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COMPANY INFORMATION

BOARD OF DIRECTORS

ISMAIL H. ZAKARIA Chairman
MOHAMMED AMIN AHMED BAWANY
A. AZIZ AYOOB
IRFAN ZAKARIA BAWANY
MOHAMMAD OMER BAWANY
ZOHAIR ZAKARIA
AHMED ALI BAWANY
NOOR M. ZAKARIA
ASHFAQ PATEL
YASIN SIDDIK
A. RAZAK AHMED Chief Executive & Managing Director

MANAGEMENT

**Senior Executive
Vice President**

BASHARAT M. BARLAS

**Chief Accountant and
Company Secretary**

HAROON A. SHAKOOR

Audit Committee

A. AZIZ AYOOB Chairman
IRFAN ZAKARIA BAWANY Member
ZOHAIR ZAKARIA Member

AUDITORS

HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

ABDUL SATTAR PINGAR

BANKERS

HABIB BANK LIMITED
NATIONAL BANK OF PAKISTAN
MCB BANK LIMITED
ALLIED BANK OF PAKISTAN LIMITED
UNITED BANK LIMITED
ABN AMRO
INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN
BANK ALFALAH LIMITED
HABIB METROPOLITAN BANK LIMITED

ADDRESS 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: 4539415-17
Fax: 92-21-4539412
E-mail: reli-ins@cyber.net.pk
ric-re@cyber.net.pk
Website: relianceins.com



DIRECTOR'S REPORT

The Shareholders,
Reliance Insurance Company Limited,

Your Directors are pleased to present before you the third quarter (Un-audited) Accounts for the period ended September 30, 2007.

During the period under review, your Company underwrote a Gross Premium of Rs. 433.883 million as compared to Rs. 358.339 million of the corresponding period of last year - an increase of 21.08 %. The Net Premium Income also improved from Rs. 225.182 million to Rs. 275.389 million – showing an increase of 22.30 % over the previous year.

Net claims incurred, however, stood at Rs. 118.896 million – an increase of 60.35% over the corresponding period of last year.

Investment Income surged to Rs. 22.008 million from 13.493 million of previous year showing a significant growth of 63.11%.

Profit before tax for the period ended September 30, 2007 was Rs.53.813 million against Rs.50.391 million of corresponding period of last year showing an increase of Rs. 3.422 million –6.79%.

Your Management looks forward to the future with confidence and envisages sustained performance during the remaining period of the year.

By order of the Board

(A.RAZAK AHMED)

Chief Executive & Managing Director

Karachi: 31st October 2007.

**BALANCE SHEET**
AS AT SEPTEMBER 30, 2007 (UN-AUDITED)

	September 30, 2007 Rupees	December 31, 2006 Rupees
Share Capital and Reserves		
Authorised Share Capital (2007:50,000,000 Ordinary Shares of Rs.10/- each)	500,000,000	200,000,000
Paid-up share capital	176,225,000	132,500,000
Retained earnings	44,404,618	140,849
Reserves	67,605,000	111,330,000
	288,234,618	243,970,849
Underwriting provisions		
Provision for outstanding claims (including IBNR)	111,490,605	85,222,895
Provision for unearned premium	185,720,496	161,545,997
Commission income unearned	27,649,976	26,467,399
	324,861,077	273,236,291
Creditors and Accruals		
Amounts due to other insurers/reinsurers	19,541,793	18,945,642
Accrued Expenses	509,541	2,900,950
Taxation - Provision less payment	19,602,260	23,728,413
	39,653,594	45,575,005
Other liabilities		
Sundry Creditors	14,569,314	12,476,687
Unclaimed Dividend	123,978	123,978
	14,693,292	12,600,665
TOTAL EQUITY AND LIABILITIES	667,442,581	575,382,810

Contingencies and Commitment

The annexed notes form an integral part of these accounts.

