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## ***COMPANY INFORMATION***

### **BOARD OF DIRECTORS**

Air Vice Marshal ( R ) Arshad Rashid Sethi

Air Commodore ( R ) Qazi Mahmood Gul

Ahmed Bilal

M. Naveed Tariq

Ian Howell Ross

Robert Collings Hallier

Hamid Gulzar

### **CHIEF EXECUTIVE OFFICER**

Sheharyar Akbar

### **CHIEF FINANCIAL OFFICER**

Asif Suleman

### **COMPANY SECRETARY**

Asif Suleman

### **AUDITORS**

KPMG Taseer Hadi & Co.

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 Directors are pleased to announce the results of your Company for the half year ended on June 30, 2007.

The Results are summarized below:

	<b>All Figures Rs. in '000'</b>			
	<b>June 2007</b>	<b>June 2006</b>	<b>% Age</b>	<b>December 2006</b>
Gross Premium Written	446,004	419,722	6.26	671,328
Net Premium Revenue	279,734	285,057	(1.87)	565,327
Net Claims	174,643	176,721	(1.18)	352,571
Underwriting Profits	27,280	34,579	(21.11)	68,376
Investment Income	61,928	21,827	183.72	28,819
Profit Before Tax	59,549	33,096	79.93	59,350
Profit After Tax	56,549	28,960	95.27	50,979
Earning Per Share	3.23	1.65	95.76	2.91

The Gross Written Premiums of your Company has shown a steady growth of 6.26% from Rs. 419.722 million in first half year 2006 to Rs. 446.004 million in the current period whilst the net premium revenue has decreased slightly by 1.87% due to prudent risk management by the management and lower risk retentions as compared to the corresponding period.

Your Company's underwriting results has shown a decline of Rs. 7.299 million (21.11%) as compared to corresponding period due to lower retentions and increase in unearned premium reserve of Rs. 28.002 million as compared to corresponding period. This increase in unearned premium reserve will be recognized in profit and loss account of the company over the next twelve months thereby potentially increasing the yearend profits. The management of your Company is applying the policy of gradual and systematic decrease in motor portfolio. During the period under review motor portfolio of your company has further decreased by Rs. 21.971 million (7.16%) as compared to corresponding period. This decrease has resulted in slight decrease of Rs. 3.245 million in underwriting profitability of motor portfolio as well. Underwriting results of Fire and marine businesses has shown an increase of 1.19 times and 30.63% respectively. Miscellaneous business underwriting results has shown a loss of Rs. 2.376 million as compared to a profit of Rs. 10.409 million in corresponding period. This decrease is mainly due to a one time adjustment in reinsurance payments in corresponding period's financial statements.

Investment Income of your Company has shown a remarkable increase of 1.83 times as compared to the corresponding period due to effective and professional management of the investment portfolio of the Company.

Profit before tax and after tax has shown an outstanding growth of 79.93 % and 95.27% from corresponding period in the last year.

Our progress is the result of constructive contribution made by our dedicated officers and staff members, our field force and of the cooperation and understanding extended towards us by our Reinsures, Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and above all, by our satisfied clients.

**Arshad Rashid Sethi**  
**Air Vice Marshal (Retd).**  
**Chairman**

**Dated: August 31, 2007**

## ***INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION***

### **MEMBERS OF SHAHEEN INSURANCE COMPANY LIMITED**

#### Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of changes in equity;
- iv. condensed interim statement of cash flows;
- v. condensed interim statement of premiums;
- vi. condensed interim statement of claims;
- vii. condensed interim statement of expenses; and,
- viii. condensed interim statement of investment income

of Shaheen Insurance Company Limited ("the Company") as at 30 June 2007 together with notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended 30 June 2007 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

*Other matters*

The figures for the quarter ended 30 June 2007 in the interim financial information have not been reviewed and we do not express a conclusion on them.

