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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Vice Marshal (R) M.Ikramullah Bhatti

Air Commodore (R) Zafar Iqbal Mir

Takudzwa Brooks Takundanyika Mparutsa

M. Naveed Tariq

Ian Howell Ross

Shahid Hameed

Ahmed Bilal

CHIEF EXECUTIVE OFFICER

Asif Suleman

CHIEF FINANCIAL OFFICER

Huzaif Hanif Tola

COMPANY SECRETARY

Huzaif Hanif Tola

AUDITORS

Anjum Asim Shahid Rehman

Chartered Accountants

LEGAL ADVISOR

Shaukat Law Associates

REGISTERED OFFICE

10th Floor, Shaheen Complex, M.R.Kayani Road, Karachi.

HEAD OFFICE

10th Floor, Shaheen Complex, M.R.Kayani Road, Karachi.

SHARE REGISTRAR

M/s Corplink (Pvt) Ltd.

Wings Arcade, 1-K, Commercial, Model Town, Lahore.

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors is pleased to present before you the unaudited financial statements of the Company for the first quarter ended 31 March 2011.

The Results are summarized below:

	All Figures Rs. in '000'			
	March 2011	March 2010	% Age	December 2010
Gross Premium Written	163,115	141,693	15.12	553,084
Net Premium Revenue	116,074	108,529	6.95	417,389
Net Claims	62,193	57,409	8.33	263,040
Underwriting Results	18,935	13,615	39.07	20,267
Investment Income	5,815	1,773	227.98	16,671
Profit / (Loss) Before Tax	8,402	2,396	250.67	(23,476)
Profit / (Loss) After Tax	7,402	1,896	290.40	(29,033)
Earning Per Share	0.37	0.09	311.11	(1.45)

During the period under review, despite the difficult market conditions, the Company was able to improve its operational performance which is evident from the increase in the Gross Premium Written by 15% as compare to corresponding period.

The overall net claims had increased by 8.33% as compare to the corresponding period of last year.

The investment income for the three months period ended was Rs. 5.8 million as against Rs. 1.7 million in the corresponding period of last year.

Pre-tax profit for the three months period ended is Rs. 8.4 million compared to the profit of Rs. 2.396 million in the corresponding period of last year.

The Company is geared up to counter the macro economic challenges which are currently faced by our economy and are focus on to continue to strive hard to further improve our performance in the coming months of 2011.

Your Directors would like to place on record their appreciation to the field force, officers and staff of the Company for the dedicated contribution.

Your Directors would also like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance and support.

M. Ikramullah Bhatti

M. Ikramullah Bhatti
Air Vice Marshal R.
CHAIRMAN

Dated: 29 April 2011

BALANCE SHEET

	<i>Note</i>	31 March 2011 (Unaudited)	31 December 2010 (Audited)
(Rupees)			
SHARE CAPITAL AND RESERVES			
Authorised share capital: 30,000,000 (31 December 2010: 30,000,000) ordinary shares of Rs. 10 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up 20,000,000 (31 December 2010: 20,000,000) ordinary shares of Rs. 10 each fully paid in cash		200,000,000	200,000,000
General reserves		20,000,000	20,000,000
Unappropriated loss		(16,378,479)	(23,780,007)
Total equity		203,621,521	196,219,993
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		179,948,084	185,190,944
Provision for unearned premium		254,149,148	245,048,397
Commission income unearned		9,519,734	13,236,622
Total underwriting provisions		443,616,966	443,475,963
CREDITORS AND ACCRUALS			
Premium received in advance		14,355,133	8,425,048
Amount due to other insurers / reinsurers		36,085,944	29,395,613
Accrued expenses		8,830,482	9,866,168
Agents' balances		23,913,505	17,646,088
Deferred gain on disposal of assets under sale and lease back		91,524	183,048
Other creditors and accruals	6	10,449,122	11,022,354
		93,725,710	76,538,319
BORROWINGS			
Liabilities against assets subject to finance lease		778,114	1,072,822
OTHER LIABILITIES			
Advance against issue of shares	7	13,721,450	-
Dividend payable - unclaimed		398,384	398,934
Total liabilities		552,240,624	521,486,038
Total equity and liabilities		<u>755,862,145</u>	<u>717,706,031</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

