

Half Yearly Report

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Reliance Insurance Company Limited
Half Yearly June 30, 2016 (Un-Audited)

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












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Company Information

BOARD OF DIRECTORS

CHAIRMAN
ISMAIL H. ZAKARIA

DIRECTORS

A. AZIZ AYOOB
IRFAN ZAKARIA BAWANY
MUHAMMAD OMER BAWANY
ZOHAIK ZAKARIA
AHMED ALI BAWANY
NOOR M. ZAKARIA
HAMZA OMER BAWANY
MUHAMMAD IQBAL

CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

CHIEF ACCOUNTANT AND COMPANY SECRETARY

HAROON A. SHAKOOR

AUDIT COMMITTEE

IRFAN ZAKARIA BAWANY	CHAIRMAN
MUHAMMAD OMER BAWANY	MEMBER
ZOHAIK ZAKARIA	MEMBER

INVESTMENT COMMITTEE

IRFAN ZAKARIA BAWANY	CHAIRMAN
ZOHAIK ZAKARIA	MEMBER
AHMED ALI BAWANY	MEMBER
A. RAZAK AHMED	MEMBER

HUMAN RESOURCE & REMUNERATION COMMITTEE

ZOHAIK ZAKARIA	CHAIRMAN
IRFAN ZAKARIA BAWANY	MEMBER
A. RAZAK AHMED	MEMBER

SHARIA ADVISOR

MUFTI MUHAMMAD FARHAN FAROOQ

CREDIT RATING

A (SINGLE A) BY JCR-VIS
OUTLOOK "POSITIVE"

AUDITORS

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

ABDUL SATTAR PINGAR

BANKERS

HABIB BANK LIMITED
MCB BANK LIMITED
ALLIED BANK LIMITED
BANK ALFALAH LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
THE BANK OF PUNJAB
FAYSAL BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
NIB BANK LIMITED
JS BANK LIMITED
SONERI 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: www.relianceins.com

SHARES REGISTRAR

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

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, 2016.

During the period under review, your Company underwrote a Gross Premium of Rs.580.801 million as compared to Rs.501.453 million of the corresponding period of last year – an increase of 15.82%. The Net Premium Income stood at Rs.177.547 million as against Rs.156.742 million of last year – showing an increase of 13.27%.

Net claims incurred increased from Rs.47.012 million to Rs.48.789 million compared to corresponding period of last year, showing an increase of 3.78%.

Investment income for the six months period was Rs.47.893 million compared to Rs.95.505 million of the corresponding period of last year, showing a decrease of 49.85%.

Profit before tax for the period ended June 30, 2016 was Rs.57.812 million against Rs.99.259 million of the corresponding period of last year. Earning per share stood at Re.1.00 against corresponding period of last year for Rs.1.81.

Window Takaful Operation:

The Securities and Exchange Commission of Pakistan has granted License to the Company to undertake Window Takaful Operations in May 2016. During the period ended 30th June 2016, the written contributions were Rs.1.359 million and surplus of participant's Takaful Fund RS.0.343 million. There is a loss from the Window Takaful operations of Rs.1.340 million.

Future Outlook:

Your management looks forward to the future with confidence and is optimistic that going forward the economic scenario would improve in view of Government's firm resolve of tackling the energy crisis and improving the law and order situation in the country.

By order of the Board



A. RAZAK AHMED

Chief Executive & Managing Director

Karachi: 29th August, 2016.

ڈائریکٹرز کا جائزہ

بنام حصص یافتگان

ڈائریکٹرز بسرت کھپتی کے غیر آڈٹ شدہ حسابات دوسری سرمایہ برائے مدت منتخبہ ۳۰ جون ۲۰۱۶ پیش کرتے ہیں۔

اللہ کے فضل سے زیر جائزہ مدت کے دوران، آپ کی کھپتی نے مجموعی پرمیٹنگ ۵۰۸،۸۰۱ (508.801) ملین روپے انڈر رائٹ کیا ہے جو کہ گزشتہ سال کی اسی مدت کے مجموعی پرمیٹنگ ۵۰۱،۳۵۳ (501.453) ملین روپے کے مقابلے میں ۱۵،۸۲۲ (15.82) فیصد اضافہ ہوا ہے۔ جبکہ نیٹ پرمیٹنگ آمدنی ۱۵۶،۷۴۲ (156.742) ملین روپے سے بڑھ کر ۱۷۷،۵۳۷ (177.547) ملین روپے ہوئی ہے جو کہ گزشتہ سال کے مقابلے میں ۱۳،۶۲۷ (13.27) فیصد اضافہ ظاہر کرتی ہے۔

نیٹ کلیم ۳۷،۶۰۳ (47.012) ملین روپے سے بڑھ کر ۳۸،۷۸۹ (48.789) ملین روپے ہوئے ہیں جو کہ گزشتہ سال کے مقابلے میں ۳،۷۷۸ (9.72) فیصد اضافہ ظاہر کرتا ہے۔

سرمایہ کاری کی مدد میں سٹشامی مدت میں ۳۷،۸۹۳ (47.893) ملین روپے آمدنی ہوئی ہے جبکہ پچھلے سال اسی مدت میں ۹۵،۵۰۵ (95.505) ملین روپے تھی جو کہ ۳۹،۸۵۵ (48.789) فیصد کمی ظاہر کرتی ہے۔

۳۰ جون ۲۰۱۶ کے اختتامی مدت کے لئے قلیل از ٹیکس منافع ۵۷،۸۱۲ (57.812) ملین روپے ہے جو کہ گزشتہ سال اسی مدت میں ۹۹،۲۵۹ (99.259) ملین روپے تھا۔ فی حصص آمدنی ۱،۰۰۰ (1.00) روپے ہے جو کہ پچھلے سال کی اسی مدت کے لئے ۱،۰۸۱ (1.81) روپے تھی۔

ونڈ و تکفل آپریشن

سیکیورٹی ایکٹیویشن آف پاکستان نے مئی ۲۰۱۶ میں کھپتی کو ونڈ و تکفل آپریشن جاری کرنے کا لائسنس دے دیا ہے۔ ۳۰ جون ۲۰۱۶ کی اختتامی مدت کے لئے تحریری شرائط داری ۱،۳۵۹ (1.359) ملین روپے تھی اور شرائط داریوں کا زائد تکفل فنڈ ۳۳۳،۰۰۰ (333.000) ملین روپے تھا۔ ونڈ و تکفل آپریشن سے نقصان ۱،۳۳۰ (1.345) روپے ہے۔

مستقبل کا نقطہ نظر

آپ کی مینجمنٹ مستقبل میں اعتماد کے ساتھ پر امید ہے کہ ملک میں توانائی کے بحران سے نمٹنے اور امن و امان کی صورت حال کو بہتر بنانے کے حکومت کے ہنرمند ممبر کے پیش نظر اقتصادی جائزہ میں میں بہتری آئے گی۔

مکرم بورڈ

اسے رزاق احمد

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

کراچی: ۲۹ / اگست ۲۰۱۶

Review Report to the Members

Introduction

We have reviewed the accompanying:

- condensed interim balance sheet;
- condensed interim profit and loss account;
- condensed interim statement of comprehensive income;
- condensed interim statement of changes in equity;
- condensed interim statement of cash flows;
- condensed interim statement of premiums;
- condensed interim statement of claims;
- condensed interim statement of expenses; and
- condensed interim statement of investment income

together with the explanatory notes of RELIANCE INSURANCE COMPANY LIMITED (“the Company”) as at and for the six months period ended June 30, 2016 (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 condensed interim financial information as at and for the six months period ended June 30, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without modifying our opinion, we draw attention to note 10.1 to the financial statements disclosing a contingent liability relating to an aviation claim reported on November 3, 2015.

