

CONTENTS

Company Information	02
Offices	03
Directors' Report to the Members	05
Independent Auditor's Report on review of condensed interim financial information	06
Balance Sheet	07
Profit & Loss Account	09
Statement of Changes in Equity	10
Statement of Cash Flows	11
Statement of Premiums	13
Statement of Claims	14
Statement of Expenses	15
Statement of Investment Income	16
Notes to the Financial Statements	17

COMPANY INFORMATION

BOARD OF DIRECTORS

Air Vice Marshal (R) Arshad Rashid Sethi
Air Commodore (R) Mustansar Suhail Toor
Takudzwa Brooks Takundanyika Mparutsa
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.

OFFICES

Head Office

10th Floor, Shaheen Complex
M.R. Kayani Road, Karachi- 74200
Tel. # 2630370-75, 2213950-51, Fax # 2626674
E - mail : sihifc@cyber.net.pk
URL : www.shaheeninsurance.com

Lahore

Zonal Head - Mr. Naveed Butt

14 Askari Villas, Main Shami Road, Lahore Cantt.
Tel. # (042)6667008, 6675243, 6681107, 6689541
UAN: 111-765-111 Fax # (042) 6669819
E - mail : lhr_zone@shaheeninsurance.com

Islamabad

Zonal Head - Mr. Khalid Sarwar

H. # 46, Khayban-e-Suhurwardy, G-6/4, Islamabad
Tel. # (051) 2829590, 2873204, 2829552
Fax # (051) 2829515
E - mail : Isb@shaheeninsurance.com

Karachi

Progressive Plaza Branch

Branch Manager - Mr. Sohail Najam Kidwai

705, Progressive Plaza, 7th Floor,
Beaumont Road, Near P.I.D.C
Tel. # (021) 5653041-2, 5658251-2
Fax # (021) 5653043
E - mail : ppb@shaheeninsurance.com

Hyderabad

Branch Manager - Syed Shaukat Ali

Upper 2nd Floor
H # 75, Soldier Bazar
Tel. # (0222) 720487
Fax # (0222) 720489
E - mail : hyd@shaheeninsurance.com

Faisalabad

Branch Manager - Mr. Akhtar Rao

2nd Floor, Sitara Towers, Bilal Chowk
Civil Lines, Faisalabad
Tel. # (041)2614112, 2621370, 2630644-5
Fax # (041) 2631514
E - mail : fsd@shaheeninsurance.com

Sialkot

Branch Manager - Mr. Muhammad Mujahid Ali

Opposite Grays of Cambridge
Shahab Pura, Sialkot
Tel. # (0523)550131, 252322, 250982
Fax # (0523) 257412
E - mail : sil@shaheeninsurance.com

Peshawar

Branch Manager - Mr. Muhammad Shoaib Khan

6th Floor, State Life Building

34 - The Mall, Peshawar Cantt.

Tel. # (091) 5273122, Fax # (091) 5273106

E - mail : psw@shaheeninsurance.com

Multan

Branch Manager - Mr. Arshad Mehmood Khan

Office No. 1, Ground Floor, Shalimar Colony,
Bosan Road, Multan.

Tel # (061) 6750001-5, 8164777, Fax # (061) 6750004

E - mail : mul@shaheeninsurance.com

Rawalpindi Branch

Branch Manager - Mr. Mujahid Raza

Office No. 9, First Floor, Chandni Centre,
Chandni Chowk, Muree Road, Rawalpindi.

Tel # (051) 4571317, 4571103, Fax # (051) 4571366

E – mail: rwp@shaheeninsurance.com

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to announce the results of your Company for the half year ended on June 30, 2009.

The results are summarized below:

	June 2009	June 2008	% Age	December 2008
All Figures Rs. in '000'				
Gross Premium Written	411,226	454,980	(9.62)	701,245
Net Premium Revenue	253,523	296,782	(14.58)	575,732
Net Claims	136,013	150,326	(9.52)	333,832
Underwriting Profits	34,618	60,416	(42.70)	66,392
Investment Income	12,016	(13,185)	(191.13)	(64,649)
Profit Before Tax	15,366	11,398	34.81	(63,847)
Profit After Tax	11,348	2,103	439.61	(71,753)
Earning Per Share	0.65	0.12	441.67	(4.10)

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 continued decreasing its motor portfolio gradually from period to period as a part of strategic shift from motor towards non motor business. Your company was able to decrease its motor business by 19.35% that is PKR 40.442 million. This decrease in motor to achieve more profitable portfolio mix caused a decline of 9.62% and 14.58% in gross premiums underwritten and net premium revenue respectively as compared to corresponding period.

