

Annual Report ||| 2006 |||



Reliance Insurance Company Limited

RECO

25 Years of Quality Service

RIC
**Reliance Insurance
Company Limited**

25

1981 - 2006

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 Al-Noor Group and 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. Mohammad Amin Ahmed Bawany, who is also the Director of Reliance Insurance. Both the groups having successfully implemented a number of projects, are currently one of leading industrial groups of Pakistan.

Rated A-
by JCR VIS
and
PACRA

FINANCIAL HIGHLIGHTS

(Rs. In Million)

PARTICULARS	2006	2005
Gross Premium	526.88	427.08
Net Premium	315.02	250.43
Underwriting Profit	62.46	44.08
Investment Income	30.41	23.62
Profit Before Tax	80.63	57.44
Profit After Tax	58.33	42.24
Earnings per share (Rs)	4.40	4.22
Stock Dividend (%)	33.00	32.50
Profit After Tax to Net Premium (%)	18.52	16.87
Underwriting Results to Net Premium (Operating Margin) (%)	19.83	17.60
Investment (Book Value)	206.24	140.63
Investment (Market / Realizable Value)	264.92	219.88
Equity	243.97	185.64
Return on Equity (%)	23.91	22.75
Reserves	111.33	85.61
Technical Reserves	273.24	233.83
Paid up Capital	132.50	100.00
Total Assets	575.38	460.90

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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.



Paid up Capital: 132.500 Million

Gross Premium: 526.877 Million

Pre Tax Profit: 80.627 Million



COMPANY INFORMATION



Ismail H. Zakaria
Chairman



M. Amin Ahmed Bawany
Director



A. Aziz Ayooob
Director



Irfan Zakaria Bawany
Director



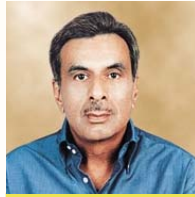
Mohammed Omer Bawany
Director



Zohair Zakaria
Director



Ahmed Ali Bawany
Director



Noor M. Zakaria
Director



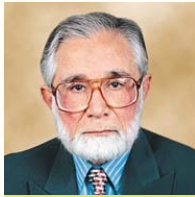
Ghulam Mohiuddin Zakaria
Director



Hamza Omer Bawany
Director



A. Razak Ahmed
Chief Executive & M.D.



Haroon A. Shakoor
C.A. & Company Secretary

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
GHULAM MOHIUDDIN ZAKARIA
HAMZA OMER BAWANY

CHIEF EXECUTIVE & MANAGING DIRECTOR
A. RAZAK AHMED

MANAGEMENT

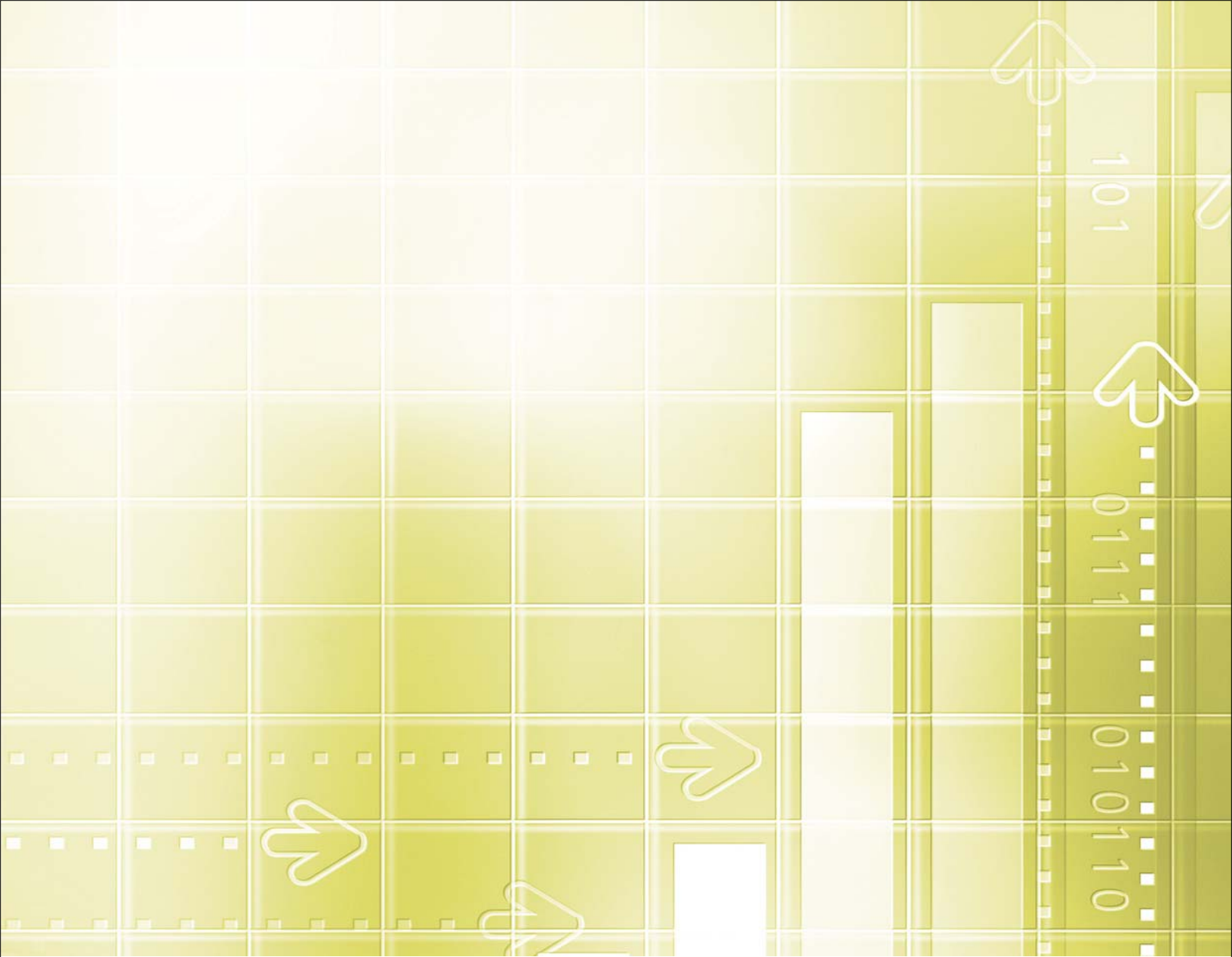
SENIOR EXECUTIVE VICE PRESIDENT
BASHARAT M. BARLAS

CHIEF ACCOUNTANT AND COMPANY SECRETARY
HAROON A. SHAKOOR

AUDIT COMMITTEE

CHAIRMAN
A. AZIZ AYOOB
MEMBER
IRFAN ZAKARIA BAWANY
MEMBER
ZOHAIR ZAKARIA

AUDITORS
GARDEZI & COMPANY
CHARTERED ACCOUNTANTS



LEGAL ADVISOR
ABDUL SATTAR PINGAR

BANKERS
HABIB BANK LIMITED
NATIONAL BANK OF PAKISTAN
MCB BANK LIMITED
ALLIED BANK OF PAKISTAN LIMITED
UNITED BANK LIMITED
PRIME COMMERCIAL BANK LIMITED
INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN
BANK ALFALAH LIMITED
HABIB METROPOLITAN BANK LIMITED

ADDRESS
REGISTERED OFFICE
96-A, Sindhi Muslim Co-operative Housing
Society, Karachi.

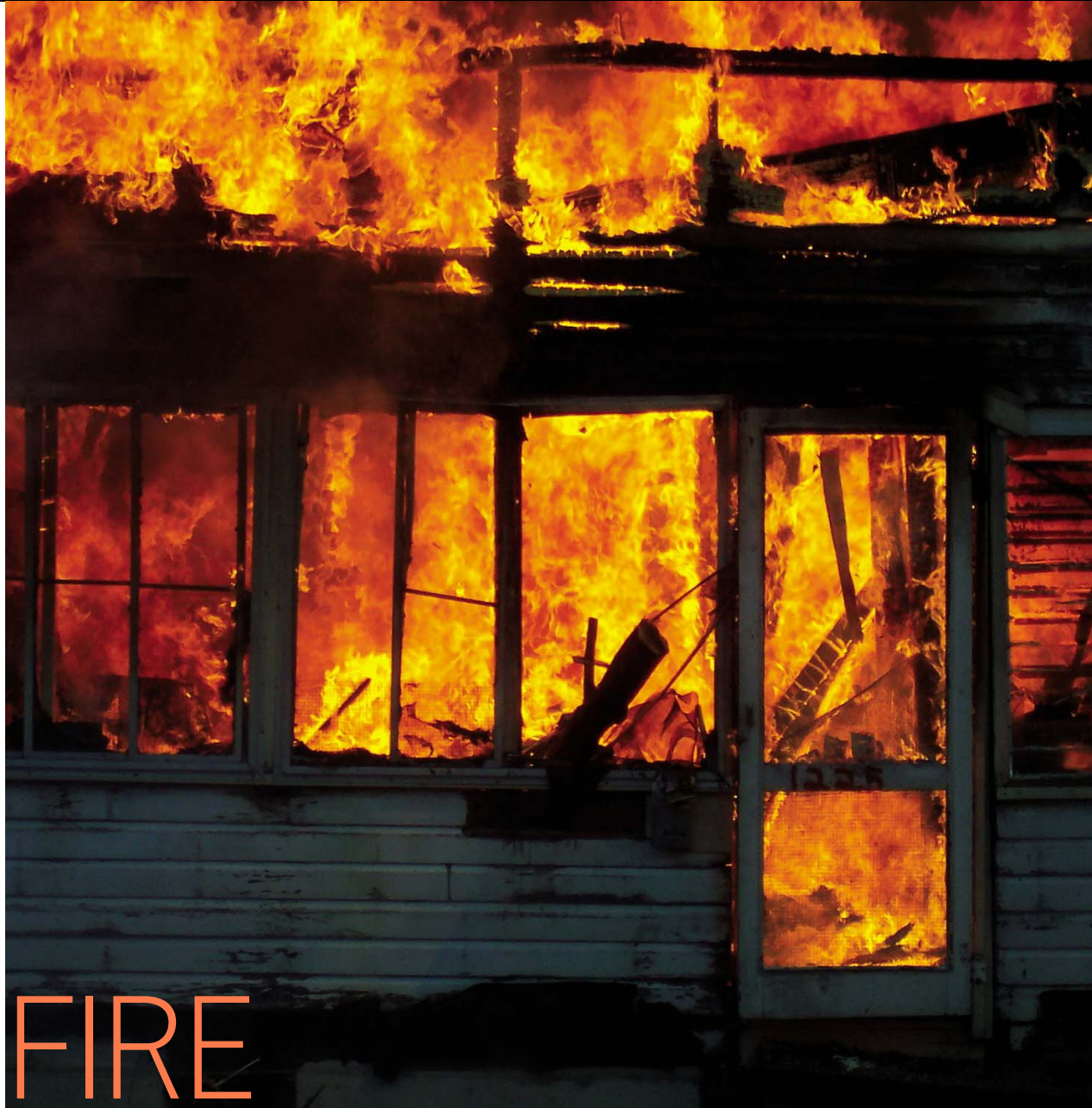
HEAD OFFICE
Reliance Insurance House,
181-A, Sindhi Muslim Co-operative Housing Society,
P.O. Box No. 13356, Karachi-74400
Phone : 4539415 - 17
Fax : 92-21-4539412
E-mail : reli-ins@cyber.net.pk
 : ric-re@cyber.net.pk.
Website: relianceins.com