Other matters

The figures for the quarters ended June 30, 2016 and June 30, 2015 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Karachi: 29th August, 2016

BDO. Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

Condensed Interim Balance Sheet (Un Audited)

As At June 30, 2016

	Notes	(Un Audited) June 30, 2016 (Rupees)	(Audited) Dec 31, 2015
SHARE CAPITAL AND RESERVES			
Authorised share capital		750,000,000	750,000,000
Issued, subscribed and paid-up capital	9	510,375,320	463,977,560
Retained earnings		83,472,838	122,057,137
General reserves		220,000,000	200,000,000
		813,848,158	786,034,697
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		319,996,355	339,587,215
Provision for unearned premium		528,050,717	497,328,528
Commission income unearned		35,171,903	31,285,884
Total underwriting provision		883,218,975	868,201,627
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		53,491,256	39,017,810
Accrued expenses		1,991,779	3,512,989
Taxation - provision less payments		5,441,744	2,376,372
Other creditors and accruals		65,853,957	66,167,601
		126,778,736	111,074,772
OTHER LIABILITIES			
Unclaimed dividend		1,250,053	1,250,296
Total liabilities of takaful operations-Operators' Fund		2,192,087	-
TOTAL EQUITY AND LIABILITIES		1,827,288,009	1,766,561,392
CONTINGENCIES AND COMMITMENTS			
	10		

Condensed Interim Balance Sheet (Un Audited)

As At June 30, 2016

FORM GA

	Notes	(Un Audited) June 30, 2016 (Rupees)	(Audited) Dec 31, 2015
CASH AND BANK DEPOSITS			
Cash and other equivalent		1,764,345	366,753
Current and other accounts		53,865,163	106,504,735
Deposits maturing within 12 months		26,506,364	27,055,673
	11	82,135,872	133,927,161
LOANS			
To employees	12	1,264,255	1,418,155
INVESTMENTS			
	13	701,423,183	653,669,592
CURRENT ASSETS-OTHERS			
Premiums due but unpaid		201,063,006	190,636,360
Amounts due from other insurers/reinsurers		11,495,976	10,057,564
Accrued investment income		2,289,442	1,772,710
Reinsurance recoveries against outstanding claims		268,944,664	287,126,238
Deferred commission expense		64,429,454	57,701,546
Prepaid reinsurance premium ceded		364,696,744	347,277,795
Trade deposits and prepayments	14	936,299	1,804,259
Sundry receivables		969,599	427,173
		914,825,184	896,803,645
FIXED ASSETS			
Tangible			
Land and buildings		8,754,815	9,215,595
Furniture, fixtures and office equipment		5,813,061	5,736,929
Motor vehicles		62,219,596	65,790,315
		76,787,472	80,742,839
Total assets of takaful operations-Operators' Fund		50,852,043	-
TOTAL ASSETS		1,827,288,009	1,766,561,392

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Profit & Loss Account (Un Audited)

For the Quarter and Half Year Ended June 30, 2016

FORM GB

Notes	Quarter ended June 30				2016 Aggregate	2015 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.		
	(Rupees)					
Revenue account						
Net premium revenue	22,659,227	19,068,514	48,581,207	3,933,994	94,242,942	76,677,308
Net claims	(8,501,737)	(4,988,029)	(16,441,361)	(387,290)	(30,318,417)	(26,900,937)
Expenses	(7,533,933)	(6,361,727)	(16,221,874)	(1,314,371)	(31,431,905)	(27,858,803)
Net commission	(6,232,627)	(4,118,430)	(4,778,476)	(361,619)	(15,491,152)	(12,663,611)
Underwriting result	390,930	3,600,328	11,139,496	1,870,714	17,001,468	9,253,957
Investment income					55,925,353	62,845,077
Other income					263,178	535,184
Financial charges					-	(95,361)
General and administration expenses					(15,961,204)	(12,950,530)
(Loss) before tax from takaful operations-Operators' Fund					(1,340,044)	
Profit before tax					55,888,751	59,588,327
Provision for taxation - Current					(1,500,000)	(2,000,000)
Profit after tax					54,388,751	57,588,327

Notes	Six months ended June 30				2016 Aggregate	2015 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.		
	(Rupees)					
Revenue Account						
Net premium revenue	49,632,794	35,330,607	85,857,422	6,726,521	177,547,344	156,742,791
Net claims	(11,825,332)	(7,175,685)	(29,351,450)	(436,444)	(48,788,911)	(47,012,876)
Expenses	(16,701,187)	(11,888,573)	(28,890,593)	(2,263,441)	(59,743,794)	(55,613,455)
Net commission	(14,181,592)	(7,470,160)	(8,496,377)	(315,764)	(30,463,893)	(27,266,478)
Underwriting result	6,924,683	8,796,189	19,119,002	3,710,872	38,550,746	26,849,982
Investment income					47,893,186	95,505,025
Other income	19				438,668	1,091,360
Financial charges					-	(95,361)
General and administration expenses					(27,730,217)	(24,091,914)
(Loss) before tax from takaful operations-Operators' Fund					(1,340,044)	
Profit before tax					57,812,339	99,259,092
Provision for taxation- Current					(6,800,000)	(7,000,000)
Profit after tax					51,012,339	92,259,092
Profit and loss appropriation account						
Balance at commencement of the period					122,057,137	141,760,248
Profit after tax for the period					51,012,339	92,259,092
Cash dividend for the year 2015 5%: (2014:5%)					(23,198,878)	(20,172,938)
Transfers to reserves (General Reserves)					(20,000,000)	(20,000,000)
Bonus shares issued for the year 2015: 10% (2014: 15%)					(46,397,760)	(60,518,810)
Balance accumulated at the end of the period					83,472,838	133,327,592
Earnings per share - basic and diluted 22					1.00	1.81

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information


Ismail H. Zakaria
Chairman


A. Aziz Ayooob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Comprehensive Income (Un Audited)

For the Half Year Ended June 30, 2016

	Quarter ended June 30		Six months ended June 30	
	2016 ———— (Rupees) ————	2015 ————	2016 ———— (Rupees) ————	2015 ————
Profit after tax	54,388,751	57,588,327	51,012,339	92,259,092
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>54,388,751</u>	<u>57,588,327</u>	<u>51,012,339</u>	<u>92,259,092</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Statement of Changes in Equity (Un Audited)

For the Half Year Ended June 30, 2016

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees)			
Balance as at January 01, 2015	403,458,750	180,000,000	141,760,248	725,218,998
Total comprehensive income for the period	-	-	92,259,092	92,259,092
Transfer to general reserves		20,000,000	(20,000,000)	-
Transactions with owners:				
Issuance of bonus shares	60,518,810	-	(60,518,810)	-
Cash dividend	-	-	(20,172,938)	(20,172,938)
	60,518,810	-	(80,691,748)	(20,172,938)
Balance as at June 30, 2015	463,977,560	200,000,000	133,327,592	797,305,152
Balance as at January 01, 2016	463,977,560	200,000,000	122,057,137	786,034,697
Total comprehensive income for the period	-	-	51,012,339	51,012,339
Transfer to general reserves		20,000,000	(20,000,000)	-
Transactions with owners:				
Issuance of bonus shares	46,397,760	-	(46,397,760)	-
Cash dividend	-	-	(23,198,878)	(23,198,878)
	46,397,760	-	(69,596,638)	(23,198,878)
Balance as at June 30, 2016	510,375,320	220,000,000	83,472,838	813,848,158

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Cash Flows (Un Audited)

