

Quarterly Report

Serving Reliably



Reliance Insurance Company Limited
Quarterly Report September 30, 2014
(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 YASIN SIDDIK ABDUL JABBAR	
CHIEF EXECUTIVE & MANAGING DIRECTOR	A. RAZAK AHMED	
CHIEF ACCOUNTANT AND COMPANY SECRETARY	HAROON A. SHAKOOR	
MANAGEMENT	SYED RIZWAN AKHTAR	(EVP/Operations)
AUDIT COMMITTEE	ABDUL JABBAR 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	
CREDIT RATING	'A' (Single A) BY JCR-VIS Outlook 'Stable'	
BANKERS	HABIB BANK LIMITED NATIONAL BANK OF PAKISTAN MCB BANK LIMITED ALLIED BANK LIMITED UNITED BANK LIMITED 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, 2014.

During the period under review, your Company underwrote a Gross Premium of Rs.703.471 million as compared to Rs.523.758 million of the corresponding period of last year an increase of 34.31%. The Net Premium Income stood at Rs.204.577 million as against Rs.192.348 million of last year showing an increase of 6.36%.

Net claims incurred, however, increased from Rs.71.243 million to Rs.73.689 million compared to corresponding period of last year, showing an increase of 3.43%.

Investment income for the nine months period was Rs.77.008 million compared to Rs.49.802 million of the corresponding period of last year, registering an increase of 54.63%.

Profit before tax for the period ended September 30, 2014 was Rs.72.255 million against Rs.40.994 million of corresponding period of last year. Earnings per share stood at Rs.1.66 compared to Rs.0.87 for the corresponding period of last year.

Presently, the economic indicators of the country are not very promising. Unsatisfactory law and order situation, power shortages and load shading for longer durations has severely affected the commercial, business and industrial activities. In spite of the adverse scenario your management was able to achieve above results. Your Management will continue to strive hard to improve upon its performance with the hope that the Government would tackle energy crisis on priority basis, enforce policies to boost economic activities to meet challenges ahead and concentrate on improving upon Law and Order situation in the Country.

By order of the Board

(A.RAZAK AHMED)
Chief Executive & Managing Director

Karachi: 30th October, 2014

**CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT SEPTEMBER 30, 2014**

	Notes	(Un Audited) As At Sept. 30, 2014 Rs	(Audited) As At Dec.31, 2013 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>
Issued, subscribed and paid-up capital	9	403,458,750	366,780,680
Retained earnings		118,575,771	126,637,528
General Reserves		180,000,000	160,000,000
		702,034,521	653,418,208
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		310,102,634	230,065,262
Provision for unearned premium		454,802,484	417,925,283
Commission income unearned		29,849,357	31,635,038
Total Underwriting Provisions		794,754,475	679,625,583
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		55,712,763	60,269,449
Accrued expenses		1,791,285	1,994,434
Taxation-provision less payments		834,227	-
Other creditors and accruals		46,017,176	60,723,104
		104,355,451	122,986,987
OTHER LIABILITIES			
Unclaimed dividend		549,121	549,395
CONTINGENCIES AND COMMITMENTS 10			
TOTAL EQUITY AND LIABILITIES			
		<u>1,601,693,568</u>	<u>1,456,580,173</u>

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

Chairman

Director

Karachi: 30th October, 2014

**CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT SEPTEMBER 30, 2014**

	Notes	(Un Audited) As At Sept. 30, 2014 Rs	FORM GA (Audited) As At Dec.31, 2013 Rs
CASH AND BANK DEPOSITS			
Cash and other equivalent		422,505	303,146
Current and other accounts		93,001,199	77,034,390
Deposit maturing within 12 months		25,984,164	25,741,393
		119,407,868	103,078,929
LOANS			
To employees		1,862,410	1,516,839
INVESTMENTS	11	511,384,618	500,322,322
CURRENT ASSETS-OTHERS			
Premiums due but unpaid		184,037,563	188,969,504
Amounts due from other insurers/reinsurers		46,878,468	37,972,300
Accrued investment income		8,987,818	6,964,797
Reinsurance recoveries against outstanding claims		265,737,863	198,190,087
Deferred commission expense		53,799,231	53,499,436
Prepaid reinsurance premium ceded		324,557,638	293,290,287
Taxation-provision less payments		-	226,193
Trade deposits and prepayments		707,069	848,069
Sundry receivables		2,367,751	420,281
		887,073,401	780,380,954
FIXED ASSETS			
Tangible			
Land and buildings		10,523,981	11,377,277
Furniture, fixtures and office equipment		6,382,600	7,122,632
Motor vehicles		65,058,690	52,781,220
		81,965,271	71,281,129
TOTAL ASSETS		1,601,693,568	1,456,580,173

