

CONTENTS

Company Information	02
Offices	05
Directors' Report to the Members	06
Auditor's Report to the Members	08
Balance Sheet	11
Profit & Loss Account	13
Statement of Comprehensive Income	14
Statement of Cash Flows	15
Statement of Changes in Equity	17
Statement of Premiums	18
Statement of Claims.....	19
Statement of Expenses	20
Statement of Investment Income	21
Notes to the Financial Statements	22

COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal (R) Muhammad Arif Pervaiz

Air Commodore (R) Mahmood Ahmad

Air Commodore (R.) Zafar Yasin

Air Commodore (R) Muhammad Masud Akhtar

Air Commodore (R) Shahid Jamil Hashmi

Group Captain (R) Ehsan-ur-Rauf Sheikh

Mr. Aamir Shahzad Mughal - ACA

CHIEF EXECUTIVE OFFICER

Mr. Sohel N. Kidwai

CFO & COMPANY SECRETARY

Mr. Muhammad Farhan Janjuah

AUDIT COMMITTEE

Mr. Aamir Shahzad Mughal - ACA - Chairman

Air Commodore (R.) Mahmood Ahmad - Member

Air Commodore (R.) Muhammad Masud Akhtar - Member

Human Resource & Remuneration Committee

Air Commodore (R.) Mahmood Ahmad - Chairman

Air Commodore (R.) Muhammad Masud Akhtar - Member

Air Commodore (R.) Shahid Jamil Hashmi - Member

Mr. Sohel N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal (R) Muhammad Arif Pervaiz (MDSF) - Chairman

Mr. Aamir Shahzad Mughal (Director Fin. SF) - Member

Air Commodore Mahmood Ahmed (Dir. Admin. SF) - Member

Mr. Sohel N. Kidwai - CEO - In attendance

Mr. Muhammad Farhan Janjuah (Secretary)

COMPANY INFORMATION

HEAD OF OPERATION

Mr. Aijaz Ali Khan

COUNTRY HEAD BUSINESS

Mr. Naveed Y. Butt

LEGAL ADVISOR

Surridge & Beecheno

AUDITORS

Riaz Ahmed & Company
Chartered Accountants

COORDINATOR INTERNAL CONTROL

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, 32213950-51 Fax # 32626674
E-mail: sihife@cyber.net.pk
URL: www.shaheeninsurance.com
UAN: (021) 111-765-111

Karachi

Branch Manager-Mr. M. Ifikhar Alam
10th Floor, Shaheen Complex
M.R. Kayani Road, Karachi - 74200
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E-mail: iftikhar.alam@shaheeninsurance.com
Direct # 32272595
UAN: (021-111-765-111)

Lahore Zonal 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
House No. 351, Street No. 15,
Sector G-10/2 Islamabad
Tel: 051-2105009, 2105010, 2105011
Fax: 051-2105012
Email: isb@shaheeninsurance.com

Multan

Branch Manager - Mr. Arshad Mehmood Khan
Shalimar Colony Near Madrasa Khair-ul-Muarif
Bosan Road Multan.
Tel # (061) 6750001-3
Fax # (061) 6750004
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Sialkot

Branch Manager - Mr. Zulfiqar Ali
104, First Floor, Kareem Plaza, Defence
Road, Near Allama Iqbal Town, Sialkot
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Hyderabad

Branch Manager - Syed Kashif Ali
Upper 2nd Floor
House # 75, Soldier Bazar
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Fax # (022) 2720489
E-mail: hyd@shaheeninsurance.com

Lahore Corporate

Branch Manager / GM Mr. Sohaib Ansar Khan
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Opp. PTV Station 38, Abbott Road,
Lahore
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Fax # 042-36370385
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Faisalabad

Branch Manager / Mr. Gulshan Ali Ansari
2nd Floor, Sitara Towers, Bilal Chowk
Civil Lines, Faisalabad,
Tel. # (041) 2614112, 2621370, 2630644-5
Fax # (041) 2631514
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

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors is pleased to present before you the reviewed financial statements of the Company for the half year ended June 30, 2014.

The Results are summarized below:-

	All Figures Rupees in 'Millions'			
	June	June	% age	December
	2014	2013		2013
Gross Premium Written	147.664	205.571	(28.17)	343.566
Net Premium Revenue	117.807	190.143	(38.04)	331.125
Gross Claims	86.787	303.585	(71.41)	377.563
Net Claims	35.897	147.608	(75.68)	235.003
Underwriting Results	35.787	(29.89)	183.5	(44.70)
Investment Income	5.38	3.18	69	9.31
Profit/ (Loss) before tax	11.166	(63.22)	117.66	(102.79)
Profit/ (Loss) after tax	13.942	(64.17)	121.73	(106.25)
Earning per share	0.36	(2.14)	116.82	(3.54)

The Company has turnaround in first half of the year. Board guidelines to streamline business and policies in each area are producing positive results. It's been a long time that Company has shown a profit of more than Rs. 13 million. This is due to sincere and concerted efforts of your Board, Management, producers and employees of the Company. Through Right Shares issuance, injection of Rs. 150 million has been made to improve liquidity and solvency of the Company.

Continuing severe shortage of power and gas and deteriorating law and order situation in the country is putting pressure on already thin margins of the general insurance sector and your company was no exception to it, due to which gross premium written was down by 28%.

There was decrease in net claims by 75% from June 30, 2014 as compared to June 30, 2013. SICL is able to achieve break-even in its underwriting operations, no doubt a big achievement in the current scenario.