For the Half Year Ended June 30, 2016

	June 30, 2016	June 30, 2015
	(Rupees)	
Operating cash flow		
a) Underwriting activities		
Premium received	570,346,844	432,789,200
Reinsurance premium paid	(376,915,859)	(306,420,802)
Claims paid	(122,261,637)	(125,011,742)
Reinsurance and other recoveries received	72,063,440	87,097,838
Commission paid	(68,278,885)	(52,850,109)
Commission received	35,001,090	26,354,733
Net cash generated from underwriting activities	<u>109,954,993</u>	<u>61,959,118</u>
b) Other operating activities		
Income tax paid	(3,734,628)	(2,883,623)
General management expenses paid	(59,743,794)	(55,613,455)
Other operating payments	(21,779,538)	(18,273,198)
Loans advanced / repayment received	153,900	(115,350)
Other payments on operating assets	(1,834,854)	(16,898,110)
Other receipts in respect of operating assets	325,534	(141,458)
Net cash used in other operating activities	<u>(86,613,380)</u>	<u>(93,925,194)</u>
Net cash generated from (used in) operating activities	<u>23,341,613</u>	<u>(31,966,076)</u>
Investment activities		
Interest / dividend received	20,142,049	23,917,255
Payments for investments	(488,043,973)	(151,447,128)
Proceeds from disposal of investments	417,524,787	150,814,576
Fixed capital expenditures	(3,190,644)	(2,778,067)
Proceeds from disposal of fixed assets	1,634,000	3,450,000
Net cash flow (used in) generated from investing activities	<u>(51,933,781)</u>	<u>23,956,636</u>

Condensed Interim Statement of Cash Flows (Un Audited)

For the Half Year Ended June 30, 2016

	June 30, 2016	June 30, 2015
	(Rupees)	
Financing activities		
Dividend paid	(23,199,121)	(20,183,888)
Financial charges	-	(95,361)
Net cash used in financing activities	(23,199,121)	(20,279,249)
Net (decrease) in cash and cash equivalent	(51,791,289)	(28,288,689)
Cash and cash equivalent at the beginning of the period	133,927,161	104,499,172
Cash and cash equivalent at the end of the period	<u>82,135,872</u>	<u>76,210,483</u>
Reconciliation to Profit and Loss account		
Operating cash flow	23,341,613	(31,966,076)
Depreciation expense	(5,950,679)	(5,818,716)
Financial charges	-	(95,361)
Profit on disposal of fixed assets	438,668	1,091,360
Increase in assets other than cash	17,350,907	66,273,967
(Decrease) in liabilities other than running finance	(30,721,312)	(32,731,107)
Investment income	47,893,186	95,505,025
Loss before tax from takaful operations-Operators' Fund	(1,340,044)	-
Profit after taxation	<u>51,012,339</u>	<u>92,259,092</u>
Definition of cash		
Cash in hand and at banks, stamps in hand and short term placements with banks		
Cash for the purposes of the statement of cash flows consists of:		
Cash and equivalents	1,764,345	1,201,653
Current and other accounts	53,865,163	48,794,666
Deposits maturing within 12 months	26,506,364	26,214,164
	<u>82,135,872</u>	<u>76,210,483</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Premiums (Un Audited)

For the Half Year Ended June 30, 2016

Business underwritten inside Pakistan.

FORM GD

Class	Quarter ended June 30											
	Premium written		Unearned Premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium ceded		Reinsurance expenses	2016 Net Premium revenue	2015 Net Premium revenue	
	Opening	Closing	Opening	Closing			Opening	Closing				
	Rupees											
Direct and facultative												
Fire and Property Damage	72,305,451	157,021,245	164,046,510	65,280,186	46,326,204	104,399,229	108,104,474	42,620,959	22,659,227	17,846,572		
Marine, Aviation and Transport	174,512,723	242,755,739	263,795,419	153,473,043	146,412,533	234,833,128	246,841,132	134,404,529	19,068,514	13,770,794		
Motor	51,848,314	82,898,124	85,424,008	49,322,430	649,688	1,702,636	1,611,101	741,223	48,581,207	40,358,293		
Miscellaneous	10,529,841	12,003,395	14,784,780	7,748,456	4,501,696	7,452,803	8,140,037	3,814,462	3,933,994	4,701,649		
Grand total	309,196,329	494,678,503	528,050,717	275,824,115	197,890,121	348,387,796	364,696,744	181,581,173	94,242,942	76,677,308		
	Six months ended June 30											
	Rupees											
Direct and facultative												
Fire and Property Damage	142,893,647	157,048,423	164,046,510	135,895,560	91,940,814	102,426,426	108,104,474	86,262,766	49,632,794	45,060,773		
Marine, Aviation and Transport	330,118,007	244,618,344	263,795,419	310,940,932	286,712,440	235,739,017	246,841,132	275,610,325	35,330,607	28,331,867		
Motor	88,881,537	83,763,620	85,424,008	87,221,149	1,299,376	1,675,452	1,611,101	1,363,727	85,857,422	76,603,180		
Miscellaneous	18,908,287	11,898,141	14,784,780	16,021,648	9,998,264	7,436,900	8,140,037	9,295,127	6,726,521	6,746,971		
Grand total	580,801,478	497,328,528	528,050,717	550,079,289	389,950,894	347,277,795	364,696,744	372,531,945	177,547,344	156,742,791		

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Condensed Interim Statement of Claims (Un Audited)

For the Half Year Ended June 30, 2016

Business underwritten inside Pakistan.

Class	Quarter ended June 30										2015 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	2016 Net Claims expenses		
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and Property Damage	30,386,334	125,127,117	140,100,103	45,359,320	24,785,279	108,205,901	120,278,205	36,857,583	8,501,737	7,954,213	
Marine, Aviation and Transport	13,062,117	159,252,067	157,081,878	10,891,928	7,060,850	144,996,349	143,839,398	5,903,899	4,988,029	2,466,735	
Motor	14,322,593	15,136,380	18,598,346	17,784,559	-	401,388	1,744,586	1,343,198	16,441,361	16,422,586	
Miscellaneous	607,453	2,909,544	4,216,028	1,913,937	486,234	2,042,062	3,082,475	1,526,647	387,290	57,403	
Grand Total	58,378,497	302,425,108	319,996,355	75,949,744	32,332,363	255,645,700	268,944,664	45,631,327	30,318,417	26,900,937	
	Rupees										
	Six months ended June 30										
Class	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	2016 Net Claims expenses	2015 Net Claims expenses	
		Opening	Closing			Opening	Closing				
Direct and facultative											
Fire and Property Damage	72,001,809	157,715,174	140,100,103	54,386,738	56,990,852	134,707,651	120,278,205	42,561,406	11,825,332	10,537,298	
Marine, Aviation and Transport	21,962,266	163,584,229	157,081,878	15,459,915	14,136,871	149,692,039	143,839,398	8,284,230	7,175,685	5,298,234	
Motor	27,138,393	15,042,091	18,598,346	30,694,648	-	401,388	1,744,586	1,343,198	29,351,450	30,847,819	
Miscellaneous	1,159,169	3,245,721	4,216,028	2,129,476	935,717	2,325,160	3,082,475	1,693,032	436,444	329,525	
Grand Total	122,261,637	339,587,215	319,996,355	102,670,777	72,063,440	287,126,238	268,944,664	53,881,866	48,788,911	47,012,876	
	Rupees										

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Condensed Interim Statement of Expenses (Un Audited)

For the Half Year Ended June 30, 2016

Business underwritten inside Pakistan

FORM GF

Class	Quarter ended June 30							2015 Net underwriting expense
	Commissions paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net commission Expense d=a+b-c	Other Management Expenses c	Underwriting Expenses f=d+e	Commission from reinsurers g	
Rupees								
Direct and facultative								
Fire and Property Damage	18,355,587	40,988,079	42,876,662	16,462,004	7,533,933	23,995,937	10,229,377	13,766,560
Marine, Aviation and Transport	12,089,614	3,630,365	8,188,132	7,531,847	6,361,727	13,893,574	3,413,417	10,480,157
Motor	5,094,212	10,362,265	10,678,001	4,778,476	16,221,874	21,000,350	-	21,000,350
Miscellaneous	2,047,610	2,126,384	2,686,659	1,487,335	1,314,371	2,801,706	1,125,716	1,675,990
Grand Total	37,587,023	57,102,093	64,429,454	30,259,662	31,431,905	61,691,567	14,768,510	46,923,057

