

| | September 30, 2011 (Unaudited) | December 31, 2010 (Audited) | | September 30, 2011 (Unaudited) | December 31, 2010 (Audited) |
|---|--------------------------------------|-----------------------------------|--|--------------------------------------|-----------------------------------|
| Note | ----- Rupees ----- | | Note | ----- Rupees ----- | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | CASH AND BANK DEPOSITS | | |
| Share capital and reserves | | | Cash and other equivalents | | |
| Authorised share capital | | | | 52,582 | 46,984 |
| 25,000,000 (December 31, 2010: 20,000,000) | | | Current and other accounts | <u>77,377,804</u> | <u>136,923,235</u> |
| ordinary shares of Rs. 10 each | <u>300,000,000</u> | <u>300,000,000</u> | | <u>77,430,386</u> | 136,970,219 |
| Issued, subscribed and paid-up share capital | | | LOANS - secured, considered good | | |
| 25,000,000 (December 31, 2010: 20,000,000) | | | To employees | 3,332,671 | 2,136,673 |
| ordinary shares of Rs. 10 each fully paid in cash | 250,000,000 | 200,000,000 | INVESTMENTS | | |
| Retained earnings | (2,760,207) | (23,780,007) | 9 | 90,973,544 | 155,721,299 |
| General reserve | <u>20,000,000</u> | <u>20,000,000</u> | INVESTMENT PROPERTIES | | |
| Shareholders' equity | <u>267,239,793</u> | 196,219,993 | 10 | 29,871,659 | 4,551,912 |
| UNDERWRITING PROVISIONS | | | CURRENT ASSETS - OTHERS | | |
| Provision for outstanding claims | | | Premiums due but unpaid | 11 255,004,903 | 166,082,545 |
| (including IBNR) | 156,648,401 | 185,190,944 | Amounts due from other insurers / reinsurers | 45,973,031 | 28,463,767 |
| Provision for unearned premium | 312,743,405 | 245,048,397 | Accrued investment income | 30,043 | 89,921 |
| Commission income unearned | 14,714,884 | 13,236,622 | Reinsurance recoveries against | | |
| Total underwriting provisions | <u>484,106,690</u> | 443,475,963 | outstanding claims | 32,980,102 | 59,012,056 |
| CREDITORS AND ACCRUALS | | | Taxation - payments less provisions | 1,863,848 | 1,137,729 |
| Premium received in advance | 13,552,534 | 8,425,048 | Deferred commission expense | 48,477,001 | 37,330,920 |
| Amount due to other insurers / reinsurers | 37,080,702 | 29,395,613 | Advances, deposits and prepayments | 106,043,345 | 65,717,735 |
| Accrued expenses | 2,056,793 | 9,866,168 | Sundry receivables | - | - |
| Agents' balances | 35,276,754 | 17,646,088 | | <u>490,372,272</u> | 357,834,673 |
| Deferred gain on disposal of assets under sale | | | FIXED ASSETS | | |
| and lease back | - | 183,048 | Tangible and Intangible | | |
| Other creditors and accruals | 7 28,639,122 | 11,022,354 | Furniture, fixtures and office equipment | | |
| | <u>116,605,905</u> | 76,538,319 | 12 7,908,593 | | |
| BORROWINGS | | | Motor vehicles | | |
| Liabilities against assets subject to finance lease | 1,979,918 | 1,072,822 | 27,588,587 | | |
| OTHER LIABILITIES | | | Capital work in progress - shops | | |
| Dividend payable - unclaimed | 398,934 | 398,934 | 101,039,922 | | |
| TOTAL LIABILITIES | | | Capital work in progress - office premises | | |
| | <u>603,091,447</u> | 521,486,038 | 171,287,110 | | |
| TOTAL EQUITY AND LIABILITIES | | | Intangible | | |
| | <u>870,331,241</u> | <u>717,706,031</u> | Computer software | | |
| CONTINGENCIES AND COMMITMENTS | | | 896,835 | | |
| | | | Capital work in progress - Integrated | | |
| | | | General Insurance System | | |
| | | | 6,166,764 | | |
| | | | 7,063,599 | | |
| | | | TOTAL ASSETS | | |
| | | | <u>870,331,241</u> | | |
| | | | <u>717,706,031</u> | | |

