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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Arif Pervaiz (Retd.)
Air Commodore Zafar Yasin (Retd.)
Air Commodore Mahmood Ahmad (Retd.)
Air Commodore Shahid Jamil Hashmi (Retd.)
Air Commodore Muhammad Masud Akhtar (Retd.)
Group Captain Ehsan-ur-Rauf Sheikh (Retd.)
Mr. Aamir Shahzad Mughal

CHIEF EXECUTIVE OFFICER

Mr. Sohail N. Kidwai

CFO & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

AUDIT COMMITTEE

Mr. Aamir Shahzad Mughal - Chairman
Air Commodore Mahmood Ahmad (Retd.) - Member
Air Commodore Muhammad Masud Akhtar (Retd.) - Member

Human Resource & Remuneration Committee

Air Commodore Mahmood Ahmad (Retd.) - Chairman
Air Commodore Muhammad Masud Akhtar (Retd.) - Member
Air Commodore Shahid Jamil Hashmi (Retd.) - Member
Mr. Sohail N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman
Mr. Aamir Shahzad Mughal - Member
Air Commodore Mahmood Ahmad (Retd.) - Member
Mr. Sohail N. Kidwai - CEO - In attendance
Mr. Nisar Ahmed Almani

COMPANY INFORMATION

HEAD OF OPERATION

Mr. Aijaz Ali Khan

COUNTRY HEAD BUSINESS

Mr. Naveed Y. Butt

LEGAL ADVISOR

Surr ridge & Beecheno

AUDITORS

Riaz Ahmed & Company
Chartered Accountants

COORDINATOR INTERNAL CONTROLS

Hussain Bux Uner

ADMIN & HR

Khalid Bin Wasi

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.

OFFICES

Head Office

10th Floor, Shaheen Complex
M. R. Kayani Road, Karachi-74200
Tel. # 32630370-75, 322139850-51 Fax # 32626674
E-mail: sihife@cyber.net.pk
URL: www.shaheeninsurance.com
UAN: (021) 111-765-111

Karachi

Branch Manager-Mr. M. Iftikhar Alam

10th Floor, Shaheen Complex
M.R. Kayani Road, Karachi-74200
Tel. # 32630370-75,32213950-51, Fax # 32626674
E-mail:iftikhar.alam@Shaheeninsurance.com
Direct # 32272595
UAN: (021-111-765-111)

Lahore Zone Office

Branch Head / GM Mr. Muhammad Saleem

Office # 4, 6th Floor, Shaheen Complex
Opp. PTV Station 38, Abbott Road,
Lahore.
Tel # 042-36376270, 36376274, 36376278, 36376279
Fax # 042-36376276
E-mail: lhr_zone@shaheeninsurance.com

Islamabad

Branch Manager – Syed Kashif Raza

Office # 6, 1st Floor, VIP Plaza,
I-8, Markaz Islamabad
Tel: 051-4938283
Fax: 051-4938284
Email:isb@shaheeninsurance.com

Multan

Branch Manger - Mr.Arshad Mehmood Khan

Shalimar Colony Near Madrasa Khair-ul-Muarif,
Bosan Road, Multan.
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Sialkot

Branch Manager - Mr. Mian Waheed Akhter

104, First Floor, Kareem Plaza,
Defence Road, Near Allama Iqbal Town,
Sialkot.
Tel :(052) 3250982, 3550131
Fax :(052) 3257412
E-mail:sil@shaheeninsurance.com

Hyderabad

Agency Manager - Syed Shakir Ali

Upper 2nd Floor
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Fax # (022) 2720489
E-mail: hyd@shaheeninsurance.com

Lahore Corporate

Branch Manager / GM Mr. Sohaib Ansar Khan

Office # 6, 6th Floor, Shaheen Complex,
Opp. PTV Station 38, Abbott Road,
Lahore.
Tel # 042-36370384, 36370741, 36370742
Fax # 042-36370385
E-mail: lhr_corporate@shaheeninsurance.com

Faisalabad

Branch Manager / Mr. Gulshan Ali Ansari

Office No.2, 4th Floor, Ahmed Plaza,
Bilal Road, Civil Line, Faisalabad.
Tel. # (041) 2614112, 2634658
Fax # (041) 2613514
E-mail: fsd@shaheeninsurance.com

Peshawar

Branch Manager - Mr. Aamir Shahzad

Upper Basement State Life Building
34 The Mall, Peshawar Cantt.
Tel # (091) 5273122 Fax # (091) 5273106
E-mail: psw@shaheeninsurance.com

MISSION STATEMENT

Our mission is to continuously improve our selves to become a leading, profitable Company, meeting the needs of our customers and enhancing the value of our shareholders Investment.

We will accomplish this by using the strengths of our people and the application of innovative science for the development of new insurance products and services that are high in quality and competitive in price.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large. Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

ANTI FRAUD PROGRAM & CONTROL WHISTLE BLOWING POLICY

The assessment of a Company's internal control over financial reporting must be based on procedures sufficient both to evaluate its design and to test its operating effectiveness. Controls subject to such assessment include controls related to the prevention, identification, and detection of fraud.

This Whistle blowing Policy is a part of Company's effort to further improve governance and service quality.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Wednesday, April 29, 2015 at 11:30 a.m at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi, to transact the following business;

Ordinary Business

1. To confirm minutes of AGM of SICL, held on April 30, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2014 together with the Directors' and Auditor's Reports thereon.
3. To appoint Auditors of the Company for the year ending December 31, 2015 and fix their remuneration. The present auditors Ms. Riaz Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To transact any other business with the permission of the Chairman

By Order of the Board

Nisar Ahmed Almani
Company Secretary

Karachi: April 07, 2015

Notes:

1. SECP has directed vide SRO No. 831 (1)2012 dated July 05, 2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized national identity card (CNIC) number of the registered members. All those shareholders possessing physical shares are requested to submit a photocopy of their valid CNIC along with the Folio number at the earliest directly to company's share registrar, M/s Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore. No dividend will be payable unless the CNIC number is printed on the dividend warrants. Corporate are also requested to submit their NTN at the address of our registrar as given above.
2. The Share transfer books of the Company shall remain closed from April 21, 2015 to April 29, 2015 (both days inclusive). Transfers received at M/s Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 20, 2015 will be considered in time for the purpose of Annual General Meeting.

3. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
4. No persons shall be appointed as a Proxy unless he/she is a member of the company.
5. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
6. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting to you the Annual Report along with the audited financial statements for the year ended December 31, 2014.

GENERAL ECONOMIC REVIEW

According to a report published by Department of Economic and Social Affairs (DESA) of the United Nations (UN), "macro-economic Fundamentals remain fragile" in Pakistan in spite of the GDP rebounding to 4.2% in 2014 due to the precarious security situation and low fixed investment. For the fiscal year 2015 though, mainly due to slump in oil prices and also in food prices, the headline inflation is continuing on its downward trajectory. Average inflation for the year 2015 is likely to range between 4.5-5.5% compared to budgeted 8%. State Bank of Pakistan in response has reduced the interest rate to an eight years low of 8.5% which in turn has the potential of boosting the investment climate. On the macro-economic front, the Government was able to improve foreign exchange reserves exceeding USD 15 billion equivalents to three months imports thereby, strengthening the Pak Rupees against USD, and reducing the exchange rate to Pak Rs. 100 approximately from Pak Rs. 105 approximately. Nevertheless, energy shortage and low investment are expected to limit GDP growth to 4.1% against budgeted growth of 5.1%.

COMPANY'S PERFORMANCE

Year 2014 was the year of consolidation of our company. Prudent steps taken by the Board of Directors during 2013 and 2014 and better implementation of management tools to improve controls in all areas of business have started to yield results in the form of streamlining of operations, emergence of profits, and settlement of past losses.

The summarized results for the year under review are as follows;

	Rupees in Million			
	December	December	Amount	% Age
	2014	2013		
Gross Premium Written	284.182	343.570	(59.388)	(17.280)
Net Premium Revenue	229.620	331.124	(101.504)	(30.650)
Net Claims	73.395	235.003	(161.608)	(68.760)
Underwriting Results	67.626	(44.699)	112.325	251.290
Investment Income	15.897	9.310	6.587	70.750
Profit/(Loss) Before Tax	11.817	(102.786)	114.604	111.400
Profit/(Loss) After Tax	12.962	(106.253)	119.215	112.100
Earnings Per Share (Rs)	0.310	(3.540)	3.850	108.700

After tumultuous year 2013, our company has turned around during the year 2014 as profit after tax of the company rose to Rs 12.96 million for the current year against loss of Rs 106.25 million during 2013. This was due to sincere and concerted efforts of your board, management, producers and employees of the company. However, due to consolidation and cautious approach, premium written during the year decreased by 17.26 % to Rs 284.18 million from Rs 343.57 million in 2013, thereby, resulting in corresponding decrease in net premium revenue to Rs 229.62 million in 2014 against Rs 331.12 million in 2013. On the other hand, net claims expense of the company decreased to Rs 73.40 million during 2014 against Rs 235.00 million during the year 2013. Decrease is mainly attributed to various risk management measures instituted for quality underwriting during the preceding two years. Positive improvements in all the areas enabled the company to post underwriting profit of Rs 67.63 million during the year under review, against underwriting loss of Rs 44.70 million during the last year. Motor portfolio has been a major contributor to the underwriting profits of the year.

Company during the year changed its investment strategy and deployed its funds in short term bank deposits with large commercial banks at competitive rates of return, to maintain liquidity, and generate periodical cash flows. All the investment decisions of the company are taken by the investment committee of the board on the recommendations of the management. Investment and rental income of the company increased by 58.42% to Rs 18.197 in 2014 against Rs 11.485 million in 2013, mainly due to income derived on placement of additional equity of Rs 150.00 million netted off with a decrease of Rs 6.528 million in income from trading investments. In addition, the company placed Rs 14.65 million in the long term government bonds, which in addition to increased investment income will strengthen the profile of its investment portfolio.

General, Administration and Management expenses of Rs 160.16 million for the year 2014 consist of Rs 38.08 million on account of written off balances and provisions against doubtful balances. Excluding the impact of these balances, General, Administration and Management expenses of the company during the year have decreased to Rs 120.79 million against Rs 158.87 million in 2013 i.e. by 24%. This was mainly due to reorganization of branch net work.

INCREASE IN AUTHORISED SHARE CAPITAL TO RS 600.00 MILLION AND PAID-UP CAPITAL TO RS 450.00 MILLION THROUGH RIGHT SHARE ISSUE

Due to imprudent decisions company had been facing liquidity and solvency problems. To counter these problems and to strengthen the company, Board first increased Authorized Share Capital of the Company from Rs 300 million to Rs 600 million, and then increased its Paid up capital to Rs 450 million from 300 million through Right Share issue. Consultant was appointed to complete the process of right share issue and all shareholders were invited to participate so that the company could be revitalized. Shaheen Foundation participated in the exercise initially as subscribers and subsequently as underwriters, and injected almost Rs 150.00 million. Company has, since then, been able to stand on its own feet and has been demonstrating strength.

BOARD OF DIRECTORS'

Board of Directors' of the company consists of seven directors having the knowledge, experience and skills required to provide oversight and strategic guidelines to the Company. All the directors of the company are non executive directors. Company successfully completed the process of election of directors during the year

under review and the following directors were elected unopposed;

1. Air Marshal Muhammad Arif Pervaiz (Retd.)
2. Air Commodore ZafarYasin (Retd.)
3. Air Commodore Mahmood Ahmad (Retd.)
4. Air Commodore ShahidJamil Hashmi (Retd.)
5. Air Commodore Muhammad Masud Akhtar (Retd.)
6. Group Captain Ehsan-ur-Rauf Sheikh (Retd.)
7. Mr. Aamir Shahzad Mughal

Securities and Exchange Commission of Pakistan has accorded its confirmation for the directorship of abovementioned individuals on the board of the company vide its letter dated September 16, 2014.

Board Meetings

Board of Directors held 6 meetings in 2014. Attendance of directors is indicated below;

Name of Director	No. of meetings held during the tenure	No. of meetings attended
Air Marshal Muhammad Arif Pervaiz (Retd.)	6	6
Air Commodore Zafar Yasin (Retd.)	6	4
Air Commodore Mahmood Ahmad (Retd.)	6	5
Air Commodore Shahid Jamil Hashmi (Retd.)	6	4
Air Commodore M. Masud Akhtar (Retd.)	6	3
Group Captain Ehsan-ur-Rauf Sheikh (Retd.)	6	5
Mr. Aamir Shahzad Mughal	6	5

Leave of absence was granted in case the directors were not able to attend some of the meetings.

Board's Audit Committee

During the year under review, five meetings of the audit committee were held which were attended by all members of the committee comprising the following;

1. Mr. Aamir Shahzad Mughal
2. Air Commodore Mahmood Ahmad (Retd.)
3. Air Commodore M. Masud Akhtar (Retd.)

Board's Investment Committee

All the investments / placements during the year have been approved by this committee.

Board Human Resource & Remuneration Committee

The Committee held two meetings during the year, which were attended by all members.

Insurer Financial Strength (IFS) Rating

During 2013, Pakistan Credit Rating Agency Limited (PACRA) downgraded the IFS rating of our Company to 'BBB-(Triple B minus) with a negative outlook. During the year 2014, IFS rating was upgraded to 'BBB+' (Triple B plus) with stable outlook after injection of additional equity of Rs 150 million. This rating has been further upgraded to 'A-' (single A minus) with stable outlook in January 2015. The rating denotes strong capacity of the company to meet policyholder and contractual obligations.

