

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) M.Ikramullah Bhatti
Air Commodore (R) Zafar Iqbal Mir
Takudzwa Brooks Takundanyika Mparutsa
M. Naveed Tariq
Ian Howell Ross
Shahid Hameed
Ahmed Bilal

CHIEF EXECUTIVE OFFICER

Asif Suleman

CHIEF FINANCIAL OFFICER

Huzaif Hanif Tola

COMPANY SECRETARY

Huzaif Hanif Tola

AUDITORS

Anjum Asim Shahid Rehman
Chartered Accountants

LEGAL ADVISOR

Shaukat Law Associates

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

OFFICES

Head Office

10th Floor, Shaheen Complex M.R.
Kayani Road, Karachi- 74200
Tel. # 32630370-75, 32213950-51, Fax # 32626674 E-
mail: sihifc@cyber.net.pk
URI: www.shaheeninsurance.com

Lahore

Zonal Head - Mr. Navced Butt

14 Askari Villas, Main Shami Road, Lahore Cant!.
Tel. #(042)36667008,36675243,36681107,36689541
UAN: 111-765-111 Fax # (042) 36669819
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: lsb@shaheeninsurance.com

Karachi

Progressive Plaza Branch
Branch Manager - Mr. Sohail Najam Kidwai

709, 7th Floor, Progressive Plaza,
Beaumont Road, Near P.I.D.C
Tel. # (021) 35653041-2, 35658251-2
Fax # (021) 35653043
E-mail: ppb@shaheeninsurance.com

Clifton Branch

Branch Managers-Mr. Mustufa Zafar Dada
Mr. Asad Hassan
Room No. 112, 1st Floor, Plot No. G-7, Block-9,
The Plaza Kehkashan Clifton Karachi.
Tel#(021)35308351-52,35308359,35308521 Fax #
(02 I) 35308353

Faisalabad

Branch Manager - Mr. Akhtar Rao

2nd Floor, Sitara Towers, Bila! Chowk
Civil Lines, Faisalabad
Tel. # (041)2614112, 2621370, 2630644-5
Fax#(04!)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 Cant!.
Tel. # (091) 5273122, Fax # (091) 5273106 E-
mail: psw@shaheeninsurance.com

Rawalpindi Branch

Branch Manager - Mr. Mujahid Raza

House No. 02-A/2, Block 'A',
Satellite Town, Rawalpindi
Tel#(051)4581354,4581355,4580096 Fax
(051) 4581353
E-mail: rwp@shaheeninsurance.com

Mirpur Azad Kashmir

Branch Manager - Mr. Sikandar

House No. 122, Sector F-2
Mirpur Azad Kashmir
Tel # (058) 2743559
E-mail: mpajk@shaheeninsurance.com

Multan

Branch Manager - Mr. Arshad Mehmood Khan

Shalimar Colony near Madrasa Khair-ul-Muarif
Bosan Road Multan.
Tel # (061) 6750001-005,
E-mail: mul@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

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors is pleased to present before you the unaudited financial statements of the Company for the second quarter ended 30 June 2010.

The Results are summarized below:

	June 2010	June 2009	% Age	December 2009
	All Figures Rs. in '000'			
Gross Premium Written	348,409	411,226	(15.28)	596,327
Net Premium Revenue	205,718	253,523	(18.86)	481,636
Net Claims	149,990	136,013	10.28	267,997
Underwriting Results	(12,010)	34,619	(134.69)	49,155
Investment Income	3,021	12,016	(74.86)	100,650
(Loss) / Profit Before Tax	(41,397)	15,366	(369.41)	21,002
(Loss) / Profit After Tax	(43,860)	11,348	(486.50)	17,466
Earning Per Share	(2.19)	0.57	(484.21)	0.87

Your Company has shown a decline in gross premiums underwritten of 15% and a decline in net premium revenue of 18% as compared to corresponding period. This decline is mainly attributable to management's selective underwriting approach adopted with a view of retaining only the profitable portfolio achieving better margins in today's highly competitive general insurance market of Pakistan. The overall net claims had increased by 10% as compare to the corresponding period. This increase is mainly attributable to changes in the estimates of future claim settlement costs. Due to these changes in claim estimates our Marine, Motor and Miscellaneous classes have shown underwriting losses during the period under review.

The investment income for the six months period ended was Rs. 3 million as against Rs. 12 million in the corresponding period of last year. Your Company has reduced its exposure in the highly volatile stock markets and has instead shifted investment focus to the highly liquid fixed income investments.