Director

Chief Executive & Managing Director



CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014

FORM GB
 (Amount in Rs.)

	QUARTER ENDED SEPTEMBER 30					
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2014 Aggregate	2013 Aggregate
Revenue Account						
Net Premium Revenue	26,336,088	12,563,580	26,674,596	3,041,088	68,615,352	63,326,389
Net Claims	(3,622,302)	(2,941,068)	(11,599,602)	(2,569,448)	(20,732,420)	(22,904,831)
Expenses	(9,788,464)	(4,549,622)	(9,791,454)	(1,106,723)	(25,236,263)	(22,516,761)
Net Commission	(6,392,520)	(2,047,935)	(2,618,407)	(16,024)	(11,074,886)	(12,265,397)
Underwriting result	6,532,802	3,024,955	2,665,133	(651,107)	11,571,783	5,639,400
Investment Income					26,313,313	10,330,875
Other Income (Profit on Sale of Fixed Assets)					829,577	1,766,049
Financial Charges					-	(61,265)
General and administration expenses					(8,874,208)	(7,360,157)
Profit before tax					29,840,465	10,314,902
Provision for Taxation :						
Current					(2,300,000)	(2,600,000)
Profit after tax					27,540,465	7,714,902

	NINE MONTHS ENDED SEPTEMBER 30					
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2014 Aggregate	2013 Aggregate
Revenue Account						
Net Premium Revenue	67,497,430	45,134,102	81,610,095	10,336,172	204,577,799	192,348,350
Net Claims	(13,698,471)	(15,236,287)	(40,837,065)	(3,917,724)	(73,689,547)	(71,243,520)
Expenses	(26,065,369)	(17,429,360)	(31,515,233)	(3,991,502)	(79,001,464)	(75,184,056)
Net Commission	(13,558,405)	(6,308,000)	(8,707,858)	(571,406)	(29,145,669)	(31,613,127)
Underwriting result	14,175,185	6,160,455	549,939	1,855,540	22,741,119	14,307,647
Investment Income					77,008,075	49,802,842
Other Income (Profit on Sale of Fixed Assets)					2,640,019	2,744,470
Financial Charges					-	(61,265)
General and administration expenses					(30,133,866)	(25,798,861)
Profit before tax					72,255,347	40,994,833
Provision for Taxation :						
Current					(5,300,000)	(5,500,000)
Profit after tax					66,955,347	35,494,833
Profit and Loss Appropriation Account						
Balance at Commencement of the Period					126,637,528	169,773,078
Profit after tax during the period					66,955,347	35,494,833
Issuance of Final Cash Dividend for the year 2013: 5%(2012:NIL)					(18,339,034)	-
Transfers to reserves (General Reserve)					(20,000,000)	(70,000,000)
Issuance of Bonus Shares for the year 2013 :10%(2012:15%)					(36,678,070)	(47,840,960)
Balance Unappropriated profit at the end of the period					118,575,771	87,426,951
Earnings per Share - Basic and Diluted					1.66	0.87

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

Chairman

Director

Director

Chief Executive & Managing Director

Karachi: 30th October, 2014



Reliance Insurance Company Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014 (Amount in Rs.)

	Quarter ended Sept. 30		Nine Months ended Sept. 30	
	2014	2013	2014	2013
Profit after tax	27,540,465	7,714,902	66,955,347	35,494,833
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>27,540,465</u>	<u>7,714,902</u>	<u>66,955,347</u>	<u>35,494,833</u>

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



Chairman



Director



Director



Chief Executive & Managing Director

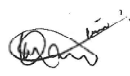
Karachi: 30th October, 2014

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014**

(Amount in Rs.)

