee	(12,357,689)	(17,293,635)
Contribution Net of Wakala Fee	19,867,370	17,054,761
Add: Unearned contributions reserve opening	25,161,104	53,579,610
Less: Unearned contributions reserve closing	(26,491,937)	(44,693,916)
Contributions earned	18,536,537	25,940,455
Re-takaful contributions ceded	17,770,337	12,948,185
Add: Prepaid re-takaful contributions opening	11,177,581	12,813,627
Less: Prepaid re-takaful contributions closing	(13,357,402)	(10,859,438)
Re-takaful expense	15,590,516	14,902,374
Net contributions	2,946,021	11,038,081

14. RE-TAKAFUL REBATE

Retakaful rebate received or recoverable	3,646,493	2,533,256
Add: Unearned retakaful rebate Opening	2,207,592	2,390,941
Less: Unearned retakaful rebate Closing	(2,650,704)	(1,938,020)
	3,203,381	2,986,177

15. TAKAFUL BENEFITS / CLAIMS EXPENSE

Benefits / Claim Paid	14,293,946	5,474,450
Add: Outstanding benefits / claims including IBNR closing	38,634,874	20,606,052
Less: Outstanding benefits / claims including IBNR opening	(38,799,678)	(9,719,558)
Claims expense	14,129,142	16,360,944
Retakaful and other recoveries received	5,996,136	466,511
Add: Retakaful and other recoveries in respect of outstanding claims closing	21,457,395	9,719,071
Less: Re-takaful and other recoveries in respect of outstanding claims opening	(22,797,076)	(1,004,124)
Re-takaful and other recoveries revenue	4,656,455	9,181,458
Net Takaful benefits / Claim expense	9,472,687	7,179,486

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	OPF		PTF	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees)			
16. INVESTMENT INCOME				
Income from equity securities - available for sale investments				
- Dividend Income	1,053,304	1,338,540	347,710	383,966
Profit on bank deposits	1,931,957	2,300,036	1,756,206	4,797,363
	2,985,261	3,638,576	2,103,916	5,181,329

17. MODARIB'S FEE

The Operators' manage the participants' investments as a Modarib and charge 40% Modarib's share of the investment income earned by PTF.

18. WAKALA FEE

The Operators' manage the general takaful operations for the participants and charges 40% for motor, fire and property damage and others etc. of the gross contribution written net off administrative surcharge on co-takaful inward as wakala fee against the services.

	OPF	
	June 30, 2021	June 30, 2020
	(Rupees)	
18.1 Wakala fee income		
Gross wakala fee	12,890,023	13,739,358
Add: Unearned wakala fee opening	10,064,441	21,431,843
Less: Unearned wakala fee closing	(10,596,775)	(17,877,566)
	12,357,689	17,293,635
19. COMMISSION EXPENSE		
Commission paid or payable	5,410,653	4,825,441
Add: Deferred commission expense opening	3,781,962	6,786,091
Less: Deferred commission expense closing	(4,264,523)	(5,551,152)
	4,928,092	6,060,380

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

20. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the company. Transactions with related parties are carried out at arm's length prices determined under "comparable uncontrolled price method". Details of the transactions with related parties during the period are as follows:

Relationship with the company	Nature of transaction	June 30, 2021	June 30, 2020
		(Rupees)	
Associated companies	Contribution underwritten	7,280,529	2,826,143
	Contribution collected	5,368,560	2,632,938
	Contribution due but unpaid	11,770,741	6,800,144
Key management personnel	Remuneration and other benefits	1,005,000	945,000