Underwriting results of your company has shown a decline a 42.7 % as compared to corresponding period due to lower risk retentions by your company. The management of your Company has transferred higher risks to the re-insurers and retained lower volumes in the Company to reduce the risk of any major claims in the period to come. Your Company's re-insurance expense has gone up to 29.92 % of the gross underwritten premiums as compared to 27.13% in the corresponding period. Your company's claims expenses have decreased in line with the decline in topline.

Investment income of your company has shown an increase of 1.91 times as compared to corresponding period thereby recording gains of PKR 12.016 million in current period as compared to losses of PKR 13.185 million. In accordance with circular 3/2009 dated February 16, 2009 your Company did not recognize an unrealized loss of PKR 69.468 million in fair value of its equity investments classified as 'available for sale' investments at the year ended December 31, 2009. The same unrealized loss was due to be recorded in four quarterly installments during the year 2009 after taking into account price movements in those investments during the year 2009. In accordance with above referred circular PKR 34.719 million was required to be charged to current period's financial statements. However, favorable price movements of PKR 35.378 million during the half year ended June 30, 2009 in those securities resulted in no further charge during the current period.

Due to increase in investment gains during the period profit before tax and profit after tax have registered an increase of 34.81% and 4.2 times respectively 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 Reinsurers, Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and above all, by our satisfied clients.

A.R. Sethi

Arshad Rashid Sethi
Air Vice Marshal (Retd).
Chairman
Dated: August 31, 2009

**AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Shaheen Insurance Company Limited** (the company) as at June 30, 2009, and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months period then ended. 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. The interim financial information of the company for the six month period ended June 30, 2008 and financial statements of the company for the year ended December 31, 2008 were reviewed and audited by another firm of chartered accountants who through their reports dated August 30, 2008 and March 31, 2009 expressed an unqualified conclusion and opinion thereon. The figures of the condensed interim profit and loss account, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2009.

Scope of Review

We conducted our review in accordance with the 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.

Date: August 31, 2009
Karachi

Anjum Asim Shahid Rahman
Chartered Accountants

CONDENSED INTERIM BALANCE SHEET

	Un-audited Note 30-Jun-2009	Audited 31-Dec-2008
	(Rupees)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 20,000,000 (December 31, 2008 : 20,000,000) ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up share capital 17,500,000 (December 31, 2008 : 17,500,000) ordinary shares of Rs. 10 each	175,000,000	175,000,000
Retained earnings	24,134,854	12,787,033
General reserve	<u>20,000,000</u>	<u>20,000,000</u>
Total equity	219,134,854	207,787,033
UNDERWRITING PROVISIONS		
Provision for outstanding claims (including IBNR)	161,918,077	169,724,895
Provision for unearned premium	362,178,049	284,139,520
Commission income unearned	20,440,397	14,962,415
Total underwriting provisions	544,536,523	468,826,830
CREDITORS AND ACCRUALS		
Premium received in advance	4,735,113	9,645,300
Amount due to the reinsurer	84,384,226	26,522,481
Accrued expenses	3,704,592	2,772,342
Agents balances	28,972,239	10,937,198
Taxation - provision less payments	-	7,425,944
Deferred gain on disposal of assets under sale and leaseback	732,108	915,126
Other creditors and accruals	27,851,162	16,978,751
	150,379,440	75,197,142
BORROWINGS		
Liabilities against assets subject to finance lease	2,608,233	3,031,837
OTHER LIABILITIES		
Unclaimed dividend	398,384	398,934
Total liabilities	<u>697,922,580</u>	<u>547,454,743</u>
Total equity and liabilities	<u>917,057,434</u>	<u>755,241,776</u>

