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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Vice Marshal (R) Arshad Rashid Sethi
Air Commodore (R) Mustansar Suhail Toor
Takudzwa Brooks Takundanyika Mparutsa
M. Naveed Tariq
Ian Howell Ross
Shahid Hameed
Ahmed Bilal

CHIEF EXECUTIVE OFFICER

Shaharyar Akbar

CHIEF FINANCIAL OFFICER

Asif Suleman

COMPANY SECRETARY

Asif Suleman

AUDITORS

Anjum Asim Shahid Rahman
Chartered Accountants

LEGAL ADVISOR

Shaukat Law Associates

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

M/s Corplink (Pvt) Ltd
Wings Arcade, 1-K, Commercial, Model Town, Lahore.

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to announce the results of your Company for the first quarter ended on March 31, 2009.

The Results are summarized below.

| | All Figures Rs. in '000' | | | |
|-----------------------|---------------------------------|-----------------------|--------------|--------------------------|
| | March 2009 | March 2008 | % Age | December 2008 |
| Gross Premium Written | 204,128 | 216,383 | (5.66) | 701,245 |
| Net Premium Revenue | 141,659 | 153,622 | (7.79) | 575,732 |
| Net Claims | 77,010 | 92,059 | (16.35) | 333,832 |
| Underwriting Profits | 20,893 | 17,246 | 21.15 | 66,392 |
| Investment Income | (3,182) | 26,929 | (111.82) | (64,649) |
| Profit Before Tax | 2,503 | 30,034 | (91.67) | (63,847) |
| Profit After Tax | 2,003 | 25,048 | (92.00) | (71,753) |
| Earning Per Share | 0.11 | 1.43 | (92.31) | (4.10) |

The Gross Written Premiums of your Company has shown a decline of 5.66% from Rs. 216.383 million in first quarter of 2008 to Rs. 204.128 million in the current period whilst the net premium revenue also decreased by 7.79% from Rs. 153.622 million to Rs. 141.659 million in the same period. This decline is mainly due to slow down in economic activity in general and due to reduction in sale of motor vehicles by approximately 50% as compared to corresponding period thereby creating pressure on our motor portfolio.

Underwriting profitability shows an increase of 21.15% as compared to the corresponding period. Better portfolio mix and efficient claims management enabled your Company to reduce net claims by 16.35% as compared to corresponding period. This substantial increase in underwriting profitability is mainly due to prudent risk management policies of your Company.

Investment income showed a decline of 1.11 times as compared to corresponding period. As at December 31, 2008 fair value of available for sale investments of your Company was lower than the cost of those investments by Rs. 69.468 million which was not recorded in accordance with SRO 03/2009 dated February 16, 2009 and the same was disclosed at the face of balance sheet as at that date. As at March 31, 2009, fair value loss on available for sale investments stands at Rs. 35.284 million out of which Rs. 8.546 million is recognized as a loss in the profit and loss account of the period under review in line with regulations.