DIVIDEND AND APPROPRIATIONS OF PROFIT

The profit after tax of Rs 12.96 million was earned during the year ended December 31, 2014. This has reduced the accumulated loss as at 31 December 2014 from Rs 142.88 million to Rs 129.92 million. However, considering the cash flow situation and future plans for stability and revival of the company, the Directors have not recommended any dividend / payout for the year.

EARNINGS PER SHARE

Basic and Diluted Earnings / (Loss) per Share of the Company for the year ended December 31, 2014 is Rs 0.31 per share (December 31, 2013 Loss per Share (Rs 3.54) per share).

CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of audited accounts as on December 31, 2014 is as follows:

Bank deposits in PLS Account Rupees 2.101 million

STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding except in the ordinary course of business and as disclosed in the financial statements.

Tabulated below are the financial data for the last six years against the head of accounts;

	Rupees in Millions					
	2014	2013	2012	2011	2010	2009
Gross Premium Written	284.182	343.566	562.846	644.325	553.084	596.327
Investment Income	15.897	9.310	8.629	12.951	17.208	32.511
Claims Expense	147.453	377.563	395.058	322.392	343.555	391.264
Net Commission Exp	44.169	70.317	97.559	91.894	94.997	138.007
Management & Admin Expenses	160.208	158.867	170.886	165.454	133.895	124.558
Profit/ (Loss) after tax	12.962	(106.253)	(32.092)	19.244	(28.958)	17.466
Share Holders Equity	340.083	177.120	283.373	265.464	196.295	225.253
Claim Outstanding	228.704	347.858	236.233	146.407	185.190	165.695
Premium Due But Unpaid	127.690	219.085	262.200	305.080	166.082	134.056
Investment	238.653	229.970	240.948	51.782	155.721	177.519
Investment Properties	58.955	60.374	27.463	29.303	4.551	5.089

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed here- under spelled out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that;

- 1) The financial statements, prepared by the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2) The Company has maintained proper books of accounts as required under the Companies Ordinance 1984 and Insurance Ordinance, 2000.
- 3) The auditors have qualified and added emphasis of matters paragraph in their report in the following manner;

a) Qualification

Auditors noted that the quoted market value (rupees 35.19 per share as at 30th June 2014) of this available for investment remained lower than the carrying amount (rupees 40 per share) for the whole year which indicated a prolonged decline in market value. However, no provision for impairment amounting to Rupees 22.607 million against this investment has been made. Had this provision been made, profit for the year and investments would have been lower by the same amount.

Auditors further noted that the quoted market price of Rupees 35.19 per ordinary share of FCEL as at reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this

investment due to non-availability of active willing buyer. These factors indicate that the investment may further impaired.

The directors are of the opinion that the Company is in the process of resolving the issue of investment in FCEL shares with First Capital Group.

b) Emphasis of matters

Company made an advance amounting to Rupees 34.750 million against investment property located at D-1, 1st Floor 27-H, college Road, Gulberg, Lahore measuring 3,475 Square Feet during the years 2007 to 2009 which is under development and its title and possession will be transferred to the company upon completion which is expected by the next year.

Directors are actively pursuing the transfer of property located at D-1, 1st Floor 27-H, college Road, Gulberg, Lahore in the name of the company at the earliest.

- 4) The Company has consistently followed appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgement.
- 5) Financial statements have been prepared by the Company in accordance with the requirements of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan in December 2002, Insurance Ordinance, 2000, Companies Ordinance 1984 and approved accounting standards as applicable to the insurance companies in Pakistan.
- 6) The Board has established a system of internal control, which is implemented at all levels within the Company. The Company is making efforts and arrangements to include all necessary aspects of internal control given in the code, except for the matters
- 7) highlighted by the auditors in the CCG report after "and there has been no material departure there from.
- 8) The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.
- 9) The Company has followed the best practices of Corporate Governance as laid down in the Listing Regulations of the stock exchanges except for the matters highlighted by the auditors in the CCG report after "and there has been no material departure there from.
- 10) The Company has at all times in the year, except as otherwise stated in the annexed financial statements, complied with and as at the date of the statement, the Company continues to be in compliance with the provisions of the Insurance Ordinance, 2000 and rules framed there under.

PATTERN OF SHARE HOLDING

A statement of pattern of shareholding is separately shown in the report.

TRADING IN COMPANY'S SHARES

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children.

AUDITORS

Ms.Riaz Ahmad & Company has audited the accounts for the year 2014, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

FUTURE OUTLOOK OF THE COMPANY

As mentioned in the opening section of this report, macroeconomic fundamentals remain fragile in Pakistan. We, however, expect decrease in power and gas shortages with reduced borrowing cost and improvement in law and order situation with growth on business environment in Pakistan. Viewing this period ahead, your company is well geared up to increase its market share gradually over the years. Management of your Company will focus on steady top line growth in all segments of the current business as well working on innovative ideas to offer new value added products to its clients in personal line of business. We further expect that State Bank of Pakistan will continue the trend of cut in policy rate in 2015, which might squeeze the investment income of the company as majority of company's fund are invested in short term deposit receipts with commercial banks.

ACKNOWLEDGMENTS

We would like to record our appreciation for the continued guidance and support being extended by the regulators, namely Securities and Exchange Commission of Pakistan (SECP).

We also appreciate and acknowledge the role of our reinsurers for their valued support to us.

Most of all we are also grateful to our customers for their continued trust and confidence which made it possible for us to achieve these results. We would like to convey our profound gratitude to the management and staff at all levels for their loyalty, devotion and hard work.

For and on behalf of Board



Air Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

March 31, 2015

OPERATIONAL RESULTS AND FINANCIAL STRENGTHS
FROM 2005 TO 2014

	Rupees in '000										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
1 Gross Direct Premium	284,182	343,566	562,845	664,326	553,084	596,327	701,245	746,419	671,328	670,609	641,164
Increase %	(17.28)	(38.96)	(15.28)	20.11	(7.25)	(14.96)	(6.05)	11.19	0.11	4.59	62.20
2 Net Premium	229,620	331,124	508,120	482,963	417,389	481,636	575,732	570,800	656,327	527,103	376,765
Increase %	(30.65)	(34.83)	5.21	15.71	(13.34)	(16.34)	0.86	0.97	7.25	39.90	36.19
% to 11	51.03	110.37	169.37	193.19	208.69	240.82	328.99	326.17	565.33	658.88	470.96
3 Claim incurred	73,395	235,003	303,949	247,643	263,041	267,997	333,832	369,997	352,571	353,150	273,807
% to 2	31.96	70.97	59.82	51.28	63.02	55.64	57.98	64.82	62.37	67.00	72.67
4 Commission	39,783	56,515	70,163	64,419	68,272	104,711	115,711	105,860	87,891	69,613	33,430
% to 2	17.33	17.07	13.81	13.34	16.36	21.74	20.10	18.55	15.55	13.21	8.87
5 Management Expenses	48,415	83,820	90,351	87,336	65,809	59,773	62,105	59,303	56,488	49,623	49,623
% to 1	17.04	24.40	16.05	13.15	11.90	10.02	8.86	7.95	8.41	7.40	7.66
% to 2	21.08	25.31	17.78	18.08	15.77	12.41	10.79	10.39	9.99	9.41	13.03
6 Investment Income/(Loss)	15,897	9,310	8,629	11,654	16,671	100,650	(64,649)	83,774	28,820	44,103	26,851
% to 22	3.39	3.09	2.53	14.92	5.70	32.44	(18.86)	18.06	7.06	13.46	10.84
7 Other Income	37,882	5,473	3,715	6,004	6,145	2,291	1,734	1,324	9,061	129	10,728
8 Provision for Taxation	2,320	3,466	2,846	5,954	5,557	3,536	7,906	2,854	8,371	2,464	5,456
9 Profit/(Loss) before Tax	11,817	(102,786)	29,245	25,199	(23,476)	21,002	(63,847)	63,061	59,350	57,852	17,326
10 Profit/(Loss) after Tax	12,962	(106,252)	(32,092)	19,245	(29,033)	17,466	(71,753)	60,207	50,979	55,388	11,870
% to 2	5.67	(32.09)	(6.32)	3.98	(6.96)	3.63	(12.46)	10.55	9.02	10.51	3.15
11 Paid-up Capital	450,000	300,000	300,000	250,000	200,000	200,000	175,000	175,000	100,000	80,000	80,000
12 General Reserves	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
13 Reserves for Unexpired Risks	89,867	103,507	174,492	225,848	187,664	169,764	221,456	267,567	225,820	212,175	211,456
14 Unappropriated Profit/(Loss)	(129,916)	(142,879)	(36,627)	(4,535)	(23,780)	5,253	12,787	84,540	99,333	48,354	12,966
15 Capital Available for Shares	340,132	177,120	283,373	265,465	196,220	225,252	207,787	279,540	219,333	148,354	112,966
16 Total Net Outstanding Claims	198,615	253,250	187,789	123,688	126,179	93,004	113,117	126,661	98,646	85,384	90,509
% to 2	86.50	76.48	36.96	25.61	30.23	19.31	19.65	22.19	17.45	16.20	24.02
17 Other Liabilities	87,733	188,111	133,560	125,882	78,010	89,947	78,628	84,593	61,251	96,287	78,053
18 Total Equity & Liabilities	786,756	864,392	879,077	832,521	717,706	729,670	75,242	871,716	674,977	635,735	614,669
19 Land & Properties	58,955	60,373	62,213	169,893	39,302	39,839	34,296	6,164	6,701	16,794	17,331
% to 2	25.68	18.23	12.24	35.18	9.42	8.27	5.96	1.08	1.19	3.19	4.60
20 Cash & Bank Balances	230,399	71,531	48,490	26,324	136,970	132,727	166,841	235,860	197,362	155,720	135,302
% to 2	100.36	21.60	9.54	5.45	32.82	27.56	28.98	41.32	34.91	29.54	35.91
21 Investment	238,653	229,970	240,948	51,782	155,721	177,520	175,907	227,940	211,114	172,032	112,466
22 Total Cash & Investment	469,053	301,502	289,439	78,106	292,691	310,247	342,748	463,800	408,476	327,752	247,768
23 O/S Premium	127,690	219,085	262,200	305,080	166,083	134,056	114,417	155,426	84,586	131,929	131,272
% to 1	55.61	66.16	46.58	45.92	30.03	22.48	16.32	20.82	12.60	19.67	20.47
24 Fixed Assets	11,206	25,295	38,060	43,721	25,741	16,468	24,277	39,422	24,084	21,995	27,540
% to 2	4.88	7.64	7.49	9.05	6.17	3.42	4.22	6.91	4.26	4.17	7.31
25 Total Assets	786,756	864,392	879,077	832,521	717,706	729,670	755,242	871,716	674,977	635,735	614,669
26 Break-up Value Per Share	7.56	5.91	9.45	10.62	9.81	11.26	11.87	15.97	21.93	18.54	14.12
27 Profit / (Loss) Per Share (After Tax)	0.31	(3.54)	(1.15)	(0.79)	(1.38)	0.87	(3.59)	3.44	5.10	6.92	1.46

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance("the Code") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors ("the Board"). At present all the directors on the Board are non-executive directors from Shaheen Foundation which include;

Name of Non- Executive Director

1. Air Marshal Muhammad Arif Pervaiz (Retd.)
2. Air Commodore Zafar Yasin (Retd.)
3. Air Commodore Mahmood Ahmad (Retd.)
4. Air Commodore Shahid Jamil Hashmi (Retd.)
5. Air Commodore Muhammad Masud Akhtar (Retd.)
6. Group Captain Ehsan-ur-Rauf Sheikh (Retd.)
7. Mr. Aamir Shahzad Mughal

The appointment of independent Director(s), who meet criteria of independence under clause i (b) of the Code is being pursued, and the same will be complied with shortly.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, these policies and procedures are being further refined and strengthened. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary, Key Officers and non-executive directors, have been taken by the Board whenever and wherever required.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Due to election of directors' during the year, training programs will be conducted as per the Code from next year.
10. The Board approved the appointment of CFO and Company Secretary including his remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company are duly endorsed by CEO and CFO before approval of the Board.
13. The directors and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee, Investment Committee and Human Resource & Remuneration Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises four members out of which three are non-executive directors and the Chairman of the Committee is a non-executive director.
18. An effective internal audit function has been setup internally during the year. Appointment of Head of Internal Audit, who meet the criteria as stipulated in the Code is under active consideration and will be complied with during the next year.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the

company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has established Underwriting Committee, Claims Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
24. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
25. The Board ensures that the appointed actuary complies with the requirements set for him in the Code of Corporate Governance for Insurance Companies.

We confirm that all other material principles enshrined in the Code have been complied with except for certain matters highlighted above in clauses 1, 9 & 18 respectively, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.