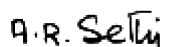
CONTINGENCIES AND COMMITMENTS

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AS AT 30 JUNE 2009

	Note	Un-audited 30-Jun-2009	Audited 31-Dec-2008 (Rupees)
CASH AND BANK DEPOSITS			
Cash and other equivalents		47,943	52,109
Current and saving accounts		47,713,083	129,685,234
Deposits maturing within 12 months		27,010,320	37,103,923
		74,771,346	166,841,266
LOANS TO EMPLOYEES			
- secured, considered good		1,363,882	1,406,306
INVESTMENTS	6	186,535,573	175,907,446
INVESTMENT PROPERTIES	7	5,358,036	5,626,744
OTHER ASSETS - considered good			
Balance receivable for securities purchased under resale agreements	8	64,000,000	-
Premium due but unpaid	9	236,940,433	114,417,478
Amounts due from other insurers / reinsurers		32,096,289	37,776,179
Accrued investment income		978,018	1,806,221
Reinsurance recoveries against outstanding claims		63,825,867	56,607,780
Taxation - payments less provisions		1,046,961	-
Deferred commission expense		68,442,508	63,372,721
Advances, deposits and prepayments		110,917,260	67,910,335
Other receivables		16,137,816	10,623,634
		594,385,152	352,514,348
FIXED ASSETS - tangible			
Furniture, fixtures and office equipments		6,001,835	6,851,015
Motor vehicles		14,905,144	17,425,895
Capital work in progress - Office premises		33,736,466	28,668,756
		54,643,445	52,945,666
Total assets		917,057,434	755,241,776

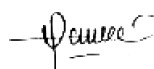
The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and six month period ended June 30, 2009

	Quarter ended June 30,				(Rupees)	
					2009	2008
	Fire and property	Marine, aviation and transport	Motor	Others	Aggregate	Aggregate
Revenue account						
Net premium revenue	18,375,600	599,737	70,835,840	22,052,987	111,864,164	143,159,926
Net claims	(2,062,963)	(507,863)	(36,721,306)	(19,710,368)	(59,002,500)	(58,266,892)
Management expenses	(1,723,999)	34,861	(6,847,910)	(2,163,849)	(10,700,897)	(11,602,887)
Net commission	(11,641,095)	(1,242,084)	(12,674,609)	(2,877,517)	(28,435,305)	(30,120,293)
Net underwriting expenses	(13,365,094)	(1,207,223)	(19,522,519)	(5,041,366)	(39,136,202)	(41,723,180)
Underwriting result	2,947,543	(1,115,349)	14,592,015	(2,698,747)	13,725,462	43,169,854
Investment income					15,198,213	(40,114,225)
Rental income					458,097	419,257
Other income					199,185	857,575
General and administration expenses					(16,717,888)	(23,236,469)
					(862,393)	(62,073,862)
Profit / (loss) before tax					12,863,069	(18,904,008)
Provision for taxation - current					(3,518,166)	(7,527,614)
- prior year					-	3,217,879
					(3,518,166)	(4,309,735)
Profit / (loss) after tax					9,344,903	(23,213,743)
	Six month period ended June 30,				(Rupees)	
					2009	2008
	Fire and property	Marine, aviation and transport	Motor	Others	Aggregate	Aggregate
Revenue account						
Net premium revenue	44,289,227	8,572,028	154,925,700	45,735,939	253,522,894	296,781,920
Net claims	(4,134,262)	(2,073,834)	(98,849,975)	(30,954,669)	(136,012,740)	(150,326,499)
Management expenses	(4,953,872)	(958,805)	(17,328,866)	(5,115,691)	(28,357,234)	(28,133,440)
Commission from reinsurer	(22,603,081)	(2,163,735)	(24,105,661)	(5,661,559)	(54,534,036)	(57,905,786)
Net underwriting expenses	(27,556,953)	(3,122,540)	(41,434,527)	(10,777,250)	(82,891,270)	(86,039,226)
Underwriting result	12,598,012	3,375,654	14,641,198	4,004,020	34,618,884	60,416,195
Investment income					12,016,294	(13,184,736)
Rental income					904,881	816,390
Other income					254,035	1,085,575
General and administration expenses					(32,428,107)	(37,735,445)
					(19,252,897)	(49,018,216)
Profit before tax					15,365,987	11,397,979
Provision for taxation - current					(4,018,166)	(12,513,274)
- prior year					-	3,217,879
					(4,018,166)	(9,295,395)
Profit after tax					11,347,821	2,102,584
Profit and loss appropriation account:						
Balance at commencement of the period					12,787,033	84,540,069
Profit after tax for the period					11,347,821	2,102,584
Balance of unappropriated profit at end of the period					24,134,854	86,642,653
Earnings per share					0.65	0.12

Note 12

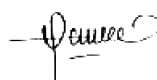
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A.R. Sethi

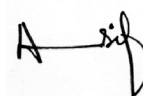
Chairman



Chief Executive Officer



Director

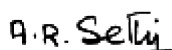


Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)
For the six month period ended June 30, 2009