Pre-tax loss for the six months period ended was Rs. 41.397 million compared to the profit of Rs. 15.366 million in the corresponding period of last year.

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

M. Ikramullah Bhatti

M. Ikramullah Bhatti
Air Vice Marshal (Retd).
Chairman

Dated: August 30, 2010

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, 2010, and the related condensed interim profit and loss account, condensed interim statement of cash flows, condensed interim statement of changes in equity condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses, condensed interim statement of investment income and notes to the accounts for the six month period then ended (here-in-after referred to as the "interim financial information").the 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 figures of the condensed interim profit and loss account, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses condensed interim statement of investment income for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2010.

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: 30 August 2010
Karachi**

**Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai**

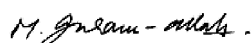
CONDENSED INTERIM BALANCE SHEET

	Un-audited	Audited
Note	30-Jun-2010	31-Dec-2009
	----- (Rupees) -----	
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital 30,000,000 (December 31, 2009: 20,000,000) ordinary shares of Rs. 10 each	300,000,000	200,000,000
Issued, subscribed and paid-up share capital 20,000,000 (December 31, 2009: 20,000,000) ordinary shares of Rs. 10 each fully paid in cash	200,000,000	200,000,000
Retained earnings	(38,607,067)	5,252,930
General reserve	20,000,000	20,000,000
Shareholders' equity	181,392,933	225,252,930
UNDERWRITING PROVISIONS		
Provision for outstanding claims (including IBNR)	169,600,914	165,695,329
Provision for unearned premium	308,741,418	234,723,760
Commission income unearned	13,370,319	14,050,901
Total underwriting provisions	491,712,651	414,469,990
CREDITORS AND ACCRUALS		
Premium received in advance	14,014,418	10,531,970
Amount due to other insurers / reinsurers	33,224,834	32,985,232
Accrued expenses	6,661,118	8,577,744
Agents' balances	24,972,658	20,625,153
Deferred gain on disposal of assets under sale and lease back	366,069	549,090
Other creditors and accruals	27,394,677	14,144,272
	106,633,774	87,413,461
BORROWINGS		
Liabilities against assets subject to finance lease	1,626,208	2,134,803
OTHER LIABILITIES		
Dividend payable - unclaimed	398,384	398,934
TOTAL LIABILITIES	600,371,017	504,417,188
TOTAL EQUITY AND LIABILITIES	781,763,950	729,670,118
CONTINGENCIES AND COMMITMENTS	8	

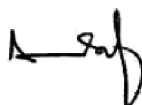
AS AT 30 JUNE 2010

	Un-audited 30-Jun-2010	Audited 31-Dec-2009
	----- (Rupees) -----	
CASH AND BANK DEPOSITS		
Cash and other equivalents	181,980	169,938
Current and other accounts	<u>91,372,157</u>	<u>132,556,696</u>
	91,554,137	132,726,634
LOANS - secured, considered good		
To employees	2,404,432	1,390,304
INVESTMENTS	9 181,858,435	177,519,757
INVESTMENT PROPERTIES	10 4,820,620	5,089,328
CURRENT ASSETS - OTHERS		
Premiums due but unpaid	11 241,102,042	134,056,255
Amounts due from other insurers / reinsurers	29,016,733	29,315,217
Accrued investment income	148,289	200,667
Reinsurance recoveries against outstanding claims	55,350,852	72,691,102
Taxation - payments less provisions	1,441,750	2,375,877
Deferred commission expense	42,991,758	50,241,945
Advances, deposits and prepayments	68,297,037	70,837,722
Sundry receivables	1,837,501	2,007,193
	440,185,962	361,725,978
FIXED ASSETS		
Tangible and Intangible	12	
Furniture, fixtures and office equipment	7,027,312	5,080,901
Motor vehicles	19,163,044	11,387,208
Capital work in progress - office premises	34,750,008	34,750,008
	60,940,364	51,218,117
TOTAL ASSETS	781,763,950	729,670,118