Class	Six months ended June 30							2015 Net underwriting expense
	Commissions paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net commission Expense d=a+b-c	Other Management Expenses c	Underwriting Expenses f=d+e	Commission from reinsurers g	
Rupees								
Direct and facultative								
Fire and Property Damage	36,544,737	40,988,881	42,876,662	34,626,956	16,701,187	51,328,143	20,445,364	30,882,779
Marine, Aviation and Transport	19,448,775	4,167,225	8,188,132	15,427,868	11,888,573	27,316,441	7,957,708	19,358,733
Motor	8,703,926	10,470,452	10,678,001	8,496,377	28,890,593	37,386,970	-	37,386,970
Miscellaneous	3,609,434	2,104,988	2,686,659	3,027,763	2,263,441	5,291,204	2,711,999	2,579,205
Grand Total	68,306,872	57,701,546	64,429,454	61,578,964	59,743,794	121,322,758	31,115,071	90,207,687

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Condensed Interim Statement of Investment Income (Un Audited)

For the Half Year Ended June 30, 2016


FORM GG

	Note	Quarter ended June 30		Six months ended June 30	
		2016 (Rupees)	2015	2016 (Rupees)	2015
Income from non-trading investments					
Held to maturity					
Return on government securities		1,515,054	1,055,389	2,629,106	5,143,153
Return on other fixed income, securities and deposits	16	1,187,451	1,778,024	2,195,315	2,086,048
		2,702,505	2,833,413	4,824,421	7,229,201
Available for sale					
Dividend income	15.2	226,000	13,708	590,900	32,037
Gain on sale of available for sale investments	17.1	4,700,753	9,862,188	9,082,285	9,862,188
(Impairment) / Impairment reversal		1,022,460	83,322	(302,274)	(425,753)
		5,949,213	9,959,218	9,370,911	9,468,472
Income from trading investments					
Held for trading					
Dividend income	15.2	4,414,011	6,272,922	15,258,717	17,450,514
Gain on sale of investments	17.2	3,101,965	-	3,101,965	49,620
Unrealized gain on held for trading investments	18	39,771,224	43,779,524	15,352,429	61,313,046
		47,287,200	50,052,446	33,713,111	78,813,180
Less: Investment related expenses		(13,565)	-	(15,257)	(5,828)
Net investment income transferred to profit and loss account		55,925,353	62,845,077	47,893,186	95,505,025

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information


Ismail H. Zakaria
Chairman


A. Aziz Ayoob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 dated July 9, 2015. In case where the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 has been followed.

The disclosures made in this condensed interim financial information 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.

This condensed interim financial information 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, 2015.

- 2.2 This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3. BASIS OF MEASUREMENT

This condensed interim financial information has 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.

This condensed interim financial information has 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 this condensed interim financial information are in line with the audited annual accounts for the year ended December 31, 2015.

5. USE OF ESTIMATES AND JUDGEMENTS

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

In preparing the condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2015.

6. 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 December 31, 2015.

7. TAXATION

The provision for taxation for the half year and quarter ended June 30, 2016 has been made using the estimated effective tax rate applicable to expected total annual earnings.

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

8. 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 30, 2016	December 31, 2015
	(Rupees)	

Balances as at period / year end

Premium due but unpaid	31,413,607	31,765,858
Provision for outstanding claims	17,097,696	25,156,761

	June 30, 2016	June 30, 2015
	(Rupees)	

Transactions during the period

Premium underwritten	5,491,578	7,431,264
Premium collected	29,256,207	27,896,872
Claims paid	14,181,010	16,142,587
Dividend received	-	18,329
Dividend paid	102,878	29,430
Key management personnel	11,854,122	10,313,972
Staff retirement benefits	1,254,978	1,155,629

9. SHARE CAPITAL

Issued, subscribed and paid up capital

June 30, 2016	December 31, 2015		June 30, 2016	December 31, 2015
(Number of shares)				
1,156,680	1,156,680	Ordinary shares of Rs.10 each issued as fully paid in cash	11,566,800	11,566,800
49,880,852	45,241,076	Ordinary shares of Rs.10 each issued as fully paid bonus shares	498,808,520	452,410,760
<u>51,037,532</u>	<u>46,397,756</u>		<u>510,375,320</u>	<u>463,977,560</u>

9.1 During the period the Company issued bonus shares at 10% (December 31, 2014: 15%) amounting to Rs. 46.398 million

10. CONTINGENCIES AND COMMITMENTS

10.1 An aviation claim has been reported on November 3, 2015. Investigations are underway and loss adjustors have not yet established liability. Should this loss be considered payable at any later stage, a maximum gross reserve of Rs. 550.000 million would arise. The impact on the Company's net account would be Rs. 2.500 million and the rest would be recoverable under fronting arrangements as per agreed terms.

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

	Note	June 30, 2016	December 31, 2015
(Rupees)			
11. CASH AND BANK DEPOSITS			
Cash and other equivalents			
Policy stamps and bond paper in hand	11.1	1,764,345	366,753
Current and other accounts			
Current accounts		36,760,839	36,537,702
PLS saving accounts	11.2	17,104,324	69,967,033
		53,865,163	106,504,735
Deposit maturing within 12 months	11.3	26,506,364	27,055,673
		<u>82,135,872</u>	<u>133,927,161</u>

11.1 Cash at bank in current account does not carry any interest or mark-up.

11.2 Profit on PLS saving accounts carry mark-up at rates range from 4.50% to 6.50% per annum (2015: 4.50% to 6.50% per annum). PLS saving accounts includes balances placed under arrangements permissible under sharia amounting to Rs. 0.667 million (2015: Rs. 0.601 million).

11.3 The rate of return on term deposit certificates issued by various banks range from 4.0% to 5.75% per annum (2015: 4.40% to 7.25% per annum) due on maturity. These deposits include an advantage account amounting to Rs. 11.10 million (2015: Rs. 11.10 million) which is pledged against the running finance facility availed from a commercial bank.

12. LOANS

(Secured - considered good)			
To employees	12.1	1,264,255	1,418,155

12.1 These represents interest free loans to employees in accordance with the terms of their employment secured against their retirement benefits and are recoverable in monthly installments.

13. INVESTMENTS

The investments comprise of the following:			
Held to maturity	13.1	85,744,989	86,104,626
Available for sale		220,885,190	178,364,029
Less: Provision for impairment		(3,705,836)	(3,403,562)
	13.2	217,179,354	174,960,467
Held for trading		398,498,840	392,604,499
		<u>701,423,183</u>	<u>653,669,592</u>

13.1 Pakistan Investment Bonds (PIB) amounting to Rs. 16.908 million (December 31, 2015: Rs. 32.537 million) and GOP Ijara Sukuk for the face value of Rs. 44.867 million are placed as statutory deposits with State Bank of Pakistan in accordance with the requirement of Section 29(2)(a) of Insurance Ordinance, 2000.

13.2 Market value of investments in shares and securities (AFS) as at June 30, 2016 was Rs. 220.154 million (December 31, 2015: Rs. 182.406 million).