	(Rupees)			
	Share capital	General reserve	Retained earnings	Total
Balance as at January 1, 2008	175,000,000	20,000,000	84,540,069	279,540,069
Profit for the six month period ended June 30, 2008	-	-	2,102,584	2,102,584
Balance as at June 30, 2008	<u>175,000,000</u>	<u>20,000,000</u>	<u>86,642,653</u>	<u>281,642,653</u>
Balance as at January 1, 2009	175,000,000	20,000,000	12,787,033	207,787,033
Profit for the six month period ended June 30, 2009	-	-	11,347,821	11,347,821
Balance as at June 30, 2009	<u>175,000,000</u>	<u>20,000,000</u>	<u>24,134,854</u>	<u>219,134,854</u>

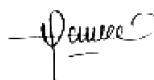
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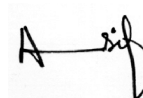
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited)
For the six month period ended June 30, 2009

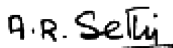
	Six month period ended June 30, 2009	Six month period ended June 30, 2008
	(Rupees)	
OPERATING CASH FLOWS		
<i>Underwriting activities</i>		
Premiums received	294,833,307	396,574,176
Reinsurance premium paid	(59,497,692)	(120,618,184)
Claims paid	(198,215,710)	(279,976,904)
Reinsurance and other recoveries received	47,178,065	88,947,056
Commissions paid	(58,386,043)	(78,469,970)
Commissions received	22,295,241	22,138,697
Net cash flow from underwriting activities	<u>48,207,168</u>	<u>28,594,871</u>
<i>Other operating activities</i>		
Income tax paid	(12,491,071)	(7,416,329)
General management expenses paid	(55,741,375)	(60,320,031)
Loans disbursement / repayments received (net)	42,424	(524,621)
Net cash flow (used in) other operating activities	<u>(68,190,022)</u>	<u>(68,260,981)</u>
Total cash flow (used in) operating activities	<u>(19,982,854)</u>	<u>(39,666,110)</u>
INVESTMENT ACTIVITIES		
Profit / Return received	7,615,835	13,010,982
Rentals received	1,158,962	816,390
Payments for investments	(80,074,515)	(125,085,681)
Proceeds from disposal of investments	5,228,662	14,281,553
Fixed capital expenditure	(5,343,665)	(15,672,233)
Proceeds from disposal of fixed assets	-	5,674,750
Total cash flow (used in) investing activities	<u>(71,414,721)</u>	<u>(106,974,239)</u>
FINANCING ACTIVITIES		
Financial charges paid	(248,741)	-
Lease payments	(423,604)	-
Total cash flow (used in) financing activities	<u>(672,345)</u>	<u>-</u>
Net cash (used in) all activities	<u>(92,069,920)</u>	<u>(146,640,349)</u>
Cash and cash equivalents at beginning of the period	166,841,266	235,860,565
Cash and cash equivalents at end of the period	<u>74,771,346</u>	<u>89,220,216</u>

Condensed Interim Cash Flow Statement (Unaudited)

For the six month period ended June 30, 2009

	Six month period ended June 30, 2009	Six month period ended June 30, 2008
	(Rupees)	
Reconciliation to profit and loss account		
Operating cash flows	(19,982,854)	(39,666,110)
Depreciation expense	(3,852,323)	(4,912,135)
Profit on disposal of fixed assets	-	1,085,575
Amortization of gain on assets under sale and lease back	183,018	-
Financial charges	(248,741)	-
Taxes paid	12,491,071	7,416,329
Increase in assets other than cash	164,109,379	93,938,922
(Increase) in other liabilities	(149,420,874)	(34,096,256)
Investment and other income	12,087,311	(12,368,346)
Provision for taxation	(4,018,166)	(9,295,395)
Profit / (loss) after taxation	11,347,821	2,102,584
Cash and cash equivalents		
Cash and other equivalents	47,943	40,000
Current and saving accounts	47,713,083	53,295,817
Deposit maturing within 12 months	27,010,320	35,884,399
	74,771,346	89,220,216

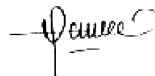
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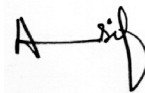
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Premium (Unaudited)
For the quarter and six month period ended June 30, 2009