AS AT 31 MARCH 2011

	<i>Note</i>	31 March 2011 (Unaudited)	31 December 2010 (Audited)
(Rupees)			
CASH AND BANK DEPOSITS			
Cash and other equivalents		394,601	46,984
Current and saving accounts		42,700,286	136,923,235
		43,094,887	136,970,219
LOANS TO EMPLOYEES			
- unsecured, considered good		2,127,788	2,136,673
INVESTMENTS			
		188,060,173	155,721,299
INVESTMENT PROPERTIES			
		4,417,558	4,551,912
OTHER ASSETS			
Premium due but unpaid	8	229,861,116	166,082,545
Amount due from other insurers / reinsurers		52,457,737	28,463,767
Deferred commission expense		38,869,308	37,330,920
Accrued investment income		4,232,049	89,921
Reinsurance recoveries against outstanding claims		47,489,227	59,012,056
Taxation - payment less provisions		1,377,097	1,137,729
Advances, deposits and prepayments		77,369,384	65,717,735
Other receivables		1,203,019	-
		452,858,937	357,834,673
FIXED ASSETS			
Tangible			
Furniture, fixtures and office equipments		7,086,511	6,824,620
Motor vehicles		23,466,283	18,916,627
Capital work in progress - office premises		34,750,008	34,750,008
		65,302,802	60,491,255
Total assets		755,862,145	717,706,031

M. Ghulam - Allah.

Chairman

[Signature]

Director

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Director

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Chief Executive Officer

Condensed Interim Profit and Loss Account (Unaudited)

For the period ended 31 March 2011

Note	Quarter ended 31 March				2011 Aggregate	2010 Aggregate
	Fire and property damage	Marine, aviation and transport	Motor	Others		
	------(Rupees)-----					
REVENUE ACCOUNT						
Net premium revenue	11,879,734	10,674,446	65,968,034	27,552,161	116,074,375	108,529,316
Net claims	(497,676)	(345,918)	(43,146,924)	(18,202,842)	(62,193,360)	(57,408,971)
Management expenses	(1,989,800)	(1,787,920)	(11,049,335)	(4,614,858)	(19,441,913)	(16,770,928)
Net commission	(2,600,396)	(2,736,920)	(8,936,157)	(1,231,093)	(15,504,566)	(20,734,480)
Net underwriting expenses	(4,590,196)	(4,524,840)	(19,985,492)	(5,845,951)	(34,946,479)	(37,505,408)
Underwriting result	6,791,862	5,803,688	2,835,618	3,503,368	18,934,536	13,614,937
Investment income					5,815,403	1,773,366
Rental income					523,818	518,799
Other income					305,626	1,713,981
General and administrative expenses					(17,177,855)	(15,224,728)
Profit before tax					8,401,528	2,396,355
Provision for taxation					(1,000,000)	(500,000)
					7,401,528	1,896,355
PROFIT AND LOSS APPROPRIATION ACCOUNT						
Balance at commencement of the period					(23,780,007)	5,252,930
Profit after tax					7,401,528	1,896,355
Unappropriated profit at end of the period					(16,378,479)	7,149,285
Earnings per share - basic and diluted	<i>10</i>				0.37	0.09

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

M. Gulam - Akhtar

Chairman

[Signature]

Director

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Director

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Chief Executive Officer

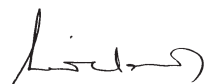
Condensed Interim Statement of Changes in Equity (Unaudited)
For the period ended 31 March 2011

	Share Capital	General Reserve	Unappropriated profit	Total
	------(Rupees)-----			
Balance as at 1 January 2010	200,000,000	20,000,000	5,252,930	225,252,930
Changes in equity for the period ended 31 March 2009				
Profit after tax for the period ended 31 March 2010	-	-	1,896,355	1,896,355
Balance as at 31 March 2010	<u>200,000,000</u>	<u>20,000,000</u>	<u>7,149,285</u>	<u>227,149,285</u>
Unappropriated loss months ended 31 December 2010				
Net loss after tax for the nine months ended 31 December 2010	-	-	(30,929,292)	(30,929,292)
Balance as at 31 December 2010	<u>200,000,000</u>	<u>20,000,000</u>	<u>(23,780,007)</u>	<u>196,219,993</u>
Profit after tax for the period ended 31 March 2011	-	-	7,401,528	7,401,528
Deposit against issue of shares received during the period	-	-	-	-
Balance as at 31 March 2011	<u><u>200,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>(16,378,479)</u></u>	<u><u>203,621,521</u></u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.