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

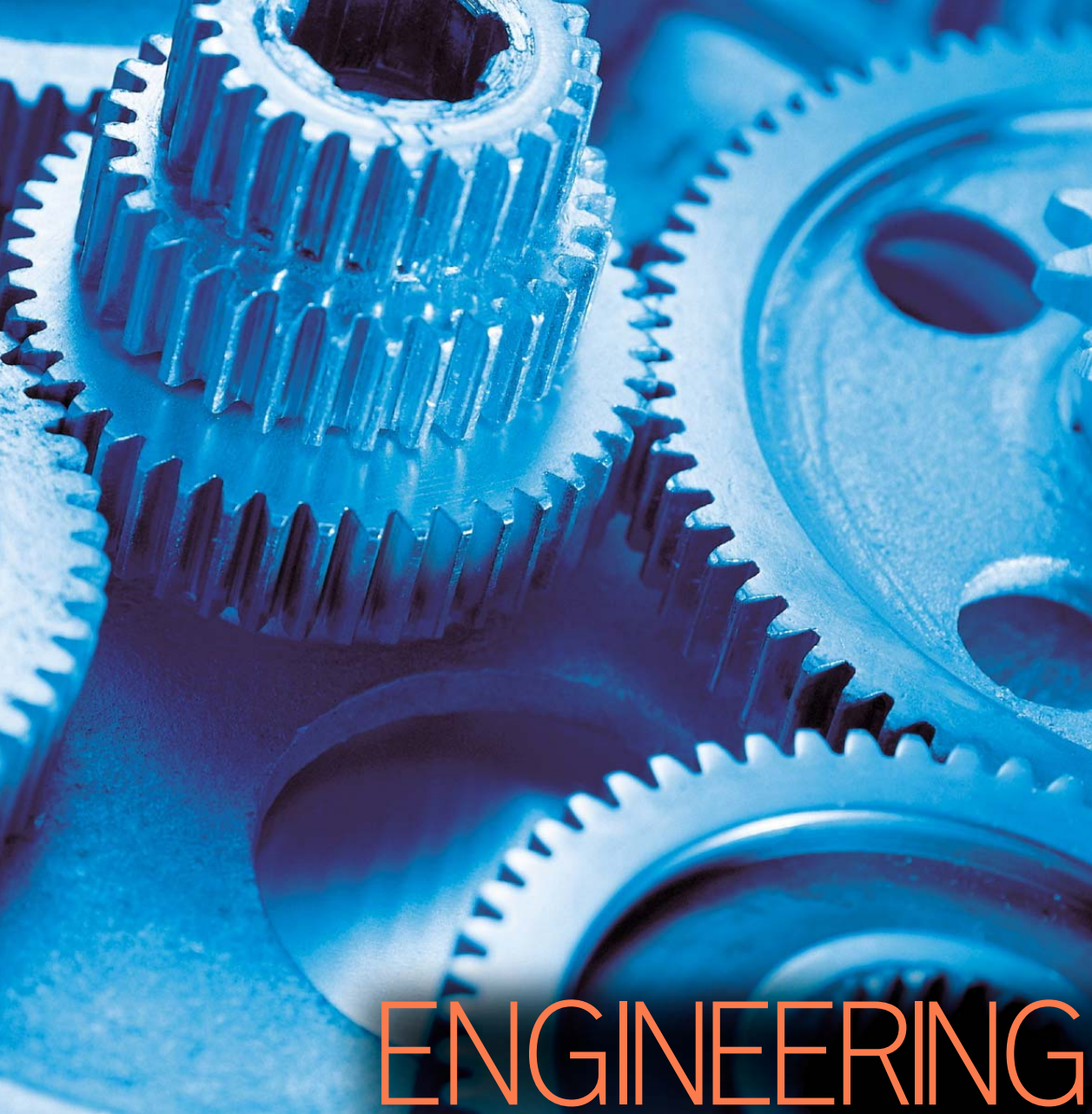
The minimum requirement by law under Motor Vehicle Act 1939 is in respect of legal liability to pay damages arising out of bodily injury caused to any third party person - The following policies are available under this section:

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.

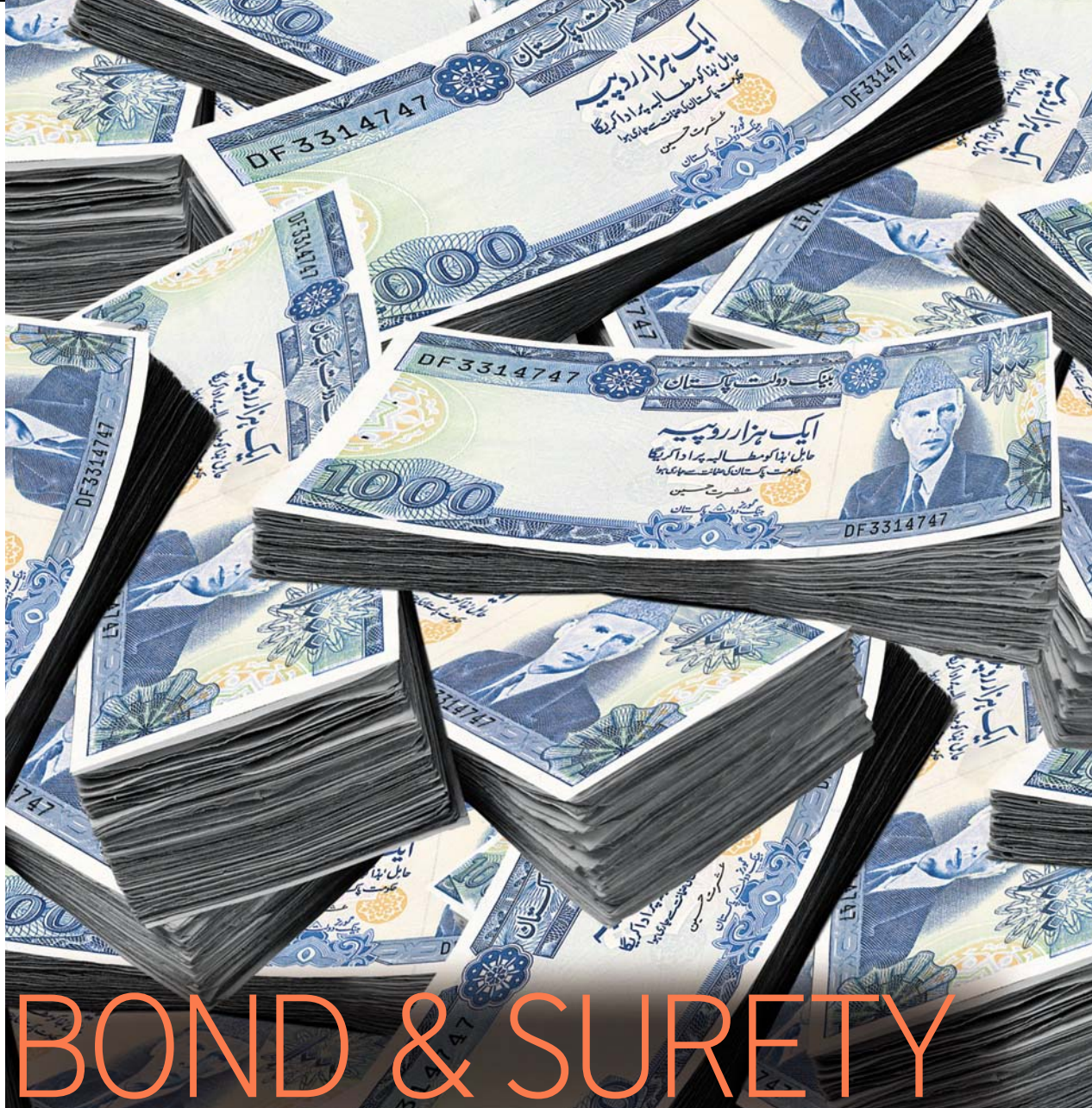




ENGINEERING Insurance

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 and 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-FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of RELIANCE INSURANCE COMPANY LIMITED will be held on Monday the 30th April, 2007 at 12.00 Noon at the Head Office of the Company at 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 24th Annual General Meeting of the company held on 29th April, 2006.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2006 together with Directors' and Auditors' Reports thereon.
3. To elect Directors of the Company for a period of three years Under Section 178 of the Companies Ordinance 1984. The number of elected Directors of the Company fixed by the Board of Directors is Ten (10). The retiring Directors are Messrs. Ismail H. Zakaria, Mohammed Amin Ahmed Bawany, A. Aziz Ayoob, Irfan Zakaria Bawany, Mohammad Omer Bawany, Zohair Zakaria, Ahmed Ali Bawany, Noor M. Zakaria, Ghulam Mohiuddin Zakaria and Hamza Omer Bawany and have indicated their intention to offer themselves for election as Directors.
4. To appoint Auditors and fix their remuneration. One of the Shareholders of the Company has recommended the name of M/s. Hyder Bhimji & Co., Chartered Accountants as auditor for the year 2007, a notice under section 253 (1) of the Companies Ordinance, 1984 has also been received to this effect. The present auditor for the year 2006, M/s. Gardezi & Company, Chartered Accountants retires. Consequently, the Board on the recommendation of the Audit Committee of the Company has proposed the appointment of M/s. Hyder Bhimji & Co. Chartered Accountants as auditor for the year 2007.

SPECIAL BUSINESS:

5. To consider and approve the following resolution:

RESOLVED that a sum of Rs.43,725,000/- out of the Company's Reserve for the issue of Bonus Shares be capitalised and applied to the issue of 4,372,500 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 on April 19, 2007 in the proportion of 3.30 new share for every 10 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 3.30:10 shares will be sold in the Stock Market and proceeds for such shares shall be distributed amongst the shareholders in accordance with their entitlement.

6. Resolved that the Authorised share capital of the Company be and hereby increased from Rs.200,000,000 to Rs.500,000,000 by the creation of 30,000,000 new shares of Rs.10/- each and the Memorandum and Articles of Association be amended as under:

That the words and figures Rs.200,000,000 (Rupees Two Hundred million) divided into 20,000,000 Ordinary Shares Rs.10/- each "appearing in Clause V of Memorandum of Association and Clause 4 of Articles of Association of the Company be substituted with words and figures "Rs.500,000,000 (Rupees Five Hundred Million) divided into 50,000,000 Ordinary Shares Rs.10/- each."

7. To enhance the remuneration payable to Directors for attending Board of Directors meeting from Rs.500/- to Rs.5,000/- and pass the following resolutions:

"RESOLVED that the remuneration payable to Directors for attending Board Meeting be and is hereby increased from Rs.500/- (Rupees five hundred) to Rs.5,000/- (Rupees Five thousand)".
"FURTHER RESOLVED that the figure Rs.500/- (Rupees five hundred) appearing in Article 137 of Article of Association be and is hereby substituted by the figure Rs.5,000 (Rupees five thousand)".

8. To consider and approve remuneration of the Chief Executive of the Company for a further period of three years effective from 1st November, 2007 to 31st October 2010, as approved by the Board of Directors.

Further Resolved that the Chief Executive/Company Secretary of the Company be and is hereby authorized to do all acts to effect the Special Resolution and authorize them to comply with all the necessary requirements of the law in this behalf.

9. To transact any other business with the permission of the Chair.

The Share Transfer Book of the Company will remain closed from 20th April, 2007 to 30th April, 2007 (both days inclusive).

By order of the Board



HAROON A. SHAKOOR
Chief Accountant & Company Secretary

Karachi :22nd March, 2007.

NOTES:

1. 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.**
2. Nomination for election to the office of the Directors should be received at the Head Office of the Company not less than 14 days before the Annual General Meeting.
3. CDC Account Holders will further have to follow the under mentioned 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. A Statement under section 160 of the Companies Ordinance, 1984 for item Nos.6,7 & 8 including draft of the ordinary resolution to be passed pertaining to item No.5 is attached.
5. Shareholders are requested to inform the Company of any change in their address, if any immediately.

**STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984
PERTAINING TO THE SPECIAL BUSINESS**

The statement set out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2007.

- a) The Authorised Share Capital of Reliance Insurance Company Limited at present is Rs.200 million. In order to take care of expansion, it is considered necessary to increase the Authorised share Capital from Rs.200,000,000 to Rs.500,000,000.

Your Directors have recommended the issue of Bonus Shares in the proportion of 33.00 shares for every 100 ordinary shares held on April 19, 2007. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Shareholders.

- b) A Special Resolution to amend the sub-clause in the Articles of Association of the Company. Approval of the Shareholders of the Company will be sought for amendment in Article 37. The amendment seeks to increase the remuneration payable to a director from existing limit of Rs.500/- to Rs.5000/.
- c) Shareholders approval will be sought for the payment of remuneration and provision of certain facilities to the Chief Executive/Managing Director, as approved by the Board in their meeting held on 22nd March, 2007. It is proposed to move the following resolution at the meeting.