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

	Note	June 30, 2016	December 31, 2015
(Rupees)			
14. TRADE DEPOSITS AND PREPAYMENTS			
Deposits	14.1	701,819	701,819
Prepayments		<u>234,480</u>	<u>1,102,440</u>
		<u>936,299</u>	<u>1,804,259</u>

14.1 These represent short term deposits in the normal course of business and do not carry any interest or mark-up.

	Note	June 30, 2016	June 30, 2015
(Rupees)			
15. DIVIDEND INCOME			
Available for sale	15.1	590,900	32,037
Held for trading	15.2	<u>15,258,716</u>	<u>17,450,514</u>
		<u>15,849,616</u>	<u>17,482,551</u>

15.1 Available for sale

Fauji Fertilizer Company Limited	442,900	-
Nimir Chemical	45,000	-
Faran Sugar Mills Limited	-	18,329
Nishat Chunian Power	103,000	-
JS Growth Fund	-	13,708
	<u>590,900</u>	<u>32,037</u>

15.2 Held for trading

Akzo Nobel Limited	152,503	117,310
Cherat Packaging Limited	151,521	93,968
Engro Corporation Limited	592,044	296,022
Engro Fertilizer Company Limited	14,799	14,799
Fauji Fertilizer Bin Qasim	820,801	605,509
Fauji Fertilizer Company Limited	7,397,974	10,444,198
Highnoon Lab. Limited	523,861	461,597
Hub Power Company Limited	2,268,000	1,134,000
ICI Pakistan Limited	173,284	133,295
Kot Addu Power Limited	531,250	500,000
Meezan Bank Limited	339,505	339,505
Pakistan Oilfields Limited	762,315	762,315
Pakistan Petroleum Limited	408,548	592,097
Pakistan Reinsurance Co. Ltd.	180,555	230,555
Pakistan State Oil Limited	182,370	218,844
Pakistan Telecommunication Company Limited	50,000	75,000
Fatima Fertilizer Company Limited	-	517,000
Cyan Limited	86,632	495,465
Nishat Power Limited	350,000	325,000
Nishat Chunian Power Limited	230,125	-
Oil and Gas Development Company Limited	42,629	94,035
	<u>15,258,716</u>	<u>17,450,514</u>

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

	Note	June 30, 2016	June 30, 2015
(Rupees)			
16. RETURN ON OTHER FIXED INCOME, SECURITIES AND DEPOSITS			
Shariah non compliant arrangements		2,163,440	2,061,057
Arrangements permissible under Shariah		31,875	24,991
		<u>2,195,315</u>	<u>2,086,048</u>
17. GAIN ON SALE OF INVESTMENT			
Available for sale	17.1	9,082,285	9,862,188
Held for trading	17.2	3,101,965	49,620
		<u>12,184,250</u>	<u>9,911,808</u>
17.1 Available for sale			
Shariah non compliant arrangements		-	-
Arrangements permissible under Shariah		9,082,285	9,862,188
		<u>9,082,285</u>	<u>9,862,188</u>
17.2 Held for trading			
Shariah non compliant arrangements		-	49,620
Arrangements permissible under Shariah		3,101,965	-
		<u>3,101,965</u>	<u>49,620</u>
18. UNREALIZED GAIN ON HELD FOR TRADING			
Shariah non compliant arrangements		1,214,491	587,438
Arrangements permissible under Shariah		14,137,938	60,725,608
		<u>15,352,429</u>	<u>61,313,046</u>
19. OTHER INCOME			
Gain on sale of tangible fixed assets		<u>438,668</u>	<u>1,091,360</u>

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for available for sale and held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at June 30, 2016.

	As at June 30, 2016		As at December 31, 2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
(Rupees)				
Financial Assets				
Cash and other equivalent	1,764,345	1,764,345	366,753	366,753
Current and other accounts	53,865,163	53,865,163	106,504,735	106,504,735
Deposit maturing within 12 months	26,506,364	26,506,364	27,055,673	27,055,673
Loans to employees	1,264,255	1,264,255	1,418,155	1,418,155
Investments				
Available-for-sale				
Quoted shares	217,179,354	220,154,398	174,960,467	182,406,698
Held-to-maturity				
Government securities	85,744,989	94,402,850	86,104,626	89,143,111
Investments at fair value through profit or loss - held for trading				
Quoted shares	398,498,840	398,498,840	392,604,499	392,604,499
	701,423,183	713,056,088	653,669,592	664,154,308
Premiums due but unpaid	201,063,006	201,063,006	190,636,360	190,636,360
Amounts due from other insurers / reinsurers	11,495,976	11,495,976	10,057,564	10,057,564
Accrued investment income	2,289,442	2,289,442	1,772,710	1,772,710
Reinsurance recoveries against outstanding claims	268,944,664	268,944,664	287,126,238	287,126,238
Sundry receivables	969,599	969,599	427,173	427,173
Financial Liabilities				
Provision for outstanding claims (including IBNR)	319,996,355	319,996,355	339,587,215	339,587,215
Amounts due to other insurers / reinsurers	53,491,256	53,491,256	39,017,810	39,017,810
Accrued expenses	1,991,779	1,991,779	3,512,989	3,512,989
Other creditors and accruals	65,853,957	65,853,957	66,167,601	66,167,601
Unclaimed dividend	1,250,053	1,250,053	1,250,296	1,250,296

20.1 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

The fair value hierarchy has the following levels:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at June 30, 2016	Level 1	Level 2	Level 3
	(Rupees)			

Financial assets measured at fair value

Investments at fair value through profit or loss - held for trading

Quoted shares	398,498,840	398,498,840	-	-
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	As at December 31, 2015	Level 1	Level 2	Level 3
	(Rupees)			

Financial assets measured at fair value

Investments at fair value through profit or loss - held for trading

Quoted shares	392,604,499	392,604,499	-	-
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20.2 Transfers during the year

During the year ended June 30, 2016:

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

Notes to the Condensed Interim Financial Statements (Un Audited)

For the Half Year Ended June 30, 2016

21. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at June 30, 2016 and June 30, 2015, unallocated capital expenditure and non-cash expenses during the years:

	Fire & property		Marine		Motor		Misc		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
In Rupees										
SEGMENT ASSETS										
Segment assets	153,146,645	156,978,951	109,015,905	98,700,188	264,921,136	266,863,749	20,755,312	23,504,533	547,838,998	546,047,421
Unallocated corporate assets									1,279,449,011	1,154,702,873
Consolidated corporate assets									1,827,288,009	1,700,750,294
SEGMENT LIABILITIES										
Segment liabilities	282,341,640	259,465,998	200,982,067	163,138,705	488,409,445	441,091,425	38,264,559	38,849,967	1,009,997,711	902,546,096
Unallocated corporate liabilities									3,442,140	899,045
Consolidated corporate liabilities									1,013,439,851	903,445,141
CAPITAL EXPENDITURE										
Unallocated capital expenditure									3,190,644	2,778,067
Consolidated capital expenditure									3,190,644	2,778,067
Unallocated depreciation									5,950,679	5,818,716

LOCATION	Net Premium		Assets		Liabilities		Capital Expenditures	
	2016	2015	2016	2015	2016	2015	2016	2015
Sindh	73,611,128	102,722,867	1,248,668,635	1,194,212,562	560,930,063	554,460,241	767,789	622,000
Punjab	102,906,440	53,696,372	574,880,452	503,488,697	452,349,724	347,956,465	2,422,855	673,067
KPK	1,029,776	323,552	3,738,922	3,049,034	160,064	129,390	-	1,483,000
	177,547,344	156,742,791	1,827,288,009	1,700,750,293	1,013,439,851	902,546,096	3,190,644	2,778,067

	Half year ended June 30,		Quarter ended June 30,	
	2016	2015	2016	2015
	(Rupees)		(Rupees)	

22. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after tax	51,012,339	92,259,092	54,388,751	57,588,327
Weighted average number of shares during the period	51,037,532	51,037,532	51,037,532	51,037,532
Earnings per share - Rupees	1.00	1.81	1.07	1.13

22.1 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.

22.2 Earnings per share for the comparative period has been adjusted on account of issuance of bonus share as per IAS 33 "Earnings per share".