Chairman



Director



Director



Chief Executive Officer

Condensed Interim Statement of Cash Flow
For the period ended 31 March 2011

	Quarter year ended 31 March	
	2011	2010
	(Rupees)	
Operating cash flows		
<i>a) Underwriting activities</i>		
Premium received	105,266,042	119,387,361
Reinsurance premium paid	(37,678,898)	(22,862,308)
Claims paid	(79,956,066)	(86,687,680)
Reinsurance and other recoveries received	24,042,675	29,918,894
Commission paid	(18,915,799)	(21,157,025)
Commission received	4,423,374	4,096,462
Net cash flow from underwriting activities	(2,818,672)	22,695,704
<i>b) Other operating activities</i>		
Income tax paid	(1,239,368)	(330,630)
General management expenses paid	(70,163,131)	(29,182,776)
Loans recovered / (advanced)	8,885	(385,383)
Net cash flow from other operating activities	(71,393,614)	(29,898,789)
Total cash flows from operating activities	(74,212,286)	(7,203,085)
Investment activities		
Profit / return received	3,362,147	3,293,018
Rental received	375,000	696,118
Payment for investments	(94,966,707)	(233,220,526)
Proceeds from disposal of investments	65,365,908	245,199,033
Fixed capital expenditure	(7,989,676)	(4,697,488)
Proceeds from disposal of fixed assets	805,000	3,190,000
Total cash flows from investing activities	(33,048,328)	14,460,155
Financing activities		
Financial charges paid	(41,459)	(87,236)
Advance against issue of shares received during the period	13,721,450	-
Lease payments	(294,709)	(248,932)
Total cash flows from financing activities	13,385,282	(336,168)
Net cash flows from all activities	(93,875,332)	7,257,070
Cash and cash equivalents at beginning of the year	136,970,219	132,726,634
Cash and cash equivalents at end of the year	43,094,887	139,983,704

Condensed Interim Statement of Cash Flow
For the period ended 31 March 2011

Quarter year ended 31 March
2011 **2010**
(Rupees)

Reconciliation to profit and loss account

Operating cash flows	(74,212,286)	(7,203,085)
Depreciation expense	(2,581,822)	(1,880,653)
Gain on disposal of fixed assets	165,512	1,713,981
Taxes paid	1,239,368	330,630
Financial charges	(41,459)	(87,236)
Decrease in assets other than cash	95,024,264	36,256,797
Decrease in liabilities	(17,033,136)	(29,026,245)
Investment and other income	5,841,087	2,292,165
Provision for tax	(1,000,000)	(500,000)
Profit after taxation	7,401,528	1,896,354

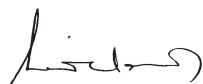
Cash and cash equivalents

Cash and other equivalents	394,601	17,343
Current and saving accounts	42,700,286	139,966,361
	43,094,887	139,983,704

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.



Chairman



Director



Director



Chief Executive Officer

Condensed Interim Statement of Premium (Unaudited)
For the period ended 31 March 2011

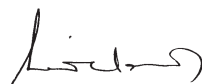
Business underwritten inside Pakistan	Quarter ended 31 March									
	Premium Written (A)	Unearned Premium Reserve		*Premium Earned (D=A+B-C)	Reinsurance Ceded (E)	Prepaid Reinsurance Premium ceded		Reinsurance Expense (H=E+F-G)	Net Premium Revenue for the quarter ended	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2011 (I=D-H)	2010
------(Rupees)-----										
<u>Class</u>										
Direct and Facultative										
Fire and property damage	18,327,903	44,186,526	38,502,911	24,011,518	8,311,056	24,126,470	20,305,742	12,131,784	11,879,734	14,907,754
Marine, aviation and transport	8,271,271	21,951,389	4,052,405	26,170,255	4,360,667	13,047,456	1,912,314	15,495,809	10,674,446	2,659,150
Motor	67,440,828	122,165,587	122,319,697	67,286,718	1,467,000	2,692,209	2,840,525	1,318,684	65,968,034	69,494,525
Others	69,074,526	56,744,895	89,274,135	36,545,286	6,236,536	17,517,462	14,760,873	8,993,125	27,552,161	21,467,886
Total	163,114,528	245,048,397	254,149,148	154,013,777	20,375,259	57,383,597	39,819,454	37,939,402	116,074,375	108,529,316
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	163,114,528	245,048,397	254,149,148	154,013,777	20,375,259	57,383,597	39,819,454	37,939,402	116,074,375	108,529,316

* This include administrative surcharge collected from customers along with premium but have not been deferred as this surcharge is levied to recover the administrative cost relating to policies issued during the period.

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.



