

QUARTERLY REPORT

Quarter Ended March 31

2023

(Un-Audited)

SERVING RELIABLY



Reliance Insurance
Company Limited



Window Takaful

Reliance Insurance Company Limited

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Reliance Window Takaful Operations

تکافل

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COMPANY INFORMATION

Board Of Directors

Chairman
Irfan Zakaria Bawany

Directors

Muhammad Omar Bawany
Ahmed Ali Bawany
Noor M. Zakaria
Zia Zakaria
Muhammad Patel
Naeem Ahmed Shafi
Tasneem Yusuf
Jahangir Adam

Chief Executive & Managing Director

A. Razak Ahmed

Chief Financial Officer

Haroon A. Shakoor

Company Secretary & Compliance Officer

Ghulam Haider

Audit Committee

Tasneem Yusuf Chairperson
Irfan Zakaria Bawany Member
Muhammad Omar Bawany Member

Investment Committee

Irfan Zakaria Bawany Chairman
Ahmed Ali Bawany Member
Tasneem Yusuf Member
Muhammad Patel Member
A. Razak Ahmed Member
Haroon A. Shakoor Secretary

Ethics, Human Resource & Remuneration Committee

Naeem Ahmed Shafi Chairman
Irfan Zakaria Bawany Member
Noor M. Zakaria Member
A. Razak Ahmed Member

Credit Rating

A+ (Single A+) By VIS & Pacra
Outlook "Stable"

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Irfan Advocate

Shari'ah Advisor

Mufti Muhammad Farhan Farooq

Bankers

Habib Bank Limited
Mcb Bank Limited
Allied Bank Limited
Soneri Bank Limited
Bank Alfalah Limited
National Bank Of Pakistan
Meezan Bank Limited
Dubai Islamic Bank
Mcb Islamic Bank Limited
United Bank Limited
The Bank Of Punjab
Faysal Bank Limited
Habib Metropolitan Bank Limited
Js Bank Limited
The Bank Of Khyber

Registered Office

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

Head Office

Reliance Insurance House, 181-a,
Sindhi Muslim Co-operative Housing
Society, P. O. Box No. 13356,
Karachi-74400.

Phone : 34539415-17

Fax : 92-21-34539412

E-mail : reli-ins@cyber.net.pk

ric-re@cybernet.pk

Website: www.relianceins.com



Shares Registrar

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

DIRECTORS' REVIEW

The Shareholders,
Reliance Insurance Company Limited,

Your Directors are pleased to present before you the First Quarter (Un-audited) Account for the period ended March 31, 2023.

During the period under review, your Company underwrote a Gross Premium of Rs.211.002 million (inclusive of Takaful Contribution for Rs.19.321 million) as compared to Rs.158.959 million of the corresponding period of last year (inclusive of Takaful Contribution for Rs.14.574million) – an increase of 32.74%. Net Premium stood at Rs.117.576 million as against Rs.81.432 million of last year showing an increase of 44.39%.

Net Claims stood at Rs.33.801 million compared to Rs.17.297 million of corresponding period of last year, underwriting profit increased from Rs.12.137 million to Rs.25.815 million.

Total Investment income for the quarter reduced to Rs.18.675 million compared to Rs.29.738 million of previous year mainly due to depressed Pakistan Stock Exchange performance culminating to unrealized loss of Rs.12.487 million against unrealized gain of Rs.6.525 million of the corresponding period of last year. Dividend Income increased from Rs.21.129 million to Rs.23.974 million showing increase of Rs.2.845 million. Pakistan Stock Exchange Index tumbled from 40,420.45 points as at December 31, 2022 to 40,000.83 points as at March 31, 2023.

Profit before tax stood at Rs.39.190 million against Rs.33.737 million of corresponding period of last year. Earnings per share (EPS) stood at Re.0.25 compared to Re.0.37 – (Restated) for the corresponding period of last year. There is an Accumulated surplus from Window Takaful Operators Fund of Rs.54.436 million as at 31st March, 2023 as compared to Rs.38.553 million of previous year.

Future Outlook:

Business development in current scenario is quite challenging. Inflation is likely to remain high in the coming months due to energy tariff hikes, rising food and petroleum prices, massive depreciation of the Pak Rupee and potential expansionary policies. Although the times are challenging, bolder and more creative thinking is necessary and your management will continue to strive hard to improve upon its performance and are confident that our team will leave no stone unturned and would endeavor to bring positive results.

By order of the Board



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 27th April, 2023

ڈائریکٹرز کا جائزہ

بنام حصص یافتگان

ڈائریکٹرز بمسرت کمپنی کے غیر آڈٹ شدہ حسابات پہلی سہ ماہی برائے مدت مختتمہ 31 مارچ 2023 پیش کرتے ہیں۔

اس مدت کے دوران، آپ کی کمپنی نے مجموعی پریمیم 211.002 ملین روپے (بشمول تکافل شراکتداری 19.321 ملین روپے) کیا جو کہ گزشتہ سال کی اسی مدت کے مجموعی پریمیم 158.959 ملین روپے (بشمول تکافل شراکت 14.574 ملین روپے کے مقابلے میں 32.74 فیصد زائد ہے۔ خالص پریمیم آمدنی 117.576 ملین روپے ہے جب کہ گزشتہ سال 81.432 ملین روپے تھی جو کہ گزشتہ سال کے مقابلے میں 44.39 فیصد اضافہ ظاہر کرتا ہے۔

نیٹ گلیمز گزشتہ سال کے 17.297 ملین روپے کے مقابلے میں 33.801 ملین روپے رہے۔ انڈر رائٹنگ منافع 12.137 ملین روپے سے بڑھ کر 25.815 ملین روپے رہا۔

اس سہ ماہی میں سرمایہ کاری کی آمدنی گزشتہ سال کے 29.738 ملین روپے کے مقابلے میں کم ہو کر 18.675 ملین روپے رہی جس کی بنیادی وجہ پاکستان اسٹاک ایکسچینج کا مندی کا رجحان ہے جس کے نتیجے میں گزشتہ سال کی اسی مدت کے 6.525 ملین روپے کے غیر حقیقی فائدہ کے مقابلے میں 12.487 ملین روپے کا غیر حقیقی نقصان ہوا۔ منافع منقسمہ کی آمدنی 21.129 ملین روپے سے بڑھ کر 23.974 ملین روپے رہی اس طرح اس سال 2.845 ملین روپے زائد رہی۔ پاکستان اسٹاک ایکسچینج، انڈیکس 31 دسمبر 2022 کے 40,420.45 پوائنٹس 31 مارچ 2023 سے کم ہو کر 40,000.83 پوائنٹس پر آ گیا۔

مذکورہ مدت میں کمپنی کو قبل از ٹیکس منافع 39.190 ملین روپے رہا جب کہ گزشتہ سال اسی مدت کے لیے 33.737 ملین روپے تھا۔ فی حصص آمدنی 0.25 روپے ہے جو گزشتہ سال اسی مدت کے لیے فی حصص 0.37 (نظر ثانی شدہ) روپے تھی۔ 31 مارچ 2023 کو ختم ہونے والی مدت کے لیے ونڈو تکافل آپریٹرز فنڈ کا جمع شدہ سرپلس گزشتہ سال کے 38.553 ملین روپے سے بڑھ کر 54.436 ملین روپے رہا۔

مستقبل پر ایک نگاہ:

موجودہ حالات میں کاروبار کی ترقی کافی مشکل ہے۔ توانائی کے نرخوں میں اضافہ، خوراک اور پٹرولیم کی بڑھتی ہوئی قیمتوں اور مکمل توسیع پالیسیوں کی وجہ سے آنے والے مہینوں میں مہنگائی زیادہ رہنے کا امکان ہے۔ اگرچہ وقت مشکل ہے لیکن مزید تخلیقی سوچ اور جرأت مندانہ فیصلوں کی ضرورت ہے اور آپ کی انتظامیہ اپنی کارکردگی مزید بہتر بنانے کے لیے بھرپور کوششیں جاری رکھے گی اور ہمیں یقین ہے کہ ہماری ٹیم کوئی کسر نہیں چھوڑے گی اور مثبت نتائج لانے کی کوشش کرے گی