Business underwritten inside Pakistan	Quarter ended June 30,								(Rupees)	
									2009	2008
	Premiums written (A)	Unearned premium reserve* Opening (B)	Closing (C)	Premium earned (D = A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded Opening (F) Closing (G)		Reinsurance expense (H = E+F-G)	Net premium (I = D-H)	Net premium
Direct and facultative										
Fire and property damage	49,408,515	69,526,308	85,221,315	33,713,508	23,136,699	28,298,842	36,097,633	15,337,908	18,375,600	26,655,328
Marine, aviation and transport	5,345,415	48,153,593	38,029,780	15,469,228	1,623,103	45,148,486	31,902,098	14,869,491	599,737	3,875,699
Motor	87,537,034	140,392,552	155,069,991	72,859,595	301,857	5,059,074	3,337,176	2,023,755	70,835,840	92,816,336
Others	64,807,242	52,633,548	83,856,963	33,583,827	28,724,747	17,528,401	34,722,308	11,530,840	22,052,987	19,812,563
Grand total	207,098,206	310,706,001	362,178,049	155,626,158	53,786,406	96,034,803	106,059,215	43,761,994	111,864,164	143,159,926
	Six month period ended June 30,								2009	2008
	Premiums written (A)	Unearned premium reserve* Opening (B)	Closing (C)	Premium earned (D = A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded Opening (F) Closing (G)		Reinsurance expense (H = E+F-G)	Net premium (I = D-H)	Net premium
Direct and facultative										
Fire and property damage	97,622,167	61,596,032	85,221,315	73,996,884	40,109,170	25,696,120	36,097,633	29,707,657	44,289,227	43,675,510
Marine, aviation and transport	48,566,443	20,453,755	38,029,780	30,990,418	42,602,950	11,717,538	31,902,098	22,418,390	8,572,028	8,359,681
Motor	168,986,019	145,747,285	155,069,991	159,663,313	2,630,044	5,444,745	3,337,176	4,737,613	154,925,700	207,822,627
Others	96,051,740	56,342,448	83,856,963	68,537,225	37,697,163	19,826,431	34,722,308	22,801,286	45,735,939	36,924,102
Grand total	411,226,369	284,139,520	362,178,049	333,187,840	123,039,327	62,684,834	106,059,215	79,664,946	253,522,894	296,781,920

* 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.

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

A.R. Sethi

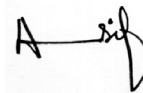
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Claims (Unaudited)
For the quarter and six month period ended June 30, 2009

		Quarter ended June 30,						(Rupees)			
								2009	2008		
Business underwritten inside Pakistan		Outstanding claims		Claims expense (D = A-B+C)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H = E-F+G)	Net claims (I = D-H)	Net claims	
Claims paid (A)	Opening (B)	Closing (C)	Opening (F)			Closing (G)					
Direct and facultative											
Fire and property damage	9,276,104	10,350,482	12,403,031	11,328,653	10,742,559	9,389,737	7,912,868	9,265,690	2,062,963	(10,407)	
Marine, aviation and transport	1,324,459	46,220,054	46,826,836	1,931,241	1,048,856	43,124,293	43,498,815	1,423,378	507,863	867,416	
Motor	62,990,364	94,302,443	80,868,286	49,556,207	12,932,901	149,000	51,000	12,834,901	36,721,306	43,815,909	
Others	17,525,507	8,455,137	21,819,924	30,890,294	5,541,358	6,724,616	12,363,184	11,179,926	19,710,368	13,593,974	
Grand total	91,116,434	159,328,116	161,918,077	93,706,395	30,265,674	59,387,646	63,825,867	34,703,895	59,002,500	58,266,892	
		Six month period ended June 30,						2009	2008		
Claims paid (A)	Opening (B)	Closing (C)	Claims expense (D = A-B+C)	Reinsurance and other recoveries received (E)	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue (H = E-F+G)	Net claims (I = D-H)	Net claims		
					Opening (F)	Closing (G)					
Direct and facultative											
Fire and property damage	24,652,534	10,314,042	12,403,031	26,741,523	21,444,646	6,750,253	7,912,868	22,607,261	4,134,262	2,755,535	
Marine, aviation and transport	2,863,738	46,192,534	46,826,836	3,498,040	2,490,194	44,564,803	43,498,815	1,424,206	2,073,834	992,441	
Motor	134,084,589	101,272,874	80,868,286	113,680,001	14,932,901	153,875	51,000	14,830,026	98,849,975	122,618,297	
Others	36,614,849	11,945,445	21,819,924	46,489,328	8,310,324	5,138,849	12,363,184	15,534,659	30,954,669	23,960,226	
Grand total	198,215,710	169,724,895	161,918,077	190,408,892	47,178,065	56,607,780	63,825,867	54,396,152	136,012,740	150,326,499	