After a long period Company has invested almost Rs. 15 million in Government bonds which in the past had been totally neglected and deprived the Company of handsome

profit. In short term, it has placed the available funds in secured Banks which has improved liquidity of the Company and provided a much needed generation of funds.

Pre-tax and after tax profits for the six months period under review increased considerably as compared to loss of the corresponding period of last year. Profit after tax is Rs. 13 million.

Audit Qualifications:-

External Auditors have made only one qualification for non- provision on account of impairment of Rs. 22 million in the value of investment in First Capital Equity Limited for purchase of 4.7 million shares on November 29, 2012 @ Rs. 40 per share. Board is cognizance of the situation since it's purchase and is actively pursuing to resolve the issue

Election of Board of Directors:

The Company successfully completed the process of election of Board Directors and the following have been elected un-opposed:-

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

Necessary document have been sent to SECP for approval. We hope they will be approved by Regulators.

Solvency has improved and as per management assessment it has become surplus. In the coming months close monitoring will be ensured.

The Directors strategy has produced a positive turnaround in SICL in the shape of profit and settlement of past losses has started yielding results. The Company is ready to counter the macro economic challenges currently being faced by our economy and are

focused on to continue to strive hard to further improve our performance in the coming months of 2014.

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

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



Muhammad Arif Pervaiz

Air Marshal (Retd.)

Chairman

August 29, 2014

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHAHEEN INSURANCE COMPANY LIMITED** as at 30 June 2014 and the related:

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

notes forming part thereof for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended 30 June 2014 and 30 June 2013 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-month period ended 30 June 2014.

Scope of Review

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

Basis for Qualified Conclusion

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 9.4}, 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 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 last six months 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 period 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 (only two transactions in last nine months), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. Despite non-compliance with the solvency requirements, 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.

Qualified Conclusion

Based on our review, except for the effects of matter mentioned in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six-month period ended 30 June 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We also draw attention to:

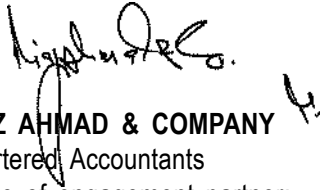
- i) note 8.1.1 and 14 to the condensed interim financial information which explain the matter that the Company has not complied with solvency requirements as prescribed under Insurance Ordinance, 2000 as at 31 December 2011, 2012 and 2013 and the management's endeavors to achieve compliance going forward; and
- ii) note 10.2 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 conclusion is not further qualified in respect of these matters.

Other Matter

The condensed interim financial information of the Company for the six-month period ended 30 June 2013 and the financial statements for the year ended 31 December 2013 were reviewed and audited, respectively, by another firm of Chartered Accountants whose review report dated 19 December 2013 and audit report dated 09 April 2014 respectively included qualified conclusion and 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 review report and 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:
KARACHI

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2014**

	30 June 2014	31 December 2013
Note	-----Rupees-----	
	Unaudited	Audited
Share capital and reserves		
Authorized share capital		
60,000,000 (2013: 30,000,000) ordinary shares of Rupees 10 each	<u>600,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up share capital	6 450,000,000	300,000,000
General reserve	20,000,000	20,000,000
Accumulated loss	(128,896,331)	(142,879,328)
Shareholders' equity	<u>341,103,669</u>	<u>177,120,672</u>
Underwriting provisions		
Provision for outstanding claims (including IBNR)	300,595,162	347,857,817
Provision for unearned premium	135,173,866	143,404,901
Premium deficiency reserve	3,764,066	3,764,066
Commission income unearned	1,180,929	4,133,598
Total underwriting provisions	<u>440,714,023</u>	<u>499,160,382</u>
Creditors and Accruals		
Premium received in advance	4,546,488	10,100,690
Amounts due to other insurers / reinsurers	25,157,613	76,120,706
Accrued expenses	10,402,444	11,269,789
Agent balances	9,545,210	36,737,482
Taxation - provisions less payments	1,583,843	4,359,565
Current portion of liabilities against assets subject to finance lease	603,703	603,672
Other creditors and accruals	7 48,903,473	48,010,400
	<u>100,742,774</u>	<u>187,202,304</u>
Borrowings		
Liabilities against assets subject to finance lease	-	510,438
Other liabilities		
Unclaimed dividend	398,934	398,934
TOTAL LIABILITIES	<u>541,855,731</u>	<u>687,272,058</u>
TOTAL EQUITY AND LIABILITIES	<u>882,959,400</u>	<u>864,392,730</u>
CONTINGENCIES AND COMMITMENTS		
	8	


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

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2014**

	Note	30 June 2014	31 December 2013
-----Rupees-----			
		Unaudited	Audited
Cash and bank deposits			
Cash and other equivalents		24,334,506	2,173,746
Current and saving accounts		6,105,251	37,563,938
Deposits maturing within 12 months		<u>182,030,955</u>	<u>31,793,955</u>
		212,470,712	71,531,639
Loans - Secured and considered good			
To employees		129,592	771,068
Investments	9	241,266,461	229,970,516
Investment properties	10	59,453,581	60,373,499
Current Assets-Others			
Premiums due but unpaid - net	11	148,703,441	219,085,622
Amounts due from other insurers/ reinsures		40,876,958	66,606,611
Accrued investment income		945,140	15,408
Reinsurance recoveries against outstanding claims		87,079,979	94,607,453
Deferred commission expense		18,666,261	23,298,473
Advances, deposits and prepayments		48,657,851	63,313,951
Other receivables		9,264,327	9,523,218
		354,193,957	476,450,736
Fixed assets			
Owned			
Tangible			
Furniture, fixtures and office equipment		8,452,504	10,204,547
Motor vehicles		4,946,711	10,357,338
Capital work in progress		-	-
		13,399,215	20,561,885
Intangible			
Computer software		1,363,978	2,687,684
Leased - Tangible			
Motor vehicles		681,904	2,045,703
TOTAL ASSETS		<u>882,959,400</u>	<u>864,392,730</u>