**Date: August 31, 2007**  
**Karachi**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

## CONDENSED INTERIM BALANCE SHEET

	Note	30 June 2007 (Unaudited)	31 December 2006 (Audited)
(Rupees)			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital: 20,000,000 (31 December 2006: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up 17,500,000 (31 December 2006: 10,000,000) ordinary shares of Rs. 10 each		<u>175,000,000</u>	100,000,000
General reserve		<u>20,000,000</u>	20,000,000
Unappropriated profit		<u>80,882,347</u>	99,333,313
<b>Total Equity</b>		<u>275,882,347</u>	219,333,313
<b>UNDERWRITING PROVISIONS</b>			
Provision for outstanding claims (including IBNR)		<u>116,324,216</u>	112,559,585
Premiums deficiency reserve		<u>1,413,098</u>	1,413,098
Provision for unearned premiums		<u>376,845,348</u>	271,845,162
Commission income unearned		<u>15,605,189</u>	8,574,796
<b>Total underwriting provisions</b>		<u>510,187,851</u>	394,392,641
<b>CREDITORS AND ACCRUALS</b>			
Premiums received in advance		<u>4,316,879</u>	3,349,099
Amounts due to other insurers / reinsurers		<u>45,511,428</u>	6,702,919
Accrued expenses		<u>8,428,562</u>	10,869,713
Agents balances		<u>16,752,353</u>	10,451,230
Taxation - provision less payments		<u>12,346,191</u>	10,113,562
		<u>87,355,413</u>	41,486,523
<b>OTHER LIABILITIES</b>			
Other payables	5	<u>19,665,578</u>	19,366,105
Dividend payable - unclaimed		<u>398,934</u>	398,934
		<u>20,064,512</u>	19,765,039
<b>Total liabilities</b>		<u>617,607,776</u>	455,644,203
<b>Total equity and liabilities</b>	Rupees	<u>893,490,123</u>	<u>674,977,516</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

## AS AT 30 JUNE 2007

	Note	30 June 2007 (Unaudited)	31 December 2006 (Audited) (Rupees)
<b>CASH AND BANK DEPOSITS</b>	10		
Cash and other equivalents		215,270	194,282
Current and saving accounts		153,036,332	155,595,459
Deposits maturing within 12 months		56,237,011	41,572,338
		<b>209,488,613</b>	197,362,079
<b>LOANS TO EMPLOYEES</b>			
Un- secured, considered good	11	732,883	922,408
<b>INVESTMENTS</b>	6	205,552,235	211,113,838
<b>INVESTMENT PROPERTIES</b>	7	6,432,868	6,701,576
<b>OTHER ASSETS</b>			
Balance receivable for securities purchased under resale agreements	8	63,670,933	-
Premium due but unpaid	9	185,023,882	84,586,173
Amount due from other insurers/reinsurers		19,552,609	27,794,768
Deferred commission expense	10	65,950,030	50,923,952
Accrued investment income		4,170,891	1,783,888
Reinsurance recoveries against outstanding claims	12	21,237,440	13,913,950
Advances, deposits and prepayments	10	84,291,978	51,547,654
Other receivables	11	4,308,051	4,242,796
		<b>448,205,814</b>	234,793,181
<b>FIXED ASSETS</b>	12		
<b>Tangible</b>			
Furniture and fixtures		3,407,941	3,570,542
Motor vehicles		15,445,048	15,955,370
Office equipments		2,071,765	1,810,003
Computer equipments		1,142,956	1,408,519
		<b>22,067,710</b>	22,744,434
<b>Intangible</b>			
Computer software		1,010,000	1,340,000
<b>Total assets</b>	Rupees	<b>893,490,123</b>	674,977,516

Chairman

Chief Executive Officer

Director

Chief Financial Officer



## Condensed Interim Profit and Loss Account (Unaudited) For the half year ended 30 June 2007

Note	Quarter ended 30 June				2007 Aggregate	2006 Aggregate
	Fire and property damage	Marine, aviation and transport	Motor	Others		
	(Rupees)					
<b>REVENUE ACCOUNT</b>						
Net premium revenue	15,253,347	5,563,788	101,557,513	9,533,491	131,908,139	148,913,390
Net claims	(1,354,253)	(65,126)	(67,923,116)	(11,799,855)	(81,142,350)	(77,251,043)
Management expenses	(1,482,734)	(551,390)	(9,949,780)	(929,957)	(12,913,861)	(17,128,207)
Net commission	(7,505,647)	(993,809)	(15,678,158)	(581,559)	(24,759,173)	(24,102,952)
Net underwriting expenses	(8,988,381)	(1,545,199)	(25,627,938)	(1,511,516)	(37,673,034)	(41,231,159)
<b>Underwriting result</b>	4,910,713	3,953,463	8,006,459	(3,777,880)	13,092,755	30,431,188
Investment income / (loss)					30,695,175	(10,537,269)
Rental income					529,872	469,547
Other income					681,897	558,182
General and administrative expenses					(22,948,001)	(16,415,979)
<b>Profit before tax</b>					22,051,698	4,505,669
Provision for taxation					(2,471,100)	(3,607,395)
Profit after tax					19,580,598	898,274
Earnings per share - basic and diluted	15				1.12	0.05