	Share Capital	General Reserve	Unappropriated Profit	Total
Balance as at January 01, 2013	318,939,720	90,000,000	169,773,078	578,712,798
Total comprehensive income for the period			35,494,833	35,494,833
Issuance of bonus shares and transferred to general reserve	47,840,960	70,000,000	(117,840,960)	-
Balance as at September 30, 2013	366,780,680	160,000,000	87,426,951	614,207,631
Balance as at January 01, 2014	366,780,680	160,000,000	126,637,528	653,418,208
Total comprehensive income for the period	-	-	66,955,347	66,955,347
Issuance of bonus shares and transferred to general reserve	36,678,070	20,000,000	(56,678,070)	-
Cash Dividend	-	-	(18,339,034)	(18,339,034)
Balance as at September 30, 2014	403,458,750	180,000,000	118,575,771	702,034,521

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


Chairman
Director
Director
Chief Executive & Managing Director

Karachi: 30th October, 2014

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

FORM GC

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014

(Amount in Rs.)

Operating Cash Flow	SEPT. 30, 2014	SEPT. 30, 2013
a) Underwriting activities		
Premiums received	701,689,638	551,887,838
Reinsurance premium paid	(506,746,363)	(342,320,922)
Claims paid	(167,189,662)	(442,350,495)
Reinsurance and other recoveries received	105,989,711	370,694,511
Commission paid	(70,446,508)	(75,259,998)
Commission received	45,928,824	41,805,829
Net cash flow from underwriting activities	<u>109,225,640</u>	<u>104,456,763</u>
b) Other operating activities		
Income tax paid	(4,239,580)	(4,630,373)
General management expenses paid	(79,001,464)	(75,184,056)
Other operating payments	(21,631,684)	(17,897,504)
Loans advanced / repayment received	(345,571)	70,248
Other payments on operating assets	(14,909,077)	(6,420,044)
Other receipts in respect of operating assets	(1,806,470)	(1,227,120)
Net cash flow from other operating activities	<u>(121,933,846)</u>	<u>(105,288,849)</u>
Total cash flow all operating activities	<u>(12,708,206)</u>	<u>(832,086)</u>
Investment activities		
Interest / Dividend received	36,448,899	38,536,950
Payments for Investments	(91,654,898)	(57,821,190)
Proceeds from disposal of investments	119,128,757	57,298,661
Fixed Capital Expenditures	(21,533,805)	(21,359,436)
Proceeds from disposal of fixed assets	4,987,500	7,625,000
Total cash flow from Investing activities	<u>47,376,453</u>	<u>24,279,985</u>
Financing activities		
Dividend paid	(18,339,034)	-
unclaim Dividend	(274)	(5,644)
Financial Charges Paid	-	(61,265)
Total cash flow from financing activities	<u>(18,339,308)</u>	<u>(66,909)</u>
Net cash Inflow/outflow from all activities	16,328,939	23,380,990
Cash & cash equivalent at the beginning of the year	<u>103,078,929</u>	<u>68,760,439</u>
Cash & cash equivalent at the end of the period	<u>119,407,868</u>	<u>92,141,429</u>
Reconciliation to profit and loss Account		
Operating cash flows	(12,708,206)	(832,086)
Depreciation / amortization expense	(8,502,182)	(7,901,357)
Financial Charges	-	(61,265)
Profit/(loss) on disposal of fixed assets	2,640,019	2,744,470
Increase/(decrease) in assets other than cash	105,014,997	(267,821,903)
(Increase)/decrease in liabilities other than running finance	(96,497,356)	259,564,132
Investment Income	77,008,075	49,802,842
Profit after tax as per profit & loss account.	<u>66,955,347</u>	<u>35,494,833</u>
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:		
Cash and Equivalents	422,505	1,043,485
Current and other accounts	93,001,199	65,456,551
Deposits Maturing Within 12 Months	25,984,164	25,641,393
Short Term Running Finance-Secured	-	-
	<u>119,407,868</u>	<u>92,141,429</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 October, 2014



FORM GD

**CONDENSED INTERIM STATEMENT OF PREMIUMS (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014**

Business underwritten inside Pakistan

(Amount in Rs.)