CONTINGENCIES AND COMMITMENTS

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


Chairman


Director


Director


Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

		Quarter ended 30 June 2014					2014	2013
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Others	Aggregate	Aggregate	
----- Rupees -----								
Revenue Account								
	1,952,784	894,583	43,228,331	5,910,401	3,321,342	55,307,441	82,099,779	
	(5,917,845)	(2,796,809)	(16,437,004)	2,643,158	(4,375,841)	(26,884,341)	(56,073,044)	
	(1,826,552)	(552,830)	(7,423,903)	(962,548)	(1,324,513)	(12,090,346)	(21,327,243)	
	(2,480,877)	(814,973)	(7,079,405)	(1,280,117)	(967,963)	(12,623,335)	(14,619,630)	
	(8,272,490)	(3,270,029)	12,288,019	6,310,894	(3,346,975)	3,709,419	(9,920,138)	
						4,509,400	3,035,366	
						549,018	538,701	
						30,344,155	648,674	
						(46,657,651)	(25,373,090)	
						(7,545,659)	(31,070,487)	
						(592,782)	(418,230)	
						3,466,010	-	
						(4,672,431)	(31,488,717)	
Loss per share-basic and diluted	16					(0.10)	(1.05)	

		Six month period ended 30 June 2014					2014	2013
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Others	Aggregate	Aggregate	
----- Rupees -----								
Revenue Account								
	5,840,976	2,644,016	91,654,121	10,616,724	7,051,957	117,807,794	190,142,681	
	(6,399,997)	(1,124,825)	(22,506,278)	(348,114)	(5,478,276)	(35,857,490)	(147,607,886)	
	(4,007,802)	(1,206,905)	(15,413,665)	(1,697,135)	(2,595,127)	(24,920,634)	(44,075,699)	
	(4,646,505)	(1,620,878)	(11,909,532)	(1,295,928)	(1,728,640)	(21,201,483)	(28,345,664)	
	(9,213,328)	(1,308,592)	41,824,646	7,275,547	(2,750,086)	35,828,187	(29,886,568)	
						5,380,092	3,179,887	
						1,098,036	1,077,402	
						34,272,570	1,121,659	
						(65,371,610)	(38,711,508)	
						11,207,275	(63,219,128)	
						(690,288)	(950,714)	
						3,466,010	-	
						13,982,997	(64,169,842)	
						(142,879,328)	(36,626,704)	
						13,982,997	(64,169,842)	
						(128,896,331)	(100,796,546)	
Earnings/(loss) per share-basic and diluted						0.36	(2.14)	

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



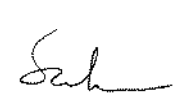
Chairman



Director



Director



Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	<u>Quarter ended</u>		<u>Six month period ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	----- Rupees -----			
Profit / (loss) for the period	(4,672,431)	(31,488,717)	13,982,997	(64,169,842)
Other comprehensive income	-	-	-	-
Total Comprehensive profit / (loss) for the period	<u>(4,672,431)</u>	<u>(31,488,717)</u>	<u>13,982,997</u>	<u>(64,169,842)</u>

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



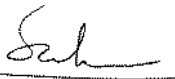
Chairman



Director



Director



Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

	30 June 2014	30 June 2013
	----- Rupees -----	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	169,327,649	232,987,748
Reinsurance premiums paid	(24,482,322)	(42,241,600)
Claims paid	(134,009,689)	(106,257,218)
Reinsurance and other recoveries received	58,417,018	13,026,352
Commissions paid	(19,402,310)	(44,063,349)
Commissions received	378,121	5,315,266
Net cash flows from underwriting activities	<u>50,228,467</u>	<u>58,767,199</u>
b) Other operating activities		
Income tax paid	-	(294,833)
Management and administrative expenses paid	(59,693,760)	(59,274,353)
Loans advanced - net	641,476	1,159,229
Net cash used in other operating activities	<u>(59,052,284)</u>	<u>(58,409,957)</u>
Total cash (used in) / flow from all operating activities	(8,823,817)	357,242
INVESTING ACTIVITIES		
Profit / Return received	5,789,522	2,243,830
Rentals received	770,634	1,077,402
Payments for investments	(15,179,041)	-
Proceeds from disposal of investments	3,452,253	712,646
Fixed capital expenditure	(68,000)	(2,822,782)
Proceeds from disposal of fixed assets	5,484,755	103,673
Total cash flows from all investing activities	250,123	1,314,769
FINANCING ACTIVITIES		
Payments of finance lease liability	(487,233)	(613,500)
Issue of right shares	150,000,000	-
Total cash flows from / (used in) all financing activities	149,512,767	(613,500)
Net cash flows from all activities	140,939,073	1,058,511
Exchange gain on cash and cash equivalents	-	6,224
Cash and cash equivalents at the beginning of period	71,531,639	48,490,177
Cash and cash equivalents at end of the period	212,470,712	49,554,912