Resolved that the Company hereby approve and authorise payment as remuneration to the Chief Executive/Managing Director as follows:

- i) Monthly Basic Salary Rs.127,000/-. The Chairman be and is hereby authorised to determine annual increases.
- ii) All fringe benefits and other perquisites as are allowed to Senior Executives of the Company.



(HAROON A. SHAKOOR)

Chief Accountant & Company Secretary.

Karachi: 22nd March, 2007

BOARD OF DIRECTORS' MEETING IN PROGRESS



DIRECTORS' REPORT TO THE SHAREHOLDERS



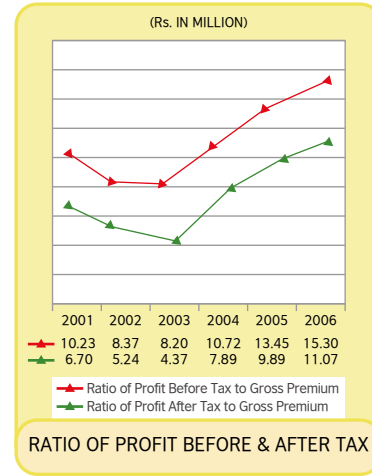
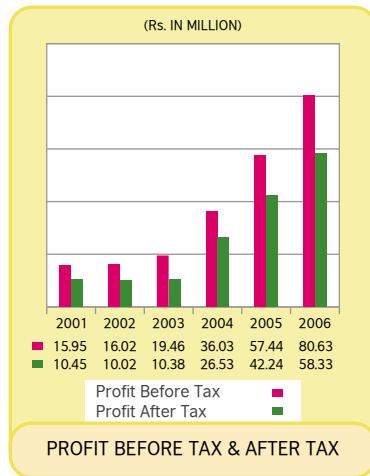
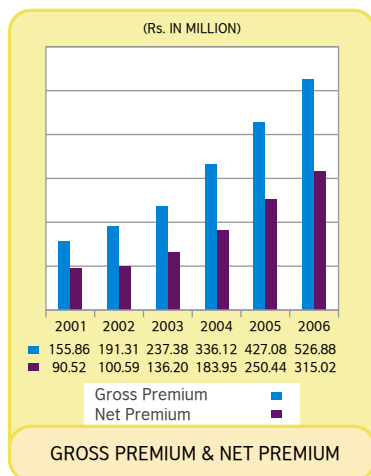
Your Directors take pleasure in presenting the Twenty-Fifth Annual Report alongwith the Audited Accounts of the Company for the year ended December 31, 2006. The year 2006 marks Silver Jubilee of your Company and on this auspicious occasion appropriate advertisements were made in leading daily newspapers of Pakistan to project its image and

at the same time also availing the opportunity of thanking our valued policy holders for their continued trust and support. It is a matter of great satisfaction that with the blessings of Allah the gross premium rose from Rs.8.151 million in 1983 (first full year of operations) to Rs.526.877 million in 2006 and total assets from Rs.10.108 million to Rs.575.383 million.

OPERATING RESULTS

By the grace of Almighty Allah and with the strenuous efforts of Marketing field force, your Company has achieved growth of 23.37% in gross premium. Your Company continues to work progressively which is reflected in increase in premium, investment income and capital and reserves by improved

During the year ended 31st December 2006 your Company underwrote a **gross premium of Rs.526.877 million** as against Rs.427.080 million of the previous year showing an increase of 23.37%.



operational efficiency and cost effectiveness thereby ensuring sustained growth and financial viability. We are indeed grateful to our clients for the patronage and confidence reposed in your Company. Your Company is constantly endeavouring for consistency and improved margins.

PERFORMANCE REVIEW

During the year ended 31st December 2006 your Company underwrote a gross premium of

Rs.526.877 million as against Rs.427.080 million of the previous year showing an increase of 23.37%. The Net Premium was Rs.315.020 million as against Rs.250.437 million of the previous year showing an increase of 25.79%. The underwriting profit has substantially improved from Rs.44.075 million to Rs.62.461 million an increase of 41.72% because of prudent underwriting policy and growth in volume of business.

Alhamd-o-Lillah both profit before tax and after tax have increased. The Pretax Profit stood at Rs.80.627 million in 2006 in view of improved results from fire & marine business compared to Rs.57.444 million in 2005, registering an increase of 40.36% over the previous year, and after tax from Rs.42.244 to Rs. 58.327 an increase 38.07 %.



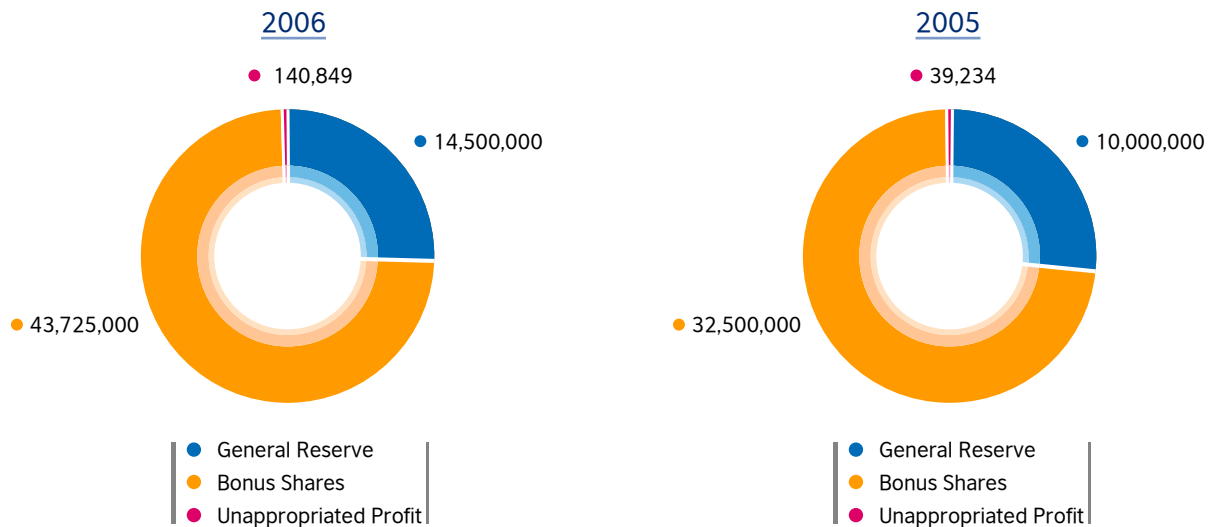
YOUR DIRECTORS RECOMMEND THE APPROPRIATION OF PROFIT AS UNDER: -

Profit before Taxation	Rs. 80,626,615
Less: Provision for Taxation	Rs. 22,300,000
Add: Last year's unappropriated Profit	Rs. 39,234

Profit available for appropriation	Rs. 58,365,849
	=====
Appropriation :-	
Reserve for issue of Bonus Shares @ 33%	Rs. 43,725,000
Transfer to General Reserve	Rs. 14,500,000
Unappropriated profit C/D	Rs. 140,849

TOTAL	Rs. 58,365,849
	=====

Distribution of profit



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 de-listing / non listing by financial institutions. To

address this issue, Insurance Associations of Pakistan (IAP) has taken up the matter with relevant quarters in the larger interest of the Insurance Industry. 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 improve further with the passage of time. Claims incurred during the year were Rs.100.209 million against Rs.82.665 million of the previous year. Management Expenses stood at Rs.128.062 million against Rs.113.206 million of the previous year.



The total investment portfolio has increased from **Rs.140.638 million to Rs.206.241 million** during the year under review, thus registering an increase of 46.65%.

INVESTMENT

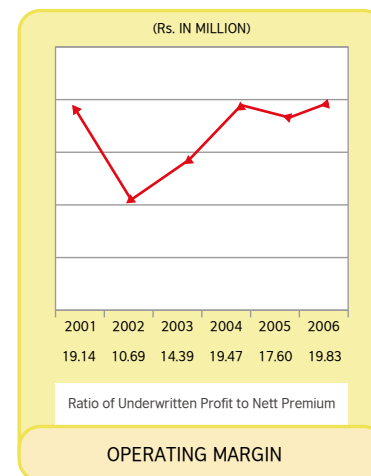
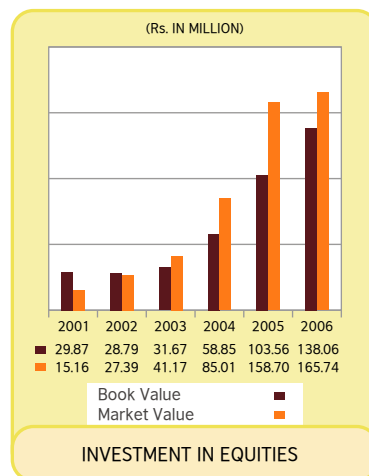
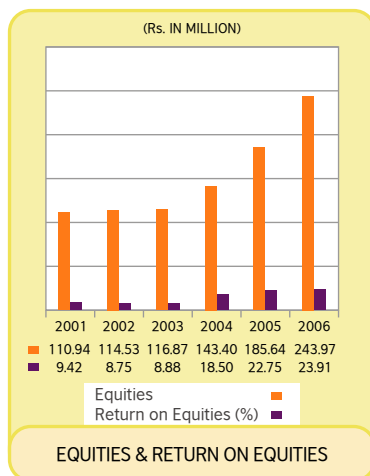
The investment strategy of your Company is to invest in high credit debt instruments (TFCs), Government securities (PIB), Defence Saving Certificates and shares of blue chip companies.

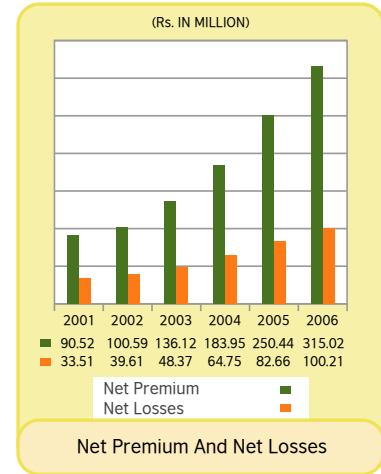
Conscious of the fact that capital market is volatile the share portfolio of RICL is diversified amongst various sectors, targeting regular dividend paying scrips. The total investment portfolio increased from

Rs.140.638 million to Rs.206.241 million during the year under review, thus registering an increase of 46.65%. The investment position may be summarized as under:-

S. #	Nature of Investment	Book Value	Market Value / Realizable Value
1	Quoted Shares & Mutual Funds.	138,061,050	165,741,370
2	D.S.C.,	11,500,000	42,960,000
3	WAPDA Sukuk Bond	10,000,000	10,371,880
4	Pakistan Investment Bond	33,788,301	32,899,973
5	TFCs (Quoted)	12,891,821	12,943,646
	Total	206,241,172	264,916,869

The Company's investment in Bank Deposit Accounts also increased from Rs.27.525 million to Rs.28.725 million.





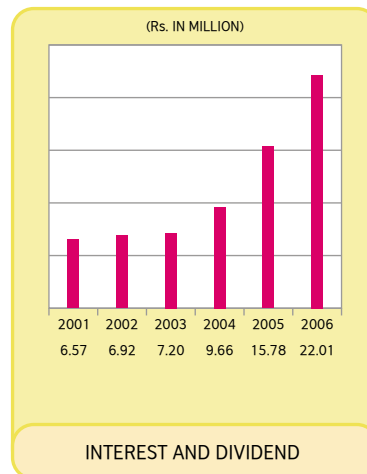
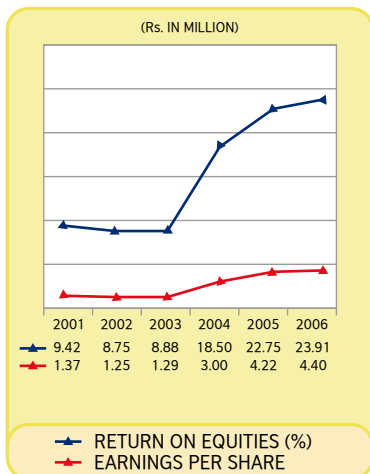
INVESTMENT INCOME / CAPITAL GAINS

Investment Income depicts steady growth and it is hoped that the same would continue to grow substantially in the coming years.

