

Half Yearly Report



Reliance Insurance Company Limited
Half Yearly Ended June 30, 2012
(Un-Audited)

OFFICES

Head Office

“Reliance Insurance House”
 181-A, Sindh 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 Accountant &
 Company Secretary

Direct : 34539409
 Extension : 203

Mr. Shahid Hussain
 Senior Vice President (Operations)

Direct : 34539410
 Extension : 220

Mr. M. Amin Bawany
 Vice President (Marine & Accident)

Direct : 34557079
 Extension : 201

Mr. Muhammad Ishaque Azim
 Vice President (Fire)

Direct : 34304068
 Extension : 212

Mr. Sadruddin Hussain
 Vice President (Claims)

Direct : 34550403
 Extension : 208

Mr. Ghulam Mujaddid
 Chief Manager (Accounts)

Extension : 205

Mr. Abdul Rahim Patni
 Deputy Chief Manager (Reinsurance)

Direct : 34539411
 Extension : 215

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

Extension : 214

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

Extension : 202

Mr. Muhammad Masood Alam
 Manager (Administration)

Direct : 34539411
 Extension : 206

Mr. Mahmood Shuja Baig
 Internal Auditor

Extension : 209

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) 32625716, 32624427
 Fax : (021) 32624783

Land Mark Plaza Branch

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

Mr. Muhammad Reza Rajani
 Assistant Vice President

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

M. A. Jinnah Road Branch

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

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

Sukkur Branch

Minara Road, Sukkur.

Mr. Anees Memon
 Resident Representative

Ph : (071) 5622619
 Cell : 0300-3138090

North Zone Offices & Branches

Zonal Office, Lahore (North Zone)

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

Mr. Sh. Khushnood Ashraf
Executive Vice President

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. Fahd M. Barlas
Vice President

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

Gulberg Branch

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

Mr. Tehseen Ahmed Khan
Executive Vice President

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

Eden Centre Branch

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

Mr. Ch. H.S. Asghar
Vice President

Ph: (042) 37599277, 37599377
: 37589669
Fax: (042) 37576032

Garden Town Branch

Suit No.17, 1st Floor, Shan Arcade,
New Garden Town, Lahore.

Mr. Basit Anwar Butt
Executive Vice President

Ph: (042) 35889258, 35889259
Fax: (042) 35889260

Khan Plaza Branch

4th Floor, Khan Plaza,
G. T. Road, Gujranwala.

Mr. Sohailuddin Zafar
Assistant Vice President

Ph: (055) 4215422, 4216422
Fax: (055) 4448139

Model Town Branch

438/1-B, Mini Market,
Model Town, Gujranwala.

Mr. Amjad Rafique Dhilllo
Branch Manager

Ph: (055) 3254415, 3840750
Fax: (055) 3253086

Gujrat Branch

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

Mr. Muhammad Nawaz

Ph: (053) 3522127

Faisal Complex Branch

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

Mr. A. Majeed Abid
Vice President

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

Taj Plaza Branch

Room No.16, 2nd Floor, Taj Plaza,
Kotwali Road, Faisalabad.

Mr. Muhammad Akhlaq
Vice President

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

Rawalpindi Branch

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

Mr. Abdul Karim Siddiqi
Vice President

Ph: (051) 4854200
Fax: (051) 4580008

Peshawar Branch

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

Mr. Abdul Salam Niazi
Vice President

Ph: (091) 5274617, 5277328
: 5250830
Fax: (091) 5284683

Regional Office Multan

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

Mr. Syed Mohsin Bukhari
Assistant Manager

Ph: (061) 4517349
Fax: (061) 4510049



OFFICES

Khanpur Branch Old Ghalla Mandi, Khanpur, Distt. Rahimyar Khan.	Mr. Abdul Razzak Choudhry Vice President	Ph : (068) 5572772 Fax : (068) 5572772
Hasilpur Branch 27-B, 1st Floor, Main Bazar, Hasilpur.	Mr. Muhammad Shafi Anjum Vice President	Ph : (062) 2442473 Fax : (062) 2448073
Sialkot Branch Room No.4 & 5, 1st Floor, Mughal Plaza, Kutchery Road, Sialkot.	Mr. Ghulam Rasool Farrukh Zahidi Branch 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
Rahimyar Khan Gulshan-e-Iqbal	Mr. Shamsul Haq Chaudhry Resident Representative	Ph : (068) 5887770 Cell : 0300-8717172