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, 2010

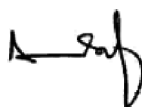
	Quarter ended June 30,				(Rupees)	
	Fire and property	Marine, aviation and transport	Motor	Others	2010	2009
REVENUE ACCOUNT					Aggregate	Aggregate
Net premium revenue	14,195,721	2,976,632	60,509,086	19,507,617	97,189,056	111,864,164
Net claims	(4,607,805)	(2,196,142)	(63,377,466)	(22,399,440)	(92,580,853)	(59,002,500)
Management expenses	(1,552,933)	(261,776)	(7,339,125)	(2,263,196)	(11,417,030)	(10,700,897)
Net commission	(7,258,217)	(1,004,141)	(8,772,013)	(1,781,340)	(18,815,711)	(28,435,305)
Net underwriting expenses	(8,811,150)	(1,265,917)	(16,111,138)	(4,044,536)	(30,232,741)	(39,136,202)
Underwriting result	776,766	(485,427)	(18,979,518)	(6,936,359)	(25,624,538)	13,725,462
Investment income					1,247,987	15,198,213
Rental income					518,802	458,097
Other (charges) / income					(46,255)	199,185
General and administrative expenses					(19,889,386)	(16,717,888)
(Loss) / Profit before tax					(43,793,390)	12,863,069
Provision for taxation - current					(1,962,960)	(3,518,166)
(Loss) / Profit after tax					(45,756,350)	9,344,903
(Loss) / Earnings per share - basic and diluted	15				(2.29)	0.10

	Six month period ended June30,				(Rupees)	
	Fire and property	Marine, aviation and transport	Motor	Others	2010	2009
REVENUE ACCOUNT					Aggregate	Aggregate
Net premium revenue	29,103,476	5,635,782	130,003,610	40,975,503	205,718,371	253,522,894
Net claims	(4,189,676)	(3,422,923)	(108,770,411)	(33,606,814)	(149,989,824)	(136,012,740)
Management expenses	(3,987,819)	(772,226)	(17,813,364)	(5,614,548)	(28,187,958)	(28,357,234)
Net commission	(16,019,676)	(1,888,924)	(17,864,651)	(3,776,941)	(39,550,192)	(54,534,036)
Net underwriting expenses	(20,007,495)	(2,661,150)	(35,678,015)	(9,391,490)	(67,738,150)	(82,891,270)
Underwriting result	4,906,305	(448,291)	(14,444,816)	(2,022,801)	(12,009,603)	34,618,884
Investment income					3,021,353	12,016,294
Rental income					1,037,601	904,881
Other income					1,667,726	254,035
General and administrative expenses					(35,114,114)	(32,428,107)
(Loss) / Profit before tax					(41,397,037)	15,365,987
Provision for taxation - current					(2,462,960)	(4,018,166)
(Loss) / Profit after tax					(43,859,997)	11,347,821
Profit and loss appropriation account:						
Balance at commencement of the period					5,252,930	12,787,033
(Loss) / Profit after tax					(43,859,997)	11,347,821
Balance of accumulated (loss) / unappropriated profit at end of the period					(38,607,067)	24,134,854
(Loss) / Earnings per share - basic and diluted	15				(2.19)	0.57

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

M. Gulam -ullah

Chairman



Chief Executive Officer



Director

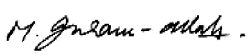
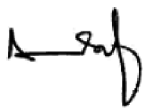




Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)
For the six month period ended June 30, 2010

	Paid-up share capital	Revenue reserves		Total
		General reserve	Retained earnings	
----- Rupees -----				
Balance as at January 01, 2009	175,000,000	20,000,000	12,787,033	207,787,033
<i>Changes in equity for the six month period ended June 30, 2009</i>				
Profit after tax 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>
<i>Changes in equity for the six month period ended December 31, 2009</i>				
Profit after tax for the six month period ended December 31, 2009	-	-	6,118,076	6,118,076
Issue of bonus shares	25,000,000	-	(25,000,000)	-
Balance as at January 01, 2010	<u>200,000,000</u>	<u>20,000,000</u>	<u>5,252,930</u>	<u>225,252,930</u>
(Loss) after tax for the six month period ended June 30, 2010	-	-	(43,859,997)	(43,859,997)
Balance as at June 30, 2010	<u>200,000,000</u>	<u>20,000,000</u>	<u>(38,607,067)</u>	<u>181,392,933</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

 _____ Chairman	 _____ Chief Executive Officer	 _____ Director	 _____ Chief Financial Officer
---	--	--	--

Condensed Interim Statement of Cash Flow (Unaudited)