Interest and Dividend Income stood at Rs.22.009 million

compared to Rs.15.780 million for the last year, showing a growth of 39.47% because of better Dividends received from investment in most of the blue chip companies. Your Company has also booked Rs.8.40 million in Capital gain on sale of Shares. The income from bank deposits had increased from 0.61 million

to 2.84 million, particularly in view of return from TFCs and PIBs. The return on equity has marginally increased from 22.75% to 22.89% and after tax earnings per share has increased to Rs. 4.40 as against Rs. 4.22 last year.



Appropriation would increase Paid-up Capital to **Rs. 176.225 million** and General Reserve to **Rs. 62.500 million**, while the Total Assets stands at **Rs. 575.383 million**



PAID-UP CAPITAL AND GENERAL RESERVES

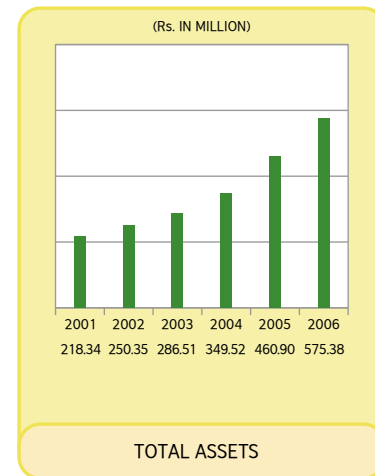
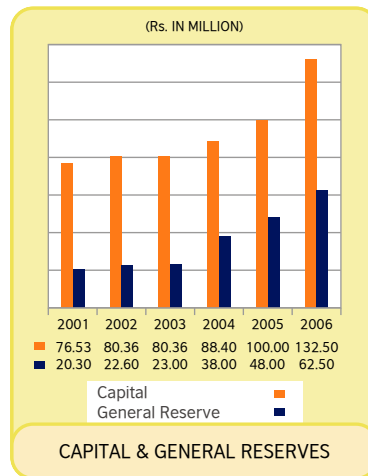
Your Company believes in strengthening the Capital base and reserves commensurate with the growth of the Company. In line with this strategy, above noted appropriation would increase Paid-up Capital to Rs. 176.225 million and General Reserve to Rs. 62.500 million, while the total Assets stands at Rs. 575.383 million from Rs. 460.902 million reflecting sound financial position of your Company.

AUTHORISED CAPITAL

Your Company believes in strengthening the capital base and financial reserves commensurate with the growth of the Company hence your Directors have recommended to increase the Authorised Capital from Rs. 200.00 million to Rs. 500.00 million..

INFORMATION TECHNOLOGY

Your Company continues to invest in Information Technology. Branches at Faisalabad, Multan and Hasilpur were computerized to further improve quality and standard of services to our valued clients. A website has also been developed which depicts Company's history, financial results, various types of products being offered & other relevant information.



RELOCATION OF GULBERG AND HABIB SQUARE BRANCHES

The Company is committed to provide better and efficient service to its clients at their doorsteps and is focusing on improving its infrastructure. Gulberg Branch, Lahore has been relocated to its new and bigger premises, situated at 17-A Block E/1 Gulberg III, Lahore. Habib Square Branch located on 1st floor, State Life Building No. 6-B, Karachi has

been shifted to newly purchased Office on Fourth Floor of Landmark Plaza, I.I. Chundrigar Road Karachi. Both the newly purchased offices are equipped with the state of the art facilities.



INSURER'S FINANCIAL STRENGTH RATING

JCR-VIS Credit Rating Company Limited and The Pakistan Credit Rating Agency (PACRA) both have assigned an Insurer's Financial Strength (IFS) rating of A-. The rating denotes strong capacity to meet policyholders and contract obligations. The Company has been following a growth-oriented strategy in recent years while maintaining good underwriting performance. As regards its investment portfolio, constituting both debt and equity securities, RICL follows policy of Long term holding with main focus on earnings and liquidity of the portfolio. The rating also reflects RICL's management having vast experience in the Insurance industry, stability in top management level; and a sound panel of its reinsurers. The assigned rating also acknowledges the management's efforts in developing diversified investments portfolio to augment its earnings, income against which will serve as a cushion to volatility in claims performance.

We hope that in view of all round growth and improved financials for the current year i.e. 2006, the rating of your Company is expected to be upgraded.

REINSURANCE

Your company has one of the soundest panel of reinsurers comprising mostly of AA & A rated reinsurers of international repute. Your Company's prudent underwriting policy has enabled the management to renew its reinsurance treaty programme for the year 2007 with improved terms and increased capacity which reflects leading reinsurers confidence in your Company's underwriting approach.

ELECTION OF DIRECTORS:

As the term of existing Directors is expiring on April 30, 2007, election of Directors for the fresh term of three years will be held in the forthcoming Annual General Meeting to be held on 30th April, 2007, under section 178, of the Companies Ordinance 1984. The number of Directors fixed by the Board of Directors is Ten. The retiring Directors are Messrs. Ismail H. Zakaria, Mohammad Amin Ahmed Bawany, A. Aziz Ayoob, Irfan Zakaria Bawany, Mohammad Omer Bawany, Zohair Zakaria, Ahmed Ali Bawany, Noor M. Zakaria, Ghulam Mohiuddin Zakaria and Hamza Omer Bawany and have offered themselves for re-election.

AUDITORS

The present auditors M/s. Gardezi & Company, Chartered Accountants retire. We have received a notice under section 253(1) of the Companies Ordinance 1984, from a shareholder to replace present auditors and have proposed the name of M/s. Hyder Bhimji & Company Chartered Accounts. On the recommendation of Audit Committee, Board has proposed the appointment of M/s. Hyder Bhimji & Co., Chartered Accounts as auditor for the year 2007, at a fee to be mutually agreed.

FUTURE OUTLOOK

All economic indicators are positive and Governments fiscal and monetary policies are focused on sustaining and improving economic stability in the country. It is perceived that there would be greater activities in industrial, trade and commercial sector. GDP growth rate is expected to remain in the range of 6.5 to 7%. Insurance being service sector cannot remain isolated and would benefit from economic growth and prosperity. The management of your Company therefore looks forward to the future with confidence and envisages sustained performance during the next year.



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, 2006 have been duly complied with. A statement to this effect is annexed with the report.

BOARD OF DIRECTORS MEETINGS

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

NAME OF DIRECTORS	ATTENDANCE
1. Mr. Ismail H. Zakaria	2
2. Mr. Mohammad Amin Ahmed Bawany	4
3. Mr. A. Aziz Ayooob	3
4. Mr. Irfan Zakaria Bawany	4
5. Mr. Mohammad Omer Bawany	3
6. Mr. Zohair Zakaria	2
7. Mr. Ahmed Ali A. Bawany	3
8. Mr. Noor M. Zakaria	1
9. Mr. Ghulam Mohiuddin Zakaria	2
10. Mr. Hamza Omer Bawany	3

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 Purchased.
Mr. Irfan Zakaria Bawany	166,000
Miss. Anam Irfan Zakaria	102,000

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.





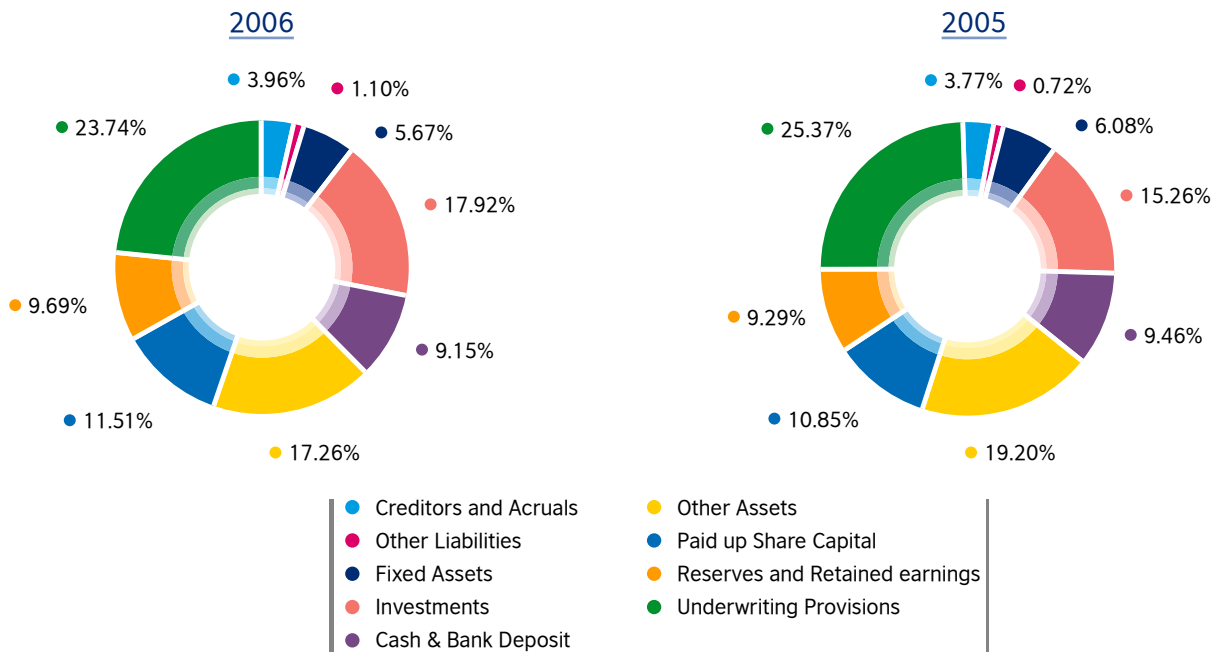
Audit Committee Meeting in Progress

AUDIT COMMITTEE

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

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

Assets, Equity & Liabilities



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, 2006 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 regulations.
- 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. 19,130,479/=

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: 22nd March 2007



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 10 independent non-executive directors.
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: 22nd March 2007



EVENTS



Mr. A. Razak Ahmed Managing Director and Chief Executive of Reliance Insurance Company Limited addressing participants of Annual Conference 2005 at PC Bhurban.



Mr. A. Razak Ahmed M.D RIC presenting Gold Medal & Shield to Mr. Iqbal Dhedhi at PC Bhurban for achieving 1st position for the fifth consecutive year.



Mr. A. Razak Ahmed M.D RIC presenting Gold Medal & MD's Shield to Mr. Zafar Azmat Pasha, EVP Tariq Road Branch for achieving 1st position in the year 2005.



Mr. Daisuke Shimazu, Managing Director, Mitsui Sumitomo Reinsurance Company Japan and Mr. A. Razak Ahmed, Managing Director Reliance Insurance Company Ltd., cutting Silver Jubilee celebration cake of Reliance Insurance.



M.D Reliance Insurance Company inaugurating relocated and refurbished Tariq Road Branch.



Dinner hosted by Mr. Nisar Ahmed Chughtai at PC Lahore in honour of delegates of Annual Conference 2006.