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

A.R. Sethi

Arshad Rashid Sethi
Air Vice Marshal (Retd).
Chairman
Dated: April 30, 2009

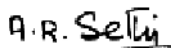
BALANCE SHEET

| | Note | Unaudited 2009 | Audited 2008 |
|--|------|---------------------------|-------------------------|
| | | ------(Rupees)----- | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital: 20,000,000 (2008: 20,000,000) ordinary shares of Rs. 10 each | | 200,000,000 | 200,000,000 |
| Paid-up share capital | | 175,000,000 | 175,000,000 |
| Retained earnings | | 14,789,952 | 12,787,033 |
| General reserve | | 20,000,000 | 20,000,000 |
| | | 209,789,952 | 207,787,033 |
| UNDERWRITING PROVISIONS | | | |
| Provision for outstanding claims (including IBNR) | | 159,328,116 | 169,724,895 |
| Provision for unearned premiums | | 310,706,001 | 284,139,520 |
| Additional provision for unexpired risks | | - | - |
| Commission income unearned | | 15,555,031 | 14,962,415 |
| Total underwriting provisions | | 485,589,148 | 468,826,830 |
| CREDITORS AND ACCRUALS | | | |
| Premiums received in advance | | 3,972,566 | 9,645,300 |
| Amounts due to other insurers / reinsurers | | 74,337,418 | 26,522,481 |
| Accrued expenses | | 6,260,519 | 2,617,864 |
| Agents balances | | 28,066,908 | 10,937,198 |
| Taxation - provision less payments | | 7,143,090 | 7,425,944 |
| Deferred gain on disposal of assets under sale and leaseback | | 825,126 | 915,126 |
| Other creditors and accruals | 5 | 24,576,639 | 17,133,229 |
| | | 145,182,266 | 75,197,142 |
| BORROWINGS | | | |
| Liabilities against assets subject to finance lease | | 2,775,838 | 3,031,837 |
| OTHER LIABILITIES | | | |
| Dividend payable - unclaimed | | 398,934 | 398,934 |
| TOTAL LIABILITIES | | 633,946,186 | 547,454,743 |
| TOTAL EQUITY AND LIABILITIES | | 843,736,138 | 755,241,776 |
| CONTINGENCY AND COMMITMENT | | | |

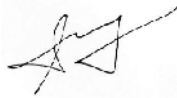
The annexed notes from 1 to 9 form an integral part of these financial statements.

AS AT 31 MARCH 2009

| | Note | Unaudited 2009 | Audited 2008 |
|---|------|---------------------|--------------------|
| | | ------(Rupees)----- | |
| CASH AND BANK DEPOSITS | | | |
| Cash and other equivalents | | 174,610 | 52,109 |
| Current and saving accounts | | 121,344,654 | 129,685,234 |
| Deposits maturing within 12 months | | 17,011,710 | 37,103,923 |
| | | 138,530,974 | 166,841,266 |
| LOANS - (secured, considered good) | | | |
| To employees | | 1,599,991 | 1,406,306 |
| INVESTMENTS | | | |
| | | 178,002,756 | 175,907,446 |
| INVESTMENT PROPERTIES | | | |
| | | 5,492,390 | 5,626,744 |
| CURRENT ASSETS-OTHERS | | | |
| Premium due but unpaid | 6 | 182,920,067 | 114,417,478 |
| Amount due from other insurers/reinsurers | | 52,379,437 | 37,776,179 |
| Accrued investment income | | 3,048,243 | 1,806,221 |
| Reinsurance recoveries against outstanding claims | | 59,387,646 | 56,607,780 |
| Deferred commission expense | | 65,096,727 | 63,372,721 |
| Advances, deposits and prepayments | | 100,852,824 | 67,910,335 |
| Sundry receivables | | 4,144,525 | 10,623,634 |
| | | 467,829,469 | 352,514,348 |
| FIXED ASSETS | | | |
| Tangible and Intangible | | | |
| Furniture, fixtures and office equipments | | 5,361,475 | 6,851,015 |
| Motor vehicles | | 15,211,326 | 17,425,895 |
| Capital work in progress - Office premises | | 31,707,757 | 28,668,756 |
| Intangible- Computer software | | - | - |
| | | 52,280,558 | 52,945,666 |
| TOTAL ASSETS | | 843,736,138 | 755,241,776 |



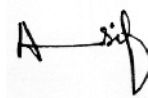
Chairman



Chief Executive Officer



Director

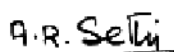


Chief Financial Officer

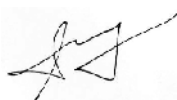
Profit and Loss Account (Unaudited)
For the period ended March 31 2009