Ismail H. Zakaria
Chairman**Mohammad Amin Ahmed Bawany**
Director

Karachi: 31st October, 2007

**BALANCE SHEET**
AS AT SEPTEMBER 30, 2007 (UN-AUDITED)

	September 30, 2007 Rupees	December 31, 2006 Rupees
Cash and Bank Deposits		
Cash and other equivalent	244,893	205,699
Current and other accounts	88,603,132	76,302,603
Deposit maturing within 12 months	27,825,000	28,725,000
	116,673,025	105,233,302
Loans (Secured)		
To employees	995,630	1,143,983
Investments	234,226,160	206,241,172
Other Assets		
Premiums due but unpaid	84,868,543	65,619,689
Amounts due from other insurers/reinsurers	3,515,671	1,462,682
Accrued investment income	32,888,029	33,311,911
Reinsurance recoveries against outstanding claims	67,073,600	45,277,140
Deferred commission expense	50,526,492	48,283,769
Trade Deposits and Prepayments	824,181	809,850
Sundry receivables	4,332,530	2,754,418
	244,029,046	197,519,459
Fixed Assets		
Land and Buildings	21,690,042	22,535,108
Furniture, Fixtures and Office Equipment	12,845,741	10,817,634
Motor Vehicles	36,982,937	31,892,152
	71,518,720	65,244,894
TOTAL ASSETS	<u>667,442,581</u>	<u>575,382,810</u>

A. Aziz Ayoob
DirectorA. Razak Ahmed
Chief Executive & Managing Director



PROFIT & LOSS ACCOUNT (UNAUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

(Amount in Rupees)

	QUARTER ENDED SEPTEMBER 30, 2007					Quarter ended Sept. 30, 2006 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2007 Aggregate	
Revenue Account						
Net Premium Revenue	19,030,989	15,120,074	57,013,131	456,493	91,620,687	77,827,678
Net Claims	(5,338,844)	(3,321,020)	(36,687,190)	(135,916)	(45,482,970)	(28,390,948)
Expenses	(6,205,644)	(4,871,813)	(18,402,199)	(155,245)	(29,634,901)	(26,823,360)
Net Commission	(789,106)	(1,575,140)	(8,098,312)	449,334	(10,013,224)	(10,221,928)
Underwriting result	6,697,395	5,352,101	(6,174,570)	614,666	6,489,592	12,391,442
Investment Income					9,767,900	4,787,493
Other Income (Profit on Sale of Fixed Assets)					126,680	133,844
General and administration expenses					(2,758,360)	(3,712,203)
Profit before tax during the period					13,625,812	13,600,576
Provision for Taxation :						
Current					(1,837,416)	(3,600,000)
Prior					3,787,416	-
Profit after tax during the period					15,575,812	10,000,576

	NINE MONTHS ENDED SEPTEMBER 30, 2007					Nine Months ended Sept. 30, 2006 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2007 Aggregate	
Revenue Account						
Net Premium Revenue	63,798,748	42,967,647	166,249,545	2,373,145	275,389,085	225,181,840
Net Claims	(16,096,912)	(8,818,264)	(92,007,049)	(1,974,548)	(118,896,773)	(74,148,144)
Expenses	(19,665,258)	(13,244,302)	(51,244,583)	(731,495)	(84,885,638)	(83,136,308)
Net Commission	(2,820,612)	(2,905,676)	(26,825,245)	1,528,916	(31,022,617)	(23,090,571)
Underwriting result	25,215,966	17,999,405	(3,827,332)	1,196,018	40,584,057	44,806,817
Investment Income					22,008,517	13,493,194
Other Income (Profit on Sale of Fixed Assets)					878,721	1,893,822
General and administration expenses					(9,657,526)	(9,802,515)
Profit before tax during the period					53,813,769	50,391,318
Provision for Taxation :						
Current					(13,337,416)	(14,200,000)
Prior					3,787,416	-
Profit after tax during the period					44,263,769	36,191,318
Profit and Loss Appropriation Account						
Balance at Commencement of Year					140,849	39,234
Profit after tax during the period					44,263,769	36,191,318
Balance Unappropriated profit at the end of period					44,404,618	36,230,552
Earning per Share - Basic and Diluted					2.51	2.73

The annexed notes form an integral part of these accounts.