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Cash Flow (Unaudited)
For the nine month period ended September 30, 2011

| | 2011 | 2010 |
|--|--------------------------|--------------------------|
| | ----- Rupees ----- | |
| OPERATING ACTIVITIES | | |
| <i>a) Underwriting activities</i> | | |
| Premiums received | 430,869,745 | 365,183,324 |
| Reinsurance premium paid | (114,526,378) | (96,388,405) |
| Claims paid | (287,467,725) | (244,733,502) |
| Reinsurance and other recoveries received | 102,620,495 | 68,770,036 |
| Commissions paid | (60,207,525) | (60,789,107) |
| Commissions received | 22,839,698 | 20,921,565 |
| Net cash flows from underwriting activities | <u>94,128,310</u> | <u>52,963,911</u> |
| <i>b) Other operating activities</i> | | |
| Income tax paid | (4,244,036) | (3,100,115) |
| General management expenses paid | (128,104,353) | (96,014,371) |
| Loans advanced / (refunded) | (1,195,998) | 837,186 |
| Net cash flows (used in) other operating activities | <u>(133,544,387)</u> | <u>(98,277,300)</u> |
| Total cash flows (used in) operating activities | (39,416,077) | (45,313,389) |
| INVESTING ACTIVITIES | | |
| Profit / Return received | 17,329,601 | 6,514,202 |
| Rentals received | 1,571,454 | 1,700,202 |
| Payments for investments | (183,483,607) | (268,823,563) |
| Proceeds from disposal of investments | 148,972,710 | 271,083,322 |
| Purchase of investment properties | (25,321,435) | |
| Fixed capital expenditure | (26,551,638) | (19,039,205) |
| Proceeds from disposal of fixed assets | 2,580,000 | 3,440,000 |
| Total cash flows (used in) investing activities | (64,902,915) | (5,125,042) |
| FINANCING ACTIVITIES | | |
| Amount received against issue of right shares | 50,000,000 | - |
| Financial charges paid | (206,023) | (229,054) |
| Lease payments | (771,233) | (550,396) |
| Total cash flows (used in) financing activities | 49,022,744 | (779,450) |
| Net cash flows (used in) all activities | (55,296,248) | (51,217,881) |
| Cash and cash equivalents at beginning of the period | 132,726,634 | 132,726,634 |
| Cash and cash equivalents at end of the period | <u>77,430,386</u> | <u>81,508,753</u> |

Shaheen Insurance Company Limited
Condensed Interim Statement of Cash Flow (Unaudited)
For the nine month period ended September 30, 2011

| | 2011 | 2010 |
|---|--------------------------|----------------------------|
| | ----- Rupees ----- | |
| Reconciliation to profit and loss account | | |
| Operating cash flows | (39,416,077) | (45,313,388) |
| Depreciation expense | (9,353,099) | (6,346,839) |
| Gain on disposal of fixed assets | 1,462,637 | 1,205,167 |
| Amortization of gains on assets under sale and lease back | 183,018 | 183,018 |
| Taxes paid | 4,244,036 | 3,100,115 |
| Financial charges | (206,023) | (229,054) |
| Increase in assets other than cash | 132,537,599 | 82,594,376 |
| Increase in liabilities | (81,605,410) | (78,099,080) |
| Investment and other income | 16,691,036 | 12,773,738 |
| Provision for tax | (3,517,917) | (3,249,200) |
| Profit / (Loss) after taxation | <u>21,019,800</u> | <u>(33,381,145)</u> |

Definition of cash

Cash comprises cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the Statement of Cash Flows consists of:

| | 2011 | 2010 |
|------------------------------------|--------------------------|--------------------------|
| | ----- Rupees ----- | |
| Cash and other equivalents | 252,068 | 252,068 |
| Current and saving accounts | <u>77,377,804</u> | <u>81,256,686</u> |
| | <u>77,629,872</u> | <u>81,508,754</u> |

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine month period ended September 30, 2011

| | Paid-up share capital | Revenue reserves | | Total |
|---|--------------------------|--------------------|----------------------|--------------------|
| | | General reserve | Retained earnings | |
| ----- Rupees ----- | | | | |
| Balance as at January 01, 2010 | 200,000,000 | 20,000,000 | 5,252,930 | 225,252,930 |
| <i>Changes in equity for the nine month period ended September 30, 2010</i> | | | | |
| Loss after tax for the nine month period ended September 30, 2010 | - | - | (33,381,148) | (33,381,148) |
| Balance as at September 30, 2010 | 200,000,000 | 20,000,000 | (28,128,218) | 191,871,782 |
| <i>Changes in equity for the three month period ended December 31, 2010</i> | | | | |
| Profit after tax for the three month period ended December 31, 2010 | - | - | 4,348,211 | 4,348,211 |
| Balance as at January 01, 2011 | 200,000,000 | 20,000,000 | (23,780,007) | 196,219,993 |
| Profit after tax for the nine month period ended September 30, 2011 | - | - | 21,019,800 | 21,019,800 |
| Issue of right shares during the period | 50,000,000 | - | - | 50,000,000 |
| Balance as at September 30, 2011 | 250,000,000 | 20,000,000 | (2,760,207) | 267,239,793 |