KEY FINANCIAL DATA

10 Years Growth At A Glance

(Rs. In Million)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Paid-up Capital	132.50	100.00	88.40	80.36	80.36	76.53	69.58	63.25	63.25	50.00
Gross Premium	526.88	427.08	336.12	237.38	191.31	155.86	145.11	131.65	115.17	118.10
Net Premium	315.02	250.44	183.95	136.20	100.59	90.52	77.62	68.04	63.57	69.12
Ratio To Gross Premium	59.79%	58.64%	54.73%	57.37%	52.58%	58.08%	53.49%	51.68%	55.20%	58.52%
Net Claims Incurred	100.21	82.66	64.75	48.37	39.61	33.51	27.58	26.55	26.31	26.97
Ratio To Net Premium	31.81%	33.01%	35.20%	35.51%	39.38%	37.02%	35.53%	39.02%	41.39%	39.02%
Net Expenses	128.06	113.21	86.52	66.20	53.62	39.82	36.38	32.38	29.74	28.21
Ratio To Gross Premium	24.31%	26.51%	25.74%	27.89%	28.03%	25.55%	25.07%	24.59%	25.82%	23.89%
Ratio To Net Premium	40.65%	45.20%	47.03%	48.60%	53.30%	43.98%	46.87%	47.59%	46.78%	40.82%
Investment / Term Deposit	234.97	168.16	95.38	63.37	55.66	55.47	52.42	50.05	46.85	48.69
Investment Income	30.41	23.62	9.85	7.93	6.96	6.61	4.48	3.57	2.39	3.56
Per Tax Profit	80.63	57.44	36.03	19.46	16.02	15.95	12.63	10.77	11.11	18.22
Earnings Per Share	4.40	4.22	3.00	1.29	1.25	1.37	1.20	1.15	1.03	2.34
General Reserve	62.50	48.00	38.00	23.00	22.60	20.30	19.50	18.00	17.00	17.00
Reserve For Permanent Diminution In Value Of Investment	5.11	5.11	5.11	5.11	10.11	10.11	10.11	10.00	10.00	8.00
Underwriting Profit	62.46	44.08	35.82	19.60	10.75	17.33	16.38	14.99	16.05	16.52
Reserve For Unexpired Risk	161.54	118.98	90.13	60.00	49.59	36.21	31.05	27.22	25.43	27.65





We, at Reliance, bow in humility to Allah Almighty on completion of our **25 years** of quality services and express our heartiest gratitude to our valued clients for their unflinching confidence in our honest professional practices.



We resolve, on our Silver Jubilee, to go on playing a meaningful role in the development of the Insurance Industry in Pakistan by providing efficient services, security and protection to our patrons.

We look forward to your continued support and patronage in turning Silver to Gold.

Rated “A-” by JCR VIS and PACRA

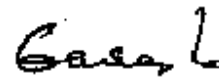
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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.

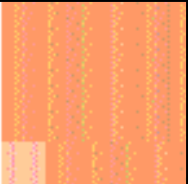
Based on our review nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.



GARDEZI & CO.,
Chartered Accountants

Karachi: 22nd March, 2007





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 2006, 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.

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 2006, 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.


GARDEZI & CO.
Chartered Accountants

Karachi: 22nd March, 2007



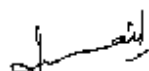
BALANCE SHEET Financial Year ended December 31, 2006

	Note	2006 Rs	2005 Rs
Share Capital and Reserves			
Authorised Share Capital (2005: 20,000,000 Ordinary Shares of Rs.10/-- each)		<u>200,000,000</u>	<u>200,000,000</u>
Paid-up share capital	6	132,500,000	100,000,000
Retained earnings		140,849	39,234
Reserves	7	111,330,000	85,605,000
		<u>243,970,849</u>	<u>185,644,234</u>
Underwriting provisions			
Provision for outstanding claims (including IBNR)		85,222,895	95,886,997
Provision for unearned premium		161,545,997	118,978,365
Commission income unearned		26,467,399	18,967,774
Total Underwriting provisions		<u>273,236,291</u>	<u>233,833,136</u>
Creditors and Accruals			
Amounts due to other insurers/reinsurers		18,945,642	18,399,352
Accrued Expenses		2,900,950	1,724,228
Taxation - Provision less payment		23,728,413	14,653,639
		<u>45,575,005</u>	<u>34,777,219</u>
Other liabilities			
Sundry Creditors		12,476,687	6,516,861
Unclaimed Dividend		123,978	130,965
		<u>12,600,665</u>	<u>6,647,826</u>
TOTAL EQUITY AND LIABILITIES		<u>575,382,810</u>	<u>460,902,415</u>
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes form an integral part of these accounts.



	Note	2006 Rs	2005 Rs
Cash and Bank Deposits			
Cash and other equivalent		205,699	89,054
Current and other accounts		76,302,603	59,600,480
Deposit maturing within 12 months		28,725,000	27,525,000
	9	105,233,302	87,214,534
Loans (Secured)			
To employees		1,143,983	1,237,123
Investments	10	206,241,172	140,638,208
Other Assets			
Premiums due but unpaid		65,619,689	58,454,106
Amounts due from other insurers/reinsurers		1,462,682	3,929,980
Accrued investment income		33,311,911	24,790,836
Reinsurance recoveries against outstanding claims		45,277,140	51,663,585
Deferred commission expense		48,283,769	33,773,378
Trade Deposits and Prepayments		809,850	822,126
Sundry receivables		2,754,418	2,330,034
		197,519,459	175,764,045
Fixed Assets			
Land and Buildings		22,535,108	14,548,040
Furniture, Fixtures and Office Equipment		10,817,634	9,569,932
Motor Vehicles		31,892,152	31,930,533
	11	65,244,894	56,048,505
TOTAL ASSETS		575,382,810	460,902,415



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOOB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



PROFIT & LOSS ACCOUNT Financial Year ended December 31, 2006

FORM GB

Note	Fire & Property	Marine Aviation & Transport	Motor	Misc.	2006 Aggregate	2005 Aggregate
Revenue Account						
Net Premium Revenue	106,144,294	54,134,822	152,219,850	2,521,507	315,020,473	250,436,527
Net Claims	(15,114,851)	(5,293,134)	(79,192,192)	(608,389)	(100,208,566)	(82,664,923)
Expenses	(36,211,164)	(17,051,159)	(59,588,612)	(1,071,981)	(113,922,916)	(101,323,244)
Net Commission	(12,295,613)	(4,236,344)	(23,769,451)	1,873,728	(38,427,680)	(22,373,140)
Underwriting result	42,522,666	27,554,185	(10,330,405)	2,714,865	62,461,311	44,075,220
Investment Income					30,411,059	23,623,629
Other Income						
(Profit on Sale of Fixed Assets) 11.1					1,893,093	1,628,021
General and administration expenses					(14,138,848)	(11,882,392)
Profit before tax during the year					80,626,615	57,444,478
Provision for Taxation : 20						
Current					22,300,000	15,200,000
Profit after tax during the year					58,326,615	42,244,478
Profit and Loss Appropriation Account						
Balance at Commencement of year					39,234	294,756
Profit after tax during the year					58,326,615	42,244,478
Transfers to reserves (General Reserve)					(14,500,000)	(10,000,000)
Reserve for issue of Bonus Shares @ 33.00% (2005:32.50%)					(43,725,000)	(32,500,000)
Balance Unappropriated profit at the end of year					140,849	39,234
Earnings per Share - Basic and Diluted 16					4.40	4.22

The annexed notes form an integral part of these accounts.


ISMAIL H. ZAKARIA
 Chairman


MOHAMMED AMIN AHMED BAWANY
 Director


A. AZIZ AYOOB
 Director


A. RAZAK AHMED
 Chief Executive & Managing Director

Karachi: 22nd March, 2007



STATEMENT OF CASH FLOW

Financial Year ended December 31, 2006

	January to December	
	2006 Rs	2005 Rs
Operating Cash Flow		
a) Underwriting activities		
Premium received	503,807,799	420,751,028
Reinsurance premium paid	(166,274,879)	(144,613,155)
Claims paid	(186,921,884)	(150,466,262)
Reinsurance and other recoveries received	82,435,661	82,239,723
Commission paid	(86,309,380)	(60,776,904)
Commission received	56,774,124	46,035,801
Net cash flow from underwriting activities	<u>203,511,441</u>	<u>193,170,231</u>
b) Other operating activities		
Income tax paid	(13,225,226)	(9,134,690)
General management expenses paid	(113,922,916)	(101,323,244)
Other operating payments	(4,679,012)	(3,852,876)
Loans advanced / repayment received	93,140	76,772
Other payments on operating assets	7,136,548	1,690,605
Other receipts in respect of operating assets	(412,108)	4,018,322
Net cash flow from other operating activities	<u>(125,009,574)</u>	<u>(108,525,111)</u>
Total cash flow all operating activities	<u>78,501,867</u>	<u>84,645,120</u>
Investment activities		
Interest / Dividend received	13,488,518	9,970,703
Payments for Investments	(80,603,828)	(78,311,198)
Proceeds from disposal of investments	23,402,330	15,871,270
Fixed Capital Expenditures	(23,543,132)	(23,279,263)
Proceeds from disposal of fixed assets	6,780,000	3,837,500
Total cash flow from Investing activities	<u>(60,476,112)</u>	<u>(71,910,988)</u>



STATEMENT OF CASH FLOW

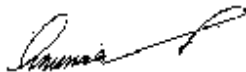
Financial Year ended December 31, 2006

	January to December	
	2006	2005
	Rs	Rs
Financing activities		
Unclaimed Dividend paid	(6,987)	(3,224)
Total cash flow from financing activities	(6,987)	(3,224)
Net cash Inflow/outflow from all activities	18,018,768	12,730,908
Cash & cash equivalent at the beginning of the year	87,214,534	74,483,626
Cash & cash equivalent at the end of the period	105,233,302	87,214,534
Reconciliation to profit and loss account		
Operating cash flow	78,501,867	84,645,120
Depreciation expense	(9,459,836)	(8,029,516)
Profit/(loss) on disposal of fixed assets	1,893,093	1,628,021
Increase/(decrease) in assets other than cash	12,995,924	8,406,480
(Increase)/decrease in liabilities other than running finance	(56,015,492)	(68,029,256)
Investment Income	30,411,059	23,623,629
Profit/(loss) after tax as per profit & loss account.	58,326,615	42,244,478

The annexed notes form an integral part of these accounts.



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOUB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



STATEMENT OF PREMIUMS Financial Year ended December 31, 2006

STATEMENT OF PREMIUMS Business underwritten inside Pakistan.

FORM GD

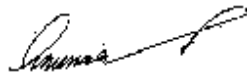
(Amount in Rs.)

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expense	2006	2005
		Opening	Closing			Opening	Closing		Net Premium revenue	Net Premium revenue
Direct and facultative										
1 Fire and Property Damage	227,608,516	104,580,913	124,249,605	207,939,824	113,946,736	51,807,097	63,958,303	101,795,530	106,144,294	87,487,118
2 Marine, Aviation and Transport	90,457,567	11,531,814	10,706,624	91,282,757	36,936,364	4,754,744	4,543,173	37,147,935	54,134,822	53,939,983
3 Motor	193,536,913	63,146,392	96,886,290	159,797,015	6,496,591	4,471,795	3,391,221	7,577,165	152,219,850	107,024,399
4 Miscellaneous	15,273,576	6,131,834	8,068,595	13,336,815	11,908,776	5,378,952	6,472,420	10,815,308	2,521,507	1,985,027
Grand Total	526,876,572	185,390,953	239,911,114	472,356,411	169,288,467	66,412,588	78,365,117	157,335,938	315,020,473	250,436,527

The annexed notes form an integral part of these accounts.



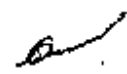
ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOOB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



STATEMENT OF CLAIMS Financial Year ended December 31, 2006

STATEMENT OF CLAIMS Business underwritten inside Pakistan.

FORM GE

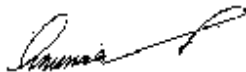
(Amount in Rs.)

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	2006 Net claims expense	2005 Net claims expense
		Opening	Closing			Opening	Closing			
1 Fire and Property Damage	81,861,331	55,690,770	37,737,970	63,908,531	62,576,084	38,855,932	25,073,528	48,793,680	15,114,851	15,950,214
2 Marine, Aviation and Transport	22,687,101	17,917,400	19,168,200	23,937,901	14,147,517	9,862,099	14,359,349	18,644,767	5,293,134	10,818,248
3 Motor	78,253,374	20,490,277	25,119,475	82,882,572	2,064,073	1,471,071	3,097,378	3,690,380	79,192,192	55,222,902
4 Miscellaneous	4,120,078	1,788,550	3,197,250	5,528,778	3,647,987	1,474,483	2,746,885	4,920,389	608,389	673,559
Grand Total	186,921,884	95,886,997	85,222,895	176,257,782	82,435,661	51,663,585	45,277,140	76,049,216	100,208,566	82,664,923

The annexed notes form an integral part of these accounts.



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOORB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



STATEMENT OF EXPENSES Financial Year ended December 31, 2006

FORM GF

(Amount in Rs.)