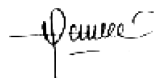
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A.R. Sethi

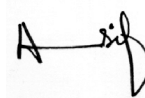
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Expenses (Unaudited)
For the quarter and six month period ended June 30, 2009

	Quarter ended June 30,						(Rupees)			
							2009	2008		
Business underwritten inside Pakistan	Commission paid or payable (A)	Deferred commission		Net Commission expenses (D = A+B-C)	Management expenses (E)	Underwriting expenses (F = D+E)	*Commission from reinsurers (G)	Net underwriting expense (H = F-G)	Net underwriting expense	
		Opening (B)	Closing (C)							
Direct and facultative										
Fire and property damage	12,845,964	31,885,657	28,179,652	16,551,969	1,723,999	18,275,968	4,910,874	13,365,094	15,223,025	
Marine, aviation and transport	2,505,181	3,727,054	3,862,623	2,369,612	(34,861)	2,334,751	1,127,528	1,207,223	1,397,915	
Motor	15,838,323	20,892,696	24,039,212	12,691,807	6,847,910	19,539,717	17,198	19,522,519	21,142,410	
Others	9,178,568	8,591,319	12,361,021	5,408,866	2,163,849	7,572,715	2,531,349	5,041,366	3,959,830	
	40,368,036	65,096,726	68,442,508	37,022,254	10,700,897	47,723,151	8,586,949	39,136,202	41,723,180	
	Six month period ended June 30,						2009	2008		
	Commission paid or payable (A)	Deferred commission		Net Commission expenses (D = A+B-C)	Management expenses (E)	Underwriting expenses (F = D+E)	*Commission from reinsurers (G)	Net underwriting expense (H = F-G)	Net underwriting expense	
		Opening (B)	Closing (C)							
Direct and facultative										
Fire and property damage	30,713,174	29,609,353	28,179,652	32,142,875	4,953,872	37,096,747	9,539,794	27,556,953	26,377,124	
Marine, aviation and transport	4,216,923	4,052,907	3,862,623	4,407,207	958,805	5,366,012	2,243,472	3,122,540	3,080,025	
Motor	27,220,164	20,960,925	24,039,212	24,141,877	17,328,866	41,470,743	36,216	41,434,527	48,622,116	
Others	14,270,823	8,749,536	12,361,021	10,659,338	5,115,691	15,775,029	4,997,779	10,777,250	7,959,961	
	76,421,084	63,372,721	68,442,508	71,351,297	28,357,234	99,708,531	16,817,261	82,891,270	86,039,226	

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

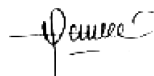
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A.R. Sethi

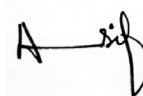
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Investment Income (Unaudited)
For the quarter and six month period ended June 30, 2009

	Six month ended 30-Jun-09	Six month ended 30-Jun-08	Quarter ended 30-Jun-09	Quarter ended 30-Jun-08
	(Rupees)			
Income from trading investments				
Capital gain on sale of held for trading investments	473,795	14,600,041	107,088	2,984,994
Dividend Income (earned while holding the securities)	-	5,472,822	-	3,396,822
	<u>473,795</u>	<u>20,072,863</u>	<u>107,088</u>	<u>6,381,816</u>
Income from non-trading investments				
<i>Held to Maturity</i>				
Return on government securities	-	140,003	-	140,005
Return on other fixed income securities and deposits	2,963,631	6,082,257	1,864,856	2,907,399
	<u>2,963,631</u>	<u>6,222,260</u>	<u>1,864,856</u>	<u>3,047,404</u>
<i>Available-for-sale</i>				
Dividend income	3,824,001	1,315,900	2,097,126	622,930
Gain on sale of non-trading investments (available-for-sale)	-	768,970	-	768,970
(Loss) on revaluation of held for trading investments	(101,231)	(40,208,563)	(101,231)	(47,991,521)
Reversal of impairment in available for sale securities	-	-	8,546,768	-
Income from reverse repo transactions in listed equity securities	5,994,738	3,870,429	3,185,752	1,768,757
Investment related expenses	(1,138,640)	(5,226,595)	(502,146)	(4,712,581)
Net investment income	<u>12,016,294</u>	<u>(13,184,736)</u>	<u>15,198,213</u>	<u>(40,114,225)</u>

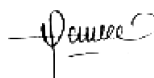
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A.R. Sethi

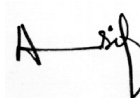
Chairman



Chief Executive Officer



Director



Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

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

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements i.e 'interim financial information' have been prepared in accordance with the approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SECP (Insurance) Rules, 2002. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SECP (Insurance) Rules, 2002 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SECP (Insurance) Rules, 2002 or the requirements of the said directives shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34 (IAS-34): "Interim Financial Reporting" and in accordance with the format prescribed under SECP (Insurance) Rules, 2002.