23. DATE OF AUTHORIZATION FOR ISSUE


This condensed interim financial information has been authorized for issue on 29th August, 2016 by the Board of Directors of the Company.

24. GENERAL

Figures have been rounded off to the nearest rupee.


Ismail H. Zakaria
Chairman


A. Aziz Ayooob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016



Reliance Insurance Company Limited underwrites all classes of General Insurance and enjoys reputation second to none. Apart from the traditional covers such as Fire and Allied perils, Accident, Motor, Marine (Import and Exports), Loss of Profits, personal Accident, Group Hospitalization, Workmen's Compensation, Burglary, Fidelity Guarantee, Public Liability, Products Liability, Cash-in-Safe or in Transit etc.

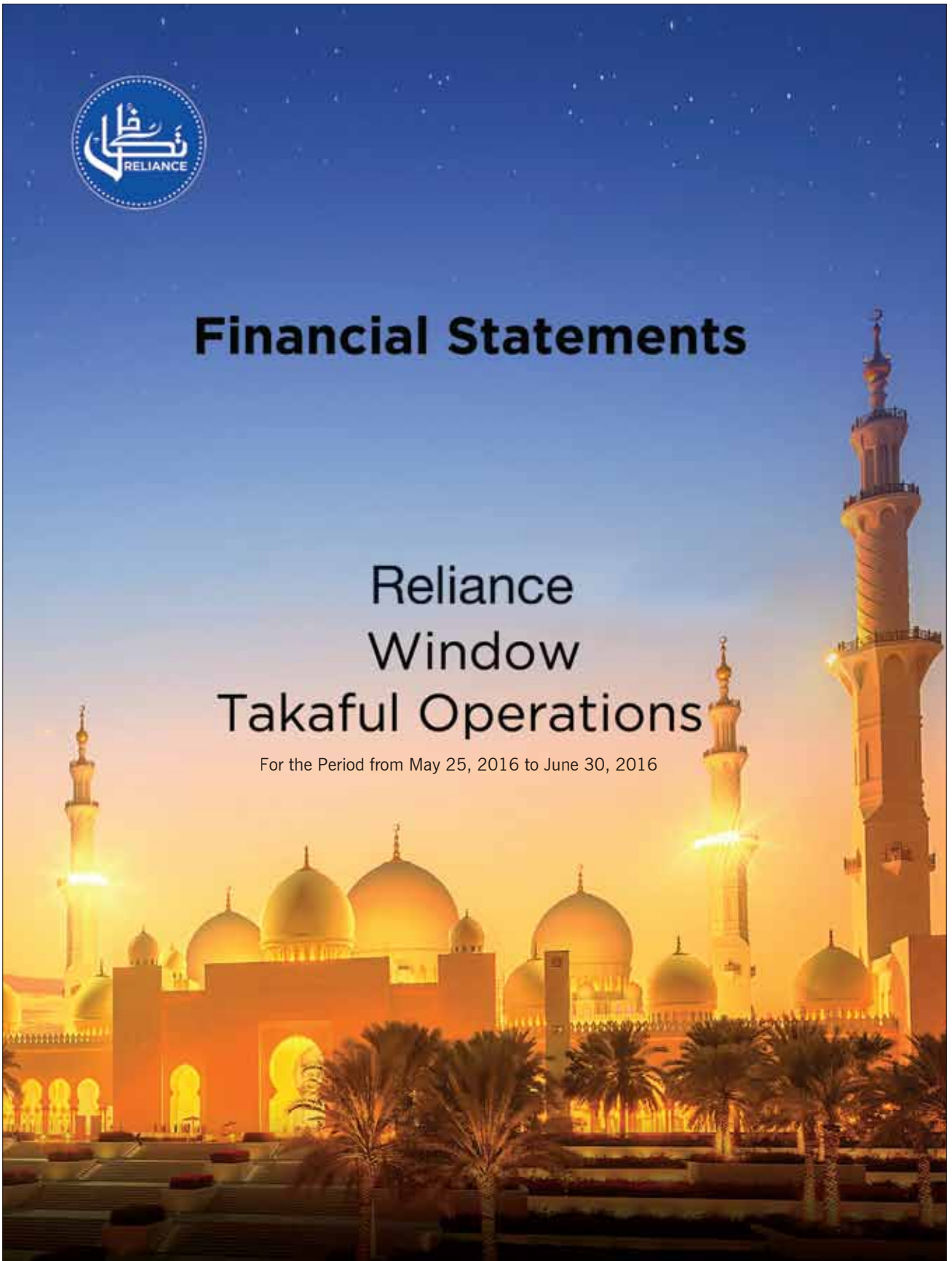
RICL also transact non-traditional covers such as Machinery Breakdown and Loss of Profits following Machinery Breakdown, Contractors All Risks, Erection All Risks, Bonds, Aviation Hull and Liabilities, Terrorism Insurance and the like.



Financial Statements

Reliance Window Takaful Operations

For the Period from May 25, 2016 to June 30, 2016



Review Report to the Members

Introduction

We have reviewed the accompanying:

- condensed interim balance sheet;
- condensed interim profit and loss account;
- condensed interim statement of comprehensive income;
- condensed interim statement of changes in fund;
- condensed interim statement of cash flows;
- condensed interim statement of contribution;
- condensed interim statement of claims;
- condensed interim statement of expenses; and

together with the explanatory notes of RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS) (“the Operator”) for the period from May 25, 2016 to June 30, 2016 (here-in-after referred to as the “condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, “Review of Interim financial information performed by the Independent Auditor of the Entity”. A review of condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: 29th August, 2016

BDO. Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement partner: Zulfikar Ali Causer

Condensed Interim Balance Sheet (Un Audited)

As At June 30, 2016

	30th June 2016(UnAudited)		
	Operator's Fund	Participants' Takaful Fund	Aggregate
Notes	(Rupees)		
FUND AND LIABILITES			
OPERATOR'S FUND			
Statutory Fund	50,000,000		50,000,000
Accumulated Loss	(1,340,044)		(1,340,044)
	48,659,956	-	48,659,956
WAQF/PATICIPANTS' TAKAFUL FUND			
Ceded Money	-	500,000	500,000
Accumulated Surplus	-	343,215	343,215
	-	843,215	843,215
Underwriting reserves			
Provision for unearned contribution	-	623,053	623,053
Unearned re-takaful rebate	-	39,076	39,076
Total Underwriting Provisions	-	662,129	662,129
Creditors and accruals			
Amounts due to other other takaful / re-takaful operators	-	1,048,443	1,048,443
Unearned wakala fees	201,817	-	201,817
Accrued expenses	1,638,628	-	1,638,628
Payable to Reliance Insurance Company Limited	152,465	600	153,065
wakala and mudarib fees payable	-	440,328	440,328
Other Creditors and Accruals	199,177	204,598	403,775
	2,192,087	1,693,969	3,886,056
TOTAL LIABILITIES	2,192,087	2,356,098	4,548,185
TOTAL FUND AND LIABILITIES	50,852,043	3,199,313	54,051,356
CONTINGENCIES AND COMMITMENTS			
	7		

Condensed Interim Balance Sheet (Un Audited)

As At June 30, 2016

Notes	30th June 2016(UnAudited)		
	Operator's Fund	Participants' Takaful Fund (Rupees)	Aggregate

ASSTES

Current and others accounts	50,038,708	2,289,589	52,328,297
	50,038,708	2,289,589	52,328,297

Current assets-others

Contribution due but unpaid	-	538,008	538,008
Accrued investment income	212,712	-	212,712
Deferred wakala fee	-	201,817	201,817
Deferred commission expense	92,108	-	92,108
Prepaid re-takaful contribution ceded wakala and mudarib fees receivable	-	169,899	169,899
Taxation	440,328	-	440,328
	68,187	-	68,187
	813,335	909,724	1,723,059

TOTAL ASSETS

50,852,043	3,199,313	54,051,356
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The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.