Air Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

March 31, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of SHAHEEN INSURANCE COMPANY LIMITED ("the Company") for the year ended 31 December 2014 to comply with the requirements of Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges respectively where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

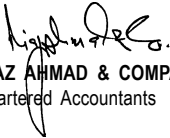
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendations of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S No. Paragraph Description

- i 1. There is no independent director on the Board of Directors of the Company as required under clause i (b) of the Code.
- ii 9. No directors' training program was conducted during the year as required under clause xi of the Code.
- iii 18. The Company does not have the Head of Internal Audit having qualifications prescribed under clause xiv of the Code.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Kamran Nasir

Date: 31 March 2015
KARACHI

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) Balance sheet;
- (ii) Profit and loss account;
- (iii) Statement of comprehensive income;
- (iv) Statement of changes in equity;
- (v) Cash flow statement;
- (vi) Statement of premiums;
- (vii) Statement of claims;
- (viii) Statement of expenses; and
- (ix) Statement of investment income

of SHAHEEN INSURANCE COMPANY LIMITED ("the Company") as at 31 December 2014 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- (a) Pursuant to a settlement agreement dated 29 November 2012 with First Capital Equities Limited and FCSC Group and Pace (Pakistan) Limited (previously, the related parties) {Note 11.6}, the Company acquired 4.7 million ordinary shares of First Capital Equities Limited (FCEL) at an agreed price of Rupees 40 per ordinary share which are carried in the balance sheet at cost as 'available-for-sale investment' at Rupees 188 million. We noted that the quoted market value (Rupees 35.19 per share as at 30 June 2014) of this available for investment remained lower than the carrying amount (Rupees 40 per share) for the whole year which indicates a prolonged decline in market value. However, the management of the Company has not made provision for impairment amounting to Rupees 22.607 million against this investment. Had this provision been made, profit for the year and investments would have been lower by the same amount.

We further noted that the quoted market price of Rupees 35.19 per ordinary share of FCEL as at the reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired;

Except for the effect of adjustment, if any, as might have been determined to be necessary, had we been able to satisfy ourselves in respect of the matter stated in the preceding paragraph (a), we report that:

In our opinion:


- (b) proper books of accounts have been kept by the company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (c) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (d) the financial statements together with the notes thereon, present fairly, in all material respects, the state of the company's affairs as at 31 December 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (e) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter

We also draw attention to Note 12.2 to the financial statements, which states that the Company made an advance amounting to Rupees 34.750 million against investment property located at D-1, 1st Floor 27-H, College Road measuring 3,475 Square Feet during the years 2007 to 2009 which is under development and its title and possession will be transferred to the Company upon completion which is expected by the next year. Our opinion is not further qualified in respect of this matter.

Other Matter

The financial statements for the year ended 31 December 2013 were audited by another firm of Chartered Accountants whose audit report dated 09 April 2014 included qualified opinion on the matter of 'long outstanding premium due but unpaid' against which the management did not carry out any assessment of recoverability and made no provision for impairment. The aforesaid audit report also included emphasis of matters regarding non-compliance with solvency requirements and the settlement of balance of reverse repo / capital work-in-progress and premium due but unpaid through an agreement dated 29 November 2012.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Kamran Nasir

Date: 31 March 2015
Karachi

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013
		-----Rupees-----	
Share capital and reserves			
Authorized share capital			
60,00,000 (2013: 30,00,000) ordinary shares of	3.1	600,000,000	300,000,000
Issued, subscribed and paid-up share capital	3.2	450,000,000	300,000,000
General reserve		20,000,000	20,000,000
Accumulated loss		(129,916,865)	(142,879,328)
Shareholders' equity		340,083,135	177,120,672
 Underwriting provisions			
Provision for outstanding claims (including IBNR)		228,704,455	347,857,817
Provision for unearned premium		125,728,997	143,404,901
Premium deficiency reserve		3,764,066	3,764,066
Commission income unearned		743,862	4,133,598
Total underwriting provisions		358,941,380	499,160,382
 Creditors and Accruals			
Premium received in advance		3,854,296	10,100,690
Amounts due to other insurers / reinsurers	4	13,356,119	76,120,706
Accrued expenses	5	10,639,373	11,269,789
Agent balances		11,997,063	36,737,482
Taxation - provisions less payments		1,599,149	4,359,565
Current portion of liabilities against assets subject to finance lease	7	552,335	603,672
Other creditors and accruals	6	45,335,080	48,010,400
		87,333,415	187,202,304
 Borrowings			
Liabilities against assets subject to finance lease	7	-	510,438
 Other liabilities			
Unclaimed dividend		398,934	398,934
TOTAL LIABILITIES		446,673,729	687,272,058
TOTAL EQUITY AND LIABILITIES		786,756,864	864,392,730
 CONTINGENCIES AND COMMITMENTS	 8		

	Note	31 December 2014	31 December 2013
		-----Rupees-----	
Cash and bank deposits	9		
Cash and other equivalents		1,333,342	2,173,746
Current and saving accounts		39,775,824	37,563,938
Deposits maturing within 12 months		<u>189,290,000</u>	<u>31,793,955</u>
		230,399,166	71,531,639
Loans - secured			
To employees	10	54,314	771,068
Investments	11	238,653,910	229,970,516
Investment properties	12	58,955,085	60,373,499
Current Assets-Others			
Premiums due but unpaid - net	13	127,690,441	219,085,622
Amounts due from other insurers / reinsurers	14	15,057,279	66,606,611
Accrued investment income	15	1,837,735	15,408
Reinsurance recoveries against outstanding claims		30,089,146	94,607,453
Deferred commission expense		16,787,150	23,298,473
Advances, deposits and prepayments	16	45,682,240	63,313,951
Other receivables	17	10,343,677	9,523,218
		247,487,668	476,450,736
Fixed assets - Tangible and intangible	18		
Owned			
Furniture, fixtures and office equipment		6,624,788	10,204,547
Motor vehicles		3,503,697	10,357,338
Computer software - intangible		317,036	2,687,684
		10,445,521	23,249,569
Leased			
Motor vehicles		761,200	2,045,703
TOTAL ASSETS		<u>786,756,864</u>	<u>864,392,730</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.



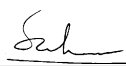
Chairman



Director



Director



Chief Executive Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

Note	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2014 Aggregate	2013 Aggregate
----- Rupees -----							
Revenue Account							
	17,164,700	3,773,418	171,045,614	22,605,632	15,031,485	229,620,849	331,124,542
	(34,918,313)	(155,014)	(39,569,870)	8,077,961	(6,829,995)	(73,395,231)	(235,003,426)
Premium deficiency expense	2.2.11	-	-	-	-	-	(485,440)
Management expenses	19	(8,169,458)	(2,212,182)	(29,239,617)	(3,655,697)	(48,815,421)	(83,820,034)
Net commission		(8,149,439)	(2,845,860)	(23,117,917)	(1,530,901)	(39,783,812)	(56,515,269)
Underwriting results		(34,072,510)	(1,439,638)	79,118,210	(25,496,995)	67,626,385	(44,699,627)
Investment income						15,897,411	9,310,043
Rental income						2,300,556	2,175,440
Other income	20					37,882,007	5,473,505
General and administration expenses	19					(111,393,484)	(75,045,975)
Provision for Workers' Welfare Fund	21					(495,651)	-
Profit / (loss) before tax						11,817,224	(102,786,614)
Provision for taxation	22					(2,320,771)	(3,466,010)
-Current						3,466,010	-
-Prior						12,962,463	-
Profit / (loss) after tax						12,962,463	(106,252,624)
Accumulated loss account							
Balance of accumulated loss at commencement of the year						(142,879,328)	(36,626,704)
Profit / (loss) for the year						12,962,463	(106,252,624)
Balance of accumulated loss at end of the year						(129,916,865)	(142,879,328)
Earnings/(loss) per share-basic and diluted							
	23					0.31	(3.54)

The annexed notes from 1 to 35 form an integral part of these financial statements.



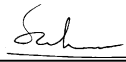
Chairman



Director



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	----- Rupees -----	
Profit / (Loss) for the year	12,962,463	(106,252,624)
Other comprehensive income		
Items that will not be reclassified into profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income / (loss) for the year	12,962,463	(106,252,624)

The annexed notes from 1 to 35 form an integral part of these financial statements.



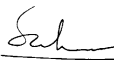
Chairman



Director



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

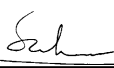
	Paid-up share capital	Revenue reserves		Total
		General reserve	Accumulated loss	
----- Rupees -----				
Balance as at 31 December 2012	300,000,000	20,000,000	(36,626,704)	283,373,296
<i>Comprehensive loss for the year ended 31 December 2013</i>				
Loss for the year ended 31 December 2013	-	-	(106,252,624)	(106,252,624)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(106,252,624)	(106,252,624)
Balance as at 31 December 2013	300,000,000	20,000,000	(142,879,328)	177,120,672
<i>Comprehensive income for the year ended 31 December 2014</i>				
Profit for the year ended 31 December 2014	-	-	12,962,463	12,962,463
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	12,962,463	12,962,463
Issue of right shares during the year	150,000,000	-	-	150,000,000
Balance as at 31 December 2014	450,000,000	20,000,000	(129,916,865)	340,083,135

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013
		<i>Rupees</i>	
OPERATING ACTIVITIES			
a) Underwriting activities			
Premiums received		357,763,629	383,841,625
Reinsurance premiums paid		(73,101,522)	(65,549,289)
Claims paid		(266,607,360)	(265,928,492)
Reinsurance and other recoveries received		138,577,074	96,386,550
Commissions paid		(63,413,688)	(56,006,766)
Commissions received		995,794	10,129,095
Other underwriting receipts / (payments)		6,925,253	5,884,261
Net cash flows from underwriting activities		<u>101,139,180</u>	<u>108,756,984</u>
b) Other operating activities			
Income tax paid		(2,110,828)	(650,648)
Management and administration expenses paid		(111,485,757)	(112,573,518)
Loans advanced - net		716,754	2,785,201
Net cash used in other operating activities		<u>(112,879,831)</u>	<u>(110,438,965)</u>
Total cash used in all operating activities		(11,740,651)	(1,681,981)
INVESTING ACTIVITIES			
Profit / Return received		15,388,327	4,768,888
Rentals received		2,405,040	2,196,076
Payments for investments		(14,582,040)	-
Proceeds from disposal of investments		7,524,267	17,065,499
Fixed capital expenditure	18	(405,200)	(3,124,917)
Proceeds from disposal of fixed assets	18.1	11,529,000	5,022,000
Total cash flows from all investing activities		<u>21,859,394</u>	<u>25,927,546</u>
FINANCING ACTIVITIES			
Financial charges paid		(323,391)	(338,269)
Payments of finance lease liability		(922,690)	(888,731)
Issue of right shares	3.2	150,000,000	-
Total cash flows from / (used in) all financing activities		<u>148,753,919</u>	<u>(1,227,000)</u>
Net cash flows from all activities		<u>158,872,662</u>	<u>23,018,565</u>
Exchange (loss) / gain on cash and cash equivalents	20	(5,135)	22,897
Cash and cash equivalents at the beginning of year		71,531,639	48,490,177
Cash and cash equivalents at end of the year		<u><u>230,399,166</u></u>	<u><u>71,531,639</u></u>

	31 December 2014	31 December 2013
Note	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	(11,740,651)	(1,681,981)
Exchange gain on cash and cash equivalents	20 (5,135)	22,897
Depreciation on fixed assets	18 (10,728,918)	(13,762,210)
Depreciation on investment property	12 (1,418,414)	(1,839,837)
Gain on disposal of fixed assets	20 7,764,167	2,904,532
- against premium due but unpaid	19 (11,567,786)	-
- against debit agent balances	19 (1,015,250)	-
Other expenses	(26,649,322)	-
Taxes paid	2,110,828	(650,648)
Financial charges	19 (384,088)	(338,269)
(Decrease) / increase in assets other than cash	(217,395,282)	(5,931,909)
Decrease / (increase) in liabilities	237,327,475	(93,450,306)
Investment and other income	46,015,251	11,941,117
Provision for Workers' Welfare Fund	21 (495,651)	-
<i>Provision for tax</i>	22	
- Current year	(2,320,771)	(3,466,010)
- Prior year	3,466,010	-
Profit / (loss) after taxation	<u>12,962,463</u>	<u>(106,252,624)</u>

Definition of cash

Cash comprises of 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:

	2014	2013
Note	----- Rupees -----	
Cash and other equivalents		
- Cash in hand	65,752	56,702
- Policy stamps in hand	1,267,590	2,117,044
	<u>1,333,342</u>	<u>2,173,746</u>
Current and saving accounts		
- Current accounts	1,034,803	3,361,175
- Savings accounts	38,741,021	34,202,763
	<u>39,775,824</u>	<u>37,563,938</u>
Deposits maturing within 12 months		
Term Deposit- local currency	189,290,000	31,793,955
9	<u>230,399,166</u>	<u>71,531,639</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.