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COMPANY INFORMATION

BOARD OF DIRECTORS	ISMAIL H. ZAKARIA	Chairman
DIRECTORS	MOHAMMAD AMIN AHMED BAWANY A. AZIZ AYOOB IRFAN ZAKARIA BAWANY MOHAMMAD OMER BAWANY ZOHAIR ZAKARIA AHMED ALI BAWANY NOOR M. ZAKARIA ASHFAQ PATEL YASIN SIDDIK	
CHIEF EXECUTIVE & MANAGING DIRECTOR	A. RAZAK AHMED	
CHIEF ACCOUNTANT AND COMPANY SECRETARY	HAROON A. SHAKOOR	
AUDIT COMMITTEE	A. AZIZ AYOOB IRFAN ZAKARIA BAWANY ZOHAIR ZAKARIA	Chairman Member Member
INVESTMENT COMMITTEE	IRFAN ZAKARIA BAWANY ZOHAIR ZAKARIA AHMED ALI BAWANY A. RAZAK AHMED	Chairman Member Member Member
AUDITORS	BDO Ebrahim & Co. Chartered Accountants	
LEGAL ADVISOR	ABDUL SATTAR PINGAR	
BANKERS	HABIB BANK LIMITED NATIONAL BANK OF PAKISTAN MCB BANK LIMITED ALLIED BANK LIMITED UNITED BANK LIMITED THE ROYAL BANK OF SCOTLAND NIB BANK LIMITED BANK ALFLAH LIMITED FAYSAL BANK LIMITED HABIB METROPOLITAN BANK LIMITED THE BANK OF PUNJAB JS BANK LIMITED	
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: 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	

DIRECTOR'S REPORT

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, 2012.

During the period under review, your Company underwrote a Gross Premium of Rs.269.119 million as compared to Rs.254.163 million of the corresponding period of last year – an increase of 5.88%. The Net Premium Income stood at Rs.107.61 million as compared to Rs.111.413 million of last year – showing a decrease of 3.41%.

Net claims incurred, however, decreased from Rs.45.245 million to Rs.38.845 million as compared to corresponding period of last year, showing an improvement of 14.15%.

The investment income for the six months period was Rs.57.408 million compared to Rs.80.847 million to the corresponding period of last year.

Profit before tax for the period ended June 30, 2012 was Rs.47.036 million against Rs.78.347 million of corresponding period of last year. Earning per share stands at Rs.1.39 as compared to Rs.2.36 for the corresponding period of last year.

The economic indicators of the country are not very promising. Disturbed law and order situation, power shortages and load shading for longer duration has badly affected the business and industrial activities in the country. In spite of the adverse scenario your management was able to achieve above results. Your Management will continue to strive hard to improve upon further performance with the hope that the Government would enforce policies to boost economic activities to meet challenges ahead and concentrate on improved Law and Order situation in the Country.

By order of the Board



(A.RAZAK AHMED)
Chief Executive & Managing Director

Karachi: 30th August, 2012.

REVIEW REPORT

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of comprehensive income;
- iv. condensed interim statement of changes in equity;
- v. condensed interim statement of cash flows;
- vi. condensed interim revenue account;
- vii. condensed interim statement of premiums;
- viii. condensed interim statement of claims;
- ix. condensed interim statement of expenses; and
- x. condensed interim statement of investment income

together with the explanatory notes of RELIANCE INSURANCE COMPANY LIMITED ("the Company") as at and for the six months period ended June 30, 2012 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended June 30, 2012 and June 30, 2011 in the accompanying interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements for the year ended December 31, 2011 and for the half year ended June 30, 2011 were audited and reviewed respectively by another firm of chartered accountants who had expressed unqualified opinions vide their reports dated March 26, 2012 and August 24, 2011 respectively.

