



Providing Complete  
**Solutions**



Reliance Insurance Company Limited

# Company Profile

**Reliance Insurance Company Limited**, was incorporated in Pakistan in the year 1981 with a Share capital of Rs.5.0 Million by two Leading Industrial Houses of Pakistan, namely (i) **Al-Noor Group** and (ii) **Amin Bawany Group**. Al-Noor Group is headed by renowned industrialist **Mr. Ismail H. Zakaria**, who is also the **Chairman of Reliance Insurance**, while Amin Bawany Group is headed by **Mr. Mohammed Amin Ahmed Bawany**, who is also the Director of Reliance Insurance. Both the groups having successfully implemented a number of projects, are currently leading industrial groups of Pakistan.

The Present Authorised Capital of the Company is **Rs.500 Million** while Paid-up Capital is **Rs.176.225 Million**.

**Reliance** is one of the leading General Insurance Company of Pakistan having a network of 28 Branches at all important places throughout Pakistan employing a full time work force of 226 persons. It underwrites all classes of General Insurance and enjoys reputation second to none. Apart from the traditional covers such as Fire, Accident, Motor, Marine (Import & Exports), Loss of Profits, Personal Accident, Group Hospitalization, Workmen's Compensation, Burglary, Cash-in-Safe or in Transit etc., it also transacts non-traditional covers such as Machinery Breakdown and Loss of Profits following Machinery Breakdown, Contractors All Risks, Erection All Risks, Bond and the like.

Since its establishment **Reliance** has progressed smoothly and steadily. Its Gross Premium Income has increased from Rs. One Million in 1983 to **Rs.632.159 Million** in **2007**, while the Pre-Tax Profit has increased from Rs. 0.14 Million in 1983 to **Rs.88.345 Million** in **2007**. At the end of 2007 General Reserve stood at **Rs.80 Million** and Technical Reserves at **Rs.354.07 Million**.

## FINANCIAL HIGHLIGHTS

(Rs. in Million)

<b>PARTICULARS</b>	<b>2007</b>	<b>2006</b>
Gross Premium	<b>632.16</b>	526.88
Net Premium	<b>395.81</b>	315.02
Underwriting Profit	<b>58.53</b>	62.46
Investment Income	<b>43.23</b>	30.41
Profit Before Tax	<b>88.35</b>	80.63
Profit After Tax	<b>70.74</b>	58.33
Earnings per share (Rs)	<b>4.01</b>	3.31
Stock Dividend (%)	<b>30.00</b>	33.00
Operating Margin (%) (Underwriting Results to Net Premium)	<b>14.78</b>	19.83
Net Profit Margin	<b>17.87</b>	18.52
Investment (Book Value)	<b>270.42</b>	206.24
Investment (Market / Realizable Value)	<b>366.53</b>	264.92
Equity	<b>314.72</b>	243.97
Return on Equity (%)	<b>22.48</b>	23.91
Reserves	<b>137.97</b>	111.33
Technical Reserves	<b>354.07</b>	273.24
Paid up Capital	<b>176.23</b>	132.50
Total Assets	<b>712.73</b>	575.38



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# VISION

*To be recognized as a professional and dependable business entity committed to play a meaningful role in the development of insurance industry in Pakistan and to safeguard the legitimate interests of all stakeholders, namely policy-holders, share-holders, reinsurers, employees and all other business associates/ partners.*

# MISSION

*To provide quality service and protection to its clients aiming at achieving a respectable volume of business and become a prominent player through good governance and sound professionalism focussing to become a well-known and respected Corporate entity in the eyes of Society and Government.*



# COMPANY INFORMATION



**Ismail H. Zakaria**  
Chairman



**M. Amin Ahmed Bawany**  
Director



**A. Aziz Ayooob**  
Director



**Irfan Zakaria Bawany**  
Director



**Mohammed Omer Bawany**  
Director



**Noor M. Zakaria**  
Director



**Ashfaq Patel**  
Director



**Yasin Siddik**  
Director

## BOARD OF DIRECTORS

### CHAIRMAN

ISMAIL H. ZAKARIA

### DIRECTORS

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

CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

## MANAGEMENT

SENIOR EXECUTIVE VICE  
PRESIDENT

BASHARAT M. BARLAS

CHIEF ACCOUNTANT AND  
COMPANY SECRETARY  
HAROON A. SHAKOOR



**Zohair Zakaria**  
Director



**Ahmed Ali Bawany**  
Director



**A. Razak Ahmed**  
Chief Executive & M.D



**Haroon A. Shakoor**  
C.A. & Company Secretary

#### **AUDIT COMMITTEE**

*CHAIRMAN*

A. AZIZ AYOOB

*MEMBER*

IRFAN ZAKARIA BAWANY

*MEMBER*

ZOHAIR ZAKARIA

*AUDITORS*

HYDER BHIMJI & COMPANY  
CHARTERED ACCOUNTANTS

*LEGAL ADVISOR*

ABDUL SATTAR PINGAR

*BANKERS*

HABIB BANK LIMITED

NATIONAL BANK OF PAKISTAN LIMITED

MCB BANK LIMITED

ALLIED BANK OF PAKISTAN LIMITED

UNITED BANK LIMITED

ABN AMRO BANK (PAKISTAN) LIMITED

INDUSTRIAL DEVELOPMENT BANK OF  
PAKISTAN

BANK ALFALAH LIMITED

HABIB METROPOLITAN BANK LIMITED

BANK OF PUNJAB

**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: www.relianceins.com

# OUR SERVICES

*Reliance Insurance Company Limited underwrites all classes of General Insurance and enjoys reputation second to none. Apart from the traditional covers such as Fire and Allied perils, Accident, Motor, Marine (Import and Exports), Loss of Profits, Personal Accident, Group Hospitalization, Workmen's Compensation, Burglary, Fidelity Guarantee, Public Liability, Products Liability, Travel Insurance, Cash-in-Safe or in Transit etc., it also transacts non-traditional covers such as Machinery Breakdown and Loss of Profits following Machinery Breakdown, Contractors All Risks, Erection All Risks, Bond and the like.*



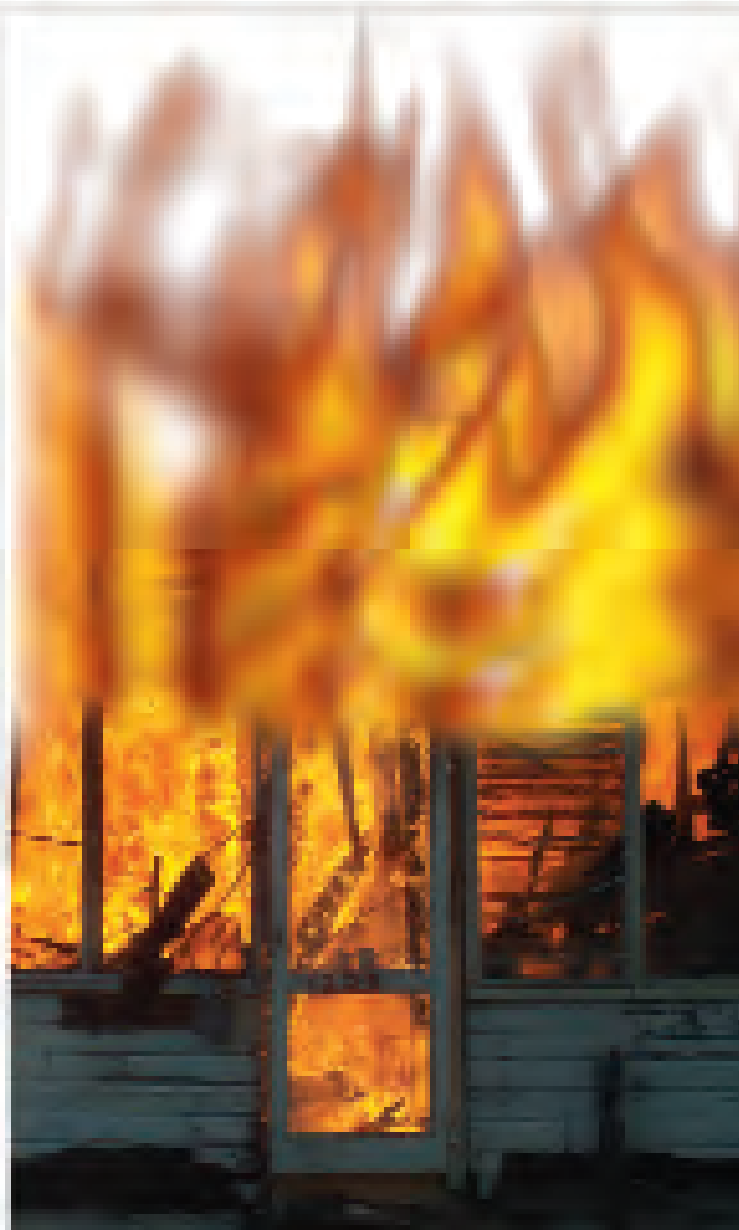


# FIRE INSURANCE

*The Standard Fire Policy covers loss and/or damage caused by fire and lightning.*

*The basic fire policy can be extended to include a number of additional risks known as 'special perils' or 'allied perils'. These include: riot and strike damage, malicious damage, atmospheric disturbance, earthquake fire and shock, explosion, impact damage, aircraft damage.*

*The property insured normally includes residential/commercial buildings, factory/warehouse buildings, stock and stock in process, fixtures and fittings, plant and machinery etc.*





# CARGO INSURANCE

*Cargo is usually insured on a warehouse (of departure) to warehouse (of arrival) basis and usually covering all risks as per Institute Cargo Clauses "A". For lesser risk Institute Cargo Clauses "B" & "C" are available. Even cover on TLO (Total Loss only, due to total loss of the vessel/aircraft) basis is also available.*

# MOTOR INSURANCE

*The minimum requirement by law under Motor Vehicle Act 1939 is in respect of legal liability to pay damages arising out of bodily injury caused to any third party person - The following policies are available under this section:*

*Act Liability only : provides cover in respect of liability incurred through death or injury to a third party person. This is minimum legal cover available under Motor Vehicle Act, 1939.*

*Third Party : provides cover as above plus damage to third party property.*

*Comprehensive Insurance : provides cover for third party liability plus protection against loss and/or damage to the car/vehicle itself as well as snatching /theft.*



# ENGINEERING INSURANCE

*Engineering policies mainly cover damage to, or breakdown of specific items of plant and machinery, cost of repair of own/surrounding property, legal liability for damage to property of others, caused by the aforesaid damage or breakdown.*

*Cover for loss of profits and standing charges following machinery breakdown is also available. Additionally, cover against Contractor's All Risks (CAR), Erection All Risks (EAR) etc. are also available.*

# BOND & SURETY INSURANCE

*Contractors undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc. are usually required to furnish guarantees/bonds guaranteeing the fulfillment of their contractual obligations to the principals.*

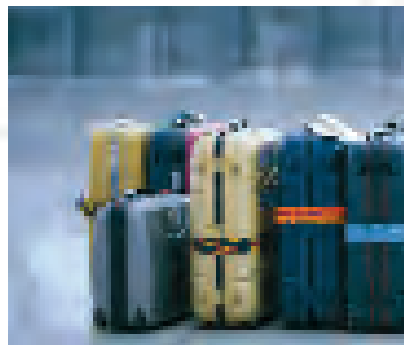
*Traditionally, Bid Bonds, Advance Payments/Mobilization Bonds, Performance Bonds, Supply Bonds, Maintenance Bonds & Customs and Excise Bonds are available.*





# MISC./ ACCIDENT INSURANCE

*The wide range of products available under the above head includes, but not limited to, Personal Accident Insurance, House-breaking and Burglary Insurance, Travel Insurance, Cash-in-safe /Cash-in-transit Insurance, Public Liability and Products Liability Insurance, Workmen's Compensation/ Employer's Liability Insurance, Group Hospitalization Insurance, Plate glass insurance etc.*





# NOTICE OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of Reliance Insurance Company Limited will be held on Saturday the 29th March, 2008 at 2:00 p.m. at the Head Office of the Company, Reliance Insurance House, 181-A, Sindhi Muslim Housing Society, Near Mehdi Tower, Sharah-e-Faisal, Karachi, to transact the following business:

## ORDINARY BUSINESS:

- 1 To confirm the minutes of the 25th Annual General Meeting of the Company held on 30th April, 2007.
- 2 To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2007 together with Directors' and Auditors' Reports thereon.
- 3 To re-appoint Auditors and fix their remuneration. M/s. Hyder Bhimji & Co., Chartered Accountants, retire and being eligible and willing to continue offer themselves for re-appointment. Accordingly the Audit Committee, in its meeting held on 4th March, 2008, recommended to the Board the name of M/s. Hyder Bhimji & Co., Chartered Accountants, for re-appointment as the statutory auditors for the year 2008 for a further term of one year.

## SPECIAL BUSINESS:

- 4 To consider and if thought fit to pass the following resolution:

"Resolved that a sum of Rs. 52,867,500 out of the Company's Reserve for the issue of Bonus Shares be capitalised and applied to the issue of 5,286,750 ordinary shares of Rs. 10/- each and allotted as fully paid up Bonus Shares to the Members who are registered in the Books of the Company as at close of Business on March 21, 2008 in the proportion of 3 new shares for every 10 existing ordinary shares held and that such new shares shall rank pari passu with existing ordinary shares of the Company.

Further, resolved that Bonus Shares forming part of such fractional holding which is not in exact multiple of 3:10 shares will be sold in the Stock Market and proceeds for such shares shall be distributed amongst the shareholders in accordance with their entitlement.