For the six month period ended June 30, 2010

	June 30, 2010	June 30, 2009
	----- (Rupees) -----	
OPERATING ACTIVITIES		
<i>a) Underwriting activities</i>		
Premiums received	246,755,731	294,833,307
Reinsurance premium paid	(65,099,843)	(59,497,692)
Claims paid	(177,193,042)	(198,215,710)
Reinsurance and other recoveries received	48,449,053	47,178,065
Commissions paid	(42,002,177)	(58,386,043)
Commissions received	13,369,094	22,295,241
Net cash flows from underwriting activities	<u>24,278,816</u>	<u>48,207,168</u>
<i>b) Other operating activities</i>		
Income tax paid	(1,528,833)	(12,491,071)
General management expenses paid	(51,378,716)	(55,741,375)
Loans (refunded) / advanced	(1,014,128)	42,424
Net cash flows (used in) other operating activities	<u>(53,921,677)</u>	<u>(68,190,022)</u>
Total cash flows (used in) operating activities	(29,642,860)	(19,982,854)
INVESTING ACTIVITIES		
Profit / Return received	6,577,329	7,615,835
Rentals received	1,325,202	1,158,962
Payments for investments	(268,823,563)	(80,074,515)
Proceeds from disposal of investments	262,200,842	5,228,662
Fixed capital expenditure	(15,577,111)	(5,343,665)
Proceeds from disposal of fixed assets	3,440,000	-
Total cash flows (used in) investing activities	(10,857,301)	(71,414,721)
FINANCING ACTIVITIES		
Financial charges paid	(163,741)	(248,741)
Lease payments	(508,595)	(423,604)
Total cash flows (used in) financing activities	(672,336)	(672,345)
Net cash flows (used in) all activities	(41,172,497)	(92,069,920)
Cash and cash equivalents at beginning of the period	132,726,634	166,841,266
Cash and cash equivalents at end of the period	<u>91,554,137</u>	<u>74,771,346</u>

Condensed Interim Statement of Cash Flow (Unaudited)

For the six month period ended June 30, 2010

Reconciliation to profit and loss account	June 30, 2010	June 30, 2009
	----- (Rupees) -----	-----
Operating cash flows	(29,642,860)	(19,982,854)
Depreciation expense	(3,888,744)	(3,852,323)
Gain on disposal of fixed assets	1,205,167	-
Amortization of gains on assets under sale and lease back	183,018	183,018
Taxes paid	(163,741)	(248,741)
Financial charges	1,528,833	12,491,071
Decrease in assets other than cash	80,996,627	164,109,379
Decrease in liabilities	(95,953,829)	(149,420,874)
Investment and other income	4,338,492	12,087,311
Provision for tax	(2,462,960)	(4,018,166)
Profit / (Loss) after taxation	(43,859,997)	11,347,821

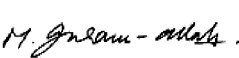
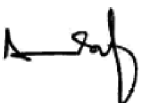
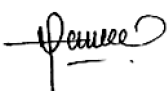

Definition of cash

Cash comprises 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	June 30, 2010	June 30, 2009
	----- (Rupees) -----	-----
- Cash in hand	171,980	132,938
- Policy stamps in hand	10,000	37,000
	181,980	169,938
 Current and saving accounts		
- Current accounts	11,119,153	23,905,796
- Savings accounts	80,253,004	108,650,900
	91,372,157	132,556,696
	91,554,137	132,726,634

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

			
Chairman	Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Statement of Premium (Unaudited)
For the quarter and six month period ended June 30, 2010

Business underwritten inside Pakistan

Class	Quarter ended June 30,									
	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	Net premium revenue	
		Opening b	Closing c			Opening f	Closing g		2010 i=d-h	2009
----- Rupees -----										
Direct and Facultative										
Fire and property damage	39,609,799	47,409,461	59,601,022	27,418,238	16,810,036	21,310,457	24,897,976	13,222,517	14,195,721	18,375,600
Marine, aviation and transport	19,097,164	13,556,506	23,632,154	9,021,516	13,741,580	9,385,360	17,082,056	6,044,884	2,976,632	599,737
Motor	80,202,594	121,580,103	139,059,466	62,723,231	1,215,000	4,567,341	3,568,195	2,214,146	60,509,086	70,835,840
Others	67,806,475	47,368,675	86,448,776	28,726,374	15,220,679	10,374,739	16,376,661	9,218,757	19,507,617	22,052,987
Total	206,716,032	229,914,745	308,741,418	127,889,359	46,987,295	45,637,897	61,924,888	30,700,304	97,189,056	111,864,164
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	206,716,032	229,914,745	308,741,418	127,889,359	46,987,295	45,637,897	61,924,888	30,700,304	97,189,056	111,864,164