21. SEGMENT INFORMATION

21.1 PTF

	June 30, 2021				
	Fire & property damage	Marine, aviation & Transport	Motor	Misc	Total
	(Rupees)				
Gross written contributions (inclusive of Administrative surcharge)	16,489,315	7,885,863	7,796,963	52,918	32,225,059
Wakala fee	(4,872,006)	(3,077,605)	(4,337,830)	(70,248)	(12,357,689)
Takaful contributions earned	7,308,011	4,616,410	6,506,744	105,372	18,536,537
Takaful contributions ceded to re-takaful	(8,141,748)	(5,898,146)	(1,451,915)	(98,707)	(15,590,516)
Net takaful contribution	(833,737)	(1,281,736)	5,054,829	6,665	2,946,021
Retakaful rebate	1,825,587	1,356,573	-	21,221	3,203,381
Net underwriting income	991,850	74,837	5,054,829	27,886	6,149,402
Takaful claims	(2,700,000)	2,428,928	(13,858,070)	-	(14,129,142)
Takaful claims recovered from re-takaful	2,155,000	(1,943,143)	4,444,598	-	4,656,455
Net claims	(545,000)	485,785	(9,413,472)	-	(9,472,687)
Other Direct expense	(85,864)	(38,165)	(199,709)	(1,627)	(325,365)
Surplus before investment income	360,986	522,457	(4,558,352)	26,259	(3,648,650)
Net Investment income					2,103,916
Modarib's share of investment income					(841,566)
Deficit transferred to accumulated surplus					(2,386,300)
Corporate segment assets	30,572,740	10,045,883	39,489,228	222,435	80,330,286
Corporate unallocated assets					76,628,310
Total assets					156,958,596
Corporate segment liabilities	30,618,533	10,060,930	39,548,377	222,768	80,450,607
Corporate unallocated liabilities					2,430,270
Total Liabilities					82,880,877

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

PTF

	June 30, 2020				
	Fire & property damage	Marine, aviation & Transport	Motor	Misc	Total
	(Rupees)				
Gross written contributions (inclusive of Administrative surcharge)	9,806,964	5,768,575	18,663,511	109,346	34,348,396
Wakala fee	(4,310,238)	(3,207,406)	(9,531,405)	(244,586)	(17,293,635)
Takaful contributions earned	6,465,357	4,811,109	14,297,109	366,880	25,940,455
Takaful contributions ceded to re-takaful	(6,325,023)	(6,287,945)	(1,846,735)	(442,671)	(14,902,374)
Net takaful contributions	140,334	(1,476,836)	12,450,374	(75,791)	11,038,081
Retakaful rebate	1,444,774	1,446,228	-	95,175	2,986,177
Net underwriting income	1,585,108	(30,608)	12,450,374	19,384	14,024,258
Takaful claims	(34,200)	(3,279,761)	(13,046,983)	-	(16,360,944)
Takaful claims recovered from re-takaful	25,650	2,623,808	6,532,000	-	9,181,458
Net claims	(8,550)	(655,953)	(6,514,983)	-	(7,179,486)
Other direct expense	(13,617)	(5,295)	(67,255)	(516)	(86,683)
Surplus before Investment Income	1,562,941	(691,856)	5,868,136	18,868	6,758,089
Net Investment income					5,181,329
Modarib's share of investment income					(2,072,532)
Surplus transferred to accumulated surplus					9,866,886
December 31, 2020					
Corporate segment assets	7,435,543	3,306,783	54,211,332	248,099	65,201,758
Corporate unallocated assets					87,939,446
Total assets					153,141,204
Corporate segment liabilities	8,622,451	3,834,632	62,864,878	287,702	75,609,663
Corporate unallocated liabilities					1,067,522
Total Liabilities					76,677,185

21.2 OPF

	June 30, 2021				
	Fire & property damage	Marine, aviation & Transport	Motor	Misc	Total
	(Rupees)				
Wakala Fee	4,872,006	3,077,605	4,337,830	70,248	12,357,689
Commission Expenses	(2,355,494)	(1,476,117)	(1,074,752)	(21,729)	(4,928,092)
Management Expenses	(1,965,088)	(645,392)	(2,538,196)	(14,456)	(5,163,132)
	(4,320,582)	(2,121,509)	(3,612,948)	(36,185)	(10,091,224)
	551,424	956,095	724,882	34,063	2,266,465
Mudarib share of PTF Investment Income					841,566
Investment Income					2,985,261
Direct expenses					(500,000)
Profit before taxation					5,593,292
Taxation					(1,622,055)
Profit after tax					3,971,237
Corporate segment assets	4,722,855	1,551,881	6,100,268	34,362	12,409,366
Corporate unallocated assets					93,406,506
Total Assets					105,815,872
Corporate segment liabilities	4,033,005	1,325,203	5,209,224	29,343	10,596,775
Corporate unallocated liabilities					12,338,154
Total Liabilities					22,934,929