محکم یورڈ

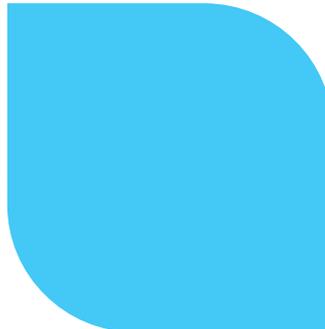
اے رزاق احمد

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

کراچی: 27 اپریل 2023

OUR SERVICES

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



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

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



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

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

| | Note | (Un-audited) March 31, 2023 | (Audited) December 31, 2022 |
|---|------|-----------------------------------|-----------------------------------|
| Rupees | | | |
| ASSETS | | | |
| Property and equipment | 6 | 83,249,753 | 72,739,091 |
| Intangible assets | | - | - |
| Investment | | | |
| Equity securities | 8 | 683,165,427 | 681,276,069 |
| Debt securities | 8.1 | 70,103,731 | 70,103,731 |
| Term deposit | 8.2 | 46,091,059 | 42,591,059 |
| | | 799,360,217 | 793,970,859 |
| Loan and other receivables | 9 | 14,927,134 | 4,163,250 |
| Insurance / Reinsurance receivables | 10 | 378,066,244 | 386,729,024 |
| Reinsurance recoveries against outstanding claims | | 171,919,937 | 152,487,929 |
| Deferred Commission Expense | | 71,176,893 | 74,411,786 |
| Deferred taxation | 11 | 11,684,413 | 20,409,659 |
| Prepayments | 12 | 154,770,141 | 155,142,722 |
| Cash & Bank | 13 | 135,683,545 | 101,815,197 |
| | | 1,820,838,277 | 1,761,869,517 |
| Total Assets of Window Takaful Operatoins-Operator's Fund | | 129,785,589 | 126,994,862 |
| TOTAL ASSETS | | 1,950,623,866 | 1,888,864,379 |

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

| | Note | (Un-audited) March 31, 2023 | (Audited) December 31, 2022 |
|--|------|-----------------------------------|-----------------------------------|
| Rupees | | | |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Ordinary share capital | 14 | 633,694,750 | 633,694,750 |
| Reserves | | 290,000,000 | 290,000,000 |
| Unappropriated Profit | | 152,349,640 | 136,521,419 |
| Surplus on revaluation of available for sale investment | | 906,098 | 49,196 |
| Total Equity | | 1,076,950,488 | 1,060,265,365 |
| Liabilities | | | |
| Underwriting Provisions | | | |
| Outstanding claims including IBNR | | 212,992,236 | 188,533,455 |
| Unearned premium reserves | | 327,698,006 | 339,216,908 |
| Unearned Reinsurance Commission | | 29,856,988 | 31,620,714 |
| | | 570,547,230 | 559,371,077 |
| Insurance / Reinsurance Payables | | 210,905,903 | 186,785,319 |
| Other Creditors and Accruals | 15 | 48,768,216 | 48,268,340 |
| Taxation - provision less payments | | 18,125,489 | 7,316,840 |
| Total Liabilities | | 848,346,838 | 801,741,576 |
| Total Liabilities of Window Takaful Operations-Operators Fund | | 25,326,540 | 26,857,438 |
| TOTAL EQUITY AND LIABILITIES | | 1,950,623,866 | 1,888,864,379 |
| CONTINGENCIES AND COMMITMENTS | 16 | | |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Note | (Un-audited) March 31, 2023 | (Un-audited) March 31, 2022 |
|--|------|-----------------------------------|-----------------------------------|
| Rupees | | | |
| Net insurance premium | 17 | 117,576,547 | 81,432,557 |
| Net insurance claims | 18 | (33,800,566) | (17,297,261) |
| Net Commission and other acquisition costs | 19 | (23,604,906) | (18,307,647) |
| Insurance claims and acquisition expenses | | (57,405,472) | (35,604,908) |
| Management Expenses | | (34,356,322) | (33,691,098) |
| Underwriting results | | 25,814,753 | 12,136,551 |
| Investment Income | 20 | 18,675,234 | 29,738,965 |
| Other income | | 1,362,877 | 151,242 |
| Other expenses | | (12,749,905) | (11,329,429) |
| | | 7,288,206 | 18,560,778 |
| Profit before tax from takaful operations-Operators Fund | | 6,086,796 | 3,039,514 |
| Profit before tax | | 39,189,755 | 33,736,843 |
| Income tax expense | | (23,361,534) | (10,235,140) |
| Profit after tax | | 15,828,221 | 23,501,703 |
| | | | Restated |
| Earnings after tax per share - Rupees | 21 | 0.25 | 0.37 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | (Un-audited) March 31, 2023 | (Un-audited) March 31, 2022 |
|---|--|--|
| | Rupees | |
| Profit after tax | 15,828,221 | 23,501,703 |
| Other Comprehensive Income | | |
| Surplus / Defecit on revaluation of available for sale securities | 1,206,906 | 12,323,489 |
| Surplus on revaluation of available for sale securities - takaful | - | 195,571 |
| Impact of related deferred taxation including change in tax rate | (350,004) | (3,573,812) |
| | 856,902 | 8,945,248 |
| Total comprehensive income for the period | 16,685,123 | 32,446,951 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| Share capital | Revenue Reserves | | Unappropriated profit / (Accumulated) | Total |
|---------------|------------------|---|---------------------------------------|-------|
| | General reserves | Surplus on revaluation of AFS investments | | |

(Rupees)

| | | | | | |
|---|--------------------|--------------------|-------------------|--------------------|----------------------|
| Balance as at January 01, 2022 | 603,518,810 | 270,000,000 | 1,778,456 | 172,764,163 | 1,048,061,429 |
| Total comprehensive income for the period | - | - | 8,945,248 | 23,501,703 | 32,446,951 |
| Balance as at March 31, 2022 | <u>603,518,810</u> | <u>270,000,000</u> | <u>10,723,704</u> | <u>196,265,866</u> | <u>1,080,508,380</u> |
| Balance as at January 01, 2023 | 633,694,750 | 290,000,000 | 49,196 | 136,521,419 | 1,060,265,365 |
| Total comprehensive income for the period | - | - | 856,902 | 15,828,221 | 16,685,123 |
| Balance as at March 31, 2023 | <u>633,694,750</u> | <u>290,000,000</u> | <u>906,098</u> | <u>152,349,640</u> | <u>1,076,950,488</u> |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | January to March | |
|--|----------------------|--------------|
| | 2023 | 2022 |
| | ————— (Rupees) ————— | |
| Operating cash flow | | |
| a) Underwriting activities | | |
| Premium received | 204,443,599 | 155,548,998 |
| Reinsurance premium paid | (64,617,728) | (80,315,633) |
| Claims paid | (69,341,624) | (79,631,267) |
| Reinsurance and other recoveries received | 40,567,831 | 62,240,888 |
| Commission paid | (41,924,825) | (33,124,644) |
| Commission received | 19,791,086 | 15,790,193 |
| Management expenses paid | (32,586,827) | (31,737,183) |
| Net cash flow from underwriting activities | 56,331,512 | 8,771,352 |
| b) Other operating activities | | |
| Income tax paid | (4,177,642) | (2,998,857) |
| Other operating payments | (11,991,550) | (10,492,038) |
| Loan advanced | 91,747 | (262,553) |
| Other creditors and accruals | 499,877 | (2,489,306) |
| Other (payments) / receipts in respect of operating assets | (612,281) | 1,044,898 |
| Net cash flow from operating activities | (16,189,849) | (15,197,856) |
| Total cash from all operating activities | 40,141,663 | (6,426,504) |
| Investment activities | | |
| Profit / return received | 3,701,307 | 2,447,839 |
| Dividend received | 13,056,547 | 16,883,622 |
| Payments for investments | (52,670,360) | (58,836,055) |
| Proceeds from investments | 41,314,826 | 53,397,550 |
| Fixed capital expenditures | (17,770,635) | (13,507,965) |
| Proceeds from sale of property and equipment | 6,095,000 | 2,811,000 |
| Total cash flow from investing activities | (6,273,315) | 3,195,991 |

CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | January to March | |
|---|---------------------|--------------|
| | 2023 | 2022 |
| | (Rupees) | |
| Financing activities | | |
| Dividend paid | - | - |
| Financial charges | - | - |
| Net cash from financing activities | - | - |
| Net cash flow from all activities | 33,868,348 | (3,230,513) |
| Cash and cash equivalent at the beginning of the period | 101,815,197 | 93,709,120 |
| Cash and cash equivalent at the end of the period | 135,683,545 | 90,478,607 |
| Reconciliation to profit and loss account | | |
| Operating cash flow | 40,141,663 | (6,426,504) |
| Depreciation / amortization expense | (2,527,850) | (2,791,306) |
| Gain on disposal of fixed assets | 1,362,877 | 151,242 |
| Profit on disposal of investments | 3,548,863 | 2,484,473 |
| Dividend income | 23,974,253 | 21,129,477 |
| Other investment income | (8,847,882) | 6,125,015 |
| (Decrease)/Increase in assets other than cash | 7,070,007 | (80,403,574) |
| Increase/(decrease) in liabilities other than running finance | (46,605,264) | 81,724,044 |
| Deferred taxation | (8,375,243) | (1,530,679) |
| Profit before tax from Takaful operations-Operators' Fund | 6,086,796 | 3,039,514 |
| Profit after taxation | 15,828,221 | 23,501,703 |

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017 and

Provisions of and directives issued under Companies Act, 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017 and SECP Takaful Rules 2017, General Takaful Accounting Regulations, 2019;

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended 31 December, 2022.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2022, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2022.