| Note | Fire and property damage | Marine, aviation and transport | Motor | Others | Treaty | 2009 Aggregate | 2008 Aggregate |
|--|--------------------------------|--------------------------------------|---------------|------------------|----------|---------------------|-------------------|
| ------(Rupees)----- | | | | | | | |
| Revenue account | | | | | | | |
| Net premium revenue | 25,913,627 | 7,972,291 | 84,089,860 | 23,682,952 | - | 141,658,730 | 153,621,994 |
| Premium deficiency expenses | - | - | - | - | - | - | - |
| Net claims | (2,071,299) | (1,565,971) | (62,128,669) | (11,244,301) | - | (77,010,240) | (92,059,207) |
| Management expenses | (3,229,873) | (993,666) | (10,480,956) | (2,951,842) | - | (17,656,337) | (16,530,553) |
| Net commission | (10,961,985) | (921,651) | (11,431,052) | (2,784,042) | - | (26,098,730) | (27,785,493) |
| Underwriting result | 9,650,470 | 4,491,003 | 49,183 | 6,702,767 | - | 20,893,423 | 17,246,741 |
| Investment income | | | | | | (3,181,919) | 26,929,491 |
| Rental income | | | | | | 446,784 | 397,133 |
| Other income | | | | | | 54,850 | 228,000 |
| General and administration expenses | | | | | | (15,710,219) | (14,767,684) |
| (Loss)/profit before tax | | | | | | 2,502,919 | 30,033,681 |
| Provision for taxation - current | | | | | | (500,000) | (4,985,660) |
| Profit after tax | | | | | | 2,002,919 | 25,048,021 |
| | | | | | | Rupees | |
| Profit and loss appropriation account: | | | | | | | |
| Balance at commencement of the period | | | | | | 12,787,033 | 84,540,069 |
| (Loss)/profit after tax for the period | | | | | | 2,002,919 | 25,048,021 |
| Balance of unappropriated profit at end of the quarter | | | | | | 14,789,952 | 109,588,090 |
| | | | | | | Rupees | |
| Earnings per share- basic and diluted | 8 | | | | | 0.11 | 1.43 |
| | | | | | | Rupees | |

The annexed notes from 1 to 9 form an integral part of these financial statements.



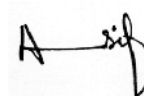
Chairman



Chief Executive Officer



Director

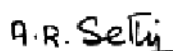


Chief Financial Officer

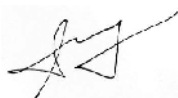
Statement of Changes in Equity (Unaudited)
For the period ended 31 March 2009

| | Paid-up share capital | General reserve | Retained earnings | Total |
|---|--------------------------|--------------------|----------------------|--------------------|
| | ----- (Rupees) ----- | | | |
| Balance as at 01 January 2008 | 175,000,000 | 20,000,000 | 84,540,069 | 279,540,069 |
| Changes in equity for the period ended 31 March 2008 | - | - | - | - |
| Profit after tax for the period ended 31 March 2008 | - | - | 25,048,020 | 25,048,020 |
| Balance as at 31 March 2008 | 175,000,000 | 20,000,000 | 109,588,089 | 304,588,089 |
| Changes in equity for the nine months ended 31 Dcemeber 2008 | - | - | - | - |
| Loss for the nine months ended 31 December 2008 | - | - | (96,801,056) | (96,801,056) |
| Balance as at 31 December 2008 | 175,000,000 | 20,000,000 | 12,787,033 | 207,787,033 |
| Changes in equity for the period ended 31 March 2009 | - | - | - | - |
| Profit after tax for the period ended 31 March 2009 | - | - | 2,002,919 | 2,002,920 |
| Balance as at 31 March 2009 | 175,000,000 | 20,000,000 | 14,789,952 | 209,789,952 |

The annexed notes from 1 to 9 form an integral part of these financial statements.