That for the purpose of giving effect to the foregoing, the Directors be and are hereby authorised to give such directions as may be necessary and as they deem fit to settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions."

A statement under section 160 (1) (b) of the Companies Ordinance, 1984 is annexed.

- 5 To transact any other business with the permission of the Chair.

Karachi: 4th March, 2008

**HAROON A. SHAKOOR**  
Chief Accountant & Company Secretary

#### Notes:

- 1 The Share Transfer Book of the Company will remain closed for the purpose of determining the entitlement of bonus shares from 22nd March, 2008 to 29th March, 2008 (both days inclusive). Transfer received in order at the Company's Registered Office by the close of business on Friday 21st March 2008, will be treated in time for the purpose of Bonus Shares, if approved by the Shareholders.
- 2 A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE HEAD OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 3 CDC Account Holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

#### A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### B. For appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or Original Passport at the time of the meeting.
  - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
4. Shareholders are requested to inform the Company of any change in their address, if any immediately.

#### STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE 1984. PERTAINING TO THE SPECIAL BUSINESS

The Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on March 29, 2008.

Your Directors have recommended the issue of Bonus Shares in the proportion of 3 shares for every 10 ordinary shares held on March 21, 2008. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Shareholders.

Karachi: 4th March, 2008



# BOARD OF DIRECTORS' MEETING IN PROGRESS





# DIRECTORS' REPORT TO THE SHAREHOLDERS

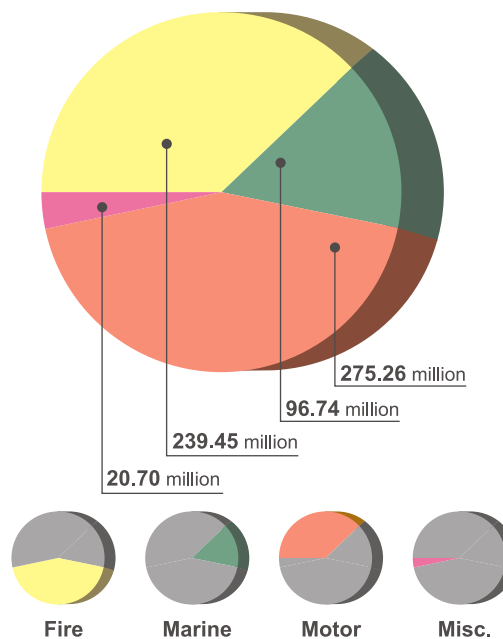
The Directors of Reliance Insurance Company are pleased to present the Twenty Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31st December 2007.

By the grace of ALLAH Almighty and with the dedicated efforts of field force and staff, your Company has successfully maintained the growth momentum and continues to march progressively which is reflected in growth in premium, investment income, capital and reserves coupled with improved operational efficiency and cost-effectiveness.

Our aim is to maintain growth, focusing on enhancing customers' satisfaction through efficient service, prompt claims settlement, honesty and integrity in our dealings, thus attaching prime importance to the interest of policyholders and shareholders.

We are indeed grateful to our clients for the patronage and confidence reposed in your Company.

Gross Premium by Class of Business - 2007



## PERFORMANCE REVIEW

Alhamd-o-Lillah your Company is achieving consistent and significant growth for the past several years in its operation. Our endeavour continues to enhance the profitability and to improve net worth, thereby augmenting the long term shareholders' value. During the period under review your Company underwrote a gross premium of Rs.632.159 million against 526.877 million of the last year registering a growth of 19.98%. The net premium revenue increased to 395.811 million against 315.020 million of the last year showing an increase of 25.65%. Investment income also increased from 30.411 million to 43.233 million showing an increase by 42.16%. The pretax profit and after tax profit also showed upward trend. The pretax profit stood at 88.345 million against 80.626 million of last year and after tax profit from 58.327 million to 70.746 million showing an increase of 21.29%.

Your Directors recommend the appropriation of profit as under: -

### Profit Appropriation

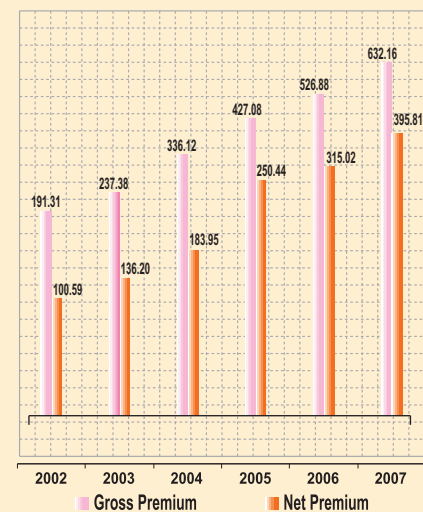
Profit before Taxation	Rs.88,345,864
Less: Provision for Taxation	Rs.17,600,000
Add: Last year's unappropriated Profit	Rs. 140,849
<b>Profit available for appropriation</b>	<b>Rs.70,886,713</b>

### Appropriation :-

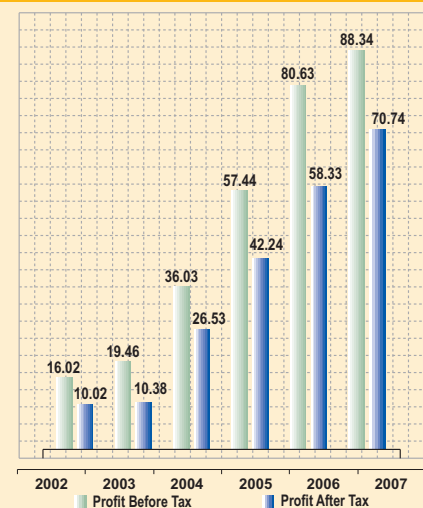
Reserve for issue of Bonus Shares @ 30%	Rs.52,867,500
Transfer to General Reserve	Rs.17,500,000
Unappropriated profit C/D	Rs. 519,213
<b>TOTAL</b>	<b>Rs.70,886,713</b>

Your Company achieved these results despite extremely demanding business conditions. Due to intense competition, there has been a constant pressure on premium rates, which does not seem to augur well for the future of insurance industry. The scenario is further clouded by arbitrarily fixing of the so called 'Bank Limits' and delisting / non listing by banks and financial institutions. The Insurance Associations of Pakistan (IAP) is seized with this issue with relevant quarters emphasizing the importance of providing level playing field to all the players in the market. The mission of your Company is to become a sizeable & reputable player in the General Insurance market. Alhamd-o-Lillah your Company is achieving continuous success in all areas of its operations in the highly competitive General Insurance market. We are however, optimistic that the situation will considerably improve after the installation of new Government in the wake of 18th February 2008, general elections.

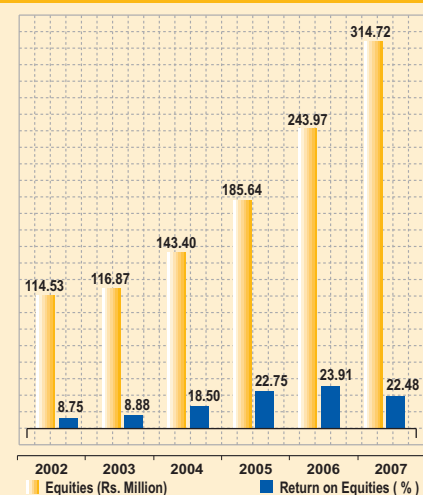
Gross Premium & Net Premium (Rs. Million)



Profit Before Tax & After Tax (Rs. Million)



Equities & Return on Equities



Claims incurred during the year were Rs.156.97 million against Rs.100.209 million of the previous year. Management Expenses stood at Rs.148.431 million against Rs.128.062 million of the previous year.

The year ended on an ugly note with the tragic assassination of Benazir Bhutto followed by events resulting in an extremely deteriorating law & order situation in the country, particularly in the province of Sindh. The insurance industry had to bear the brunt of the aftermath of the unfortunate event.

### INVESTMENT

The investment strategy of your Company continues to invest in high credit debt instruments (TFCs), Government securities (PIB), Defence Saving Certificates, Sukuk Bond and shares of blue chip companies. Conscious of the fact that capital market is historically volatile the share portfolio of RICL is well spread & diversified amongst various sectors, focusing on regular dividend paying scrips. The investment position may be summarized as under:-

S. #	Nature of Investment	Book Value	Market Value / Realizable Value
1	Quoted Shares & Mutual Funds.	185,300,301	245,228,744
2	Defence Saving Certificates	10,400,000	45,897,000
3	WAPDA & KSEW Sukuk Bond	17,000,000	17,437,500
4	Pakistan Investment Bond	42,328,566	41,659,981
5	TFCs (Quoted)	12,886,663	13,544,069
6	Certificates of Investment	2,500,000	2,763,835
	<b>Total</b>	<b>270,415,530</b>	<b>366,531,129</b>

The book value of your Company's investments portfolio increased from Rs.206.241 million to Rs.270.416 million, thus registering an increase of 31.12% while the market value stood at Rs.366.531 million against Rs.264.92 million of last year which signifies the effective management of Investment portfolio.

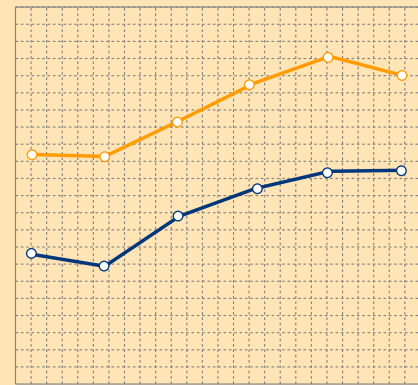
The Company's investment in Bank Deposit Accounts stood at Rs.28.525 million.

### INVESTMENT INCOME / CAPITAL GAINS

Investment Income depicts steady growth and it is hoped that it would continue to grow substantially in the coming years, thus supplementing the core income i.e., underwriting profits.

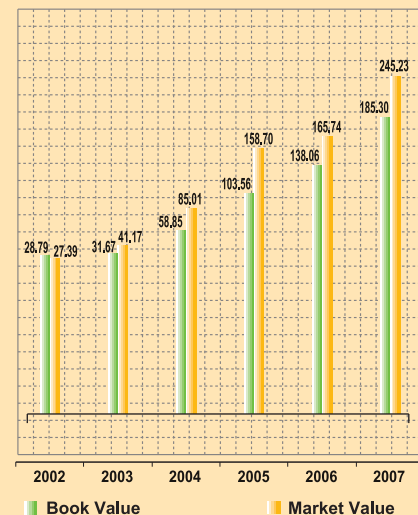
During the period under review RICL underwrote a gross premium of **Rs.632.159 million** against **526.877 million** of the last year registering a growth of **19.98%**.

Ratio of Profit Before & After Tax



Year	Ratio (%) of Profit Before Tax to Gross Premium	Ratio (%) of Profit After Tax to Gross Premium
2002	8.37	5.24
2003	8.20	4.37
2004	10.72	7.89
2005	13.45	9.89
2006	15.30	11.07
2007	13.97	11.19

Investment in Equities (Rs. Million)



Interest and Dividend Income stood at Rs.29.070 million compared to Rs.22.009 million for the last year, registering a growth of 32.082% because of better Dividends received from investment in most of the blue chip companies. Your Company has also booked Rs.14.164 million in Capital gain on sale of Shares. The income from bank deposits had increased from 2.840 million to 3.440 million, in view of return from TFCs and PIBs. The return on equity works out to 22.48% and after tax earnings per share to Rs.4.01.

### PAID-UP CAPITAL AND RESERVES

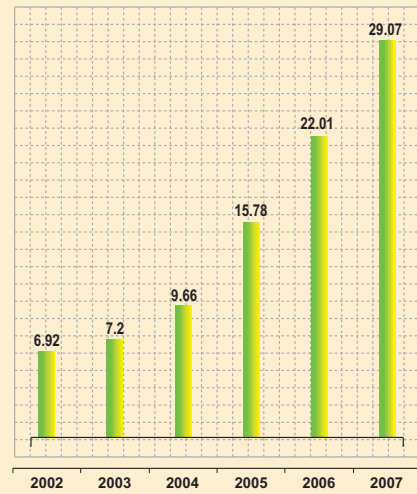
Your Company believes in strengthening the capital base and reserves keeping in view the robust growth of the Company. In line with this strategy, after appropriation Paid up Capital would increase to Rs.229.093 million and General Reserve to Rs.80.000 million, while the total Assets surge to Rs.712.730 million from Rs.575.383 million reflecting sound financial health of the Company.

### INFORMATION TECHNOLOGY (IT)

Computerization work continues to be in progress in order to meet the challenges of present times and to optimise quality and standard of services to our valued Clients. To further enhance the operating capability and efficiency, your Company has entered into an agreement with an experienced & professional software company for implementing Oracle based General Insurance & General Ledger software to bring all branches on line through web base system. The new software system will not only ensure regular reporting on progress but would also provide timely MIS report to the management.