C l a s s	Quarter Ended September 30									
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2014 Net Premium revenue	2013 Net Premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and Property Damage	63,527,751	153,115,405	149,583,839	67,059,317	38,513,029	94,841,163	92,630,963	40,723,229	26,336,088	24,258,080
Marine, Aviation and Transport	150,877,920	217,329,885	234,780,134	133,427,671	136,597,316	209,195,480	224,928,705	120,864,091	12,563,580	11,421,413
Motor	27,669,578	55,198,424	55,527,220	27,340,782	669,771	1,725,053	1,728,638	666,186	26,674,596	23,410,802
Miscellaneous	6,033,417	15,637,413	14,911,291	6,759,539	3,340,806	5,646,977	5,269,332	3,718,451	3,041,088	4,236,094
Grand Total	248,108,666	441,281,127	454,802,484	234,587,309	179,120,922	311,408,673	324,557,638	165,971,957	68,615,352	63,326,389
	Nine months Ended September 30									
C l a s s	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2014 Net Premium revenue	2013 Net Premium revenue
Direct and facultative										
Fire and Property Damage	175,570,527	147,086,415	149,583,839	173,073,103	107,118,174	91,088,462	92,630,963	105,575,673	67,497,430	59,480,168
Marine, Aviation and Transport	423,860,170	200,186,040	234,780,134	389,266,076	374,953,121	194,107,558	224,928,705	344,131,974	45,134,102	39,801,347
Motor	86,511,672	53,362,865	55,527,220	84,347,317	2,809,713	1,656,147	1,728,638	2,737,222	81,610,095	76,704,011
Miscellaneous	17,528,789	17,289,963	14,911,291	19,907,461	8,402,501	6,438,120	5,269,332	9,571,289	10,336,172	16,362,824
Grand Total	703,471,158	417,925,283	454,802,484	666,593,957	493,283,509	293,290,287	324,557,638	462,016,158	204,577,799	192,348,350

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

Chairman

Director

Director

Chief Executive & Managing Director

Karachi: 30th October, 2014



FORM GE
CONDENSED INTERIM STATEMENT OF CLAIMS (UN AUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014
 Business underwritten inside Pakistan
 (Amount in Rs.)

Class	Quarter Ended September 30										
	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	2014 Net claims expenses	2013 Net claims expenses
	Opening	Closing	Opening	Closing			Opening	Closing			
Direct and facultative											
Fire and Property Damage	12,501,681	157,827,563	165,890,038	20,564,156	9,993,934	140,563,011	147,510,931	16,941,854	3,622,302	3,619,253	
Marine, Aviation and Transport	11,568,725	95,845,233	133,203,473	48,926,965	9,268,650	78,813,667	115,530,914	45,985,897	2,941,068	6,221,220	
Motor	12,330,290	8,418,927	7,929,141	11,840,504	238,774	402,826	404,954	240,902	11,599,602	12,964,049	
Miscellaneous	18,008,385	4,075,944	3,079,982	17,012,423	14,719,118	2,567,207	2,291,064	14,442,975	2,569,448	100,309	
Grand Total	54,409,081	266,167,667	310,102,634	98,344,048	34,220,476	222,346,711	265,737,863	77,611,628	20,732,420	22,904,831	

Class	Nine months Ended September 30										
	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	2014 Net claims expenses	2013 Net claims expenses
	Opening	Closing	Opening	Closing			Opening	Closing			
Direct and facultative											
Fire and Property Damage	39,833,751	95,883,322	165,890,038	109,840,467	32,083,105	83,452,040	147,510,931	96,141,996	13,698,471	10,684,806	
Marine, Aviation and Transport	65,420,976	122,752,103	133,203,473	75,872,346	56,571,916	111,466,771	115,530,914	60,636,059	15,236,287	17,536,184	
Motor	41,500,148	8,068,114	7,929,141	41,361,175	676,982	557,826	404,954	524,110	40,837,065	41,611,454	
Miscellaneous	20,434,787	3,361,723	3,079,982	20,153,046	16,657,708	2,713,450	2,291,064	16,235,322	3,917,724	1,411,076	
Grand Total	167,189,662	230,065,262	310,102,634	247,227,034	105,989,711	198,190,087	265,737,863	173,537,487	73,689,547	71,243,520	