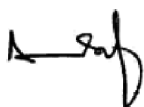
Class	Six month period ended June 30,									
	Premium written a	Unearned premium reserve		*Premium earned d=a+b-c	Reinsurance ceded e	Prepaid reinsurance premium ceded		Reinsurance expense h=e+f-g	Net premium revenue	
		Opening b	Closing c			Opening f	Closing g		2010 i=d-h	2009
----- Rupees -----										
Fire and property damage	63,718,724	52,903,997	59,601,022	57,021,699	25,851,857	26,964,342	24,897,976	27,918,223	29,103,476	44,289,227
Marine, aviation and transport	27,684,004	18,631,013	23,632,154	22,682,863	18,683,497	15,445,640	17,082,056	17,047,081	5,635,782	8,572,028
Motor	156,012,882	117,722,176	139,059,466	134,675,592	2,552,784	5,687,393	3,568,195	4,671,982	130,003,610	154,925,700
Others	100,993,396	45,466,574	86,448,776	60,011,194	18,549,790	16,862,562	16,376,661	19,035,691	40,975,503	45,735,939
Total	348,409,006	234,723,760	308,741,418	274,391,348	65,637,928	64,959,937	61,924,888	68,672,977	205,718,371	253,522,894
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	348,409,006	234,723,760	308,741,418	274,391,348	65,637,928	64,959,937	61,924,888	68,672,977	205,718,371	253,522,894

* 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 period.

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

M. Gulam-ullah

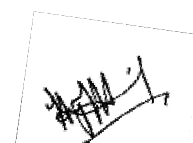
Chairman



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Claims (Unaudited)
For the quarter and six month period ended June 30, 2010

Class	Claims paid a	Outstanding claims		Claims expense d=a+c-b	Quarter ended June 30,			Reinsurance and other recoveries revenue (net) h=e+g-f	Net claims expense	
		Opening b	Closing c		Reinsurance and other recoveries received e	Reinsurance and other recoveries against outstanding claims			2010	2009
						Opening f	Closing g			
----- Rupees -----										
Direct and Facultative										
Fire and property damage	13,206,400	24,848,571	20,356,631	8,714,460	11,290,374	20,677,862	13,494,143	4,106,655	4,607,805	2,062,963
Marine, aviation and transport	3,222,612	41,329,283	15,294,899	(22,811,772)	2,328,153	40,119,989	12,783,922	(25,007,914)	2,196,142	507,863
Motor	51,450,487	83,250,377	98,518,820	66,718,930	4,304,300	5,250,000	4,287,164	3,341,464	63,377,466	36,721,306
Others	22,625,863	27,332,909	35,430,564	30,723,518	607,332	17,068,877	24,785,623	8,324,078	22,399,440	19,710,368
Total	<u>90,505,362</u>	<u>176,761,140</u>	<u>169,600,914</u>	<u>83,345,136</u>	<u>18,530,159</u>	<u>83,116,728</u>	<u>55,350,852</u>	<u>(9,235,717)</u>	<u>92,580,853</u>	<u>59,002,500</u>
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	<u>90,505,362</u>	<u>176,761,140</u>	<u>169,600,914</u>	<u>83,345,136</u>	<u>18,530,159</u>	<u>83,116,728</u>	<u>55,350,852</u>	<u>(9,235,717)</u>	<u>92,580,853</u>	<u>59,002,500</u>

Class	Claims paid a	Outstanding claims		Claims expense d=a+c-b	Six month period ended June 30,			Reinsurance and other recoveries revenue (net) h=e+g-f	Net claims expense	
		Opening b	Closing c		Reinsurance and other recoveries received e	Reinsurance and other recoveries against outstanding claims			2010	2009
						Opening f	Closing g			
----- Rupees -----										
Direct and Facultative										
Fire and property damage	15,063,636	19,181,736	20,356,631	16,238,531	12,769,429	14,214,717	13,494,143	12,048,855	4,189,676	4,134,262
Marine, aviation and transport	10,483,660	46,756,068	15,294,899	(20,977,509)	8,473,951	45,658,305	12,783,922	(24,400,432)	3,422,923	2,073,834
Motor	115,765,187	79,505,249	98,518,820	134,778,758	22,136,068	414,885	4,287,164	26,008,347	108,770,411	98,849,975
Others	35,880,559	20,252,276	35,430,564	51,058,847	5,069,605	12,403,195	24,785,623	17,452,033	33,606,814	30,954,669
Total	<u>177,193,042</u>	<u>165,695,329</u>	<u>169,600,914</u>	<u>181,098,627</u>	<u>48,449,053</u>	<u>72,691,102</u>	<u>55,350,852</u>	<u>31,108,803</u>	<u>149,989,824</u>	<u>136,012,740</u>
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	<u>177,193,042</u>	<u>165,695,329</u>	<u>169,600,914</u>	<u>181,098,627</u>	<u>48,449,053</u>	<u>72,691,102</u>	<u>55,350,852</u>	<u>31,108,803</u>	<u>149,989,824</u>	<u>136,012,740</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