	30 June 2014	30 June 2013
	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	(8,823,817)	357,242
Exchange gain on cash and cash equivalents	-	6,224
Depreciation on fixed assets	(6,094,866)	(6,650,840)
Depreciation on investment property	(919,918)	(919,918)
Gain on disposal of fixed assets	5,948,549	5,000
Taxes paid	-	(294,833)
Financial charges	(150,049)	(613,500)
(Decrease) / increase in assets other than cash	(131,886,961)	94,417,449
Decrease / (increase) in liabilities	145,416,327	(154,134,258)
Investment and other income	11,184,020	4,608,306
Provision for tax	(690,288)	(950,714)
Profit / (loss) after taxation	13,982,997	(64,169,842)

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-

Cash for the purpose of the statement of cash flows consists of:

	2014	2013
	----- Rupees -----	
Cash and other equivalents		
- Cash in hand	24,334,506	33,960,086
- Policy stamps in hand	-	-
	<u>24,334,506</u>	<u>33,960,086</u>
Current and saving accounts		
- Current accounts	2,518,700	8,950,894
- Savings accounts	3,586,551	6,643,932
	6,105,251	15,594,826
Deposits maturing within 12 months		
Term Deposit- local currency	182,030,955	-
	<u>212,470,712</u>	<u>49,554,912</u>

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



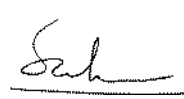
Chairman



Director



Director



Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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
Changes in equity for the six month period ended 30 June 2013				
Loss for the six month period ended 30 June 2013	-	-	(64,169,842)	(64,169,842)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(64,169,842)	(64,169,842)
Balance as at 30 June 2013	300,000,000	20,000,000	(100,796,546)	219,203,454
Changes in equity for the six month period ended 31 December 2013				
Loss for the six month period ended 31 December 2013	-	-	(42,082,782)	(42,082,782)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(42,082,782)	(42,082,782)
Balance as at 31 December 2013	300,000,000	20,000,000	(142,879,328)	177,120,672
Changes in equity for the six month period ended 30 June 2014				
Issue of right shares during the period	150,000,000	-	-	150,000,000
Profit for the six month period ended 30 June 2014	-	-	13,982,997	13,982,997
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	13,982,997	13,982,997
Balance as at 30 June 2014	450,000,000	20,000,000	(128,896,331)	341,103,669

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



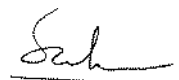
Chairman



Director



Director




Chief Executive Officer

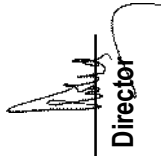
CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014
Business underwritten inside Pakistan


Class	Quarter ended 30 June 2014											
	Premium written		Unearned premium reserve		Premium earned		Reinsurance ceded		Prepaid reinsurance premium ceded		2014 Net premium revenue	
	a	b	c	d=atb-c	e	f	g	h=eft-g	i=d-h	2013 Net premium revenue		
Direct and facultative												
Fire and property damage	13,942,250	19,839,093	22,566,345	11,215,998	4,892,234	17,130,512	12,759,532	9,263,214	1,952,784	3,967,702		
Marine, aviation and transport	2,960,600	1,955,914	1,521,930	3,394,584	2,500,001	1,250,000	1,250,000	2,500,001	894,583	1,865,687		
Motor	38,073,059	88,507,596	80,964,513	45,616,142	2,404,999	4,779,063	4,796,251	2,387,811	43,228,331	53,046,681		
Accident and health	22,790,735	2,343,697	19,224,031	5,910,401	-	-	-	-	5,910,401	22,237,173		
Others	3,648,935	15,298,250	10,898,047	8,049,138	3,768,222	10,416,597	9,457,023	4,727,796	3,321,342	962,536		
Total	81,415,579	127,944,550	135,173,866	74,186,263	13,565,456	33,576,172	28,262,806	18,878,822	55,307,441	82,099,779		
Treaty - proportional												
Grand total	81,415,579	127,944,550	135,173,866	74,186,263	13,565,456	33,576,172	28,262,806	18,878,822	55,307,441	82,099,779		
Business underwritten inside Pakistan												

Class	Six month period ended 30 June 2014											
	Premium written		Unearned premium reserve		Premium earned		Reinsurance ceded		Prepaid reinsurance premium ceded		2014 Net premium revenue	
	a	b	c	d=atb-c	e	f	g	h=eft-g	i=d-h	2013 Net premium revenue		
Direct and facultative												
Fire and property damage	18,971,150	28,665,697	22,566,345	25,071,502	9,373,215	22,616,843	12,759,532	19,230,526	5,840,976	20,724,591		
Marine, aviation and transport	6,828,811	2,243,122	1,521,930	7,650,003	5,000,000	1,155,987	1,250,000	4,905,987	2,644,016	(476,620)		
Motor	88,175,354	89,212,029	80,964,513	96,422,870	4,810,000	4,755,000	4,796,251	4,768,749	91,654,121	108,203,374		
Accident and health	22,905,899	6,934,856	19,224,031	10,616,724	-	-	-	-	10,616,724	51,932,547		
Others	10,763,121	16,349,197	10,898,047	16,234,271	7,270,175	11,369,162	9,457,023	9,182,314	7,051,957	9,758,789		
Total	147,664,335	143,404,901	135,173,866	155,895,370	26,453,390	39,896,992	28,262,806	38,087,576	117,807,794	190,142,681		
Treaty - proportional												
Grand total	147,664,335	143,404,901	135,173,866	155,895,370	26,453,390	39,896,992	28,262,806	38,087,576	117,807,794	190,142,681		

Note: The Company does not underwrite business outside Pakistan.
The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chairman