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Premium (Unaudited)
For the quarter and nine month period ended September 30, 2011

Business underwritten inside Pakistan

| Class | Quarter ended September 30, | | | | | | | | | |
|--------------------------------|-----------------------------|--------------------------|--------------------|----------------------------|------------------------|-----------------------------------|-------------------|--------------------------------|---------------------|--------------------|
| | 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 | |
| | | Opening b | Closing c | | | Opening f | Closing g | | 2011 i=d-h | 2010 |
| Rupees | | | | | | | | | | |
| Direct and Facultative | | | | | | | | | | |
| Fire and property damage | 33,844,173 | 62,522,451 | 70,214,059 | 26,152,565 | 14,291,672 | 28,371,788 | 30,634,661 | 12,028,799 | 14,123,766 | 28,038,600 |
| Marine, aviation and transport | 7,600,093 | 5,362,131 | 3,816,946 | 9,145,278 | 4,114,856 | 2,310,432 | 2,139,701 | 4,285,587 | 4,859,691 | 3,191,183 |
| Motor | 49,108,718 | 138,323,944 | 122,644,283 | 64,788,379 | 1,467,000 | 2,930,958 | 2,958,390 | 1,439,568 | 63,348,811 | 64,144,841 |
| Accident and health | 7,695,826 | 84,445,863 | 62,069,142 | 30,072,547 | - | 1,643,027 | 1,053,032 | 589,995 | 29,482,552 | 17,981,252 |
| Others | 20,916,701 | 52,371,736 | 53,998,975 | 19,289,463 | 9,559,815 | 31,896,130 | 30,122,128 | 11,333,817 | 7,955,645 | 5,845,802 |
| Total | 119,165,511 | 343,026,125 | 312,743,405 | 149,448,231 | 29,433,343 | 67,152,335 | 66,907,912 | 29,677,766 | 119,770,465 | 119,201,678 |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | 119,165,511 | 343,026,125 | 312,743,405 | 149,448,231 | 29,433,343 | 67,152,335 | 66,907,912 | 29,677,766 | 119,770,465 | 119,201,678 |

| Class | Nine month period ended September 30, | | | | | | | | | |
|--------------------------------|---------------------------------------|--------------------------|--------------------|----------------------------|------------------------|-----------------------------------|-------------------|--------------------------------|---------------------|--------------------|
| | 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 | |
| | | Opening b | Closing c | | | Opening f | Closing g | | 2011 i=d-h | 2010 |
| Rupees | | | | | | | | | | |
| Fire and property damage | 99,820,723 | 44,186,526 | 70,214,059 | 73,793,190 | 42,557,086 | 24,126,470 | 30,634,661 | 36,048,895 | 37,744,295 | 57,142,076 |
| Marine, aviation and transport | 26,909,205 | 21,951,389 | 3,816,946 | 45,043,648 | 14,068,724 | 13,047,456 | 2,139,701 | 24,976,479 | 20,067,169 | 8,826,964 |
| Motor | 199,042,640 | 122,165,587 | 122,644,283 | 198,563,944 | 4,401,000 | 2,692,209 | 2,958,390 | 4,134,819 | 194,429,125 | 194,148,451 |
| Accident and health | 112,780,056 | 28,077,594 | 62,069,142 | 78,788,508 | 2,328,131 | 108,841 | 1,053,032 | 1,383,939 | 77,404,569 | 47,195,816 |
| Others | 76,111,993 | 28,667,301 | 53,998,975 | 50,780,320 | 41,347,262 | 17,408,621 | 30,122,128 | 28,633,755 | 22,146,564 | 17,606,742 |
| Total | 514,664,617 | 245,048,397 | 312,743,405 | 446,969,609 | 104,702,203 | 57,383,597 | 66,907,912 | 95,177,888 | 351,791,721 | 324,920,049 |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | 514,664,617 | 245,048,397 | 312,743,405 | 446,969,609 | 104,702,203 | 57,383,597 | 66,907,912 | 95,177,888 | 351,791,721 | 324,920,049 |

* This includes 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 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Claims (Unaudited)
For the quarter and nine month period ended September 30, 2011