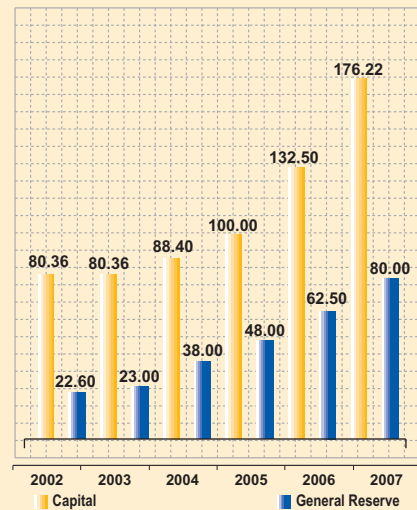
Interest and Dividend

(Rs. Million)

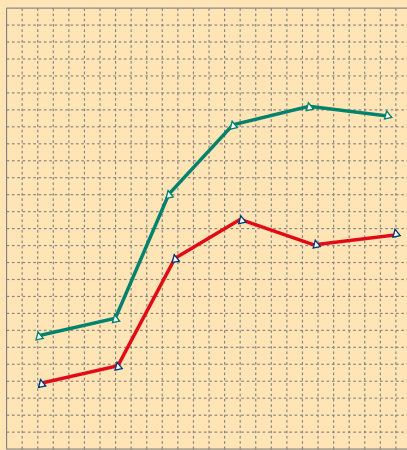


Capital & General Reserves

(Rs. Million)

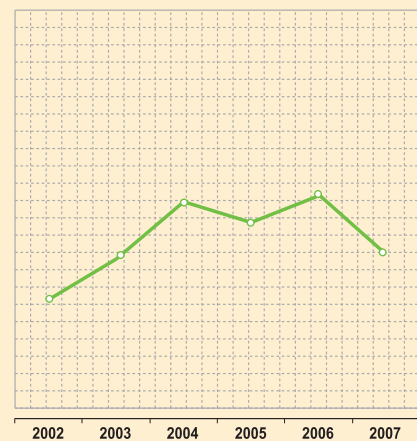


Return on Equities & Earnings per Share



Year	2002	2003	2004	2005	2006	2007
Return on Equities (%)	8.75	8.88	18.50	22.75	23.91	22.48
Earnings per Share (Rs.)	1.25	1.29	3.00	4.22	3.31	4.01

Operating Margin



Year	2002	2003	2004	2005	2006	2007
Ratio of Underwritten Profit to Net Premium	10.69	14.39	19.47	17.60	19.83	14.79

### REINSURANCE

Your Company has one of the soundest panel of reinsurers comprising mostly of AA & A rated reinsurers of international repute. The prudent underwriting policy has enabled the management to renew its reinsurance treaty programme for the year 2008 with increased capacity reinforcing leading reinsurers confidence in your Company's underwriting approach.

### JCR VIS CREDIT RATING

JCR VIS Credit Rating Company Limited has assigned a 'positive' outlook to the Insurer Financial Strength (IFS) rating to Reliance Insurance Company Limited. Rating has been maintained at A- (Single A minus). We hope that in view of an all round growth and improved financials for the current year i.e., 2007, the rating of your Company is likely to be upgraded.

### AUDITORS

Our present auditors M/s. Hyder Bhimji & Co., Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, offer them selves for re-appointment for the financial year ending 31st December 2008, at a fee to be mutually agreed. The audit committee has recommended the appointment of M/s. Hyder Bhimji & Co., Chartered Accountants as auditors for the year ending 31st December 2008.

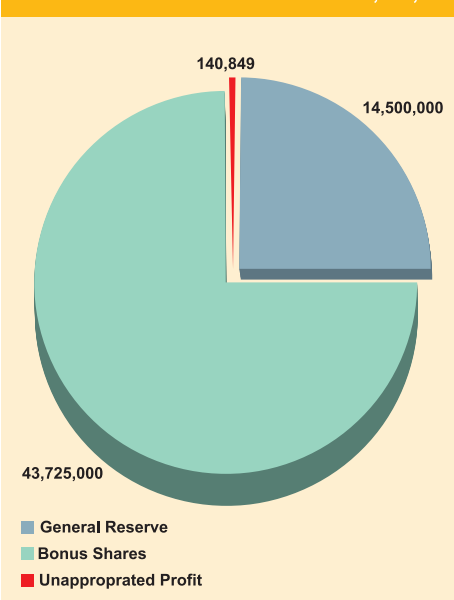
### FUTURE OUTLOOK

Pakistan's economic growth has recently been resilient. There has been consistent increase in GDP during past three years, GDP growth rate is expected to remain in the range of 6.0 to 6.5%, but high oil prices, frequent load-shading, food inflation, rising import bill, change in commodity prices, pressure on current account deficit and budget are few of the challenges for the new government in waiting. Political uncertainty and adverse law and order situation may also hamper the growth momentum.

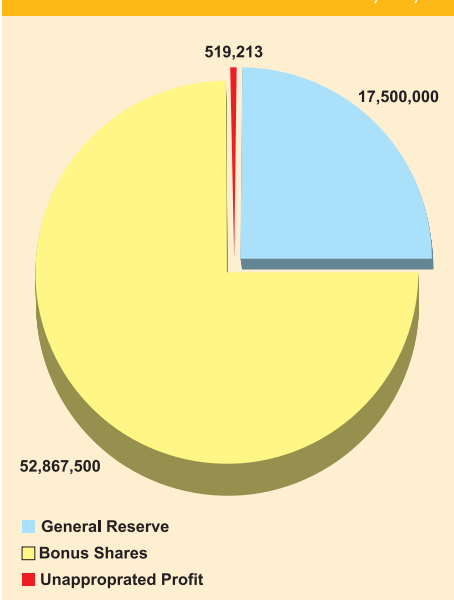
The management of your Company is optimistic and looks forward that the new government would be able to enforce policies to cope up with challenges ahead and would be able to sustain growth and improve law and order situation in the country.

*Appropriation would increase Paid up Capital **Rs.229.093 million** and General Reserve to **Rs.80.000 million** while the total Assets surge to **Rs.712.730 million.***

Profit Distribution 2006 - Total Rs. 58,365,849



Profit Distribution 2007 - Total Rs. 70,886,713





## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing Rules, relevant for the year ended December 31, 2007 have been duly complied with. A statement to this effect is annexed with the report.

## BOARD OF DIRECTORS' MEETINGS

NAME OF DIRECTORS	ATTENDANCE
1. MR. ISMAIL H. ZAKARIA	3
2. MR. MOHAMMAD AMIN AHMED BAWANY	4
3. MR. A. AZIZ AYOOB	4
4. MR. IRFAN ZAKARIA BAWANY	4
5. MR. MOHAMMAD OMER BAWANY	4
6. MR. ZOHAIK ZAKARIA	2
7. MR. AHMED ALI BAWANY	3
8. MR. NOOR M. ZAKARIA	2
9. MR. GHULAM MOHIUDDIN ZAKARIA	1
10. MR. HAMZA OMER BAWANY	2
11. MR. ASHFAQ PATEL	2
12. MR. YASIN SIDDIK	1

During the year Four (4) Board Meetings were held and the number of meetings attended by each Director is given hereunder:

Leave of absence was granted to the Directors who could not attend some of the Board Meetings due to their busy schedules and other appointments.

## TRADING OF COMPANY'S SHARES.

Except as stated below, no trading in the shares of the Company was carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children:

NAME	No. of Shares Sale/Purchase
<b>Sale</b>	
Mrs. Shehla Irfan Bawany	44,000
Miss Anam Irfan Bawany	62,000
<b>Purchased</b>	
Mrs. Roshan Ara Amin	1,500
Mrs. Rukhsana Bai Omer	4,000
Mrs. Ambreen Ahmed Ali	4,000

## STATEMENT OF THE ETHICS AND BUSINESS PRACTICES

The Board has adopted the statement of Ethics and Business Practices. All employees are informed and are required to observe these rules of conduct.

## AUDIT COMMITTEE

The Board has constituted an Audit Committee, which comprises of the following Non-Executive Directors:

Mr. A. Aziz Ayooob	Chairman
Mr. Irfan Zakaria Bawany	Member
Mr. Zohair Zakaria	Member

# CODE OF CORPORATE GOVERNANCE STATEMENT OF DIRECTORS RESPONSIBILITIES

The Securities & Exchange Commission of Pakistan (SECP) introduced in March 2002, Code of Corporate Governance to enhance transparency and credibility in the corporate sector for listed Companies. The Code is being enforced through listing regulation No. 37 (Chapter XI) and regulation No.40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively. In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework;

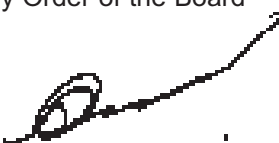
- a) The financial statements prepared by the management of the Company fairly present its state of affairs, the result of the operations, cash flow and change in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- d) International Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Pattern of Shareholding:  
The pattern of shareholding as at 31st December, 2007 is annexed to the accounts.
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation.
- i) Key operating and financial data for the last Ten years in summarized form is annexed.
- j) The Value of investments based on their respective audited accounts in respect of the Provident Fund Stands at Rs.18,284,885/=

## *ACKNOWLEDGMENT*

We would like to thank our valued customers for their continued patronage and support. We also avail this opportunity to thank all Reinsurers including the Pakistan Reinsurance Company Limited, our Bankers, Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their continued guidance and assistance.

The Directors wish to place on record their appreciation for the efforts made by Officers, Field Force and Staff of the Company for their dedication and hard work and for their contribution to the growth of the Company. Your Directors are also grateful to the shareholders for their confidence, support and understanding.

By Order of the Board



**A. Razak Ahmed**

Chief Executive & Managing Director

Karachi: 4th March, 2008



# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 & 43 of listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes 8 independent non-executive directors and 2 non-executive directors representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arose in the Board during the year under consideration.
5. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board is planning to arrange various orientation courses for its directors to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of (3) three members, of whom all are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.



**ISMAIL H. ZAKARIA**  
Chairman



**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# KEY FINANCIAL DATA

10 Years' Growth At A Glance

(Rs. In Million)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Paid-up capital	176.25	132.50	100.00	88.40	80.36	80.36	76.53	69.58	63.25	63.25
Gross premium	632.16	526.88	427.08	336.12	237.38	191.31	155.86	145.11	131.65	115.17
Net premium	395.81	315.02	250.44	183.95	136.20	100.59	90.52	77.62	68.04	63.57
Ratio to gross premium	62.61%	59.79%	58.64%	54.73%	57.38%	52.58%	58.08%	53.49%	51.68%	55.20%
Net claims incurred	156.97	100.21	82.66	64.75	48.37	39.61	33.51	27.58	26.55	26.31
Ratio to net premium	39.66%	31.81%	33.01%	35.20%	35.51%	39.38%	37.02%	35.53%	39.02%	41.39%
Net expenses	148.43	128.06	113.21	86.52	66.20	53.62	39.82	36.38	32.38	29.74
Ratio to gross premium	23.48%	24.31%	26.51%	25.74%	27.89%	28.03%	25.55%	25.07%	24.59%	25.82%
Ratio to net premium	37.50%	40.65%	45.20%	47.03%	48.60%	53.30%	43.98%	46.87%	47.59%	46.78%
Investment	298.94	234.97	168.16	95.38	63.37	55.66	55.47	52.42	50.05	46.85
Investment income	43.23	30.41	23.62	9.85	7.93	6.96	6.61	4.48	3.57	2.39
Pre tax profit	88.34	80.63	57.44	36.03	19.46	16.02	15.95	12.63	10.77	11.11
Earnings per share	4.01	3.31	4.22	3.00	1.29	1.25	1.37	1.20	1.15	1.03
General reserve	80.00	62.50	48.00	38.00	23.00	22.60	20.30	19.50	18.00	17.00
Reserve for permanent diminution in value of investment	5.11	5.11	5.11	5.11	5.11	10.11	10.11	10.11	10.00	10.00
Underwriting profit	58.53	62.46	44.08	35.82	19.60	10.75	17.33	16.38	14.99	16.05
Reserve for unexpired risk	197.21	161.54	118.98	90.13	60.00	49.59	36.21	31.05	27.22	25.43

# REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

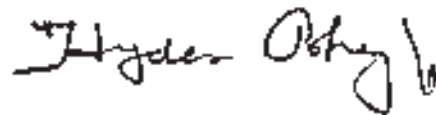
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of RELIANCE INSURANCE COMPANY LIMITED to comply with the Listing Regulation No.37-Part X1 of the Karachi Stock Exchange and Chapter X111 of Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Karachi: 4th March, 2008



**HYDER BHIMJI & CO.**  
Chartered Accountants

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- I. Balance sheet;
- ii. Profit and loss account;
- iii. Statement of changes in equity;
- iv. Cash flow statement;
- V. Statement of premiums;
- Vi. Statement of claims;
- Vii. Statement of expenses; and
- Viii. Statement of investment income;

of Reliance Insurance Company Limited as at 31st December 2007, together with the notes forming part thereof, for the year then ended.