Director


Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014


Business underwritten inside Pakistan


Class	Quarter ended 30 June 2014											
	Claims paid		Outstanding claims		Claims expense		Reinsurance and other recoveries		Reinsurance and other recoveries in respect of outstanding claims		2013 Net claims expense	
	a	b	c	d=a+c-b	e	f	g	h=e+g-f	i=d-h	j	k	l
Direct and facultative												
Fire and property damage	17,960,921	124,075,690	115,224,656	9,109,887	(44,159,973)	22,989,997	70,342,012	3,192,042	5,917,845	3,585,779		
Marine, aviation and transport	1,139,005	7,335,707	9,563,853	3,367,151	625,267	2,702,631	2,647,706	570,342	2,796,809	(67,002)		
Motor	18,336,717	116,878,394	116,793,337	18,251,660	2,906,731	2,732,075	1,640,000	1,814,556	16,437,004	26,971,400		
Accident and health	5,653,234	50,868,933	42,562,541	(2,643,158)	-	-	-	-	(2,643,158)	23,276,128		
Others	39,203,099	24,471,905	16,450,775	31,181,969	78,481,482	64,125,615	12,450,261	26,806,128	4,375,841	2,306,739		
Total	82,292,976	323,620,629	300,595,162	59,267,509	37,853,507	92,550,318	87,079,979	32,383,168	26,884,341	56,073,044		
Treaty - proportional												
Grand total	82,292,976	323,620,629	300,595,162	59,267,509	37,853,507	92,550,318	87,079,979	32,383,168	26,884,341	56,073,044		


Business underwritten inside Pakistan

Class	Six month period ended 30 June 2014											
	Claims paid		Outstanding claims		Claims expense		Reinsurance and other recoveries		Reinsurance and other recoveries in respect of outstanding claims		2013 Net claims expense	
	a	b	c	d=a+c-b	e	f	g	h=e+g-f	i=d-h	j	k	l
Direct and facultative												
Fire and property damage	23,081,098	127,419,045	115,224,656	10,886,709	7,528,064	73,383,364	70,342,012	4,486,712	6,399,997	15,653,896		
Marine, aviation and transport	2,606,722	11,892,559	9,563,853	278,016	1,196,352	4,690,867	2,647,706	(846,809)	1,124,825	5,147,959		
Motor	58,121,696	131,469,840	116,793,337	43,445,193	21,247,414	1,948,499	1,640,000	20,938,915	22,506,278	72,235,278		
Accident and health	8,973,195	51,187,622	42,562,541	348,114	-	-	-	-	348,114	48,683,047		
Others	41,226,978	25,888,751	16,450,775	31,789,002	28,445,188	14,584,723	12,450,261	26,310,726	5,478,276	5,887,706		
Total	134,009,689	347,857,817	300,595,162	86,747,034	58,417,018	94,607,453	87,079,979	50,889,544	35,857,490	147,607,886		
Treaty - proportional												
Grand total	134,009,689	347,857,817	300,595,162	86,747,034	58,417,018	94,607,453	87,079,979	50,889,544	35,857,490	147,607,886		

Note: The Company does not underwrite business outside Pakistan.
The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chairman


Director


Chief Executive Officer

CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

Business underwritten inside Pakistan

Class	Quarter ended 30 June 2014									
	Commissions paid or payable	Opening	Deferred Commission	Closing	Net Commission	Other Management	Underwriting	*Commission from reinsurers	2014 Net underwriting expenses	2013 Net underwriting expenses
	a	b	c	d=a-b-c	e	f=d+e	g	h=f-g		
Direct and facultative										
Fire and property damage	1,512,201	5,642,089	3,771,856	3,382,434	1,826,552	5,208,986	901,557	4,307,429	6,648,175	
Marine, aviation and transport	691,113	489,678	365,818	814,973	552,830	1,367,803	-	1,367,803	1,522,102	
Motor	5,338,407	13,379,599	11,638,601	7,079,405	7,423,903	14,503,308	-	14,503,308	18,161,767	
Accident and health	624,311	1,037,449	381,643	1,280,117	962,548	2,242,665	-	2,242,665	7,093,128	
Others	1,149,322	2,631,016	2,508,343	1,271,995	1,324,513	2,596,508	304,032	2,292,476	2,521,701	
Total	9,315,354	23,179,831	18,666,261	13,828,924	12,090,346	25,919,270	1,205,589	24,713,681	35,946,873	
Treaty - proportional										
Grand total	9,315,354	23,179,831	18,666,261	13,828,924	12,090,346	25,919,270	1,205,589	24,713,681	35,946,873	

Business underwritten inside Pakistan

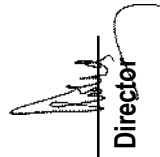
Class	Six month period ended 30 June 2014									
	Commissions paid or payable	Opening	Deferred Commission	Closing	Net Commission	Other Management	Underwriting	*Commission from reinsurers	2014 Net underwriting expenses	2013 Net underwriting expenses
	a	b	c	d=a-b-c	e	f=d+e	g	h=f-g		
Direct and facultative										
Fire and property damage	2,902,900	7,662,505	3,771,856	6,793,549	4,007,802	10,801,351	2,147,044	8,654,307	13,109,033	
Marine, aviation and transport	1,667,900	502,856	365,818	1,804,938	1,206,905	3,011,843	184,060	2,827,783	2,679,168	
Motor	11,525,161	12,022,972	11,638,601	11,909,532	15,413,665	27,323,197	-	27,323,197	36,026,891	
Accident and health	631,130	1,046,441	381,643	1,295,928	1,697,135	2,993,063	-	2,993,063	15,459,791	
Others	2,675,219	2,063,699	2,508,343	2,230,575	2,595,127	4,825,702	501,935	4,323,767	5,146,480	
Total	19,402,310	23,298,473	18,666,261	24,034,522	24,920,634	48,955,156	2,833,039	46,122,117	72,421,363	
Treaty - proportional										
Grand total	19,402,310	23,298,473	18,666,261	24,034,522	24,920,634	48,955,156	2,833,039	46,122,117	72,421,363	

