

Shaheen Insurance

HALF YEARLY REPORT 2008

Shaheen Insurance

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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Vice Marshal (R) Arshad Rashid Sethi
Air Commodore (R) Qazi Mahmood Gul
Ahmed Bilal
M. Naveed Tariq
Ian Howell Ross
Robert Collings Hallier
Hamid Gulzar

CHIEF EXECUTIVE OFFICER

Sheharyar Akber

CHIEF FINANCIAL OFFICER

Asif Suleman

COMPANY SECRETARY

Asif Suleman

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

Shaukat Law Associates

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to announce the results of your Company for the half year ended on June 30, 2008.

The Results are summarized below:

	All Figures Rs. in '000'			
	June 2008	June 2007	% Age	December 2007
Gross Premium Written	454,980	446,004	2.01	746,419
Net Premium Revenue	296,782	279,734	6.09	570,800
Net Claims	150,326	174,643	(13.92)	369,997
Underwriting Profits	60,416	27,280	121.47	34,743
Investment Income	(13,185)	61,928	(121.29)	83,774
Profit Before Tax	11,398	59,549	(80.86)	63,060
Profit After Tax	2,103	56,549	(96.28)	60,206
Earning Per Share	0.12	3.23	(96.28)	3.44

The period under review was a turbulent time for our economy and impact of that was felt by the insurance sector as well. Your Company achieved a substantial topline growth of 52.2% in non motor business that amounted to Rs. 84.2 million as compared to corresponding period, However, as a part of strategic shift from motor towards non motor business your company was able to decrease our motor business by 26.4% that is Rs. 75.2 million. This decrease in motor to achieve more profitable portfolio mix restricted the topline growth of your in aggregate to only 2.01% that is Rs. 8.9 million as compared to corresponding period.

Your Company was able to achieve a 1.2 times growth in underwriting results as compared to corresponding period on the back of better portfolio mix. However, this growth in underwriting results was mitigated by investment results in current period. Overall income from investments showed a net loss position of Rs. 13.1 million in current period as compared to a profit of Rs. 61.9 million in corresponding period, thereby, registering a substantial decline of Rs. 75.1 million that is 1.2 times. Equity investments of your Company showed a net capital loss of Rs. 24.8 million as compared to a capital gain of Rs. 50.1 million in corresponding period. This loss includes Rs. 40.2 million of unrealized losses charged to the profit and loss account of the current period.

This decline in market value of the investments is in line with overall decline in Karachi Stock Exchange 100 index which started the year 2008 at 14075.83 points and touched all time high of 15676 points on April 8, 2008. However, since end of April the stocks are sliding downwards and as at 30 June 2008 index closed at 12289 thereby showing a decline of 21.6% in the index. Whereas, the fall in market value of your Company's investments was 15.5% of the cost of investments.

This unrealized loss further created a tax charge of Rs. 12.5 million for your Company for current year due to certain

recent amendments in regulations of taxation for insurance companies thereby making these losses inadmissible expenses for taxation purposes.

Due to losses from investments profit before tax and profit after tax have registered a decline of 80.86% and 96.28% as compared to corresponding period.

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

Arshad Rashid Sethi
Air Vice Marshal (Retd).
Chairman

Dated: August 30, 2008

***Independent Report on Review of Condensed Interim Financial Information
to the Members of Shaheen Insurance Company Limited***

Introduction

We have reviewed the accompanying:

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

of **Shaheen Insurance Company Limited** ("the Company") as at 30 June 2008 and for the half year then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended 30 June 2008 in the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income have not been reviewed and we do not express a conclusion on them.