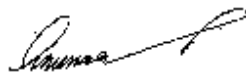
STATEMENT OF EXPENSES Business underwritten inside Pakistan.

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	2006 Net underwriting expense h=f-g	2005 Net underwriting expense
Direct and facultative									
1 Fire and Property Damage	49,629,380	21,439,087	27,734,996	43,333,471	36,211,164	79,544,635	31,037,858	48,506,777	41,571,337
2 Marine, Aviation and Transport	17,506,248	1,758,602	2,141,325	17,123,525	17,051,159	34,174,684	12,887,181	21,287,503	22,248,636
3 Motor	32,482,337	9,471,959	16,955,101	24,999,195	59,588,612	84,587,807	1,229,744	83,358,063	60,560,589
4 Miscellaneous	2,594,605	1,103,730	1,452,347	2,245,988	1,071,981	3,317,969	4,119,716	(801,747)	(684,178)
Grand Total	102,212,570	33,773,378	48,283,769	87,702,179	113,922,916	201,625,095	49,274,499	152,350,596	123,696,384

The annexed notes form an integral part of these accounts.



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOOB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



STATEMENT OF INVESTMENT INCOME Financial Year ended December 31, 2006

FORM GG

	2006 Year Rs	2005 Year Rs
Income from Non-Trading Investments		
Held to maturity		
Return on Government Securities	9,305,510	7,106,523
Return on other fixed income, securities and deposits	2,840,742	615,332
	12,146,252	7,721,855
Investment Held for Trading		
Dividend Income	1,063,473	203,728
Available for sale		
Dividend Income	8,799,868	7,854,726
Gain on sale of 'available for sale' investment	8,401,466	7,843,320
Net Investment Income transferred to P&L A/c.	30,411,059	23,623,629

The annexed notes form an integral part of these accounts.


ISMAIL H. ZAKARIA
Chairman


MOHAMMED AMIN AHMED BAWANY
Director


A. AZIZ AYOORB
Director


A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



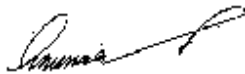
STATEMENT OF CHANGES IN EQUITY Financial Year ended December 31, 2006

	SHARE CAPITAL	GENERAL RESERVE	RESERVE FOR BONUS SHARES	PERMANENT DIMINUTION IN VALUE OF INVESTMENT	UNAPPROPRIATED PROFIT	TOTAL
Balance as on 01-01-2004 as restated	80,359,120	23,000,000	8,035,910	5,105,000	8,406,303	124,906,333
Final dividend for the year ended Dec. 31, 2003 Re. 1/- per share	-	-	-	-	(8,035,912)	(8,035,912)
Transfer during the year	8,035,910	-	(8,035,910)	-	-	-
Net Profit for the year	-	-	-	-	26,529,335	26,529,335
Transfer to reserve for bonus shares and general reserve	-	15,000,000	11,604,970	-	(26,604,970)	-
Balance as on 01-01-2005	88,395,030	38,000,000	11,604,970	5,105,000	294,756	143,399,756
Transfer during the year.	11,604,970	-	(11,604,970)	-	-	-
Net Profit for the year	-	-	-	-	42,244,478	42,244,478
Transfer to reserve for bonus shares and general reserve	-	10,000,000	32,500,000	-	(42,500,000)	-
Balance as on 01-01-2006	100,000,000	48,000,000	32,500,000	5,105,000	39,234	185,644,234
Transfer during the year	32,500,000	-	(32,500,000)	-	-	-
Net Profit for the year	-	-	-	-	58,326,615	58,326,615
Transfer to reserve for bonus shares and general reserve	-	14,500,000	43,725,000	-	(58,225,000)	-
Balance as on 31-12-2006	132,500,000	62,500,000	43,725,000	5,105,000	140,849	243,970,849

The annexed notes form an integral part of these accounts.



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOORB
Director



A. RAZAQ AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



CLASSIFIED SUMMARY OF ASSETS IN PAKISTAN

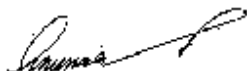
Financial Year ended December 31, 2006

CLASS OF ASSETS	Current year		Prior year		Remarks
	Cost or book value	Market value	Cost or book value	Market value	
	31-12-2006	31-12-2006	31-12-2005	31-12-2005	
Cash and Bank Deposits	105,233,302	105,233,302	87,214,534	87,214,534	At Book Value
Loans (Secured) to Staff	1,143,983	1,143,983	1,237,123	1,237,123	At Book Value
Investments	206,241,172	233,921,490	140,638,208	195,769,656	The Market Value has been ascertained from published quotations as on 31-12-2006
Premium due but unpaid	65,619,689	65,619,689	58,454,106	58,454,106	At Book Value
Amount due from other Insurers / reinsurers	1,462,682	1,462,682	3,929,980	3,929,980	At Book Value
Accrued Investment Income	33,311,911	33,311,911	24,790,836	24,790,836	At Book Value
Reinsurance Recoveries against outstanding Claims	45,277,140	45,277,140	51,663,585	51,663,585	At Book Value
Deffered Commission expenses	48,283,769	48,283,769	33,773,378	33,773,378	At Book Value
Trade Deposits and Prepayments	809,850	809,850	822,126	822,126	At Book Value
Sundry Receivables	2,754,418	2,754,418	2,330,034	2,330,034	At Book Value
Land & Building	22,535,108	22,535,108	14,548,040	14,548,040	At Book Value
Furniture, Fixture and Office equipment	10,817,634	10,817,634	9,569,932	9,569,932	At Book Value
Motor Vehicles	31,892,152	31,892,152	31,930,533	31,930,533	At Book Value
TOTAL ASSETS	575,382,810	603,063,128	460,902,415	516,033,863	

The annexed notes form an integral part of these accounts.



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



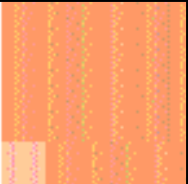
A. AZIZ AYOOB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

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.

4. Basis of Measurement

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

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgements / 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 relates to provision for outstanding claims including IBNR, impairment of assets, premium deficiency reserves, provision for income tax, reinsurance recoveries against outstanding claims, staff retirement benefits and provision against premium due but unpaid.



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

5.1.1. 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.

5.1.2. 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 inforce at the balance sheet date.

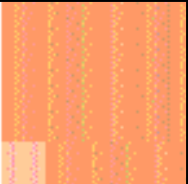
5.1.3. Estimated Liability in respect of Outstanding Claims / IBNR

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.





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

5.1.4. 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.

5.1.5. 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.

5.2. Investments

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

5.2.1. 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.



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

5.2.2. 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.

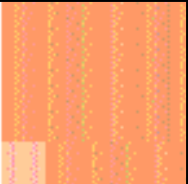
5.2.3. Investment held for trading.

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.

5.3. Revenue Recognition

- 5.3.1. Premium Income is recognized at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the reinsurance is ceded.
- 5.3.2. Administrative Surcharge recovered from insured is recognized as part of premium.
- 5.3.3. Dividend income is recognized when right to receive the same is established.
- 5.3.4. 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 giving 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.





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

- 5.3.5. Profit or Loss on sale of investments is charged to Profit & Loss Account for the year at the time of disposal/sale.
- 5.3.6. Income on bank deposits and Defense Saving Certificates is recognized on accrual basis.

5.4. 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.

5.5. 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.

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.

5.6. Taxation

5.6.1. 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. Income Tax assessment of the Company has been finalized up to and including the Tax year 2006.

5.6.2. 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.



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

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.

5.7. 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.

5.8. Transaction with Associated undertakings

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

5.9. Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the 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.

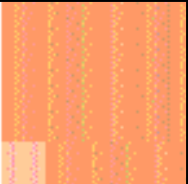
5.10. Offsetting of financial assets and liabilities.

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.

5.11. 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.





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

5.12. Loans, Advances, Deposits, Prepayments & Other receivables.

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

5.13. Expenses on Management.

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

5.14. Creditors, Accruals and Provisions.

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.

5.15. 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.

5.16. Segment Reporting.

The Company's operating businesses 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, 2006

6 SHARE CAPITAL

Issued, subscribed and fully paid:

2006 (Number of Shares)	2005		2006 Rs.	2005 Rs.
1,156,680	1,156,680	Ordinary Shares of Rs.10 each fully paid in cash	11,566,800	11,566,800
12,093,320	8,843,320	Ordinary Shares of Rs.10 each Issued as fully paid Bonus Shares	120,933,200	88,433,200
<u>13,250,000</u>	<u>10,000,000</u>		<u>132,500,000</u>	<u>100,000,000</u>

Share of the Company held by associates amount to Rs. 1,350,320 (135032 Shares of Rs. 10/- each)
[2005: Rs. 1,019,120 (101912 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
iii) Reserve for Bonus Shares	43,725,000	32,500,000
	<u>111,330,000</u>	<u>85,605,000</u>

8. CONTINGENCIES AND COMMITMENTS

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

8.2. Commitment, under operating leases for vehicles amounts to Rs.0.19 million and the period in which these payments will become due are:-

Year to December 2007	Rupees
Total >>>>>>>>	<u>Rs. 185,220</u>





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

9 CASH AND CASH EQUIVALENT

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.

	Note	2006 Rs	2005 Rs
9.1 Cash / Stamps in hand		205,699	89,054
9.2 Current and other deposit accounts			
Cash at bank			
9.2.1 - on current & other accounts		75,952,603	59,250,480
9.2.2 - Statutory deposit with State Bank of Pakistan (U/s. 7 of repealed Insurance Act., 1938)		350,000	350,000
		76,302,603	59,600,480
9.3 - on deposit accounts		28,725,000	27,525,000
TOTAL CASH AND BANK DEPOSITS		105,233,302	87,214,534

10 INVESTMENTS

The investments comprises of the following:

Held to maturity	10.1	68,180,122	37,073,563
Available for sale	10.2	20,158,421	17,684,224
Investment held for trading	10.3	117,902,629	85,880,421
		206,241,172	140,638,208



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

Held to maturity

10.1.1 GOVERNMENT SECURITIES

Face value	Profit Yield %	Profit payment	Particulars	Maturity date	2006	2005
3,000,000	8.15%	Semi annually	Pakistan Investment Bond	30/10/2011	3,551,734	3,679,068
4,000,000	7.15%	Semi annually	Pakistan Investment Bond	12/11/2009	3,983,779	3,978,823
5,000,000	7.95%	Semi annually	Pakistan Investment Bond	24/12/2011	5,784,604	5,949,748
4,000,000	9.40%	Semi annually	Pakistan Investment Bond	14/02/2011	4,613,934	4,772,923
1,000,000	9.40%	Semi annually	Pakistan Investment Bond	18/04/2011	1,161,901	1,193,001
5,000,000	9.43%	Semi annually	Pakistan Investment Bond	19/05/2011	4,939,349	-
10,000,000	10.00%	Semi annually	Pakistan Investment Bond	19/05/2011	9,753,000	-
10,000,000	Kibor+0.35%	Semi annually	WAPDA First Sukuk Bond	7 Years	10,000,000	-
11,500,000	20.00%	-	Defence Savings Certificates**	-	11,500,000	11,500,000
					55,288,301	31,073,563

10.1.2 TERM FINANCE CERTIFICATES (QUOTED)

Number of Certificates 2006	Number of Certificates 2005	Company's Name	Face value per certificates	Maturity	Profit Rate	Profit payment	2006	2005
600	600	Jahangir Siddqui & Co. Ltd.	5,000	5 Years	KIBOR + 1.75%	Semi annually	2,998,800	3,000,000
600	600	Askari Commercial Bank Ltd.	5,000	8 Years	KIBOR + 1.50%	Semi annually	2,998,800	3,000,000
379	-	Union Bank Limited	5,000	7 Years	KIBOR + 2.00%	Semi annually	1,894,621	-
400	-	Pakistan Mobile Comm. Ltd.	5,000	7 Years	KIBOR + 2.85%	Semi annually	1,999,600	-
600	-	Allied Bank Limited	5,000	8 Years	KIBOR + 1.90%	Semi annually	3,000,000	-
							12,891,821	6,000,000
						Total 10.1.1 & 10.1.2	68,180,122	37,073,563