2.2 Basis of measurement

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented has been rounded off to the nearest rupees unless otherwise stated.

3. 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, 2022.

3.1 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations hence not enlisted in these financial statements except as follows;

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

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) All other financial assets

Fair value of financial assets as at March 31, 2023 and change in fair value during the period ended March 31, 2023.

Financial assets with contractual cash flows that meet the SPPI criteria excluding those held for trading

Debt securities - Held to maturity

| | |
|--------------------------------|-------------------|
| Opening fair value | 70,980,000 |
| Addition during the period-net | - |
| Decrease in fair value | (70,000) |
| Closing fair value | <u>70,910,000</u> |

Financial assets that do not meet the SPPI criteria

Equity Securities - Available for sale

| | |
|--------------------------------|--------------------|
| Opening fair value | 338,852,209 |
| Addition during the period-net | 50,935,529 |
| Disposal during the period-net | - |
| Increase in fair value | 1,206,906 |
| Closing fair value | <u>390,994,644</u> |

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

4. CRITICAL ACCOUNTING 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, 2022.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| Note | March 31, 2023 | December 31, 2022 |
|--|-------------------------|----------------------|
| | (Rupees) | |
| 6. PROPERTY AND EQUIPMENT | | |
| Open written down value | 72,739,091 | 73,397,593 |
| Additions and transfers during the period / year at cost | | |
| Furniture & fixtures | 99,790 | - |
| Motor Vehicles | 17,283,240 | 13,405,010 |
| Office Equipments | 119,500 | 626,400 |
| Office Computers | 268,105 | 233,000 |
| | 17,770,635 | 14,264,410 |
| Written down value of disposal during the period / year | | |
| Motor Vehicles | (4,732,123) | (2,672,903) |
| Depreciation for the period / year | (2,527,850) | (12,250,009) |
| Closing written down value | <u>83,249,753</u> | <u>72,739,091</u> |
| 7. INTANGIBLE ASSETS - Computer software | | |
| Open written down value | 3,477,823 | 3,477,823 |
| Additions and transfers during the period / year at cost | - | - |
| Amortization | (3,477,823) | (3,477,823) |
| Closing written down value | <u>-</u> | <u>-</u> |
| 8. INVESTMENT IN EQUITY SECURITIES | | |
| Available for sale | | |
| Mutual funds | 261,736,192 | 238,640,309 |
| Related parties | 7,782,758 | 7,090,142 |
| Other listed shares | 121,475,694 | 93,121,758 |
| | 390,994,645 | 338,852,209 |
| Investments at fair value through profit and loss - held for trading | 292,170,782 | 342,423,860 |
| Quoted shares | <u>683,165,427</u> | <u>681,276,069</u> |
| 8.1 INVESTMENT IN DEBT SECURITIES | | |
| Held to maturity | | |
| Pakistan Energy Sukuk II | 8.1.2 <u>70,103,731</u> | <u>70,103,731</u> |

8.1.2 Pakistan Energy Sukuk II having face value amounted to Rs.65 million (December 31, 2022: Rs.65 million) are placed with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000. These carry profit at the rate of 6 months KIBOR (-)0.10 and will mature on 20 May 2030.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| Note | March 31, 2023 | December 31, 2022 |
|--|---------------------|----------------------|
| | (Rupees) | |
| 8.2 TERM DEPOSIT | | |
| Deposit maturing within 12 months | <u>46,091,059</u> | <u>42,591,059</u> |
| 9. LOANS AND OTHER RECEIVABLES | | |
| Loan to employees | 631,628 | 723,375 |
| Deposit | 867,351 | 867,351 |
| Accrued investment income | <u>13,428,155</u> | <u>2,572,524</u> |
| | <u>14,927,134</u> | <u>4,163,250</u> |
| 10. INSURANCE / REINSURANCE RECEIVABLE | | |
| Due from insurance contract holders | <u>362,396,125</u> | 375,159,292 |
| Considered good | <u>12,361,742</u> | 12,361,742 |
| | <u>374,757,867</u> | 387,521,034 |
| Less: Allowance for impairment against doubtful of receivable from Insurance contract holders | <u>(12,361,742)</u> | (12,361,742) |
| | <u>362,396,125</u> | 375,159,292 |
| Due from other insurers / reinsurers | <u>15,670,119</u> | 11,569,732 |
| | <u>378,066,244</u> | <u>386,729,024</u> |
| 11. DEFERRED TAXATION | | |
| Deferred tax credits / (debits) arising in respect of: | | |
| Provision for impairment of doubtful receivables from insurance contract holders | <u>3,584,905</u> | 3,584,905 |
| Unrealized loss/(gain) on held for trading investments | <u>3,621,263</u> | 11,996,506 |
| Surplus on revaluation of available for sale securities | <u>4,478,245</u> | 4,828,248 |
| | <u>11,684,413</u> | <u>20,409,659</u> |
| Reconciliation of deferred tax | | |
| Opening provision | <u>20,409,659</u> | 6,960,895 |
| Credit to statement of profit or loss | <u>(8,375,243)</u> | 8,109,306 |
| (Debit)/Credit to other comprehensive income | <u>(350,003)</u> | 5,339,458 |
| Closing balance | <u>11,684,413</u> | <u>20,409,659</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Note | March 31, 2023 | December 31, 2022 |
|--|---|----------------------|---|
| | | (Rupees) | |
| 12. PREPAYMENTS | | | |
| Prepaid reinsurance premium ceded | | 152,273,840 | 153,258,702 |
| Prepaid rent | | 460,374 | 186,000 |
| Prepaid miscellaneous expenses | | 1,735,927 | 1,698,020 |
| Others | | 300,000 | - |
| | | 154,770,141 | 155,142,722 |
| 13. CASH AND BANK BALANCES | | | |
| Cash and other equivalents | | | |
| Cash in hand, Policy stamps and bond paper in hand | | 926,104 | 466,308 |
| Cash at bank | | | |
| Current accounts | | 98,156,037 | 50,251,771 |
| Saving accounts | 13.1 | 36,601,404 | 51,097,118 |
| | | 134,757,441 | 101,348,889 |
| | | 135,683,545 | 101,815,197 |
| 13.1 | These accounts carry profit at rates ranging between 11% to 17% per annum (31-12-2022: 7.50% to 13% per annum). | | |
| 14. SHARE CAPITAL | | | |
| 14.1 Authorized Capital | | | |
| | March 31, 2023 | December 31, 2022 | |
| | (Number of shares) | | (Rupees) |
| | 75,000,000 | 75,000,000 | Ordinary shares of Rs. 10 each |
| | | | 750,000,000 |
| | | | 750,000,000 |
| 14.2 Issued, subscribed and paid-up share capital | | | |
| | March 31, 2023 | December 31, 2022 | |
| | (Number of shares) | | (Rupees) |
| | 1,156,680 | 1,156,680 | Ordinary shares of Rs. 10 each issued as fully paid in cash |
| | 62,212,795 | 62,212,795 | Ordinary shares of Rs.10 each issued as fully paid bonus shares |
| | 63,369,475 | 63,369,475 | |
| | | | 11,566,800 |
| | | | 622,127,950 |
| | | | 633,694,750 |
| | | | 633,694,750 |
| 15. OTHER CREDITORS AND ACCRUALS | | | |
| Accrued expenses | | 3,162,485 | 4,642,728 |
| Unpaid and unclaimed dividend | | 3,418,263 | 3,418,263 |
| Other creditors | | 42,187,468 | 40,207,349 |
| | | 48,768,216 | 48,268,340 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The Assistant Commissioner (AC) Sindh Revenue Board has passed an order for assessment under section 23(1) and (1A) of the Sindh Sales Tax on Services Act, 2011 (the Act) in respect of audit for the tax year December 2016 levied Sindh Sales tax at Rs. 110 million on exempt marine activities and re-insurance under foreign treaties. The company have filed an appeal before the Commissioner-Appeals –SRB and in view of the tax advisor contesting the matter no eventual financial impact is likely to arise.

