

Quarterly Report



Reliance Insurance Company Limited
Quarterly Report September 30, 2012
(Un-Audited)



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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 ZOHAIK 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 ZOHAIK ZAKARIA	Chairman Member Member
INVESTMENT COMMITTEE	IRFAN ZAKARIA BAWANY ZOHAIK 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 Third Quarter (Un-audited) Accounts for the period ended September 30, 2012.

During the period under review, your Company underwrote a Gross Premium of Rs.418.025 million as compared to Rs.376.143 million of the corresponding period of last year – an increase of 11.13%. The Net Premium Income stood at Rs.160.578 million as compared to Rs.162.406 million of last year – showing a decrease of 1.13%.

Net claims incurred, however, decreased from Rs.66.912 million to Rs.59.849 million as compared to corresponding period of last year, showing an improvement of 10.56%. Investment Income of your Company stood at Rs.88.485 million against Rs.115.171 million (restated) for the corresponding period of previous year.

Profit before tax for the period ended September 30, 2012 was Rs.77.835 million against Rs.109.870 million (restated) of corresponding period of last year. Earning per share stood at Rs.2.29.

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

By order of the Board




(A.RAZAK AHMED)
Chief Executive & Managing Director

Karachi: 31st October, 2012

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

	Notes	(Un Audited) As At Sept. 30, 2012 Rs	(Audited) As At Dec.31, 2011 (Restated) Rs
Share Capital and Reserves			
Authorised share capital (50,000,000 Ordinary Shares of Rs.10/— each)		<u>500,000,000</u>	<u>500,000,000</u>
Paid-up share capital	9	318,939,720	318,939,720
Retained earnings		155,502,908	106,488,467
Reserves		90,000,000	90,000,000
		564,442,628	515,428,187
Underwriting provisions			
Provision for outstanding claims (including IBNR)		783,564,999	188,020,711
Provision for unearned premium		270,826,778	248,462,632
Commission income unearned		28,850,536	28,851,158
Total Underwriting Provisions		1,083,242,313	465,334,501
Creditors and accruals			
Amounts due to other insurers/reinsurers		63,242,016	57,653,423
Accrued expenses		1,195,540	1,859,270
Taxation - provision less payments		574,958	-
Other creditors and Accruals		42,079,277	68,551,518
		107,091,791	128,064,211
Other liabilities			
Unclaimed dividend		107,491	107,491
TOTAL EQUITY AND LIABILITIES		1,754,884,223	<u>1,108,934,390</u>
CONTINGENCIES AND COMMITMENTS	10		

Karachi: 31st October, 2012


Ismail H. Zakaria
 Chairman


Mohammad Amin Ahmed Bawany
 Director

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

	Notes	(Un Audited) As At Sept. 30, 2012 Rs	FORM GA (Audited) As At Dec.31, 2011 (Restated) Rs
Cash and bank deposits			
Cash and other equivalent		620,968	99,428
Current and other accounts		43,551,940	54,681,745
Deposit maturing within 12 months		25,342,410	25,043,103
		69,515,318	79,824,276
Loans (secured)			
To employees		1,476,777	921,589
Investments	11	420,920,484	406,540,759
Current assets-others			
Premiums due but unpaid		206,971,386	214,582,758
Amounts due from other insurers/reinsurers		14,685,996	4,525,770
Accrued investment income		11,992,863	5,412,912
Reinsurance recoveries against outstanding claims		743,938,447	136,531,530
Deferred commission expense		45,047,704	44,788,637
Prepaid reinsurance premium ceded		171,238,773	150,788,640
Taxation - provision less payments		-	210,370
Trade deposits and prepayments		1,157,618	975,465
Sundry receivables		1,642,574	598,432
		1,196,675,361	558,414,514
Fixed assets			
Tangible			
Land and buildings		12,992,569	14,046,021
Furniture, fixtures and office equipment		7,609,684	8,325,947
Motor vehicles		44,244,935	38,542,735
		64,847,188	60,914,703
Intangible			
Computer software		1,449,095	2,318,549
		1,754,884,223	1,108,934,390


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director



Reliance Insurance Company Limited

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

FORM GB
(Amount in Rs.)