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

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	
31ST DEC. 2006	31ST DEC. 2005			31 DEC. 2006	31 DEC. 2005
-	43,320	10	ABAMCO STOCK MARKET FUND	-	727,140
67,590	-	10	UTP-GROWTH FUND	1,022,756	-
-	28,462	10	ABAMCO CAPITAL MARKET FUND	-	295,615
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
50,000	-	10	PAKISTAN PREMIER FUND	758,500	-
50,000	-	50	PAKISTAN INT'L ISLAMIC FUND (OPEN)	2,500,000	-
127,486	126,543	100	UNITED MONEY MARKET FUND A (OPEN)	12,215,698	13,000,000
<u>635,839</u>	<u>539,088</u>			<u>20,158,422</u>	<u>17,684,224</u>

10.3 Investment held for trading

Investment in shares/units

MODARABAS					
91,038	79,164	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	461,230	461,230
34,788	31,626	10	STANDARD CHARTERED MODARABA	691,500	691,500
INVESTMENT & COMMERCIAL BANKS					
-	24,290	10	ASKARI BANK LIMITED	-	245,180
-	14,599	10	BANK AL HABIB LIMITED	-	50,600
7,678	7,678	10	BANKERS EQUITY LIMITED	232,194	232,194
-	18,418	10	CRESCENT COMMERCIAL BANK LTD.	-	231,300
-	27,365	10	FAYSAL BANK LIMITED	-	1,146,229
1,000	1,000	10	INDUS BANK LIMITED	14,450	14,450
2,000	2,000	10	MEHRAN BANK LIMITED	57,300	57,300
-	8,577	10	HABIB METROPOLITAN BANK LTD	-	115,734
100,500	-	10	MEEZAN BANK LIMITED	1,952,250	-
-	7,660	10	PICIC BANK LIMITED	-	225,250
-	5,500	10	PRUDENTIAL INVESTMENT BANK LTD.	-	73,271
-	5,323	10	SECURITY INVESTMENT BANK LTD.	-	101,100
-	5,506	10	SONERI BANK LIMITED	-	54,510
-	5,054	10	UNION BANK LIMITED	-	87,570



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

NUMBER OF SHARES		FACE VALUE (Rs.)	COMPANY'S NAME	BOOK VALUE	
31ST DEC. 2006	31ST DEC. 2005			31 DEC. 2006	31 DEC. 2005
INSURANCE					
2,783	2,530	10	CENTRAL INSURANCE COMPANY LIMITED	19,850	19,850
8,316	4,990	10	EFU GENERAL INSURANCE CO. LTD.	171,650	171,650
15,000	15,000	10	PAKISTAN REINSURANCE CO. LTD.	88,834	88,834
284	-	10	PICIC INSURANCE CO. LTD.	2,840	-
104,180	86,817	5	PREMIER INSURANCE CO. OF (PAK) LTD.	1,507,255	907,475
SYNTHETIC AND RAYON					
27,793	27,793	10	DEWAN SALMAN FIBRE	535,804	535,804
22,331	22,331	10	IBRAHIM FIBRE LIMITED	252,190	252,190
SUGAR AND ALLIED					
13,800	13,800	10	* FARAN SUGAR MILLS LTD.	342,310	342,310
5,500	5,500	10	MIRPURKHAS SUGAR MILLS LTD.	185,150	185,150
7,700	7,700	10	SANGHAR SUGAR MILLS LTD.	181,100	181,100
23,551	23,551	10	* SHAHMURAD SUGAR MILLS LTD.	464,162	464,162
8,000	8,000	10	SIND ABADGARS SUGAR MILLS LTD.	102,520	102,520
CEMENT					
24,256	21,093	10	CHERAT CEMENT CO. LIMITED	460,635	460,635
FUEL AND ENERGY					
100,000	100,000	10	HUB POWER COMPANY LIMITED	2,142,745	2,142,745
60,000	-	10	KOT ADDU POWER CO. LTD	2,427,000	-
2,000	900	10	NATIONAL REFINERY LTD.	331,594	47,794
112,376	102,376	10	O.G.D.C. LIMITED	7,532,566	6,212,066
50,048	16,032	10	PAKISTAN OILFIELDS LTD .	12,035,515	2,723,915
248	207	10	PAKISTAN REFINERY LTD.	9,161	9,161
23,028	23,028	10	PAKISTAN STATE OIL LTD.	6,078,467	6,078,467
10,000	10,000	10	SITARA ENERGY LIMITED	283,000	283,000
3,370	13,064	10	SUI NORTHERN GAS CO. LTD.	38,208	162,900
78,963	78,963	10	SUI SOUTHERN GAS CO. LTD.	1,547,569	1,547,569
TECHNOLOGY & COMMUNICATION					
65,000	65,000	10	P.T.C.L. "A"	2,405,260	2,405,260
626	500	10	WORLDCALL TELECOM	5,000	5,000



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

NUMBER OF SHARES		FACE VALUE (Rs.)	COMPANY'S NAME	BOOK VALUE	
31ST DEC. 2006	31ST DEC. 2005			31 DEC. 2006	31 DEC. 2005
FERTILIZER, CHEMICAL & PHARMACEUTICAL					
60,024	50,022	10	ENGRO CHEMICALS LTD.	5,452,003	3,644,573
500,675	417,875	10	FAUJI FERTILIZER LTD.	45,190,089	35,147,355
325,000	170,000	10	FAUJI FERTILIZER BIN QASIM LTD.	11,438,650	6,483,900
6,440	5,600	10	HIGHNOON LABORATORY LIMITED	197,825	197,825
50,122	23,722	10	I.C.I. PAKISTAN LIMITED	4,669,507	1,621,666
4,207	4,207	10	NIMIR RESINS LIMITED	30,747	30,747
50,060	130,060	10	PAKISTAN PTA LIMITED	796,450	2,069,330
12,000	12,000	10	WAH NOBLE CHEMICAL LTD.	328,978	328,978
PAPER AND BOARD					
15,024	15,024	10	CHERAT PAPER LIMITED	934,416	934,416
3,400	3,400	10	PACKAGES LTD.	188,235	188,235
FOOD AND ALLIED					
1,440	1,440	10	MITCHELL'S FRUIT FARMS LTD	76,950	76,950
1,000	1,000	10	SHEZAN INTERNATIONAL LTD.	49,780	49,780
<u>2,599,517</u>	<u>2,291,253</u>			<u>117,902,629</u>	<u>85,880,421</u>
3,235,356	2,830,341		Total 10.2 & 10.3	<u>138,061,051</u>	<u>103,564,645</u>
The Market Value of Quoted Shares & Mutual Funds as on ->				<u>165,741,370</u>	<u>158,696,093</u>

* 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, 2006

11. FIXED ASSETS

Particulars	Cost as at 01-01-2006	Additions (Sales/ Adjustments) During the year	Cost as at 31-12-2006	DEPRECIATION					Book Value as at 31st Dec. 2006
				Rate %	As at 01-01-2006	On Sales & Adjustments	For the year	Total as at 31-12-2006	
Office Premises	22,200,008	10,347,393 (2,328,500)	30,218,901	5	7,651,967	(895,064)	926,890	7,683,793	22,535,108
Furniture & Fitting	8,296,073	1,535,600	9,831,673	10		3,766,454	467,786	4,234,240	5,597,433
Vehicles	49,458,896	10,560,318 (6,089,223)	53,929,991	20	17,528,363	(2,635,751)	7,145,227	22,037,839	31,892,152
Office Equipments	7,713,976	616,395	8,330,371	10	4,190,656	-	379,778	4,570,434	3,759,937
Office Computer	2,583,234	483,426	3,066,660	30	1,066,241	-	540,155	1,606,396	1,460,264
TOTAL 2006	90,252,187	23,543,132 (8,417,723)	105,377,596		34,203,681	(3,530,815)	9,459,836	40,132,702	65,244,894
TOTAL 2005	71,272,249	22,023,817 (3,043,878)	90,252,188		28,264,010	(2,089,845)	8,029,516	34,203,681	56,048,505

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	Toyota Corolla ACQ-337	894,810	452,801	442,009	460,000	17,991	Mr. Din Mohammad, Sarang Zai, Hama Orakh, Quetta.
2	Suzuki Cultus LXW-7425	155,745	15,263	140,482	370,000	229,518	Mr. Mohammad Umer, Street No. 8, Jinnah Park, Kot Shahbuddin, Shahdra, Lahore
3	Toyota Corolla ADG-958	610,414	164,666	445,748	560,000	114,252	Mr. Shafique -ur-Rehman, Village Hafiz Imam Bux, Post Office Hafiz Imam Bux, Distt Larkana.
4	Toyota Corolla ACJ-594	829,000	629,792	199,208	325,000	125,792	Mr. Asif Iqbal, House No. B-23, Block No. 16, Gulshan-e-Iqbal, Karachi.
5	Suzuki Mehran LXF-9991	115,300	68,860	46,440	47,000	560	Mr. Ashraf Ismail, Modern Plaza, Garden, Karachi.



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

Sr. #	Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Profit/ (Loss)	Sold to
6	Toyota Corolla ACY-347	637,760	262,812	374,948	400,000	25,052	Settlement of Claim
7	Suzuki Mehran LRQ-8434	419,000	164,248	254,752	335,000	80,248	Mrs. Yasmeen Kausar, E-80, Mohammdi Street, Officer Colony, Walten Road, Lahore Cantt.
8	Toyota Corolla LZG-325	1,117,130	297,901	819,229	870,000	50,771	M/s. Aqqas International Corporation (pvt) Ltd. 686/X, Phase III, DHA, Lahore Cantt.
9	Honda VTI LRL-401	1,247,464	555,537	691,927	775,000	83,073	Mr. Jamal Janus Mian, Street No. 27, Canal Park, Gulberg, Lahore.
	MOTOR CYCLES						
10	Honda 70 FSB-739	62,600	23,871	38,729	38,000	(729)	Settlement of Claim
	TOTAL 2006 ->	6,089,223	2,635,751	3,453,472	4,180,000	726,528	
	TOTAL 2005 ->	3,043,878	1,541,966	1,501,912	2,767,500	1,265,588	

11.1.2. OFFICE PREMISES

Sr. #	Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Profit/ (Loss)	Sold to
1	Hafeez Centre, Gulberg, Lahore	2,328,500	895,065	1,433,435	2,600,000	1,166,565	Mr. Atif Razzaq s/o. Abdul Razzaq Chaudhry, House No. 552-A, Block E/1, M-A-Jauher Town, Lahore.
	TOTAL 2006 ->	2,328,500	895,065	1,433,435	2,600,000	1,166,565	
	TOTAL 2005 ->	1,255,446	547,879	707,567	1,070,000	362,433	
	G.TOTAL 2006 ->	8,417,723	3,530,816	4,886,907	6,780,000	1,893,093	
	G.TOTAL 2005 ->	4,299,324	2,089,845	2,209,479	3,837,500	1,628,021	



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

12 MANAGEMENT EXPENSES

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

	2006 Rs	2005 Rs
Salary, Wages and benefits	57,998,130	52,328,988
Rent, Taxes, electricity, gas etc.,	5,141,637	4,925,128
Communication	6,660,999	5,979,213
Printing & stationary	3,470,440	3,258,836
Traveling and entertainment	6,308,295	5,689,522
Depreciation	9,459,836	8,029,516
Repairs and maintenance	2,136,752	2,057,291
Legal and professional charges	172,200	211,550
Advertisement and sales promotion	4,872,850	3,293,520
Others expenses	31,840,625	27,432,072

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, 2006

14. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

	Chief Executive	Director	2006 Rs.	2005 Rs.
Fees	-	13,500	13,500	16,000
Managerial Remuneration	1,645,000	-	1,645,000	1,155,000
Rent & Utilities	782,000	-	782,000	582,000
	<u>2,427,000</u>	<u>13,500</u>	<u>2,440,500</u>	<u>1,753,000</u>
Number of Directors & Executives 2006	1	10	11	
Number of Directors & Executives 2005	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.