M. Gulam - ulah

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer

Condensed Interim Statement of Expenses (Unaudited)
For the quarter and six month period ended June 30, 2010

Business underwritten inside Pakistan

Class	Quarter ended June 30,								
	Commission paid / payable a	Deferred commission		Net commission expense d=a+b-c	Management expenses e	Underwriting expenses f=d+e	*Commission from reinsurers g	Net underwriting expense	
		Opening b	Closing c					2010 h=f-g	2009
----- Rupees -----									
Direct and Facultative									
Fire and property damage	4,277,885	23,360,558	15,790,590	11,847,853	1,552,933	13,400,786	4,589,636	8,811,150	13,365,094
Marine, aviation and transport	2,186,219	3,182,653	3,681,909	1,686,963	261,776	1,948,738	682,822	1,265,916	1,207,223
Motor	10,337,967	16,963,919	18,421,401	8,880,485	7,339,125	16,219,610	108,471	16,111,139	19,522,519
Others	3,136,758	5,618,070	5,097,858	3,656,970	2,263,196	5,920,166	1,875,630	4,044,536	5,041,366
Total	19,938,829	49,125,200	42,991,758	26,072,271	11,417,030	37,489,300	7,256,559	30,232,741	39,136,202
Treaty	-	-	-	-	-	-	-	-	-
Grand total	19,938,829	49,125,200	42,991,758	26,072,271	11,417,030	37,489,300	7,256,559	30,232,741	39,136,202

Class	Six month period ended June 30,								
	Commission paid / payable a	Deferred commission		Net commission expense d=a+b-c	Management expenses e	Underwriting expenses f=d+e	*Commission from reinsurers g	Net underwriting expense	
		Opening b	Closing c					2010 h=f-g	2009
----- Rupees -----									
Direct and Facultative									
Fire and property damage	15,387,994	24,899,449	15,790,590	24,496,853	3,987,819	28,484,671	8,477,176	20,007,495	27,556,953
Marine, aviation and transport	4,058,863	2,936,939	3,681,909	3,313,893	772,227	4,086,120	1,424,970	2,661,150	3,122,540
Motor	20,277,733	16,227,094	18,421,401	18,083,426	17,813,364	35,896,790	218,775	35,678,015	41,434,527
Others	6,625,092	6,178,463	5,097,858	7,705,697	5,614,548	13,320,245	3,928,755	9,391,490	10,777,250
Total	46,349,682	50,241,945	42,991,758	53,599,869	28,187,958	81,787,827	14,049,676	67,738,150	82,891,270
Treaty	-	-	-	-	-	-	-	-	-
Grand total	46,349,682	50,241,945	42,991,758	53,599,869	28,187,958	81,787,827	14,049,676	67,738,150	82,891,270

* 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 16 form an integral part of this condensed interim financial report.

M. Gulam -ullah

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer

Condensed Interim Statement of Investment Income (Unaudited)
For the quarter and six month period ended June 30, 2010

	For the quarter ended		For the six month period ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
----- Rupees -----				
Income from trading investments - net				
Capital gain on sale of held for trading investments	76,751	107,088	891,636	473,795
Dividend income	498,625	-	1,186,375	-
Income from non-trading investments				
<i>Held to maturity</i>				
Return on other fixed income securities and bank deposits	1,388,050	1,864,856	3,117,186	2,963,631
<i>Available for sale</i>				
Dividend income	1,482,262	2,097,126	2,221,390	3,824,001
	2,870,312	3,961,982	5,338,576	6,787,632
Gain on sale of non-trading investments (available-for-sale)	33,794	-	316,540	-
Unrealized loss on revaluation of held for trading investments	(5,921,222)	(101,231)	(10,172,396)	(101,231)
Income from reverse repo transactions in listed equity securities	3,847,707	3,185,752	7,665,225	5,994,738
Reversal of impairment in available for sale securities	-	8,546,768	-	-
Investment related expenses	(157,980)	(502,146)	(2,204,603)	(1,138,640)
Net investment income	1,247,987	15,198,213	3,021,353	12,016,294

The annexed notes from 1 to 16 form an integral part of this condensed interim financial report.