	QUARTER ENDED 30 SEPTEMBER					Quarter ended Sept.30 2011 Aggregate (Restated)
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2012 Aggregate	
Revenue Account						
Net Premium Revenue	14,109,926	13,235,545	21,651,983	3,970,638	52,968,092	50,993,648
Net Claims	(4,863,080)	(2,088,548)	(13,596,643)	(456,017)	(21,004,288)	(21,666,247)
Expenses	(5,349,395)	(4,986,698)	(7,966,823)	(1,494,832)	(19,797,748)	(17,476,133)
Net Commission	(2,536,910)	(1,468,159)	(3,189,810)	(51,334)	(7,246,213)	(7,784,197)
Underwriting result	1,360,541	4,692,140	(3,101,293)	1,968,455	4,919,843	4,067,071
Investment Income					31,077,868	34,323,218
Other Income (Profit on Sale of Fixed Assets)					1,395,103	370,883
Financial Charges					(181,929)	(315,544)
General and administration expenses					(6,412,017)	(6,921,822)
Profit before tax during the quarter					30,798,868	31,523,806
Provision for Taxation :						
Current					(2,200,000)	(1,650,000)
Profit after tax during the quarter					28,598,868	29,873,806

	NINE MONTHS PERIOD ENDED 30 SEPTEMBER					Nine months ended Sept.30 2011 Aggregate (Restated)
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2012 Aggregate	
Revenue Account						
Net Premium Revenue	38,564,187	37,913,378	72,662,328	11,439,000	160,578,893	162,406,887
Net Claims	(7,960,407)	(8,235,249)	(42,476,165)	(1,177,523)	(59,849,344)	(66,912,057)
Expenses	(15,819,718)	(15,552,745)	(29,807,384)	(4,692,482)	(65,872,329)	(58,712,094)
Net Commission	(7,768,757)	(4,476,375)	(10,688,808)	175,853	(22,758,087)	(24,237,876)
Underwriting result	7,015,305	9,649,009	(10,310,029)	5,744,848	12,099,133	12,544,860
Investment Income					88,485,467	115,170,668
Other Income (Profit on Sale of Fixed Assets)					1,935,475	1,223,740
Financial Charges					(592,399)	(429,527)
General and administration expenses					(24,092,756)	(18,639,031)
Profit before tax during the period					77,834,920	109,870,710
Provision for Taxation :						
Current					(4,900,000)	(4,650,000)
Profit after tax during the period					72,934,920	105,220,710
Profit and Loss Appropriation Account						
Balance at Commencement of the Period					106,488,467	99,108,959
Profit after tax during the period					72,934,920	105,220,710
Cash Dividend for the year 2011 7.5%					(23,920,479)	-
Transfers to reserves (General Reserve)					-	(2,500,000)
Issuance of Bonus Shares for the year 2010 12.5%					-	(31,500,220)
Issuance of Interim Bonus Shares for the year 2011 12.5%					-	(35,437,750)
Balance Unappropriated profit at the end of the period					155,502,908	134,891,699
Earning per Share - Basic and Diluted (Note 12)					2.29	3.30

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

Ismail H. Zakaria
 Chairman

Mohammad Amin Ahmed Bawany
 Director

A. Aziz Ayoob
 Director

A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 31st October, 2012

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)**
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

	Quarter Ended September 30		Nine Months Ended September 30	
	2012 Rs.	2011 (Restated) Rs.	2012 Rs.	2011 (Restated) Rs.
Profit after tax	28,598,868	29,873,806	72,934,920	105,220,710
Other comprehensive income	-	-	-	-
Total comprehensive income for the quarter	<u>28,598,868</u>	<u>29,873,806</u>	<u>72,934,920</u>	<u>105,220,710</u>

