



## 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**  
**PRIME COMMERCIAL BANK LIMITED**  
**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 half yearly (Un-audited) Accounts duly reviewed by the auditors for the period ended June 30<sup>th</sup> 2007.

During the period under review, your Company underwrote a Gross Premium of Rs. 282.307 million as compared to Rs. 238.224million of the corresponding period of last year - an increase of 18.50%. The Net Premium Income also improved from Rs. 147.354 million to Rs. 183.768 million – showing an increase of 24.71 % over the previous year.

Net claims incurred, however, stood at Rs. 73.413 million – an increase of 60.44 % over the corresponding period of last year.

Investment Income surged to Rs. 12.241 million from 8.706 million of previous year showing a significant growth of 40.60%.

Profit before tax for the half-year ended 30<sup>th</sup> June 2007 was Rs.40.188 million against Rs. 36.790 million of corresponding period of last year showing an increase of Rs. 3.398 million – 9.24 %.

As reported in the last Annual Report for the period ended 31<sup>st</sup> December 2006, Election of Directors for a fresh term of three years was held in the Annual General Meeting held on 30<sup>th</sup> April 2007, and the following gentlemen were unopposed elected as Directors:-

1. Mr. Ismail H. Zakaria
2. Mr. Muhammad Amin Ahmed Bawany
3. Mr. A. Aziz Ayoob
4. Mr. Irfan Zakaria Bawany
5. Mr. Muhammad Omer Bawany
6. Mr. Zohair Zakaria
7. Mr. Ahmed Ali Bawany
8. Mr. Noor M. Zakaria
9. Mr. Ashfaq Patel
10. Mr. Yasin Siddik

We welcome Mr. Ashfaq Patel and Mr. Yasin Siddik on the board and thank the outgoing Directors Mr. Ghulam Mohiuddin Zakaria and Hamza Omer Bawany for their valuable contribution and guidance extended to us from time to time.

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: 30th August, 2007.



## REVIEW REPORT

Independent Auditors' Report on review of Condensed Interim Financial Information to the Members

### Introduction

We have reviewed the accompanying;

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of changes in equity;
- iv. condensed interim statement of cash flows;
- v. condensed interim statement of premium;
- vi. condensed interim statement of claims;
- vii. condensed interim statement of expenses; and,
- viii. condensed interim statement of investment income

of Reliance Insurance Company Ltd. ("the Company") as at and for the six months period ended 30 June 2007 (here-in-after referred to as the "interim financial information") Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial Information performed by the Independent Auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended June 30, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

### Other matters

This interim financial statements for six months period ended 30 June 2006, and financial statements for the year ended 31 December 2006 were reviewed / audited by another firm of Chartered Accountants who had expressed in their review / audit reports unqualified conclusion / opinion vide their reports dated August 22, 2006 and March 22, 2007 respectively, due to the matters described in the preceding paragraphs.

The figures for the quarter ended 30 June 2007 and 30 June 2006 in the accompanying interim financial information have not been reviewed and we do not express a conclusion on them.

HYDER BHIMJI & CO.  
Chartered Accountants

Karachi: 30th August, 2007



## BALANCE SHEET

### AS AT JUNE 30, 2007 (UNAUDITED)

	Note	30 June 2007 Rupees	31 December 2006 Rupees
<b>Share Capital and Reserves</b>			
Authorised Share Capital (2007:50,000,000 Ordinary Shares of Rs.10/- each)		500,000,000	200,000,000
Paid-up share capital	8	176,225,000	132,500,000
Retained earnings		28,828,806	140,849
Reserves		67,605,000	111,330,000
		272,658,806	243,970,849
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		122,174,580	85,222,895
Provision for unearned premium		174,078,648	161,545,997
Commission income unearned		27,398,550	26,467,399
		323,651,778	273,236,291
<b>Creditors and Accruals</b>			
Amounts due to other insurers/reinsurers		19,001,855	18,945,642
Accrued Expenses		504,241	2,900,950
Taxation - Provision less payment		30,514,236	23,728,413
		50,020,332	45,575,005
<b>Other liabilities</b>			
Sundry Creditors		9,452,628	12,476,687
Unclaimed Dividend		123,978	123,978
		9,576,606	12,600,665
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>655,907,522</b>	<b>575,382,810</b>

Contingencies and Commitment 10

The annexed notes form an integral part of these accounts.