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| 16.2 Commitments | | |
| The Company is committed to minimum rental payments for each of the following period as follows: | | |
| Not more than one year | - | 1,860,970 |

| | March 31, 2023 | March 31, 2022 |
|----------|-------------------|-------------------|
| (Rupees) | | |

17. NET INSURANCE PREMIUM

| | | |
|---|---------------|---------------|
| Written Gross Premium | 191,680,432 | 144,384,854 |
| Add: Unearned premium reserve opening | 339,216,908 | 306,512,699 |
| Less: Unearned premium reserve closing | (327,698,006) | (289,596,290) |
| Premium earned | 203,199,334 | 161,301,263 |
| Less: Reinsurance premium ceded | 84,637,925 | 67,649,720 |
| Add: Prepaid reinsurance premium opening | 153,258,702 | 163,356,456 |
| Less: Prepaid reinsurance premium closing | (152,273,840) | (151,137,470) |
| Reinsurance expense | 85,622,787 | 79,868,706 |
| Net Insurance Premium | 117,576,547 | 81,432,557 |

18. NET INSURANCE CLAIMS EXPENSE

| | | |
|--|---------------|---------------|
| Claim Paid | 69,341,624 | 79,631,267 |
| Add: Outstanding claims including IBNR closing | 212,992,236 | 156,388,815 |
| Less: Outstanding claims including IBNR opening | (188,533,455) | (212,979,177) |
| Claims expense | 93,800,405 | 23,040,905 |
| Less: Reinsurance and other recoveries received | 40,567,831 | 62,240,888 |
| Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) closing | 171,919,937 | 122,193,023 |
| Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) opening | (152,487,929) | (178,690,267) |
| Reinsurance and other recoveries revenue | 59,999,839 | 5,743,644 |
| Net claims expenses | 33,800,566 | 17,297,261 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | March 31, 2023 | March 31, 2022 |
|--|-------------------|------------------------|
| | (Rupees) | |
| 19. NET COMMISSION EXPENSE / ACQUISITION COST | | |
| Commission paid or payable | 41,924,825 | 33,124,644 |
| Add: Deferred commission expense opening | 74,411,786 | 64,560,259 |
| Less: Deferred commission expense closing | (71,176,893) | (63,363,910) |
| Net Commission | 45,159,718 | 34,320,993 |
| Less: Commission received or recoverable | 19,791,086 | 15,790,193 |
| Add: Unearned Reinsurance Commission opening | 31,620,714 | 30,637,679 |
| Less: Unearned Reinsurance Commission closing | (29,856,988) | (30,414,526) |
| Commission from reinsurers | 21,554,812 | 16,013,346 |
| | 23,604,906 | 18,307,647 |
| 20. INVESTMENT INCOME | | |
| Income from equity securities | | |
| Dividend income | | |
| Available for sale investments | 13,511,005 | 7,643,680 |
| Held for trading investments | 10,463,248 | 13,485,797 |
| | 23,974,253 | 21,129,477 |
| Income from debt securities - Held for maturity | | |
| Return on debt securities | 2,720,219 | 1,563,781 |
| Income from term deposits | | |
| Return on term deposits | 981,088 | 884,058 |
| Net realised gains/(losses) on investments | | |
| Realised gains on - Equity securities | | |
| Available for sale investments | - | 1,547,411 |
| Held for trading investments | 3,548,863 | 937,062 |
| | 3,548,863 | 2,484,473 |
| Net unrealised gains/(losses) on investments at fair value through profit and loss (Held for trading purposes) | (12,487,114) | 6,524,987 |
| Total investment income | 18,737,309 | 32,586,776 |
| Less: Impairment in value of available for sale securities | | |
| Equity Securities | - | (2,803,527) |
| Investment related expenses | (62,075) | (44,284) |
| Net investment income | 18,675,234 | 29,738,965 |
| 21. EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit after tax | 15,828,221 | 23,501,703 |
| Weighted average number of Ordinary shares of Rs. 10 each | 63,369,475 | Restated 63,369,475 |
| Earning per share basic and diluted - Rupees | 0.25 | 0.37 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

22. TRANSACTIONS WITH RELATED PARTIES

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

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

| Relation with the Company | Nature of transaction | March 31, 2023 | March 31, 2022 |
|---------------------------------------|----------------------------------|-------------------|-------------------|
| (Rupees) | | | |
| Transactions during the period | | | |
| Associated companies | Premium underwritten | 11,980,258 | 9,959,885 |
| | Premium collected | 17,452,297 | 31,831,503 |
| | Claims paid | 1,194,701 | 56,553,665 |
| | Premium due but unpaid | 71,318,618 | 53,217,757 |
| | Provision for outstanding claims | 23,805,896 | 5,730,757 |
| Key management personnel | Remuneration and other benefits | 7,472,052 | 7,654,602 |
| Staff retirement benefits | Contribution to provident fund | 855,508 | 811,002 |

23. SEGMENT INFORMATION

| | March 31, 2023 | | | | Total |
|--|---------------------------|---------------------------------|------------------|------------------|-------------------|
| | Fire & property damage | Marine, aviation & Transport | Motor | Misc | |
| (Rupees) | | | | | |
| Gross written premium (inclusive of Administrative surcharge) | 103,234,313 | 39,123,856 | 40,249,964 | 9,072,299 | 191,680,432 |
| Insurance premium earned | 116,101,449 | 40,714,248 | 33,174,100 | 13,209,537 | 203,199,334 |
| Insurance premium ceded to reinsurers | (56,489,661) | (22,326,809) | (1,827,515) | (4,978,802) | (85,622,787) |
| Net insurance premium | 59,611,788 | 18,387,439 | 31,346,585 | 8,230,735 | 117,576,547 |
| Commission income | 15,021,383 | 5,340,091 | 620 | 1,192,718 | 21,554,812 |
| Net underwriting income | 74,633,171 | 23,727,530 | 31,347,205 | 9,423,453 | 139,131,359 |
| Insurance claims | (65,651,521) | (12,623,246) | (15,397,313) | (128,325) | (93,800,405) |
| Insurance claims recovered from reinsurers | 53,629,692 | 6,259,523 | 14,379 | 96,245 | 59,999,839 |
| Net claims | (12,021,829) | (6,363,723) | (15,382,934) | (32,080) | (33,800,566) |
| Commission expense | (29,633,901) | (9,086,963) | (3,228,959) | (3,209,895) | (45,159,718) |
| Management expense | (17,418,795) | (5,372,881) | (9,159,593) | (2,405,053) | (34,356,322) |
| Net insurance claims & expenses | (59,074,525) | (20,823,567) | (27,771,486) | (5,647,028) | (113,316,606) |
| Underwriting result | 15,558,646 | 2,903,963 | 3,575,719 | 3,776,425 | 25,814,753 |
| Net Investment Income | | | | | 18,675,234 |
| Other income | | | | | 1,362,877 |
| Other expenses | | | | | (12,749,905) |
| Profit before tax from takaful operations-Operators' Fund | | | | | 6,086,796 |
| Profit before tax | | | | | 39,189,755 |
| Segment assets | 286,794,901 | 88,462,768 | 150,809,782 | 39,598,424 | 565,665,874 |
| Unallocated assets | | | | | 1,384,957,992 |
| | | | | | 1,950,623,866 |
| Segment liabilities | 428,382,227 | 132,135,813 | 225,262,827 | 59,147,707 | 844,928,575 |
| Unallocated liabilities | | | | | 28,744,803 |
| | | | | | 873,673,378 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | March 31, 2022 | | | | Total |
|--|---------------------------|---------------------------------|-------------------|-------------|---------------|
| | Fire & property damage | Marine, aviation & Transport | Motor (Rupees) | Misc | |
| Gross written premium (inclusive of Administrative surcharge) | 87,160,763 | 30,606,578 | 21,205,323 | 5,412,190 | 144,384,854 |
| Insurance premium earned | 90,671,673 | 38,502,412 | 23,942,751 | 8,184,427 | 161,301,263 |
| Insurance premium ceded to reinsurers | (46,574,076) | (25,460,573) | (1,692,273) | (6,141,784) | (79,868,706) |
| Net insurance premium | 44,097,597 | 13,041,839 | 22,250,478 | 2,042,643 | 81,432,557 |
| Commission income | 10,442,603 | 4,629,995 | 18,902 | 921,846 | 16,013,346 |
| Net underwriting income | 54,540,200 | 17,671,834 | 22,269,380 | 2,964,489 | 97,445,903 |
| Insurance claims | 25,533 | (11,974,257) | (10,758,062) | (334,119) | (23,040,905) |
| Insurance claims recovered from reinsurers | (4,953,955) | 9,020,487 | 1,426,522 | 250,590 | 5,743,644 |
| Net claims | (4,928,422) | (2,953,770) | (9,331,540) | (83,529) | (17,297,261) |
| Commission expense | (23,375,312) | (7,011,896) | (2,342,312) | (1,591,473) | (34,320,993) |
| Management expense | (18,244,502) | (5,395,801) | (9,205,692) | (845,103) | (33,691,098) |
| Net insurance claims & expenses | (46,548,236) | (15,361,467) | (20,879,544) | (2,520,105) | (85,309,352) |
| Underwriting result | 7,991,964 | 2,310,367 | 1,389,836 | 444,384 | 12,136,551 |
| Net Investment income | | | | | 29,738,965 |
| Other income | | | | | 151,242 |
| Other expenses | | | | | (11,329,429) |
| Profit before tax from takaful operations-Operators' Fund | | | | | 3,039,514 |
| Profit before tax | | | | | 33,736,843 |
| 31 December, 2022 | | | | | |
| Segment assets | 327,864,146 | 106,342,195 | 164,170,485 | 18,003,284 | 616,380,110 |
| Unallocated assets | | | | | 1,272,484,269 |
| | | | | | 1,888,864,379 |
| 31 December, 2022 | | | | | |
| Segment liabilities | | | | | 798,323,313 |
| Unallocated liabilities | 424,643,148 | 137,732,306 | 212,630,362 | 23,317,497 | 30,275,701 |
| | | | | | 828,599,014 |

24. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 27th April, 2023 by the Board of Directors of the Company.