Chairman



Director



Director



Chief Executive Officer

Condensed Interim Statement of Claims (Unaudited)
For the period ended 31 March 2011

	Quarter ended 31 March									Net Claims Expense for the quarter ended	
	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A-B+C)	Reinsurance and other Recoveries (E)	Reinsurance and other recoveries against outstanding claims		Reinsurance and Other Recoveries Revenue (net) (H=E-F+G)	2011 (I=D-H)	2010	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)				
Business underwritten inside Pakista											
<u>Class</u>	----- (Rupees) -----										
Direct and Facultative											
Fire and property damage	11,792,432	23,190,231	16,264,315	4,866,516	10,664,275	16,199,161	9,903,726	4,368,840	497,676	(418,129)	
Marine, aviation and transport	4,760,404	10,198,116	3,010,548	(2,427,164)	3,482,138	7,679,602	1,424,382	(2,773,082)	345,918	1,226,781	
Motor	34,266,285	107,491,361	118,679,641	45,454,565	3,637,820	6,176,179	4,846,000	2,307,641	43,146,924	45,392,945	
Others	29,136,945	44,311,236	41,993,580	26,819,289	6,258,442	28,957,114	31,315,119	8,616,447	18,202,842	11,207,374	
Total	79,956,066	185,190,944	179,948,084	74,713,206	24,042,675	59,012,056	47,489,227	12,519,846	62,193,360	57,408,971	
Treaty	-	-	-	-	-	-	-	-	-	-	
Grand total	79,956,066	185,190,944	179,948,084	74,713,206	24,042,675	59,012,056	47,489,227	12,519,846	62,193,360	57,408,971	

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

M. Gulam - ulah

Chairman

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Director

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Director

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Chief Executive Officer

Condensed Interim Statement of Expenses (Unaudited)
For the period ended 31 March 2011

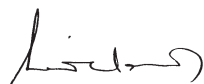
Business underwritten inside Pakistan	Quarter ended 31 March								
	Commission Paid / Payable (A)	Deferred Commission		Net Commission Expense (D=A+B-C)	Management Expenses (E)	Underwriting Expenses (F=D+E)	* Commission from Reinsurers (G)	Net Underwriting Expense for the quarter ended	
		Opening (B)	Closing (C)					2011 (H=F-G)	2010
----- (Rupees) -----									
Class									
Direct and Facultative									
Fire and property damage	6,327,518	11,974,116	11,851,558	6,450,076	1,989,800	8,439,876	3,849,680	4,590,196	11,065,141
Marine, aviation and transport	2,212,218	4,257,750	1,151,535	5,318,433	1,787,920	7,106,353	2,581,513	4,524,840	1,295,697
Motor	9,424,182	16,638,444	17,125,902	8,936,724	11,049,335	19,986,059	567	19,985,492	19,831,557
Others	7,219,298	4,460,610	8,740,313	2,939,595	4,614,858	7,554,453	1,708,502	5,845,951	5,313,013
Total	25,183,216	37,330,920	38,869,308	23,644,828	19,441,913	43,086,741	8,140,262	34,946,479	37,505,408
Treaty	-	-	-	-	-	-	-	-	-
Grand total	25,183,216	37,330,920	38,869,308	23,644,828	19,441,913	43,086,741	8,140,262	34,946,479	37,505,408

* Commission from reinsurers is arrived at after taking the impact of the opening and closing balances of unearned commission.

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.



Chairman



Director



Director



Chief Executive Officer

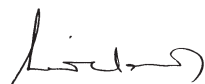
Condensed Interim Statement of Investment Income (Unaudited)
For the period ended 31 March 2011

	For the quarter ended	
	31 March 2011	31 March 2010
	------(Rupees)-----	
Income from trading investments - net		
Capital (loss) / gain on sale of held for trading investments	(1,502,222)	814,885
Dividend income	313,893	687,750
Income from non-trading investments		
<i>Held to maturity</i>		
Return on other fixed income securities and bank deposits	546,665	1,729,136
<i>Available for sale</i>		
Dividend income	2,754,275	739,128
Gain on sale of non-trading investments - available for sales	(160,966)	282,746
	2,593,309	1,021,874
Gain / (loss) on revaluation of held for trading investments	171,624	(4,251,174)
Income from reverse repo transactions in listed equity securities	3,889,442	3,817,518
Investment related expenses	(197,308)	(2,046,623)
	<u>5,815,403</u>	<u>1,773,366</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.



Chairman



Director



Director



Chief Executive Officer

Notes to the Condensed Interim Financial Information (Un-audited)
For the period ended 31 March 2011

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited was incorporated in March 1995 under the Companies Ordinance, 1984, as a Public Company and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, etc. The shares of the company are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Its registered office is located at 10th floor, Shaheen Commercial Complex, Karachi.