During the current period, International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' (IAS 1) and International Financial Reporting Standard 4 'Insurance Contracts' (IFRS 4) became effective from January 1, 2009. The application of these standards has resulted in certain increased disclosures only. Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 1, 2009 and are not considered to be relevant or to have any significant effect on the company, are not detailed in these condensed interim financial statements.

These condensed interim financial statements are unaudited but have been reviewed by the external auditors of the company.

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared under the historical cost convention except that held for trading investments are carried at fair value.

These condensed interim financial statements have been prepared under accrual basis of accounting except for cash flow information.

4. 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 the financial statements of the company for the year ended December 31, 2008.

4.1 ESTIMATES AND JUDGMENTS

The preparation of 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 accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended December 31, 2008.

5. CONTINGENCIES AND COMMITMENTS

CONTINGENCY

A show cause proceeding under section 5 of the Listed Companies (Substantial acquisition of voting shares and take overs) Ordinance 2002, was 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 was of the view that it had acquired the shares in the capacity of a financier (under carry over transactions) and as such was not a member of the company. During the period, SECP vide its order dated April 09, 2009 decided the case in favor of the company.

COMMITMENTS

This represents payments made to a related party for the purchase of office premises in an under construction building in Lahore. The remaining commitments amounted to Rs. 1.013 million (December 31, 2008: Rs. 6.081 million).

Un-audited	Audited
30-Jun-2009	31-Dec-2008
(Rupees)	

6. INVESTMENTS

Held to maturity

Certificates of Investment	500,000	-
Term Finance Certificates {Market Value: Rs. 5.120 million (as per the rates quoted by the Mutual Fund Association of Pakistan) (December 31, 2008 : Rs. 5.540 million)}	<u>5,036,990</u>	<u>5,287,000</u>
	5,536,990	5,287,000

Held for trading - quoted ordinary shares	6,837,528	-
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	Un-audited 30-Jun-2009	Audited 31-Dec-2008
	(Rupees)	
Available for sale		
Investments in ordinary shares of listed companies	144,051,484	143,105,884
Mutual funds		
open-end funds {Market value: Rs.21.24 million (December 31, 2008: Rs.24.66)}	6.1 20,971,590	20,437,106
closed-end funds {Market value : Rs.6.93 million (December 31, 2008: Rs. 5.86 million)}	9,137,981	7,077,456
	30,109,571	27,514,562
	186,535,573	175,907,446

6.1 These include units having carrying value of Rs. 20.437 million (December 31, 2008: Rs. 20.437 million) held with the State Bank of Pakistan in accordance with the requirement of section 29 of the Insurance Ordinance, 2000.

6.2 The quoted market values as at December 31, 2008 of certain securities classified as "available for sale" were significantly below their cost.

In accordance with circular 3 dated February 16, 2009 issued by the SECP the company treated fall in the equity values as at December 31, 2008 as temporary. Consequently, entire impairment of Rs. 69.467 million was to be recognised during the year 2009 as per the methodology given in the circular. The impairment for the six month period ended June 30, 2009 has effectively been reversed due to price movement for the period and hence no impairment in this six month period has been recorded.

7. INVESTMENT PROPERTIES

These comprise shop and office premises (lease hold properties). Market value of these investment properties as per the valuation carried out by BFA (Private) Limited and MJ Surveyors (Private) Limited on February 23, 2009 and February 24, 2009 amounted to Rs. 53.20 million (December 31, 2008: Rs. 53.2 million) and Rs. 11.39 million (December 31, 2008: Rs. 11.39 million) respectively.

8. 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 June 30, 2008 was Rs. 96.75 million (December 31, 2008: Nil)} These carry profit at the rate of 18% per annum (December 31, 2008: Nil). The amount was subsequently received by the company.