Ismail H. Zakaria
 Chairman


Mohammad Amin Ahmed Bawany
 Director


A. Aziz Ayoob
 Director


A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 31st October, 2007



STATEMENT OF CASH FLOW (UNAUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

	January to September	
	2007 Rupees	2006 Rupees
Operating Cash Flow		
a) Underwriting activities		
Premium received	417,738,099	328,614,035
Reinsurance premium paid	(135,776,523)	(116,479,128)
Claims paid	(179,201,362)	(129,732,137)
Reinsurance and other recoveries received	64,775,839	57,558,427
Commission paid	(80,614,263)	(51,660,910)
Commission received	45,427,816	40,577,006
Net cash flow from underwriting activities	132,349,606	128,877,293
b) Other operating activities		
Income tax paid	(13,676,153)	(8,580,809)
General management expenses paid	(84,885,638)	(83,136,308)
Other operating payments	(2,539,341)	(2,211,295)
Loans advanced / repayment received	148,353	56,850
Other payments on operating assets	(298,782)	(838,939)
Other receipts in respect of operating assets	(1,592,443)	4,947,346
Net cash flow from other operating activities	(102,844,004)	(89,763,155)
Total cash flow all operating activities	29,505,602	39,114,138
Investment activities		
Interest / Dividend received	15,538,186	7,408,350
Payments for Investments	(44,657,563)	(42,342,640)
Proceeds from disposal of investments	23,566,788	13,603,929
Fixed Capital Expenditures	(16,264,790)	(21,790,948)
Proceeds from disposal of fixed assets	3,751,500	6,742,000
Total cash flow from Investing activities	(18,065,879)	(36,379,309)
Financing activities		
Dividend paid	-	-
Unclaimed Dividend paid	-	(6,987)
Total cash flow from financing activities	-	(6,987)
Net cash inflow/outflow from all activities	11,439,723	2,727,842
Cash & cash equivalent at the beginning of the year	105,233,302	87,214,534
Cash & cash equivalent at the end of the period	116,673,025	89,942,376
Reconciliation to profit and loss Account		
Operating cash flow	29,505,602	39,114,138
Depreciation expense	(7,118,185)	(7,591,220)
Profit/(loss) on disposal of fixed assets	878,721	1,893,822
Increase/(decrease) in assets other than cash	46,785,116	15,131,133
(Increase)/decrease in liabilities other than running finance	(47,796,002)	(25,849,749)
Investment Income	22,008,517	13,493,194
Profit after tax as per profit & loss account	44,263,769	36,191,318

The annexed notes form an integral part of these accounts.


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayooob
Director


A. Razak Ahmed
Chief Executive & Managing Director

STATEMENT OF PREMIUMS (UNAUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED SEPTEMBER 30, 2007									
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2007 Net Premium revenue	Quarter ended Sept.30, 2006 Net premium revenue
		Opening	Closing			ceded opening	ceded closing			
Direct and facultative										
1. Fire and Property Damage	52,620,188	126,866,223	128,615,652	50,870,759	32,941,048	65,471,190	66,572,468	31,839,770	19,030,989	25,904,814
2. Marine, Aviation and Transport	22,271,768	14,501,709	10,700,870	26,072,607	9,541,638	5,951,421	4,540,526	10,952,533	15,120,074	14,028,098
3. Motor	72,471,583	106,164,577	119,833,264	58,802,896	2,250,781	3,723,120	4,184,136	1,789,765	57,013,131	37,090,510
4. Miscellaneous	4,212,520	8,468,330	9,450,562	3,230,288	3,580,058	6,776,459	7,582,722	2,773,795	456,493	804,256
Grand Total	<u>151,576,059</u>	<u>256,000,839</u>	<u>268,600,348</u>	<u>138,976,550</u>	<u>48,313,525</u>	<u>81,922,190</u>	<u>82,879,852</u>	<u>47,355,863</u>	<u>91,620,687</u>	<u>77,827,678</u>

C l a s s	NINE MONTHS ENDED SEPTEMBER 30, 2007									
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2007 Net Premium revenue	Nine months ended Sept.30, 2006 Net premium revenue
		Opening	Closing			ceded opening	ceded closing			
Direct and facultative										
1. Fire and Property Damage	157,588,828	124,249,605	128,615,652	153,222,781	92,038,198	63,958,303	66,572,468	89,424,033	63,798,748	63,466,847
2. Marine, Aviation and Transport	69,432,236	10,706,624	10,700,870	69,437,990	26,467,696	4,543,173	4,540,526	26,470,343	42,967,647	40,932,485
3. Motor	194,823,971	96,886,290	119,833,264	171,876,997	6,420,367	3,391,221	4,184,136	5,627,452	166,249,545	118,462,549
4. Miscellaneous	12,038,234	8,068,595	9,450,562	10,656,267	9,393,424	6,472,420	7,582,722	8,283,122	2,373,145	2,319,959
Grand Total	<u>433,883,269</u>	<u>239,911,114</u>	<u>268,600,348</u>	<u>405,194,035</u>	<u>134,319,685</u>	<u>78,365,117</u>	<u>82,879,852</u>	<u>129,804,950</u>	<u>275,389,085</u>	<u>225,181,840</u>