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


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2012

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)**
FINANCIAL PERIOD ENDED SEPTEMBER 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)	252,001,750	87,500,000	99,108,959	438,610,709
Total comprehensive income for the period (as reported)	-	-	61,183,404	61,183,404
Correction of prior period error (Note 13)	-	-	44,037,306	44,037,306
Issuance of bonus shares and transferred to general reserve	31,500,220	2,500,000	(34,000,220)	-
Interim Issuance of bonus shares	35,437,750	-	(35,437,750)	-
Balance as at September 30, 2011(restated)	318,939,720	90,000,000	134,891,699	543,831,419
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)	318,939,720	90,000,000	106,488,467	515,428,187
Total comprehensive income for the period	-	-	72,934,920	72,934,920
Cash dividend	-	-	(23,920,479)	(23,920,479)
Balance as at September 30, 2012	318,939,720	90,000,000	155,502,908	564,442,628

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


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2012

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN AUDITED)**

FORM GC

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

January to September
2012 2011

(Amount in Rs.)

Operating Cash Flow**a) Underwriting activities**

Premium received	409,297,221	330,779,671
Reinsurance premium paid	(260,104,026)	(180,181,265)
Claims paid	(297,842,083)	(119,033,059)
Reinsurance and other recoveries received	226,130,110	55,735,504
Commission paid	(50,349,528)	(63,792,144)
Commission received	43,671,202	42,440,226
Net cash flow from underwriting activities	<u>70,802,896</u>	<u>65,948,933</u>

b) Other operating activities

Income tax paid	(4,114,672)	428,284
General management expenses paid	(65,872,329)	(58,712,094)
Other operating payments	(16,372,773)	(10,955,721)
Loans advanced / repayment received	(555,188)	(191,505)
Other payments on operating assets	(27,135,971)	(349,324)
Other receipts in respect of operating assets	(1,226,295)	(1,242,643)
Net cash flow from other operating activities	<u>(115,277,228)</u>	<u>(71,023,003)</u>

Total cash flow from all operating activities(44,474,332) (5,074,070)**Investment activities**

Interest / Dividend received	35,426,674	31,234,561
Payments for Investments	(41,767,380)	(138,178,938)
Proceeds from disposal of investments	73,866,497	127,759,185
Fixed Capital Expenditures	(12,894,139)	(11,193,629)
Proceeds from disposal of fixed assets	4,046,600	2,743,700
Total cash flow from Investing activities	<u>58,678,252</u>	<u>12,364,879</u>

Financing activities

Dividend paid	(23,920,479)	-
Financial Charges	(529,399)	(429,527)
Total cash flow from financing activities	<u>(24,512,878)</u>	<u>(429,527)</u>

Total cash flow from financing activities(10,308,958) 6,861,282

Net cash Inflow/outflow from all activities

79,824,276 57,541,734**Cash & cash equivalent at the beginning of the year**69,515,318 64,403,016**Cash & cash equivalent at the end of the nine months period****Reconciliation to profit and loss Account**

Operating cash flow	<u>(44,474,332)</u>	<u>(5,074,070)</u>
Depreciation expenses/Amortization Expenses	(7,719,983)	(7,683,310)
Financial Charges	(592,399)	(429,527)
Profit/(loss) on disposal of fixed assets	1,935,475	1,223,740
Increase/(decrease) in assets other than cash	632,236,084	65,885,090
(Increase)/decrease in liabilities other than running finance	(596,935,392)	(63,871,881)
Investment Income	88,485,467	115,170,668
	<u>72,934,920</u>	<u>105,220,710</u>

Profit after tax as per profit & loss account.**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:

	620,968	1,164,759
Cash and Equivalents	43,551,940	38,195,154
Current and other accounts	25,342,410	25,043,103
Deposits Maturing Within 12 Months	<u>69,515,318</u>	<u>64,403,016</u>

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

Ismail H. Zakaria
ChairmanMohammad Amin Ahmed Bawany
DirectorA. Aziz Ayooob
DirectorA. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2012



FORM GD

CONDENSED INTERIM STATEMENT OF PREMIUMS (UN AUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

Business underwritten inside Pakistan

(Amount in Rs.)