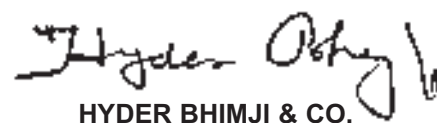
It is the responsibility of the Company's board of directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the insurance ordinance, 2000 (xxxix of 2000) and the companies ordinance, 1984 (xlvii of 1984). Our responsibility is to express an opinion on these statements based on our audit. The financial statements of the Company as of 31st December 2006, were audited by another firm of chartered accountants, whose report dated 22nd March 2007, expressed an unqualified opinion.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

## In our opinion:-

- A) proper books of accounts have been kept by the Company as required by the insurance ordinance, 2000 and the companies ordinance, 1984;
- B) the financial statements together with the notes thereon have been drawn up in conformity with the insurance ordinance, 2000 and the companies ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- C) the financial statements together with the notes thereon present fairly, in all material respects, the state of the company's affairs as at 31st December 2007, and of the profit, its cash flow and changes in equity for the year then ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the insurance ordinance, 2000 and the companies ordinance, 1984; and
- D) zakat was deductible at source under the Zakat and ushr ordinance, 1980 (xvii of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Karachi: 4th March, 2008

  
**HYDER BHIMJI & CO.**  
Chartered accountants

# EVENTS



*Mr. Abdul Razak Ahmed MD. Reliance Insurance Company Limited drawing names of lucky winners of umra tickets.*

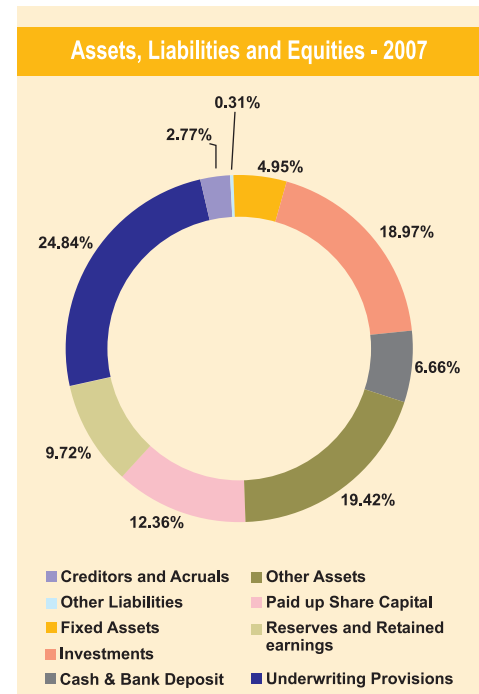
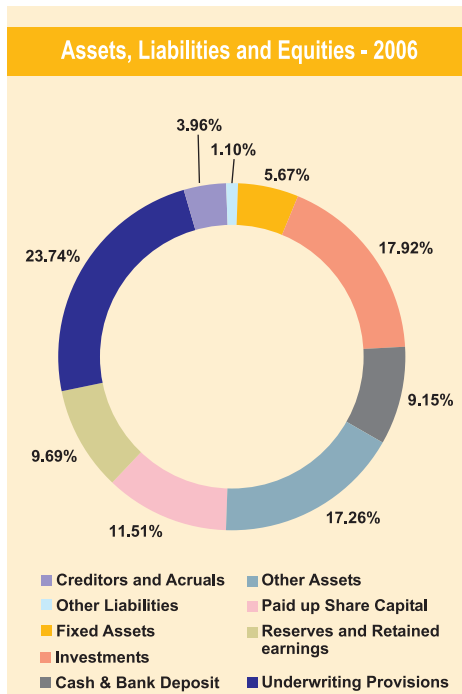


*Mr. Zafar Ahmed Pasha EVP Tariq Road Branch cutting cake on achieving 1st position by securing Rs. 180 million premium in 2007.*

*Mr. Najam Iqbal (Assistant Manager) Head Office and Mr. Abdul Razak (peon) of Namco Centre branch were successful who performed umra in 2007.*



Mr. Abdul Razak Ahmed MD. Reliance Insurance Company Limited garlanding Mr. Zafar Azmat Pasha on achieving Rs. 180 million premium.



# Balance Sheet

Financial Year Ended December 31, 2007

	Note	2007 Rs	2006 Rs
<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	6	176,225,000	132,500,000
Retained earnings		70,886,713	58,365,849
Reserves	7	67,605,000	53,105,000
		314,716,713	243,970,849
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		125,485,135	85,222,895
Provision for unearned premium		197,205,535	161,545,997
Commission income unearned		31,380,604	26,467,399
<b>Total Underwriting provisions</b>		<b>354,071,274</b>	<b>273,236,291</b>
<b>Creditors and Accruals</b>			
Amounts due to other insurers/reinsurers		15,512,421	18,945,642
Accrued Expenses		1,337,512	2,900,950
Taxation - Provision less payment		22,650,668	23,728,413
		39,500,601	45,575,005
<b>Other liabilities</b>			
Sundry Creditors		4,318,087	12,476,687
Unclaimed Dividend		123,978	123,978
		4,442,065	12,600,665
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>712,730,653</b>	<b>575,382,810</b>

CONTINGENCIES AND COMMITMENTS

8

The annexed notes form an integral part of these accounts.



	Note	2007 Rs	2006 Rs
<b>Cash and Bank Deposits</b>			
Cash and other equivalent		47,453	205,699
Current and other accounts		66,380,891	76,302,603
Deposit maturing within 12 months		28,525,000	28,725,000
	9	94,953,344	105,233,302
<b>Loans ( Secured )</b>			
To employees		939,993	1,143,983
<b>Investments</b>			
	10	270,415,530	206,241,172
<b>Other Assets</b>			
Premiums due but unpaid		88,895,678	65,619,689
Amounts due from other insurers/reinsurers		4,288,250	1,462,682
Accrued investment income		37,873,131	33,311,911
Reinsurance recoveries against outstanding claims		88,713,254	45,277,140
Deferred commission expense		53,834,616	48,283,769
Trade Deposits and Prepayments		526,028	809,850
Sundry receivables		1,777,919	2,754,418
		275,908,876	197,519,459
<b>Fixed Assets</b>			
Land and Buildings		21,408,353	22,535,108
Furniture, Fixtures and Office Equipment		13,186,964	10,817,634
Motor Vehicles		35,917,593	31,892,152
	11	70,512,910	65,244,894
<b>TOTAL ASSETS</b>		<b>712,730,653</b>	<b>575,382,810</b>

  
**ISMAIL H. ZAKARIA**  
Chairman

  
**MOHAMMAD AMIN AHMED BAWANY**  
Director

  
**A. AZIZ AYOOB**  
Director

  
**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# Profit & Loss Account

Financial Year Ended December 31, 2007

FORM GB

	Note	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2007 Aggregate	2006 Aggregate
Revenue Account							
Net Premium Revenue		110,916,214	56,859,235	224,648,676	3,387,024	<b>395,811,149</b>	315,020,473
Net Claims		(17,533,135)	(9,923,994)	(127,252,062)	(2,261,585)	<b>(156,970,776)</b>	(100,208,566)
Expenses		(37,583,172)	(19,266,348)	(76,120,610)	(1,147,669)	<b>(134,117,799)</b>	(113,922,916)
Net Commission		(8,971,327)	(4,193,532)	(35,384,020)	2,352,334	<b>(46,196,545)</b>	(38,427,680)
Underwriting result		46,828,580	23,475,361	(14,108,016)	2,330,104	<b>58,526,029</b>	62,461,311
Investment Income						<b>43,233,859</b>	30,411,059
Other Income							
(Profit on Sale of Fixed Assets)	11.1					<b>899,307</b>	1,893,093
General and administration expenses						<b>(14,313,331)</b>	(14,138,848)
Profit before tax during the year						<b>88,345,864</b>	80,626,615
Provision for Taxation :	20					<b>(17,600,000)</b>	(22,300,000)
Profit after tax during the year						<b>70,745,864</b>	58,326,615
Profit and Loss Appropriation Account							
Balance at Commencement of year-restated						<b>58,365,849</b>	42,539,234
Profit after tax during the year						<b>70,745,864</b>	58,326,615
Transfers to reserves (General Reserve)						<b>(14,500,000)</b>	(10,000,000)
Issuance of Bonus Shares for the year 2006 33 % (2005:32.5%)						<b>(43,725,000)</b>	(32,500,000)
Balance Unappropriated profit at the end of year						<b>70,886,713</b>	58,365,849
Earnings per Share - Basic and Diluted	16					<b>4.01</b>	3.31

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: 4th March, 2008

# Statement of Cash Flow

Financial Year Ended December 31, 2007

	January to December	
	2007	2006
	Rs	Rs
<b>Operating Cash Flow</b>		
<b>a) Underwriting activities</b>		
Premium received	597,269,932	503,807,799
Reinsurance premium paid	(206,947,945)	(166,274,879)
Claims paid	(270,490,607)	(186,921,884)
Reinsurance and other recoveries received	110,345,957	82,435,661
Commission paid	(102,087,013)	(86,309,380)
Commission received	66,866,748	56,774,124
<b>Net cash flow from underwriting activities</b>	<b>194,957,072</b>	<b>203,511,441</b>
<b>b) Other operating activities</b>		
Income tax paid	(18,677,745)	(13,225,226)
General management expenses paid	(134,117,799)	(113,922,916)
Other operating payments	(4,028,616)	(4,679,012)
Loans advanced / repayment received	203,990	93,140
Other payments on operating assets	(9,722,038)	7,136,548
Other receipts in respect of operating assets	1,260,321	(412,108)
<b>Net cash flow from other operating activities</b>	<b>(165,081,887)</b>	<b>(125,009,574)</b>
<b>Total cash flow all operating activities</b>	<b>29,875,185</b>	<b>78,501,867</b>
<b>Investment activities</b>		
Interest / Dividend received	24,509,120	13,488,518
Payments for Investments	(84,015,162)	(80,603,828)
Proceeds from disposal of investments	34,004,323	23,402,330
Fixed Capital Expenditures	(18,704,924)	(23,543,132)
Proceeds from disposal of fixed assets	4,051,500	6,780,000
<b>Total cash flow from Investing activities</b>	<b>(40,155,143)</b>	<b>(60,476,112)</b>

# Statement of Cash Flow

Financial Year ended December 31, 2007

	January to December	
	2007	2006
	Rs	Rs
Financing activities		
Unclaimed Dividend paid	-	(6,987)
<b>Total cash flow from financing activities</b>	<b>-</b>	<b>(6,987)</b>
Net cash Inflow/outflow from all activities	<b>(10,279,958)</b>	18,018,768
Cash & cash equivalent at the beginning of the year	<b>105,233,302</b>	87,214,534
<b>Cash &amp; cash equivalent at the end of the period</b>	<b>94,953,344</b>	<b>105,233,302</b>
Reconciliation to profit and loss Account		
Operating cash flow	<b>29,875,185</b>	78,501,867
Depreciation expense	<b>(10,284,715)</b>	(9,459,836)
Profit/(loss) on disposal of fixed assets	<b>899,307</b>	1,893,093
Increase/(decrease) in assets other than cash	<b>73,624,207</b>	12,995,924
(Increase)/decrease in liabilities other than running finance	<b>(66,601,979)</b>	(56,015,492)
Investment Income	<b>43,233,859</b>	30,411,059
<b>Profit / Loss after tax as per profit &amp; loss account.</b>	<b>70,745,864</b>	<b>58,326,615</b>

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: 4th March, 2008

# Statement of Premiums

Financial Year Ended December 31, 2007

Statement of Premiums

Business underwritten inside Pakistan.

FORM GD

(Amount in Rs.)

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2007	2006
		Opening	Closing			Net Premium revenue	Net Premium revenue			
Direct and facultative										
Fire and Property Damage	239,451,999	124,249,605	126,609,324	237,092,280	136,024,841	63,958,303	73,807,078	126,176,066	<b>110,916,214</b>	106,144,294
Marine, Aviation and Transport	96,740,361	10,706,624	13,259,738	94,187,247	38,215,222	4,543,173	5,430,383	37,328,012	<b>56,859,235</b>	54,134,822
Motor	275,262,610	96,886,290	139,702,481	232,446,419	9,401,584	3,391,221	4,995,062	7,797,743	<b>224,648,676</b>	152,219,850
Miscellaneous	20,704,873	8,068,595	11,834,194	16,939,274	17,047,509	6,472,420	9,967,679	13,552,250	<b>3,387,024</b>	2,521,507
Grand Total	632,159,843	239,911,114	291,405,737	580,665,220	200,689,156	78,365,117	94,200,202	184,854,071	<b>395,811,149</b>	315,020,473

The annexed notes form an integral part of these accounts.



**ISMAIL H. ZAKARIA**  
Chairman



**MOHAMMAD AMIN AHMED BAWANY**  
Director



**A. AZIZ AYOORB**  
Director



**A. RAZAQ AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# Statement of Claims

Financial Year Ended December 31, 2007

Statement of Claims

Business underwritten inside Pakistan.

FORM GE

(Amount in Rs.)

Class	Claims Paid	Outstanding Claims		Claims Expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2007 Net claims expense	2006 Net claims expense
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and Property Damage	107,993,247	37,737,970	82,297,100	152,552,377	89,317,563	25,073,528	70,775,207	135,019,242	17,533,135	15,114,851
Marine, Aviation and Transport	19,645,476	19,168,200	20,672,000	21,149,276	11,807,454	14,359,349	13,777,177	11,225,282	9,923,994	5,293,134
Motor	134,125,957	25,119,475	19,335,535	128,342,017	2,806,823	3,097,378	1,380,510	1,089,955	127,252,062	79,192,192
Miscellaneous	8,725,927	3,197,250	3,180,500	8,709,177	6,414,117	2,746,885	2,780,360	6,447,592	2,261,585	608,389
Grand Total	270,490,607	85,222,895	125,485,135	310,752,847	110,345,957	45,277,140	88,713,254	153,782,071	156,970,776	100,208,566

The annexed notes form an integral part of these accounts.



**ISMAIL H. ZAKARIA**  
Chairman



**MOHAMMAD AMIN AHMED BAWANY**  
Director



**A. AZIZ AYOORB**  
Director



**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# Statement of Expenses

Financial Year Ended December 31, 2007

## Statement of Expenses

Business underwritten inside Pakistan.

FORM GF

(Amount in Rs.)