Ismail H. Zakaria  
Chairman

Mohammad Amin Ahmed Bawany  
Director

Karachi: 30th August, 2007

**BALANCE SHEET**  
**AS AT JUNE 30, 2007 (UNAUDITED)**

	Note	30 June 2007 Rupees	31 December 2006 Rupees
<b>Cash and Bank Deposits</b>			
Cash and other equivalent		248,233	205,699
Current and other accounts		81,504,297	76,302,603
Deposit maturing within 12 months		26,725,000	28,725,000
		108,477,530	105,233,302
<b>Loans ( Secured )</b>			
To employees		1,022,181	1,143,983
<b>Investments</b>	6	225,929,875	206,241,172
<b>Other Assets</b>			
Premiums due but unpaid		85,975,138	65,619,689
Amounts due from other insurers/reinsurers		2,108,586	1,462,682
Accrued investment income		30,117,969	33,311,911
Reinsurance recoveries against outstanding claims		76,170,128	45,277,140
Deferred commission expense		51,323,153	48,283,769
Trade Deposits and Prepayments		821,728	809,850
Sundry receivables		3,052,238	2,754,418
		249,568,940	197,519,459
<b>Fixed Assets</b>			
Land and Buildings		21,971,730	22,535,108
Furniture, Fixtures and Office Equipment		12,406,876	10,817,634
Motor Vehicles		36,530,390	31,892,152
		70,908,996	65,244,894
<b>TOTAL ASSETS</b>		<b>655,907,522</b>	<b>575,382,810</b>

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



**PROFIT & LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2007**

(Amount in Rupees)

	QUARTER ENDED JUNE 30					Quarter ended June 30, 2006 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2007 Aggregate	
<b>Revenue Account</b>						
Net Premium Revenue	18,847,145	15,679,009	56,006,384	1,485,641	92,018,179	74,480,684
Net Claims	(6,034,508)	(3,606,753)	(31,782,725)	(969,998)	(42,393,984)	(24,927,692)
Expenses	(5,548,875)	(4,775,207)	(16,374,859)	(453,233)	(27,152,174)	(30,866,707)
Net Commission	(533,606)	(2,138,971)	(9,377,270)	378,177	(11,671,670)	(8,903,146)
<b>Underwriting result</b>	6,730,156	5,158,078	(1,528,470)	440,587	10,800,351	9,783,139
Investment Income					6,048,160	4,760,629
Other Income (Profit on Sale of Fixed Assets)					546,190	1,512,469
General and administration expenses					(4,202,558)	(2,745,482)
<b>Profit before tax during the half year</b>					13,192,143	13,310,755
Provision for Taxation :						
Current					(3,500,000)	(3,500,000)
<b>Profit after tax during the half year</b>					9,692,143	9,810,755

	SIX MONTHS ENDED JUNE 30					Six month ended June 30, 2006 Aggregate
	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2007 Aggregate	
<b>Revenue Account</b>						
Net Premium Revenue	44,767,759	27,847,573	109,236,414	1,916,652	183,768,398	147,354,162
Net Claims	(10,758,068)	(5,497,244)	(55,319,859)	(1,838,632)	(73,413,803)	(45,757,196)
Expenses	(13,459,614)	(8,372,489)	(32,842,384)	(576,250)	(55,250,737)	(56,312,948)
Net Commission	(2,031,506)	(1,330,536)	(18,726,933)	1,079,582	(21,009,393)	(12,868,643)
<b>Underwriting result</b>	18,518,571	12,647,304	2,347,238	581,352	34,094,465	32,415,375
Investment Income					12,240,617	8,705,701
Other Income (Profit on Sale of Fixed Assets)					752,041	1,759,978
General and administration expenses					(6,899,166)	(6,090,312)
<b>Profit before tax during the half year</b>					40,187,957	36,790,742
Provision for Taxation :						
Current					(11,500,000)	(10,600,000)
<b>Profit after tax during the half year</b>					28,687,957	26,190,742
<b>Profit and Loss Appropriation Account</b>						
Balance at Commencement of the Year					140,849	39,234
Profit after tax during the half year					28,687,957	26,190,742
<b>Balance Unappropriated profit at the end of period</b>					28,828,806	26,229,976
<b>Earning per Share - Basic and Diluted</b>					1.63	1.98