	Half year ended 30 June				2007 Aggregate	2006 Aggregate
	Fire and property damage	Marine, aviation and transport	Motor	Others		
	(Rupees)					
<b>REVENUE ACCOUNT</b>						
Net premium revenue	34,245,312	10,597,804	214,068,104	20,823,266	279,734,486	285,057,425
Net claims	(3,582,283)	(214,939)	(151,241,539)	(19,604,305)	(174,643,066)	(176,721,273)
Management expenses	(3,566,474)	(1,103,707)	(22,294,095)	(2,168,636)	(29,132,912)	(30,412,455)
Net commission	(14,278,713)	(1,735,469)	(31,238,084)	(1,426,432)	(48,678,698)	(43,344,450)
Net underwriting expenses	(17,845,187)	(2,839,176)	(53,532,179)	(3,595,068)	(77,811,610)	(73,756,905)
<b>Underwriting result</b>	12,817,842	7,543,689	9,294,386	(2,376,107)	27,279,810	34,579,247
Investment income					61,927,715	21,827,319
Rental income					838,512	778,187
Other income					681,897	558,182
General and administrative expenses					(31,178,900)	(24,646,878)
<b>Profit before tax</b>					59,549,034	33,096,057
Provision for taxation					(3,000,000)	(4,136,295)
Profit after tax					56,549,034	28,959,762
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT</b>						
Balance at commencement of the period					99,333,313	68,353,627
Profit after tax for the period					56,549,034	28,959,762
Issue of bonus shares					(75,000,000)	(20,000,000)
Unappropriated profit at end of the period					80,882,347	77,313,389
Earnings per share - basic and diluted	15				3.23	1.65

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)  
For the half year ended 30 June 2007

	Share Capital	General Reserve	Unappropriated profit	Total
	------(Rupees)-----			
Balance as at 1 January 2006	80,000,000	20,000,000	68,353,627	168,353,627
<b>Changes in equity for the half year ended 30 June 2006</b>				
Issue of bonus shares	20,000,000	-	(20,000,000)	-
Net profit after tax for the half year ended 30 June 2006 (recognised income for the period)	-	-	28,959,762	28,959,762
Balance as at 30 June 2006	<u>100,000,000</u>	<u>20,000,000</u>	<u>77,313,389</u>	<u>197,313,389</u>
<b>Changes in equity for the half year ended 31 December 2006</b>				
Net profit after tax for the half year ended 31 December 2006 (recognised income for the period)	-	-	22,019,924	22,019,924
Balance as at 31 December 2006	<u>100,000,000</u>	<u>20,000,000</u>	<u>99,333,313</u>	<u>219,333,313</u>
<b>Changes in equity for the half year ended 30 June 2007</b>				
Issue of bonus shares	75,000,000	-	(75,000,000)	-
Net profit after tax for the half year ended 30 June 2007 (recognised income for the period)	-	-	56,549,034	56,549,034
Balance as at 30 June 2007	<u><u>175,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>80,882,347</u></u>	<u><u>275,882,347</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

## Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended 30 June 2007

	Half year ended 30 June	
	2007	2006
	(Rupees)	
<b>Operating cash flows</b>		
<i>a) Underwriting activities</i>		
Premium received	346,534,510	339,160,051
Reinsurance premium paid	(47,130,180)	(43,430,477)
Claims paid	(211,095,010)	(218,668,273)
Reinsurance and other recoveries received	32,893,085	38,025,827
Commission paid	(66,955,803)	(53,332,993)
Commission received	9,552,150	2,254,491
Net cash flow from underwriting activities	63,798,752	64,008,626
<i>b) Other operating activities</i>		
Income tax paid	(767,371)	(1,225,014)
General management expenses paid	(46,693,186)	(46,919,404)
Loans advanced	189,525	(577,850)
Net cash flow from other operating activities	(47,271,032)	(48,722,268)
<b>Total cash flows from operating activities</b>	16,527,720	15,286,358
<b>Investment activities</b>		
Profit / return received	9,130,413	4,316,530
Rental received	838,512	778,187
Payments for investments	(33,812,293)	(141,436,011)
Proceeds from disposal of investments	23,176,076	20,367,841
Fixed capital expenditure	(7,108,875)	(5,406,062)
Proceeds from disposal of investment properties	-	6,335,333
Proceeds from disposal of fixed assets	3,497,500	1,258,000
<b>Total cash flows from investing activities</b>	(4,278,667)	(113,786,182)
<b>Net cash flows from all activities</b>	12,249,053	(98,499,824)
<b>Cash and cash equivalents at beginning of the year</b>	197,362,079	155,719,732
<b>Cash and cash equivalents at end of the year</b>	209,611,132	57,219,908
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	16,527,720	15,286,358
Depreciation expense	(5,770,725)	(4,801,807)
Gain on disposal of fixed assets	681,897	558,182
Provision for doubtful debts	(2,631,870)	(4,122,326)
Taxes paid	767,371	1,225,014
(Increase) / decrease in assets other than cash	146,662,380	117,221,477
Increase / (decrease) in liabilities	(159,453,966)	(111,916,177)
Investment and other income	62,766,227	19,645,336
Provision for tax	(3,000,000)	(4,136,295)
<b>Profit after taxation</b>	56,549,034	28,959,762
<b>Cash and cash equivalents</b>		
Cash and other equivalents	215,270	613,718
Current and saving accounts	153,036,332	48,559,820
Deposits maturing within 12 months	56,237,011	8,046,370
	209,488,613	57,219,908

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Premium (Unaudited)  
For the half year ended 30 June 2007

Business underwritten inside Pakistan	Quarter ended 30 June									
	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)		2007 (I=D-H)	2006
(Rupees)										
<b>Class</b>										
<b>Direct and Facultative</b>										
Fire and property damage	33,420,964	50,733,192	59,383,387	24,770,769	20,528,518	19,853,042	30,864,138	9,517,422	15,253,347	6,839,321
Marine, aviation and transport	8,931,452	44,787,720	35,630,874	18,088,298	3,939,276	35,141,670	26,556,436	12,524,510	5,563,788	4,333,759
Motor	122,148,508	219,363,507	235,939,212	105,572,803	5,189,076	8,656,263	9,830,049	4,015,290	101,557,513	118,564,598
Others	31,737,086	28,628,524	45,891,875	14,473,735	9,605,427	8,432,653	13,097,836	4,940,244	9,533,491	19,175,712
<b>Total</b>	<b>196,238,010</b>	<b>343,512,943</b>	<b>376,845,348</b>	<b>162,905,605</b>	<b>39,262,297</b>	<b>72,083,628</b>	<b>80,348,459</b>	<b>30,997,466</b>	<b>131,908,139</b>	<b>148,913,390</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>196,238,010</b>	<b>343,512,943</b>	<b>376,845,348</b>	<b>162,905,605</b>	<b>39,262,297</b>	<b>72,083,628</b>	<b>80,348,459</b>	<b>30,997,466</b>	<b>131,908,139</b>	<b>148,913,390</b>

Business underwritten inside Pakistan	Half year ended 30 June									
	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 half year ended	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2007 (I=D-H)	2006
(Rupees)										
<b>Class</b>										
<b>Direct and Facultative</b>										
Fire and property damage	61,265,835	48,799,922	59,383,387	50,682,370	33,237,748	14,063,448	30,864,138	16,437,058	34,245,312	15,650,405
Marine, aviation and transport	49,348,322	24,513,206	35,630,874	38,230,654	37,471,715	16,717,571	26,556,436	27,632,850	10,597,804	8,835,658
Motor	284,768,868	174,200,243	235,939,212	223,029,899	10,077,475	8,714,369	9,830,049	8,961,795	214,068,104	232,851,768
Others	50,621,414	24,331,791	45,891,875	29,061,330	13,392,938	7,942,962	13,097,836	8,238,064	20,823,266	27,719,594
<b>Total</b>	<b>446,004,439</b>	<b>271,845,162</b>	<b>376,845,348</b>	<b>341,004,253</b>	<b>94,179,876</b>	<b>47,438,350</b>	<b>80,348,459</b>	<b>61,269,767</b>	<b>279,734,486</b>	<b>285,057,425</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>446,004,439</b>	<b>271,845,162</b>	<b>376,845,348</b>	<b>341,004,253</b>	<b>94,179,876</b>	<b>47,438,350</b>	<b>80,348,459</b>	<b>61,269,767</b>	<b>279,734,486</b>	<b>285,057,425</b>