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


Chairman

Director


Director

Chief Executive & Managing Director



FORM GF

CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014

Business underwritten inside Pakistan

(Amount in Rs.)


Class	Quarter Ended September 30							2013 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	2014 Net underwriting expense h=f-g
Direct and facultative Fire and Property Damage	16,635,986	41,302,880	40,350,241	17,588,625	9,788,464	27,377,089	11,196,105	16,180,984
Marine, Aviation and Transport	6,145,673	3,713,573	3,213,256	6,645,990	4,549,822	11,195,612	4,588,055	6,597,557
Motor	2,679,821	7,507,559	7,551,702	2,635,678	9,791,454	12,427,132	17,271	12,409,861
Miscellaneous	1,154,306	2,814,734	2,684,032	1,285,008	1,106,723	2,391,731	1,268,984	1,122,747
Grand Total	26,615,786	55,338,746	53,799,231	28,155,301	25,236,263	53,391,564	17,080,415	36,311,149

Class	Nine months Ended September 30							2013 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	2014 Net underwriting expense h=f-g
Direct and facultative Fire and Property Damage	45,215,104	39,455,930	40,350,241	44,320,793	26,065,369	70,386,162	30,762,388	39,623,774
Marine, Aviation and Transport	20,302,260	2,926,883	3,213,256	20,015,887	17,429,360	37,445,247	13,707,887	23,737,360
Motor	8,385,209	8,004,430	7,551,702	8,837,937	31,515,233	40,353,170	130,079	40,223,091
Miscellaneous	3,257,396	3,112,193	2,684,032	3,685,557	3,991,502	7,677,059	3,114,151	4,562,908
Grand Total	77,159,969	53,495,436	53,799,231	76,860,174	79,001,464	155,861,638	47,714,505	108,147,133

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


Chairman


Director


Chief Executive & Managing Director

Karachi: 30th October, 2014



CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014

FORM GG
(Amount in Rs.)

	Quarter ended Sept. 30		Nine months ended Sept. 30	
	2014	2013	2014	2013
Income from non-trading investments				
Held to maturity				
Return on Government Securities	4,213,575	3,065,290	8,663,661	7,046,021
Return on other fixed income, securities and deposits	1,089,409	1,796,165	3,179,724	3,392,667
	5,302,984	4,861,455	11,843,385	10,438,688
Available for sale				
Dividend Income	544,393	1,151,338	544,393	1,294,874
Gain on sale of Available for sale investment	-	-	4,599,136	-
Impairment reversal	130,854	(137,187)	762,389	805,927
	675,247	1,014,151	5,905,918	2,100,801
Income from Trading Investments				
Held for Trading				
Dividend Income	10,746,951	10,500,528	26,125,066	31,086,218
Gain on sale of Investments	4,284,700	1,016,900	6,425,732	4,122,384
Unrealized Loss/gain on held for trading Investments	5,313,207	(7,055,374)	26,748,898	2,155,010
	20,344,858	4,462,054	59,299,696	37,363,612
Less: Investment related expenses	(9,776)	(6,785)	(40,924)	(100,259)
Net Investment Income transferred to P&L A/c.	<u>26,313,313</u>	<u>10,330,875</u>	<u>77,008,075</u>	<u>49,802,842</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 October, 2014



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2014

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 statement and should be read in conjunction with the financial statements of the company for the year ended December 31, 2013."

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, 2013.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statement for the year ended 31 December 2013.