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: 30th August, 2007



## STATEMENT OF CASH FLOW (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2007

	Half year Ended June 30, 2007 Rupees	Half year Ended June 30, 2006 Rupees
<b>Operating Cash Flow</b>		
<b>a) Underwriting activities</b>		
Premium received	240,689,385	214,966,531
Reinsurance premium paid	(86,595,851)	(72,840,873)
Claims paid	(107,402,530)	(89,264,296)
Reinsurance and other recoveries received	40,047,424	41,057,650
Commission paid	(32,271,126)	(33,299,768)
Commission received	30,415,875	29,289,321
Net cash flow from underwriting activities	<u>84,883,177</u>	<u>89,908,565</u>
<b>b) Other operating activities</b>		
Income tax paid	(4,714,177)	(3,993,040)
General management expenses paid	(55,250,737)	(56,312,948)
Other operating payments	(1,390,515)	(1,374,209)
Loans advanced / repayment received	121,802	99,707
Other payments on operating assets	(5,420,768)	5,145,510
Other receipts in respect of operating assets	(309,698)	(998,216)
Net cash flow from other operating activities	<u>(66,964,093)</u>	<u>(57,433,196)</u>
<b>Total cash flow all operating activities</b>	<u>17,919,084</u>	<u>32,475,369</u>
<b>Investment activities</b>		
Interest / Dividend received	12,863,751	4,458,108
Payments for Investments	(29,597,593)	(37,030,515)
Proceeds from disposal of investments	12,479,698	13,375,679
Fixed Capital Expenditures	(13,817,212)	(17,099,022)
Proceeds from disposal of fixed assets	3,396,500	5,097,000
<b>Total cash flow from Investing activities</b>	<u>(14,674,856)</u>	<u>(31,198,750)</u>
<b>Financing activities</b>		
Unclaimed Dividend paid	-	(6,987)
<b>Total cash flow from financing activities</b>	<u>-</u>	<u>(6,987)</u>
<b>Net cash Inflow/outflow from all activities</b>	3,244,228	1,269,632
<b>Cash &amp; cash equivalent at the beginning of the year</b>	105,233,302	87,214,534
<b>Cash &amp; cash equivalent at the end of the half year</b>	<u>108,477,530</u>	<u>88,484,166</u>
<b>Reconciliation to profit and loss Account</b>		
Operating cash flow	17,919,084	32,475,369
Depreciation expense	(5,508,651)	(4,716,103)
Profit/(loss) on disposal of fixed assets	752,041	1,759,978
Increase/(decrease) in assets other than cash	55,121,621	4,968,375
(Increase)/decrease in liabilities other than running finance	(51,836,755)	(17,002,578)
Investment Income	12,240,617	8,705,701
<b>Profit after tax as per profit &amp; loss account</b>	<u>28,687,957</u>	<u>26,190,742</u>

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)

FOR THE HALF YEAR ENDED JUNE 30, 2007

Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED JUNE 30									
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2007 Net Premium revenue	Quarter ended June 30, 2006 Net Premium revenue
		Opening	Closing			ceded opening	ceded closing			
<b>Direct and facultative</b>										
Fire and Property Damage	49,461,949	125,372,775	126,866,223	47,968,501	30,032,076	64,560,470	65,471,190	29,121,356	18,847,145	17,522,577
Marine, Aviation and Transport	27,463,916	10,464,067	14,501,709	23,426,274	9,253,406	4,445,280	5,951,421	7,747,265	15,679,009	14,869,800
Motor	64,145,650	98,808,326	106,164,577	56,789,399	1,005,488	3,500,647	3,723,120	783,015	56,006,384	41,401,914
Miscellaneous	5,007,685	7,904,902	8,468,330	4,444,257	3,406,522	6,328,553	6,776,459	2,958,616	1,485,641	686,393
<b>Grand Total</b>	<u>146,079,200</u>	<u>242,550,070</u>	<u>256,000,839</u>	<u>132,628,431</u>	<u>43,697,492</u>	<u>78,834,950</u>	<u>81,922,190</u>	<u>40,610,252</u>	<u>92,018,179</u>	<u>74,480,684</u>