M. G. Ram - mls

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the company) was incorporated in March 1995 under the Companies Ordinance, 1984, as a Public Company and obtained certificate of 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.

It's registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi.

2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the company for the six month period ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 have been followed.

As the company follows the format of financial statements prescribed by the Securities and Exchange Commission of Pakistan (SECP) through SEC (Insurance) Rules, 2002 vide its Circular No.7 of 2003 dated August 27, 2003, the changes introduced through IAS 1 (revised): Presentation of Financial Statements have not been taken into consideration in preparation of this condensed interim financial report. Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 01, 2010 and are not considered to be relevant or to have any significant effect on the company, are not detailed in this condensed interim financial report.

This condensed interim financial report is unaudited but has been reviewed by the external auditors of the company.

3. BASIS OF PRESENTATION

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

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

This condensed interim financial report has been prepared and presented in Pakistan Rupees, which is the company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial report 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 this condensed interim financial report, 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 financial statements as at and for the year ended December 31, 2009.

6. FINANCIAL AND INSURANCE RISK MANAGEMENT

The insurance risk management objectives and policies are consistent with those disclosed in the financial statements of the company for the year ended December 31, 2009.

7. OTHER CREDITORS AND ACCRUALS

	June 30 2010	December 31 2009
	----- Rupees -----	
Amount payable to policy holders in respect of cancelled policies	2,212,040	301,976
Federal excise duty payable	20,897,784	11,277,817
Federal insurance fee payable	963,901	-
Withholding tax payable	777,708	1,397,461
Workers welfare fund payable	815,074	815,074
Unearned rental income	33,520	321,121
Provident fund payable	918,426	-
Payable in respect of dealing in securities	746,788	-
Others	29,436	30,823
	<u>27,394,677</u>	<u>14,144,272</u>

8. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

The status of contingencies is same as disclosed in the financial statements for the year ended December 31, 2009.

COMMITMENTS

There are no commitments as at June 30, 2010 (December 31, 2009: Nil)

9. INVESTMENTS

9.1 Type of investments

Held-to-maturity

	June 30 2010	December 31 2009
	----- Rupees -----	
Certificate of Investments	553,825	528,756
Term Finance Certificates {Market value: Rs. 2.951 million (as per the rates quoted by the Mutual Fund Association of Pakistan) (December 31, 2009: Rs. 4.032 million)}	<u>3,045,000</u>	<u>4,041,000</u>
	<u>3,598,825</u>	<u>4,569,756</u>

	June 30 2010	December 31 2009
	----- Rupees -----	
At fair value through profit or loss - Held for trading	29,316,030	118,520,712
Available-for-sale		
Investments in ordinary shares of listed companies	1,318,000	28,433,849
Mutual Funds		
Open-end funds	145,787,355	23,558,033
Closed-end funds	1,838,225	2,437,407
	147,625,580	25,995,440
	181,858,435	177,519,757

9.2 Market value of quoted available for sale securities is Rs. 149.51 million (December 31, 2009: Rs. 54.565 million).

9.3 Had the company adopted International Accounting Standard (IAS) 39 "Financial instruments-recognition and measurement" in respect of recognition of gain / (loss) on measurement of available for sale securities directly into equity, the investments of the company would have been higher by Rs. 0.566 million (2009: Rs. 0.135 million) and the net equity would have increased by the same amount.

10. INVESTMENT PROPERTIES - at cost less accumulated depreciation

Shop and Office Premises (leasehold properties) have been valued under the market value basis by BFA (Private) Limited and MJ Surveyors (Private) Limited. Market value of shop and office premises based on the valuations as of February 08, 2010 and January 28, 2010 amounted to Rs. 53.34 million and Rs. 11.73 million (2008: February 23, 2009 and February 24, 2009 amounted to Rs.53.20 million and Rs. 11.39 million) respectively.