Class	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	2006 Net underwriting expense
Direct and facultative									
Fire and Property Damage	52,129,982	27,734,996	28,097,142	51,767,836	37,583,172	89,351,008	42,796,509	<b>46,554,499</b>	48,506,777
Marine, Aviation and Transport	18,700,035	2,141,325	2,651,947	18,189,413	19,266,348	37,455,761	13,995,881	<b>23,459,880</b>	21,287,503
Motor	39,397,298	16,955,101	20,955,372	35,397,027	76,120,610	111,517,637	13,007	<b>111,504,630</b>	83,358,063
Miscellaneous	3,473,620	1,452,347	2,130,155	2,795,812	1,147,669	3,943,481	5,148,146	<b>(1,204,665)</b>	(801,747)
Grand Total	113,700,935	48,283,769	53,834,616	108,150,088	134,117,799	242,267,887	61,953,543	<b>180,314,344</b>	152,350,596

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: 4th March, 2008

# Statement of Investment Income

Financial Year Ended December 31, 2007

FORM GG

	2007 Year Rs	2006 Year Rs
Income from Non-Trading Investments		
Held to maturity		
Return on Government Securities	13,271,445	9,305,510
Return on other fixed income, securities and deposits	3,439,907	2,840,742
	16,711,352	12,146,252
Investment Held for Trading		
Dividend Income	11,324,162	8,799,868
Available for sale		
Dividend Income	1,114,398	1,063,473
Gain on sale of 'available for sale investment'	14,163,519	8,401,466
less: Investment related expenses	(79,572)	
Net Investment Income transferred to P&L A/c.	43,233,859	30,411,059

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: 4th March, 2008



# Statement of Changes in Equity

Financial Year Ended December 31, 2007

	SHARE CAPITAL	GENERAL RESERVE	RESERVE FOR BONUS SHARES	PERMANENT DIMINUTION IN VALUE OF INVESTMENT	UNAPPRO- PRIATED PROFIT	TOTAL
<b>Balance as on 01-01-2005 - restated</b>	88,395,030	38,000,000	11,604,970	5,105,000	294,756	143,399,756
Net Profit for the year	-	-	-	-	42,244,478	42,244,478
Issuance of bonus shares and general reserve	11,604,970	-	(11,604,970)	-	-	-
<b>Balance as on 01-01-2006 - restated</b>	100,000,000	38,000,000	-	5,105,000	42,539,234	185,644,234
Net Profit for the year	-	-	-	-	58,326,615	58,326,615
Issuance of bonus shares and general reserve	32,500,000	10,000,000	-	-	(42,500,000)	-
<b>Balance as on 01-01-2007</b>	132,500,000	48,000,000	-	5,105,000	58,365,849	243,970,849
Net Profit for the year	-	-	-	-	70,745,864	70,745,864
Issuance of bonus shares and general reserve	43,725,000	14,500,000	-	-	(58,225,000)	-
<b>Balance as on 31-12-2007</b>	176,225,000	62,500,000	-	5,105,000	70,886,713	314,716,713

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: 4th March, 2008

# Classified Summary of Assets in Pakistan

Financial Year Ended December 31, 2007

FORM GK

	Current year		Prior year		Remarks
	Cost or book value	Market value	Cost or book value	Market value	
<b>CLASS OF ASSETS</b>	<b>31-12-2007</b>	<b>31-12-2007</b>	<b>31-12-2006</b>	<b>31-12-2006</b>	
Cash and Bank Deposits	94,953,344	94,953,344	105,233,302	105,233,302	At Book Value
Loans (Secured) to Staff	939,993	939,993	1,143,983	1,143,983	At Book Value
Investments	270,415,530	330,343,974	206,241,172	233,921,490	The Market Value has been ascertained from published quotations as on 31-12-2007
Premium due but unpaid	88,895,678	88,895,678	65,619,689	65,619,689	At Book Value
Amount due from other Insurers / reinsurers	4,288,250	4,288,250	1,462,682	1,462,682	At Book Value
Accrued Investment Income	37,873,131	37,873,131	33,311,911	33,311,911	At Book Value
Reinsurance Recoveries against outstanding Claims	88,713,254	88,713,254	45,277,140	45,277,140	At Book Value
Deffered Commission expenses	53,834,616	53,834,616	48,283,769	48,283,769	At Book Value
Trade Deposits and Prepayments	526,028	526,028	809,850	809,850	At Book Value
Sundry Receivables	1,777,919	1,777,919	2,754,418	2,754,418	At Book Value
Land & Building	21,408,353	21,408,353	22,535,108	22,535,108	At Book Value
Furniture Fixture and Office equipment	13,186,964	13,186,964	10,817,634	10,817,634	At Book Value
Motor Vehicles	35,917,593	35,917,593	31,892,152	31,892,152	At Book Value
<b>TOTAL ASSETS</b>	<b>712,730,653</b>	<b>772,659,097</b>	<b>575,382,810</b>	<b>603,063,128</b>	

The annexed notes form an integral part of these accounts.



**ISMAIL H. ZAKARIA**  
Chairman



**MOHAMMAD AMIN AHMED BAWANY**  
Director



**A. AZIZ AYOORB**  
Director



**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 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 Insurance Ordinance 2000 and the formats prescribed under Insurance Rules vide SRO 938(1) dated 12th December 2002.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Insurance Ordinance 2000, and approved accounting standards as applicable to insurance companies 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, the 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.

### 3.1 Standards, Interpretations and amendments to published standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after October 1, 2007 and are either not relevant to the Company operations or not expected to have significant impact on the Company financial statements other than certain increased disclosures in the certain cases:

- IAS 1 - Presentation of Financial Statements - Comprehensive revision including requiring a statements of comprehensive income:
- IAS 23 - Borrowing Cost (Revised):
- IAS 41 - Agriculture
- IFRS 2 - Shared - based Payments:
- IFRS 3 - Business Combination
- IFRS 5 - Non - current Asset Held for sale and Discontinued Operation:
- IFRS 6 - Exploration for and Evaluation of Mineral Resources:
- IFRS 7 - Financial Instrument: Disclosures
- IFRS 8 - Scope IFRS 2 Share - based Payments:
- IFRS 9 - Reassessment of Embedded Derivatives:
- IFRIC 10 - Interim Financial Reporting and Impairment:
- IFRIC 11 - Group and Treasury Share Transactions:
- IFRIC 12 - Service Concession Arrangements; and
- IFRIC 13 - Customer Loyalty Programs
- IFRIC 14 - The limit on defined benefits assets. minimum funding requirement and their interaction.

### 3.2 Amendments to published standards effective in current year

Amendment to IAS 1- "Presentation of Financial Statements - Capital Disclosures" Introduces new disclosure about the level of an entity's capital and how it manages Capital. Adoption of this amendment has only impacts the format and extent of disclosures presented in the financial statements.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

The preparation of financial statement in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgment / estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments/estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of marking the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on periodic basis. Revision to accounting estimates are recognized in the period in which the revision has been made.

Significant areas requiring the management to use estimates in these financial statements relate to provision for outstanding claims including IBNR, impairment of assets, premium deficiency reserve, provision for income tax, reinsurance recoveries against outstanding claims, staff retirement benefits and provision against premium due but unpaid.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Transfer between reserves

During the year the Company has changed its accounting policy pertaining to recognition of transfer between reserves including those for issuance of bonus shares made subsequent to the balance sheet date. As per the new policy transfer between reserves including those for issuance of bonus shares made subsequent to the balance sheet date are considered as non - adjusting events and are not recorded in the financial statements. Previously, such transfer between reserve including those for issuance of bonus share were being treated as adjusting events in the financial statements of the Company and were recorded as liability and disclosed as appropriation in the financial statements respectively. The new policy is in accordance with the requirements of International Accounting Standard 10 (IAS-10): " Events after Balance Sheets Date". The change in accounting policy has been applied retrospectively and comparative information has been restated in accordance with the treatment specified in International Accounting Standard Insurance Accounting Standard 8 (IAS-8): " Accounting Policies, Changes in Accounting Estimates and Errors".

Had there been no change in accounting policy the balance of retained earnings as at December 31, 2006 would have been lower by Rs.58.225 million and the balance of reserve for issuance of bonus shares and the balance of general reserve would have been higher by Rs.43.725 million and Rs.14.500 million respectively. However, there is no effect on shareholders' equity for the current year.

### 5.2 Underwriting Result

Underwriting result is calculated by deducting from Gross Premium of each class of business, reinsurance cost incurred, claims, commission, allocable expenses of management and reserve for unearned premium.

#### 5.2.1. Reserve for unearned premium

The Company is maintaining its Reserve for unearned premium, adopting 1/24th Method in accordance with regulation 8(4)(b) of the Accounting Regulation prescribed vide SRO 938(I) 2002 by the SECP.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 5.2.2. Premium Deficiency Reserve

No provision for the premium deficiency reserve has been made. Management considers that the unearned reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance expenses, commission and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date.

## 5.2.3. Estimated Liability in respect of Outstanding Claims / IBNR

The liability in respect of Outstanding Claims is based on Claims intimated or assessed before the end of the accounting year less anticipated recoveries. The liability for claims incurred but not reported (IBNR) represents provision on an estimation basis for the claims, which have been incurred in the current reporting period but has not been reported to the Company until the cut-off date, after taking into consideration the expected recoveries and claims settlement cost.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

## 5.2.4. Acquisition Costs

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and reinsurance cessions has been deferred and recognized as assets and liability as under:-

### (a). Commission Income

Commission income is being taken to profit & loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium to comply with the requirements of SRO 938 issued by the SECP in 2002.

### (b). Deferred Commission Expense

Commission expenses are deferred and recognised as an asset in correlation with unearned premium that will be recognised in the subsequent reporting period to comply with the requirements of SRO 938 issued by the SECP in 2002.

## 5.2.5. PIC / PRCL Retrocession Business

Pakistan Insurance Corporation (PIC) / Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PIC/ PRCL statements pertaining to the first two quarters of the current year and last two quarters of the previous year. Cash and bank transactions are accounted for currently.

## 5.3. Investments

All investments are initially recognised at cost being the fair value of the consideration given and include transaction costs. These are recognized and classified into the following categories.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 5.3.1. Held to maturity

These are measured at Cost. Investment with fixed maturity where management has both intent and ability to hold to maturity are classified as held to maturity. Investments held to maturity are initially recognized at cost and subsequently measured at amortized cost.

## 5.3.2. Available for Sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value. (market value in accordance with the requirements of SRO 938 issued by the SECP in December, 2002).

The Securities and Exchange Commission of Pakistan vide its letter SC/MF/D/179/2002 dated 16 October 2002 has granted exemption from adoption of IAS-39 to insurance companies due to tax implications.

## 5.3.3. Investment held for trading.

Quoted investments which are acquired principally for the purposes of selling or purchasing it in near future or are part of a portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading.

## 5.4. Revenue Recognition

5.4.1. Premium Income is recognized at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the reinsurance is ceded.

5.4.2. Administrative Surcharge recovered from insured is recognized as part of premium.

5.4.3. Dividend income is recognized when right to receive the same is established.

5.4.4. Entitlement of bonus shares is recognized when the right to receive the same is established by increasing the number of shares to which the Company is entitled without given any monetary effect in the financial statements either in terms of cost or value thereof which is in accordance with the requirement of the Institute of Chartered Accountant of Pakistan (ICAP) Technical Release-15.

5.4.5. Profit or Loss on sale of investments is charged to Profit & Loss Account for the year at the time of disposal/sale.

5.4.6. Income on bank deposits and Defense Saving Certificates is recognized on accrual basis.

## 5.5. Cash and Cash equivalents

Cash and bank balances are defined as cash in hand and at banks, stamps in hand and short term placements with banks.

## 5.6. Operating Fixed Assets

These are stated at cost less accumulated depreciation computed on the reducing balance method on yearly basis applying the rates as mentioned in note No.11.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

Depreciation on addition to fixed assets during the year is provided from the date of purchase while depreciation on assets disposed off during the year is ignored. Gain or Loss on disposal of fixed assets is taken to Profit & Loss Account.

Maintenance and normal repairs are charged to Profit & Loss Accounts as and when incurred, whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Rentals for Vehicles acquired under operating lease are charged to Profit & Loss Account.

## 5.7. Taxation

### 5.7.1. Current

Provision for taxation is based on taxable income at current rates of taxation, under the relevant provision of the Income Tax Ordinance, 2001, after taking into account rebates and tax credits available, if any. The income tax returns of the Company have been filed up to tax year 2007 corresponding to the income year ended December 31, 2006 and the same is deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

### 5.7.2. Deferred

Deferred tax, if any, is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or subsequently enacted, at the balance sheet date.

Deferred tax assets, if any, are recognised only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred Tax liability being immaterial has not been provided for.

## 5.8. Staff Retirement Benefits

Company maintains contributory recognised Provident Fund for all permanent employees for which contribution equal to one month's basic pay per annum is charged to Profit & Loss Account.

## 5.9. Transaction with Associated undertakings

All insurance business transactions with the associated undertakings are in normal course of business and are carried out at an arm's length basis.

## 5.10. Financial Instruments

All the financial assets and financial liabilities are recognized at the time when company becomes a party to the contractual provisions of the instrument. Any gain or losses on de-recognition of the financial assets and financial liabilities are taken to income currently.

## 5.11. Offsetting of financial assets and liabilities.

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.



# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 5.12. Impairment

The carrying amount of the Company's assets are reviewed on an ongoing basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the assets is determined and impairment losses are recognized in the Profit & Loss Account.

## 5.13. Loans, Advances, Deposits, Prepayments & Other receivable

Known bad debts are written off while provisions are made for debts considered doubtful.

## 5.14. Expenses on Management

Expenses of Management are allocated to various Revenue Accounts in proportion of the respective net premium income for the year.