Ismail H. Zakaria
Chairman



A. Aziz Ayooob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Profit & Loss Account (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

	For the Period from May 25, 2016 to June 30, 2016				2016 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	
(Rupees)					
Revenue Account					
Participants' Takaful Fund					
Net contribution revenue	151,423	-	384,121	-	535,544
Wakala expense	(123,275)	-	(115,236)	-	(238,511)
Direct expense	-	-	-	-	-
Net claims	-	-	-	-	-
Rebate from re-takaful operations	46,182	-	-	-	46,182
Underwriting result	74,330	-	268,885	-	343,215
Net investment income					-
Surplus for the period					343,215
Accumulated surplus					
Balance at the beginning for the period					-
Surplus for the period					343,215
Balance at the end of the period					343,215
Revenue Account					
Operator's Fund					
Wakala fee	123,275	-	115,236	-	238,511
Commission expenses	(69,145)	-	(37,924)	-	(107,069)
Management expenses	(668,997)	-	(1,697,071)	-	(2,366,068)
	(614,867)	-	(1,619,759)	-	(2,234,626)
Profit on bank deposit					894,582
(Loss) before taxation					(1,340,044)
Taxation					-
(Loss) for the period					(1,340,044)
Profit and loss appropriation account					
Balance at the beginning for the period					-
(Loss) for the period					(1,340,044)
Balance at the end of the period					(1,340,044)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
Chairman


A. Aziz Ayooob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Comprehensive Income (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

	For the period from May 25, 2016 to June 30, 2016	
	Operator's Fund	Participants' Takaful Fund
	(Rupees)	
Loss / Surplus for the period	(1,340,044)	343,215
Other comprehensive income		-
Total comprehensive (loss) / income for the period	<u>(1,340,044)</u>	<u>343,215</u>

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.



Ismail H. Zakaria
Chairman



A. Aziz Ayoob
Director



Mohammad Omer Bawany
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Changes In Fund (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

	Operator's Fund		
	Statutory Fund	Accumulated (loss) (Rupees)	Total
Contribution made during the period	50,000,000	-	50,000,000
Loss for the period	-	(1,340,044)	(1,340,044)
Balance as at June 30, 2016	<u>50,000,000</u>	<u>(1,340,044)</u>	<u>48,659,956</u>

	Participants'Takaful Fund		
	Ceded Money	Accumulated surplus (Rupees)	Total
Ceded money	500,000	-	500,000
surplus for the period	-	343,215	343,215
Balance as at June 30, 2016	<u>500,000</u>	<u>343,215</u>	<u>843,215</u>

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
Chairman


A. Aziz Ayoob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Cash Flow (Unaudited)


For the Period from May 25, 2016 to June 30, 2016

Notes	Operator's Fund	Participants' Takaful Fund (Rupees)	Aggregate
Operating Cash Flow			
a) Takaful activities			
Contribution received	-	1,789,589	1,789,589
Net cash flow from takaful activities	-	1,789,589	1,789,589
b) Other operating activities			
Management expenses paid	(575,375)	-	(575,375)
Other payments on operating assets	(68,187)	-	(68,187)
Other receipts in respect of operating assets	400	-	400
Net cash flow from other operating activities	(643,162)	-	(643,162)
Total cash flow from takaful activities	(643,162)	1,789,589	1,146,427
Investment activities			
Interest	681,870	-	681,870
Total cash flow from investing activities	681,870	-	681,870
Financing activities			
Contribution to the Operator's Fund	50,000,000	-	50,000,000
Ceded money	-	500,000	500,000
Total cash flow from financing activities	50,000,000	500,000	50,500,000
Net cash inflow from all activities	50,038,708	2,289,589	52,328,297
Cash and cash equivalent at the beginning of the period	-	-	-
Cash and cash equivalent at the end of the period	50,038,708	2,289,589	52,328,297
Reconciliation to profit and loss Account			
Operating cash flow	(643,162)	1,789,589	1,146,427
Increase in assets other than cash	600,623	909,724	1,510,347
Increase in liabilities other than running finance	(2,192,087)	(2,356,098)	(4,548,185)
Investment income	894,582	-	894,582
(Loss) / Surplus for the period	(1,340,044)	343,215	(996,829)
Cash for the purpose of the statement of cash flows consists of:			
Cash and other equivalents			
Current and other accounts	50,038,708	2,289,589	52,328,297

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
Chairman


A. Aziz Ayooob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Contribution (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

Business underwritten inside Pakistan.

Class	Contributions written	Unearned Contribution reserve		Contributions earned	Re-takaful Contribution ceded	Prepaid re-takaful Contribution ceded		Re-takaful expense	2016 Net Contribution revenue
		Opening	Closing			Opening	Closing		
Rupees									
Direct and facultative									
Fire and Property Damage	650,240	-	298,027	352,213	370,689	-	169,899	200,790	151,423
Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-
Motor	709,147	-	325,026	384,121	-	-	-	-	384,121
Miscellaneous	-	-	-	-	-	-	-	-	-
Grand Total	1,359,387	-	623,053	736,334	370,689	-	169,899	200,790	535,544

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
Chairman


A. Aziz Ayoob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Claims (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

Business underwritten inside Pakistan.

Class	Claims paid	Provision for Outstanding Claims		Claims expenses	Re-takaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expense
		Opening	Closing			Opening	Closing		
		Rupees							
Direct and facultative									
Fire and Property Damage	-	-	-	-	-	-	-	-	-
Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-
Motor	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-	-	-	-

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
 Chairman


A. Aziz Ayoob
 Director


Mohammad Omer Bawany
 Director


A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Expenses - Operators' Fund (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

Business underwritten inside Pakistan.

Class	Commissions Paid or payable	Deferred commission		Net commission expense	Management expenses	2016 Net OPF expenses
		Opening	Closing			
Rupees						
Direct and facultative						
Fire and Property Damage	128,750	-	59,605	69,145	668,997	738,142
Marine, Aviation and Transport	-	-	-	-	-	-
Motor	70,427	-	32,503	37,924	1,697,071	1,734,995
Miscellaneous	-	-	-	-	-	-
Grand Total	199,177	-	92,108	107,069	2,366,068	2,473,137

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
 Chairman


A. Aziz Ayoob
 Director


Mohammad Omer Bawany
 Director


A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 29th August, 2016

Condensed Interim Statement of Expenses – Participants' Takaful Fund (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

Business underwritten inside Pakistan.

Class	Gross wakala fee	Deferred wakala fee		Net expense	PTF Direct expenses	Rebate from retakaful operators	2016 Net PTF expenses
		Opening	Closing				
Rupees							
Direct and facultative							
Fire and Property Damage	227,584	-	104,309	123,275	-	46,182	77,093
Marine, Aviation and Transport	-	-	-	-	-	-	-
Motor	212,744	-	97,508	115,236	-	-	115,236
Miscellaneous	-	-	-	-	-	-	-
Grand Total	440,328	-	201,817	238,511	-	46,182	192,329

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.


Ismail H. Zakaria
 Chairman


A. Aziz Ayoob
 Director


Mohammad Omer Bawany
 Director


A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 29th August, 2016

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

1. STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on May 30, 2016 under the Waqf deed with a Cede money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The condensed interim financial information of the Operator are prepared such that the financial position and results from the operations of Waqf and the Operator are shown separately.

2. BASIS OF PRESENTATION

This condensed interim financial information have been prepared in accordance with the format of financial statements prescribed by the Securities and Exchange Commission of Pakistan (SECP) under Securities and Exchange Commission (Insurance) Rules, 2002 issued vide SRO 938 dated December 12, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 dated July 9, 2015.

This condensed interim financial information reflect the financial position and results of operations of both the Operator and PTF in a manner that the assets, liabilities, revenue and expenses of the Operator and PTF remain separately identifiable.