The annexed notes form an integral part of these financial statements.


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive &
Managing Director

Karachi: 31st October, 2007

STATEMENT OF CLAIMS (UNAUDITED)

FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED SEPTEMBER 30, 2007									
	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	2007 Net Claims expenses	Quarter ended Sept.30, 2006 Net claims expenses
		Opening	Closing			opening	closing			
Direct and facultative										
1. Fire and Property Damage	24,318,757	68,991,170	61,495,062	16,822,649	19,029,555	53,615,023	46,069,273	11,483,805	5,338,844	4,793,209
2. Marine, Aviation and Transport	5,620,566	23,235,200	23,620,200	6,005,566	3,178,775	16,527,802	16,033,573	2,684,546	3,321,020	2,944,710
3. Motor	39,837,605	25,735,860	22,954,493	37,056,238	713,248	2,371,188	2,026,988	369,048	36,687,190	20,601,949
4. Miscellaneous	2,021,904	4,212,350	3,420,850	1,230,404	1,806,837	3,656,115	2,943,766	1,094,488	135,916	51,080
Grand Total	<u>71,798,832</u>	<u>122,174,580</u>	<u>111,490,605</u>	<u>61,114,857</u>	<u>24,728,415</u>	<u>76,170,128</u>	<u>67,073,600</u>	<u>15,631,887</u>	<u>45,482,970</u>	<u>28,390,948</u>

C l a s s	NINE MONTHS ENDED SEPTEMBER 30, 2007									
	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	2007 Net Claims expenses	Nine months ended Sept.30, 2006 Net claims expenses
		Opening	Closing			opening	closing			
Direct and facultative										
1. Fire and Property Damage	63,589,805	37,737,970	61,495,062	87,346,897	50,254,240	25,073,528	46,069,273	71,249,985	16,096,912	13,149,470
2. Marine, Aviation and Transport	14,630,330	19,168,200	23,620,200	19,082,330	8,589,842	14,359,349	16,033,573	10,264,066	8,818,264	5,881,494
3. Motor	95,734,243	25,119,475	22,954,493	93,569,261	2,632,602	3,097,378	2,026,988	1,562,212	92,007,049	54,750,400
4. Miscellaneous	5,246,984	3,197,250	3,420,850	5,470,584	3,299,155	2,746,885	2,943,766	3,496,036	1,974,548	366,780
Grand Total	<u>179,201,362</u>	<u>85,222,895</u>	<u>111,490,605</u>	<u>205,469,072</u>	<u>64,775,839</u>	<u>45,277,140</u>	<u>67,073,600</u>	<u>86,572,299</u>	<u>118,896,773</u>	<u>74,148,144</u>

The annexed notes form an integral part of these financial statements.

Ismail H. Zakaria
Chairman

Mohammad Amin Ahmed Bawany
Director

A. Aziz Ayooob
Director

A. Razak Ahmed
Chief Executive &
Managing Director

Karachi: 31st October, 2007

STATEMENT OF EXPENSES (Unaudited)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007
 Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED SEPTEMBER 30, 2007							2007 Net underwriting expense h=f-g	Quarter ended Sept.30, 2006 net underwriting expenses
	Commissions Paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net commission expense d=a+b+c	Other Management expenses e	Underwriting expense f=d+e	Commission from reinsurers g		
Direct and facultative									
1. Fire and Property Damage	11,496,379	28,319,712	28,710,228	11,105,863	6,205,644	17,311,507	10,316,757	6,994,750	10,659,439
2. Marine, Aviation and Transport	4,288,907	2,900,341	2,140,174	5,049,074	4,871,813	9,920,887	3,473,934	6,446,953	5,417,320
3. Motor	7,494,500	18,578,801	17,974,989	8,098,312	18,402,199	26,500,511	-	26,500,511	21,060,061
4. Miscellaneous	697,292	1,524,299	1,701,101	520,490	155,245	675,735	969,824	(294,089)	(91,532)
Grand Total	<u>23,977,078</u>	<u>51,323,153</u>	<u>50,526,492</u>	<u>24,773,739</u>	<u>29,634,901</u>	<u>54,408,640</u>	<u>14,760,515</u>	<u>39,648,125</u>	<u>37,045,288</u>

C l a s s	NINE MONTHS ENDED SEPTEMBER 30, 2007							2007 Net underwriting expense h=f-g	Nine months ended Sept.30, 2006 net underwriting expenses
	Commissions Paid or payable a	Opening Deferred commission b	Closing Deferred commission c	Net commission expense d=a+b+c	Other Management expenses e	Underwriting expense f=d+e	Commission from reinsurers g		
Direct and facultative									
1. Fire and Property Damage	34,365,189	27,734,996	28,710,228	33,389,957	19,665,258	53,055,215	30,569,345	22,485,870	25,462,181
2. Marine, Aviation and Transport	13,424,351	2,141,325	2,140,174	13,425,502	13,244,302	26,669,804	10,519,826	16,149,978	16,562,296
3. Motor	27,845,133	16,955,101	17,974,989	26,825,245	51,244,583	78,069,828	-	78,069,828	64,877,735
4. Miscellaneous	1,875,906	1,452,347	1,701,101	1,627,152	731,495	2,358,647	3,156,068	(797,421)	(675,333)
Grand Total	<u>77,510,579</u>	<u>48,283,769</u>	<u>50,526,492</u>	<u>75,267,856</u>	<u>84,885,638</u>	<u>160,153,494</u>	<u>44,245,239</u>	<u>115,908,255</u>	<u>106,226,879</u>

The annexed notes form an integral part of these financial statements.



Ismail H. Zakaria
Chairman

Karachi: 31st October, 2007



Mohammad Amin Ahmed Bawany
Director



A. Aziz Ayooob
Director



A. Razak Ahmed
Chief Executive & Managing Director



STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

	Share Capital	General reserve	Reserve for Bonus Shares	Permanent Diminution in value of Investment	Unappropriated Profit	Total
Balance as on 01-01-2006	100,000,000	48,000,000	32,500,000	5,105,000	39,234	185,644,234
Transfer during the year	32,500,000	-	(32,500,000)	-	-	-
Net Profit for the year	-	-	-	-	58,326,615	58,326,615
Transfer to reserve for bonus shares and general reserve	-	14,500,000	43,725,000	-	(58,225,000)	-
Balance as on 01-01-2006	132,500,000	62,500,000	43,725,000	5,105,000	140,849	243,970,849
Transfer during the year	43,725,000	-	(43,725,000)	-	-	-
Net Profit for the period	-	-	-	-	44,263,769	44,263,769
Balance as on 30-09-2007	176,225,000	62,500,000	-	5,105,000	44,404,618	288,234,618

The annexed notes form an integral part of these financial statements.


 Ismail H. Zakaria
 Chairman


 Mohammad Amin Ahmed Bawany
 Director


 A. Aziz Ayooob
 Director


 A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 31st October, 2007



STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FINANCIAL PERIOD ENDED SEPTEMBER 30, 2007

	Quarter ended Sept. 30		Nine months ended Sept. 30	
	2007	2006	2007	2006
Income from Non-Trading Investments				
Held to maturity				
Return on Government Securities	3,341,845	672,571	211,787	211,785
Return on other Fixed income Securities and Deposits	1,610,884	1,598,936	486,932	518,563
	4,952,729	2,271,507	698,719	730,348
Investment Held for Trading				
Dividend Income	9,082,118	6,887,986	3,915,122	2,996,005
Available for sale				
Dividend Income	1,114,398	1,312,000	852,278	938,474
Gain on sale of 'available for sale investment'	6,894,213	3,021,701	4,323,405	122,666
Less: Investment related expenses	(34,941)	–	(21,624)	–
Net Investment Income transferred to P&L A/c	<u>22,008,517</u>	<u>13,493,194</u>	<u>9,767,900</u>	<u>4,787,493</u>


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 31st October, 2007

NOTES TO THE ACCOUNTS

1. STATUS AND NATURE OF BUSINESS

The Reliance Insurance Company Limited was incorporated in Pakistan as a Public Limited Company on 4th November 1981 and is engaged in General Insurance Business. The shares of the Company are quoted on Stock Exchanges of Karachi and Lahore.

The registered office of the Company is situated at 96-A, Sindhi Muslim Co-Operative Housing Society, Karachi.

2. BASIS OF PRESENTATION

These financial Statements have been prepared in accordance with the requirements of SRO.764 (1) 2001 and SRO. 938(1)2002 dated 5th November 2001 and 12th December 2002. Issued by the Securities and Exchange Commission of Pakistan, the Insurance Ordinance 2000, the requirements of the Companies Ordinance, 1984, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such international Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Insurance Ordinance, 2000, Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Insurance Ordinance, 2000, Companies Ordinance, 1984 or the requirements of the said directives take precedence.

The financial statements are Unaudited and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these accounts are the same as applied in preparation of accounts for the preceding year ended December 31, 2006. The policies applied comply with the requirements of the SRO 938(I) /2002 issued by the Securities and Exchange Commission of Pakistan.

4. TAXATION

The amount set aside for Income Tax is provisional, final liability will be determined on the basis of annual results.

5. TRANSACTION WITH RELATED PARTIES

Related parties comprise of associated entities, entities under common control, entities with common directors, major shareholders, directors and key management personnel. The transaction with related parties, other than remuneration under the terms of employment are as follows.

	Jan - Sept. 2007	Jan – Sept. 2006
Premium Underwritten	8,947,297	6,950,007
Premium Collected	24,499,529	14,064,625
Claims Paid	9,597,979	1,979,425
Commission Paid	2,208,252	1,219,333

The transactions were carried out at the arm's length in accordance with the policy of the company.

Contributions in respect of provident fund are made in accordance with terms of the contribution plan.

Remuneration to Chief Executive and certain executives were paid in accordance with the terms of their employment.

6. INVESTMENT

The investments comprise of the following:

	30, Sept. 2007	31, Dec. 2006
Held to maturity	83,224,706	68,180,122
Available for sale	29,647,546	20,158,421
Investment held for trading	121,353,908	117,902,629
	234,226,160	206,241,172

Available for Sale

These investments are measured at cost as per SECP Memo # SC/MF/D/179/2002 dated 16-10-2002 addressed to Insurance Association of Pakistan.

The market value of investment in Shares & Securities as on 30th September 2007, was Rs.208.34 million (as at 31st December 2006, Rs.165.74 million).

As directed by the Securities and Exchange Commission of Pakistan Defence Saving Certificates for the Face Value of Rs.2.5 million were deposited with the State Bank of Pakistan under Section 29 of Insurance ordinance 2000 and rules framed there under.

7. AUTHORIZED CAPITAL

Authorized share capital of the Company was increased from Rs.200,000,000 to Rs.500,000,000.

8. SHARE CAPITAL

Issued, subscribed and fully paid

Sept. 2007	Dec. 2006		Sept. 2007	December 2006
(Number of Shares)				
1,156,680	1,156,680	Ordinary Shares of Rs.10 each Fully paid in cash	11,566,800	11,566,800
16,465,820	12,093,320	Ordinary Shares of Rs.10 each Issued as fully paid Bonus Shares	164,658,200	120,933,200
17,622,500	13,250,000		176,225,000	132,500,000

Share of the Company held by Associates amount Rs.1,795,910 (179,591 share of Rs.10/- each) [(December 2006 Rs.1,350,320 (135,032 shares of Rs.10/- each)]

9. ADDITION / DELETION.

Following additions and deletions have been made in the fixed assets during the period ended September 30, 2007.

	Additions	Deletions
Vehicles	12,866,235	3,751,500
Office Equipments	1,946,726	-
Computers	805,475	-
Office Furniture	646,354	-

10. CONTINGENCIES AND COMMITMENTS

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

11. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 31st October 2007, by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest rupee.