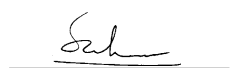
Chairman



Director



Director



Chief Executive Officer

STATEMENT OF PREMIUMS
FOR THE YEAR ENDED 31 DECEMBER 2014

Business underwritten inside Pakistan

Class	Premium written (Note 25)	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2014 Net premium revenue	2013 Net premium revenue
		Opening	Closing			Opening	Closing			
a	b	c	d=a+b-c	e	f	g	h=ef-g	i=ef-g	j=d-h	k
<i>Rupees</i>										
Direct and facultative										
Fire and property damage	44,077,105	22,225,559	50,517,243	19,678,145	22,616,843	8,942,445	33,352,543		17,164,700	27,370,146
Marine, aviation and transport	12,254,039	2,243,122	13,679,404	9,999,999	1,155,987	1,250,000	9,905,986		3,773,418	2,702,574
Motor	188,048,842	89,212,029	180,808,190	11,681,152	4,755,000	6,673,576	9,762,576		171,045,614	210,101,339
Accident and health	21,780,627	6,934,856	22,605,632	-	-	-	-		22,605,632	68,697,448
Miscellaneous	38,022,015	16,349,197	34,248,063	20,526,971	11,369,162	12,679,555	19,216,578		15,031,485	22,252,935
Total	284,182,628	143,404,901	301,858,632	61,886,267	39,896,992	29,545,576	72,237,683		229,620,849	331,124,542
Treaty - Proportional										
Grand total	284,182,628	143,404,901	301,858,632	61,886,267	39,896,992	29,545,576	72,237,683		229,620,849	331,124,542

Note: The Company does not underwrite business outside Pakistan.

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer

STATEMENT OF CLAIMS
FOR THE YEAR ENDED 31 DECEMBER 2014

Business underwritten inside Pakistan											
Class	Claims paid		Outstanding claims		Claims expense d=a+c-b	Reinsurance and other recoveries received e	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue h=e+g-f	2014	
	a	b	c	d			f	g		Net claims expense i=d-h	Net claims expense
Direct and facultative											
Fire and property damage	90,801,192	1,27,419,045	93,453,666	56,835,813	73,801,375	73,383,364	21,499,489	21,917,500	34,916,313	55,217,381	
Marine, aviation and transport	3,749,194	11,892,559	8,392,532	249,167	1,640,223	4,690,867	3,144,797	94,153	155,014	2,289,172	
Motor	113,733,910	1,31,463,840	86,028,260	68,292,330	30,670,959	1,948,499	-	28,722,460	39,569,870	112,144,700	
Accident and health	14,262,557	51,187,622	28,847,104	(8,077,961)	-	-	-	-	(8,077,961)	61,850,436	
Miscellaneous	44,060,507	25,888,751	11,982,893	30,154,649	32,464,517	14,584,723	5,444,860	23,324,654	6,829,995	3,501,737	
Total	266,607,360	3,47,857,817	228,704,455	147,453,998	138,577,074	94,607,453	30,089,146	74,058,767	73,395,231	235,003,426	
Treaty - Proportional											
Grand total	266,607,360	3,47,857,817	228,704,455	147,453,998	138,577,074	94,607,453	30,089,146	74,058,767	73,395,231	235,003,426	

Note: The Company does not underwrite business outside Pakistan.
The annexed notes form 1 to 35 form an integral part of these financial statements.


Chairman


Director


Chief Executive Officer

STATEMENT OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2014

Class	Business underwritten inside Pakistan				2014				2013			
	Commissions paid or payable	Deferred Commission Opening	Commission Closing	Net Commission expense	Other Management expenses (Note 19)	Underwriting expense	*Commission from reinsurers	Net underwriting expenses	Net underwriting expenses	Net underwriting expenses	Net underwriting expenses	
	a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	i=f-g	j=f-g		
Direct and facultative												
Fire and property damage	6,487,423	7,662,505	3,249,130	10,900,798	8,169,458	19,070,256	2,751,359	16,318,897	17,025,379			
Marine, aviation and transport	2,723,466	502,856	196,402	3,029,920	2,212,182	5,242,102	184,060	5,058,042	6,961,774			
Motor	20,460,349	12,022,972	9,344,823	23,138,498	29,239,617	52,378,115	20,381	52,357,734	79,750,125			
Accident and health	804,492	1,046,441	320,032	1,530,901	3,655,697	5,186,598	-	5,186,598	24,407,926			
Miscellaneous	7,182,289	2,063,699	3,676,763	5,569,225	5,538,467	11,107,692	1,429,530	9,678,162	12,190,099			
Total	37,658,019	23,298,473	16,787,150	44,169,342	48,815,421	92,984,763	4,385,530	88,599,233	140,335,303			
Treaty - Proportional												
Grand total	37,658,019	23,298,473	16,787,150	44,169,342	48,815,421	92,984,763	4,385,530	88,599,233	140,335,303			

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

Note: The Company does not underwrite business outside Pakistan.

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chairman


Director


Chief Executive Officer

STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
----- Rupees -----			
Income from trading investments			
Gain on Sale of held for trading investments		2,258,857	8,787,221
Dividend income		298,752	1,686,015
		2,557,609	10,473,236
Income from non-trading investments			
<i>Held-to-maturity</i>			
Return on other fixed income securities		13,050,379	1,479,469
Return on PIBs		1,271,579	-
		14,321,958	1,479,469
Unrealized (loss) / gain on revaluation of held-for-trading investments		(702,041)	(2,491,012)
Investment related expenses	11.7	(280,115)	(151,650)
Net investment income		15,897,411	9,310,043

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated under the Companies Ordinance, 1984, as a Public Company in March 1995 and obtained the 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 Company is listed on all the stock exchanges in Pakistan. Its registered office is located at Shaheen Commercial Complex, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis for preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The SECP has allowed insurance companies to defer application of International Accounting Standard 39 (IAS 39) "Financial Instruments, Recognition and Measurement" in respect of valuation of "available-for-sale" investments. Accordingly, the requirements of IAS 39, to the extent allowed by the SECP as aforesaid, have not been considered in the preparation of these financial statements.

b) Basis of presentation

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002.

c) Basis of measurement

These financial statements have been prepared under the historical cost convention, except 'held-to-maturity' investments which are stated at amortised cost (refer note 11.2 and 11.3), provision for IBNR and premium deficiency reserve on the basis of actuarial valuation (refer note 2.2.3 and 2.2.11) and investment 'at fair value through profit or loss - held-for-trading investments which are stated at fair value (refer note 11.4). These financial statements have been prepared on accrual basis of accounting except for cash flow information which has been prepared on cash basis.

d) Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

i) Classification of investments

In classifying investments as "held-for-trading", the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity", the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held-for-trading or held-to-maturity are classified as available-for-sale.

ii) Provision for outstanding claims (including IBNR)

The Company records claims based on the amount of claim lodged by the insured. However, the settlement of all the claims is made based on the surveyor's assessment appointed for ascertainment of the Company's liability. The surveyor's assessment could differ significantly with the claims lodged by the insured, and accordingly amount of claims settled could materially differ with the amount of liability accrued.

The provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation.

The actuarial valuation is made on the basis of past trend and pattern of reporting of claims. The actual amount of IBNR may materially differ from the actuarial estimates.

iii) Additional provision for unexpired risks

Additional provision for unexpired risks is based on actuarial valuation for class wise insurance business. The actuary considers the trends of gross and net loss ratio of the Company. Accordingly, the actual results may differ with the assumption (based on historical trend) used by the actuary.

iv) Reinsurance recoveries against outstanding claims

Reinsurance recoveries are accrued on the basis of share of reinsurers in outstanding claims including IBNR as stated above. The recoveries are finalized when the amounts of outstanding claims are finalized based on surveyor's assessment. Therefore, reinsurance recoveries booked against settled claims could proportionately differ with the amount of reinsurance recoveries accrued against outstanding claims at the balance sheet date.

v) Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

vi) Impairment - (available-for-sale investments)

The Company determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry, sector performance, changes in technology and operational and financial cash flows.

vii) Impairment of other assets, including premium due but unpaid

The Company also considers the need for impairment provision against other assets, including the premium due but unpaid and the provision required there against. While assessing such a requirement, various factors including delinquency in the account and financial position of the insured are considered.

viii) Fixed assets, investment properties and depreciation / amortization

The Company carries investment properties at their respective costs. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the

recoverable amount.

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

The Company also reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the charge for depreciation and impairment.

ix) Premium deficiency reserve (refer note 2.2.11)

e) Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupees, unless otherwise stated.

f) Application of new and revised International Financial Reporting Standards (IFRSs)

i) New and amended standards and interpretations became effective during the year

During the year, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 32 - Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets IFRIC 21 - Levies

The adoption of the above did not have any effect on the financial statements for the current year.

ii) Standards, interpretations and amendments to published approved accounting standards those are not yet effective

The following standards, amendments and interpretation of approved accounting standards will be effective for the accounting periods beginning on or after January 1, 2015:

	Effective date (accounting period beginning on or after)
- IAS 27 Separate financial statements (Amendments)	01 January 2015
- IFRS 10 Consolidated financial statements (Amendments)	01 January 2015
- IFRS 11 Joint Arrangements	01 January 2015
- IFRS 12 Disclosure of interest in other entities (Amendments)	01 January 2015
- IFRS 13 Fair Value Measurement	01 January 2015

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

2.2 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (the insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property
- Marine, aviation and transport
- Motor
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

2.2.1 Premium income and provision for unearned premiums

Premium under a policy is recognized at the time of the issuance of insurance policy.

Revenue from premiums is recognized after taking into account the unearned portion of premium which is calculated using the 1/24th method except for premium revenue relating to marine which is calculated using the 1/6th method. The unearned portion of premium income is recognized as a liability. Under this method, the liability for above unearned premium is equal to 1/24 of the premiums relating to policies commencing in the first month of financial year, 3/24 of the premiums relating to policies commencing in the second month of the financial year, and so on.

2.2.2 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of

these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets.

2.2.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at balance sheet date on the basis of actuarial valuation amounts to Rs. 0.881 million (2013: Rs. 13.278 million). The latest valuation was carried out as of 31 December 2014.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

2.2.4 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

2.2.5 Commission expense and deferred commission expense

Commission incurred in obtaining and recording policies is recognized as expense after taking into account the proportion of deferred commission expense which is calculated using 1/24th method.

2.2.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from the previous years.

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

2.2.7 Administrative surcharge

Administrative surcharge is included in the profit and loss account (as premium revenue) at the time the policies are issued.

2.2.8 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums received in advance and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premiums due but unpaid is impaired, the Company reduces the carrying amount of the insurance receivable and recognizes the loss in the profit and loss account.

2.2.9 Reinsurance expense and prepaid reinsurance premium ceded

Reinsurance premium is recognized as expense after taking into account the proportion of deferred premium expense which is calculated using 1/24th method. The deferred portion of premium expense is recognized as a prepayment.

2.2.10 Commission income and unearned commission income

Commission from reinsurers is recognized as income after taking into account the unearned portion of commission which is calculated using the 1/24th method (in accordance with the pattern of recognition of reinsurance premium). The unearned portion of commission is recognized as liability.

2.2.11 Premium deficiency reserve

The Company is required under SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in

that class of business at the balance sheet date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The latest valuation was carried out as of 31 December 2014. Based on the actuarial valuation so carried out, the Company is not required to make further provision on account of PDR for the year ended 31 December 2014 (2013: Rs. 0.485 million). The actuary determines adequacy of liability of premium deficiency by carrying out analysis of the Company's loss ratio of expired periods. For this purpose average loss ratio of last five years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

2.2.12 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off reinsurance in the profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

2.3 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.4 Fixed assets

Tangibles

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying straight line method at rates given in note 18 to these financial statements.

Depreciation is charged from the month the asset is available for intended use. No depreciation is charged from the month of disposal of the asset.

The assets' residual value, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposal of fixed assets are taken to profit and loss account currently.

Expenditure incurred subsequent to the initial acquisition of asset is capitalised only when it increases the future economic benefits embodied in the items of fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Leased

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term.

Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 18 to the financial statements.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

Capital work in progress

Capital work in progress is stated at cost less any impairment in value (if any).

2.5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit or loss - held-for-trading investments' in which case the transaction costs are charged to the profit and loss account.

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These are recognised and classified as follows:

2.5.1 Investments at fair value through profit or loss - held-for-trading

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit or loss of the period in which it arises.

2.5.2 Held-to-maturity

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortised cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortised over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

2.5.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available-for-sale. These are valued as follows:

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market

value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirement of the S.R.O. 938 issued by the SECP in December 2002. The Company uses Stock Exchange quotations at the balance sheet date to determine the market value of listed shares and closed-end mutual funds. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the balance sheet date.

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 lower by Rs. 11.383 million (2013: higher by Rs. 73.931 million) and the net equity would have decreased / increased by the same amount.

Unquoted

Unquoted investments are recorded at cost less impairment (if any) in accordance with the above requirement.

2.5.4 Recognition / de-recognition of investments

Investments are recognised / derecognised by the Company on the date it commits to purchase / sell the investments.

2.6 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognized in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognized from the financial statements and continue to be recognized as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

2.7 Investment properties

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, Investment Property, and S.R.O. 938 issued by SECP. Accordingly:

- i) premises is depreciated so as to write-off the assets over their expected economic lives under the straight line method at rates given in note 12 to these financial statements; and
- ii) subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

2.8 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired debts.

2.9 Retirement benefits

Defined Contribution Plan (Provident Fund)

The Company operates a contributory provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10 % of their basic salaries.

2.10 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been

enacted or substantially enacted at the balance sheet date.

2.11 Financial instruments

Financial instruments carried on the balance sheet include cash and bank deposits, loans, premiums due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves retained by cedents, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, investments, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, provision for outstanding claims including incurred but not reported, agent's balances, liabilities against assets subject to finance lease, other creditors and accruals and other payables.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or losses on de-recognition of financial assets and financial liabilities are taken to income directly.

2.12 Revenue recognition

i) Underwriting result

The earned premium less reinsurance, claims, commission and allocable expenses of management are reflected in the profit and loss account as the underwriting result for each class of insurance business undertaken.

ii) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the right to receive the same is established.

