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## *COMPANY INFORMATION*

### **BOARD OF DIRECTORS**

Air Vice Marshal ( R ) M.Ikramullah Bhatti

Air Commodore ( R ) Zafar Iqbal Mir

Takudzwa Brooks Takundanyika Mparutsa

M. Naveed Tariq

Ian Howell Ross

Shahid Hameed

Ahmed Bilal

### **CHIEF EXECUTIVE OFFICER**

Asif Suleman

### **CHIEF FINANCIAL OFFICER**

Huzaif Hanif Tola

### **COMPANY SECRETARY**

Huzaif Hanif Tola

### **AUDITORS**

Anjum Asim Shahid Rehman

Chartered Accountants

### **LEGAL ADVISOR**

Shaukat Law Associates

### **REGISTERED OFFICE**

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

### **HEAD OFFICE**

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

### **SHARE REGISTRAR**

M/s Corplink (Pvt) Ltd.

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

*DIRECTORS' REPORT TO THE MEMBERS*

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

The Results are summarized below:

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

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

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

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

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

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

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

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

*M. Ikramullah Bhatti*

**M. Ikramullah Bhatti**  
Air Vice Marshal R.  
CHAIRMAN

Dated: 29 April 2011

## *BALANCE SHEET*

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

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

*AS AT 31 MARCH 2011*

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

*M. Ghulam - Allah.*

Chairman

*[Signature]*

Director

*[Signature]*

Director

*[Signature]*

Chief Executive Officer

## Condensed Interim Profit and Loss Account (Unaudited)

For the period ended 31 March 2011

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

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

*M. Gulam - Akhtar*

Chairman

*[Signature]*

Director

*[Signature]*

Director

*[Signature]*

Chief Executive Officer

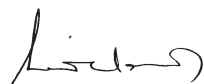
Condensed Interim Statement of Changes in Equity (Unaudited)  
For the period ended 31 March 2011

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

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



Chairman



Director



Director



Chief Executive Officer

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

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



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

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

**Reconciliation to profit and loss account**

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

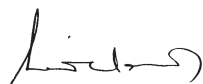
**Cash and cash equivalents**

|                             |                   |                    |
|-----------------------------|-------------------|--------------------|
| Cash and other equivalents  | 394,601           | 17,343             |
| Current and saving accounts | 42,700,286        | 139,966,361        |
|                             | <b>43,094,887</b> | <b>139,983,704</b> |

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



Chairman



Director



Director



Chief Executive Officer

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

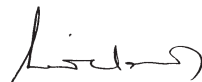
| Business underwritten inside Pakistan | Quarter ended 31 March |                          |                    |                              |                          |                                   |                   |                                  |   |                    |
|---------------------------------------|------------------------|---------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

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

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



Chairman



Director



Director



Chief Executive Officer

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

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

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

*M. Gulam - ulah*

Chairman

*[Signature]*

Director

*[Signature]*

Director

*[Signature]*

Chief Executive Officer

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

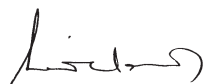
| Business underwritten inside Pakistan | Quarter ended 31 March        |                     |                   |                                  |                         |                               |                                  |  |                   |
|---------------------------------------|-------------------------------|---------------------|--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

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

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



Chairman



Director



Director



Chief Executive Officer

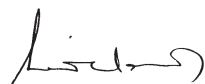
Condensed Interim Statement of Investment Income (Unaudited)  
For the period ended 31 March 2011

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

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



Chairman



Director



Director



Chief Executive Officer

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

For the period ended 31 March 2011

### 1. STATUS AND NATURE OF BUSINESS

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

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

### 2. BASIS OF PRESENTATION

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 4. SIGNIFICANT ACCOUNTING ESTIMATES

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

### 5. INSURANCE RISK MANAGEMENT

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

### 6. OTHER CREDITORS AND ACCRUALS

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

## 7. ADVANCE AGAINST ISSUE OF SHARES

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

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

## 9. TRANSACTIONS WITH RELATED PARTIES

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

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

### *Transactions and balances with associated companies*

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

### *Other transactions for the year with associated companies*

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

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

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

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

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

## 10. EARNINGS PER SHARE - basic and diluted

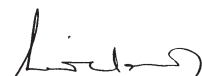
|  | <b>Quarter ended</b>     |                   |
|--|--------------------------|-------------------|
|  | <b>31 March<br/>2011</b> | 31 March<br>2010  |
|  | <b>(Rupees)</b>          |                   |
| Profit for the period                            | <u><b>7,401,528</b></u>  | <u>1,896,355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

## 11. GENERAL

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



Chairman



Director



Director



Chief Executive Officer