25. GENERAL

Figures have been rounded off to the nearest rupee.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

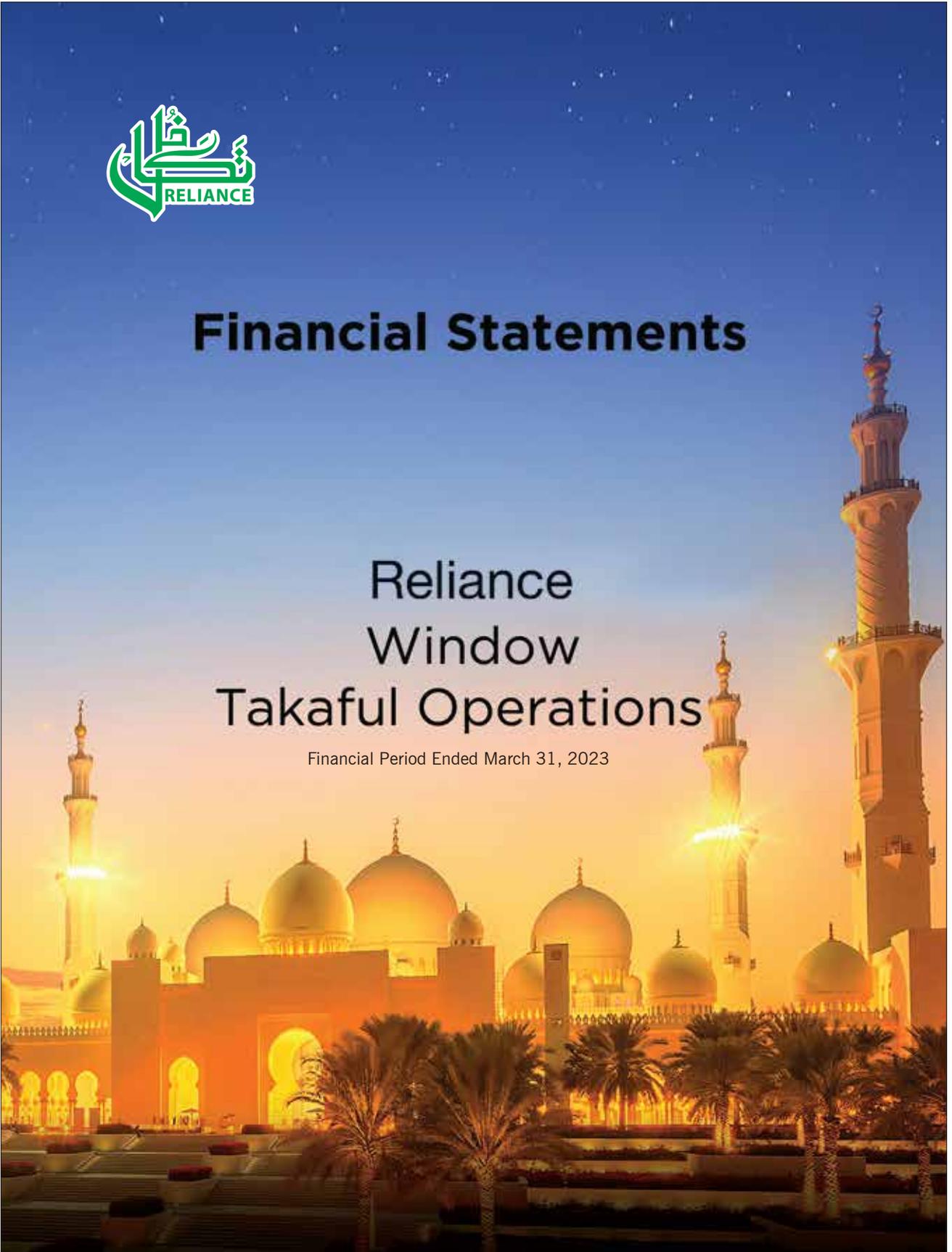
Karachi: 27th April, 2023



Financial Statements

Reliance Window Takaful Operations

Financial Period Ended March 31, 2023



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT MARCH 31, 2023

| | Note | OPF | | PTF | |
|---|------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
| ASSETS | | | | | |
| Investment | | | | | |
| Equity securities | 6 | 87,612,788 | 84,797,357 | 24,531,946 | 23,758,353 |
| Takaful / Re-takaful receivables | 7 | - | - | 82,986,246 | 93,993,056 |
| Deferred wakala fee | | - | - | 13,384,531 | 15,540,940 |
| Receivable from PTF | 8 | 15,762,956 | 23,654,430 | - | - |
| Accrued investment income | | 76,933 | 172,699 | 195,914 | 281,701 |
| Retakaful recoveries against outstanding claims | | - | - | 11,393,181 | 11,755,378 |
| Deferred Commission Expense | | 5,303,198 | 6,218,649 | - | - |
| Deferred taxation | 12 | 5,100 | 5,100 | - | - |
| Prepayments | 9 | - | - | 13,274,127 | 15,622,451 |
| Cash and Bank | 10 | 21,024,614 | 12,146,627 | 36,273,992 | 34,033,671 |
| TOTAL ASSETS | | 129,785,589 | 126,994,862 | 182,039,937 | 194,985,550 |

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN AUDITED)

AS AT MARCH 31, 2023

| Note | OPF | | PTF | |
|---|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
| (Rupees) | | | | |
| FUND AND LIABILITIES | | | | |
| Operator's Fund | | | | |
| Statutory Fund | 50,000,000 | 50,000,000 | - | - |
| Accumulated profit | 54,436,365 | 50,114,740 | - | - |
| Surplus on revaluation of available for sale investments | 22,684 | 22,684 | - | - |
| | 104,459,049 | 100,137,424 | - | - |
| Participants' Takaful Fund (PTF) | | | | |
| Seed Money | - | - | 500,000 | 500,000 |
| Accumulated Surplus | - | - | 90,257,957 | 87,450,723 |
| | - | - | 90,757,957 | 87,950,723 |
| Liabilities | | | | |
| PTF Underwriting Provisions | | | | |
| Outstanding claims including IBNR | - | - | 17,083,589 | 18,033,223 |
| Unearned contribution reserves | - | - | 33,461,331 | 38,852,349 |
| Reserve for unearned re-takaful rebate | - | - | 2,372,632 | 3,190,441 |
| | - | - | 52,917,552 | 60,076,013 |
| Unearned wakala fees | 13,384,531 | 15,540,940 | - | - |
| Takaful / Retakaful payables | - | - | 20,469,771 | 20,937,436 |
| Other creditors and accruals | 9,363,864 | 9,714,814 | 2,131,701 | 2,366,948 |
| Taxation - provision less payments | 2,578,145 | 1,601,684 | - | - |
| Deferred taxation | - | - | - | - |
| Payable to OPF | - | - | 15,762,956 | 23,654,430 |
| Total Liabilities | 25,326,540 | 26,857,438 | 38,364,428 | 46,958,814 |
| Contingencies and Commitments | - | - | - | - |
| TOTAL FUND AND LIABILITIES | 129,785,589 | 126,994,862 | 182,039,937 | 194,985,550 |

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Note | March 31, 2023 | March 31, 2022 |
|--|------|-------------------------|-------------------------|
| Rupees | | | |
| <u>Participants' Takaful Fund - (PTF)</u> | | | |
| Contribution earned | | 14,827,463 | 10,966,496 |
| Less: Contributions ceded to retakaful | | (12,254,989) | (11,866,378) |
| Net contributions revenue | 14 | 2,572,474 | (899,882) |
| Retakaful rebate earned | 15 | 2,576,159 | 2,334,216 |
| Net underwriting income | | 5,148,633 | 1,434,334 |
| Net claims - reported / settled including IBNR | 16 | (3,062,228) | (1,119,704) |
| Other direct expenses | 17 | (211,979) | (27,491) |
| Surplus before investment income | | 1,874,426 | 287,139 |
| Investment income | 18 | 910,109 | 512,969 |
| Other Income | 19 | 644,570 | 327,477 |
| Less: Modarib's share of investment income | | (621,871) | (336,178) |
| Surplus transferred to accumulated surplus | | <u>2,807,234</u> | <u>791,407</u> |
| <u>Operator's Fund - (OPF)</u> | | | |
| Wakala fee | 22 | 9,884,979 | 7,310,995 |
| Commission expenses | 23 | (4,068,308) | (3,070,878) |
| General, administrative and management expenses | | (3,561,034) | (2,961,091) |
| | | <u>2,255,637</u> | <u>1,279,026</u> |
| Modarib's shares of PTF investment income | | 621,871 | 336,178 |
| Investment income | | 3,312,227 | 1,202,929 |
| Direct expenses | 18 | (340,500) | (350,000) |
| Other Income | | 237,561 | 571,381 |
| Profit before taxation | 19 | 6,086,796 | 3,039,514 |
| Taxation | | (1,765,171) | (881,459) |
| Profit after taxation | | <u>4,321,625</u> | <u>2,158,055</u> |