\* 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 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Claims (Unaudited)  
For the half year ended 30 June 2007

Business underwritten inside Pakistan	Quarter ended 30 June									
	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A-B+C)	Reinsurance and other Recoveries Received (E)	Reinsurance and other recoveries against outstanding claims		Reinsurance and Other Recoveries Revenue (net) (H=E-F+G)	Net Claims Expense for the quarter ended	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2007	2006
(Rupees)										
<b>Class</b>										
<b>Direct and Facultative</b>										
Fire and property damage	4,413,944	7,435,076	18,282,598	15,261,466	2,757,077	4,599,609	15,749,745	13,907,213	1,354,253	2,185,548
Marine, aviation and transport	5,284,315	7,457,633	2,875,053	701,735	5,180,500	5,987,710	1,443,819	636,609	65,126	974,761
Motor	94,383,329	101,682,264	87,642,559	80,343,624	13,335,465	972,528	57,571	12,420,508	67,923,116	66,803,768
Others	17,035,614	7,964,956	7,524,006	16,594,664	6,145,778	5,337,274	3,986,305	4,794,809	11,799,855	7,286,966
<b>Total</b>	<b>121,117,202</b>	<b>124,539,929</b>	<b>116,324,216</b>	<b>112,901,489</b>	<b>27,418,820</b>	<b>16,897,121</b>	<b>21,237,440</b>	<b>31,759,139</b>	<b>81,142,350</b>	<b>77,251,043</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>121,117,202</b>	<b>124,539,929</b>	<b>116,324,216</b>	<b>112,901,489</b>	<b>27,418,820</b>	<b>16,897,121</b>	<b>21,237,440</b>	<b>31,759,139</b>	<b>81,142,350</b>	<b>77,251,043</b>

Business underwritten inside Pakistan	Half year ended 30 June									
	Claims Paid (A)	Outstanding Claims		Claims Expense (D=A-B+C)	Reinsurance and other Recoveries Received (E)	Reinsurance and other recoveries against outstanding claims		Reinsurance and Other Recoveries Revenue (net) (H=E-F+G)	Net Claims Expense for the half year ended	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2007	2006
(Rupees)										
<b>Class</b>										
<b>Direct and Facultative</b>										
Fire and property damage	5,884,988	3,515,677	18,282,598	20,651,909	3,253,813	1,933,932	15,749,745	17,069,626	3,582,283	2,685,423
Marine, aviation and transport	5,398,574	7,306,154	2,875,053	967,473	5,260,032	5,951,317	1,443,819	752,534	214,939	1,155,295
Motor	172,000,883	91,959,527	87,642,559	167,683,915	16,800,965	416,160	57,571	16,442,376	151,241,539	161,682,932
Others	27,810,565	9,778,227	7,524,006	25,556,344	7,578,275	5,612,541	3,986,305	5,952,039	19,604,305	11,197,623
<b>Total</b>	<b>211,095,010</b>	<b>112,559,585</b>	<b>116,324,216</b>	<b>214,859,641</b>	<b>32,893,085</b>	<b>13,913,950</b>	<b>21,237,440</b>	<b>40,216,575</b>	<b>174,643,066</b>	<b>176,721,273</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>211,095,010</b>	<b>112,559,585</b>	<b>116,324,216</b>	<b>214,859,641</b>	<b>32,893,085</b>	<b>13,913,950</b>	<b>21,237,440</b>	<b>40,216,575</b>	<b>174,643,066</b>	<b>176,721,273</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

## Condensed Interim Statement of Expenses (Unaudited) For the half year ended 30 June 2007

Business underwritten inside Pakistan	Quarter ended 30 June							Net Underwriting Expense for the quarter ended	
	Commission Paid / Payable (A)	Deferred Commission Opening (B)	Commission Closing (C)	Net Commission Expense (D=A+B-C)	Management Expenses (E)	Underwriting Expenses (F=D+E)	* Commission from Reinsurers (G)	2007 (H=F-G)	2006
	(Rupees)								
<b>Class</b>									
<b>Direct and Facultative</b>									
Fire and property damage	12,112,171	21,636,388	23,388,072	10,360,487	1,482,734	11,843,221	2,854,840	<b>8,988,381</b>	3,749,768
Marine, aviation and transport	2,474,118	4,156,069	4,582,882	2,047,305	551,390	2,598,695	1,053,496	<b>1,545,199</b>	1,120,401
Motor	20,758,317	29,688,387	34,638,657	15,808,047	9,949,780	25,757,827	129,889	<b>25,627,938</b>	31,029,095
Others	1,958,084	2,962,318	3,340,419	1,579,983	929,957	2,509,940	998,424	<b>1,511,516</b>	5,331,894
<b>Total</b>	<b>37,302,690</b>	<b>58,443,162</b>	<b>65,950,030</b>	<b>29,795,822</b>	<b>12,913,861</b>	<b>42,709,683</b>	<b>5,036,649</b>	<b>37,673,034</b>	<b>41,231,159</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>37,302,690</b>	<b>58,443,162</b>	<b>65,950,030</b>	<b>29,795,822</b>	<b>12,913,861</b>	<b>42,709,683</b>	<b>5,036,649</b>	<b>37,673,034</b>	<b>41,231,159</b>