**Date: August 30, 2008
Karachi**

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

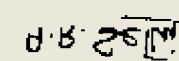
CONDENSED INTERIM BALANCE SHEET

Note	30 June 2008 (Unaudited) ----- (Rupees)	31 December 2007 (Audited) ----- (Rupees)
SHARE CAPITAL AND RESERVES		
Authorised share capital: 20,000,000 (31 December 2007: 20,000,000) ordinary shares of Rs. 10 each	200,000,000	200,000,000
Issued subscribed and paid-up share capital (17,500,000 (31 December 2007: 17,500,000) ordinary shares of Rs. 10 each)	175,000,000	175,000,000
Retained earnings	86,642,653	84,540,069
General reserve	20,000,000	20,000,000
Total Equity	281,642,653	279,540,069
UNDERWRITING PROVISIONS		
Provision for outstanding claims (including IBNR)	105,207,722	172,103,681
Provision for unearned premium	403,910,391	320,541,740
Additional provision for enexpired risks	2,309,162	2,309,162
Commission income unearned	20,772,869	12,628,769
Total underwriting provisions	532,200,144	507,583,352
CREDITORS AND ACCRUALS		
Premiums received in advance	7,387,592	7,095,373
Amounts due to other insurers / reinsurers	46,166,974	24,994,409
Accrued expenses	1,592,473	10,609,966
Agents balances	15,045,218	20,649,392
Taxation - provision less payments	9,824,268	7,945,200
Other creditors and accruals	22,952,742	12,899,518
	102,969,267	84,193,858
OTHER LIABILITIES		
Unclaimed Dividend	398,384	398,934
Total liabilities	635,567,795	592,176,144
Total equity and liabilities	917,210,448	871,716,213
CONTINGENCY AND COMMITMENT		

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

AS AT 30 JUNE 2008

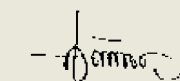
Note	30 June 2008 (Unaudited) ----- (Rupees)	31 December 2007 (Audited) ----- (Rupees)
CASH AND BANK DEPOSITS		
Cash and other equivalents	40,000	58,567
Current and saving accounts	53,295,817	186,535,036
Deposits maturing within 12 months	35,884,399	49,266,962
	89,220,216	235,860,565
LOANS TO EMPLOYEES		
- secured, considered good	1,217,780	693,159
INVESTMENTS		
	257,552,443	227,940,538
INVESTMENT PROPERTIES		
	5,895,452	6,164,160
OTHER ASSETS		
Balance receivable for securities purchased under resale agreements	58,425,000	-
Premium due but unpaid	207,852,607	155,426,075
Amount due from other insurers/reinsurers	47,213,238	28,846,323
Accrued investment income	5,445,489	3,127,453
Reinsurance recoveries against outstanding claims	19,250,778	45,443,388
Deferred commission expense	69,968,377	69,002,964
Advances, deposits and prepayments	109,228,745	59,406,793
Sundry receivables	-	382,918
	517,384,234	361,635,914
FIXED ASSETS		
Tangible		
Furniture, fixtures and office equipments	7,558,514	6,865,925
Motor vehicles	16,457,847	15,369,700
Capital work in progress - Office premises	21,573,962	16,506,252
Intangible- Computer software		
	350,000	680,000
	45,940,323	39,421,877
Total Assets	917,210,448	871,716,213



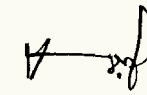
Chairman



Chief Executive Officer



Director

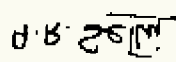


Chief Financial Officer

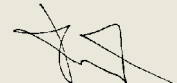
Condensed Interim Profit and Loss Account (Unaudited) For the quarter and half year ended 30 June 2008