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

OPF

	June 30, 2020				Total
	Fire & property damage	Marine, aviation & Transport	Motor	Misc	
	(Rupees)				
Wakala Fee	4,310,238	3,207,406	9,531,405	244,586	17,293,635
Commission Expenses	(2,060,725)	(1,556,409)	(2,367,454)	(75,792)	(6,060,380)
Management Expenses	(694,929)	(270,447)	(3,434,367)	(26,558)	(4,426,301)
	(2,755,654)	(1,826,856)	(5,801,821)	(102,350)	(10,486,681)
	<u>1,554,584</u>	<u>1,380,550</u>	<u>3,729,584</u>	<u>142,236</u>	<u>6,806,954</u>
Mudarib share of PTF Investment Income					2,072,532
Investment Income					3,638,576
Direct expenses					(500,000)
Profit before taxation					12,018,062
Taxation					-
Profit after tax					<u>12,018,062</u>
December 31, 2020					
Corporate segment assets	<u>1,027,334</u>	<u>456,883</u>	<u>7,490,125</u>	<u>34,279</u>	9,008,620
Corporate unallocated assets					91,410,919
Total Assets					<u>100,419,539</u>
Corporate segment liabilities	<u>1,147,739</u>	<u>510,430</u>	<u>8,367,976</u>	<u>38,296</u>	10,064,441
Corporate unallocated liabilities					11,061,274
Total Liabilities					<u>21,125,715</u>

22. COVID-19






During the period the COVID-19 pandemic (as declared by International Health Regulations Emergency Committee of the WHO) has significantly impacted the market around the globe and the scale and duration of this outbreak remains uncertain and as it evolves globally into 2021. The Operator on the basis of its current assessment considered that there would be no significant impact of COVID-19 that will adversely affect the business, operations and financial conditions of the company.

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements has been authorized for issue on 30th August, 2021 by the Board of Directors of the Company.

24. GENERAL

Figures have been rounded off to the nearest rupee.

Irfan Zakaria Bawany Chairman
Mohammad Omar Bawany Director
Noor M. Zakaria Director
Haroon A. Shakoor Chief Financial Officer
A. Razak Ahmed Chief Executive & Managing Director

Karachi 30th August, 2021

CATEGORIES OF SHAREHOLDING - PATTERN OF SHAREHOLDING AS AT JUNE 30, 2021

Number of Shareholders	Shareholdings		Total shares held
	From	To	
383	1	100	6,645
155	101	500	38,881
126	501	1000	88,487
287	1001	5000	689,629
105	5001	10000	738,708
35	10001	15000	424,955
31	15001	20000	546,839
19	20001	25000	434,287
17	25001	30000	454,577
5	30001	35000	163,895
7	35001	40000	261,672
6	40001	45000	251,965
5	45001	50000	238,068
2	50001	55000	105,643
4	55001	60000	230,578
3	60001	65000	191,709
5	65001	70000	345,048
2	70001	75000	143,653
4	75001	80000	311,901
3	80001	85000	248,270
4	85001	90000	347,944
1	90001	95000	93,000
2	100001	105000	205,983
2	115001	120000	233,331
2	120001	125000	247,600
1	125001	130000	125,262
2	130001	135000	265,116
1	135001	140000	139,579
1	145001	150000	147,261
1	150001	155000	153,313
1	155001	160000	157,145
1	160001	165000	161,250
1	165001	170000	165,587
1	170001	175000	172,055
1	175001	180000	175,221
1	205001	210000	210,000
2	210001	215000	428,764
1	215001	220000	215,340
1	225001	230000	229,050
2	230001	235000	466,447
1	235001	240000	235,425
1	240001	245000	243,410
2	245001	250000	498,252
1	250001	255000	252,292
1	265001	270000	267,634
1	270001	275000	271,326
1	280001	285000	282,274
1	310001	315000	310,537
1	345001	350000	345,498
1	355001	360000	357,815
1	370001	375000	374,559
1	405001	405000	402,385
1	440001	445000	442,706
1	445001	450000	446,159
1	490001	495000	493,006
1	500001	505000	500,486
1	530001	535000	532,582
1	655001	660000	655,948
1	680001	685000	681,479
1	690001	695000	692,304
1	700001	705000	701,044
1	730001	735000	733,688
1	770001	775000	774,972
1	795001	800000	799,787
1	845001	850000	848,166
1	850001	855000	853,944
1	905001	910000	907,132
1	1155001	1160000	1,156,730
1	1185001	1190000	1,186,512
1	1215001	1220000	1,216,347
1	1380001	1385000	1,382,355
2	1595001	1600000	3,191,951
1	1810001	1815000	1,810,102
1	1920001	1925000	1,921,651
1	2285001	2290000	2,288,877
1	2355001	2360000	2,358,517
1	2415001	2420000	2,418,700
1	2685001	2690000	2,685,324
1	3605001	3610000	3,608,452
1	4360001	4365000	4,364,075
1	6620001	6625000	6,621,820
1276			60,351,881