C l a s s	Quarter Ended September 30										Quarter ended	
	Premium written		Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2012 Net Premium revenue	Sept. 30 2011 Net Premium revenue	
	Opening	Closing	Opening	Closing			Ceded Opening	Ceded Closing				
Direct and facultative												
Fire and Property Damage	49,991,133	121,073,514	122,467,898	48,596,749	35,496,245	79,230,751	80,240,173	34,486,823	14,109,926	15,595,327		
Marine, Aviation and Transport	68,731,736	70,737,937	85,794,287	53,675,386	58,968,696	60,783,199	79,312,054	40,439,841	13,235,545	12,910,914		
Motor	22,604,969	48,455,503	48,965,164	22,095,308	454,074	966,515	977,264	443,325	21,651,983	21,509,198		
Miscellaneous	7,578,320	13,065,600	13,599,429	7,044,491	3,295,593	10,487,542	10,709,282	3,073,853	3,970,638	978,209		
Grand Total	148,906,158	253,332,554	270,826,778	131,411,934	98,214,608	151,468,007	171,238,773	78,443,842	52,968,092	50,993,648		

Condensed Interim Statement of Premiums (Un Audited)

C l a s s	Nine Months Ended September 30										Nine Months	
	Premium written		Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2012 Net Premium revenue	Sept. 30, 2011 Net Premium revenue	
	Opening	Closing	Opening	Closing			Ceded Opening	Ceded Closing				
Direct and facultative												
Fire and Property Damage	135,683,729	121,440,768	122,467,898	134,656,599	96,838,065	79,494,520	80,240,173	96,092,412	38,564,187	46,489,422		
Marine, Aviation and Transport	182,614,221	67,472,643	85,794,287	164,292,577	144,758,831	60,932,422	79,312,054	126,379,199	37,913,378	43,969,993		
Motor	74,625,111	48,519,105	48,965,164	74,179,052	1,526,186	967,802	977,264	1,516,724	72,662,328	69,205,969		
Miscellaneous	25,102,238	11,030,116	13,599,429	22,532,925	12,409,311	9,393,896	10,709,282	11,093,925	11,439,000	2,741,503		
Grand Total	418,025,299	248,462,632	270,826,778	395,661,153	255,532,393	150,788,640	171,238,773	235,082,260	160,578,893	162,406,887		

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

Ismail H. Zakaria
Chairman

Mohammad Amin Ahmed Bawany
Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2012



FORM GE

CONDENSED INTERIM STATEMENT OF CLAIMS (UN AUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

Business underwritten inside Pakistan

(Amount in Rs.)

Quarter Ended September 30

Class	Claims Paid	Outstanding Claims		Claims Expenses	Reinsurance and other recoveries received	Reinsurance recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2012 Net claims expenses	Quarter ended Sept. 30 2011 Net claims expenses
		Opening	Closing			Opening	Closing			
Direct and facultative Fire and Property Damage	30,779,232	81,672,975	106,328,832	55,435,089	28,766,267	70,942,948	92,748,690	50,572,009	4,863,080	1,857,490
Marine, Aviation and Transport	121,215,369	765,228,785	658,171,082	14,157,666	119,943,751	755,461,149	647,586,516	12,069,118	2,088,548	7,434,853
Motor	17,677,863	18,901,762	16,306,642	15,082,743	222,500	482,000	1,745,600	1,486,100	13,596,643	17,164,217
Miscellaneous	1,751,939	3,591,098	2,758,443	919,284	1,309,314	2,703,688	1,857,641	463,267	456,017	210,569
Grand Total	171,424,403	869,394,620	783,564,999	85,594,782	150,241,832	829,589,785	743,938,447	64,590,494	21,004,288	26,667,129