Business underwritten inside Pakistan

| Class | Quarter ended September 30, | | | | | | | | | |
|--------------------------------|-----------------------------|--------------------|--------------------|---------------------------|--|---|-------------------|---|--------------------------|-------------------|
| | Claims paid a | Outstanding claims | | Claims expense d=a+c-b | Reinsurance and other recoveries received e | Reinsurance and other recoveries against outstanding claims | | Reinsurance and other recoveries revenue (net) h=e+g-f | Net claims expense | |
| | | Opening | Closing | | | Opening | Closing | | 2011 | 2010 |
| | | b | c | | | f | g | | i=d-h | |
| ----- Rupees ----- | | | | | | | | | | |
| Direct and Facultative | | | | | | | | | | |
| Fire and property damage | 14,183,690 | 18,154,937 | 14,609,749 | 10,638,502 | 12,364,909 | 14,159,139 | 10,925,755 | 9,131,525 | 1,506,977 | 2,456,543 |
| Marine, aviation and transport | 1,120,527 | 3,476,656 | 3,057,255 | 701,126 | 472,547 | 1,526,369 | 1,439,698 | 385,876 | 315,250 | 1,816,125 |
| Motor | 44,993,478 | 107,058,831 | 104,696,311 | 42,630,958 | 15,441,783 | 6,785,640 | 3,484,406 | 12,140,549 | 30,490,409 | 50,159,877 |
| Accident and health | 21,750,108 | 7,964,983 | 7,921,072 | 21,706,197 | 225,000 | 225,000 | - | - | 21,706,197 | 11,879,731 |
| Others | 16,685,275 | 36,286,312 | 26,364,014 | 6,762,977 | 12,129,686 | 26,700,612 | 17,130,243 | 2,559,317 | 4,203,660 | 1,376,920 |
| Total | <u>98,733,078</u> | <u>172,941,719</u> | <u>156,648,401</u> | <u>82,439,760</u> | <u>40,633,925</u> | <u>49,396,760</u> | <u>32,980,102</u> | <u>24,217,267</u> | <u>58,222,493</u> | <u>67,689,196</u> |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | <u>98,733,078</u> | <u>172,941,719</u> | <u>156,648,401</u> | <u>82,439,760</u> | <u>40,633,925</u> | <u>49,396,760</u> | <u>32,980,102</u> | <u>24,217,267</u> | <u>58,222,493</u> | <u>67,689,196</u> |

| Class | Nine month period ended September 30, | | | | | | | | | |
|--------------------------------|---------------------------------------|--------------------|--------------------|---------------------------|--|---|-------------------|---|---------------------------|--------------------|
| | Claims paid a | Outstanding claims | | Claims expense d=a+c-b | Reinsurance and other recoveries received e | Reinsurance and other recoveries against outstanding claims | | Reinsurance and other recoveries revenue (net) h=e+g-f | Net claims expense | |
| | | Opening | Closing | | | Opening | Closing | | 2011 | 2010 |
| | | b | c | | | f | g | | i=d-h | |
| ----- Rupees ----- | | | | | | | | | | |
| Direct and Facultative | | | | | | | | | | |
| Fire and property damage | 32,041,373 | 23,190,231 | 14,609,749 | 23,460,891 | 26,329,835 | 16,199,161 | 10,925,755 | 21,056,429 | 2,404,462 | 6,646,219 |
| Marine, aviation and transport | 7,582,014 | 10,198,116 | 3,057,255 | 441,153 | 4,991,444 | 7,679,602 | 1,439,698 | (1,248,460) | 1,689,613 | 5,239,048 |
| Motor | 144,403,384 | 107,491,361 | 104,696,311 | 141,608,334 | 41,637,017 | 6,176,179 | 3,484,406 | 38,945,244 | 102,663,090 | 158,930,288 |
| Accident and health | 65,094,820 | 2,150,387 | 7,921,072 | 70,865,505 | 225,000 | - | - | 225,000 | 70,640,505 | 41,127,202 |
| Others | 38,346,134 | 42,160,849 | 26,364,014 | 22,549,299 | 29,437,199 | 28,957,114 | 17,130,243 | 17,610,328 | 4,938,971 | 5,736,263 |
| Total | <u>287,467,725</u> | <u>185,190,944</u> | <u>156,648,401</u> | <u>258,925,182</u> | <u>102,620,495</u> | <u>59,012,056</u> | <u>32,980,102</u> | <u>76,588,541</u> | <u>182,336,641</u> | <u>217,679,020</u> |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | <u>287,467,725</u> | <u>185,190,944</u> | <u>156,648,401</u> | <u>258,925,182</u> | <u>102,620,495</u> | <u>59,012,056</u> | <u>32,980,102</u> | <u>76,588,541</u> | <u>182,336,641</u> | <u>217,679,020</u> |

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Expenses (Unaudited)
For the quarter and nine month period ended September 30, 2011