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Quarter ended March 31 | |
|---|------------------------|------------------|
| | 2023 | 2022 |
| | (Rupees) | |
| Participants' Takaful Fund - (PTF) | | |
| Surplus during the period | 2,807,234 | 791,407 |
| Total comprehensive income for the period | <u>2,807,234</u> | <u>791,407</u> |
| Operator's Fund - (OPF) | | |
| Profit after tax | 4,321,625 | 2,158,055 |
| Unrealized gain on available-for-sale investments | - | 250,343 |
| Impact of related deferred taxation | - | (54,772) |
| Total comprehensive income for the period | <u>4,321,625</u> | <u>2,353,626</u> |

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM STATEMENT OF CHANGES IN FUND (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Operator's Fund | | | Total |
|--|-------------------|----------------------|---|--------------------|
| | Statutory Fund | (Accumulated Profit) | Surplus on revaluation of AFS investments | |
| | (Rupees) | | | |
| Balance as at 1st January 2022 | 50,000,000 | 36,394,603 | 526,874 | 86,921,477 |
| Total comprehensive income for the period ended March 31, 2022 | | | | |
| Profit for the period | - | 2,158,055 | - | 2,158,055 |
| Other comprehensive loss | - | - | 195,571 | 195,571 |
| Balance as at March 31, 2022 | 50,000,000 | 38,552,658 | 722,445 | 89,275,103 |
| Balance as at January 01, 2023 | 50,000,000 | 50,114,740 | 22,684 | 100,137,424 |
| Total comprehensive income for the period ended March 31, 2022 | | | | |
| Profit for the period | - | 4,321,625 | - | 4,321,625 |
| Other comprehensive loss | - | - | - | - |
| Balance as at March 31, 2023 | 50,000,000 | 54,436,365 | 22,684 | 104,459,049 |

| | Participants Takaful Fund | | | Total |
|---------------------------------------|---------------------------|----------------------|---|-------------------|
| | Seded money | (Accumulated Profit) | Surplus/(Defecit) on revaluation of AFS investments | |
| | (Rupees) | | | |
| Balance as at 1st January 2022 | 500,000 | 82,216,450 | - | 82,716,450 |
| Surplus for the period | - | 791,407 | - | 791,407 |
| Other comprehensive income | - | - | - | - |
| Balance as at March 31, 2022 | 500,000 | 83,007,857 | - | 83,507,857 |
| Balance as at January 01, 2023 | 500,000 | 87,450,723 | - | 87,950,723 |
| Surplus for the period | - | 2,807,234 | - | 2,807,234 |
| Other comprehensive income | - | - | - | - |
| Balance as at March 31, 2023 | 500,000 | 90,257,957 | - | 90,757,957 |

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | OPF | | PTF | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2023 (Unaudited) | 31 March 2022 (Unaudited) | 31 March 2023 (Unaudited) | 31 March 2022 (Unaudited) |
| (Rupees) | | | | |
| Operating Cash Flows | | | | |
| a) Takaful activities | | | | |
| Contribution received | - | - | 36,017,320 | 9,556,406 |
| Retakaful contribution paid | - | - | (16,063,416) | (5,085,828) |
| Claims / Benefits paid | - | - | (6,979,643) | (2,101,870) |
| Retakaful and other recoveries received | - | - | 3,329,978 | 529,925 |
| Commission paid | (3,152,857) | (2,423,108) | - | - |
| Retakaful rebate received | - | - | 1,758,351 | 1,965,164 |
| Wakala fee received / (paid) | 16,000,000 | 8,775,472 | (16,000,000) | (8,775,472) |
| Modarib received / (paid) | 241,915 | 327,751 | (241,915) | (327,751) |
| Net cash flows from takaful activities | 13,089,058 | 6,680,115 | 1,820,675 | (4,239,426) |
| b) Other operating activities | | | | |
| Income tax paid | (788,710) | (1,056,868) | - | - |
| General and other expenses paid | (3,901,534) | (3,311,091) | (211,979) | (27,491) |
| Other operating payments | - | 423,750 | - | - |
| Other operating receipts | (350,950) | (687,710) | (235,248) | (123,412) |
| Net cash flow from other operating activities | (5,041,194) | (4,631,919) | (447,227) | (150,903) |
| Total cash flow from all operating activities | 8,047,864 | 2,048,196 | 1,373,448 | (4,390,329) |
| Investment activities | | | | |
| Profit / return received | 237,560 | 571,381 | 644,570 | 327,477 |
| Dividend received | 3,407,993 | 1,219,099 | 995,896 | 554,768 |
| Payments for investments made | (2,815,430) | (1,046,025) | (773,593) | (446,060) |
| Proceeds from investments | - | - | - | - |
| Total cash flows from investing activities | 830,123 | 744,455 | 866,873 | 436,185 |
| Net cash flows from all activities | 8,877,987 | 2,792,651 | 2,240,321 | (3,954,144) |
| Cash and cash equivalent at the beginning of the period | 12,146,627 | 29,621,735 | 34,033,671 | 28,914,454 |
| Cash and cash equivalent at the end of the period | 21,024,614 | 32,414,386 | 36,273,992 | 24,960,310 |

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | OPF | | PTF | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2023 (Unaudited) | 31 March 2022 (Unaudited) | 31 March 2023 (Unaudited) | 31 March 2022 (Unaudited) |
| | (Rupees) | | | |
| Reconciliation to profit and loss Account | | | | |
| Operating cash flows | 8,047,864 | 2,048,196 | 1,373,448 | (4,390,329) |
| Dividend income | 3,312,227 | 1,202,929 | 910,109 | 512,969 |
| Other investment income | 237,561 | 571,381 | 644,570 | 327,477 |
| Increase / (Decrease) in assets other than cash | (8,806,925) | (4,008,867) | (15,873,740) | 299,487 |
| Increase / (Decrease) in liabilities other than borrowings | 1,530,898 | 2,344,416 | 15,752,847 | 4,041,803 |
| Profit / Surplus for the period | 4,321,625 | 2,158,055 | 2,807,234 | 791,407 |
| Attributed to | | | | |
| Operatot's Fund | 4,321,625 | 2,158,055 | - | - |
| Participants' Takaful Fund | - | - | 2,807,234 | 791,407 |
| | 4,321,625 | 2,158,055 | 2,807,234 | 791,407 |

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 These condensed interim financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

2.3 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 at amortized cost.

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

2.4 Functional and presentation currency

This condensed interim financial statements has been prepared and presented in Pakistan Rupees, which is the Operator's functional and presentation currency. All financial information presented has been rounded off to the nearest rupees unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and method of computation adopted in preparation of condensed interim financial statements are consistent with those followed in preparation of the annual financial statement of the operator for the year ended 31 December 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

3.1 STANDARDS INTERPRETATIONS AND AMENDMENTS

Standards, interpretations and amendments effective during the current period

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Operator's operations hence not enlisted in these financial statements except as follows:

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

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

The table below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets:

Fair value of financial assets as at March 31, 2023 and change in fair value during the period.

| | Operator's Fund | Participant's Takaful Fund |
|--|-------------------|----------------------------|
| | March 31, 2023 | |
| | (Rupees) | |
| Financial assets that do not meet the SPPI criteria | | |
| Equity Securities - Available for sale | | |
| Opening fair value | 84,797,357 | 23,758,353 |
| Net addition during the year - net | 2,815,430 | 773,593 |
| | <u>87,612,788</u> | <u>24,531,946</u> |

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

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2022.