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



Chairman



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Quarter ended		Six month period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
----- Rupees -----				
Income from trading investments - net				
Capital Gains on Sales of held for trading investments	1,108,617	-	1,165,987	-
Dividend income	298,752	419,763	298,752	1,206,515
	1,407,369	419,763	1,464,739	1,206,515
Income from non-trading investments				
Held to maturity				
Return on other fixed income securities and bank deposits	3,935,163	346,600	4,826,426	777,479
Returns on P.I.Bs	309,357	-	309,357	-
Available for sale				
Dividend income	-	-	-	-
	4,244,520	346,600	5,135,783	777,479
Loss on sale of non-trading investments (available-for-sale)	-	-	-	-
Unrealized (loss) / gain on revaluation of held for trading investments	(914,614)	2,739,993	(989,695)	2,115,811
Investment related expenses	(227,875)	(459,959)	(230,735)	(919,918)
Net investment income	<u>4,509,400</u>	<u>3,046,397</u>	<u>5,380,092</u>	<u>3,179,887</u>

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



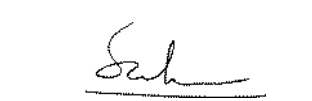
Chairman



Director



Director



Chief Executive Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

1. STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial report (condensed interim financial information) of the Company for the six months period ended 30 June 2014 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

The Securities and Exchange Commission of Pakistan ("SECP") has allowed insurance companies to defer the application of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of "Investment available -for- sale" until suitable amendments have been made in the law. Accordingly the requirements of IAS -39, to the extent allowed by the SECP, have not been considered in the preparation in this condensed interim financial information.

2.2 This condensed interim financial information is unaudited but subject to limited review by the statutory auditors and is being submitted to the shareholders in accordance with the Section 245 to the Companies Ordinance, 1984. This condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2013.

2.3 Basis of Presentation

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

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

This condensed interim financial information has been prepared and presented in Pakistani rupees, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended 31 December 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The insurance risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2013.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

6.1 Authorized share capital

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

6.2 Issued, subscribed and paid-up share capital

30 June 2014	31 December 2013		30 June 2014	31 December 2013
Number of shares			----- Rupees -----	
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
15,000,000	-	Ordinary shares of Rs. 10 each issued as right shares during the period 2014 (Refer note 6.2.1)	150,000,000	-
<u>45,000,000</u>	<u>30,000,000</u>		<u>450,000,000</u>	<u>300,000,000</u>

- 6.2.1 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 and the Company has issued the shares during the period accordingly.

	30 June 2014	31 December 2013
	----- Rupees -----	
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty payable	34,052,905	33,015,941
Withholding tax payable	2,033,840	2,634,856
Workers welfare fund payable	434,400	215,074
Unearned rental income	32,588	380,624
Payable to provident fund	5,124,530	5,433,745
Others	7,225,210	6,330,160
	<u>48,903,473</u>	<u>48,010,400</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 CONTINGENCIES

- 8.1.1** The Company has filed an appeal before the Appellate Bench of Securities and Exchange Commission of Pakistan in relation to order dated 17 December 2012 by the SECP with regards to non compliance of the minimum solvency requirements as at 31 December 2011.

The SECP order explains that the Company was in default of the minimum solvency requirements by Rs. 49.328 million as on 31 December 2011. On request of legal counsel of the Company, the SECP instructed the Company to provide revised solvency statement as at 30 September 2012. However, the new solvency statement showed a shortfall of Rs. 82.6 million as at 31 December 2013.

Taking into consideration the new solvency statement, SECP imposed a fine of Rs. 0.3 million on the Company and Rs. 0.1 million each on the directors of the Company. The Company has filed an appeal before the Appellate Bench of the SECP against the order. SECP dismissed the appeal and withheld the Impunged Order dated 17 December 2012.

During the period the Company paid off penalty amounting to Rupees. 0.3 million to the Commission.

- 8.1.2** On April 05, 2012 LTU sent a recovery notice under section 122 for Rs. 4,435,078/-. Finally hearing was held by Additional Commissioner- LTU who issued order u/s 124/122 (5A) of ITO, 2001 dated June 30, 2014. He adjusted the prior amount of Rs. 3.398 million and revised the additional income at Rs. 6,591,031/- and assessed balance payable at Rs. 1.545 million only. However, the management and tax advisor of the Company are confident for adjusting the tax demand with the Tax Year 2011 refund.

For the Tax Year 2011 Commissioner Inland Revenue (Appeals) vide letter dated 18-11-2013 issued directions to the concerned assessing officer to examine the issues and allow relief. Additional Commissioner- Audit revised the computation of income and gave Order vide D.C. No. 12/54 dated 30-06-2014 under section 124/122(5A) of ITO, 2001 for balance refundable of Rs. 2,108,754/- against the taxable demand of Rs. 38,810,177/-. The management is hopeful to adjust the above refund towards other year payables/ Demand.