As part of our review of the condensed interim financial statements for the half year ended June 30, 2012, we also reviewed the adjustments described in note 13 that were applied to amend the financial statements for the year ended December 31, 2011 and for the six months period ended June 30, 2011. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedure to the financial statements for the year ended December 31, 2011 and for the six months period ended June 30, 2011 of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended December 31, 2011 and six months period ended June 30, 2011 taken as a whole.

CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT JUNE 30, 2012

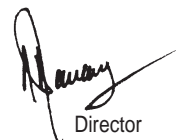
	Notes	(Un Audited) As At June 30, 2012 Rupees	(Audited) As At Dec.31, 2011 (Restated) Rupees
Share Capital and Reserves			
Authorised capital		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital	9	<u>318,939,720</u>	<u>318,939,720</u>
Retained earnings		<u>126,904,040</u>	<u>106,488,467</u>
General Reserves		<u>90,000,000</u>	<u>90,000,000</u>
		535,843,760	515,428,187
Underwriting provisions			
Provision for outstanding claims (including IBNR)		<u>869,394,620</u>	<u>188,020,711</u>
Provision for unearned premium		<u>253,332,554</u>	<u>248,462,632</u>
Commission income unearned		<u>28,138,291</u>	<u>28,851,158</u>
Total Underwriting Provisions		1,150,865,465	465,334,501
Creditors and accruals			
Amounts due to other insurers/reinsurers		<u>64,458,628</u>	<u>57,653,423</u>
Accrued expenses		<u>1,131,240</u>	<u>1,859,270</u>
Other creditors and Accruals		<u>46,844,536</u>	<u>68,551,518</u>
		112,434,404	128,064,211
Other liabilities			
Unclaimed dividend		<u>107,491</u>	<u>107,491</u>
TOTAL EQUITY AND LIABILITIES		<u>1,799,251,120</u>	<u>1,108,934,390</u>

CONTINGENCIES AND COMMITMENTS
10

The annexed notes from 1 to 15 form an integral part of these financial statements.



Chairman



Director

Karachi: 30th August, 2012

CONDENSED INTERIM BALANCE SHEET (UN AUDITED)

AS AT JUNE 30, 2012

	Notes	(Un Audited) As At June 30, 2012 Rupees	FORM GA (Audited) As At Dec.31, 2011 (Restated) Rupees
Cash and bank deposits			
Cash and other equivalent		1,179,411	99,428
Current and other accounts		41,579,466	54,681,745
Deposit maturing within 12 months		25,043,103	25,043,103
		67,801,980	79,824,276
Loans (secured)			
To employees		1,457,792	921,589
Investments	11	410,786,600	406,540,759
Current assets-others			
Premiums due but unpaid		216,769,235	214,582,758
Amounts due from other insurers/reinsurers		3,265,052	4,525,770
Accrued investment income		5,018,668	5,412,912
Reinsurance recoveries against outstanding claims		829,589,785	136,531,530
Deferred commission expense		45,021,615	44,788,637
Prepaid reinsurance premium ceded		151,468,007	150,788,640
Taxation - provision less payments		1,111,842	210,370
Trade deposits and prepayments		951,368	975,465
Sundry receivables		1,553,053	598,432
		1,254,748,625	558,414,514
Fixed assets			
Tangible			
Land and buildings		13,343,720	14,046,021
Furniture, fixtures and office equipment		7,896,294	8,325,947
Motor vehicles		41,477,196	38,542,735
		62,717,210	60,914,703
Intangible			
Computer software		1,738,913	2,318,549
TOTAL ASSETS		1,799,251,120	1,108,934,390



Director



Chief Executive & Managing Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012**
**FORM GB
(Amount in Rs.)**

	QUARTER ENDED JUNE 30				2012 Aggregate	Quarter ended June 30, 2011 Aggregate (Restated)
	Fire & Property	Marine Aviation & Transport	Motor	Misc.		
Revenue Account						
Net Premium Revenue	9,633,971	12,813,542	26,808,971	5,738,662	54,995,146	52,912,820
Net Claims	(1,116,221)	(3,713,107)	(15,469,659)	(294,751)	(20,593,738)	(24,273,609)
Expenses	(4,138,561)	(5,497,194)	(11,500,862)	(2,458,660)	(23,595,277)	(19,632,586)
Net Commission	(1,998,485)	(1,429,904)	(3,943,074)	(325,473)	(7,696,936)	(7,267,558)
Underwriting result	2,380,704	2,173,337	(4,104,624)	2,659,778	3,109,195	1,739,067
Investment Income					(10,236,188)	20,498,219
Other Income					540,372	855,969
Financial Charges					(76,309)	-
General and administration expenses					(9,510,216)	(5,038,084)
(Loss) / Profit before tax					(16,173,146)	18,055,171
Provision for Taxation :						
Current					(800,000)	(1,650,000)
(Loss) / Profit after tax					(16,973,146)	16,405,171