Entitlement of bonus shares is recognised when the right to receive the same is established by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof.

Gains / Losses on sale of investments are recognised in the profit and loss account at the time of sale

iii) **Return on bank accounts, term finance certificates and certificates of investments**

Return on bank accounts, term finance certificates and certificates of investments are accounted for on accrual basis.

iv) **Income from investment properties**

Rental income from investment properties is recognised on time proportion basis.

2.13 Expenses of management

These are allocated to various classes of business in proportion to respective net premium revenue for the year. Expenses not allocable to the underwriting business are charged as general and administration expenses.

2.14 Off setting

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

2.15 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. In addition impairment on available-for-sale investments and reinsurance assets are recognised as follows:

- Available-for-sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

- Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of

reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

2.16 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the balance sheet date. Gains and losses on translations are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

2.17 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

Fire insurance segment provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a net premium revenue basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

2.19 Amount due to other insurers / reinsurers

Liabilities for other insurers / reinsurers are carried at cost which is the fair value of consideration to be paid in the future for services.

2.20 Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

2.21 Amount due from other insurers / reinsurers

Amount due from other insurers / reinsurers are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in future for services rendered.

2.22 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

2.23 Earnings / (Loss) per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 Related parties transactions

All transactions with related parties are carried out by the Company at arm's length prices or as otherwise disclosed. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties, without exceptions.

3. SHARE CAPITAL

3.1 Authorized share capital

31 December 2014	31 December 2013		31 December 2014	31 December 2013
<i>Number of shares</i>			----- Rupees -----	
60,000,000	30,000,000	Ordinary shares of Rs. 10 each	600,000,000	300,000,000

3.2 Issued, subscribed and paid - up share capital

31 December 2014	31 December 2013			
<i>Number of shares</i>				
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	120,000,000	120,000,000
10,000,000	10,000,000	Ordinary shares of Rs. 10 each, issued as right shares	100,000,000	100,000,000
<i>Issued during the year</i>				
		Ordinary shares of Rs. 10 each, issued as right shares		
15,000,000	-		150,000,000	-
45,000,000	30,000,000		450,000,000	300,000,000

3.2.1 During the year 2013, the Board of Directors in its meeting held on 10 December 2013 resolved to issue 15,000,000 right shares at Rs. 10 per share which has been fully subscribed by the shareholders and underwriters. The Company has issued the shares during the year accordingly.

3.2.2 As at 31 December 2014, 25.389 million (2013: 16.75 million) shares of the Company are held by associated companies / undertakings. Details of these holdings are as follows:

	Note	31 December 2014	31 December 2013
<i>Number of shares</i>			
Shaheen Foundation, Pakistan Air Force		22,888,997	7,902,874
Central Non Public Fund, Pakistan Air Force		2,500,000	2,500,000
The Hollard Company Limited, South Africa	3.2.3	-	6,345,296
		25,388,997	16,748,170

Percentage of shareholding by associated companies / undertakings	56.42%	55.83%
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3.2.3 The shareholding of The Hollard Company Limited was diluted from 21.15% in 2013 to 14.1% in 2014 as a result of issue of right shares during the year. As of 31 December 2014, The Hollard Company Limited does not have any representation on the Board of the Company nor does it have significant influence on the Company based on its current shareholding. Therefore, it is no more considered related party as of 31 December 2014.

		31 December 2014	31 December 2013
4.	AMOUNTS DUE TO OTHER INSURERS / REINSURERS	-----Rupees-----	
	Foreign companies	8,348,346	24,970,887
	Local companies	5,007,773	51,149,819
		<u>13,356,119</u>	<u>76,120,706</u>
5.	ACCRUED EXPENSES	Note	31 December 2014
	Rent payable		2,042,532
	Advisory fee payable		859,938
	Accrual against utilities		523,924
	Accrued salaries		6,646,052
	Others		1,197,343
			<u>10,639,373</u>
6.	OTHER CREDITORS AND ACCRUALS		31 December 2013
	Federal excise duty payable		33,015,941
	Withholding tax payable	6.1	2,634,856
	Workers welfare fund payable		215,074
	Unearned rental income		380,624
	Payable to provident fund		5,433,745
	Others		6,330,160
			<u>45,335,080</u>
6.1	Subsequent to the year-end, amount of Rs. 1.760 million (2013: Rs. 1.973 million) was paid by the Company.		
7.	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	31 December 2014
	Present value of minimum lease payments		1,114,110
7.1	Minimum lease payments		31 December 2013
	Not later than 1 year		769,620
	Later than 1 year and not later than 5 year		565,730
		7.3	<u>607,627</u>
	Future finance charges on finance lease		(221,240)
	Present value of finance lease liability	7.2	<u>552,335</u>
7.2	Present value of finance lease liability		31 December 2013
	Not later than 1 year		603,672
	Later than 1 year and not later than 5 years		510,438
			<u>1,114,110</u>

7.3 The total lease rentals due under the lease agreement are payable in equal monthly installments till November 2015. Taxes, repairs and insurance costs are to be borne by the Company. Financing rate of 21% per annum (2013: 21% per annum) has been used as the discounting factor. Purchase option can be exercised by the Company, paying 20% to 30% of the leased amount of respective vehicles.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Securities and Exchange Commission of Pakistan has postponed the hearing on show cause notices issued under section 208 of the companies ordinance 1984 and section 39 read with section 156 and section 158 of the Insurance Ordinance 2000. Hearing is likely to take place in 2015.

8.1.2 A claim was raised by General Trading in 2011 amounting to Rs. 60.65 million, which was rejected by the surveyor. The aggrieved party filed a suit against the Company. The legal advisor of the Company is of the view that the Company is likely to be successful in respect of this suit. Therefore, no provision has been made in the financial statements.

8.1.3 The income tax assessments of the Company have been finalized up to and including the assessment year 2013-14 (financial year ended December 31, 2013), unless amended.

However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) confirmed the order of taxation officer, against which company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of the company. Case was decided in favour of the company in High Court as well, through the order dated September 5, 2013. However, taxation officer has filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs 2.045 million for the tax year 2004, Rs 8.22 million for the tax year 2006, and Rs 9.689 million for tax year 2007 against Apportionment of Expenditure. As it is expected that the matter will be decided in favour of the company, no provision has been made in the accounts.

8.2 Commitments

There were no commitments as at 31 December 2014 (2013: Nil).

9. CASH AND BANK DEPOSITS

	Note	31 December 2014	31 December 2013
----- Rupees -----			
Cash and other equivalents			
- Cash in hand		65,752	56,702
- Policy stamps and bond papers in hand		1,267,590	2,117,044
		1,333,342	2,173,746
Current and saving accounts			
- Current accounts		1,034,803	3,361,175
- Saving accounts	9.1	38,741,021	34,202,763
		39,775,824	37,563,938
Deposits maturing within 12 months			
Term deposit - local currency	9.2	189,290,000	31,793,955
		230,399,166	71,531,639

- 9.1 These carry profit rates ranging between 6% to 9% (2013: 5% to 10%) per annum.
- 9.2 The rate of return on term deposits with various banks range from 9% to 9.5% per annum (2013: 7% to 9% per annum) due on maturity. These term deposits have maturities from 5 January 2015 to 29 January 2015 (2013: upto January

10. LOANS TO EMPLOYEES - secured	Note	31 December	31 December
		2014	2013
----- Rupees -----			
<i>Due from employees other than executives</i>			
Considered good	10.1	54,314	771,068

- 10.1 This represents mark-up free loans to the employees of the Company in accordance with the terms of their employment and are secured against their retirement benefits. These loans are recoverable in monthly installments over a period of less than two years.

11. INVESTMENTS	Note	31 December	31 December
		2014	2013
----- Rupees -----			
11.1 Type of investments			
<i>Held-to-maturity</i>			
Government Securities	11.2	14,650,846	-
Term finance certificates - Listed	11.3	-	-
		14,650,846	-
<i>At fair value through profit or loss - Held for trading</i>			
	11.4	3,940,338	9,907,790
<i>Available-for-sale investments</i>			
	11.5 & 11.5.2	220,062,726	220,062,726
		<u>238,653,910</u>	<u>229,970,516</u>

11.2 Government Securities

Type of security	Maturity date	Profit (%)	Face value	31 December 2014	31 December 2013
----- Rupees -----					
Pakistan Investment Bonds	18 July 2018	11.50%	15,000,000	14,650,846	-
				<u>14,650,846</u>	-

11.3 Term Finance Certificates - listed

	31 December 2014	31 December 2013	Note	31 December 2014	31 December 2013
----- Rupees -----					
	<i>Number of certificates</i>				
	109	109	Invest Capital Investment Bank Limited (formerly Al-Zamin Leasing Corporation Limited) Less: Impairment of non-performing TFC	545,000	545,000
				<u>(545,000)</u>	<u>(545,000)</u>
				-	-

11.3.1 These represent listed term finance certificates (face value of Rs. 5,000 each) and carried mark-up rate equal to five years Pakistan Investment Bond rate plus 2% per annum, receivable semi-annually in arrears with floor of 12% per annum and cap of 15.75% per annum. The principal amount was due on maturity in September 2013.

At 31 December 2012, the TFC was classified as non-performing as per the valuation report of debt securities by the Mutual Fund Association of Pakistan under SECP Circular 33 of 2012 dated 24 October 2012.

11.4 At fair value through profit or loss - Held for trading - quoted shares

31 December 2014	31 December 2013		Note	31 December 2014	31 December 2013
<i>Number of shares</i>				<i>----- Rupees -----</i>	
		Banks			
860,000	860,000	KASB Bank Limited		1,711,400	1,651,200
-	40,250	Askari Bank Limited		-	563,500
500,885	500,885	Summit Bank Limited		2,228,938	1,076,903
-	376	Bank Alfalah Limited		-	10,167
		Financial Services			
-	71,500	First Capital Securities Corporation Limited		-	207,350
		Electricity	11.6		
-	85,000	Hub Power Company Limited		-	5,161,200
-	57,000	Pakgen Power Limited		-	1,237,470
				3,940,338	9,907,790

11.5 Available-for-sale investments

31 December 2014 31 December 2013

Number of shares/ (Units)

		Quoted shares			
4,700,000	4,700,000	First Capital Equities Limited	11.6	188,000,000	188,000,000
		Open-end mutual funds			
656,580	1,211,946	Pakistan Income Fund	11.5.1	27,131,960	27,131,960
5,663	5,427	Pakistan Cash Management Fund		233,929	233,929
6,083	5,734	Faysal Saving Growth Fund		493,676	493,676
103,652	99,120	ABL Income Fund		835,585	835,585
808	764	Atlas Islamic Income Fund		336,171	336,171
134,908	106,396	Pakistan Strategic Allocation Fund		616,012	616,012
17,198	16,398	PICIC Cash Fund		1,472,515	1,472,515
4,683	4,497	Lakson Money Market Fund		388,204	388,204
6,970	6,646	HBL Money Market Fund		554,674	554,674
				32,062,726	32,062,726
				220,062,726	220,062,726

11.5.1 These units are pledged with the State Bank of Pakistan under the provisions of Insurance Ordinance, 2000 (XXXIX of 2000).

11.5.2 Market value of available-for-sale securities is Rs. 208.68 million (2013: Rs. 293.994 million).

11.6 On 29 November 2012, the Company through an agreement settled balance of Reverse Repo' and Premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively against 4.7 million shares of First Capital Equities Limited at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on 7 March 2013 to make the clause of restriction on holding period and SWAP against property null and void.

The Company has been served a show cause notice dated 2 May 2013 by the SECP stating that investment with FCEL is creating difficulty for the Company with respect to the liquidity and solvency. Further, it appears that the Company has not followed the requirements of Sections 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. The SECP through letter 17 November 2014 has postponed the hearing on this matter.

2014 2013
 ----- Rupees -----
 280,115 151,650

11.7 Investment related expenses (refer statement of investment income)

Brokerage commission

12. INVESTMENT PROPERTIES - at cost less accumulated depreciation

Note	As at 1 January 2014	Addition/ (Deletion)	31 December 2014			Written down value as at 31 December 2014	Depreciation rate %
			As at 31 December 2014	As at 1 January 2014	Depreciation For the year		
			Rupees				
	33,948,414	-	33,948,414	8,894,587	1,335,338	23,718,489	5
Office premises	2,848,320	-	2,848,320	2,278,656	83,076	486,958	5
Advance against purchase of investment property	34,750,008	-	34,750,008	-	-	34,750,008	-
	<u>71,546,742</u>	<u>-</u>	<u>71,546,742</u>	<u>11,173,243</u>	<u>1,418,414</u>	<u>12,591,657</u>	<u>58,955,085</u>

Note	As at 1 January 2013	Addition/ (Deletion)	31 December 2013			Written down value as at 31 December 2013	Depreciation rate %
			As at 31 December 2013	As at 1 January 2013	Depreciation For the year		
			Rupees				
	33,948,414	-	33,948,414	7,197,166	1,697,421	8,894,587	5
Office premises	2,848,320	-	2,848,320	2,136,240	142,416	2,278,656	5
Advance against purchase of investment property	-	34,750,008	34,750,008	-	-	34,750,008	-
	<u>36,796,734</u>	<u>34,750,008</u>	<u>71,546,742</u>	<u>9,333,406</u>	<u>1,839,837</u>	<u>11,173,243</u>	<u>60,373,499</u>

12.1 No valuation of the shops and office premises (leasehold properties) was made as at 31 December 2014. As per latest available valuation conducted by Mapsood Ahmed (Private) Limited and GIP Surveyors (Private) Limited, market value of shop and office premises as of 30 January 2014 and 31 January 2014 amounted to Rs. 100.6 million, and Rs. 13.4 million respectively.