C l a s s	SIX MONTHS ENDED JUNE 30									
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2007 Net Premium revenue	Six months ended June 30, 2006 Net Premium revenue
		Opening	Closing			ceded opening	ceded closing			
<b>Direct and facultative</b>										
Fire and Property Damage	104,968,640	124,249,605	126,866,223	102,352,022	59,097,150	63,958,303	65,471,190	57,584,263	44,767,759	37,562,033
Marine, Aviation and Transport	47,160,468	10,706,624	14,501,709	43,365,383	16,926,058	4,543,173	5,951,421	15,517,810	27,847,573	26,904,387
Motor	122,352,388	96,886,290	106,164,577	113,074,101	4,169,586	3,391,221	3,723,120	3,837,687	109,236,414	81,372,039
Miscellaneous	7,825,714	8,068,595	8,468,330	7,425,979	5,813,366	6,472,420	6,776,459	5,509,327	1,916,652	1,515,703
<b>Grand Total</b>	<u>282,307,210</u>	<u>239,911,114</u>	<u>256,000,839</u>	<u>266,217,485</u>	<u>86,006,160</u>	<u>78,365,117</u>	<u>81,922,190</u>	<u>82,449,087</u>	<u>183,768,398</u>	<u>147,354,162</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: 30th August, 2007



# STATEMENT OF CLAIMS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2007

Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED JUNE 30									
	Claim Paid	Outstanding Claims		Premium 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 June 30, 2006 Net Claims expenses
		Opening	Closing			opening	closing			
Direct and facultative										
Fire and Property Damage	22,081,308	52,393,170	68,991,170	38,679,308	17,720,351	38,690,574	53,615,023	32,644,800	6,034,508	5,773,372
Marine, Aviation and Transport	5,055,169	20,385,200	23,235,200	7,905,169	3,078,165	15,307,551	16,527,802	4,298,416	3,606,753	1,998,065
Motor	31,825,272	25,948,391	25,735,860	31,612,741	815,430	3,356,602	2,371,188	(169,984)	31,782,725	16,991,164
Miscellaneous	1,651,675	3,269,750	4,212,350	2,594,275	782,997	2,814,835	3,656,115	1,624,277	969,998	165,091
Grand Total	<u>60,613,424</u>	<u>101,996,511</u>	<u>122,174,580</u>	<u>80,791,493</u>	<u>22,396,943</u>	<u>60,169,562</u>	<u>76,170,128</u>	<u>38,397,509</u>	<u>42,393,984</u>	<u>24,927,692</u>

C l a s s	SIX MONTHS ENDED JUNE 30									
	Claim Paid	Outstanding Claims		Premium Expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2007 Net Claims expenses	Six month ended June 30, 2006 Net Claims expenses
		Opening	Closing			opening	closing			
Direct and facultative										
Fire and Property Damage	39,271,048	37,737,970	68,991,170	70,524,248	31,224,685	25,073,528	53,615,023	59,766,180	10,758,068	8,356,261
Marine, Aviation and Transport	9,009,764	19,168,200	23,235,200	13,076,764	5,411,067	14,359,349	16,527,802	7,579,520	5,497,244	2,936,784
Motor	55,896,638	25,119,475	25,735,860	56,513,023	1,919,354	3,097,378	2,371,188	1,193,164	55,319,859	34,148,451
Miscellaneous	3,225,080	3,197,250	4,212,350	4,240,180	1,492,318	2,746,885	3,656,115	2,401,548	1,838,632	315,700
Grand Total	<u>107,402,530</u>	<u>85,222,895</u>	<u>122,174,580</u>	<u>144,354,215</u>	<u>40,047,424</u>	<u>45,277,140</u>	<u>76,170,128</u>	<u>70,940,412</u>	<u>73,413,803</u>	<u>45,757,196</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: 30th August, 2007

# STATEMENT OF EXPENSES (Unaudited)

FOR THE HALF YEAR ENDED JUNE 30, 2007


Business underwritten inside Pakistan.