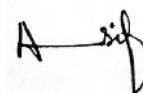
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Cash Flow Statement (Unaudited)
For the period ended 31 March 2009

| | 2009 | 2008 |
|---|---------------------|---------------------|
| | ------(Rupees)----- | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Premiums received | 144,304,389 | 204,381,938 |
| Reinsurance premiums paid | (33,016,599) | (35,185,792) |
| Claims paid | (107,099,276) | (124,062,483) |
| Reinsurance and other recoveries received | 16,912,391 | 18,116,743 |
| Commissions paid | (18,923,338) | (23,498,050) |
| Commissions received | 8,230,312 | 6,913,626 |
| Other underwriting receipts | 5,557,488 | 6,116,816 |
| Net cash flows from underwriting activities | <u>15,965,367</u> | <u>52,782,798</u> |
| b) Other operating activities | | |
| Income tax paid | (782,854) | (2,391,296) |
| General management expenses paid | (25,492,637) | (29,660,225) |
| Loans advanced / (refunded) | (193,685) | (222,710) |
| Net cash flow from other operating activities | <u>(26,469,176)</u> | <u>(32,274,231)</u> |
| Total cash flows from all operating activities | (10,503,809) | 20,508,567 |
| Investment activities | | |
| Profit / return received | 4,392,614 | 6,908,330 |
| Rentals received | 446,784 | 584,845 |
| Payments for investments | (17,004,362) | (76,828,643) |
| Proceeds from disposal of investments | (2,320,312) | 13,202,705 |
| Fixed capital expenditure | (3,039,001) | (7,069,126) |
| Proceeds from disposal of fixed assets | 54,850 | 1,200,000 |
| Total cash flows from investing activities | (17,469,427) | (62,001,889) |
| Financing activities | | |
| Financial charges paid | (81,056) | - |
| Lease payments | (256,000) | - |
| Dividends paid | - | - |
| Total cash flows from financing activities | (337,056) | - |
| Net cash flows from all activities | (28,310,292) | (41,493,322) |
| Cash and cash equivalents at beginning of the year | 166,841,266 | 235,860,565 |
| Cash and cash equivalents at end of the year | 138,530,974 | 194,367,243 |

Cash Flow Statement (Unaudited)
For the period ended 31 March 2009

| | 2009 | 2008 |
|--|---------------------|-------------------|
| | ------(Rupees)----- | |
| Reconciliation to profit and loss account | | |
| Operating cash flows | (10,503,809) | 20,508,567 |
| Depreciation expense | (3,838,463) | (2,840,875) |
| Gain on disposal of fixed assets | 54,850 | 228,000 |
| Taxes paid | 782,854 | 2,391,296 |
| Financial charges | (81,056) | - |
| Increase/(decrease) in assets other than cash | 105,315,120 | (97,214,576) |
| (Increase) decrease in liabilities | (86,491,442) | 79,634,645 |
| Investment and other income | (2,735,135) | 27,326,624 |
| Provision for tax | (500,000) | (4,985,660) |
| Profit after taxation | 2,002,919 | 25,048,021 |

Definition of cash

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

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

Cash and other equivalents

| | | |
|-------------------------|----------------|----------------|
| - Cash in hand | 116,210 | 205,364 |
| - Policy stamps in hand | 58,400 | 48,500 |
| | 174,610 | 253,864 |

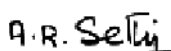
Current and saving accounts

| | | |
|--------------------|--------------------|--------------------|
| - Current accounts | 36,378,250 | 32,866,490 |
| - Savings accounts | 84,966,404 | 102,362,490 |
| | 121,344,654 | 135,228,980 |

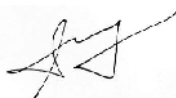
Deposit maturing within 12 months - term deposits

| | | |
|--|--------------------|--------------------|
| | 17,011,710 | 58,884,399 |
| | 138,530,974 | 194,367,243 |

The annexed notes from 1 to 9 form an integral part of these financial statements.



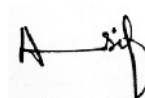
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Statement of Premium (Unaudited)
For the period ended 31 March 2009

Business underwritten inside Pakistan

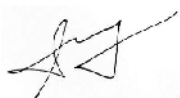
| Class | Premium written a | Unearned premium reserve | | *Premium earned d=a+b-c | Reinsurance ceded e | Prepaid reinsurance premium ceded | | Reinsurance expense h=e+f-g | 2009 Net premium revenue i=d-h | 2008 Net premium revenue |
|--------------------------------|----------------------|--------------------------|--------------|----------------------------|------------------------|-----------------------------------|--------------|--------------------------------|-----------------------------------|--------------------------|
| | | Opening b | Closing c | | | Opening f | Closing g | | | |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | 48,213,652 | 61,596,032 | 69,526,308 | 40,283,376 | 16,972,471 | 25,696,120 | 28,298,842 | 14,369,749 | 25,913,627 | 17,020,182 |
| Marine, aviation and transport | 43,221,028 | 20,453,755 | 48,153,593 | 15,521,190 | 40,979,847 | 11,717,538 | 45,148,486 | 7,548,899 | 7,972,291 | 4,483,982 |
| Motor | 81,448,985 | 145,747,285 | 140,392,552 | 86,803,718 | 2,328,187 | 5,444,745 | 5,059,074 | 2,713,858 | 84,089,860 | 115,006,291 |
| Others | 31,244,498 | 56,342,448 | 52,633,548 | 34,953,398 | 8,972,416 | 19,826,431 | 17,528,401 | 11,270,446 | 23,682,952 | 17,111,539 |
| Total | 204,128,163 | 284,139,520 | 310,706,001 | 177,561,682 | 69,252,921 | 62,684,834 | 96,034,803 | 35,902,952 | 141,658,730 | 153,621,994 |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | Rupees 204,128,163 | 284,139,520 | 310,706,001 | 177,561,682 | 69,252,921 | 62,684,834 | 96,034,803 | 35,902,952 | 141,658,730 | 153,621,994 |

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

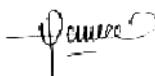
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A.R. Sethi

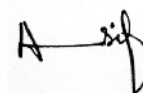
Chairman



Chief Executive Officer



Director



Chief Financial Officer

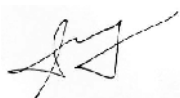
Statement of Claims (Unaudited)
For the period ended 31 March 2009

| Class | Claims paid a | Outstanding claims | | Claims expense d=a+c-b | Reinsurance and other recoveries received e | Reinsurance and other recoveries in respect of outstanding claims | | Reinsurance and other recoveries revenue h=e+g-f | 2009 Net claims expense i=d-h | 2008 Net claims expense |
|---|--------------------|--------------------|--------------|---------------------------|--|---|--------------|---|----------------------------------|-------------------------|
| | | Opening b | Closing c | | | Opening f | Closing g | | | |
| Business under written inside Pakistan | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | 15,376,430 | 10,314,042 | 10,350,482 | 15,412,870 | 10,702,087 | 6,750,253 | 9,389,737 | 13,341,571 | 2,071,299 | 2,765,942 |
| Marine, aviation and transport | 1,539,279 | 46,192,534 | 46,220,054 | 1,566,799 | 1,441,338 | 44,564,803 | 43,124,293 | 828 | 1,565,971 | 125,025 |
| Motor | 71,094,225 | 101,272,874 | 94,302,443 | 64,123,794 | 2,000,000 | 153,875 | 149,000 | 1,995,125 | 62,128,669 | 78,801,988 |
| Others | 19,089,342 | 11,945,445 | 8,455,137 | 15,599,034 | 2,768,966 | 5,138,849 | 6,724,616 | 4,354,733 | 11,244,301 | 10,366,252 |
| Total | 107,099,276 | 169,724,895 | 159,328,116 | 96,702,497 | 16,912,391 | 56,607,780 | 59,387,646 | 19,692,257 | 77,010,240 | 92,059,207 |
| Treaty | - | - | - | - | - | - | - | - | - | - |
| Grand total | Rupees 107,099,276 | 169,724,895 | 159,328,116 | 96,702,497 | 16,912,391 | 56,607,780 | 59,387,646 | 19,692,257 | 77,010,240 | 92,059,207 |

The annexed notes from 1 to 9 form an integral part of these financial statements.

A.R. Sethi

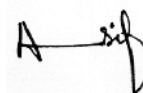
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Statement of Expenses (Unaudited)
For the period ended 31 March 2009

Business underwritten inside Pakistan

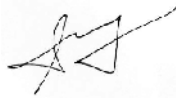
| Class | Commission paid or payable | Deferred Commission | | Net Commission expenses | Other management expenses | Underwriting expenses | *Commission from reinsurers | 2009 | 2008 |
|--------------------------------|----------------------------|---------------------|------------|-------------------------|---------------------------|-----------------------|-----------------------------|---------------------------|---------------------------|
| | | Opening | Closing | | | | | Net underwriting expenses | 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 | 17,867,210 | 29,609,353 | 31,885,657 | 15,590,906 | 3,229,873 | 18,820,779 | 4,628,920 | 14,191,858 | 11,154,099 |
| Marine, aviation and transport | 1,711,742 | 4,052,907 | 3,727,054 | 2,037,595 | 993,666 | 3,031,261 | 1,115,944 | 1,915,317 | 1,682,110 |
| Motor | 11,381,841 | 20,960,925 | 20,892,696 | 11,450,070 | 10,480,956 | 21,931,026 | 19,018 | 21,912,008 | 27,479,706 |
| Others | 5,092,255 | 8,749,536 | 8,591,319 | 5,250,472 | 2,951,842 | 8,202,314 | 2,466,430 | 5,735,883 | 4,000,131 |
| Total | 36,053,048 | 63,372,721 | 65,096,727 | 34,329,043 | 17,656,337 | 51,985,380 | 8,230,312 | 43,755,067 | 44,316,046 |
| Treaty | - | - | - | - | - | - | - | - | - |
| Grand total | Rupees 36,053,048 | 63,372,721 | 65,096,727 | 34,329,043 | 17,656,337 | 51,985,380 | 8,230,312 | 43,755,067 | 44,316,046 |

* 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 9 form an integral part of these financial statements.

A.R. Selti

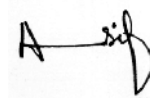
Chairman



Chief Executive Officer



Director

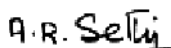


Chief Financial Officer

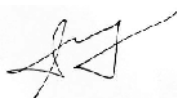
Statement of Investment Income (Unaudited)
For the period ended 31 March 2009

| | Note | 2009 | 2008 |
|--|--------|---------------------------|--------------------------|
| Income from trading investments | | | |
| Capital (loss) / gain on sale of held for trading investments | | - | 11,615,047 |
| Dividend income | | - | 2,076,000 |
| Income from non-trading investments | | | |
| Held-to-maturity | | - | - |
| Return on government security | | - | 3,174,858 |
| Return on other fixed income securities and deposits | | 1,098,775 | 3,174,858 |
| Available-for-sale | | 1,726,875 | 692,970 |
| Dividend income | | 1,726,875 | 692,970 |
| | | 2,825,650 | 3,867,828 |
| (Loss) / gain on sale of non-trading investments (available-for-sale) | | 366,707 | - |
| Unrealized Gain on revaluation of held for trading investments | | - | 7,782,958 |
| Income from reverse repo transactions in listed equity securities | | 2,808,986 | 2,101,672 |
| Impairment on available for sale securities | | (8,546,768) | - |
| Investment related expenses | | (636,494) | (514,014) |
| Net investment income | Rupees | <u>(3,181,919)</u> | <u>26,929,491</u> |

The annexed notes from 1 to 9 form an integral part of these financial statements.



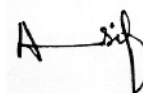
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)
For the period ended 31 March 2009

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 2008.

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 2008

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 2008.

5. OTHER CREDITORS AND ACCRUALS

| | 2009 | 2008 |
|---|--------------------------|-------------------|
| Amount payable to policy holders in respect of cancelled policies | 690,840 | 3,095,758 |
| Federal excise duty payable | 21,803,998 | 13,024,363 |
| Federal insurance fee payable | 804,915 | - |
| Withholding tax payable | 890,432 | 472,176 |
| Workers welfare fund payable | 386,454 | 386,454 |
| Rupees | <u>24,576,639</u> | <u>16,978,751</u> |

6. PREMIUM DUE BUT UNPAID-unsecured

| | | |
|----------------------------------|---------------------------|--------------------|
| Considered good | 182,920,067 | 114,417,478 |
| Considered doubtful | 13,742,644 | 13,742,644 |
| | <u>196,662,711</u> | <u>128,160,122</u> |
| Provision against doubtful debts | (13,742,644) | (13,742,644) |
| Rupees | <u>182,920,067</u> | <u>114,417,478</u> |

7. TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with its employee provident fund, 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 year-end are as follows:

| Transactions and balances with associated companies | 2009 | 2008 |
|---|---------------------------------|-------------------|
| Insurance premium | | |
| Balance at beginning of the year | 59,410,379 | 40,693,937 |
| Gross insurance premium written (including government levies, administrative surcharge and policies stamps) | 14,533,111 | 19,965,390 |
| Received / adjusted during the year | (14,267,689) | (18,412,299) |
| Balance at end of the year | Rupees <u>59,675,801</u> | <u>42,247,028</u> |
| Insurance claim expense | | |
| Outstanding claims at beginning of the year | 16,159,935 | 12,309,605 |
| Gross claim expense for the year | 17,162,632 | 25,297,995 |
| Claim paid during the year | (10,557,179) | (21,318,340) |
| Outstanding claims at end of the year | Rupees <u>22,765,388</u> | <u>16,289,260</u> |
| Other transactions during the year with associated companies | | |
| Rental income | Rupees <u>308,640</u> | <u>308,640</u> |
| Rental expense | Rupees <u>696,960</u> | <u>633,600</u> |
| Brokerage, commission and advisory expenses | Rupees <u>636,494</u> | <u>1,226,471</u> |
| Other balances with associated companies | | |
| Sundry receivables | Rupees <u>2,307,025</u> | <u>8,438,670</u> |
| Advisory fee payable | Rupees <u>979,844</u> | <u>979,844</u> |
| Prepaid rent | Rupees <u>1,393,920</u> | <u>2,090,880</u> |
| Advance for the purchase of an office premises in Lahore | Rupees <u>31,707,757</u> | <u>16,506,252</u> |
| Transactions during the year with other related parties (key management personnel) | | |
| Contribution to the provident fund | Rupees <u>625,417</u> | <u>610,860</u> |
| Remuneration of key management personnel | Rupees <u>3,188,969</u> | <u>3,140,500</u> |

| | | 2009 | 2008 |
|---|--------|------------------|------------------|
| Balance with other related parties (key management personnel) | | | |
| Loan to key management personnel | Rupees | <u>416,850</u> | <u>320,835</u> |
| Received from the provident fund | Rupees | <u>-</u> | <u>93,383</u> |
| Commitment with associated companies | | | |
| Purchase of office premises from a related party | Rupees | <u>3,042,252</u> | <u>6,081,252</u> |

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

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

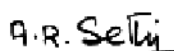
7.3 Other transactions are at agreed terms.

8. (LOSS)/EARNINGS PER SHARE - basic and diluted

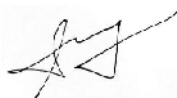
| | | | |
|---|--------|-------------------|-------------------|
| (Loss)/profit for the year | Rupees | <u>2,002,919</u> | <u>25,048,021</u> |
| Weighted average of number of shares of Rs. 10 each | Number | <u>17,500,000</u> | <u>17,500,000</u> |
| Earning per share of Rs. 10 each | Rupees | <u>0.11</u> | <u>1.43</u> |

9. DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorised for issue in the Board of Directors meeting held on 30 April 2009.



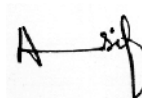
Chairman



Chief Executive Officer



Director



Chief Financial Officer