12.2 Advance has been given against the purchase of property from Pace Pakistan Limited (previously a related party) situated at First floor of Pace tower project, 27-H, Gulberg II, Lahore. The property has been valued under the market value basis by Mapsood Ahmed (Private) Limited, as of 03 April 2014 at Rs. 37.53 million (As of 10 April 2013 at Rs. 36.83 million). No depreciation expense has been charged during the year (2013: Nil) as the property is not yet completed and available for use for the purpose intended by the management.

12.3 There was a difference of Rs. 0.421 million in the written down value due to some inaccurate charging of depreciation in previous years. This difference has been adjusted in the depreciation expense for the year and closing balances have been agreed.

		31 December 2014	31 December 2013
		----- Rupees -----	
13. PREMIUMS DUE BUT UNPAID - NET	Note		
Considered good	13.1	127,690,441	219,085,622
Considered doubtful		<u>25,310,430</u>	<u>13,742,644</u>
		153,000,871	232,828,266
Provision for doubtful receivables	13.2	<u>(25,310,430)</u>	<u>(13,742,644)</u>
		<u>127,690,441</u>	<u>219,085,622</u>
13.1 Premiums due but unpaid from related parties include:			
Shaheen Airport Services (SAPS)		3,202,171	2,597,427
Shaheen Foundation, PAF		-	916,035
Shaheen Aero Traders		205,608	-
Shaheen Knitwear		134,207	17,098
Shaheen Complex PPB-1		-	97,541
Hawks Advertising and Communication		5,518	52,483
		<u>3,547,504</u>	<u>3,680,584</u>
Percentage of premium due but unpaid		<u>2.78%</u>	<u>1.68%</u>
13.2 Reconciliation of provision against doubtful receivables			
Balance as at beginning of the year		13,742,644	13,742,644
Charge for the year		<u>11,567,786</u>	-
Balance as at end of the year		<u>25,310,430</u>	<u>13,742,644</u>
14. AMOUNTS DUE FROM OTHER INSURERS \ REINSURERS			
Considered good - foreign		12,428,319	7,585,719
- local		<u>2,628,960</u>	<u>59,020,892</u>
		<u>15,057,279</u>	<u>66,606,611</u>
15. ACCRUED INVESTMENT INCOME			
Mark-up accrued on bank deposits		1,050,851	-
Mark-up accrued on Pakistan Investment Bonds		786,884	-
Profit accrued on certificates of investments		-	15,408
		<u>1,837,735</u>	<u>15,408</u>
16. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances		2,069,833	869,062
Security deposits	16.1	6,881,255	10,123,945
Prepaid reinsurance premium ceded		29,545,576	39,896,992
Prepayments	16.2	7,045,576	12,393,952
Others		140,000	30,000
		<u>45,682,240</u>	<u>63,313,951</u>
16.1			
This includes Rs. 4.15 million (2013: 4.15 million) in respect of security deposits paid against rental properties to Shaheen Foundation, Pakistan Air Force - related party.			
16.2			
This includes Rs. 6.98 million (2013: 12.2 million) in respect of prepayment of rent to Shaheen Foundation, Pakistan Air Force - related party.			

17. OTHER RECEIVABLES - unsecured, considered good

	31 December 2014	31 December 2013	Note
	Rupees		
Receivable:			
- against Federal Insurance Fee	1,104,892	137,977	
- against trading in marketable securities	957,649	957,649	11.6
Others	8,281,136	8,427,592	
	<u>10,343,677</u>	<u>9,523,218</u>	

18. FIXED ASSETS

Particulars	2014						Depreciation/ Amortization rate
	COST		DEPRECIATION/ AMORTIZATION				
	As at 01 January 2014	Additions/ (Deletions) 31 December 2014	As at 01 January 2014	Charge for the year/ (Adjustments/ disposals)	As at 31 December 2014	Written down value as at 31 December 2014	
	Rupees						%
- Owned							
<i>Tangible fixed assets</i>							
Furniture and fixtures	15,086,490	-	14,022,592	10,134,339	791,379 (938,773)	9,986,945	10
Office and electrical equipment	12,314,824	(1,063,898)	11,419,251	9,570,857	734,714 (876,382)	9,429,189	15 - 20
Computer equipment	17,249,825	(1,011,673)	16,480,195	14,741,396	2,135,400 (995,680)	15,881,116	33.3
Furniture, fixtures & office equipment	44,651,139	405,200 (3,134,301)	41,922,038	34,446,592	3,661,493 (2,810,835)	35,297,250	6.62-4.788
Motor vehicles	38,823,002	(14,304,712)	24,518,290	28,465,664	4,150,957 (1,602,028)	21,014,593	3,503,687
	83,474,141	405,200 (17,439,013)	66,440,328	62,912,256	7,812,450 (14,412,863)	56,311,843	10,128,465
<i>Intangible assets</i>							
Computer software	10,178,944	-	10,178,944	7,491,260	2,370,648	9,861,908	317,068
	93,653,085	405,200 (17,439,013)	76,619,272	70,403,516	10,183,098 (14,412,863)	66,173,751	10,445,521
- Leased							
<i>Tangible fixed assets</i>							
Motor vehicles	4,003,000	-	2,076,000	1,957,297	545,820 (1,188,317)	1,314,800	76,1200
	97,656,085	(1,927,000)	78,695,272	72,360,813	10,728,918 (15,607,180)	67,488,551	11,206,721

Particulars	2013						Depreciation/ Amortization rate
	COST		DEPRECIATION /AMORTIZATION			Written down value as at 31 December 2013	
	As at 01 January 2013	Additions/ (Deletions)	As at 31 December 2013	As at 01 January 2013	Charge for the year/ (Adjustments / disposals)		
							%
----- Rupees -----							
- Owned							
<i>Tangible fixed assets</i>							
Furniture and fixtures	15,544,882	408,650 (867,042)	15,086,490	10,055,611	936,193 (857,465)	10,134,339	10
Office and electrical equipment	10,575,325	1,996,472 (256,973)	12,314,824	8,825,578	995,652 (250,373)	9,570,857	15 - 20
Computer equipment	16,698,175	578,150 (26,500)	17,249,825	12,798,467	1,969,429 (26,500)	14,741,386	33.3
Furniture, fixtures & office equipment	42,818,382	2,983,272 (1,150,515)	44,661,139	31,679,656	3,901,274 (1,134,338)	34,446,592	10,204,547
Motor vehicles	46,251,367	141,645 (7,570,010)	38,823,002	27,360,548	6,573,835 (5,468,719)	28,465,664	10,357,338
	89,069,749	3,124,917 (8,720,525)	83,474,141	59,040,204	10,475,109 (6,603,057)	62,912,256	20,561,885
<i>Intangible assets</i>							
Computer software	10,178,944	-	10,178,944	4,970,488	2,520,772	7,491,260	2,687,684
	99,248,693	3,124,917 (8,720,525)	93,653,085	64,010,692	12,995,881 (6,603,057)	70,403,516	23,249,569
- Leased							
<i>Tangible fixed assets</i>							
Motor vehicles	4,003,000	-	4,003,000	1,190,968	766,329	1,957,297	2,045,703
	103,251,693	3,124,917 (8,720,525)	97,656,085	65,201,660	13,762,210 (6,603,057)	72,360,813	25,295,272

18.1 Disposal of Operating Fixed Assets
Particulars of the assets

	Cost	Written down value	Sale proceeds	Profit/ (Loss) on disposal	Mode of disposal	Sold to	Address
- Owned							
Motor vehicles							
Suzuki Cultus (PK-686)	835,000	236,583	635,000	398,417	Negotiation	Abdul Majid Khan	House 372/42, Shahid Street Mohalla, Nizam Pura Bahawal Nagar
Suzuki Cultus (MM-278)	830,000	235,167	584,200	349,033	Negotiation	S. Nadeem Abbas	House No. 139, Street 65, C-9/4,
Suzuki Cultus (NB-707)	820,000	232,333	394,200	351,867	Negotiation	Asif Raza	House No. 192, Street 17, Sector-3, Airport Housing Society, Rawalpindi.
Toyota Corolla (NF-548)	1,125,000	318,750	828,000	509,250	Negotiation	Abdul Hameed Khan	House No. Khewal, Dak Khana Khaas, Chawal.
Suzuki Liana (SH-976)	1,095,000	474,500	736,000	261,500	Negotiation	M. Shan Khan	House No. 72-B, Nizam-ud-Din Road, F-8/4, Islamabad.
Suzuki Alb YXR (MY-736)	550,000	119,167	500,000	380,833	Negotiation	Mujahid Raza Syed	Meklan, 476, Gali/Mohallah 1, Sector 19/1, Islamabad.
Suzuki Cultus (LG-871)	700,000	245,000	510,000	265,000	Negotiation	M. Shahmawaz Alam	Meklan No. 03, Muslim Town, Suhani Colony, Rawalpindi.
Toyota Corolla-Altis (LEC-5115)	1,865,000	652,750	1,350,000	697,250	Negotiation	Sohaib Ansar	House 139-B, Model Town, Lahore.
Toyota Corolla (ATL-760)	1,453,000	96,867	1,101,100	1,004,233	Negotiation	Anwar Khalil Khan	House 171-B, Al-Ansar Tower, Block-3, PECHS, Karachi.
Items having book value less than Rs. 50,000	5,031,712	91,567	3,018,600	2,927,033			
	14,304,712	2,702,684	9,847,100	7,144,416			
Furniture, fixtures and office equipment							
Sale of 3 air conditioners	177,515	73,965	15,000	(58,965)	Negotiation	Various	Various
Sale Of Furniture	83,600	57,127	60,000	2,873	Negotiation	Asif Khan	Meklan, 1784, Street 10, Sector 1-10/2, Islamabad.
Items having book value less than Rs. 50,000	2,873,186	192,374	296,900	64,526			
	3,134,301	323,466	331,900	8,434			
- Leased							
Motor vehicles							
Honda Civic (LEA-116992)	1,927,000	738,683	1,350,000	611,317	Negotiation	M. Mujahid Ali	Meklan No. 6, Gali / Mohallah Sarfraz Naji Road, Teisi Lahore Cantt, Lahore.
Grand total (2014)	19,386,013	3,764,833	11,529,000	7,764,167			
Grand total (2013)	8,720,525	2,117,468	5,022,000	2,904,532			

18.2 Fixed assets include fully depreciated items costing Rs. 41 million (2013: Rs. 29,384 million).

19. MANAGEMENT AND GENERAL AND ADMINISTRATION EXPENSES

	Nde	2014		2013		Total	Management expenses	General and administration expenses	Total
		Management expenses	General and administration expenses	Management expenses	General and administration expenses				
Salaries and other benefits		34,548,754	25,156,039	59,704,793	58,611,363	28,445,218			87,056,581
Provident fund contribution		318,079	452,615	770,694	1,757,232	530,602			2,287,894
Rent	19.1	6,249,473	5,672,801	11,922,274	9,954,836	5,587,176			15,542,012
Utilities		3,094,066	6,040,644	9,134,710	6,154,906	3,154,145			9,309,051
Repair and maintenance		755,940	2,872,914	3,628,854	1,788,457	4,292,495			6,080,952
Legal and professional charges		335,800	4,582,000	4,917,800	170,200	3,202,538			3,372,738
Auditors' remuneration	19.2	-	990,000	990,000	-	990,000			990,000
Depreciation and amortization	12 & 18	-	12,147,332	12,147,332	-	15,602,047			15,602,047
Insurance expenses		-	-	-	116,126	491,403			607,529
Bank charges		26,400	296,991	323,391	56,694	23,126			79,820
Financial charges on assets subject to finance lease		-	384,088	384,088	-	338,269			338,269
Interest on provident fund payable		-	-	-	-	939,922			939,922
Advertisement and sales promotion		102,400	785,326	887,726	102,910	517,200			620,110
Travelling and entertainment		1,714,797	2,348,746	4,063,543	2,935,772	2,193,222			5,128,994
Printing and stationery		634,226	2,430,403	3,064,629	1,497,145	1,971,059			3,468,204
Newspaper and periodicals		39,896	38,545	78,441	77,918	39,788			117,706
Fee and subscription		-	5,917,093	5,917,093	29,100	3,473,627			3,502,727
Donation		-	10,000	10,000	-	25,000			25,000
Software maintenance		-	-	-	-	780,000			780,000
Provision for doubtful receivables		-	11,567,786	11,567,786	-	-			-
- against premium due but unpaid		-	1,015,250	1,015,250	-	-			-
- against debit agent balances		-	-	-	-	1,746,168			1,746,168
Communication expense		-	-	-	-	-			-
Premium due but unpaid - written off		-	26,787,499	26,787,499	-	-			-
Bank balance written off		-	50,255	50,255	-	-			-
Exchange loss		-	5,135	5,135	-	-			-
Miscellaneous		995,590	1,842,022	2,837,612	567,375	702,970			1,270,345
		<u>48,815,421</u>	<u>111,393,464</u>	<u>160,158,650</u>	<u>83,820,034</u>	<u>75,045,975</u>			<u>158,866,009</u>

19.1 This amount includes Rs. 8.30 million (2013: Rs. 8.536 million) rent expense to Shaheen Foundation, Pakistan Air Force - related party.