(Amount in Rupees)

C l a s s	QUARTER ENDED JUNE 30								
	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	2007 Net underwriting expense h=f-g	Quarter June 30, 2006 Net underwriting expenses
<b>Direct and facultative</b>									
1 Fire and Property Damage	10,734,509	27,986,337	28,319,712	10,401,134	5,548,875	15,950,009	9,867,528	6,082,481	7,911,135
2 Marine, Aviation and Transport	5,328,777	2,092,813	2,900,341	4,521,249	4,775,207	9,296,456	2,382,278	6,914,178	7,697,740
3 Motor	10,664,614	17,291,457	18,578,801	9,377,270	16,374,859	25,752,129	-	25,752,129	24,170,686
4 Miscellaneous	751,902	1,422,882	1,524,299	650,485	453,233	1,103,718	1,028,662	75,056	(9,708)
<b>Grand Total</b>	<u>27,479,802</u>	<u>48,793,489</u>	<u>51,323,153</u>	<u>24,950,138</u>	<u>27,152,174</u>	<u>52,102,312</u>	<u>13,278,468</u>	<u>38,823,844</u>	<u>39,769,853</u>

C l a s s	SIX MONTHS ENDED JUNE 30								
	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	2007 Net underwriting expense h=f-g	Six months ended June 30, 2006 Net underwriting expense
<b>Direct and facultative</b>									
1 Fire and Property Damage	22,868,810	27,734,996	28,319,712	22,284,094	13,459,614	35,743,708	20,252,588	15,491,120	14,802,742
2 Marine, Aviation and Transport	9,135,444	2,141,325	2,900,341	8,376,428	8,372,489	16,748,917	7,045,892	9,703,025	11,144,976
3 Motor	20,350,633	16,955,101	18,578,801	18,726,933	32,842,384	51,569,317	-	51,569,317	43,817,674
4 Miscellaneous	1,178,614	1,452,347	1,524,299	1,106,662	576,250	1,682,912	2,186,244	(503,332)	(583,801)
<b>Grand Total</b>	<u>53,533,501</u>	<u>48,283,769</u>	<u>51,323,153</u>	<u>50,494,117</u>	<u>55,250,737</u>	<u>105,744,854</u>	<u>29,484,724</u>	<u>76,260,130</u>	<u>69,181,591</u>

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



Ismail H. Zakaria  
Chairman

Karachi: 30th August, 2007



Mohammad Amin Ahmed Bawany  
Director



A. Aziz Ayooob  
Director



A. Razak Ahmed  
Chief Executive &  
Managing Director

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2007

	Share Capital	General reserve	Reserve for Bonus Shares	Permanent Diminution in value of Investment	Unappropriated Profit	Total
<b>Balance as on 01-01-2006</b>	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)	-
<b>Balance as on 01-01-2006</b>	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	-	-	-	-	28,687,957	28,687,957
<b>Balance as on 30-06-2007</b>	<u>176,225,000</u>	<u>62,500,000</u>	<u>-</u>	<u>5,105,000</u>	<u>28,828,806</u>	<u>272,658,806</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: 30th August, 2007



## STATEMENT OF INVESTMENT INCOME (UNAUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2007

	Quarter ended June 30		Six month ended June 30	
	2007	2006	2007	2006
<b>Income from Non-Trading Investments</b>				
<b>Held to maturity</b>				
Return on Government Securities	1,862,272	460,786	3,130,058	460,786
Return on other Fixed income Securities and Deposits	647,526	756,807	1,123,952	1,080,373
	2,509,798	1,217,593	4,254,010	1,541,159
<b>Investment Held for Trading</b>				
Dividend Income	1,605,711	1,539,345	5,166,996	3,891,981
<b>Available for sale</b>				
Dividend Income	135,180	312,381	262,120	373,526
Gain on sale of 'available for sale investment'	1,810,788	1,691,310	2,570,808	2,899,035
Less: Investment related expenses	(13,317)	-	(13,317)	-
<b>Net Investment Income transferred to P&amp;L A/c</b>	6,048,160	4,760,629	12,240,617	8,705,701

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: 30th August, 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 but subject to a limited scope review by auditors 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(l) /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 - June 2007	Jan – June 2006
Premium Underwritten	7,013,259	6,216,503
Premium Collected	8,320,445	8,692,750
Claims Paid	2,322,958	341,923
Commission Paid	2,208,252	–

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:

	Jan - June 2007	Jan - June 2006
Held to maturity	78,293,299	68,180,122
Available for sale	29,117,033	20,158,421
Investment held for trading	118,519,543	117,902,629
	225,929,875	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 June 2007, was Rs.209.50 million (as at 31st December 2006, Rs.165.74 million).

As directed by the Securities and Exchange Commission of Pakistan Defence Saving Certificate 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

June 2007	Dec. 2006		June 2007	December 2006
<b>(Number of Shares)</b>				
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 June 30, 2007.