Business underwritten inside Pakistan	Half year ended 30 June							Net Underwriting Expense for the half year ended	
	Commission Paid / Payable (A)	Deferred Commission Opening (B)	Commission Closing (C)	Net Commission Expense (D=A+B-C)	Management Expenses (E)	Underwriting Expenses (F=D+E)	* Commission from Reinsurers (G)	2007 (H=F-G)	2006
	(Rupees)								
<b>Class</b>									
<b>Direct and Facultative</b>									
Fire and property damage	24,316,187	18,689,644	23,388,072	19,617,759	3,566,474	23,184,233	5,339,046	<b>17,845,187</b>	7,109,451
Marine, aviation and transport	5,353,249	3,100,073	4,582,882	3,870,440	1,103,707	4,974,147	2,134,971	<b>2,839,176</b>	1,905,910
Motor	40,412,490	25,666,599	34,638,657	31,440,432	22,294,095	53,734,527	202,348	<b>53,532,179</b>	58,629,089
Others	3,175,000	3,467,636	3,340,419	3,302,217	2,168,636	5,470,853	1,875,785	<b>3,595,068</b>	6,112,454
<b>Total</b>	<b>73,256,926</b>	<b>50,923,952</b>	<b>65,950,030</b>	<b>58,230,848</b>	<b>29,132,912</b>	<b>87,363,760</b>	<b>9,552,150</b>	<b>77,811,610</b>	<b>73,756,905</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>73,256,926</b>	<b>50,923,952</b>	<b>65,950,030</b>	<b>58,230,848</b>	<b>29,132,912</b>	<b>87,363,760</b>	<b>9,552,150</b>	<b>77,811,610</b>	<b>73,756,905</b>

\* 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 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

## Condensed Interim Statement of Investment Income (Unaudited)

For the half year ended 30 June 2007

	For the quarter ended		For the half year ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(R upees)			
<b>Income / (loss) from trading investments - net</b>				
Capital gain on sale of held for trading investments	22,759,366	(13,124,367)	36,561,867	4,362,025
Dividend income	705,561	-	1,053,061	-
<b>Income from non-trading investments</b>				
<i>Held to maturity</i>				
Return on government securities	75,935	85,349	117,959	85,349
Return on other fixed income securities and bank deposits	6,503,568	2,305,103	10,346,396	3,300,537
	6,579,503	2,390,452	10,464,355	3,385,886
<i>Available for sale</i>				
Dividend income	-	1,099,710	-	1,621,230
(Loss) / gain on sale of non-trading investments - available for sales	-	(1,439,740)	983,169	8,501,519
	-	(340,030)	983,169	10,122,749
Gain / (loss) on revaluation of held for trading investments	2,459,482	(3,922,238)	13,617,112	(8,980,018)
Income from reverse repo transactions in listed equity securities	1,821,910	4,819,252	3,720,253	9,098,628
Loss on sale of investment properties	-	(3,219,667)	-	(3,219,667)
Reversal of impairment in value of investments	-	3,518,354	-	3,518,354
Investment related expenses	(3,630,647)	(4,581,263)	(4,472,102)	(5,440,656)
	<u>30,695,175</u>	<u>(10,537,269)</u>	<u>61,927,715</u>	<u>21,827,319</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

## Notes to the Condensed Interim Financial Information (Un-audited)

*For the half year ended 30 June 2007*

### **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 2006.

### **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 2006.

### **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 2006.



## 5. OTHER PAYABLES

	30 June 2007	31 December 2006
( Rupees )		
Federal excise duty payable	13,646,809	8,234,312
Federal insurance fee payable	861,818	1,174,960
Unearned rental income	-	221,232
Withholding tax payable	468,054	640,273
Payable to the policy holders in respect of the cancelled policies	2,255,483	6,495,757
Others	5.1 2,433,414	2,599,571
	<u>19,665,578</u>	<u>19,366,105</u>

5.1 This includes Rs. 1.596 million (2006: Rs. 2.037 million) representing the amount paid by the employees to the Company against the purchase of vehicles.