Sr. No.	Categories of share holders	Number of share holders	Total shares held	Percentage %
1	INDIVIDUALS	1244	45,765,173	75.83
2	INVESTMENT COMPANIES	5	523	0
3	INSURANCE COMPANIES	1	696	0
4	JOINT STOCK COMPANIES	18	13014898	21.57
5	FINANCIAL INSTITUTIONS	1	23	0
6	WELFARE SOCIETY	1	229,050	0.38
7	CHARITABLE TRUSTS	1	493,006	0.82
8	MODARABA MANAGEMENT COMPANIES	1	1	0
9	TRADE	1	719	0
10	GOVERNMENT DEPARTMENT	2	845617	1.40
11	REIT MANAGEMENT	1	2,175	0
		1276	60,351,881	100.00



OFFICES

Head Office

“Reliance Insurance House”
181-A, Sindhi Muslim Co-operative
Housing Society,
Karachi.

PABX : 34539415-17
Fax : 34539412
E-mail : reli-ins@cyber.net.pk.
ric-re@cyber.net.pk.
Web : www.relianceins.com

Mr. A. Razak Ahmed
Chief Executive & Managing Director

Direct : 34539413, 34539414
Extension : 204

Mr. Haroon A. Shakoor
Chief Financial Officer

Direct : 34539409
Extension : 203

Mr. Ghulam Haider
Company Secretary & Compliance Officer

Extension : 209

Mr. Syed Rizwan Akhtar
Executive Vice President (Operations)

Direct : 34304067
Extension : 210

Mr. Muhammad Siddique
Deputy Chief Manager (Claims)

Direct : 34550403
Extension : 208

Mr. Najamullah Khan
Head of Takaful

Direct : 34557079
Extension : 201

Mr. Muhammad Kashif Wadiwala
Shariah Compliance Officer

Extension : 216

Mr. Ghulam Mujaddid
Chief Manager (Accounts)

Extension : 205

Mr. Abdul Rahim Patni
Deputy Chief Manager (Reinsurance)

Direct : 34539411
Extension : 215

Mr. Muhammad Saleem Memon
Deputy Chief Manager (Investment/shares)

Extension : 214

Mr. Muhammad Masood Ali
Deputy Chief Manager (I.T. Deptt.)

Extension : 202

Mr. Muhammad Naveed Jan
Deputy Chief Manager (Internal Audit)

Extension : 208

Mr. Muhammad Masood Alam
Manager (Administration)

Direct : 34539411
Extension : 206



OFFICES

South Zone Offices & Branches

Business Plaza Branch

407, 4th floor, Business Plaza,
Off. I.I.Chundrigar Road, Karachi.

Mr. Muhammad Iqbal Dhedhi
Executive Vice President

Ph (021) 32419581, 32419582
Fax (021) 32421314, 32421317

Tariq Road Branch

Room No. A-2 & A-3,
1st Floor, Rahat Jo Daro,
Plot No.172/L, Block-2, PECHS,
Main Tariq Road, Karachi.

Mr. Zafar A. Pasha
Executive Vice President

Ph (021) 34527806, 34532427
34525376, 34322642
Fax (021) 34522829

Namco Centre Branch

1-A, 5th Floor, Campbell Street,
Karachi.

Mr. Iqbal Umer Bawany
Vice President

Ph (021) 32624504, 32624427
Fax (021) 32624783

Land Mark Plaza Branch

405, 4th Floor, Land Mark Plaza,
Off. I. I. Chundrigar Road,
Karachi.

Mr. Muhammad Reza Rajani
Vice President

Ph (021) 32628777, 32628778
Fax (021) 32628779

M. A. Jinnah Road Branch

101, Japan Plaza,
M. A. Jinnah Road, Karachi.

Mr. Rizwan Ahmed Khan
Branch Manager

Ph (021) 32727076, 32729961
Fax (021) 32722601

Hyderabad Branch

1st Floor, Al-Falah Chamber,
Tilak Road, Hyderabad.

Mr. Abdullah Ahmed
Regional Manager

Ph (022) 2615774
Fax (022) 2623029

North Zone Offices & Branches

Zonal Office, Lahore (North Zone)

4th Floor, Gardee Trust Building,
No.2, Napier Road, Lahore.