	2006 Rs	2005 Rs
15 AUDITOR'S REMUNERATION		
i. Audit Fees	75,000	75,000
ii. Half Yearly Review Fees	25,000	25,000
iii. Special Audit Fee	25,000	100,000
	<u>125,000</u>	<u>200,000</u>
16 EARNINGS PER SHARE		
Profit after tax for the year	58,326,615	42,244,478
Weighted average number of shares outstanding during the year	13,250,000	10,000,000
Basic earnings per share	<u>4.40</u>	<u>4.22</u>

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 earnings per share when exercised.



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

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	Effective Yield / Mark-up Rate(%)	Interest / Mark-up Bearing			Non-Interest / Non Mark-up Bearing			2006 Total Rs.	2005 Total Rs.
		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		
Financial Assets									
Investment	7-20	15,215,697	55,288,301	70,503,998	-	135,737,174	135,737,174	206,241,172	140,638,208
Premium due but unpaid	-	-	-	-	65,619,689	-	65,619,689	65,619,689	58,454,106
Accrued Investment Income	-	-	-	-	33,311,911	-	33,311,911	33,311,911	24,790,836
Amounts due from other Insurers/Reinsurers	-	-	-	-	1,462,682	-	1,462,682	1,462,682	3,929,980
Loans and Sundry Receivables	-	-	-	-	2,754,418	1,143,983	3,898,401	3,898,401	3,567,157
Term deposits	3-8	28,725,000	-	28,725,000	-	-	-	28,725,000	27,525,000
Balance with banks in transit and in-hand	-	-	-	-	76,508,302	-	76,508,302	76,508,302	59,689,534
		43,940,697	55,288,301	99,228,998	179,657,002	136,881,157	316,538,159	415,767,157	318,594,821
Financial liabilities									
Provision for Outstanding claims - Amounts due to other	-	-	-	-	39,945,755	-	39,945,755	39,945,755	44,223,412
Insurers/Reinsurers	-	-	-	-	18,945,642	-	18,945,642	18,945,642	18,399,352
Sundry Creditors	-	-	-	-	12,476,687	-	12,476,687	12,476,687	8,241,089
Unclaimed Dividend	-	-	-	-	123,978	-	123,978	123,978	130,965
		-	-	-	71,492,062	-	71,492,062	71,492,062	70,994,818
GAP - 2006		43,940,697	55,288,301	99,228,998	108,164,940	136,881,157	245,046,097	344,275,095	-
GAP - 2005		43,525,000	31,073,563	74,598,563	78,199,672	94,801,768	173,001,440	-	247,600,003





NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

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 instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, 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 companies, 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 relevant balance sheet note. There are no transaction with management personnel other than their terms of employment. 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.

	2006 Rs	2005 Rs
Premium Underwritten	23,104,234	32,780,624
Premium Collected	21,113,575	19,293,678
Claims Paid	4,260,042	5,757,452
Commission Paid	3,493,635	1,685,408
Dividend Received	378,654	521,220

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



NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

19. SEGMENT REPORTING

	Fire & property		Marine		Motor		Misc		Unallocated		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
REVENUE												
Premium less												
re-insurance	106,144,294	87,487,118	54,134,822	53,939,983	152,219,850	107,024,399	2,521,507	1,985,027	-	-	315,020,473	250,436,527
Commission	(12,295,613)	(5,002,511)	(4,236,344)	(2,693,661)	(23,769,451)	(15,991,115)	1,873,728	1,314,147	-	-	(38,427,680)	(22,373,140)
TOTAL	93,848,681	82,484,607	49,898,478	51,246,322	128,450,399	91,033,284	4,395,235	3,299,174	-	-	276,592,793	228,063,387
Segment result	42,522,666	29,965,567	27,554,185	20,873,099	(10,330,405)	(8,759,092)	2,714,865	1,995,646	-	-	62,461,311	44,075,220
Investment Income									30,411,059	23,623,629	30,411,059	23,623,629
Other Income (Profit on Sale of Fixed Assets)									1,893,093	1,628,021	1,893,093	1,628,021
General and administration expenses									(14,138,848)	(11,882,392)	(14,138,848)	(11,882,392)
Profit before tax									18,165,304	13,369,258	18,165,304	13,369,258
Provision for Taxation									22,300,000	15,200,000	22,300,000	15,200,000
Net Profit											58,326,615	42,244,478
OTHER INFORMATION												
Segment assets	55,328,767	52,740,753	28,218,313	32,517,191	79,346,108	64,518,611	1,314,361	1,196,654	-	-	164,207,548	150,973,209
Unallocated corporate assets									411,175,262	309,929,206	411,175,262	309,929,206
Consolidated corporate assets											575,382,810	460,902,415
Segment liabilities	111,625,536	96,112,526	56,930,319	59,257,959	160,080,412	117,575,999	2,651,716	2,180,732			331,287,983	275,127,216
Unallocated corporate liabilities									123,978	130,965	123,978	130,965
Consolidated corporate liabilities											331,411,961	275,258,181

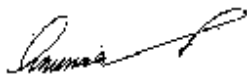


NOTES TO THE FINANCIAL STATEMENTS Financial Year ended December 31, 2006

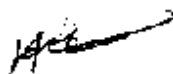
	2006 Rs	2005 Rs
20 Taxation		
Current		
- for the year	22,300,000	15,200,000
20.1 Reconciliation of Tax charge		
Profit for the year before taxation	80,626,615	57,444,478
Tax at the applicable of 35%	28,219,315	20,105,567
Capital gain exempt from tax	(2,940,513)	(2,745,162)
Tax effect of dividend income taxed at lower rate.	(2,959,002)	(2,399,932)
Others	(19,800)	239,527
Charge for the current year.	22,300,000	15,200,000
The applicable tax rate is 35% (2005: 35%)		
21 Number of employees		
Number of employees as at year end	214	203
22 DATE OF AUTHORISATION FOR ISSUE		
These financial statements were authorized for issue on 22nd March 2007, by the Board of Directors of the Company.		
23 GENERAL		
Figures have been rounded off to the nearest rupee.		



ISMAIL H. ZAKARIA
Chairman



MOHAMMED AMIN AHMED BAWANY
Director



A. AZIZ AYOORB
Director



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd March, 2007



PATTERN OF SHAREHOLDING FORM "34" SHAREHOLDERS STATISTICS

As at December 31, 2006

NUMBER OF SHARE HOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
235	1	-	100	5,855
197	101	-	500	50,243
90	501	-	1000	68,439
194	1001	-	5000	432,972
67	5001	-	10000	478,086
17	10001	-	15000	216,514
14	15001	-	20000	246,318
8	20001	-	25000	180,096
7	25001	-	30000	189,404
5	30001	-	35000	159,415
6	35001	-	40000	223,291
4	40001	-	45000	168,677
6	45001	-	50000	286,150
4	50001	-	55000	211,139
7	55001	-	60000	399,336
5	60001	-	65000	312,566
4	65001	-	70000	271,012
1	70001	-	75000	74,736
2	75001	-	80000	157,477
4	80001	-	85000	336,412
2	85001	-	90000	175,850
2	100001	-	105000	204,099
1	105001	-	110000	106,952
1	110001	-	115000	113,537
2	115001	-	120000	233,016
2	120001	-	125000	246,364
1	125001	-	130000	129,620
2	130001	-	135000	268,248
2	135001	-	140000	274,908
2	140001	-	145000	280,565
2	150001	-	155000	303,190
1	160001	-	165000	163,192
2	185001	-	190000	376,629
1	190001	-	195000	190,440
1	200001	-	205000	202,301
1	205001	-	210000	206,909
1	210001	-	215000	211,734
1	215001	-	220000	216,697
1	280001	-	285000	280,097
1	310001	-	315000	312,113
1	400001	-	405000	400,012
1	420001	-	425000	424,662
1	435001	-	440000	437,150
1	795001	-	800000	797,424
1	2225001	-	2230000	2,226,153
911				13,250,000

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE %	
1	Individual	879	12,425,525	93.78
2	Investment Company	4	20,306	0.15
3	Insurance Company	1	157	0.00
4	Joint Stock Company	20	532,605	4.02
5	Modaraba Company	1	135,032	1.02
6	Others	6	136,375	1.03
	911	13,250,000	100.00	



CATEGORIES OF SHAREHOLDING As at December 31, 2006

Categories of Share Holders	Numbers	Shares Held	Percentage %
ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES			
First Al-Noor Modaraba	1	135,032	1.02
NIT / ICP			
Investment Corporation of Pakistan	1	266	-
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN			
The detail are as under:			
MR. ISMAIL H. ZAKARIA	1	134,300	
MR. MOHD. AMIN AHMED BAWANY	1	15,495	
MR. A. AZIZ AYOOB	1	46,686	
MR. IRFAN ZAKARIA BAWANY	1	824,674	
MR. MOHD. OMER BAWANY	1	79,798	
MR. ZOHAIR ZAKARIA	1	60,511	
MR. AHMED ALI BAWANY	1	21,323	
MR. NOOR M. ZAKARIA	1	53,373	
MR. GHULAM MOHIUDDIN ZAKARIA	1	206,909	
MR. HAMZA OMER BAWANY	1	146,286	
MRS. ZARINA BAI ISMAIL	1	123,666	
MRS. ROSHANARA AMIN	1	225,430	
MRS. MEHRUNNISA AZIZ	1	38,817	
MRS. SHEHLA IRFAN	1	830,924	
MRS. RUKHSANA BAI OMER	1	207,523	
MRS. AMBREEN AHMED ALI	1	467,575	
MRS. SHAHNAZ NOOR MOHAMMAD	1	83,592	
MRS. MANAL GHULAM MOHIUDDIN ZAKARIA	1	189,151	
ANAM IRFAN ZAKARIA	1	113,537	
BILAL OMER	1	19,681	
RABEEHA OMER	1	15,238	
ALTAMASH AHMED ALI	1	31,130	
MOIN NOOR MOHAMMAD	1	312,113	
EXECUTIVE			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORP.			
	-	-	-
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	4	20,197	0.15
JOINT STOCK COMPANIES			
	20	532,605	4.02
INDIVIDUALS			
	856	8,177,793	61.72
OTHERS			
	6	136,375	1.03
TOTAL :-	911	13,250,000	100.00

SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST .

Mr. Abdul Ghaffar Abdul Rehman	-	2,226,153	-
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OFFICES

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. 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. Salim Abdul Sattar
Chief Manager (Accounts)

Extension : 205

Mr. Muhammad Masood Alam
Manager (Administration)

Direct : 4539411
Extension : 206

Mr. Muhammad Saquib Sami
Assistant Manager (Computer)

Extension : 202

Mr. Muzaffar Jawed
Assistant Manager (Internal Audit)

Extension : 211

South Zone Offices & Branches

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

Mr. Muhammad Umer
Senior Vice President

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



OFFICES

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, Land Mark Plaza,
Off. I. I. Chundrigar Road,
Karachi.

Mr. Muhammad Raza
Deputy Chief Manager

Ph : 2628777, 2628778
Fax : 2628779

Hyderabad Branch

3rd 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

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

Mr. Basit Anwar Butt
Senior 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
Assistant Vice President

Ph : 3522127



OFFICES

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

Arsian 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
527738
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 : 2442473

Sahiwal Branch

147, Railway Road,
Sahiwal.

Mr. Muhammad Saeed
Office Incharge

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

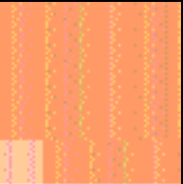
Gojra Branch

P-132, Post Office Road,
Gojra.

Mr. Tufail Saleem
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
Monday, the 30th April, 2007 and at any adjournment thereof.

Signed this _____ day of _____ 2007.

Witnesses:

1. Signature: _____
Name: _____
Address: _____
CNIC No. Or Passport No. _____

Signature

Affix Rs.
5/=
Revenue
Stamp

2. Signature: _____
Name: _____
Address: _____
CNIC No. Or Passport No. _____

(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 National Identity Card or Passport alongwith the Participant's ID number and their account number at the time of attending the Computerized Annual General Meeting in order to facilitate their identification.





Reliance Insurance Company Limited

181-A, Sindhi Muslim Co-operative Housing Society, Karachi-74400.