5. FINANCIAL RISK MANAGEMENT

The Operator's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

6. INVESTMENT - EQUITY SECURITIES

Available for sale

| | March 31, 2023 (Un-audited) | | | December 31, 2022 (Audited) | | |
|-------------------------------|-----------------------------|---------------------|-------------------|-----------------------------|---------------------|----------------|
| | Cost | Revaluation surplus | Carrying Value | Cost | Revaluation Surplus | Carrying Value |
| | Rupees | | | | | |
| OPF | | | | | | |
| Al-Hamra Daily Dividend Fund | 7,337 | - | 7,337 | 7,086 | - | 7,086 |
| Al-Hamra Money Market Fund | 52,162,866 | - | 52,162,866 | 50,506,538 | - | 50,506,538 |
| HBL Islamic Money Market Fund | 35,425,000 | 17,586 | 35,442,586 | 34,266,148 | 17,586 | 34,283,734 |
| | 87,595,202 | 17,586 | 87,612,788 | 84,779,772 | 17,587 | 84,797,357 |
| PTF | | | | | | |
| ABL Islamic Cash Fund | 24,531,946 | - | 24,531,946 | 23,758,353 | - | 23,758,353 |

7. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF

| | OPF | | PTF | |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
| | (Rupees) | | | |
| Due from takaful participants holders | - | - | 38,435,466 | 55,131,362 |
| Due from other takaful / retakaful operators | - | - | 44,550,780 | 38,861,694 |
| | - | - | 82,986,246 | 93,993,056 |
| 8. RECEIVABLE FROM PTF | | | | |
| Wakala fee | 14,643,391 | 22,914,821 | - | - |
| Moudarib fee | 1,119,565 | 739,609 | - | - |
| | 15,762,956 | 23,654,430 | - | - |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| Note | OPF | | PTF | |
|---|---|-----------------------------------|----------------------------------|-----------------------------------|
| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
| | (Rupees) | | | |
| 9. PREPAYMENTS | | | | |
| | - | - | 13,274,127 | 15,622,451 |
| | - | - | 13,274,127 | 15,622,451 |
| 10. CASH AND BANK | | | | |
| Cash and Cash Equivalents | | | | |
| | - | - | 94,921 | 45,036 |
| Cash at bank | | | | |
| | 21,024,614 | 12,146,627 | 36,179,071 | 33,988,635 |
| | 21,024,614 | 12,146,627 | 36,273,992 | 34,033,671 |
| 11. OTHER CREDITORS AND ACCRUALS | | | | |
| | 148,500 | 616,500 | - | - |
| | 9,215,364 | 9,098,314 | 2,131,701 | 2,366,948 |
| | 9,363,864 | 9,714,814 | 2,131,701 | 2,366,948 |
| 12. DEFERRED TAXATION | | | | |
| | Deferred tax arising in respect of Revaluation of available for sale Equity | | | |
| 12.1 | 5,100 | 5,100 | - | - |
| 12.1 RECONCILIATION OF DEFERRED TAXATION | | | | |
| | 5,100 | (17,827) | - | - |
| | - | 22,927 | - | - |
| | 5,100 | 5,100 | - | - |
| 13. CONTINGENCIES AND COMMITMENTS | | | | |

There were no contingencies and commitments as at March 31, 2023 (31 December 2022: NIL).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| | Note | PTF | |
|--|------|---------------------|-------------------|
| | | March 31, 2023 | March 31, 2022 |
| (Rupees) | | | |
| 14. NET CONTRIBUTION | | | |
| Written Gross Contributions | | 19,321,424 | 14,574,246 |
| Less: Wakala Fee | 14.1 | (9,884,979) | (7,310,995) |
| Contribution Net of Wakala Fee | | 9,436,445 | 7,263,251 |
| Add: Unearned contributions reserve opening | | 38,852,349 | 36,754,165 |
| Less: Unearned contributions reserve closing | | (33,461,331) | (33,050,920) |
| Contributions earned | | 14,827,463 | 10,966,496 |
| Re-takaful contributions ceded | | 9,906,665 | 9,517,430 |
| Add: Prepaid re-takaful contributions opening | | 15,622,451 | 19,825,358 |
| Less: Prepaid re-takaful contributions closing | | (13,274,127) | (17,476,410) |
| Re-takaful expense | | 12,254,989 | 11,866,378 |
| Net contributions | | 2,572,474 | (899,882) |
| 14.1 Wakala Expense | | | |
| Gross Wakala fee | | 7,728,570 | 5,829,698 |
| Add: Deferred wakala fee Opening | | 15,540,940 | 14,701,665 |
| Less: Deferred wakala fee closing | | (13,384,531) | (13,220,368) |
| | | 9,884,979 | 7,310,995 |
| 15. RE-TAKAFUL REBATE | | | |
| Retakaful rebate received or recoverable | | 1,758,351 | 1,965,164 |
| Add: Unearned retakaful rebate Opening | | 3,190,440 | 3,927,661 |
| Less: Unearned retakaful rebate Closing | | (2,372,632) | (3,558,609) |
| | | 2,576,159 | 2,334,216 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

| Note | PTF | |
|--|-------------------|-------------------|
| | March 31, 2023 | March 31, 2022 |
| | (Rupees) | |
| 16. TAKAFUL BENEFITS / CLAIMS EXPENSE | | |
| Benefits / Claim Paid | 6,979,643 | 2,101,870 |
| Add: Outstanding benefits / claims including IBNR closing | 17,083,589 | 9,995,266 |
| Less: Outstanding benefits / claims including IBNR opening | (18,033,223) | (11,834,075) |
| Claims expense | 6,030,009 | 263,061 |
| Retakaful and other recoveries received | 3,329,978 | 529,925 |
| Add: Retakaful and other recoveries in respect of outstanding claims closing | 11,393,181 | 5,564,485 |
| Less: Re-takaful and other recoveries in respect of outstanding claims opening | (11,755,378) | (6,951,053) |
| Re-takaful and other recoveries revenue | 2,967,781 | (856,643) |
| Net Takaful benefits / Claim expense | <u>3,062,228</u> | <u>1,119,704</u> |

| | OPF | | PTF | |
|---|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | (Rupees) | | | |
| 17. OTHER DIRECT EXPENSES | | | | |
| Fire and property damage | - | - | 110,930 | 11,562 |
| Marine, Aviation and Transport | - | - | 18,300 | 3,014 |
| Motor | - | - | 80,079 | 12,769 |
| Miscellaneous | - | - | 2,670 | 146 |
| | <u>-</u> | <u>-</u> | <u>211,979</u> | <u>27,491</u> |
| 18. INVESTMENT INCOME | | | | |
| Income from mutual funds available sale | 3,312,227 | 1,202,929 | 910,109 | 512,969 |
| | <u>3,312,227</u> | <u>1,202,929</u> | <u>910,109</u> | <u>512,969</u> |
| 19. OTHER INCOME | | | | |
| Profit on bank deposits | 237,561 | 571,381 | 644,570 | 327,477 |
| | <u>237,561</u> | <u>571,381</u> | <u>644,570</u> | <u>327,477</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

20. MODARIB'S FEE

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

21. WAKALA FEE

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

22. WAKALA FEE INCOME

Gross wakala fee
Add: Unearned wakala fee opening
Less: Unearned wakala fee closing

| OPF | |
|-------------------|-------------------|
| March 31, 2023 | March 31, 2022 |
| (Rupees) | |

| | |
|------------------|------------------|
| 7,728,570 | 5,829,698 |
| 15,540,940 | 14,701,665 |
| (13,384,531) | (13,220,368) |
| <u>9,884,979</u> | <u>7,310,995</u> |

23. COMMISSION EXPENSE

Commission paid or payable
Add: Deferred commission expense opening
Less: Deferred commission expense closing

| | |
|------------------|------------------|
| 3,152,857 | 2,423,108 |
| 6,218,649 | 6,275,780 |
| (5,303,198) | (5,628,010) |
| <u>4,068,308</u> | <u>3,070,878</u> |

24. RELATED PARTY TRANSACTIONS

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

| | | March 31, 2023 | March 31, 2022 |
|---|---------------------------------|-------------------|-------------------|
| | | (Rupees) | |
| Relation with the Company | Nature of transaction | | |
| Associated companies | Contribution underwritten | 6,256,718 | 4,086,771 |
| | Contribution collected | 13,874,136 | 2,994,918 |
| | Contribution due but unpaid | 34,574,451 | 21,423,631 |
| Key management personnel Staff retirement benefits | Remuneration and other benefits | 585,000 | 540,000 |
| | | 8,814 | 8,313 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