6. TAXATION

The provision for taxation for the period ended 30 September, 2014 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:



	Sept. 30 2014 Rs.	Sept. 30 2013 Rs.
Premium Underwritten	12,815,626	9,533,373
Premium Collected	21,415,038	19,434,775
Claims Paid	14,000,497	4,585,622
Dividend received	390,915	-
Dividend paid	-	80,164
Premium due but unpaid	35,705,579	34,799,912
Provision for outstanding claims	49,081,316	64,266,777
Key management personnel	14,401,518	8,932,847
Staff retirement benefits	1,642,081	1,108,698

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 in the year in which assets are disposed off .

Maintenance and 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.

Sept. 30 2014 (Number of Shares)	December 31 2013		Sept. 30 2014 Rs.	December 31 2013 Rs.
1,156,680	1,156,680	Ordinary shares of Rs.10 each issued as fully paid in cash	11,566,800	11,566,800
39,189,195	35,521,388	Ordinary shares of Rs.10 each issued as fully paid bonus shares	391,891,950	355,213,880
<u>40,345,875</u>	<u>36,678,068</u>		<u>403,458,750</u>	<u>366,780,680</u>

10. CONTINGENCIES AND COMMITMENTS

10.1. There are no contingencies and commitments as at the Balance Sheet date.

11. INVESTMENTS

The investments comprise of the following:

		Sept. 30 2014 Rs.	December 31 2013 Rs.
Held to maturity	11.1	81,416,236	107,350,324
Available for sale		84,906,571	69,307,469
Provision for impairment		(1,954,575)	(2,716,964)
	11.2	82,951,996	66,590,505
Held for trading		347,016,386	326,381,493
		<u>511,384,618</u>	<u>500,322,322</u>

11.1 The Pakistan Investment Bonds (PIB) of Rs.15.629 million and GOP Ijara sukuk for the face value of Rs 25.569 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 September, 2014, was Rs 87.840 million (as at 31st December) 2013 Rs.70.375 million.

12. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at September 30, 2014, and September, 2013 unallocated capital expenditure and non-cash expenses during the year:



	Fire & property		Marine		Motor		Misc		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
SEGEMENT ASSETS												
Segment assets	182,628,388	178,132,765	122,119,736	119,198,117	220,813,150	229,715,182	27,966,671	49,003,814	-	-	553,527,945	576,049,878
Unallocated corporate assets									1,048,165,623	832,899,536	1,048,165,623	832,899,536
Consolidated corporate assets											<u>1,601,693,568</u>	<u>1,408,949,414</u>
SEGEMENT LIABILITIES												
Segment liabilities	296,648,070	245,583,894	198,362,282	164,333,258	358,672,578	316,698,327	45,426,996	67,559,425			899,109,926	794,174,904
Unallocated corporate liabilities									549,121	566,879	549,121	566,879
Consolidated corporate liabilities											<u>899,659,047</u>	<u>794,741,783</u>
CAPITAL EXPENDITURE												
Unallocated capital expenditure											21,533,805	21,359,436
Consolidated capital expenditure											<u>21,533,805</u>	<u>21,359,436</u>
Unallocated depreciation/Amortization											<u>8,502,182</u>	<u>7,901,357</u>

	September 30, 2014	September 30, 2013
13. EARNINGS PER SHARE –BASIC AND DILUTED		
Profit after tax for the period	<u>66,955,347</u>	<u>35,494,833</u>
Weighted average number of ordinary shares	<u>40,345,875</u>	<u>40,345,875</u>
Earnings per share-Rupees	<u>1.66</u>	<u>0.87</u>

13.1 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 .

14 DATE OF AUTHORIZATION FOR ISSUE
These interim condensed financial statements have been authorized for issue on 30th October ,2014 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 October, 2014



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. Shakoore Chief Accountant & Company Secretary	Direct : 34539409 Extension : 203
Mr. Rizwan Akhtar Executive Vice President (Operations)	Direct : 34304067 Extension : 210
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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Sukkur Branch Minara Road, Sukkur.	Mr. Anees Memon Resident Representative	Ph : (071) 5622619 Cell : 0300-3138090



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Reliance Insurance Company Limited

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Vice President

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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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SHARES DEPARTMENT

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

PHONES: 34539415-17