## 5.15. Creditors, Accruals and Provision

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and / or services. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and its probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## 5.16. Dividend and Bonus Share

Dividend to shareholders is recognized as liability in the period in which it is declared. Similarly, reserve for issue of bonus share is recognized in the year in which such issue is declared.

## 5.17. Segment Reporting

The Company's operating business are organized and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

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

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

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

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

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 6 SHARE CAPITAL

Issued, subscribed and fully paid:

2007 (Number of Shares)	2006		2007	2006
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
<b>17,622,500</b>	13,250,000		<b>176,225,000</b>	132,500,000

Share of the Company held by associates amount to Rs.1,795,910( 179,591 Shares of Rs. 10/- each)  
[2006: Rs. 1,350,320 (135,032 Shares of Rs. 10/- each)]

## 7 RESERVES

i)General Reserve	62,500,000	48,000,000
ii)Reserve for permanent Diminution in value of Investement	5,105,000	5,105,000
	<b>67,605,000</b>	53,105,000

## 8. CONTINGENCIES AND COMMITMENTS

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

8.2. Medium Term Running Finance-Secured

A running finance facility of Rs.6.00 million has been arranged from a bank at 2 percent above the TDR rate per annum. The facility is secured against pledge of Company's TDR for Rs. 8.00 Million. This facility however has not been availed by the Company

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 9 CASH AND CASH EQUIVALENT

	2007 Rs	2006 Rs
Cash and other equivalent comprises of Cash on deposit accounts with Bank, Cash and cheques in hand, in transit and, at banks on current and other accounts and stamps in hand.		
<b>9.1</b> Cash / Stamps in hand	<b>47,453</b>	205,699
<b>9.2</b> Current and other deposit accounts		
Cash at bank		
<b>9.2.1</b> - on current & other accounts	<b>66,030,891</b>	75,952,603
<b>9.2.1</b> - Statutory deposit with State Bank of Pakistan (U/s. 7 of repealed Insurance Act., 1938)	<b>350,000</b>	350,000
	<b>66,380,891</b>	76,302,603
<b>9.3</b> - on deposit accounts	<b>28,525,000</b>	28,725,000
<b>TOTAL CASH AND BANK DEPOSITS</b>	<b>94,953,344</b>	105,233,302

## 10 INVESTMENTS

The investments comprises of the following:

Held to maturity	10.1	<b>85,115,229</b>	68,180,122
Available for sale	10.2	<b>54,647,547</b>	20,158,421
Investment held for trading	10.3	<b>130,652,754</b>	117,902,629
		<b>270,415,530</b>	206,241,172

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 10.1.1 Government Securities Held to maturity

Face value	Profit Yield %	Profit payment	Particulars	Maturity date	2007	2006
3,000,000	8.15%	Semi annually	Pakistan Investment Bond	30/10/2011	<b>3,441,388</b>	3,551,734
4,000,000	7.15%	Semi annually	Pakistan Investment Bond	12/11/2009	<b>3,989,186</b>	3,983,779
5,000,000	7.95%	Semi annually	Pakistan Investment Bond	24/12/2011	<b>5,627,683</b>	5,784,604
4,000,000	9.40%	Semi annually	Pakistan Investment Bond	14/02/2011	<b>4,477,504</b>	4,613,934
1,000,000	9.40%	Semi annually	Pakistan Investment Bond	18/04/2011	<b>1,125,923</b>	1,161,901
5,000,000	9.43%	Semi annually	Pakistan Investment Bond	19/05/2011	<b>4,952,827</b>	4,939,349
10,000,000	10.00%	Semi annually	Pakistan Investment Bond	19/05/2011	<b>9,803,889</b>	9,753,000
4,000,000	9.75%	Semi annually	Pakistan Investment Bond	19/05/2011	<b>3,951,778</b>	-
5,000,000	9.62%	Semi annually	Pakistan Investment Bond	19/05/2011	<b>4,958,388</b>	-
10,000,000	Kibor+0.35%	Semi annually	Wapda First Sukuk Bond	7 Years	<b>10,000,000</b>	10,000,000
5,000,000	Kibor+0.25%	Semi annually	Wapda Second Sukuk Bond	10 Years	<b>5,000,000</b>	-
2,000,000	Kibor+0.4%	Semi annually	KSEW Sukuk Certificates	8 Years	<b>2,000,000</b>	-
10,400,000	20.00%	-	Defence Savings Certificates**	-	<b>10,400,000</b>	11,500,000
					<b>69,728,566</b>	55,288,301

## 10.1.2 Term Finance Certificates ( Quoted)

Number of Certificates 2007	Number of Certificates 2006	Company's Name	Face value per certificates	Maturity	Profit Rate	Profit payment	2007	2006
600	600	Jahangir Siddqui & Co. Ltd. III	4,996	5 Years	KIBOR + 1.75%	Semi annually	<b>2,997,600</b>	2,998,800
600	600	Askari Commercial Bank Ltd. II	4,996	8 Years	KIBOR + 1.50%	Semi annually	<b>2,997,600</b>	2,998,800
379	379	Union Bank Limited III	4,997	7 Years	KIBOR + 2.00%	Semi annually	<b>1,893,863</b>	1,894,621
400	400	Pakistan Mobil Comm.Ltd. I	4,997	7 Years	KIBOR + 2.85%	Semi annually	<b>1,998,800</b>	1,999,600
600	600	Allied Bank Limited I	4,998	8 Years	KIBOR + 1.90%	Semi annually	<b>2,998,800</b>	3,000,000
							<b>12,886,663</b>	12,891,821

## 10.1.3 Certificate of Investment

Number of Certificates 2007	Number of Certificates 2006	Company's Name	Face value per certificates	Maturity	Profit Rate	Profit payment	2007	2006
5	-	Orix Leasing Pak. Ltd.	500,000	7 Years	17.30%	on maturity	<b>2,500,000</b>	-
							<b>85,115,229</b>	68,180,122

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 10.2 Available for sale

ORDINARY SHARES & MUTUAL FUND OF LISTED COMPANIES INCORPORATED IN PAKISTAN (QUOTED)

NUMBER OF SHARES		FACE VALUE Rs.	COMPANY'S NAME	BOOK VALUE	
31. Dec. 2007	31. Dec. 2006			31. Dec. 2007	31. Dec. 2006
Investment shares / units					
<b>MUTUAL FUNDS</b>					
300,000	300,000	10	MEEZAN BALANCED FUNDS	3,000,000	3,000,000
40,763	40,763	10	PICIC INVESTMENT FUND	661,469	661,469
57,500	50,000	10	PAKISTAN PREMIER FUND	758,500	758,500
67,590	67,590	10	UTP-GROWTH FUND	1,022,756	1,022,756
54,375	50,000	50	PAKISTAN INT'L ISLAMIC FUND (OPEN)	2,500,000	2,500,000
102,682	127,486	100	UNITED MONEY MARKET FUND A (OPEN)	10,204,822	12,215,697
2,425,563	-	10	NAFA CASH FUND (OPEN)	25,000,000	-
31,014	-	100	MCB DYNAMIC CASH FUND (OPEN)	3,000,000	-
25,662	-	100	HBL INCOME FUND (OPEN)	2,500,000	-
60,000	-	50	ALFALAH GHP INCOME FUND (OPEN)	3,000,000	-
30,000	-	100	UNITED ISLAMIC INCOME FUND (OPEN)	3,000,000	-
<b>3,195,149</b>	<b>635,839</b>			<b>54,647,547</b>	<b>20,158,421</b>

## 10.3 Investment held for trading

Investment shares / units

<b>MODARABAS</b>					
97,865	91,038	10	* B.F. MODARABA	512,566	512,566
521,220	521,220	10	* FIRST AL-NOOR MODARABA	5,212,200	5,212,200
9,248	9,248	10	FIRST FIDELITY LEASING MODARABA	264,925	264,925
33,500	33,500	10	FIRST HABIB BANK MODARABA	449,140	461,230
36,527	34,788	10	STANDARD CHARTERED MODARABA	691,500	691,500
<b>INVESTMENT &amp; COMMERCIAL BANKS</b>					
7,678	7,678	10	BANKERS EQUITY LIMITED	232,194	232,194
1,000	1,000	10	INDUS BANK LIMITED	14,450	14,450
2,000	2,000	10	MEHRAN BANK LIMITED	57,300	57,300
100,500	100,500	10	MEEZAN BANK LIMITED	1,952,250	1,952,250

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

NUMBER OF SHARES		FACE VALUE Rs.	COMPANY'S NAME	BOOK VALUE	
31. Dec. 2007	31. Dec. 2006			31. Dec. 2007	31. Dec. 2006
<b>INSURANCE</b>					
2,783	2,783	10	CENTRAL INSURANCE COMPANY LIMITED	19,850	19,850
11,632	8,316	10	EFU GENERAL INSURANCE CO. LIMITED	839,725	171,650
4,000	15,000	10	PAKISTAN REINSURANCE CO. LIMITED	19,744	88,834
130,016	104,180	5	PREMIER INSURANCE LIMITED	2,289,433	1,507,255
-	284	10	PICIC INSURANCE CO. LIMITED	-	2,840
<b>SYNTHETIC AND RAYON</b>					
27,793	27,793	10	DEWAN SALMAN FIBRE LIMITED	535,804	535,804
2,831	22,331	10	IBRAHIM FIBRES LIMITED	31,977	252,190
<b>SUGAR AND ALLIED</b>					
15,870	13,800	10	* FARAN SUGAR MILLS LIMITED	369,220	342,310
7,700	7,700	10	SANGHAR SUGAR MILLS LIMITED	181,100	181,100
23,551	23,551	10	* SHAHMURAD SUGAR MILLS LIMITED	464,162	464,162
3,000	8,000	10	SIND ABADGARS SUGAR MILLS LIMITED	38,445	102,520
-	5,500	10	MIRPURKHAS SURAR MILLS LIMITED	-	185,150
<b>CEMENT</b>					
24,256	24,256	10	CHERAT CEMENT CO. LIMITED	460,635	460,635
<b>FUEL AND ENERGY</b>					
100,000	100,000	10	HUB POWER COMPANY LIMITED	2,142,745	2,142,745
2,400	2,000	10	NATIONAL REFINERY LIMITED	331,594	331,594
150,076	112,376	10	O.G.D.C. LIMITED	11,941,416	7,532,566
50,048	50,048	10	PAKISTAN OILFIELDS LIMITED	12,035,515	12,035,515
23,028	23,028	10	PAKISTAN STATE OIL CO. LIMITED	6,078,467	6,078,467
15,500	-	10	PAKISTAN PETROLEUM LIMITED	3,750,000	-
6,000	10,000	10	SITARA ENERGY LIMITED	169,800	283,000
8,370	3,370	10	SUI NORTHERN GAS CO. LIMITED	345,708	38,208
78,963	78,963	10	SUI SOUTHERN GAS CO. LIMITED	1,547,569	1,547,569
65,000	60,000	10	KOT ADDU POWER CO. LIMITED	2,667,000	2,427,000
-	248	10	PAKISTAN REFINERY LIMITED	-	9,161
<b>TECHNOLOGY &amp; COMMUNICATION</b>					
65,000	65,000	10	P.T.C.L "A"	2,405,260	2,405,260
-	626	10	WORLD CALL TELECOM	-	5,000

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

NUMBER OF SHARES		FACE VALUE Rs.	COMPANY'S NAME	BOOK VALUE	
31 Dec. 2007	31 Dec. 2006			31. Dec. 2007	31. Dec. 2006
<b>FERTILIZER, CHEMICAL &amp; PHARMACEUTICAL</b>					
64,027	60,024	10	ENGRO CHEMICALS PAKISTAN LIMITED	6,878,128	5,452,003
525,675	500,675	10	FAUJI FERTILIZER COMPANY LIMITED	48,136,089	45,190,089
265,000	325,000	10	FAUJI FERTILIZER BIN QASIM LIMITED	9,279,370	11,438,650
13,156	6,440	10	HIGHNOON LABORATORIES LIMITED	467,825	197,825
50,122	50,122	10	I.C.I. PAKISTAN LIMITED	5,807,878	4,669,507
50,060	50,060	10	PAKISTAN PTA LIMITED	796,450	796,450
12,000	12,000	10	WAH NOBLE CHEMICALS LIMITED	328,978	328,978
-	4,207	10	NIMIR RESINS LIMITED	-	30,747
<b>PAPER AND BOARD</b>					
12,530	15,024	10	CHERAT PAPERSACK LIMITED	623,441	934,416
3,570	3,400	10	PACKAGES LIMITED	188,235	188,235
<b>FOOD AND ALLIED</b>					
840	1,440	10	MITCHELL'S FRUIT FARMS LIMITED	44,887	76,950
1,200	1,000	10	SHEZAN INTERNATIONAL LIMITED	49,780	49,780
2,625,535	2,599,517			130,652,754	117,902,629
5,820,684	3,235,356		Total 10.2 & 10.3	185,300,301	138,061,051
The Market Value of Quoted Shares & Mutual funds as on ->				245,228,744	165,741,370

\* Associated Undertaking.