	Additions	Deletions
Vehicles	11,341,630	3,396,500
Office Equipments	1,568,303	-
Computers	756,525	-
Office Furniture	150,754	-

**10. CONTINGENCIES AND COMMITMENTS**

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

**10.2.** Commitments under operating lease for vehicles amounts to Rs.51,300/- as at 30th June 2007.

**11. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on 30th August 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 Ayooob  
Director

  
A. Razak Ahmed  
Chief Executive & Managing Director



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## 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

PABX : 4539415-17  
Fax : 4539412  
E-mail : reli-ins@cyber.net.pk ric-re@cyber.net.pk  
Web : www.relianceins.com

Direct : 4539413, 4539414  
Extension : 204

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

**M. A. Jinnah Road, Branch**  
101, Japan Plaza,  
M.A. Jinnah Road, Karachi.

**Business Plaza Branch**  
Room No. 407, 4th Floor, Business Plaza,  
I.I. Chundrigar Road, Karachi.

**Namco Centre Branch**  
1-A, 5th Floor, Campbell Street,  
Karachi.

**Tariq Road Branch**  
Room No. A-2 & A-3,  
1st Floor, Rahat Jo Daro,  
Plot No. 172/L, Block-2, PECHS,  
Main Tariq Road, Karachi.

**Land Mark Plaza Branch**  
405, 4th Floor, Land Mark Plaza,  
Mohammad Bin Qasim Road, Karachi.

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

Mr. Muhammad Umer  
Senior Vice President  
Ph : 2727076, 2729961  
Fax : 2722601

Mr. Muhammad Iqbal Dhedhi  
Executive Vice President  
Ph : 2419581-2  
Fax : 2421314, 2421317

Mr. Iqbal Umer Bawany  
Vice President  
Ph : 2625716, 2624427  
Fax : 2624783

Mr. Zafar A. Pasha  
Executive Vice President  
Dir : 4525376  
Ph : 4527806, 4532427  
Fax : 4522829

Mr. Muhammad Raza  
Deputy Chief Manager  
Ph : 2628777-8  
Fax : 2628779

Mr. Abdullah Ahmed  
Regional Manager  
Ph : 2615774  
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

Ph : 5761077-8, 5763446-7  
Fax : 5761235

Mr. Tehseen Ahmed Khan  
Executive Vice President

Dir : 5756546  
Ph : 5752245, 5752989, 5785031  
Fax : 5756217,

Mr. Khawaja Ahmed Fraz  
Chief Manager

Ph : 7599277, 7599377  
Fax : 7576032

Mr. Nisar Ahmed Chughtai  
Senior Vice President

Ph : 7323113, 7322473, 7354848  
Fax : 7247925

Mr. Basit Anwar Butt  
Executive Vice President

Ph : 5889258, 5889259  
Fax : 5889260

Mr. Sohailuddin Zafar  
Branch Manager

Ph : 4215422, 4216422  
Fax : 4448139

Ch. H.S. Asghar  
Vice President

Ph : 3254415, 3259421  
Fax : 3253086

Mr. Ch. M. Nazir Ahmed  
Vice President

Ph : 3522127

Mr. A. Majeed Abid  
Vice President

Ph : 2611938, 2611939  
Fax : 2621033

Mr. Muhammad Akhlaq  
Vice President

Ph : 26177277, 2615922  
Fax : 2622182

Mr. Mushtaq Ahmed  
Vice President

Ph : 2638034, 2635640  
Fax : 2618830

Mr. Abdul Karim Siddiqi  
Vice President

Ph : 5567117  
Fax : 5514384

Mr. H. S. Akbar  
Vice President

Ph : 2277681  
Fax : 2273164

Mr. Abdul Salam Niazi  
Vice President

Ph : 5274617, 5250830  
Fax : 5284683

Mr. Syed Bahar Shah Bukhari  
Senior Vice President &  
Regional Head

Ph : 4517349  
Fax : 4510049

Mr. Abdul Razzak Choudhry  
Vice President

Ph : 5572772  
Fax : 5572772

Mr. Shafi Anjum  
Vice President

Ph : 2442473  
Fax : 2448073

Mr. Mohammed Saeed  
Branch Manager

Ph : 4467477

Mr. Safwan Zainul Abideen Janjua  
Branch Manager

Ph : 4602020, 4603030  
Fax : 4604040

Mr. Sajjad Rabbani  
Branch Manager

Ph : 3511917  
Fax : 3513111