2. BASIS OF PRESENTATION

These condensed interim financial information are unaudited and are being submitted to the shareholders in accordance with the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984 and are being presented in condensed form in accordance with the requirements of the approved accounting standard "International Accounting Standard - Interim Financial Reporting (IAS-34)" as applicable in Pakistan and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan in its circular No. 7 of 2003 dated 27 August 2003.

These condensed interim financial information do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended 31 December 2010.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2010.

5. INSURANCE RISK MANAGEMENT

The insurance risk management objectives and policies are consistent with those disclosed in the financial statements of the bank for the year ended 31 December 2010.

6. OTHER CREDITORS AND ACCRUALS

	31 March 2011	31 December 2010
	(Rupees)	
Amount payable to policy holders in respect of cancelled policies	-	886,474
Federal excise duty payable	5,283,761	5,883,025
Withholding tax payable	2,511,044	451,917
Workers welfare fund payable	815,074	815,074
Unearned rental income	182,340	331,158
Payable to provident fund	1,557,884	874,631
Payable for dealing in marketable securities	-	697,617
Others	99,019	1,082,458
	<u>10,449,122</u>	<u>11,022,354</u>

7. ADVANCE AGAINST ISSUE OF SHARES

The Company has started the process of right shares of Rs. 50 million in January 2011. Share deposit money received till period end is disclosed as "Advance against issue of Shares". The Company has received the complete amount of Rs. 50 million subsequent to the period end and the shares are allotted to the shareholders and funds are injected in Company's operations on 21 April, 2011.

	31 March 2011	31 December 2010
	(Rupees)	
8. PREMIUM DUE BUT UNPAID - unsecured		
Considered good	229,861,116	166,082,545
Considered doubtful	13,742,644	13,742,644
	243,603,760	179,825,189
Provision against doubtful debts	(13,742,644)	(13,742,644)
	229,861,116	166,082,545

9. TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its employees provident funds, key management personnel entities with substantial holdings in the Company and companies with common directors.

Transactions with related parties during the year and balances with them as at the period end are as follows:

Transactions and balances with associated companies

	2011	2010
	(Rupees)	
Insurance premium		
Balance at beginning of the period	136,592,081	73,710,751
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	17,933,616	15,805,708
Received / adjusted during the year	(14,355,945)	(5,396,422)
Balance at end of the period	140,169,752	84,120,037
Insurance claim expense		
Outstanding claims at beginning of the year	16,799,137	16,168,937
Gross claim expense for the year	17,635,597	15,426,878
Claim paid during the year	(19,666,794)	(10,889,510)
Outstanding claims at end of the year	14,767,940	20,706,305

Other transactions for the year with associated companies

Rental income - net	375,000	375,000
Rental expense	940,061	766,656
Brokerage, commission and advisory expenses	56,102	1,734,040

<i>Other balances with associated companies</i>	2011	2010
	(Rupees)	
Other receivables	<u>1,203,019</u>	<u>-</u>
Advisory fee payable	<u>1,158,907</u>	<u>1,858,907</u>
Prepaid expenses	<u>24,800,672</u>	<u>2,529,963</u>
Advance for the purchase of office premises in Lahore	<u>34,750,008</u>	<u>34,750,008</u>
<i>Transactions for the period with other related parties</i>		
Contribution to the provident fund	<u>1,382,604</u>	<u>1,141,192</u>
<i>Remuneration of key management personnel</i>	<u>3,331,618</u>	<u>1,982,214</u>
<i>Balances with other related parties</i>		
Payable to provident fund	<u>1,557,884</u>	<u>874,631</u>

9.1 Remuneration to the key management personnel are in accordance with the terms of their employment.

9.2 Contribution to the provident fund is in accordance with the Company's staff services rules.

9.3 Other transactions with the related parties are in accordance with the agreed terms.

10. EARNINGS PER SHARE - basic and diluted

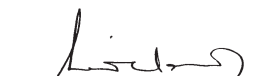
	Quarter ended	
	31 March 2011	31 March 2010
	(Rupees)	
Profit for the period	<u>7,401,528</u>	<u>1,896,355</u>
	Number of Shares	
Weighted average number of shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>
	(Rupees)	
Earnings per share	<u>0.37</u>	<u>0.09</u>

11. GENERAL

11.1 These financial statements were authorised for issue in the Board of Directors meeting held on 29 April 2011.



Chairman



Director



Director



Chief Executive Officer