\*\* In compliance with the directives of SECP, D.S.C. For the face value of Rs. 2.5 million has been Deposited with the State Bank of Pakistan under Section 29 of Insurance Ordinance 2000 and Rule 9 of Insurance Rules prescribed vide SRO 938(I) 2002.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 11. FIXED ASSETS

Particulars	Cost as at 01-01-2007	Additions (Sales/ Adjustments) During the year	Cost as at 31-12-2007	DEPRECIATION				Book Value as at 31st Dec. 2007	
				Rate %	As at 01-01-2007	On Sales & Adjustments	For the year		Total as at 31-12-2007
Office Premises	30,218,901		30,218,901	5	7,683,793		1,126,755	<b>8,810,548</b>	21,408,353
Furniture & Fitting	9,831,673	1,025,822	10,857,495	10	4,234,240		581,406	<b>4,815,646</b>	6,041,849
Vehicles	53,929,991	14,631,201 (6,639,069)	61,922,123	20	22,037,839	(3,486,876)	7,453,567	<b>26,004,530</b>	35,917,593
Office Equipments	8,330,371	1,864,215	10,194,586	10	4,570,434	-	469,249	<b>5,039,683</b>	5,154,903
Office Computer	3,066,660	1,183,686	4,250,346	30	1,606,396	-	653,738	<b>2,260,134</b>	1,990,212
<b>TOTAL 2007</b>	<b>105,377,596</b>	<b>18,704,924</b> <b>(6,639,069)</b>	<b>117,443,451</b>		<b>40,132,702</b>	<b>(3,486,876)</b>	<b>10,284,715</b>	<b>46,930,541</b>	<b>70,512,910</b>
<b>TOTAL 2006</b>	<b>90,252,187</b>	<b>23,543,132</b> <b>(6,089,223)</b>	<b>105,377,596</b>		<b>34,203,681</b>	<b>(3,530,815)</b>	<b>9,459,836</b>	<b>40,132,702</b>	<b>65,244,894</b>

### 11.1 Disposal of Assets - by Negotiation

#### 11.1.1 Vehicles

Sr. #	Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Profit/ (Loss)	Sold to
MOTOR CARS							
1	Hyundi Santro LRN - 5655	539,500	290,898	248,602	350,000	101,398	Mr. Atif Saeed , House # 394 Umer Block Allam Iqbal Town Lahore
2	Daihatsu Coure LXY - 0413	345,000	115,000	230,000	275,000	45,000	Mr. Mohammad Rauf House #14 Street No -21 Nabi pur LalPul Mughalpura Lahore
3	Suzuki Cultus ADH - 743	450,000	138,000	312,000	355,000	43,000	Mr. Mohammad Pervez Khan, House # 360 Sector 15/B Orangi Town Karachi
4	Suzuki Sedan AAX - 256	396,000	167,904	228,096	255,000	26,904	Mr. Shahzad Azam , Flat # B/2 Nawaz Appartment Nazimabad # 4 Karachi
5	Suzuki Margalla W-3727	354,079	285,868	68,211	160,000	91,789	Mr. Mohammad Azeem Khan, House No 535 Block-18 Indus Mehran Society Malir Karachi
6	Suzuki Kyber W-8298	166,020	133,960	32,060	110,000	77,940	Mr. Syed Babar Wasti, House # a-96 Block 10/A Central Govt Society Gulshan-e-Iqbal Karachi
7	Suzuki Mehran LXH-6422	279,000	236,093	42,907	130,000	87,093	Mr. Mohammad Jamil Malik House # 1 Gali 7 Muslim Sadiqabad Distt Rahimyar Khan
8	Toyota Corolla LXW-4553	500,000	166,666	333,334	450,000	116,666	Dr. Mohammed Saqlain Awan, 349-E, D.H.A. EME Sector, Lanore.
9	Honda City LZ-6006	938,080	387,739	550,341	600,000	49,659	Mrs. Bushra Mohmmod , House #4-A Umer Street Clifton Colony Lahore



# Notes to the Financial Statements

Financial Year Ended December 31, 2007

Sr. #	Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Profit/ (Loss)	Sold to
10	Honda VT1 AEW-876	1,143,500	634,290	509,210	640,000	130,790	Mr.Mohammad Sajid House # A/63 Block13/D Gulshan-e-Iqbal Karachi
11	Suzuki ALTO FDY-2738	515,710	348,190	167,520	185,000	17,480	Mr.Syed Fakhar Hassin House#17 Block X 26 Madina Tower Faisalabad
12	Suzuki.Kyber MNU-4774	447,350	393,312	54,038	150,000	95,962	Mr.Azhar Ali Nasir Near Iqra Masjid Mehboobabad Masoom Shah Road Multan
13	Suzuki Mehran LZS-7278	403,000	123,586	279,414	300,000	20,586	Mr. Anwar Hussain , House No-16 Gali No 14 Alamgir Park Sodiwei Colony Colony Lahore
MOTOR CYCLE							
1	Honda - 125 LZV - 7829	71,000	23,666	47,334	40,000	(7,334)	Mr. Mubeen Bilal House# 163 Gali No 1 Mohallah Qala Mohandi Ravi Road Lahore
2	Pak Hero STN - 702	40,480	22,863	17,617	14,500	(3,117)	Mr.Norman Akram ,Feroz Colony Marela Road Murad Pur Sialkot
3	Pak Hero LZF-5628	40,000	15,253	24,747	17,000	(7,747)	Mr.Mohammad Nadeem House No-16 9- B Lajeet Nagar Shadari Lahore
4	Honda MNY-3824	10,350	3,588	6,762	20,000	13,238	Mr Fazal Malik House No 2718 Kachery Road Multan
TOTAL 2007 ->		6,639,069	3,486,876	3,152,193	4,051,500	899,307	
TOTAL 2006 ->		6,089,223	2,635,751	3,453,472	4,180,000	726,528	
Premises TOTAL 2006 ->		2,328,500	895,065	1,433,435	2,600,000	1,166,565	

## 12 MANAGEMENT EXPENSES

Expenses of management are allocated to the revenue accounts in proportion to the net premium income for the year.

	2007 Rs	2006 Rs
Salary, Wages and benefits	65,745,470	57,998,130
Rent, Taxes, electricity, gas etc.,	5,346,118	5,141,637
Communication	7,736,066	6,660,999
Printing & stationery	4,562,039	3,470,440
Traveling and entertainment	8,325,170	6,308,295
Depreciation	10,284,715	9,459,836
Repairs and maintenance	2,614,812	2,136,752
Legal and professional charges	128,200	172,200
Advertisement and sales promotion	5,020,970	4,872,850
Others expenses	38,667,570	31,840,625
	<b>148,431,130</b>	<b>128,061,764</b>

## 13. ZAKAT

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 14. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

	Chief Executive	Directors	2007 Rs	2006 Rs
Fees	-	83,500	<b>83,500</b>	13,500
Managerial Remuneration	1,959,000	-	<b>1,959,000</b>	1,645,000
Rent & Utilities	909,000	-	<b>909,000</b>	782,000
	<b>2,868,000</b>	<b>83,500</b>	<b>2,951,500</b>	<b>2,440,500</b>
Number of Directors & Executives 2007	<b>1</b>	<b>10</b>	<b>11</b>	
Number of Directors & Executives 2006	1	10	11	

Chief Executive is also provided with free use of Company's maintained Car and Telephone at residence for Company as well as for personal use.

	2007 Rs	2006 Rs
<b>15 AUDITOR'S REMUNERATION</b>		
i. Audit Fees	<b>125,000</b>	75,000
ii. Half Yearly Review Fees	<b>25,000</b>	25,000
iii. Special Audit Fee	-	25,000
	<b>150,000</b>	<b>125,000</b>

## 16 EARNINGS PER SHARE

Profit after tax for the year	<b>70,745,864</b>	58,326,615
Weighted average number of shares outstanding during the year	<b>17,622,500</b>	17,622,500
Basic earning per share	<b>4.01</b>	3.31

**16.1** No figures for diluted earnings per share has been presented as the Company has not issued any instrument, which would have an impact on earning per share when exercised.

**16.2** Earnings per share for the corresponding period have been adjusted for the effect of subsequent issue of bonus shares during the year 2007

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 17.1 Interest/Mark-up rate risk exposure

The Company's exposure to interest/mark-up rate risk on its financial assets and liabilities as at December 31, are summarized as follows:

DESCRIPTION	Interest / Mark-up Bearing				Non-Interest / Non Mark-up Bearing				2007 Total Rs.	2006 Total Rs.
	Effective Yield / Mark-up Rate(%)	Maturity upto one year Rs	Maturity after one year Rs	Sub Total Rs	Maturity upto one year Rs	Maturity after one year Rs	Sub Total Rs			
<b>Financial Assets</b>										
Investment	7-20	49,204,823	85,115,229	134,320,052	-	136,095,478	136,095,478	270,415,530	206,241,172	
Premium due but unpaid	-	-	-	-	88,895,678	-	88,895,678	88,895,678	65,619,689	
Accrued Investment Income	-	-	-	-	37,873,131	-	37,873,131	37,873,131	33,311,911	
Amounts Due from other Insures/Reinsurers	-	-	-	-	4,288,250	-	4,288,250	4,288,250	1,462,682	
Loans and Sundry Receivables	-	-	-	-	1,777,919	939,993	2,717,912	2,717,912	3,898,401	
Term deposits	3-8	28,525,000	-	28,525,000	-	-	-	28,525,000	28,725,000	
Balance with banks in transit and in-hand	-	-	-	-	66,428,344	-	66,428,344	66,428,344	76,508,302	
	-	77,729,823	85,115,229	162,845,052	199,263,322	137,035,471	336,298,793	499,143,845	415,767,157	
<b>Financial liabilities</b>										
Provision for Outstanding claims	-	-	-	-	36,771,881	-	36,771,881	36,771,881	39,945,755	
Amounts due to other Insurers/Reinsurers	-	-	-	-	15,512,421	-	15,512,421	15,512,421	18,945,642	
Sundry Creditors	-	-	-	-	4,318,087	-	4,318,087	4,318,087	12,476,687	
Unclaimed Dividend	-	-	-	-	123,978	-	123,978	123,978	123,978	
	-	-	-	-	56,726,367	-	56,726,367	56,726,367	71,492,062	
GAP - 2007	-	77,729,823	85,115,229	162,845,052	142,536,955	137,035,471	279,572,426	442,417,478	-	
GAP - 2006	-	43,940,697	55,288,301	99,228,998	108,164,940	136,881,157	245,046,097	-	344,275,095	

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 17.2 Credit Risk

Due to the nature of financial assets, the company believes that it is not exposed to any major concentration of credit risk.

## 17.3 Market Risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of change in marketprices, whether those changes are caused by factors specific to the individual security, or its issue, or factors affecting all securities traded in the market.

The Company's investments are exposed to market risk. Market risk is limited by diversification of the portfolio and active monitoring of capital markets.

## 17.4 Reinsurance Risk

Reinsurance ceded does not relieve the Company of its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that a reinsurer fails to meet obligations under the reinsurance agreements. In common with other insurance companiens, in order to minimize the financial exposure arising from large claims, the Company, in the normal course of business enters into agreements with other parties for reinsurance purposes. To minimise reinsurance risk, reinsurance arrangements are diversified and with reputable parties.

## 17.5 Fair Value of Financial Instruments

The estimated fair values of all financial instruments are not significantly different from the book values except investments which are carried at cost.

## 18 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Investment in related parties have been disclosed in the relevent balance sheet note. There are no transaction with management personnel other than their terms of empolyment. Remuneration to the key personal are included in note 14 to these financial statements and are determined in accordance with the terms of their appointment.

	<b>2007</b>	<b>2006</b>
	<b>Rs</b>	<b>Rs</b>
Premium Under written	<b>22,897,009</b>	23,104,234
Premium Collected	<b>33,974,620</b>	21,113,575
Claims Paid	<b>9,913,542</b>	4,260,042
Commission Paid	<b>6,637,993</b>	3,493,635
Dividend Received	<b>343,092</b>	378,654

All insurance business transactions with the associated undertakings are on Arms' Length basis using Comparable un controlled price method

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

## 19. SEGMENT REPORTING

	Fire& property		Marine		Motor		Misc		Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>REVENUE</b>												
Premium less re-insurance	110,916,214	106,144,294	56,859,235	54,134,822	224,648,676	152,219,850	3,387,024	2,521,507	-	-	395,811,149	315,020,473
Commission	(8,971,327)	(12,295,613)	(4,193,532)	(4,236,344)	(35,384,020)	(23,769,451)	2,352,334	1,873,728	-	-	(46,196,545)	(38,427,680)
<b>TOTAL</b>	<b>101,944,887</b>	<b>93,848,681</b>	<b>52,665,703</b>	<b>49,898,478</b>	<b>189,264,656</b>	<b>128,450,399</b>	<b>5,739,358</b>	<b>4,395,235</b>	<b>-</b>	<b>-</b>	<b>349,614,604</b>	<b>276,592,793</b>
Segment result	46,828,580	42,522,666	23,475,361	27,554,185	(14,108,016)	(10,330,405)	2,330,104	2,714,865	-	-	58,526,029	62,461,311
Investment Income									43,233,859	30,411,059	43,233,859	30,411,059
Other Income (Profit on Sale of Fixed Assets)									899,307	1,893,093	899,307	1,893,093
General and administration expenses									(14,313,331)	(14,138,848)	(14,313,331)	(14,138,848)
<b>Profit before tax</b>									<b>29,819,835</b>	<b>18,165,304</b>	<b>29,819,835</b>	<b>18,165,304</b>
<b>Provision for Taxation</b>									<b>17,600,000</b>	<b>22,300,000</b>	<b>17,600,000</b>	<b>22,300,000</b>
<b>Net Profit</b>											<b>70,745,864</b>	<b>58,326,615</b>
<b>OTHER INFORMATION</b>												
Segment assets	66,703,588	55,328,767	34,194,414	28,218,313	135,100,831	79,346,108	2,036,913	1,314,360	-	-	238,035,745	164,207,548
Unallocated corporate assets									474,694,908	411,175,262	474,694,908	411,175,262
<b>Consolidated corporate assets</b>											<b>712,730,653</b>	<b>575,382,810</b>
Segment liabilities	111,498,750	111,625,536	57,157,862	56,930,319	225,828,538	160,080,412	3,404,813	2,651,716			397,889,962	331,287,983
Unallocated corporate liabilities									123,978	123,978	123,978	123,978
<b>Consolidated corporate liabilities</b>											<b>398,013,940</b>	<b>331,411,961</b>