25. SEGMENT INFORMATION

| PTF | March 31, 2023 | | | | |
|---|------------------------|------------------------------|-------------|-----------|--------------|
| | Fire & property damage | Marine, aviation & Transport | Motor | Misc | Total |
| | (Rupees) | | | | |
| Gross written contributions (inclusive of Administrative surcharge) | 10,007,599 | 3,983,892 | 5,167,973 | 161,960 | 19,321,424 |
| Wakala fee | (6,044,607) | (1,429,735) | (2,237,863) | (172,774) | (9,884,979) |
| Takaful contributions earned | 15,111,512 | 3,574,338 | 5,594,657 | 431,935 | 24,712,442 |
| Takaful contributions ceded to re-takaful | (8,592,464) | (2,498,924) | (888,646) | (274,955) | (12,254,989) |
| Net takaful contribution | 474,441 | (354,321) | 2,468,148 | (15,794) | 2,572,474 |
| Retakaful rebate | 1,971,042 | 546,002 | - | 59,115 | 2,576,159 |
| Net underwriting income | 2,445,483 | 191,681 | 2,468,148 | 43,321 | 5,148,633 |
| Takaful claims | (3,894,728) | (27,169) | (2,108,112) | - | (6,030,009) |
| Takaful claims recovered from re-takaful | 2,946,046 | 21,735 | - | - | 2,967,781 |
| Net claims | (948,682) | (5,434) | (2,108,112) | - | (3,062,228) |
| Other Direct expense | (110,930) | (18,300) | (80,079) | (2,670) | (211,979) |
| Surplus before investment income | 1,385,871 | 167,947 | 279,957 | 40,651 | 1,874,426 |
| Net Investment income | | | | | 910,109 |
| Other Income | | | | | 644,570 |
| Modarib's share of investment income | | | | | (621,871) |
| Surplus transferred to accumulated surplus | | | | | 2,807,234 |
| Corporate segment assets | 63,339,841 | 10,448,849 | 45,724,159 | 1,525,236 | 121,038,085 |
| Corporate unallocated assets | | | | | 61,001,852 |
| Total assets | | | | | 182,039,937 |
| Corporate segment liabilities | 46,652,791 | 7,696,072 | 33,678,007 | 1,123,408 | 89,150,278 |
| Corporate unallocated liabilities | | | | | 2,131,702 |
| Total Liabilities | | | | | 91,281,980 |
| PTF | March 31, 2022 | | | | |
| | Fire & property damage | Marine, aviation & Transport | Motor | Misc | Total |
| | (Rupees) | | | | |
| Gross written contributions (inclusive of Administrative surcharge) | 8,047,925 | 2,971,482 | 3,248,084 | 306,755 | 14,574,246 |
| Wakala fee | (4,404,051) | (1,197,800) | (1,657,818) | (51,326) | (7,310,995) |
| Takaful contributions earned | 11,010,129 | 2,994,499 | 4,144,546 | 128,317 | 18,277,491 |
| Takaful contributions ceded to re-takaful | (8,313,682) | (2,291,564) | (1,166,612) | (94,520) | (11,866,378) |
| Net takaful contributions | (1,707,604) | (494,865) | 1,320,116 | (17,529) | (899,882) |
| Retakaful rebate | 1,819,934 | 527,059 | (33,099) | 20,322 | 2,334,216 |
| Net underwriting income | 112,330 | 32,194 | 1,287,017 | 2,793 | 1,434,334 |
| Takaful claims | (519,253) | (80,876) | 342,069 | (5,001) | (263,061) |
| Takaful claims recovered from re-takaful | 441,265 | 64,700 | (1,366,358) | 3,750 | (856,643) |
| Net claims | (77,988) | (16,176) | (1,024,289) | (1,251) | (1,119,704) |
| Other direct expense | (11,562) | (3,014) | (12,769) | (146) | (27,491) |
| Surplus before Investment Income | 22,780 | 13,004 | 249,959 | 1,396 | 287,139 |
| Net Investment income | | | | | 512,969 |
| Other Income | | | | | 327,477 |
| Modarib's share of investment income | | | | | (336,178) |
| Surplus transferred to accumulated surplus | | | | | 791,407 |
| 31 December, 2022 | | | | | |
| Corporate segment assets | 64,842,621 | 17,462,138 | 54,429,926 | 163,450 | 136,898,134 |
| Corporate unallocated assets | | | | | 58,087,416 |
| Total assets | | | | | 194,985,550 |
| 31 December, 2022 | | | | | |
| Corporate segment liabilities | 49,221,325 | 13,255,318 | 41,317,162 | 124,073 | 103,917,877 |
| Corporate unallocated liabilities | | | | | 3,116,950 |
| Total Liabilities | | | | | 107,034,827 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

25.1 OPF

| | March 31, 2023 | | | | |
|--|------------------------|------------------------------|-------------|-----------|-------------|
| | Fire & property damage | Marine, aviation & Transport | Motor | Misc | Total |
| | (Rupees) | | | | |
| Wakala Fee | 6,044,607 | 1,429,735 | 2,237,863 | 172,774 | 9,884,979 |
| Commission Expenses | (2,829,656) | (632,255) | (551,011) | (55,386) | (4,068,308) |
| Management Expenses | (1,863,507) | (307,413) | (1,345,240) | (44,874) | (3,561,034) |
| | (4,693,163) | (939,668) | (1,896,251) | (100,260) | (7,629,342) |
| | 1,351,444 | 490,067 | 341,612 | 72,514 | 2,255,637 |
| Mudarib share of PTF Investment Income | | | | | 621,871 |
| Investment Income | | | | | 3,312,227 |
| Direct expenses | | | | | (340,500) |
| Other Income | | | | | 237,561 |
| Profit before taxation | | | | | 6,086,796 |
| Taxation | | | | | (1,765,171) |
| Profit after tax | | | | | 4,321,625 |
| Corporate segment assets | 11,026,693 | 1,819,017 | 7,960,018 | 265,525 | 21,071,254 |
| Corporate unallocated assets | | | | | 108,714,335 |
| Total Assets | | | | | 129,785,589 |
| Corporate segment liabilities | 7,004,193 | 1,155,446 | 5,056,230 | 168,662 | 13,384,531 |
| Corporate unallocated liabilities | | | | | 11,942,010 |
| Total Liabilities | | | | | 25,326,540 |

| | March 31, 2022 | | | | |
|--|------------------------|------------------------------|-------------|----------|-------------|
| | Fire & property damage | Marine, aviation & Transport | Motor | Misc | Total |
| | (Rupees) | | | | |
| Wakala Fee | 4,404,051 | 1,197,800 | 1,657,818 | 51,326 | 7,310,995 |
| Commission Expenses | (2,107,752) | (573,002) | (374,724) | (15,400) | (3,070,878) |
| Management Expenses | (1,245,404) | (324,664) | (1,375,414) | (15,609) | (2,961,091) |
| | (3,353,156) | (897,666) | (1,750,138) | (31,009) | (6,031,969) |
| | 1,050,895 | 300,134 | (92,320) | 20,317 | 1,279,026 |
| Mudarib share of PTF Investment Income | | | | | 336,178 |
| Investment Income | | | | | 1,202,929 |
| Direct expenses | | | | | (350,000) |
| Other Income | | | | | 571,381 |
| Profit before taxation | | | | | 3,039,514 |
| Taxation | | | | | (881,459) |
| Profit after tax | | | | | 2,158,055 |
| Corporate segment assets | 12,566,449 | 3,275,939 | 13,878,284 | 157,507 | 29,878,179 |
| Corporate unallocated assets | | | | | 97,116,683 |
| Total Assets 31 December, 2022 | | | | | 126,994,862 |
| Corporate segment liabilities | 6,536,357 | 1,703,959 | 7,218,699 | 81,926 | 15,540,940 |
| Corporate unallocated liabilities | | | | | 11,316,498 |
| Total Liabilities 31 December, 2022 | | | | | 26,857,438 |

26. These condensed interim financial statements have been authorized for issue on 27th April, 2023 by the Board of Directors of the Company.

27. GENERAL

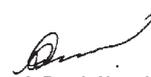
Figures have been rounded off to the nearest rupee.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Zia Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 27th April, 2023

OFFICES

Head Office

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181-A, Sindhi Muslim Co-operative
Housing Society,
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Mr. A. Razak Ahmed
Chief Executive & Managing Director

Direct : 34539413, 34539414
Extension : 204

Mr. Haroon A. Shakoor
Chief Financial Officer

Direct : 34539409
Extension : 203

Mr. Ghulam Haider
Senior Vice President (Company Secretary & Compliance Officer)

Extension : 209

Mr. M.A. Hannan Shadani
Senior Vice President (underwriting)

Direct : 34304068
Extension : 212

Mr. Muhammad Siddique
Chief Manager (Claims)

Direct : 34550403
Extension : 208

Mr. Najamullah Khan
Senior Vice President (Head of Takaful)

Direct : 34557079
Extension : 201

Mr. Muhammad Kashif Wadiwala
Shariah Compliance Officer

Extension : 216

Mr. Ghulam Mujaddid
Assistant Vice President (Accounts)

Extension : 205

Mr. Abdul Rahim Patni
Chief Manager (Reinsurance)

Direct : 34539411
Extension : 215

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

Extension : 214

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

Extension : 202

Mr. Muhammad Masood Alam
Deputy Chief Manager (Administration)

Direct : 34539411
Extension : 206

Mr. Muhammad Naveed Jan
Deputy Chief Manager

Extension : 208

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Branch Manager

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Mr. Sabir Hussain
Resident Representative

Cell 0309-8712452
0335-7714728



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