The disclosures made in this condensed interim financial information 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.

2.1 Statement of compliance

This condensed interim financial information for the period from May 25, 2016 to June 30, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2012.

In case where the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2012 has been followed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

This condensed interim financial information has been prepared under the accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information is prepared and presented in Pakistani Rupees, which is the functional and presentation currency of the Operator.

2.4 Use of estimates and judgments

The preparation of this condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. The estimates / judgements and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

The estimates / judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to this condensed interim financial information, or judgements were exercised in application of accounting policies are as follows:

- Classification of Takaful Contracts
- Provision for unearned contribution
- Provision for outstanding claims including IBNR
- Contribution deficiency reserve
- Provision for current and deferred tax
- Provisions

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this condensed interim financial information are set out below:

3.1 Contribution

Contribution income net off administrative surcharge under a policy is recognised over the period of takaful from the date of inception of the policy to which it relates to its expiry as follows:

Administrative surcharge is recognised as income at the time policies are written in PTF.

Contribution income net off administrative surcharge under a policy is recognised after taking into account the unearned portion of contribution by applying 1/24th method as prescribed by the Securities and Exchange Commission (Insurance) Rules, 2002. The unearned portion of contribution is recognised as liability.

Contribution due but unpaid under takaful contracts are recognised when due, at the Fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.2 Re-takaful contracts

Re-takaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

Amount due from other takaful / re-takaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful companies represent the balance due to re-takaful companies.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.3 Claims expense

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

The PTF recognised liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date. Initial estimate includes expected claim settlement cost.

3.4 Retakaful recoveries against outstanding claims

Claims recoveries against outstanding claims from the retakaful operator and salvage are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.5 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

3.6 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. Further actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Health insurance as required by SRO 16 (1) / 2012 issued by Securities and Exchange Commission of Pakistan on 9 January 2012.

3.7 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants and charge 40% of gross contribution as Wakala Fee against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognised, evenly over the period of takaful from the date of issuance of the policy till the date of its expiry.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share.

Administrative surcharge is included in Wakala Fee at the date of inception of policy to which it relates.

3.8 Rebate from Re-Takaful Operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

3.9 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognise on accrual basis.

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

3.10 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.11 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

3.12 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consider to be paid in future for the goods and / or services received, whether or not billed to the Operator.

Provisions are recognised when the Operator / PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002. The reported segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has four primary business segments, namely, fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provide comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and in transit, travel, personal accident, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

4. Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

4.1 Taxation

4.1.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

4.1.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduce to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the Profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

Notes to the Condensed Interim Financial Information (Un Audited)

For the Period from May 25, 2016 to June 30, 2016

5. SEGMENT REPORTING

5.1 Operator's Fund

	Fire and property Damage	Motor	Total
	Un-audited 2016		
Corporate segment assets	<u>287,189</u>	<u>245,247</u>	532,436
Corporate unallocated assets	-	-	50,319,607
Total assets			50,852,043
Corporate segment liabilities	<u>104,309</u>	<u>97,508</u>	201,817
Corporate unallocated liabilities	-	-	1,990,270
Total liabilities			2,192,087

5.2 Participants' Takaful Fund

Corporate segment assets	<u>531,555</u>	<u>378,169</u>	909,724
Corporate unallocated assets	-	-	2,289,589
Total assets			3,199,313
Corporate segment liabilities	<u>1,613,130</u>	<u>537,770</u>	2,150,900
Corporate unallocated liabilities	-	-	205,198
Total liabilities			2,356,098

6. RELATED PARTY TRANSACTIONS

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefits plan, directors and key officers of the Operator. All transaction involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employments / entitlements. There were no related party transactions during the period.

7. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments as at June 30, 2016.

8. DATE OF AUTHORIZATION FOR ISSUE


This condensed interim financial information has been authorised for issue by the Board of Directors of the Operator on 29th August, 2016.

9. GENERAL

- 9.1 Statement of investment income is not included in this condensed interim financial information as there were no investments and related income earned by the Operator.
- 9.2 As this is the first year of the operation of the Window Takaful Operation, therefore comparative figures have not been presented in this condensed interim financial information.
- 9.3 Figures have been rounded off to the nearest rupee.


Ismail H. Zakaria
Chairman


A. Aziz Ayoob
Director


Mohammad Omer Bawany
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 29th August, 2016

Categories of Share Holding

as at June 30, 2016

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage %
1	INDIVIDUALS	1398	41,029,753	80.39
2	INVESTMENT COMPANIES	6	1543	0.00
3	INSURANCE COMPANIES	1	592	0.00
4	JOINT STOCK COMPANIES	25	8800282	17.24
5	FINANCIAL INSTITUTIONS	2	417	0.00
6	STOCK EXCHANGE	1	1,849	0.00
7	WELFARE SOCIETY	1	49,135	0.10
8	CHARITABLE TRUSTS	1	162,444	0.32
9	MODARABA MANAGEMENT COMPANIES	1	1	0.00
10	WAKF ALAL AULAD	2	472,628	0.93
11	TRADE	1	611	0.00
12	GOVERNMENT DEPARTMENT	2	518277	1.02
		<u>1441</u>	<u>51,037,532</u>	<u>100.00</u>

Pattern of Shareholding

as at June 30, 2016

Number of Shareholders	Shareholdings		Total shares held
	From	To	
419	1	100	8,469
179	101	500	45,995
140	501	1000	96,849
336	1001	5000	779,212
125	5001	10000	884,348
38	10001	15000	464,440
35	15001	20000	604,197
25	20001	25000	556,521
8	25001	30000	216,321
14	30001	35000	455,623
7	35001	40000	258,008
7	40001	45000	302,939
5	45001	50000	235,637
6	50001	55000	319,279
5	55001	60000	293,603
3	60001	65000	183,847
6	65001	70000	403,979
3	70001	75000	218,102
2	75001	80000	152,317
2	80001	85000	163,265
3	85001	90000	262,240
1	95001	100000	97,919
1	100001	105000	100,304
5	105001	110000	538,749
1	110001	115000	114,105
1	115001	120000	118,577
1	125001	130000	125,103
2	130001	135000	263,744
1	140001	145000	140,672
2	145001	150000	295,023
2	160001	165000	326,694
3	180001	185000	547,188
1	185001	190000	188,026
1	190001	195000	191,750
1	195001	200000	198,256
1	200001	205000	203,311
1	205001	210000	206,784
3	210001	215000	640,025
2	215001	220000	434,930
2	220001	225000	440,228
1	225001	230000	226,330
1	230001	235000	230,500
2	235001	240000	475,225
1	240001	245000	240,530
1	260001	265000	264,900
1	300001	305000	303,975
2	315001	320000	636,626
1	340001	345000	341,838
1	345001	350000	349,637
2	375001	380000	758,652
1	380001	385000	381,053
1	385001	390000	388,033
1	425001	430000	425,178
2	435001	440000	876,193
1	450001	455000	452,444
1	470001	475000	471,081
1	495001	500000	499,500
1	510001	515000	511,594
1	555001	560000	557,247
1	580001	585000	583,502
1	620001	625000	623,289
1	675001	680000	679,442
1	720001	725000	720,541
1	725001	730000	725,450
1	770001	775000	770,634
1	945001	950000	948,960
1	1030001	1035000	1,033,321
1	1170001	1175000	1,174,349
1	1530001	1535000	1,530,743
1	1625001	1630000	1,625,076
1	1940001	1945000	1,944,464
1	1970001	1975000	1,974,383
1	1995001	2000000	1,995,126
1	2185001	2190000	2,189,914
1	2280001	2285000	2,281,257
1	3050001	3055000	3,051,547
1	6715000	6720000	6,718,419

1441

51,037,532

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