		2014	2013
	Note	-----Rupees-----	
19.2 Auditors' remuneration			
Annual audit fee		600,000	600,000
Interim review fee		175,000	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance		125,000	125,000
Out of pocket expenses		<u>90,000</u>	<u>90,000</u>
		<u>990,000</u>	<u>990,000</u>

20. OTHER INCOME

Gain on sale of fixed assets	18.1	7,764,167	2,904,532
Exchange gain / (loss)		-	22,897
Return on saving accounts		2,870,059	2,530,904
Agent balances written back - no more payable		27,247,781	-
Others		-	15,172
		<u>37,882,007</u>	<u>5,473,505</u>

21. WORKERS WELFARE FUND (WWF)

For the current year 495,651 -

21.1 On 01 March 2013, the Honorable Sindh High Court pronounced the verdict holding WWF a "tax" rather than "fee". This decision resulted in the applicability of amendments made in the Workers Welfare Ordinance 1971 (the Ordinance) through Finance Acts 2006 and 2008. As per the amended Ordinance, the Company did not record WWF liability for the comparative period as the company had neither accounting profit nor taxable profit during the last year.

		2014	2013
	Note	-----Rupees-----	
22. TAXATION			
Current		<u>2,320,771</u>	<u>3,466,010</u>
Relationship between tax expense and accounting loss is as follows:			
Profit / (Loss) before taxation		<u>11,817,224</u>	<u>(102,786,614)</u>
Tax charge at enacted tax rate of 33% (2013: 34%)		3,899,684	(34,947,449)
Tax effect of expense that are not allowable in determining taxable income		5,122,565	4,506,852
Tax effect of exempt incomes		(745,423)	(3,777,000)
Tax effect of dividend and rental income taxable at normal rate		(176,399)	(1,312,895)
Tax effect of application of minimum tax rate		(2,296,208)	(3,311,245)
Deferred tax asset on losses not recognized		-	49,451,041
Others		<u>(3,483,448)</u>	<u>(7,143,294)</u>
		<u>2,320,771</u>	<u>3,466,010</u>

22.1 Deferred tax asset on deductible temporary differences amounting to Rs. 103.117 million (2013: Rs. 109.379 million) has not been recognized in view of the uncertainty about its realization.

23. EARNINGS / (LOSS) PER SHARE - basic and diluted**Note**

Profit / (Loss) after tax for the year - Rupees		12,962,463	(106,252,624)
Weighted average of number of ordinary shares		42,041,096	30,000,000
Earnings / (Loss) per share - Rupees	23.2	0.31	(3.54)

23.1 Diluted earnings / loss per share have not been presented as the Company does not have any convertible instruments as at 31 December 2014 and 31 December 2013 which would have any effect on the loss per share if the option to convert is exercised.

23.2 There is no bonus element in the right shares issued by the Company during the year, therefore, there are no adjustment effects on earnings / (loss) per share for the prior period presented.

24. REMUNERATION TO THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executives		Total	Total
	2014	2013	2014	2013	2014	2013
	Rupees					
Managerial remuneration	2,219,800	1,120,395	15,540,149	22,330,367	17,759,949	23,450,762
Provident fund	-	-	100,488	497,995	100,488	497,995
	2,219,800	1,120,395	15,640,637	22,828,362	17,860,437	23,948,757
Number of persons	1	1	10	17	11	18

24.1 No performance bonuses were granted to employees during the year. In addition to the above, the Chief Executive Officer and executives have been provided with the Company maintained vehicles.

24.2 The Company does not have any other employee during the year whose annual basic salary exceeds Rs. 0.5 million. No amounts have been paid by the Company to its directors other than Chief Executive Officer.

25. PREMIUM WRITTEN

Premium written constitute direct and facultative business and administrative surcharge (which is also included in net premium revenue), class-wise details of which are as follows:-

2014						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	Rupees					
Direct	41,442,388	11,874,063	163,256,496	21,719,950	35,878,841	274,171,738
Facultative	2,256,173	-	754,743	60,677	1,740,107	4,811,700
Administrative surcharge	378,544	379,976	4,037,603	-	403,067	5,199,190
	44,077,105	12,254,039	168,048,842	21,780,627	38,022,015	284,182,628
2013						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	Rupees					
Direct	33,218,934	18,880,359	191,229,511	29,172,654	21,776,648	294,278,106
Facultative	24,403,920	64,225	6,816,991	-	10,099,328	41,384,464
Administrative surcharge	713,186	695,284	6,121,424	103,613	269,983	7,903,490
	58,336,040	19,639,868	204,167,926	29,276,267	32,145,959	343,566,060

26. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2014 and 31 December 2013, unallocated capital expenditures and non-cash expenses during the current and last year.

	Fire & Property Damage		Marine, Aviation &		Motor		Accident and Health		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets	56,438,864	46,682,640	24,319,524	4,607,718	229,792,686	3,581,196,231	113,126,567	117,120,467	45,136,051	37,938,442	478,804,192	564,625,498
Unallocated corporate assets											307,852,672	299,867,232
Total assets											786,756,864	864,392,730
SEGMENT LIABILITIES												
Segment liabilities	47,072,202	54,152,272	20,263,725	5,347,284	189,987,709	4,153,688,859	94,351,779	1,35,919,999	37,645,151	44,027,768	399,340,566	655,135,202
Unallocated corporate liabilities											47,333,163	32,136,856
Total liabilities	47,763	255,300	20,581	25,516	202,922	1,982,786	95,736	645,317	38,198	210,007	446,673,729	687,272,058
Capital expenditure											405,200	3,124,917
Depreciation / Amortisation	1,431,865	1,289,637	617,000	127,346	6,083,321	9,899,632	2,870,037	3,226,911	1,145,109	1,046,521	12,147,332	15,602,047

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company is exposed to a variety of financial risks: market risk (comprising interest rate risk, currency risk and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are board committees and management committees for developing risk management policies and its monitoring.

27.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies.

27.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The Company's interest / mark-up sensitivity and liquidity positions based on the contractual and maturity dates, whichever is earlier are as follows:

	Effective interest % per annum	2014					Total
		Interest / mark-up bearing financial instruments			Non-interest /		
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total	mark-up bearing financial instruments	
Rupees							
Financial assets							
Cash and bank deposits	7 - 9.5	228,031,021	-	-	228,031,021	2,368,145	230,399,166
Investments	11.5	-	14,650,846	-	14,650,846	224,003,064	238,653,910
Premiums due but unpaid		-	-	-	-	127,690,441	127,690,441
Amounts due from other insurers / reinsurers		-	-	-	-	15,057,279	15,057,279
Accrued investment income		-	-	-	-	1,837,735	1,837,735
Reinsurance recoveries against outstanding claims		-	-	-	-	30,089,146	30,089,146
Advances and security deposits		-	-	-	-	8,951,088	8,951,088
Other receivables		-	-	-	-	9,238,785	9,238,785
		228,031,021	14,650,846	-	242,681,867	419,235,683	661,917,550
Financial liabilities							
Provision for outstanding claims		-	-	-	-	228,704,455	228,704,455
Amounts due to other insurers / reinsurers		-	-	-	-	13,356,119	13,356,119
Accrued expenses		-	-	-	-	10,639,373	10,639,373
Agent balances		-	-	-	-	11,997,063	11,997,063
Other creditors and accruals		-	-	-	-	9,709,727	9,709,727
Unclaimed dividend		-	-	-	-	398,934	398,934
Liabilities against assets subject to finance lease	21	552,335	-	-	552,335	-	552,335
		552,335	-	-	552,335	274,805,671	275,358,006
		<u>227,478,686</u>	<u>14,650,846</u>	-	<u>242,129,532</u>	<u>144,430,012</u>	<u>386,559,544</u>
Cumulative interest risk sensitivity gap		<u>227,478,686</u>	<u>242,129,532</u>	<u>242,129,532</u>			
Off balance sheet item							
Commitments for capital expenditure							

	2013						Total
	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments			
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total			
	Rupees						
Financial assets							
Cash and bank deposits	34,202,763	-	-	34,202,763	37,328,876	37,328,876	71,531,639
Loans to employees	-	-	-	-	771,068	771,068	771,068
Investments	-	-	-	-	229,970,516	229,970,516	229,970,516
Premiums due but unpaid	-	-	-	-	219,085,622	219,085,622	219,085,622
Amounts due from other insurers / reinsurers	-	-	-	-	66,606,611	66,606,611	66,606,611
Accrued investment income	-	-	-	-	15,408	15,408	15,408
Reinsurance recoveries against outstanding claims	-	-	-	-	94,607,453	94,607,453	94,607,453
Advance and security deposits	-	-	-	-	10,993,007	10,993,007	10,993,007
Other receivables	-	-	-	-	9,523,218	9,523,218	9,523,218
	34,202,763	-	-	34,202,763	668,901,779	668,901,779	703,104,542
Financial liabilities							
Provision for outstanding claims	-	-	-	-	347,857,817	347,857,817	347,857,817
Amounts due to other insurers / reinsurers	-	-	-	-	76,120,706	76,120,706	76,120,706
Accrued expenses	-	-	-	-	11,269,789	11,269,789	11,269,789
Agent balances	-	-	-	-	36,737,482	36,737,482	36,737,482
Other creditors and accruals	-	-	-	-	48,010,400	48,010,400	48,010,400
Unclaimed dividend	-	-	-	-	398,934	398,934	398,934
Liabilities against assets subject to finance lease	603,672	510,438	-	1,114,110	-	-	1,114,110
	603,672	510,438	-	1,114,110	520,395,128	520,395,128	521,509,238
Interest risk sensitivity gap	33,599,091	(510,438)	-	33,088,653	148,506,651	148,506,651	181,595,304
Cumulative interest risk sensitivity gap	33,599,091	33,088,653	33,088,653				
Off balance sheet item							
Commitments for capital expenditure							

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on	
		Profit before tax	Equity
-----Rupees-----			
31 December 2014	100	2,421,295	1,573,842
	(100)	(2,421,295)	(1,573,842)
31 December 2013	100	330,887	218,385
	(100)	(330,887)	(218,385)

27.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

27.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

The following table summarizes the Company's other price risk as of 31 December 2014 and 2013. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair
			value
-----Rupees-----			
31 December 2014	+5%	43,286,733	2,164,337
	- 5%		(2,164,337)
31 December 2013	+5%	69,098,601	3,454,930
	- 5%		(3,454,930)

27.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is

The table below summarizes the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

FINANCIAL LIABILITIES	Note	2014				2013			
		Carrying amount	Contracted cash flows	Upto one year	More than one year	Carrying amount	Contracted cash flows	Upto one year	More than one year
----- Rupees -----									
Provision for outstanding claims		228,704,455	228,704,455	228,704,455	-	347,857,817	347,857,817	347,857,817	-
Amounts due to other insurers / reinsurers	4	13,356,119	13,356,119	13,356,119	-	76,120,706	76,120,706	76,120,706	-
Accrued expenses	5	10,639,373	10,639,373	10,639,373	-	11,269,789	11,269,789	11,269,789	-
Agent balances		11,997,063	11,997,063	11,997,063	-	36,737,482	36,737,482	36,737,482	-
Other creditors and accruals		9,709,727	9,709,727	9,709,727	-	48,010,400	48,010,400	48,010,400	-
Unclaimed dividend		398,934	398,934	398,934	-	398,934	398,934	398,934	-
Obligation under finance lease	7	552,335	552,335	552,335	-	1,114,110	1,114,110	603,672	510,438
		<u>275,358,006</u>	<u>275,358,006</u>	<u>275,358,006</u>	-	<u>521,509,238</u>	<u>521,509,238</u>	<u>520,998,800</u>	<u>510,438</u>

27.3 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

27.3.1 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The Company is exposed to major credit risk on bank balances and deposits, term finance certificates, certificate of investments, premiums receivable from customers and co-insurers, sundry receivables and on commission and claim recoveries from re-insurers, etc.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	2014	2013
	----- Rupees -----	
Bank deposits	229,065,824	69,357,893
Investments	14,650,846	-
Premiums due but unpaid	127,690,441	219,085,622
Amounts due from other insurers / reinsurers	15,057,279	66,606,611
Accrued investment income	1,837,735	15,408
Reinsurance recoveries against outstanding claims	30,089,146	94,607,453
Advances and security deposits	8,951,088	-
Other receivables	9,238,785	9,523,218
	<u>436,581,144</u>	<u>459,196,205</u>

The Company did not hold any collateral against the above during the year.