SICL received Notice under sub-section (5A) read with (9) of Section 122 of the ITO, 2001 for the tax year 2008 vide letter no. ACIL-B/ZONE-III/Audit/2014 dated 16-05-2014 for re-assessment. After hearing Additional Commissioner issued Order under section 122(5A) of the ITO, 2001 vide D.C. # 42/55 dated 28-06-2014 for tax payable of Rs. 2,066,786/-. The Company has filed appeal against this Order with Commissioner Appeals. No provision has been made in the tax year as management is hopeful for favourable outcome.

8.1.3 A claim was raised by General Trading Establishment in 2011 amounting to Rs. 60.65 million, which was rejected by the surveyor. The aggrieved party filed a suit against the Company in the High court of Sindh. 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 condensed interim financial information.

8.1.4 The Company has repossessed salvage vehicles at its warehouse as at 30 June 2014, whose fair value amounted to Rs 7.99 million (2013: Rs. 7.99 million). The valuation was carried out by Nadeem surveyor (Private) Limited. The Company has not recorded the salvage vehicles in its books of accounts due to the reason that the Company has not obtained relevant approvals from the Court as at the period end and consequently the right to sell the vehicles. The Company is confident that the relevant approvals will be obtained from the Court in the subsequent period.

8.2 COMMITMENTS

There were no commitments as at 30 June 2014 (31 December 2013 : Nil)

9. INVESTMENTS

9.1	Type of investments	30 June 2014	31 December 2013
----- Rupees -----			
Held-to-maturity			
	Government Securities	14,582,040	-
	Certificate of Investments	-	-
		<u>14,582,040</u>	<u>-</u>
	At fair value through profit or loss - Held for trading	6,621,695	9,907,790
Available-for-sale investments			
	First Capital Equities Limited	188,000,000	188,000,000
	Mutual Funds		
	Open-end funds	<u>32,062,726</u>	<u>32,062,726</u>
		<u>241,266,461</u>	<u>229,970,516</u>
9.1.1 Government Securities			
	Pakistan Investment Bonds (PIBs)	<u>14,582,040</u>	<u>-</u>
		<u>14,582,040</u>	<u>-</u>

The Company purchased 5 years' Pakistan Investment Bonds on 21 April 2014 at a purchase price of Rs. 14,582,040 maturing on 18 July 2018.

9.2 Market value of quoted available-for-sale securities is Rs. 212.724 million (31 December 2013: Rs. 293.994 million).

9.3 Had the Company followed 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. 13,960 million (2013: higher by Rs. 41.84 million) and the net equity would have decreased by the same amount.

9.4 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 FCSG Group and Pace (Pakistan) Limited respectively against 4.7 million shares of First Capital Equities Limited (a related party) at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on 07 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 02 May 2013 by the SECP stating that investment with FOEL 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 section 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012. The Company through letter dated 25 February 2014 has sought another extension for hearing from SECP.

10. INVESTMENT PROPERTIES - at cost less depreciation

Note	30 June 2014							Depreciation rate %
	As at 1 January 2014	Cost Addition/ (Deletion)	As at 30 June 2014	As at 1 January 2014	Depreciation For the six months June 2014	As at 30 June 2014	Written down value as at 30 June 2014	
Shop premises	33,948,414	-	33,948,414	8,894,587	848,710	9,743,297	24,205,117	5
Office premises	2,848,320	-	2,848,320	2,278,656	71,208	2,349,864	498,456	5
Advance against purchase of investment property	34,750,008	-	34,750,008	-	-	-	34,750,008	-
	71,546,742	-	71,546,742	11,173,243	919,918	12,093,161	59,453,581	
31 December 2013								Depreciation rate %
As at 1 January 2013	Cost Addition/ (Deletion)	As at 31 December	As at 1 January 2013	Depreciation For the year January 2013	As at 31 December	Written down value as at 31 December 2013		
Shop premises	33,948,414	-	33,948,414	7,197,166	1,697,421	8,894,587	25,053,827	5
Office premises	2,848,320	-	2,848,320	2,136,240	142,416	2,278,656	569,664	5
Advance against purchase of investment property	-	34,750,008	34,750,008	-	-	-	34,750,008	-
	36,796,734	34,750,008	71,546,742	9,333,406	1,839,837	11,173,243	60,373,499	

10.1 Shops and office premises (leasehold properties) have been valued under the market value basis by Maqsood Ahmed (Private) Limited and GIP Surveyors (Private) Limited. Market value of shop and office premises based on the valuations done by aforesaid valuers as of 30 January 2014 and 31 January 2014 amounted to Rs. 100.6 million and 13.4 million respectively (2013: 28 March 2013 and 25 March 2013 amounted to Rs. 99.726 million and 13 million respectively).

10.2 Advance is 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 measuring 3,475 square feet. The property was valued by Maqsood Ahmed (Private) Limited as of 03 April 2014 amounting to Rupees 37.53 million (2013: 10 April 2013 amounted to Rupees 36.83 million by Masud Associates (Private) Limited). Pace Pakistan Limited (Builder) has confirmed in writing that the said property stands in the name of the Company. The management is hopeful that the property's construction will be completed by the next year and its title along with possession will be transferred accordingly to the Company.

