

The Board of Directors
Reliance Insurance Company Limited,
Karachi.

March 28, 2017
R-24/AA-0223/17

AUDITORS' CERTIFICATE ON FREE RESERVES FOR THE ISSUE OF BONUS SHARES

Dear Sir,

We have been requested to provide you with a certificate that the Company's residual free reserves, in terms of the meaning given to free reserves in the Companies (Issue of Capital) Rules, 1996, after the proposed issue of Bonus shares @ 10% in the proportion of 1 share for every 10 shares held amounting to Rs. 51.037 million would be higher than fifteen percent of the enhanced paid up capital of the Company.

Scope of certificate

This certificate is being issued at the request of the Company for the purpose of issue of bonus shares in accordance with Rule 6 of the Companies (Issue of Capital) Rules, 1996. The certificate is being issued to be submitted to Board of Directors, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange Limited.

Management responsibility

The management of Reliance Insurance Company Limited is responsible for the completeness of the information provided to us with respect to the proposed issue of bonus shares and convening the meeting of the Board of Directors to resolve the issue of bonus shares. The management is also responsible for the maintenance of adequate accounting records and other information supporting the details and the discharge of obligations under the rule 6 of the Companies (Issue of Capital) Rules, 1996.


Auditors' responsibility

Our responsibility is to verify that Company's residual free reserves, in terms of the meaning given to free reserves in the Companies (Issue of Capital) Rules, 1996, after the proposed issue of Bonus shares @ 10% in the proportion of 1 share for every 10 shares held amounting to Rs. 51.037 million would be higher than fifteen percent of the enhanced paid up capital of the Company in accordance with the "Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms" issued by the Institute of Chartered Accountants of Pakistan.

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BDO Ebrahim & Co. Chartered Accountants

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Certified True Copy
For Reliance Insurance Co., Ltd.

Company Secretary.



Our verification was limited to the procedures as mentioned below:

1. Obtained the Company's annual audited financial statements for the year ended December 31, 2016 and ascertained the amount of free reserves,
2. We have reviewed the contingent liabilities outstanding as at December 31, 2016 to determine the contingent loss, if any, falling within the scope of paragraph 14 of the International Accounting Standard 37 'Provisions, Contingent Liabilities and Contingent Assets'.
3. Reviewed the Company's 'Free Reserves' to ascertain that the 'Free Reserves' retained after the issue of bonus shares do not include any reserves created as a result of revaluation of fixed assets or any intangible or fictitious assets such as preliminary expenses, goodwill, brokerage or commission.
4. We have not reviewed the transactions from December 31, 2016 till the date of issue of bonus shares that could have an impact on the aforementioned figures.

Certificate

Based on procedures mentioned above, we certify that Company's residual free reserves after the issuance of 10% bonus shares i.e. Rs. 51.037 million in the proportion of 1 share for every 10 shares held, will be more than 15% of the enhanced paid up capital of the Company in accordance with the meaning defined in the Companies (Issue of Capital) Rules, 1996.

Restriction on use and distribution

This certificate is issued solely for the purpose set forth in the scope of certificate and is given in our capacity as statutory auditors of the Company and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein.

Yours faithfully,

BDO EBRAHIM & CO.
Chartered Accountants

Certified True Copy
For Reliance Insurance Co. Ltd.

Company Secretary