## 6. INVESTMENTS

### Held to maturity

Defence Saving Certificates	1,523,485	1,405,526
Certificates of Investment	6.1 33,886,283	12,886,283
Term Finance Certificates [Market value: Rs. 17.974 million (31 December 2006: Rs. 22.90 million)]	<u>17,988,205</u>	<u>22,935,349</u>
	<u>53,397,973</u>	<u>37,227,158</u>

### Held for trading - quoted ordinary shares

127,919,079      146,151,942

### Available for sale

Ordinary shares of listed companies	6.2 -	5,991,415
Mutual funds		
- open ended funds	6.3 20,843,308	20,843,308
- closed ended funds	3,391,875	900,015
	<u>24,235,183</u>	<u>21,743,323</u>
	<u>24,235,183</u>	<u>27,734,738</u>
	<u>205,552,235</u>	<u>211,113,838</u>

	30 June 2007	31 December 2006
<b>6.1 Certificates of Investment</b>	<b>( Rupees )</b>	
<b>Name of Investment</b>		
Askari Leasing Limited	<b>10,386,283</b>	10,386,283
Trust Leasing & Investment Bank Limited	<b>2,500,000</b>	2,500,000
IGI Investment Bank Limited	<b>20,000,000</b>	-
Bank Islami Pakistan Limited	<b>1,000,000</b>	-
	<b><u>33,886,283</u></b>	<b><u>12,886,283</u></b>

These Certificates of Investment carry profit ranging from 6.7% to 10.5% per annum and will mature before the year ending 31 December 2007.

**6.2** At 30 June 2007, the fair value of available for sale securities was Rs. 27.084 million (31 December 2006: Rs. 26.682) million.

**6.3** These include units of carrying value of Rs. 4.26 million (31 December 2006: Rs. 4.26 million) held in lien in favour of the State Bank of Pakistan by certain mutual funds in accordance with the requirement of section 29 of the Insurance Ordinance, 2000.

## **7. INVESTMENT PROPERTIES**

Shop and Office Premises have been valued under the market value basis by BFA (Pvt) Limited and MJ Surveyors (Pvt) Limited. Market value of shop and office premises based on the valuations as of 21 March 2007 and 15 March 2007 amounted to Rs. 49 million and Rs. 10.05 million respectively.

## **8. BALANCE RECEIVABLE FOR SECURITIES PURCHASED UNDER RESALE AGREEMENT**

This represents Company's lendings under carry over transactions through a related broker, M/s First Capital Equities Limited, against listed securities purchased under resale obligations [market value at 30 June 2007 was Rs. 78.45 million (31 December 2006: Nil)]. These carry profit at the rate of 13% per annum (31 December 2006: Nil). Subsequently the amount was received by the Company.

<b>9. PREMIUM DUE BUT UNPAID - unsecured</b>		<b>30 June 2007</b>	<b>31 December 2006</b>
		<b>( Rupees )</b>	
Considered good		<b>185,023,882</b>	84,586,173
Considered doubtful		<b>13,523,806</b>	10,891,936
		<b>198,547,688</b>	95,478,109
Provision against doubtful debts	<i>9.1</i>	<b>(13,523,806)</b>	(10,891,936)
		<b>185,023,882</b>	84,586,173
<b>9.1 Reconciliation of provision against doubtful balances</b>			
Opening balance as on 1 January		<b>10,891,936</b>	7,091,731
Charge for the period / year		<b>2,631,870</b>	3,800,205
Closing balance		<b>13,523,806</b>	10,891,936
<b>10. ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances		<b>394,430</b>	334,314
Deposits		<b>1,203,480</b>	955,870
Prepaid reinsurance premium ceded		<b>80,348,459</b>	47,438,350
Prepayments		<b>2,345,609</b>	2,819,120
		<b>84,291,978</b>	51,547,654
<b>11. OTHER RECEIVABLES</b>			
Receivable from a related party	<i>11.1</i>	<b>304,467</b>	242,796
Receivable against redemption of Term Finance Certificates (TFC)		<b>4,003,584</b>	4,000,000
		<b>4,308,051</b>	4,242,796

**11.1** This represents the amount given to M/s. First Capital Investment Limited, a related party, for investment purposes.