	June 30 2010	December 31 2009
	----- Rupees -----	
11. PREMIUMS DUE BUT UNPAID - unsecured		
Considered good	241,102,042	134,056,255
Considered doubtful	13,742,644	13,742,644
	254,844,686	147,798,899
Provision against doubtful debts	(13,742,644)	(13,742,644)
	241,102,042	134,056,255

12. ADDITIONS AND DELETIONS IN FIXED ASSETS

Details of the cost of operating assets that have been acquired and disposed off during the six month period ended June 30, 2010 are as follows:

	June 30, 2010		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----		----- Rupees -----	
Furniture, fixtures and office equipment	3,010,611	-	227,955	-
Motor vehicles	12,566,500	4,296,000	48,000	-
	15,577,111	4,296,000	275,955	-

13. TRANSACTIONS WITH RELATED PARTIES

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

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

<i>Transactions and balances with associated companies</i>	Six month period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- Rupees -----		----- Rupees -----	
Insurance premium				
Balance at beginning of the period	73,710,751	59,410,379	84,120,037	59,770,020
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	108,665,610	105,298,055	92,859,902	90,764,944
Received / Adjusted during the period	(20,588,797)	(48,227,937)	(15,192,375)	(34,104,467)
Balance at end of the period	161,787,564	116,480,497	161,787,564	116,430,497
Insurance claim expense				
Outstanding claims at beginning of the period	16,168,937	16,159,935	20,706,305	22,765,388
Gross claim expense for the period	42,985,713	30,936,287	27,558,835	14,107,267
Claim paid during the period	(40,113,336)	(31,588,480)	(29,223,826)	(21,364,913)
Outstanding claims at end of the period	19,041,314	15,507,742	19,041,314	15,507,742
<i>Other transactions for the period with associated companies</i>				
Rental income - net	750,000	617,280	375,000	308,640
Rental expense	766,656	1,393,920	766,656	696,960
Brokerage, commission and advisory expenses	1,754,406	1,138,640	20,366	502,146
<i>Other balances with associated companies</i>			June 30, 2010	December 31, 2009
			----- Rupees -----	
Sundry receivables			746,788	25,905
Advisory fee payable			1,858,907	2,016,927
Prepaid rent			766,656	2,299,968
Advance for the purchase of office premises in Lahore			34,750,008	34,750,008
<i>Transactions for the period with other related parties</i>				
			June 30, 2010	June 30, 2009
	----- Rupees -----		----- Rupees -----	
Contribution to the provident fund	1,207,857	1,139,810	557,304	566,337
Remuneration of key management personnel	6,051,840	6,202,182	3,025,920	3,013,213

Balances with other related parties

(Payable) / Receivable to provident fund

June 30, 2010	December 31, 2009
----- Rupees -----	
(918,426)	143,788

- 13.1 Remuneration to the key management personnel are in accordance with the terms of their employment.
- 13.2 Contribution to the provident fund is in accordance with the company's staff services rules.
- 13.3 Other transactions with the related parties are in accordance with the agreed terms.

14. SEGMENT REPORTING

	Fire and property		Marine, aviation & transport		Motor		Others		Total	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
----- Rupees -----										
SEGMENT ASSETS										
Segment assets	115233454	130,300,748	45370140	75,106,724	298987053	236932071	132214999	100338419	591,805,646	542,677,962
Unallocated corporate assets									189,958,304	186,992,156
Total assets									781,763,950	729,670,118
SEGMENT LIABILITIES										
Segment Liabilities	102945795	94,880,579	43206450	72,007,824	302756641	242174618	145750517	89,706,863	594,659,403	498,769,884
Unallocated corporate liabilities									5,711,614	5,647,304
Total liabilities									600,371,017	504,417,188
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Capital expenditure	2,203,732	48,209	426,745	9,327	9,843,947	168,636	3,102,688	49,782	15,577,112	275,955
Depreciation	550,151	673,001	106,534	130,209	2,457,489	2,354,155	774,570	694,959	3,888,744	3,852,323

15. EARNINGS PER SHARE - basic and diluted

	Six month period ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- Rupees -----		----- Rupees -----	
(Loss) / Profit for the period	(43,859,997)	11,347,821	(45,756,350)	2,002,919
	Number of Shares		Number of Shares	
Weighted average number of shares of Rs. 10 each	20,000,000	20,000,000	20,000,000	20,000,000
	----- Rupees -----		----- Rupees -----	
(Loss) / Earnings per share	(2.19)	0.57	(2.29)	0.10

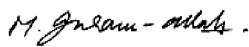
The company has not issued any instrument which would dilute its basic earnings per share when exercised.

Earnings per share for the corresponding period have been adjusted for the effect of subsequent issue of bonus shares.

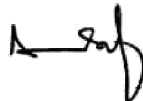
16. GENERAL

16.1 This condensed interim financial report was authorised for issue in the board of directors meeting held on 30 August 2010.

16.2 The figures for the quarter and six month period ended June 30, 2010 have been rounded off to the nearest rupee.



Chairman



Chief Executive Officer



Director



Chief Financial Officer