Business underwritten inside Pakistan

| Class | Quarter ended September 30, | | | | | | | | |
|--------------------------------|-----------------------------|---------------------|------------|------------|------------|--------------|--------------|--------------------------|------------|
| | Commission | Deferred commission | | Net | Management | Underwriting | * Commission | Net underwriting expense | |
| | paid / | Opening | Closing | commission | expenses | expenses | from | 2011 | 2010 |
| | payable | b | c | expense | e | f=d+e | reinsurers | h=f-g | |
| a | | | d=a+b-c | | | g | | | |
| ----- Rupees ----- | | | | | | | | | |
| Direct and Facultative | | | | | | | | | |
| Fire and property damage | 9,704,250 | 13,847,178 | 17,280,168 | 6,271,260 | 2,731,963 | 9,003,223 | 3,636,453 | 5,366,769 | 10,194,774 |
| Marine, aviation and transport | 1,999,929 | 1,413,674 | 1,065,614 | 2,347,989 | 982,375 | 3,330,364 | 1,015,154 | 2,315,211 | 1,682,121 |
| Motor | 6,821,633 | 19,993,682 | 17,876,421 | 8,938,894 | 12,403,978 | 21,342,872 | - | 21,342,872 | 22,526,168 |
| Accident and health | 692,624 | 7,600,128 | 5,364,502 | 2,928,250 | 5,694,532 | 8,622,783 | 415,182 | 8,207,601 | 4,276,666 |
| Others | 4,854,989 | 3,652,590 | 6,890,295 | 1,617,284 | 1,544,163 | 3,161,447 | 1,677,334 | 1,484,113 | 1,347,919 |
| Total | 24,073,425 | 46,507,252 | 48,477,001 | 22,103,676 | 23,357,012 | 45,460,688 | 6,744,123 | 38,716,566 | 40,027,648 |
| Treaty | - | - | - | - | - | - | - | - | - |
| Grand total | 24,073,425 | 46,507,252 | 48,477,001 | 22,103,676 | 23,357,012 | 45,460,688 | 6,744,123 | 38,716,566 | 40,027,648 |

| Class | Nine month period ended September 30, | | | | | | | | |
|--------------------------------|---------------------------------------|---------------------|------------|------------|------------|--------------|--------------|--------------------------|-------------|
| | Commission | Deferred commission | | Net | Management | Underwriting | * Commission | Net underwriting expense | |
| | paid / | Opening | Closing | commission | expenses | expenses | from | 2011 | 2010 |
| | payable | b | c | expense | e | f=d+e | reinsurers | h=f-g | |
| a | | | d=a+b-c | | | g | | | |
| ----- Rupees ----- | | | | | | | | | |
| Direct and Facultative | | | | | | | | | |
| Fire and property damage | 23,912,246 | 11,974,116 | 17,280,168 | 18,606,194 | 6,923,185 | 25,529,379 | 11,188,200 | 14,341,178 | 30,202,270 |
| Marine, aviation and transport | 7,069,252 | 4,257,750 | 1,065,614 | 10,261,388 | 3,680,787 | 13,942,175 | 4,707,010 | 9,235,166 | 4,343,271 |
| Motor | 27,974,122 | 16,638,444 | 17,876,421 | 26,736,145 | 35,662,841 | 62,398,986 | 567 | 62,398,419 | 58,204,183 |
| Accident and health | 10,150,205 | 2,205,215 | 5,364,502 | 6,990,918 | 14,197,805 | 21,188,724 | 415,182 | 20,773,542 | 12,648,014 |
| Others | 8,732,366 | 2,255,395 | 6,890,295 | 4,097,466 | 4,062,197 | 8,159,663 | 5,050,478 | 3,109,185 | 2,368,061 |
| Total | 77,838,191 | 37,330,920 | 48,477,001 | 66,692,110 | 64,526,816 | 131,218,926 | 21,361,437 | 109,857,490 | 107,765,799 |
| Treaty | - | - | - | - | - | - | - | - | - |
| Grand total | 77,838,191 | 37,330,920 | 48,477,001 | 66,692,110 | 64,526,816 | 131,218,926 | 21,361,437 | 109,857,490 | 107,765,799 |

* 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 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Investment Income (Unaudited)
For the quarter and nine month period ended September 30, 2011