	30 June 2014	31 December 2013
	----- Rupees -----	
11. PREMIUMS DUE BUT UNPAID - unsecured		
Considered good	148,703,441	219,085,622
Considered doubtful	13,742,644	13,742,644
	<u>162,446,085</u>	<u>232,828,266</u>
Provision against doubtful debts	(13,742,644)	(13,742,644)
	<u>148,703,441</u>	<u>219,085,622</u>

11.1 Premium due but unpaid from related parties

Shaheen Air Port Services (SAPS)	351,397	2,597,427
Shaheen Foundation, PAF	(351,436)	916,035
Shaheen Knitwear	93,673	17,098
Shaheen Complex PPB-1	37,831	97,541
Hawk Advertising	1,863	52,483
	<u>133,328</u>	<u>3,680,584</u>

12. ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of operating assets that have been acquired and disposed of during the six month period are as follows:

	30 June 2014		30 June 2013	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----		----- Rupees -----	
Furniture, fixtures and office equipment	68,000	2,206,880	2,730,782	98,673
Motor vehicles	-	12,593,000	92,000	-
	<u>68,000</u>	<u>14,799,880</u>	<u>2,822,782</u>	<u>98,673</u>

13. 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 30 June 2014 and 31 December 2013, unallocated capital expenditures and non-cash expenses during the current and last period:

	Fire & Property Damage		Marine, Aviation & Transport		Motor		Accident and Health		Miscellaneous		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Rupees												
SEGMENT ASSETS												
Segment assets	67,458,956	46,662,640	29,068,512	4,607,718	286,601,466	366,196,231	1,35,215,100	117,120,467	53,949,093	37,936,442	572,293,127	564,525,498
Unallocated corporate assets											310,666,273	299,867,232
Total assets											<u>882,959,400</u>	<u>864,392,730</u>
SEGMENT LIABILITIES												
Segment liabilities	57,872,945	54,152,272	24,937,836	5,347,284	245,875,000	415,688,859	1,16,000,847	135,918,999	46,282,853	44,027,788	490,969,481	655,135,202
Unallocated corporate liabilities											50,886,250	32,136,866
Total liabilities											<u>541,855,731</u>	<u>687,272,068</u>
Capital expenditure	8,015	258,300	3,454	25,506	34,054	1,982,786	16,066	648,317	6,411	210,008	68,000	3,124,917
Depreciation / Amortisation	826,866	1,289,637	356,302	127,346	3,512,968	9,899,632	1,657,376	3,236,911	661,272	1,048,521	7,014,784	15,602,047

14. 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 Company has issued right shares of Rs.150 million at Par value of Rs 10/- each during the period to strengthen its capital base. Minimum capital requirement for non-life insurers is Rupees 300 million, which the Company duly complied.

The Company was not compliant of the minimum solvency requirements as at 31 December 2011, 2012 & 2013 under section 36 of the Insurance ordinance, 2000. The management is taking all necessary steps to ensure compliance with the solvency requirements. The management and directors are confident that the right issue of Rs. 150 million and the profitability coupled with positive future outlook and change of management will drive the Company out of liquidity and solvency issues going forward.

15. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its employees' provident fund, key management personnel, entities with substantial holdings in the Company and Companies with common directors.

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

	Quarter ended		Six month period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Transactions and balances with associated companies				
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Insurance premium				
Balance at beginning of the period	8,403,587	40,751,911	3,680,584	42,244,771
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	5,831,714	4,438,504	10,576,325	4,491,042
Received / Adjusted during the period	(14,101,973)	(8,346,949)	(14,123,581)	(9,892,347)
Balance at end of the period	133,328	36,843,466	133,328	36,843,466
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Insurance claim expense				
Outstanding claims at beginning of the period	1,739,890	3,088,136	1,880,081	2,104,338
Gross claim expense for the period	26,089,864	3,693,779	26,516,474	4,654,282
Claim paid during the period	(25,647,249)	(2,465,599)	(26,214,050)	(2,442,304)
Outstanding claims at end of the period	2,182,505	4,316,316	2,182,505	4,316,316
Other transactions for the period with associated companies				
Rental expense	-	2,189,716	2,238,468	2,189,716

Other balances with associated companies

	30 June 2014	31 December 2013
	----- Rupees -----	
Prepaid rent	<u>9,600,856</u>	12,393,952
Security deposits	<u>4,147,200</u>	<u>4,147,200</u>

Transactions for the period with other related parties	Quarter ended		Six month period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	----- Rupees -----		----- Rupees -----	
Contribution to the provident fund	<u>(201,202)</u>	-	<u>273,202</u>	-
Remuneration of key management personnel	<u>4,790,486</u>	10,535,490	<u>9,954,701</u>	<u>15,220,527</u>

	30 June 2014	31 December 2013
	----- Rupees -----	
Payable to Provident Fund	<u>5,124,530</u>	<u>5,433,745</u>

15.1 Insurance and claim related transactions with related parties are carried in normal course of business.

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

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

15.4 Other transactions are at agreed terms.

16. EARNINGS /(LOSS) PER SHARE - BASIC AND DILUTED

	Quarter ended		Six months period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	----- Rupees -----		----- Rupees -----	
Profit / (loss) for the period	<u>(4,672,431)</u>	<u>(31,488,717)</u>	<u>13,982,997</u>	<u>(64,169,842)</u>
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	<u>45,000,000</u>	<u>30,000,000</u>	<u>39,116,022</u>	<u>30,000,000</u>
	----- Rupees -----		----- Rupees -----	
Earnings /(loss) per share	<u>(0.10)</u>	<u>(1.05)</u>	<u>0.36</u>	<u>(2.14)</u>

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

17. GENERAL

17.1 This condensed interim financial information was approved and authorised for issue in the board of directors meeting held on 29th Aug 2014.

17.2 The figures have been rounded off to the nearest rupee.



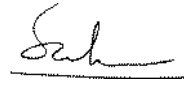
Chairman



Director



Director



Chief Executive Officer