Note	Quarter ended 30 June					2008	2007
	Fire and property damage	Marine, aviation and transport	Motor	Others	Treaty	Aggregate	Aggregate
	----- (Rupees) -----						
REVENUE ACCOUNT							
Net premium revenue	26,655,328	3,875,699	92,816,336	19,812,563	-	143,159,926	131,908,138
Net claims	10,407	(867,416)	(43,815,909)	(13,593,974)	-	(58,266,892)	(81,142,350)
Management expenses	(2,308,757)	(309,955)	(7,325,249)	(1,658,926)	-	(11,602,887)	(12,913,861)
Net commission	(12,914,268)	(1,087,960)	(13,817,161)	(2,300,904)	-	(30,120,293)	(24,759,173)
Net underwriting expenses	(15,223,025)	(1,397,915)	(21,142,410)	(3,959,830)	-	(41,723,180)	(37,673,034)
Underwriting result	11,442,710	1,610,368	27,858,017	2,258,759	-	43,169,854	13,092,754
Investment income						(40,114,225)	30,695,175
Rental income						419,257	352,902
Other income - gain on disposal of fixed assets						857,575	681,897
General and administration expenses						(23,236,469)	(19,866,200)
(Loss) / profit before tax						(18,904,008)	24,956,528
Provision for taxation - current						(7,527,614)	(458,815)
- prior years						3,217,879	-
						(4,309,735)	(458,815)
(Loss) / profit after tax						(23,213,743)	24,497,713
	----- (Rupees) -----						
	Half year ended 30 June					2008	2007
	Fire and property damage	Marine, aviation and transport	Motor	Others	Treaty	Aggregate	Aggregate
REVENUE ACCOUNT							
Net premium revenue	43,675,510	8,359,681	207,822,627	36,924,102	-	296,781,920	279,734,486
Net claims	(2,755,535)	(992,441)	(122,618,297)	(23,960,226)	-	(150,326,499)	(174,643,066)
Management expenses	(4,140,220)	(792,456)	(19,700,544)	(3,500,220)	-	(28,133,440)	(29,132,912)
Net commission	(22,236,904)	(2,287,569)	(28,921,572)	(4,459,741)	-	(57,905,786)	(48,678,698)
Net underwriting expenses	(26,377,124)	(3,080,025)	(48,622,116)	(7,959,961)	-	(86,039,226)	(77,811,610)
Underwriting result	14,542,851	4,287,215	36,582,214	5,003,915	-	60,416,195	27,279,810
Investment income						(13,184,736)	61,927,715
Rental income						816,390	838,512
Other income - gain on disposal of fixed assets						1,085,575	681,897
General and administration expenses						(37,735,445)	(31,178,900)
Profit before tax						11,397,979	59,549,034
Provision for taxation - current						(12,513,274)	(3,000,000)
- prior years						3,217,879	-
						(9,295,395)	(3,000,000)
Net profit after tax						2,102,584	56,549,034
Profit and loss appropriation account:							
Balance at commencement of the year						84,540,069	99,333,313
Profit after tax for the year						2,102,584	56,549,034
Issuance of bonus shares for the year ended 31 December 2007 : Nil (2006 : Rs 7.5 per share)						-	(75,000,000)
						86,642,653	80,882,347
Balance of unappropriated profit at end of the year							
Earnings per share						0.12	3.23

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



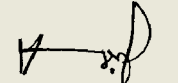
Chairman



Chief Executive Officer



Director

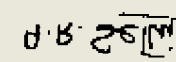


Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited) For the half year ended 30 June 2008

	Issued, subscribed and Paid-up share capital	General reserve	Retained earnings	Total
	----- (Rupees) -----			
Balance as at 01 January 2007	100,000,000	20,000,000	99,333,313	219,333,313
Changes in equity for the half year ended 30 June 2007				
Issue of bonus shares	75,000,000	-	(75,000,000)	-
Net profit for the half ended 30 June 2007 (total recognised income and expense)	-	-	56,549,034	56,549,034
Balance as at 30 June 2007	175,000,000	20,000,000	80,882,347	275,882,347
Changes in equity for the half year ended 31 December 2007				
Net profit for the half year ended 31 December 2007 (total recognised income and expense)	-	-	3,657,722	3,657,722
Balance as at 31 December 2007	175,000,000	20,000,000	84,540,069	279,540,069
Changes in equity for the half year ended 30 June 2008				
Net profit for the half year ended 30 June 2008 (total recognised income and expense)	-	-	2,102,584	2,102,584
Balance as at 30 June 2008	175,000,000	20,000,000	86,642,653	281,642,653

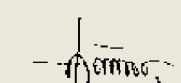
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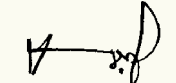
Chairman



Chief Executive Officer



Director



Chief Financial Officer

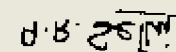
Condensed Interim Cash Flow Statement (Unaudited)
For the half year ended 30 June 2008

	Half year ended 30 June	
	2008	2007
	----- (Rupees) -----	
Operating cash flows		
<i>a) Underwriting activities</i>		
Premiums received	396,574,176	346,534,510
Reinsurance premiums paid	(120,618,184)	(47,130,180)
Claims paid	(279,976,904)	(211,095,010)
Reinsurance and other recoveries received	88,947,056	32,893,085
Commissions paid	(78,469,970)	(66,955,803)
Commissions received	22,138,697	9,552,150
Net cash flows from underwriting activities	28,594,871	63,798,752
<i>b) Other operating activities</i>		
Income tax paid	(7,416,329)	(767,371)
General and management expenses paid	(60,320,031)	(46,693,186)
Loans advanced / (refunded)	(524,621)	189,525
Net cash flow from other operating activities	(68,260,981)	(47,271,032)
Total cash flows from all operating activities	(39,666,110)	16,527,720
Investment activities		
Profit / return received	13,010,982	9,130,413
Rentals received	816,390	838,512
Payments for investments	(125,085,681)	(33,934,812)
Proceeds from disposal of investments	14,281,553	23,176,076
Fixed capital expenditure	(15,672,233)	(7,108,875)
Proceeds from disposal of fixed assets	5,674,750	3,497,500
Total cash flows from investing activities	(106,974,239)	(4,401,186)
Net cash flows from all activities	(146,640,349)	12,126,534
Cash and cash equivalents at beginning of the year	235,860,565	197,362,079
Cash and cash equivalents at end of the year	89,220,216	209,488,613