| | For the quarter ended | | For the nine month period ended | |
|---|-----------------------|-----------------------|---------------------------------|-----------------------|
| | September 30, 2011 | September 30, 2010 | September 30, 2011 | September 30, 2010 |
| ----- Rupees ----- | | | | |
| Income from trading investments - net | | | | |
| Capital gain on sale of held for trading investments | (864,705) | (6,789) | (7,780,526) | 884,847 |
| Dividend income | 349,082 | - | 812,497 | 1,186,375 |
| Income from non-trading investments | | | | |
| <i>Held to maturity</i> | | | | |
| Return on other fixed income securities and bank deposits | 346,623 | 704,804 | 1,496,984 | 3,821,990 |
| <i>Available for sale</i> | | | | |
| Dividend income | 2,897,414 | 5,669,338 | 6,780,591 | 7,890,728 |
| | 3,244,037 | 6,374,142 | 8,277,575 | 11,712,718 |
| Gain on sale of non-trading investments (available-for-sale) | 171,179 | - | 447,289 | 316,540 |
| Unrealized loss on revaluation of held for trading investments | (688,901) | (3,509,413) | 4,958,803 | (13,681,809) |
| Income from reverse repo transactions in listed equity securities | - | 3,521,096 | 8,179,651 | 11,186,321 |
| Impairment in available for sale securities | - | - | - | - |
| Investment related expenses | (636,215) | (10,555) | (1,639,877) | (2,215,158) |
| Net investment income | 1,574,477 | 6,368,481 | 13,255,412 | 9,389,834 |

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the company) was incorporated in March 1995 under the Companies Ordinance, 1984, as a Public Company and obtained certificate of 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 fire, marine, motor, aviation, engineering, transportation etc. The shares of the company are listed on Karachi, Lahore and Islamabad Stock Exchanges.

It's registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi.

2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the company for the nine months period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

As the company follows the format of financial statements prescribed by the Securities and Exchange Commission of Pakistan (SECP) through SEC (Insurance) Rules, 2002 vide its Circular No.7 of 2003 dated August 27, 2003, the changes introduced through IAS 1 (revised): Presentation of Financial Statements have not been taken into consideration in preparation of this condensed interim financial report. Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 01, 2011 and are not considered to be relevant or to have any significant effect on the company, are not detailed in this condensed interim financial report.

3. BASIS OF PRESENTATION

This condensed interim financial report has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost and investment 'at fair value through profit or loss – held for trading investments' are stated at fair value.

This condensed interim financial report has been prepared following accrual basis of accounting except for cash flow information.

This condensed interim financial report has been prepared and presented in Pakistan Rupees, which is the company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended December 31, 2010.

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial report, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2010.

6. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

7. SHARE CAPITAL AND RESERVES

During the period, Board of Directors of the company in its meeting held on January 24, 2011 resolved to issue right shares in the ratio of 1 right share for every 4 right share at Rs. 10 per share which has been fully subscribed by the shareholders & underwriters and the company has issued the shares accordingly.

8. OTHER CREDITORS AND ACCRUALS

| | September 30 2011 | December 31 2010 |
|---|----------------------|---------------------|
| | ----- Rupees ----- | |
| Amount payable to policy holders in respect of cancelled policies | - | 886,474 |
| Federal excise duty payable | 21,064,429 | 5,883,025 |
| Withholding tax payable | 1,985,930 | 451,917 |
| Workers welfare fund payable | 815,074 | 815,074 |
| Security deposit | 33,520 | 33,520 |
| Unearned rental income | 446,454 | 297,638 |
| Provident fund payable | 1,810,792 | 874,631 |
| Payable in respect of dealing in securities | - | 697,617 |
| Others | 2,482,923 | 1,082,458 |
| | <u>28,639,122</u> | <u>11,022,354</u> |

9. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

The status of contingencies is same as disclosed in the financial statements for the year ended December 31, 2010.

COMMITMENTS

There are no commitments as at September 30, 2011 (December 31, 2010: Nil)

10. INVESTMENTS

| | September 30 2011 | December 31 2010 |
|---|----------------------|---------------------|
| | ----- Rupees ----- | |
| 10.1 Type of investments | | |
| Held-to-maturity | | |
| Certificate of Investments | 612,130 | 582,721 |
| Term Finance Certificates {Market value: Rs. 0.545 million (as per the rates quoted by the Mutual Fund Association of Pakistan) (December 31, 2010: Rs. 1.671 million)} | 545,000 | 1,795,000 |
| | <u>1,157,130</u> | <u>2,377,721</u> |

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

| | September 30 2011 | December 31 2010 |
|--|----------------------|---------------------|
| | ----- Rupees ----- | |
| At fair value through profit or loss - Held for trading | 18,189,904 | 22,818,839 |
| Available-for-sale | | |
| Investments in ordinary shares of listed companies | - | 762,000 |
| Mutual Funds | | |
| Open-end funds | 71,455,510 | 125,405,795 |
| Closed-end funds | 171,000 | 4,356,944 |
| | 71,626,510 | 129,762,739 |
| | 90,973,544 | 155,721,299 |

10.2 Market value of quoted available for sale securities is Rs. 71.960 million (December 31, 2010: Rs. 130.946 million).

10.3 Had the company adopted International Accounting Standard (IAS) 39 "Financial instruments-recognition and measurement" in respect of recognition of gain / (loss) on measurement of available for sale securities directly into equity, the investments of the company would have been higher by Rs. 0.328 million (2010: higher by Rs. 0.421 million) and the net equity would have decreased by the same amount.