Mr. Hassan Sabih
Chief Manager

PABX (042) 37239063, 37353292
37234255, 37351353
Direct (042) 37354689
Fax (042) 37312526

Regional Office, Lahore

90-A/3, 1st Floor, Canal Park,
Gulberg-II, Lahore.

Mr. Waseem John
Vice President

Ph (042) 35761077, 35761078
35763446, 35763447
Fax (042) 35761235

Gulberg Branch

House No.17-A, Block-E/1,
Gulberg-III, Lahore.

Mr. Muhammad Javed Ahmad
Deputy Chief Manager

Ph (042) 35752245, 35752989
35751971, 35756557
Fax (042) 35756217

Al-Rehman Branch

2nd Floor, Al-Rehman Building,
Regal Cinema Lane, 65, The Mall,
Lahore.

Mr. Nisar Ahmed Chughtai
Senior Vice President

Ph (042) 37323113, 37322473
37354848
Fax (042) 37247925



OFFICES

Eden Centre Branch (Unit I)

321, Eden Centre,
43 Ghausul Azam Road,
(Jail Road), Lahore.

Mr. Ch. H.S. Asghar
Vice President

Ph (042) 37423613, 37423614
Fax (042) 37425649

Garden Town Branch

321, Eden Centre,
43 Ghausul Azam Road,
(Jail Road), Lahore.

Mr. Muhammad Zaman
Manager

Ph (042) 37423613, 37423614
Fax (042) 37425649

Empress Tower Branch

Room No.18,1st Floor,
Empress Tower,
46 Empress Road, Lahore.

Mr. S.Azhar Ali Shah
Senior Vice President

Ph (042) 36297253, 36297254
Fax (042) 36297255

Gujranwala Branch

Office No. 3, Block-A,
Trust Plaza, G. T. Road,
Gujranwala.

Mr. Ch. H.S. Asghar
Vice President

Ph (055) 3254415
Fax (055) 3253086

Gujrat Branch

Marhaba Tower (Top Floor)
Opp. Ram Piary Mahal
Near Fawara Chawk, Gujrat.

Mr. Abdul Sattar Malik
Branch Manager

Ph (053) 3522127

Faisal Complex Branch

3rd Floor, Faisal Complex,
Bilal Road, Civil Lines, Faisalabad.

Mr. A. Majeed Abid
Senior Vice President

Ph (041) 2611938, 2611939
2626480
Fax (041) 2621033

Taj Plaza Branch

P-63, First Floor, Taj Plaza,
Ashraf Hardware,
Kotwali Road, Faisalabad.

Mr. Muhammad Akhlaq
Senior Vice President

Ph (041) 2617277, 2622182
2615922
Fax (041) 2412010

United Plaza Branch

3,3rd Floor, United Plaza,
Shamsabad, Murree Rd. Rawalpindi.

Mr. Abdul Karim Siddiqi
Vice President

Ph (051) 4854200
Fax (051) 4935278

Peshawar Branch

T-3 & 4, Bilour Shopping Plaza,
3rd Floor, Saddar Road, .
Peshawar Cantt.

Mr. Shah Mast Khan
Assistant Vice President

Ph (091) 5274617, 5277328
Fax (091) 5284683

Regional Office Multan

1st Floor, 5-Commercial Plaza,
Opp. Civil Hospital, Abdali Road,
Multan.

Mr. Syed Mohsin Bukhari
Assistant Vice President

Ph (061) 4517349
Fax (061) 4510049

Hasilpur Branch

27-B, 1st Floor, Main Bazar,
Hasilpur.

Mr. Muhammad Shafi Anjum
Senior Vice President

Ph (062) 2442473
Fax (062) 2448073



OFFICES

Sialkot Branch

Room No.4 & 5, 1st Floor,
Mughal Plaza, Kutchery Road,
Sialkot.

Mr. Asim Arshad
Assistant Manager

Ph (052) 4296075, 4296076
Fax (052) 4296077

Gojra Branch

P-132, Post Office Road,
Gojra.

Mrs. Shahnaz Akhtar
Branch Manager

Ph (046) 3511917
Fax (046) 3513111

Sukkur

Minara Road, Sukkur.

Mr. Anees Memon
Resident Representative

Ph (071) 5622619
Cell 0300-3138090



Reliance Insurance Company Limited

181-A, Sindhi Muslim Co-operative Housing Society, P.O. Box: 13356,
Karachi-74400. Ph: 021-34539415-17