	SIX MONTHS ENDED JUNE 30				2012 Aggregate	Six months ended June 30, 2011 Aggregate (Restated)
	Fire & Property	Marine Aviation & Transport	Motor	Misc.		
Revenue Account						
Net Premium Revenue	24,454,261	24,677,833	51,010,345	7,468,362	107,610,801	111,413,239
Net Claims	(3,097,327)	(6,146,701)	(28,879,522)	(721,506)	(38,845,056)	(45,245,810)
Expenses	(10,470,323)	(10,566,047)	(21,840,561)	(3,197,650)	(46,074,581)	(41,235,961)
Net Commission	(5,231,847)	(3,008,216)	(7,498,998)	227,187	(15,511,874)	(16,453,679)
Underwriting result	5,654,764	4,956,869	(7,208,736)	3,776,393	7,179,290	8,477,789
Investment Income					57,407,599	80,847,450
Other Income					540,372	852,857
Financial Charges					(410,470)	(113,983)
General and administration expenses					(17,680,739)	(11,717,209)
Profit before tax					47,036,052	78,346,904
Provision for Taxation :						
Current					(2,700,000)	(3,000,000)
Profit after tax					44,336,052	75,346,904

Profit and Loss Appropriation Account
Balance at Commencement of the Period

Profit after tax for the period	106,488,467	99,108,959
Cash dividend for the year 2011 7.5%	44,336,052	75,346,904
Transfers to reserves (General Reserves)	(23,920,479)	-
Bonus Shares issued for the year 2011 12.5%	-	(2,500,000)
	-	(31,500,220)
Balance accumulated at the end of the period	126,904,040	140,455,643
Earnings per share-basic and diluted	1.39	2.36

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

	Quarter ended June 30, 2012	Rupees	2011 (Restated)	Six months ended June 30, 2012	Rupees	2011 (Restated)
(Loss) / profit after tax	(16,973,146)		16,405,171	44,336,052		75,346,904
Other comprehensive income	-		-	-		-
Total comprehensive (loss) / income for the period	<u>(16,973,146)</u>		<u>16,405,171</u>	<u>44,336,052</u>		<u>75,346,904</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2012

	Share Capital	General Reserve	Unappropriated Profit	Total
Balance as at January 01, 2011 (as reported)	252,001,750	87,500,000	35,014,918	374,516,668
Correction of prior period error (Note 13)	-	-	64,094,041	64,094,041
Balance as at January 01, 2011 (restated)	<u>252,001,750</u>	<u>87,500,000</u>	<u>99,108,959</u>	<u>438,610,709</u>
Total comprehensive income for the period(as reported)	-	-	40,682,523	40,682,523
Correction of prior period error (Note 13)	-	-	34,664,381	34,664,381
Issuance of bonus shares and transferred to general reserve	31,500,220	2,500,000	(34,000,220)	-
Balance as at June 30 2011(restated)	<u>283,501,970</u>	<u>90,000,000</u>	<u>140,455,643</u>	<u>513,957,613</u>
Balance as at January 01, 2012 (as reported)	318,939,720	90,000,000	41,621,361	450,561,081
Correction of prior period error (Note 13)	-	-	64,867,106	64,867,106
Balance as at January 01, 2012 (restated)	<u>318,939,720</u>	<u>90,000,000</u>	<u>106,488,467</u>	<u>515,428,187</u>
Total comprehensive income for the period	-	-	44,336,052	44,336,052
Cash Dividend	-	-	(23,920,479)	(23,920,479)
Balance as at June 30, 2012	<u>318,939,720</u>	<u>90,000,000</u>	<u>126,904,040</u>	<u>535,843,760</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN AUDITED)