Ismail H. Zakaria
Chairman


Mohammad Amin Ahmed Bawany
Director


A. Aziz Ayoob
Director


A. Razak Ahmed
Chief Executive & Managing Director



OFFICES

HEAD OFFICE

"Reliance Insurance House"
181-A, Sindhi Muslim Co-Operative
Housing Society,
Karachi.

Mr. A. Razak Ahmed
Chief Executive & Managing Director

Mr. Haroon A. Shakoor
Chief Accountant &
Company Secretary

Mr. Aminul Haque
Senior Vice President (Reinsurance)

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

Mr. Sadruddin Hussain
Vice President (Claims)

Mr. Riaz Ali
Assistant Vice President (Fire)

Mr. Iqbal Nawaz Khan
Assistant Vice President (Engineering & Bonding)

Mr. Ghulam Mujaddid
Manager (Accounts)

Mr. Saquib Sami
Assistant Manager (Computer)

Mr. Muzammil Ahmed (Internal Audit)
Executive Officer

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Direct : 4539409
Extension : 203

Direct : 4539411
Extension : 213

Direct : 4557079
Extension : 201

Direct : 4550403
Extension : 208

Direct : 4557079
Extension : 212

Direct : 4550403
Extension : 209

Extension : 205

Extension : 202

Extension : 211

SOUTH ZONE OFFICES & BRANCHES

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Executive Vice President

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Namco Centre Branch
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Karachi.

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Vice President

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1st Floor, Rahat Jo Daro,
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Main Tariq Road, Karachi.

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Deputy Chief Manager

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Hyderabad Branch
3rd Floor, Al-Falah Chamber,
Tilak Road, Hyderabad.

Mr. Abdullah Ahmed
Regional Manager

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Fax : 2623029

NORTH ZONE OFFICES & BRANCHES

ZONAL OFFICE LAHORE (NORTH ZONE)
4th Floor, Gardee Trust Building No. 2,
Napier Road, Lahore.

Mr. Sh. Khushnood Ashraf
Executive Vice President

PABX: 7239063, 7353292
7234255, 7351353
Direct: 7354689
Fax : 7312526

**NORTH ZONE OFFICES & BRANCHES (continued)****REGIONAL OFFICE LAHORE**

90-A/3, Canal Park, Canal Bank,
Gulberg-II, Lahore.

Gulberg Branch

17-A, E/1, Adjacent to Gaddafi Stadium,
Gulberg-III, Lahore.

Eden Centre Branch

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

Al-Rehman Branch

2nd Floor, Al-Rehman Bldg.
Regal Cinema Lane, 65, The Mall, Lahore.

Garden Town Branch

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

Khan Plaza Branch Gujranwala

4th Floor, Khan Plaza,
G. T. Road, P. O. Box 109, Gujranwala.

Model Town Branch Gujranwala

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

Gujrat Branch

Shams Plaza, Near Prince Cinema,
West Circular Road, Gujrat.

Faisal Complex Branch

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

Taj Plaza Branch

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

Arslan Plaza Branch

2nd Floor, Arslan Plaza,
Kotwali Road, Faisalabad.

Rawalpindi Branch

2nd Floor, 43/C, Bank Road,
Near National Bank of Pakistan, Rawalpindi Cantt.

Islamabad Branch

Flat No. 8, 2nd Floor,
Malik Complex, 80-E, Jinnah Avenue,
Blue Area, Islamabad.

Peshawar Branch

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

Regional Office Multan

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

Khanpur Branch

Old Ghalla Mandi, Khanpur
Dist. Rahimyar Khan.

Hasilpur Branch

Main Bazar,
Hasilpur.

Sahiwal Branch

147, Railway Road,
Sahiwal.

Sialkot Branch

Room 11, 1st Floor, Choudhry Plaza,
Mujahid Road, Sialkot.

Gojra Branch

P-132, Post Office Road,
Gojra.

Mr. Basharat M. Barlas
Senior Executive Vice President

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Fax : 5761235

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Executive Vice President

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Fax : 5756217,

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Chief Manager

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Senior Vice President

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Executive Vice President

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Vice President

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Vice President

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Senior Vice President &
Regional Head

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Vice President

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Mr. Shafi Anjum
Vice President

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Mr. Mohammed Saeed
Branch Manager

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Mr. Safwan Zainul Abideen Janjua
Branch Manager

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Branch Manager

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