The age analysis of receivables (net off provision) from other than related parties is as follows:

Upto 1 year	43,446,723	89,231,570
1 - 2 years	9,250,523	74,278,876
2 - 3 years	44,568,193	63,889,317
Over 3 years	41,934,777	54,611,886
	<u>139,200,216</u>	<u>282,011,649</u>

The age analysis of receivables (net off provision) from related parties is as follows:

Upto 1 year	3,520,319	2,884,815
1 - 2 years	27,185	795,769
2 - 3 years	-	-
Over 3 years	-	-
	<u>3,547,504</u>	<u>3,680,584</u>

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating	Rating agency	2014	2013
			----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited	AAA/A1+	PACRA	2,141,065	779,797
Allied Bank Limited	AA+/A1+	PACRA	150,170,614	60,568
Bank Al Falah Limited	AA/A1+	PACRA	236,293	981,018
Silk Bank Limited	A - 2 / A-	JCR-VIS	331,530	331,311
MCB Bank Limited	AAA/A1+	PACRA	4,034,384	35,090,340
Faysal Bank Limited	AA/A1+	PACRA	105,009	105,317
Bank Al Habib Limited	AA+/A1+	PACRA	50,038	50,322
HSBC Bank Middle East Limited	P - 1 / A2	MOODY'S	3,885	3,707
JS Bank Limited	A+/A1+	PACRA	32,699,956	31,699,784
National Bank of Pakistan	AAA/A1+	JCR-VIS	39,282,320	243,300
The Punjab Provincial Co-operative Bank	N/A	N/A	-	2,250
Habib Metropolitan Bank Limited	AA+/A1+	PACRA	10,730	10,179
			<u>229,065,824</u>	<u>69,357,893</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 13.

The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 29.

28. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is entered into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

Frequency and severity of calims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, and quota arrangement. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the Company's net retentions. As the motor reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against the Company's risk exposures on motor business is not quantifiable.

The concentration of risk by type of contract is summarized below by reference to liabilities:

Class	2014	2013	2014	2013	2014	2013
	Gross sum insured		Reinsurance		Net exposure of risk	
	Rupees					
Fire and property damage	22,718,709,143	44,304,783,082	19,081,709,143	22,804,970,072	3,637,000,000	21,499,813,010
Marine and transport	10,254,990,868	16,445,690,925	7,362,408,065	9,675,631,197	2,892,582,803	6,770,059,728
Aviation	536,000,000	521,500,000	502,450,000	494,950,000	33,550,000	26,550,000
Miscellaneous	12,619,348,706	12,657,383,943	4,929,275,860	7,593,198,136	7,690,072,846	5,064,185,807
	46,129,048,717	73,929,357,950	31,875,843,068	40,568,749,405	14,253,205,649	33,360,608,545

Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims; hence, actual amount of IBNR may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and PDR is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net off reinsurance loss ratios has taken on the basis of last five years analysis for each class of business are as follows:

Class	2014	2013
	Assumed net loss ratio (%)	
Fire and property	89%	69%
Marine, aviation and transport	61%	59%
Motor	71%	78%
Accident and health	105%	107%
Miscellaneous	45%	43%

Sensitivities

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing an impact on profit / (loss) before tax net of reinsurance:

	Pre-tax loss		Shareholders' equity	
	2014	2013	2014	2013
10% increase in loss	----- Rupees -----			
Fire and property damage	(3,491,831)	(5,521,738)	(2,269,690)	(3,644,347)
Marine, aviation and transport	(15,501)	(228,917)	(10,076)	(151,085)
Motor	(3,956,987)	(11,214,470)	(2,572,042)	(7,401,550)
Accident and health	807,796	(6,185,044)	525,067	(4,082,129)
Miscellaneous	(683,000)	(350,174)	(443,950)	(231,115)
	(7,339,523)	(23,500,343)	(4,770,690)	(15,510,226)

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	Pre-tax loss		Shareholders' equity	
	2014	2013	2014	2013
10% decrease in loss	----- Rupees -----			
Fire and property damage	3,491,831	5,521,738	2,269,690	3,644,347
Marine, aviation and transport	15,501	228,917	10,076	151,085
Motor	3,956,987	11,214,470	2,572,042	7,401,550
Accident and health	(807,796)	6,185,044	(525,067)	4,082,129
Miscellaneous	683,000	350,174	443,950	231,115
	7,339,523	23,500,343	4,770,690	15,510,226

Claim development

The following table shows the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2010	2011	2012	2013	2014	Total
	----- Rupees -----					
Estimate of ultimate claims cost:						
At the end of accident year	126,178,888	165,857,735	152,104,504	163,700,529	107,790,930	715,632,586
One year later	84,275,925	83,020,280	65,247,884	165,141,661	-	397,685,750
Two years later	4,723,748	12,730,473	45,340,729	-	-	62,794,950
Three years later	11,571,478	6,933,780	-	-	-	18,505,258
Four years later	1,438,495	-	-	-	-	1,438,495
Estimate of cumulative claims	1,438,495	6,933,780	45,340,729	165,141,661	107,790,930	326,645,595
Less: cumulative payments to date	833,663	5,658,346	16,830,504	55,420,726	49,287,047	128,030,286
Liability recognised	604,832	1,275,434	28,510,225	109,720,935	58,503,883	198,615,309

29. REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognized by the rating of the entity from which it is due are as follows:

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2014	2013
				Rupees	
A- or above including Pakistan Reinsurance Company Limited	14,423,196	30,089,146	25,896,696	70,409,038	192,547,763
BBB	634,083	-	3,648,880	4,282,963	8,322,100
Others	-	-	-	-	241,193
	15,057,279	30,089,146	29,545,576	74,692,001	201,111,056

30. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is, to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to the shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 03 dated April 4, 2007 required the minimum paid up capital for Insurance Companies to be raised to Rs. 300 million by the year ended 31 December 2011. The Company has complied with the requirements as at 31 December 2014.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transactions. Consequently, difference may arise between the carrying values and the fair value estimates.

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for the following investments:

	Carrying value		Market value	
	2014	2013	2014	2013
	Rupees			
Available-for-sale investments				
- quoted shares (FCEL)	188,000,000	188,000,000	165,393,000	224,895,000
- mutual funds	32,062,726	32,062,726	43,286,733	69,098,601

(Based on the quoted redemption rates)

32. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its employee provident fund, key management personnel, entities indicated in note 3.2.2 to the financial statements and companies with common directors.

Transactions with related parties during the year and balances with them as at the year-end, not elsewhere disclosed, are as follows:

		2014	2013
	Note	----- Rupees -----	
<i>Transactions and balances with associated companies</i>			
<i>Insurance premium</i>			
Balance at beginning of the year		3,680,584	5,456,496
Gross insurance premium written (including government levies, administrative surcharge and policies stamps)		60,177,608	28,231,323
Received / Adjusted during the year		<u>(60,310,688)</u>	<u>(30,007,235)</u>
Balance at end of the year	13.1	<u>3,547,504</u>	<u>3,680,584</u>
<i>Insurance claim expense</i>			
Outstanding claims at beginning of the year		1,880,081	596,023
Gross claim expense for the year		1,079,825	2,449,798
Claims paid during the year		<u>(1,448,147)</u>	<u>(1,165,740)</u>
Outstanding claims at end of the year	32.1	<u>1,511,759</u>	<u>1,880,081</u>
<i>Other transactions during the year with associated companies</i>			
Rental expense	19.1	<u>8,299,647</u>	<u>8,535,984</u>
Advertisement expenses		<u>887,726</u>	<u>620,110</u>
Gain on sale of vehicle		<u>-</u>	<u>685,833</u>
<i>Other balances with associated companies</i>			
Premiums received in advance		<u>147,110</u>	-
Rent paid in advance	16.2	<u>6,957,736</u>	<u>12,393,952</u>
Security deposits	16.1	<u>4,147,200</u>	<u>4,147,200</u>
<i>Transactions during the year with other related parties (key management personnel)</i>			
Contribution to the Provident Fund	32.3	<u>770,694</u>	<u>2,287,834</u>
Remuneration of key management personnel	32.4	<u>17,860,437</u>	<u>23,948,757</u>
<i>Balances with other related parties (key management personnel)</i>			
Payable to the Provident Fund	6	<u>5,294,410</u>	<u>5,433,745</u>
32.1 Outstanding claims - related parties			
Hawk Advertising		43,000	15,000
Shaheen Aero Traders		-	11,000
Shaheen Air Port Services (SAPS)		123,000	204,000
Shaheen Aero Traders		339,240	-
Shaheen Foundation, PAF		946,519	1,619,372
Shaheen Knitwear		45,000	30,709
Shaheen Air International		<u>15,000</u>	<u>-</u>
		<u>1,511,759</u>	<u>1,880,081</u>

- 32.2** Insurance and claim related transactions with related parties are carried in normal course of business.
- 32.3** Contribution to the Provident Fund is in accordance with the Company's staff services rules.
- 32.4** Remuneration to the key management personnel are in accordance with the terms of their employment.
- 32.5** Other transactions are at agreed terms.

33. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. Details of net assets and investments of this fund are as follows:

	<u>2014</u>	<u>2013</u>
	----- Rupees -----	
Size of the fund - Net assets	<u>5,908,439</u>	<u>13,685,312</u>
Cost of the investment made	<u>2,101,469</u>	<u>11,859,110</u>
Percentage of the investment made	<u>36%</u>	<u>87%</u>
Fair value of the investment made	<u>2,101,469</u>	<u>11,859,110</u>

The breakup of fair value of the investment is:

	<u>2014</u>		<u>2013</u>	
	<u>Rupees</u>	<u>%</u>	<u>Rupees</u>	<u>%</u>
Bank Balances	<u>2,101,469</u>	100%	<u>11,859,110</u>	100%
	<u>2,101,469</u>		<u>11,859,110</u>	

Above disclosure is based on Unaudited financial statements of the provident fund for the year ended 31 December 2014. The investments out of the provident fund have been made in accordance with the provisions of subsection 227 of the Companies Ordinance, 1984 and the Rules formulated for the purpose.

34. EMPLOYEES

	<u>2014</u>	<u>2013</u>
Number of employees as on 31 December	<u>108</u>	<u>129</u>
Average number of employees as on 31 December	<u>120</u>	<u>167</u>

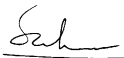
35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue by the Board of Directors of the Company in its meeting held on March 31, 2015


Chairman


Director


Director


Chief Executive Officer

**PATTERN OF SHARE HOLDING
HELD BY THE SHARE HOLDERS AS AT 31ST DECEMBER, 2014**

No. of Share Holders	Shares Holding From	To	Total Shares Held
215	1	100	4,402
114	101	500	34,112
90	501	1000	73,018
168	1001	5000	400,530
34	5001	10000	263,667
11	10001	15000	139,633
8	15001	20000	147,108
2	20001	25000	50,000
4	25001	30000	114,500
2	30001	35000	67,000
2	35001	40000	80,000
1	105001	110000	110,000
1	155001	160000	158,037
1	230001	235000	235,000
1	910001	915000	913,031
1	1720001	1725000	1,721,963
1	1940001	1945000	1,940,318
1	2495001	2500000	2,500,000
1	3135001	3140000	3,136,963
1	3675001	3680000	3,676,425
1	6345001	6350000	6,345,296
1	22885001	22890000	22,888,997
661			45,000,000

**CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG)
AS ON 31ST DECEMBER, 2014**

Name	Holding	% AGE
ASSOCIATED COMPANIES	25,388,997	56.4200%
DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN	3,500	0.0078%
SHARE HELD BY THE GENERAL PUBLIC	1,680,151	3.7337%
SHAREHOLDERS HOLDING 10% OR MORE	29,234,393	64.9651%
CDC TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	1,940,318	4.3118%
BANK DEVELOPMENT FINANCE INSITITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES AND MODARBAS	-	0.00%
JOINT STOCK COMPANIES	9,641,738	21.4261%

NAME OF SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

AS ON 31ST DECEMBER, 2014

Name	Holding	% AGE
SHAHEEN FOUNDATION PAF	22,888,997	50.86%
THE HOLLARD COMPANY LIMITED (CDC)	6,345,296	14.10%
	<u>29,234,293</u>	<u>64.9700%</u>

**Information as required under Code of Corporate Governance Categories of
Shareholders as at December 31, 2014**

Name	Holding	% AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>		
AIR MARSHAL MUHAMMAD ARIF PERVAIZ (Retd.)	500	0.0011%
AIR COMMODORE ZAFAR YASIN (Retd.)	500	0.0011%
AIR COMMODORE MEHMOOD AHMAD (Retd.)	500	0.0011%
AIR COMMODORE SHAHID JAMIL HASHMI (Retd.)	500	0.0011%
AIR COMMODORE MUHAMMAD MASUD AKHTAR (Retd.)	500	0.0011%
GROUP CAPTAIN EHSAN-JR-RAUF SHEIKH (Retd.)	500	0.0011%
MR. AAMIR SHAHZAD MUGHAL	500	0.0011%
	<u>3,500</u>	<u>0.0078%</u>

ASSOCIATED COMPANIES

SHAHEEN FOUNDATION PAF	22,888,997	50.86%
CENTRAL NON PUBLIC FUND. PAF	2,500,000	5.56%
	<u>25,388,997</u>	<u>56.42%</u>

PROXY FORM

I/We, _____ of _____

being member of Shaheen Insurance Company Limited and holder of _____

ordinary shares as per Share Register Folio No. _____ and/or CDC Participant ID

No. _____ and Account/Sub-Account No. _____

hereby appoint _____ of _____ as

my/our proxy to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Wednesday, April 29, 2015 at 11.30 a.m. at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, JIAP, Karachi and at any adjournment thereof.

Signed this _____ day of, _____ 2015.

Witness: 1

Signature _____

Name _____

CNIC No _____

Address _____

Witness: 2

Signature _____

Name _____

CNIC No _____

Address _____

Signature on Revenue Stamp of Rs. 5/-

Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.