FORM GC

FOR THE HALF YEAR ENDED JUNE 30, 2012

	2012	January to June 2011 (Amount in Rs.)
Operating Cash Flow		
a) Underwriting activities		
Premium received	255,839,052	208,840,496
Reinsurance premium paid	(149,251,862)	(104,864,934)
Claims paid	(126,417,680)	(76,069,614)
Reinsurance and other recoveries received	75,888,278	34,871,026
Commission paid	(32,858,245)	(39,484,389)
Commission received	27,494,138	27,000,314
Net cash generated from underwriting activities	<u>50,693,681</u>	<u>50,292,899</u>
b) Other operating activities		
Income tax paid	(3,601,472)	1,607,333
General management expenses paid	(46,074,581)	(41,235,961)
Other operating payments	(11,626,081)	(6,719,985)
Loans advanced / repayment received	(536,203)	(321,900)
Other payments on operating assets	(23,339,830)	(417,624)
Other receipts in respect of operating assets	(930,524)	(1,278,374)
Net cash used from other operating activities	<u>(86,108,691)</u>	<u>(48,366,511)</u>
Net cash flow from all operating activities	<u>(35,415,010)</u>	<u>1,926,388</u>
Investment activities		
Interest / Dividend received	23,451,627	19,924,290
Payments for Investments	(36,741,432)	(112,505,436)
Proceeds from disposal of investments	66,845,807	102,051,239
Fixed Capital Expenditures	(7,548,939)	(7,399,937)
Proceeds from disposal of fixed assets	1,716,600	1,850,700
Net cash flow from Investing activities	<u>47,723,663</u>	<u>3,920,856</u>
Financing activities		
Dividend paid	(23,920,479)	-
Financial Charges	(410,470)	(113,983)
Net cash flows used in financing activities	<u>(24,330,949)</u>	<u>(113,983)</u>
Net (decrease) / increase in cash and cash equivalent	(12,022,296)	5,733,261
Cash & cash equivalent at the beginning of the period	<u>79,824,276</u>	<u>57,541,734</u>
Cash & cash equivalent at the end of the period	<u>67,801,980</u>	<u>63,274,995</u>
Reconciliation to profit and loss Account		
	(35,415,010)	1,926,388
Operating cash flow	(5,149,840)	(4,997,224)
Depreciation / amortization expenses	(410,470)	(113,983)
Financial Charges	540,372	852,857
Profit on disposal of fixed assets	697,264,558	50,604,223
Increase in assets other than cash	(669,901,157)	(53,772,807)
(Increase) in liabilities other than running finance	57,407,599	80,847,450
Investment Income	<u>44,336,052</u>	<u>75,346,904</u>
Profit after taxation		
Definition of Cash		
Cash in hand and at Bank, Stamps in hand and short term placements with banks		
Cash for the purposes of the Statement of Cash Flows Consists of:	1,179,411	774,985
Cash and Equivalents	41,579,466	37,500,010
Current and other account	25,043,103	25,000,000
Deposits Maturing Within 12 Months	<u>67,801,980</u>	<u>63,274,995</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


 Chairman


 Director


 Director


 Chief Executive & Managing Director

Karachi: 30th August, 2012

CONDENSED INTERIM STATEMENT OF PREMIUMS (UN AUDITED)
FOR THE HALF YAER ENDED JUNE 30, 2012

Business underwritten inside Pakistan

(Amount in Rs.)

C l a s s	Quarter ended June 30										Quarter ended June 30, 2011 Net Premium revenue	
	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2012 Net Premium revenue	2011			
	Opening	Closing			Ceded Opening	Closing			2011 Net Premium revenue	2011 Net Premium revenue		
Direct and facultative												
Fire and Property Damage	41,488,280	119,755,071	121,073,514	40,169,837	31,432,576	78,334,041	79,230,751	30,535,866	9,633,971			11,992,448
Marine, Aviation and Transport	66,755,671	68,769,108	70,737,937	64,786,842	50,842,036	61,914,463	60,783,199	51,973,300	12,813,542			16,060,428
Motor	27,269,147	48,484,591	48,455,503	27,298,235	488,852	996,927	966,515	489,264	26,808,971			23,975,516
Miscellaneous	10,247,323	10,955,403	13,065,600	8,137,126	3,551,075	9,334,931	10,487,542	2,398,464	5,738,662			884,428
Grand Total	<u>145,760,421</u>	<u>247,964,173</u>	<u>253,332,554</u>	<u>140,392,040</u>	<u>86,314,539</u>	<u>150,550,362</u>	<u>151,468,007</u>	<u>85,396,894</u>	<u>54,995,146</u>			<u>52,912,820</u>

C l a s s	Six Months ended June 30										Six months ended June 30, 2011 Net Premium revenue	
	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2012 Net Premium revenue	2011			
	Opening	Closing			Ceded Opening	Closing			2011 Net Premium revenue	2011 Net Premium revenue		
Direct and facultative												
Fire and Property Damage	85,692,596	121,440,768	121,073,514	86,059,850	61,341,820	79,494,520	79,230,751	61,605,589	24,454,261			30,894,095
Marine, Aviation and Transport	113,882,485	67,472,643	70,737,937	110,617,191	85,790,135	60,932,422	60,783,199	85,939,358	24,677,833			31,059,079
Motor	52,020,142	48,519,105	48,455,503	52,083,744	1,072,112	967,802	966,515	1,073,399	51,010,345			47,696,771
Miscellaneous	17,523,918	11,030,116	13,065,600	15,488,434	9,113,718	9,393,896	10,487,542	8,020,072	7,468,362			1,763,294
Grand Total	<u>269,119,141</u>	<u>248,462,632</u>	<u>253,332,554</u>	<u>264,249,219</u>	<u>157,317,785</u>	<u>150,788,640</u>	<u>151,468,007</u>	<u>156,638,418</u>	<u>107,610,801</u>			<u>111,413,239</u>

The annexed notes from 1 to 15 form an integral part of these financial statements

Chairman

Director

Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF CLAIMS (UN AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

Business underwritten inside Pakistan

(Amount in Rs.)

C l a s s	QUARTER ENDED JUNE 30										Quarter ended June 30,2011 Net claims expenses			
	Claims Paid		Outstanding Claims		Claims Expenses		Reinsurance and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue		2012 Net claims expenses
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing		Opening	Closing	
Direct and facultative Fire and Property Damage	36,180,840	107,468,192	81,672,975	10,385,623	32,768,923	94,442,469	70,942,948	9,269,402	1,116,221	2,545,459			2,545,459	
Marine, Aviation and Transport	25,574,884	44,933,056	765,228,785	745,870,613	21,926,519	35,230,162	755,461,149	742,157,506	3,713,107	4,977,482			4,977,482	
Motor	20,895,803	24,756,850	18,901,762	15,040,715	1,782,000	2,692,944	482,000	(428,944)	15,469,659	16,573,550			16,573,550	
Miscellaneous	1,782,925	4,984,664	3,591,098	389,359	1,350,347	3,959,427	2,703,688	94,608	294,751	177,118			177,118	
Grand Total	84,434,452	182,142,762	869,394,620	771,686,310	57,827,789	136,325,002	829,589,785	751,092,572	20,593,738	24,273,609			24,273,609	

C l a s s	SIX MONTHS ENDED JUNE 30										Six months ended June 30,2011 Net claims expenses			
	Claims Paid		Outstanding Claims		Claims Expenses		Reinsurance and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue		2012 Net claims expenses
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing		Opening	Closing	
Direct and facultative Fire and Property Damage	48,849,321	105,390,785	81,672,975	25,131,511	43,348,908	92,257,672	70,942,948	22,034,184	3,097,327	4,986,167			4,986,167	
Marine, Aviation and Transport	33,556,660	47,741,884	765,228,785	751,043,561	26,099,991	36,664,280	755,461,149	744,896,860	6,146,701	9,437,377			9,437,377	
Motor	38,482,001	27,606,955	18,901,762	29,776,808	3,353,186	2,937,900	482,000	897,286	28,879,522	30,469,074			30,469,074	
Miscellaneous	5,529,698	7,281,087	3,591,098	1,839,709	3,086,193	4,671,678	2,703,688	1,118,203	721,506	353,192			353,192	
Grand Total	126,417,680	188,020,711	869,394,620	807,791,589	75,888,278	136,531,530	829,589,785	768,946,533	38,845,056	45,245,810			45,245,810	

The annexed notes from 1 to 15 form an integral part of these financial statements

Chairman

Director

Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

(Amount in Rs.)

Business underwritten inside Pakistan

Class	QUARTER ENDED JUNE 30							Quarter Ended June 30, 2011 Net Underwriting expenses
	Commissions Paid or payable	Opening Deferred commission	Closing Deferred commission	Net Commission expenses	Other management expense	underwriting expense	Commission from reinsurers	
	a	b	c	d=a+b-c	e	f=d+e	g	h=f-g
Direct and facultative Fire and Property Damage	10,741,640	31,960,832	32,287,279	10,415,193	4,138,561	14,553,754	8,416,708	6,137,046
Marine, Aviation and Transport	6,245,502	2,564,312	3,114,203	5,695,611	5,497,194	11,192,805	4,265,707	6,927,098
Motor	3,946,346	7,272,688	7,268,325	3,950,709	11,500,862	15,451,571	7,635	15,443,936
Miscellaneous	1,454,474	1,971,972	2,351,808	1,074,638	2,458,660	3,533,298	749,165	2,784,133
Grand Total	22,387,962	43,769,804	45,021,615	21,136,151	23,595,277	44,731,428	13,439,215	31,292,213

Class	SIX MONTHS ENDED JUNE 30							Six months ended June 30, 2011 Net Underwriting expenses
	Commissions Paid or payable	Opening Deferred commission	Closing Deferred commission	Net Commission expenses	Other management expense	underwriting expense	Commission from reinsurers	
	a	b	c	d=a+b-c	e	f=d+e	g	h=f-g
Direct and facultative Fire and Property Damage	22,347,074	32,687,603	32,287,279	22,747,398	10,470,323	33,217,721	17,515,551	15,702,170
Marine, Aviation and Transport	11,378,372	2,837,748	3,114,203	11,101,917	10,566,047	21,667,964	8,093,701	13,574,263
Motor	7,511,503	7,277,865	7,268,325	7,521,043	21,840,561	29,361,604	22,045	29,339,559
Miscellaneous	2,174,908	1,985,421	2,351,808	2,348,521	3,197,650	5,546,171	2,575,708	2,970,463
Grand Total	43,951,857	44,788,637	45,021,615	43,718,879	46,074,581	89,793,460	28,207,005	61,586,455

The annexed notes from 1 to 15 form an integral part of these financial statements

Chairman

Director

Chief Executive & Managing Director

CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012
FORM GG

	Quarter ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	Rs.			
Income from Non-Trading Investments				
Held to maturity				
Return on Government Securities	2,440,088	3,356,271	4,737,621	4,663,399
Return on other Fixed income, Securities and Deposits	1,368,265	1,471,813	1,644,810	1,783,105
	3,808,353	4,828,084	6,382,431	6,446,504
Available for sale				
Dividend Income	-	50,693	39,675	81,265
Gain on sale of available for sale investments	-	135,020	686,127	595,485
Impairment reversal	1,060,512	-	1,060,512	-
	1,060,512	185,713	1,786,314	676,750
Income from Trading Investments				
Held for trading				
Dividend income	4,273,135	6,049,892	16,797,005	13,891,716
Gain on sale of investments	(579,535)	1,360,868	10,443,750	1,586,722
Unrealized gain/(loss) on held for trading investments	(18,732,063)	8,244,350	22,159,827	58,441,345
	(15,083,463)	15,655,110	49,400,582	73,919,783
Less: Investment related expenses	(66,590)	(170,688)	(161,728)	(195,587)
Net Investment Income transferred to P&L A/c.	(10,236,188)	20,498,219	57,407,599	80,847,450

The annexed notes from 1 to 15 form an integral part of these financial statements.


 Chairman


 Director


 Director


 Chief Executive & Managing Director

NOTES TO THE ACCOUNTS INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2012

1 STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited was incorporated in Pakistan as a public Limited Company on 4th November 1981 and is engaged in General Insurance Business. The shares of the Company are quoted on Stock Exchanges of Karachi and Lahore. The registered Office of the Company is situated at 96-A, Sindhi Muslim Co-Operative Housing Society, Karachi.

2 Basis of Presentation

2.1 These condensed interim financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

The disclosures made in these condensed interim financial statements have been limited based on the formats prescribed by the Insurance Rules, 2002 and approved accounting standards as applicable in Pakistan for interim financial reporting. These condensed financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the company for the year ended December 31, 2011.

2.2 These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 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 information.

4 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 accounts for the year ended December 31, 2011.

5 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December, 2011.

6 Taxation

The provision for taxation for the half year and quarter ended June 30, 2012 has been made using the estimated effective tax rate applicable to expected total annual earnings.

7 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". Transactions with related parties are as follows:

	June 2012	June 2011
Premium Underwritten	9,577,032	15,198,944
Premium Collected	26,960,564	16,974,479
Claims Paid	14,809,328	1,775,936
Dividend received	39,675	----
Dividend paid	3,729,498	----

8 OPERATING FIXED ASSETS AND DEPRECIATION

These are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account using the reducing balance method.

Depreciation on assets is charged from the month of addition while no depreciation is charged for the month in which assets are disposed off.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

9. SHARE CAPITAL

Issued, subscribed and paid up capital

June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
(Number of Shares)			
1,156,680	1,156,680	11,566,800	11,566,800
<u>30,737,292</u>	<u>30,737,292</u>	<u>307,372,920</u>	<u>307,372,920</u>
<u>31,893,972</u>	<u>31,893,972</u>	<u>318,939,720</u>	<u>318,939,720</u>

10. Contingencies and Commitments

10.1 There are no material contingencies existing at the Balance Sheet date

11. Investment.

The investments comprise of the following:

		June 30, 2012	Restated December 31, 2011
Held to maturity	11.1	99,462,478	100,528,009
Available for sale		17,493,596	26,258,923
Provision for impairment		(3,730,673)	(4,791,186)
	11.2	13,762,923	21,467,737
Held for trading		297,561,199	284,545,013
		<u>410,786,600</u>	<u>406,540,759</u>

11.1 Pakistan Investment Bond (PIB) of Rs.26.00 million and GOP Ijara sukuk for the face value of Rs. 17.5 million are placed as statutory deposit with State Bank of Pakistan in accordance with the requirement of Section 29 (2) (a) of Insurance Ordinance, 2000.

11.2 The market value of investment in Shares & Securities as on 30th June 2012, was Rs.14.406 million (as at 31st December 2011, Rs.22.388 million)

	Six months ended June 30, 2012	2011 Restated	Quarter ended June 30, 2012	2011 Restated
12. Earnings Per Share –Basic And Diluted				
Profit after tax for the period	44,336,052	75,346,904	(16,973,146)	16,405,171
Weighted average number of shares during the period	31,893,972	31,893,972	31,893,972	31,893,972
Earning per shares-basic and diluted	1.39	2.36	(0.53)	0.51

12.1 Earnings per share for the six month ended June 30, 2011 and the quarter ended June 30, 2011 have been restated in accordance with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" on account of correct treatment of investments. See note 13.

12.2 No figures for 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.

13. PRIOR PERIOD ERROR

During the period, the Company has corrected the accounting treatment for held for trading investments to conform to the requirements of IAS 39 “Financial Instruments-Recognition and Measurement” and restated retrospectively as per the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. As a result of the abovementioned restatement, investments and unappropriated profit as at December 31, 2011 and December 31, 2010 are higher by Rs. 64.867 million and Rs. 64.094 million respectively, and profit and investment income for the six months period ended June 30, 2011 are higher by Rs. 34.664 million. Further, earnings per share for the six months ended June 30, 2011 is higher by Rs.0.93 per share.

14. Date of Authorization for issue

These financial statements have been authorized for issue on 30th August 2012, by the Board of Directors of the Company.

15. General

Figures have been rounded off to the nearest rupee.



Chairman



Director



Director



Chief Executive & Managing Director

Karachi: 30th August, 2012



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