11. INVESTMENT PROPERTIES - at cost less accumulated depreciation

11.1 Shop and Office Premises (leasehold properties) have been valued under the market value basis by Ali Murtuza & Company (Private) Limited and MJ Surveyors (Private) Limited. Market value of shop and office premises based on the valuations as of February 21, 2011 and February 14, 2011 amounted to Rs. 55 million and Rs. 12.53 million (2010: February 08, 2010 and January 28, 2010 amounted to Rs. 53.34 million and Rs. 11.73 million) respectively.

11.2 During the period the company purchased shops amounting to Rs. 25,874,814 which are carried at cost and will be depreciated at the rate of 5%.

| | September 30 2011 | December 31 2010 |
|----------------------------------|----------------------|---------------------|
| | ----- Rupees ----- | |
| Considered good | 255,004,903 | 166,082,545 |
| Considered doubtful | 13,742,644 | 13,742,644 |
| | 268,747,547 | 179,825,189 |
| Provision against doubtful debts | (13,742,644) | (13,742,644) |
| | 255,004,903 | 166,082,545 |

13. ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of operating assets that have been acquired and disposed off during the nine month period ended September 30, 2011 are as follows:

| | September 30, 2011 | | September 30, 2010 | |
|--|--------------------|------------------|--------------------|-----------|
| | Additions | Disposals | Additions | Disposals |
| | ----- Rupees ----- | | ----- Rupees ----- | |
| Furniture, fixtures and office equipment | 3,159,927 | 69,000 | 3,358,705 | - |
| Motor vehicles | 16,150,893 | 3,042,130 | 15,680,500 | 4,337,012 |
| Computer software | 1,074,054 | - | - | - |
| | 20,384,874 | 3,111,130 | 19,039,205 | 4,337,012 |

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

14. TRANSACTIONS WITH RELATED PARTIES

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

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

| <i>Transactions and balances with associated companies</i> | Nine month period ended | | Quarter ended | |
|---|-------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2011 | September 30, 2010 | September 30, 2011 | September 30, 2010 |
| | ----- Rupees ----- | | ----- Rupees ----- | |
| Insurance premium | | | | |
| Balance at beginning of the period | 136,592,081 | 73,710,751 | 162,526,630 | 161,787,564 |
| Gross insurance premium written (including administrative surcharge, government levies and policies stamps) | 127,457,825 | 138,032,977 | 2,675,484 | 29,367,367 |
| Received / Adjusted during the period | (125,746,264) | (58,438,125) | (26,898,472) | (37,849,328) |
| Balance at end of the period | <u>138,303,642</u> | <u>153,305,603</u> | <u>138,303,642</u> | <u>153,305,603</u> |
| Insurance claim expense | | | | |
| Outstanding claims at beginning of the period | 16,799,137 | 16,168,937 | 19,383,851 | 19,041,314 |
| Gross claim expense for the period | 52,888,709 | 49,219,008 | 13,074,006 | 6,233,295 |
| Claim paid during the period | (62,847,017) | (49,287,980) | (25,617,028) | (9,174,644) |
| Outstanding claims at end of the period | <u>6,840,829</u> | <u>16,099,965</u> | <u>6,840,829</u> | <u>16,099,965</u> |
| <i>Other transactions for the period with associated companies</i> | | | | |
| Rental income - net | <u>1,125,000</u> | <u>1,125,000</u> | <u>375,000</u> | <u>375,000</u> |
| Rental expense | <u>3,013,661</u> | <u>2,299,968</u> | <u>1,036,800</u> | <u>766,656</u> |
| Brokerage, commission and advisory expenses | <u>832,721</u> | <u>1,763,507</u> | <u>151,946</u> | <u>29,467</u> |
| <i>Other balances with associated companies</i> | | | September 30, 2011 | December 31, 2010 |
| | | | ----- Rupees ----- | |
| Receivable / (payable) against purchase of shares | | | <u>2,180,460</u> | <u>(697,617)</u> |
| Premium received in advance | | | <u>-</u> | <u>266,160</u> |
| Advisory fee payable | | | <u>558,907</u> | <u>1,858,907</u> |
| Prepaid rent | | | <u>22,727,072</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> |
| Purchase of shops in Lahore | | | <u>25,874,814</u> | <u>-</u> |
| Adjustment of receivable against shops - net | | | <u>99,334,708</u> | <u>-</u> |
| <i>Transactions for the period with other related parties</i> | September 30, 2011 | September 30, 2010 | September 30, 2011 | September 30, 2010 |
| | ----- Rupees ----- | | ----- Rupees ----- | |
| Contribution to the provident fund | <u>2,329,931</u> | <u>1,846,080</u> | <u>776,644</u> | <u>638,223</u> |
| Remuneration of key management personnel | <u>12,340,926</u> | <u>9,077,760</u> | <u>4,113,642</u> | <u>3,025,920</u> |