# Notes to the Financial Statements

Financial Year Ended December 31, 2007

	2007 Rs	2006 Rs
<b>20 PROVISION FOR TAXATION</b>		
Current Year	21,387,416	22,300,000
Prior Year	(3,787,416)	-
	<b>17,600,000</b>	22,300,000
<b>20.1 Reconciliation of Tax charge</b>		
Profit for the year before taxation	88,345,864	80,626,615
Tax at the applicable of 35%	30,921,052	28,219,315
Capital gain exempt from tax	(4,957,232)	(2,940,513)
Tax effect of dividend income taxed at lower rate.	(3,731,568)	(2,959,002)
Others	(844,836)	(19,800)
Prior Year	(3,787,416)	-
Charge for the current year.	<b>17,600,000</b>	22,300,000

The applicable tax rate is 35% (2006: 35%)

## 21 NUMBER OF EMPLOYEES

Number of employees as at year end **226** 214

## 22 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 4th March 2008, by the Board of Directors of the Company.

## 23 GENERAL

23.1 Figures have been rounded off to the nearest rupee.

23.2 Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

**ISMAIL H. ZAKARIA**  
Chairman

**MOHAMMAD AMIN AHMED BAWANY**  
Director

**A. AZIZ AYOOB**  
Director

**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 4th March, 2008

# Pattern of Shareholding Form "34" Shareholders statistics

as at December 31, 2007

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
233	1	-	100	5,635
225	101	-	500	64,545
104	501	-	1000	85,015
196	1001	-	5000	493,417
66	5001	-	10000	473,783
22	10001	-	15000	272,118
11	15001	-	20000	194,427
9	20001	-	25000	203,231
6	25001	-	30000	165,332
5	30001	-	35000	161,741
7	35001	-	40000	262,367
2	40001	-	45000	83,777
2	45001	-	50000	95,728
4	50001	-	55000	207,850
3	55001	-	60000	173,512
6	60001	-	65000	379,138
1	65001	-	70000	69,221
4	70001	-	75000	292,097
4	75001	-	80000	305,247
3	80001	-	85000	244,799
3	85001	-	90000	263,487
1	100001	-	105000	103,313
1	105001	-	110000	106,131
3	110001	-	115000	334,609
2	115001	-	120000	233,880
3	130001	-	135000	397,778
1	160001	-	165000	164,475
1	165001	-	170000	169,090
1	170001	-	175000	172,394
2	175001	-	180000	354,791
2	185001	-	190000	373,150
1	190001	-	195000	194,559
2	200001	-	205000	404,526
1	215001	-	220000	218,900
1	235001	-	240000	237,221
2	250001	-	255000	504,855
1	265001	-	270000	269,060
1	280001	-	285000	280,005
1	295001	-	300000	295,945
1	300001	-	305000	301,321
1	345001	-	350000	348,019
1	445001	-	450000	449,762
1	460001	-	465000	461,463
1	490001	-	495000	492,233
1	510001	-	515000	514,508
1	530001	-	535000	532,015
1	560001	-	565000	564,800
1	625001	-	630000	625,874
1	1060001	-	1065000	1,060,573
1	2960001	-	2965000	2,960,783
954				17,622,500

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE %	
1	Individual	922	16,186,232	91.85
2	Investment Company	7	278,865	1.85
3	Insurance Company	2	31,708	0.18
4	Joint Stock Company	14	557,160	3.16
5	Modaraba Company	1	179,591	1.02
6	Others	8	388,944	2.21
		954	17,622,500	100.00

# Categories of Share Holding

as at 31 December 31, 2007

Categories of Share Holders	Numbers	Shares Held	Percentage %
<b>ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>			
First Al-Noor Modaraba	1	179,591	1.02
<b>NIT / ICP</b>			
Investment Corporation of Pakistan	1	349	-
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN	22	7,965,958	45.20
The detail are as under:			
MR. ISMAIL H. ZAKARIA	1	178,619	
MR. MOHD. AMIN AHMED BAWANY	1	20,608	
MR. A. AZIZ AYOOB	1	75,392	
MR. IRFAN ZAKARIA BAWANY	1	1,096,815	
MR. MOHD. OMER BAWANY	1	106,131	
MR. ZOHAIK ZAKARIA	1	80,479	
MR. AHMED ALI BAWANY	1	28,359	
MR. NOOR M. ZAKARIA	1	70,986	
MR. ASHFAQ PATEL	1	2,960,783	
MR. YASIN SIDDIK	1	60,825	
MRS. ZARINA BAI ISMAIL	1	164,475	
MRS. ROSHANARA AMIN	1	301,321	
MRS. MEHRUNNISA A. AZIZ	1	51,626	
MRS. SHEHLA IRFAN	1	1,061,128	
MRS. RUKHSANA BAI OMER	1	280,005	
MRS. AMBREEN AHMED ALI	1	625,874	
MRS. SHAHNAZ NOOR MOHAMMAD	1	111,177	
ANAM IRFAN ZAKARIA	1	89,004	
BILAL OMER	1	26,175	
RABEEHA OMER	1	20,266	
ALTAMASH AHMED ALI	1	41,402	
MOIN NOOR MOHAMMAD	1	514,508	
EXECUTIVE	-	-	-
PUBLIC SECTOR COMPANIES AND CORP.	-	-	-
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	9	310,224	1.76
JOINT STOCK COMPANIES	14	557,160	3.16
INDIVIDUALS	900	8,220,274	46.65
OTHERS	8	388,944	2.21
<b>TOTAL :-</b>	<b>954</b>	<b>17,622,500</b>	<b>100.00</b>
<b>SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST .</b>			
Mr. Ashfaq Patel	-	2,960,783	-



# Head Office

## Head Office

### “Reliance Insurance House”

181-A, Sindhi Muslim Co-operative  
Housing Society,  
Karachi.

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

### Mr. A. Razak Ahmed

Chief Executive & Managing Director

Direct : 4539413, 4539414  
Extension : 204

### Mr. Haroon A. Shakoor

Chief Accountant &  
Company Secretary

Direct : 4539409  
Extension : 203

### Mr. Aminul Haque

Senior Vice President (Reinsurance)

Direct : 4539411  
Extension : 213

### Mr. M. Amin Bawany

Vice President (Marine & Accident)

Direct : 4557079  
Extension : 201

### Mr. Muhammad Ishaque Azeem

Vice President (Fire)

Direct : 4557079  
Extension : 212

### Mr. Sadruddin Hussain

Vice President (Claims)

Direct : 4550403  
Extension : 208

### Mr. Iqbal Nawaz Khan

Assistant Vice President (Engineering & Bonding)

Direct : 4550403  
Extension : 209

### Mr. Riaz Ali

Assistant Vice President (Fire)

Direct : 4557079  
Extension : 212

### Mr. Ghulam Mujaddid

Manager (Accounts)

Extension : 205

### Mr. Muhammad Masood Alam

Manager (Administration)

Direct : 4539411  
Extension : 206

### Mr. Muhammad Saquib Sami

Assistant Manager (Computer)

Extension : 202

### Mr. Muzammil Ahmed

Executive Officer (Internal Audit)

Extension : 218

## South Zone Offices & Branches

### M. A. Jinnah Road Branch

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

Ph : 2727076, 2729961  
Fax : 2722601

### Business Plaza Branch

407, 4th floor, Business Plaza,  
Off. I.I.Chundrigar Road, Karachi.

**Mr. Muhammad Iqbal Dhedhi**  
Executive Vice President

Ph : 2419581, 2419582  
Fax : 2421314, 2421317

**Namco Centre Branch**

1-A, 5th Floor, Campbell Street,  
Karachi.

**Mr. Iqbal Umer Bawany**  
Vice President

Ph : 2625716, 2624427  
Fax : 2624783

**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.

**Mr. Zafar A. Pasha**  
Executive Vice President

Ph : 4527806, 4532427  
4525376, 4322642  
Fax : 4522829

**Land Mark Plaza Branch**

405, 4th Floor, Lnad Mark Plaza,  
Off. I. I. Chundrigar Road,  
Karachi.

**Mr. Muhammad Raza**  
Deputy Chief Manager

Ph : 2628777, 2628778  
Fax : 2628779

**Hyderabad Branch**

1st Floor, Al-Falah Chamber,  
Tilak Road, Hyderabad.

**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

**Regional Office, Lahore**

90-A/3, 1st Floor, Canal Park,  
Gulberg-II, Lahore.

**Mr. Basharat M. Barlas**  
Senior Executive Vice President

Ph : 5761077, 5761078  
5763446, 5763447  
Fax : 5761235

**Gulberg Branch**

House No.17-A, Block-E/1,  
Gulberg-III, Lahore.

**Mr. Tehseen Ahmed Khan**  
Executive Vice President

Ph : 5752245, 5752989  
5751971, 5756557  
Fax : 5756217

**Eden Centre Branch**

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

**Mr. Khawaja Ahmed Fraz**  
Chief Manager

Ph : 7599277, 7599377  
7589669  
Fax : 7576032

**Al-Rehman Branch**

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

**Mr. Nisar Ahmed Chughtai**  
Senior Vice President

Ph : 7323113, 7322473  
7354848  
Fax : 7247925

**Garden Town Branch**

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

**Mr. Basit Anwar Butt**  
Executive Vice President

Ph : 5889258, 5889259  
Fax : 5889260

**Khan Plaza Branch**

4th Floor, Khan Plaza,  
G. T. Road, Gujranwala.

**Mr. Sohailuddin Zafar**  
Branch Manager

Ph : 4215422, 4216422  
Fax : 4448139

**Model Town Branch**

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

**Mr. Ch. H.S. Asghar**  
Vice President

Ph : 3254415, 3259421  
Fax : 3253086

**Gujrat Branch**

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

**Mr. Ch. M. Nazir Ahmed**  
Vice President

Ph : 3522127

**Faisal Complex Branch**

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

**Mr. A. Majeed Abid**  
Vice President

Ph : 2611938, 2611939  
2626480  
Fax : 2621033

**Taj Plaza Branch**

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

**Mr. Muhammad Akhlaq**  
Vice President

Ph : 2617277, 2615922  
Fax : 2622182

**Arslan Plaza Branch**

1st Floor, Arslan Plaza,  
Kotwali Road, Faisalabad.

**Mr. Mushtaq Ahmed**  
Vice President

Ph : 2638034, 2635640  
2635355  
Fax : 2618830

**Rawalpindi Branch**

43/C, 2nd Floor, Bank Road,  
Near NBP, Rawalpindi Cantt.

**Mr. Abdul Karim Siddiqi**  
Vice President

Ph : 5567117  
Fax : 5514384

**Islamabad Branch**

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

**Mr. H. S. Akber**  
Vice President

Ph : 2277681  
Fax : 2273164

**Peshawar Branch**

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

**Mr. Abdul Salam Niazi**  
Vice President

Ph : 5274617, 5277328  
5250830  
Fax : 5284683

**Regional Office Multan**

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

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

Ph : 4517349  
Fax : 4510049

**Khanpur Branch**

Old Ghalla Mandi, Khanpur,  
Distt. Rahimyar Khan.

**Mr. Abdul Razzak Choudhry**  
Vice President

Ph : 5572772  
Fax : 5572772

**Hasilpur Branch**

27-B, 1st Floor, Main Bazar,  
Hasilpur.

**Mr. Muhammad Shafi Anjum**  
Vice President

Ph : 2442473  
Fax : 2448073

**Sahiwal Branch**

147, Railway Road,  
Sahiwal.

**Mr. Muhammad Saeed**  
Branch Manager

Ph : 4467477

**Sialkot Branch**

Room No.11, 1st Floor,  
Choudhry Plaza, Mujahid Road,  
Sialkot.

**Mr. Safwan Zainul Abideen Janjua**  
Branch Manager

Ph : 4602020, 4603030  
Fax : 4604040

**Gojra Branch**

P-132, Post Office Road,  
Gojra.

**Mr. Sajjad Rabbani**  
Branch Manager

Ph : 3511917  
Fax : 3513111

# Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a Member of Reliance Insurance Company Limited  
and holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio No. \_\_\_\_\_  
(Number of Shares)  
and / or CDC Participant I.D. No. \_\_\_\_\_ and Investor Account / Sub Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
as my proxy to vote for me on my behalf at the annual general meeting of the Company to be held on Saturday, the 29th  
March, 2008 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Witnesses:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No. Or Passport No. \_\_\_\_\_

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No. Or Passport No. \_\_\_\_\_

\_\_\_\_\_  
Signature

Affix  
Rs.5/=  
Revenue  
Stamp

(Signature should agree with the  
specimen signature registered with  
the Company)

Note:

1. This form of Proxy, duly completed, must be deposited at the Company's Head Office at Reliance Insurance House, 181-A, Sindhi Muslim Co-operative Housing Society, Karachi, not later than 48 hours before the time appointed for the meeting.
2. CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
3. No person shall act as proxy unless he/ she is a member of the Company.
4. CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.



**Reliance Insurance Company Limited**  
181-A, Sindhi Muslim Co-operative Housing Society, Karachi-74400.