Nine Months Ended September 30

Class	Claims Paid	Outstanding Claims		Claims Expenses	Reinsurance and other recoveries received	Reinsurance recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2012 Net claims expenses	Nine months ended Sept. 30 2011 Net claims expenses
		Opening	Closing			Opening	Closing			
Direct and facultative Fire and Property Damage	79,628,553	105,390,785	106,328,832	80,566,600	72,115,175	92,257,672	92,748,690	72,606,193	7,960,407	8,416,435
Marine, Aviation and Transport	154,772,029	47,741,884	658,171,082	765,201,227	146,043,742	36,664,280	647,586,516	756,965,978	8,235,249	15,378,863
Motor	56,159,864	27,606,955	16,306,642	44,859,551	3,575,686	2,937,900	1,745,600	2,383,386	42,476,165	42,569,815
Miscellaneous	7,281,637	7,281,087	2,758,443	2,758,993	4,395,507	4,671,678	1,857,641	1,581,470	1,177,523	546,944
Grand Total	297,842,083	188,020,711	783,564,999	893,386,371	226,130,110	136,531,530	743,938,447	833,537,027	59,849,344	66,912,057

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

Ismail H. Zakaria
Chairman

Mohammad Amin Ahmed Bawany
Director

A. Aziz Ayroob
Director

A. Razak Ahmed
Chief Executive & Managing Director



FORM GF

CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

Business underwritten inside Pakistan

(Amount in Rs.)

Class	Quarter Ended September 30							Quarter ended Sept. 30, 2011 Underwriting expenses	
	Commissions Paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net Commission expenses d=a+b-c	Other management expense e	underwriting expense f=d+e	Commission from reinsurers g		Net underwriting expense h=f-g
Direct and facultative Fire and Property Damage	13,244,596	32,287,279	32,796,903	12,734,972	5,349,395	18,084,367	10,198,062	7,886,305	8,461,524
Marine, Aviation and Transport	5,078,293	3,114,203	2,458,129	5,734,367	4,986,698	10,721,065	4,266,208	6,454,857	6,192,270
Motor	3,269,378	7,268,325	7,344,775	3,192,928	7,966,823	11,159,751	3,118	11,156,633	10,509,513
Miscellaneous	1,144,854	2,351,808	2,447,897	1,048,765	1,494,832	2,543,597	997,431	1,546,166	97,023
Grand Total	22,737,121	45,021,615	45,047,704	22,711,032	19,797,748	42,508,780	15,464,819	27,043,961	25,260,330

Nine Months Ended September 30

Class	Nine Months Ended September 30							Nine Months ended Sept. 30, 2011 Underwriting expenses	
	Commissions Paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net Commission expenses d=a+b-c	Other management expense e	underwriting expense f=d+e	Commission from reinsurers g		Net underwriting expense h=f-g
Direct and facultative Fire and Property Damage	35,591,670	32,687,603	32,796,903	35,482,370	15,819,718	51,302,088	27,713,613	23,588,475	26,243,857
Marine, Aviation and Transport	16,456,665	2,837,748	2,458,129	16,836,284	15,552,745	32,389,029	12,359,909	20,029,120	22,254,273
Motor	10,780,881	7,277,865	7,344,775	10,713,971	29,807,384	40,521,355	25,163	40,496,192	35,011,516
Miscellaneous	3,859,762	1,985,421	2,447,897	3,397,286	4,692,482	8,089,768	3,573,139	4,516,629	(559,676)
Grand Total	66,688,978	44,788,637	45,047,704	66,429,911	65,872,329	132,302,240	43,671,824	88,630,416	82,949,970

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

Ismail H. Zakaria
Chairman

Mohammad Amin Ahmed Bawany
Director

A. Razak Ahmed
Chief Executive & Managing Director

**CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)**
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012

FORM GG

	Quarter Ended September 30		Nine months Ended September 30	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Income from Non-Trading Investments				
Held to maturity				
Return on Government Securities	2,568,289	2,233,447	7,305,910	6,896,846
Return on other fixed income, securities and deposits	1,689,567	1,434,393	3,334,377	3,217,498
	4,257,856	3,667,840	10,640,287	10,114,344
Available for sale				
Dividend Income	1,189,601	1,234,106	1,229,276	1,315,371
Gain on sale of Available for sale investment	-	-	686,127	595,485
Impairment reversal	601,093	-	1,661,605	-
	1,790,694	1,234,106	3,577,008	1,910,856
Income from Trading Investments				
Held for Trading				
Dividend Income	13,340,057	11,015,490	30,137,062	24,907,206
Gain on sale of Investments	1,502,069	1,153,280	11,945,819	2,740,002
Unrealized gain/(loss) on Held for trading Investments	10,193,982	17,306,790	32,353,809	75,748,135
	25,036,108	29,475,560	74,436,690	103,395,343
Less: Investment related expenses	(6,790)	(54,288)	(168,518)	(249,875)
Net Investment Income transferred to P&L A/c.	31,077,868	34,323,218	88,485,467	115,170,668

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


 Ismail H. Zakaria
 Chairman


 Mohammad Amin Ahmed Bawany
 Director


 A. Aziz Ayoob
 Director


 A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 31st October, 2012

**NOTES TO THE ACCOUNTS INTERIM FINANCIAL STATEMENTS (UN AUDITED)**
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2012**1. STATUS AND NATURE OF BUSINESS**

The 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 requirement 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 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 period and quarter ended September 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.

	September 30 2012	September 30 2011
Premium Underwritten	9,855,729	17,859,313
Premium Collected	33,368,179	23,241,657
Claims Paid	28,677,769	5,084,276
Dividend received	514,513	590,562
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 as and when incurred.

Maintenance and repairs are charged to profit and loss accounts 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.

September 2012	December 2011	September 2012	December 2011
(Number of Shares)			
1,156,680	1,156,680	11,566,800	11,566,800
30,737,292	30,737,292	307,372,920	307,372,920
<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:

		September 30, 2012	(Restated) 31st December 2011
Held to maturity	11.1	93,866,460	100,528,009
Available for sale		17,493,596	26,258,923
Provision for impairment		(3,129,580)	(4,791,186)
	11.2	14,364,016	21,467,737
Held for trading		312,690,008	284,545,013
		<u>420,920,484</u>	<u>406,540,759</u>

11.1 The Pakistan Investment Bonds (PIB) for Rs.21.00 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 (AFS) as on 30th Sept., 2012, was Rs16.008 million (as at 31st December) 2011, Rs22.388 million

	September 30, 2012	(Restated) September 30, 2011
12. Earnings Per Share –Basic And Diluted		
Profit after tax for the period	72,934,920	105,220,710
Weighted average number of ordinary shares	31,893,972	31,893,972
Earning per shares-basic and diluted	2.29	3.30

12.1 Earnings per share for the nine months ended September 30, 2011 and the quarter ended September 30 2011 have been restated in accordance with the requirements of International Accounting Standards 8 "Accounting Policies", changes in Accounting Estimates and Errors on accounts of correct treatment of investments. See notes 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 RESTATEMENT

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 nine months period ended September 30, 2011 are higher by Rs 44.037 million. Further, earnings per share for the nine months ended Sept 30, 2011 is higher by Rs 1.38 per share.

14. Date of Authorization for issue

These financial statements have been authorized for issue on 31st October 2012, by the Board of Directors of the Company.

15. General

Figures have been rounded off to the nearest rupee.


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2012

**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 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

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Executive Vice President
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Ram Piary Mahal Near Fawara Chawk.,
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Gojra.

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Branch Manager

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Rahimyar Khan

Gulshan-e-Iqbal

Mr. Shamsul Haq Chaudhry
Resident Representative

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Cell : 0300-8717172



BOOK POST
U.P.C./BY COURIER SERVICE

If undelivered please return to:



Reliance Insurance Company Limited

SHARES DEPARTMENT

"Reliance Insurance House"

181-A, SINDHI MUSLIM CO-OPERATIVE HOUSING SOCIETY, KARACHI-74400

PHONES: 4539415-417