9. PREMIUMS DUE BUT UNPAID - unsecured

	Un-audited June 30, 2009	Audited Dec 31, 2008
	(Rupees)	
Considered good	236,940,433	114,417,478
Considered doubtful	13,742,644	13,742,644
	250,683,077	128,160,122
Provision against doubtful debts	(13,742,644)	(13,742,644)
	236,940,433	114,417,478

10. ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of operating assets that have been acquired/disposed off during the six month period ended June 30, 2009 are as follows:

	Six month period ended 30 June 2009		Six month period ended 30 June 2008	
	Additions (Rupees)	Disposals	Additions (Rupees)	Disposals
Furniture and	-	-	312,505	-
Motor vehicles	48,000	-	8,706,990	7,171,500
Office equipment	-	-	790,550	-
Computer equipment	227,955	-	794,478	-
	<u>275,955</u>	<u>-</u>	<u>10,604,523</u>	<u>7,171,500</u>

11. RELATED PARTY TRANSACTIONS

Related parties comprise 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, World Call 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 :

	Six month period ended 30 June		Quarter ended 30 June	
	2009	2008	2009	2008
	----- Rupees -----			
Transactions and balances with associated companies				
Insurance premium				
Balance at beginning of the period	59,410,379	40,693,937	59,770,020	42,247,028
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	105,298,055	103,231,358	90,764,944	83,265,968
Received / Adjusted during the period	(48,277,937)	(51,715,635)	(34,104,467)	(33,303,336)
Balance at end of the period	<u>116,430,497</u>	<u>92,209,660</u>	<u>116,430,497</u>	<u>92,209,660</u>
Insurance claim expense				
Outstanding claims at beginning of the period	16,159,935	12,309,605	22,765,388	16,289,260
Gross claim expense for the period	30,936,287	67,756,238	14,107,267	42,458,243
Claim paid during the period	(31,588,480)	(49,728,054)	(21,364,913)	(28,409,714)
Outstanding claims at end of the period	<u>15,507,742</u>	<u>30,337,789</u>	<u>15,507,742</u>	<u>30,337,789</u>
Other transactions for the period with associated companies				
Rental income	617,280	617,280	308,640	308,640
Rental expense	1,393,920	1,267,200	696,960	633,600
Brokerage, commission and advisory expenses	1,138,640	4,957,887	502,146	3,731,416

30-Jun-2009 31-Dec-2008
(Rupees)

Other balances with associated companies

Advance to broker		<u>14,300,316</u>	8,438,670
Advisory fee payable		<u>2,090,469</u>	979,844
Prepaid rent		<u>696,960</u>	2,090,880
Advance for the purchase of an office premises in Lahore		<u>33,736,466</u>	28,668,756

Six month period ended 30 June		Quarter ended 30 June	
2009	2008	2009	2008

----- Rupees -----

Transactions for the period with other related parties

Contribution to the provident fund		<u>1,139,810</u>	1,249,317	<u>566,337</u>	781,334
Remuneration of key management personnel		<u>6,202,182</u>	5,077,398	<u>3,013,213</u>	2,538,699
Commission to key management personnel		<u>16,597,046</u>	15,049,083	<u>8,706,506</u>	8,641,499

30-Jun-2009 31-Dec-2008
(Rupees)

Balances with other related parties

Due to the provident fund		<u>284,829</u>	-
Commission payable to key management personnel (as agents)		<u>3,800,173</u>	589,628
Loan to key management personnel		<u>213,339</u>	320,835
Receivable from the provident fund		<u>-</u>	93,383

Commitment

Purchase of office premises from a related party		5	<u>1,013,562</u>	6,081,252
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11.1 Remuneration to the key management personnel are in accordance with the terms of their employment.

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

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

11.4 Other transactions are at agreed terms.

12. EARNINGS / (LOSS) PER SHARE

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

	Six month period ended 30 June		Quarter ended 30 June	
	2009	2008	2009	2008
Profit / (Loss) after tax for the period	<u>11,347,821</u>	<u>2,102,584</u>	<u>9,344,903</u>	(23,213,743)
Weighted average number of shares of Rs. 10 each	<u>17,500,000</u>	17,500,000	<u>17,500,000</u>	17,500,000
Earnings per share	<u>0.65</u>	0.12	<u>0.53</u>	(1.33)

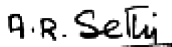
12.1 No figure for diluted earnings per share has been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

13. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements have been authorized for issue in the board of directors meeting held on August 31, 2009.

14. GENERAL

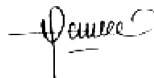
The figures for the six month period ended June 30, 2009 have been rounded off to the nearest rupees.



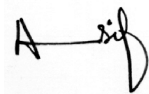
Chairman



Chief Executive Officer



Director



Chief Financial Officer