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

| | | |
|--|-------------------------|---------------------|
| | September 30, | December 31, |
| | 2011 | 2010 |
| | ----- Rupees ----- | |
| <i>Balances with other related parties</i> | | |
| Payable to provident fund | <u>1,810,792</u> | <u>874,631</u> |

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

14.2 Contribution to the provident fund is in accordance with the company's staff services rules.

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

16. EARNINGS PER SHARE - basic and diluted

| | Nine month period ended | | Quarter ended | |
|--|--------------------------------|----------------------|--------------------------|----------------------|
| | September 30, | September 30, | September 30, | September 30, |
| | 2011 | 2010 | 2011 | 2010 |
| | ----- Rupees ----- | | ----- Rupees ----- | |
| (Loss) / Profit for the period | <u>21,019,800</u> | <u>(33,381,148)</u> | <u>7,284,735</u> | <u>10,478,850</u> |
| | Number of Shares | | Number of Shares | |
| Weighted average number of shares of Rs. 10 each | <u>23,694,653</u> | <u>21,083,960</u> | <u>25,000,000</u> | <u>21,083,960</u> |
| | ----- Rupees ----- | | ----- Rupees ----- | |
| (Loss) / Earnings per share | <u>0.89</u> | <u>(1.58)</u> | <u>0.29</u> | <u>0.50</u> |

The company has not issued any instrument which would dilute its basic earnings per share when exercised.

Earnings per share for the corresponding period have been adjusted for the effect of subsequent issue of bonus shares.

17. GENERAL

17.1 This condensed interim financial report was authorised for issue in the board of directors meeting held on 31 October

17.2 The figures for the quarter and nine month period ended September 30, 2011 have been rounded off to the nearest rupee.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2011

15. SEGMENT REPORTING

| | Fire & Property Damage | | Iarine, Aviation & Transpo | | Motor | | Accident and Health | | Miscellaneous | | Total | |
|-----------------------------------|------------------------|----------------------|----------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | September 30, 2011 | December 31, 2010 | September 30, 2011 | December 31, 2010 | September 30, 2011 | December 31, 2010 | September 30, 2011 | December 31, 2010 | September 30, 2011 | December 31, 2010 | September 30, 2011 | December 31, 2010 |
| ----- Rupees ----- | | | | | | | | | | | | |
| SEGMENT ASSETS | | | | | | | | | | | | |
| Segment assets | <u>123,135,843</u> | <u>105,881,617</u> | <u>38,828,292</u> | <u>37,705,973</u> | <u>355,518,166</u> | <u>275,662,910</u> | <u>138,271,812</u> | <u>64,885,134</u> | <u>91,868,079</u> | <u>72,159,457</u> | <u>747,622,191</u> | <u>556,295,091</u> |
| Unallocated corporate assets | | | | | | | | | | | <u>122,709,051</u> | <u>161,410,940</u> |
| Total assets | | | | | | | | | | | <u>870,331,241</u> | <u>717,706,031</u> |
| SEGMENT LIABILITIES | | | | | | | | | | | | |
| Segment liabilities | <u>106,458,120</u> | <u>84,775,419</u> | <u>14,002,083</u> | <u>36,520,338</u> | <u>291,786,636</u> | <u>274,461,957</u> | <u>95,646,957</u> | <u>41,202,187</u> | <u>92,818,799</u> | <u>78,618,478</u> | <u>600,712,595</u> | <u>515,578,379</u> |
| Unallocated corporate liabilities | | | | | | | | | | | <u>2,378,852</u> | <u>5,907,659</u> |
| Total liabilities | | | | | | | | | | | <u>603,091,447</u> | <u>521,486,038</u> |
| Capital expenditure | <u>2,187,126</u> | <u>2,642,896</u> | <u>1,162,809</u> | <u>627,464</u> | <u>11,266,363</u> | <u>12,338,810</u> | <u>4,485,274</u> | <u>3,091,652</u> | <u>1,283,302</u> | <u>1,155,647</u> | <u>20,384,874</u> | <u>19,856,470</u> |
| Depreciation / Amortisation | <u>1,003,509</u> | <u>1,109,689</u> | <u>533,527</u> | <u>263,457</u> | <u>5,169,294</u> | <u>5,180,771</u> | <u>2,057,958</u> | <u>1,298,111</u> | <u>588,811</u> | <u>485,228</u> | <u>9,353,099</u> | <u>8,337,257</u> |