Condensed Interim Cash Flow Statement (Unaudited)
For the half year ended 30 June 2008

	Half year ended 30 June	
	2008	2007
	----- (Rupees) -----	
Reconciliation to profit and loss account		
Operating cash flows	(39,666,110)	16,527,720
Depreciation expense	(4,912,135)	(5,770,725)
Gain on disposal of fixed assets	1,085,575	681,897
Provision for doubtful debts	-	(2,631,870)
Taxes paid	7,416,329	767,371
Increase in assets other than cash	93,983,922	146,662,380
(Increase) in liabilities	(34,096,256)	(159,453,966)
Investment and other income	(12,368,346)	62,766,227
Provision for tax	(9,295,395)	(3,000,000)
Profit after taxation	2,102,584	56,549,034
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	40,000	207,467
- Policy stamps in hand	-	7,803
	40,000	215,270
Current and saving accounts		
- Current accounts	34,904,092	94,455,682
- Savings accounts	18,391,725	58,580,650
	53,295,817	153,036,332
Deposit maturing within 12 months - term deposits	35,884,399	56,237,011
	89,220,216	209,488,613

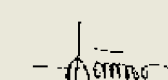
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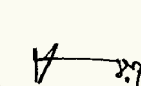
Chairman



Chief Executive Officer



Director



Chief Financial Officer

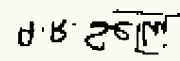
Condensed Interim Statement of Premium (Unaudited) For the quarter and half year ended 30 June 2008

Business underwritten inside Pakistan

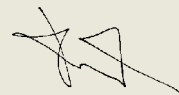
		Quarter ended 30 June									
		Premium written		Unearned premium reserve		*Premium earned d=a+b-c	Reinsurance ceded		Reinsurance expense h=e+f-g	2008 Net premium revenue i=d-h	2007 Net premium revenue
		a	b	c	e		f	g			
Class		(Rupees)									
Direct and facultative	1 Fire and property damage	62,734,397	56,087,050	79,635,814	39,185,633	23,660,560	22,371,427	33,501,682	12,530,305	26,655,328	15,253,347
	2 Marine, aviation and transport	8,225,890	41,897,759	33,689,465	16,434,184	3,769,362	37,332,055	28,542,932	12,558,485	3,875,699	5,563,787
	3 Motor	102,996,344	190,370,858	196,531,369	96,835,833	4,798,336	6,194,304	6,973,143	4,019,497	92,816,336	101,557,513
	4 Others	64,639,632	57,091,374	94,053,743	27,677,263	28,887,874	13,837,454	34,860,628	7,864,700	19,812,563	9,533,491
	Total	238,596,263	345,447,041	403,910,391	180,132,913	61,116,132	79,735,240	103,878,385	36,972,987	143,159,926	131,908,138
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total		238,596,263	345,447,041	403,910,391	180,132,913	61,116,132	79,735,240	103,878,385	36,972,987	143,159,926	131,908,138
		Half year ended 30 June									
		Premium written		Unearned premium reserve		*Premium earned d=a+b-c	Reinsurance ceded		Reinsurance expense h=e+f-g	2008 Net premium revenue i=d-h	2007 Net premium revenue
		a	b	c	e		f	g			
Class		(Rupees)									
Direct and facultative	1 Fire and property damage	89,630,546	59,885,775	79,635,814	69,880,507	37,806,891	21,899,788	33,501,682	26,204,997	43,675,510	34,245,312
	2 Marine, aviation and transport	52,598,300	15,264,553	33,689,465	34,173,388	42,672,591	11,684,048	28,542,932	25,813,707	8,359,681	10,597,804
	3 Motor	209,530,020	202,944,029	196,531,369	215,942,680	6,975,855	8,117,341	6,973,143	8,120,053	207,822,627	214,068,104
	4 Others	103,221,187	42,447,383	94,053,743	51,614,827	35,968,497	13,582,856	34,860,628	14,690,725	36,924,102	20,823,266
	Total	454,980,053	320,541,740	403,910,391	371,611,402	123,423,834	55,284,033	103,878,385	74,829,482	296,781,920	279,734,486
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total		454,980,053	320,541,740	403,910,391	371,611,402	123,423,834	55,284,033	103,878,385	74,829,482	296,781,920	279,734,486

* 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.

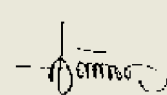
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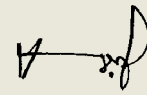
Chairman



Chief Executive Officer



Director



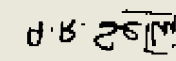
Chief Financial Officer

Condensed Interim Statement of Claims (Unaudited) For the quarter and half year ended 30 June 2008

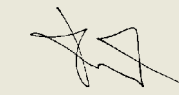
Business underwritten inside Pakistan

		Quarter ended 30 June									
		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	2008 Net claims expense i=d-h	2007 Net claims expense
			b	c			f	g			
Class		(Rupees)									
Direct and facultative	1 Fire and property damage	37,308,988	18,022,821	6,804,273	26,090,440	32,337,469	10,267,750	4,031,128	26,100,847	(10,407)	1,354,253
	2 Marine, aviation and transport	15,002,676	17,250,634	4,374,838	2,126,880	11,443,274	13,344,864	3,161,054	1,259,464	867,416	65,126
	3 Motor	93,454,904	104,439,747	83,335,480	72,350,637	27,792,992	6,000,000	6,741,736	28,534,728	43,815,909	67,923,116
	4 Others	10,147,853	8,160,912	10,693,131	12,680,072	(743,022)	5,487,740	5,316,860	(913,902)	13,593,974	11,799,855
	Total	155,914,421	147,874,114	105,207,722	113,248,029	70,830,713	35,100,354	19,250,778	54,981,137	58,266,892	81,142,350
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total		155,914,421	147,874,114	105,207,722	113,248,029	70,830,713	35,100,354	19,250,778	54,981,137	58,266,892	81,142,350
		Half year ended 30 June									
		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	2008 Net claims expense i=d-h	2007 Net claims expense
			b	c			f	g			
Class		(Rupees)									
Direct and facultative	1 Fire and property damage	53,880,759	31,093,279	6,804,273	29,591,753	45,827,274	23,022,184	4,031,128	26,836,218	2,755,535	3,582,283
	2 Marine, aviation and transport	16,125,017	17,632,601	4,374,838	2,867,254	11,844,378	13,130,619	3,161,054	1,874,813	992,441	214,939
	3 Motor	186,196,749	117,217,037	83,335,480	152,315,192	29,062,592	6,107,433	6,741,736	29,696,895	122,618,297	151,241,539
	4 Others	23,774,379	6,160,764	10,693,131	28,306,746	2,212,812	3,183,152	5,316,860	4,346,520	23,960,226	19,604,305
	Total	279,976,904	172,103,681	105,207,722	213,080,945	88,947,056	45,443,388	19,250,778	62,754,446	150,326,499	174,643,066
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total		279,976,904	172,103,681	105,207,722	213,080,945	88,947,056	45,443,388	19,250,778	62,754,446	150,326,499	174,643,066

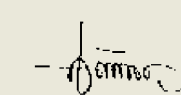
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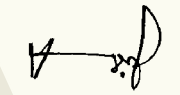
Chairman



Chief Executive Officer



Director



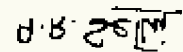
Chief Financial Officer

Condensed Interim Statement of Expenses (Unaudited)
For the quarter and half year ended 30 June 2008
Business underwritten inside Pakistan

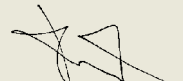
		Quarter ended 30 June							2008	2007
		Commission paid or payable	Deferred Commission	Net Commission	management	Underwriting	*Commission from reinsurers	Net underwriting expense	Net underwriting expense	
		Opening	Closing	expenses	expenses	expenses		h=f-g		
		a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	
		(Rupees)								
Class										
Direct and facultative	1 Fire and property damage	21,121,780	25,518,453	29,727,930	16,912,303	2,308,757	19,221,060	3,998,035	15,223,025	8,988,381
	2 Marine, aviation and transport	1,894,620	4,819,380	4,430,765	2,283,235	309,955	2,593,190	1,195,275	1,397,915	1,545,199
	3 Motor	13,516,303	27,157,505	26,797,137	13,876,671	7,325,249	21,201,920	59,510	21,142,410	25,627,938
	4 Others	5,221,514	7,920,086	9,012,545	4,129,055	1,658,926	5,787,981	1,828,151	3,959,830	1,511,515
	Total	41,754,217	65,415,424	69,968,377	37,201,264	11,602,887	48,804,151	7,080,971	41,723,180	37,673,033
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-
Grand total		41,754,217	65,415,424	69,968,377	37,201,264	11,602,887	48,804,151	7,080,971	41,723,180	37,673,033
		Half year ended 30 June							2008	2007
		Commission paid or payable	Deferred Commission	Net Commission	management	Underwriting	*Commission from reinsurers	Net underwriting expense	Net underwriting expense	
		Opening	Closing	expenses	expenses	expenses		h=f-g		
		a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	
		(Rupees)								
Class										
Direct and facultative	1 Fire and property damage	31,659,468	28,373,039	29,727,930	30,304,577	4,140,220	34,444,797	8,067,673	26,377,124	17,845,187
	2 Marine, aviation and transport	4,425,064	4,677,798	4,430,765	4,672,097	792,456	5,464,553	2,384,528	3,080,025	2,839,176
	3 Motor	27,329,317	28,554,962	26,797,137	29,087,142	19,700,544	48,787,686	165,570	48,622,116	53,532,179
	4 Others	9,451,947	7,397,165	9,012,545	7,836,567	3,500,220	11,336,787	3,376,826	7,959,961	3,595,068
	Total	72,865,796	69,002,964	69,968,377	71,900,383	28,133,440	100,033,823	13,994,597	86,039,226	77,811,610
Treaty	5 Proportional / non-proportional	-	-	-	-	-	-	-	-	-
Grand total		72,865,796	69,002,964	69,968,377	71,900,383	28,133,440	100,033,823	13,994,597	86,039,226	77,811,610

* 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 17 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director

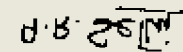


Chief Financial Officer

Condensed Interim Statement of Investment Income (Unaudited)
For the quarter and half year ended 30 June 2008

	For the quarter ended		For the half year ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	(Rupees)			
Income from trading investments				
Capital gain on sale of held for trading investments	2,984,994	22,759,366	14,600,041	36,561,867
Dividend income	3,396,822	705,561	5,472,822	1,053,061
Income from non-trading investments				
<i>Held-to-maturity</i>				
Return on government security	140,005	75,935	140,003	117,959
Return on other fixed income securities and deposits	2,907,399	6,503,568	6,082,257	10,346,396
Dividend income	3,047,404	6,579,503	6,222,260	10,464,355
Dividend income	622,930	-	1,315,900	-
Dividend income	3,670,334	6,579,503	7,538,160	10,464,355
Gain on sale of non-trading investments (available-for-sale)	768,970	-	768,970	983,169
Unrealized loss on revaluation of held for trading investments	(47,991,521)	2,459,482	(40,208,563)	13,617,112
Income from reverse repo transactions in listed equity securities	1,768,757	1,821,910	3,870,429	3,720,253
Investment related expenses	(4,712,581)	(3,630,647)	(5,226,595)	(4,472,102)
Net investment income	(40,114,225)	30,695,175	(13,184,736)	61,927,715

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



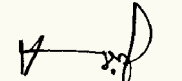
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)
For the half year ended 30 June 2008

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 statements 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 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 (SECP) in its Circular No. 7 of 2003 dated 27 August 2003.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2007.

These financial statements have been presented in Pakistan rupee, which is also the Company's functional currency and rounded to the nearest rupees.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of financial statements of the Company for the year ended 31 December 2007.

4. ACCOUNTING ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements as at and for the year ended 31 December 2007.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 31 December 2007.

6. OTHER CREDITORS AND ACCRUALS

	30 June 2008	31 December 2007
----- (Rupees) -----		
Federal excise duty payable	17,753,627	10,386,769
Federal insurance fee payable	867,628	594,651
Withholding tax payable	853,350	223,868
Payable to the policy holders in respect of the cancelled policies	1,804,885	373,485
Workers welfare Fund	690,920	-
Others	6.1 982,332	1,320,745
	<u>22,952,742</u>	<u>12,899,518</u>

6.1 This includes Rs. 0.27 million (2007: Rs. 1.596 million) representing the amount paid by the employees to the Company against the purchase of vehicles.

7. CONTINGENCY AND COMMITMENT

7.1 CONTINGENCY

A show cause proceeding under section 5 of the Listed Companies (Substantial acquisition of voting shares and take overs) Ordinance 2002, has been initiated by the Securities and Exchange Commission of Pakistan against certain parties including the company (for the acquisition of certain shares without due notices to the company whose shares were acquired). However, the company's management is of the view that it had acquired the shares in the capacity of a financier (under carry over transactions) and as such was/is not a member of the company. Besides the management believes there will be no financial implication of the same on the company.

7.2 CAPITAL WORK IN PROGRESS AND COMMITMENT

Balance as on 01 January	16,506,252	-
Add: Payments during the period	5,067,710	16,506,252
Balance as on 30 June 2008 / 31 December 2007	<u>21,573,962</u>	<u>16,506,252</u>

This represents payments made to a related party for the purchase of office premises in an underconstruction building in Lahore. The remaining commitment amounting to Rs. 13.172 million (31 December 2007: Rs. 18.243 million) is payable in twelve equal monthly installments of Rs. 1.013 million.

8. INVESTMENTS

Held to maturity

Defence Saving Certificates	1,799,037	1,659,032
Certificates of Investment	-	12,886,283
Term Finance Certificates [Market value: (as per the rates quoted by the Mutual Fund Association of Pakistan) Rs. 5.540 million (31 December 2007: Rs. 10.537 million)]	5,590,530	10,357,080
	<u>7,389,567</u>	<u>24,902,395</u>

Held for trading - quoted ordinary shares

Available for sale

Mutual funds		
- open end funds [(Market value: Rs. 24.66 million (31 December 2007: Rs. 24.83 million)]	8.1 24,662,130	23,638,914
- closed end funds (Market value : 5.86 million) (31 December 2007: Rs. 13.29 million)]	7,077,456	13,887,822
	<u>31,739,586</u>	<u>37,526,736</u>
	<u>257,552,443</u>	<u>227,940,538</u>

8.1 These include units of carrying value of Rs. 6.952 million (31 December 2007: Rs. 6.50 million) held with the State Bank of Pakistan in accordance with the requirement of section 29 of the Insurance Ordinance, 2000.

9. INVESTMENT PROPERTIES

This represents shop and office Premises (lease hold properties) and the market value of these investment properties as per the valuation carried out by BFA (Private) Limited and MJ Surveyors (Private) Limited as of 25 February 2008 and 23 February 2008 amounted to Rs. 51.45 million and Rs. 11.73 million respectively.

10. BALANCE RECEIVABLE FOR SECURITIES PURCHASED UNDER RESALE AGREEMENT

This represents Company's lendings under reverse repurchase transactions through First Capital Equities Limited (a related broker) against listed securities purchased under resale obligations [market value at 30 June 2008 was Rs. 96.75 million (31 December 2007: Nil)]. This carries profit at the rate of 13% per annum (31 December 2007: Nil). The amount was subsequently received by the Company.

11. PREMIUM DUE BUT UNPAID - unsecured

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
	------(Rupees)-----	
Considered good	207,852,607	155,426,075
Considered doubtful	13,742,644	13,742,644
	<u>221,595,251</u>	<u>169,168,719</u>
Provision against doubtful debts	11.1 (13,742,644)	(13,742,644)
	<u>207,852,607</u>	<u>155,426,075</u>

11.1 Reconciliation of provision against doubtful balances

	30 June 2008	31 December 2007
Opening balance as on 1 January	13,742,644	10,891,936
Charge for the period / year	-	2,850,708
Closing balance	<u>13,742,644</u>	<u>13,742,644</u>

12. ADVANCES, DEPOSITS AND PREPAYMENTS

	30 June 2008	31 December 2007
Advances	359,638	-
Deposits	1,722,524	1,125,480
Prepaid reinsurance premium ceded	103,878,385	55,284,033
Prepaid rent	3,268,198	2,997,280
	<u>109,228,745</u>	<u>59,406,793</u>

13. FIXED ASSETS

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

	30 June 2008	
	Cost of additions	Carrying value of disposals
	------(Rupees)-----	
Tangible:		
Furniture and fixtures	312,505	-
Motor vehicles	8,706,990	7,171,500
Office equipment	790,550	-
Computer equipments	794,478	-
	<u>10,604,523</u>	<u>7,171,500</u>

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the employees provident fund, key management personnel, Shaheen Foundation - Pakistan Air Force, Central Non Public Fund - Pakistan Air Force, The Hollard Company Limited - South Africa, First Capital Securities Corporation Limited, First Capital Equities Limited, Worldcall Telecom Limited and companies with common directors. Transactions with related parties during the period and balances with them as at period-end are as follows:

	Quarter ended 30 June		Half year ended 30 June	
	2008	2007	2008	2007
	------(Rupees)-----		------(Rupees)-----	
Transactions and balances with associated companies				
Insurance premium				
Balance at beginning of the period	42,247,028	35,783,501	40,693,937	24,125,872
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	83,265,968	41,820,085	103,231,358	61,997,002
Received / adjusted during the period	(33,303,336)	(15,550,666)	(51,715,635)	(24,069,954)
Balance at end of the period	<u>92,209,660</u>	<u>62,052,920</u>	<u>92,209,660</u>	<u>62,052,920</u>
Insurance claim expense				
Outstanding claims at beginning of the period	16,289,260	16,266,746	12,309,605	12,458,258
Gross claim expense for the period	42,458,243	9,649,918	67,756,238	22,885,766
Claim paid during the period	(28,409,714)	(11,330,910)	(49,728,054)	(20,758,270)
Outstanding claims at end of the period	<u>30,337,789</u>	<u>14,585,754</u>	<u>30,337,789</u>	<u>14,585,754</u>
Other transactions for the period with associated companies				
Rental income	308,640	308,640	617,280	617,280
Rental expense	633,600	634,905	1,267,200	1,269,810
Brokerage, commission and advisory expenses	3,731,416	3,414,945	4,957,887	4,193,392
Other balances with associated companies			30 June 2008	31 December 2007
Advance to broker	12		199,197	-
Other creditors and accruals	6		-	391,933
Advisory fee payable			656,309	638,588
Prepaid rent	12		1,900,800	1,900,800
Advance for the purchase of an office premises in Lahore			<u>21,573,962</u>	<u>16,506,252</u>

Transactions for the period with other related parties

		Quarter ended 30 June		Half year ended 30 June	
		2008	2007	2008	2007
		----- (Rupees) -----		----- (Rupees) -----	
Contribution to the provident fund	14.2	<u>781,334</u>	<u>559,929</u>	<u>1,249,317</u>	<u>981,618</u>
Remuneration of key management personnel	14.1	<u>2,538,699</u>	<u>1,758,354</u>	<u>5,077,398</u>	<u>3,516,708</u>
Commission of key management personnel	14.3	<u>8,641,499</u>	<u>8,740,940</u>	<u>15,049,083</u>	<u>20,072,008</u>

Balances with other related parties

		30 June		31 December	
		2008	2007	2008	2007
		----- (Rupees) -----		----- (Rupees) -----	
Due to the provident fund				<u>348,946</u>	<u>-</u>
Commission payable to key management personnel (as agents)	14.3			<u>1,173,470</u>	<u>2,196,295</u>
Loan to key management personnel				<u>350,006</u>	<u>150,006</u>
Receivable from the provident fund				<u>-</u>	<u>195,206</u>

Commitment

Purchase of office premises from a related party	7.2	<u>13,172,046</u>	<u>18,243,756</u>
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14.1 Remuneration to the key management personnel are in accordance with the terms of their employment.

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

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

14.4 Other transactions are at agreed terms.

15. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the condensed interim statement of premiums and condensed interim profit and loss account, respectively, prepared in accordance with the requirement of insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

16. EARNINGS PER SHARE

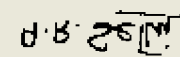
Basic earnings per share are calculated by the dividing the net profit for the period by the weighted average number of shares as at the period end as follows:

	Quarter ended		Half year ended		
	30 June 2008	30 June 2007	30 June 2008	30 June 2007	
		----- (Rupees) -----		----- (Rupees) -----	
(Loss)/profit after tax for the period	<u>(23,213,743)</u>	<u>24,497,713</u>	<u>2,102,584</u>	<u>56,549,034</u>	
Number of Shares					
Weighted average number of shares of Rs. 10 each	<u>17,500,000</u>	<u>17,500,000</u>	<u>17,500,000</u>	<u>17,500,000</u>	
		(Rupees)		(Rupees)	
Earnings per share	<u>(1.33)</u>	<u>1.40</u>	<u>0.12</u>	<u>3.23</u>	

16.1 No figure for diluted earnings per share has been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

17. AUTHORISATION FOR ISSUE

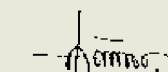
These condensed interim financial statements were authorised for issue on 30 August 2008 by the Board of Directors of the company.



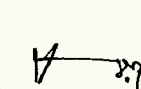
Chairman



Chief Executive Officer



Director



Chief Financial Officer