## 12. FIXED ASSETS

Details of the additions and disposals during the period are as follows:

	30 June 2007	
	Cost of additions	Carrying value of disposals
	(Rupees)	
<b>Tangible:</b>		
Furniture and fixtures	174,180	-
Motor vehicles	5,952,260	7,560,700
Office equipment	621,825	-
Computer equipments	360,610	-
	<u>7,108,875</u>	<u>7,560,700</u>

## 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise employee provident fund, key management personnel, Shaheen Foundation - Pakistan Air Force, Central Non Public Fund - Pakistan Air Force, The Hollard Company Limited - South Africa, First Capital Securities Corporation Limited, First Capital Equities Limited, Worldcall Telecom Limited 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>	Quarter ended 30 June		Half year ended 30 June	
	2007	2006	2007	2006
	(Rupees)		(Rupees)	
Insurance premium				
Balance at beginning of the period	35,783,501	25,972,601	24,125,872	29,839,256
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	41,820,085	9,830,046	61,997,002	33,301,304
Received / adjusted during the year	(15,550,666)	(9,306,764)	(24,069,954)	(36,644,677)
Balance at end of the period	<u>62,052,920</u>	<u>26,495,883</u>	<u>62,052,920</u>	<u>26,495,883</u>
Insurance claim expense				
Outstanding claims at beginning of the year	16,266,746	13,241,680	12,458,258	5,335,095
Gross claim expense for the year	9,649,918	16,483,833	22,885,766	29,717,537
Claim paid during the year	(11,330,910)	(18,283,763)	(20,758,270)	(23,610,882)
Outstanding claims at end of the year	<u>14,585,754</u>	<u>11,441,750</u>	<u>14,585,754</u>	<u>11,441,750</u>
<i>Other transactions for the year with associated companies</i>				
Rental income - net	<u>308,640</u>	<u>308,640</u>	<u>617,280</u>	<u>308,640</u>
Rental expense	<u>634,905</u>	<u>475,413</u>	<u>1,269,810</u>	<u>475,413</u>
Brokerage, commission and advisory expenses	<u>3,414,945</u>	<u>723,691</u>	<u>4,193,392</u>	<u>1,400,964</u>

**Other balances with associated companies**

	<b>30 June 2007</b>	31 December 2006
Other receivables	-	242,796
Advisory fee payable	497,100	410,845
Prepaid rent	576,000	1,728,000

**Transactions for the period with other related parties**

	<b>Quarter ended 30 June</b>		<b>Half year ended 30 June</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
Contribution to the provident fund	559,929	538,944	981,618	922,962
Advertisement expenses	510,575	1,094,400	2,664,855	2,076,040
Remuneration of key management personnel	1,758,354	1,537,497	3,516,708	3,074,994

**Balances with other related parties**

	<b>30 June 2007</b>	31 December 2006
Received from Chief Executive Officer (in respect of motor incentive scheme (Liability balance))	865,155	712,509
Due to the provident fund	71,051	600,876
Commission payable to key management personnel (as agents)	13.3	3,632,865
Loan to key management personnel	90,394	355,554

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

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

13.3 The commission is payable in accordance with the respective agency agreements (between 10% to 35% of gross premium)

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

**14. SEGMENT REPORTING**

Class of business wise revenue and results disclosed in the statement of premium and profit and loss account, respectively have been prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002.

## 15. EARNINGS PER SHARE - basic and diluted

	Quarter ended		Half year ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(Rupees)		(Rupees)	
Profit for the period	<u>19,580,598</u>	<u>898,274</u>	<u>56,549,034</u>	<u>28,959,762</u>
	Number of Shares		Number of Shares	
Weighted average number of shares of Rs. 10 each	<u>17,500,000</u>	<u>17,500,000</u>	<u>17,500,000</u>	<u>17,500,000</u>
	(Rupees)		(Rupees)	
Earnings per share	<u>1.12</u>	<u>0.05</u>	<u>3.23</u>	<u>1.65</u>

## 16. GENERAL

16.1 These financial statements were authorised for issue in the Board of Directors meeting held on 31 August 2007.

16.2 Figures in these condensed interim financial statements have been rounded off to the nearest rupees.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer