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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal (R) M. Arif Pervaiz
Air Commodore (R) Mehmood Ahmad
Mr. Shahid Hameed
Air Commodore (R) Zafar Yasin
Air Commodore (R) Muhammad Masud Akhtar
Air Commodore (R) Shahid Jamil Hashmi
Group Capt. (R) Ehsan-ur-Rauf Sheikh

CHIEF OPERATING OFFICER

Sohel Najam Kidwai

CHIEF FINANCIAL OFFICER

Muhammad Farhan Janjuah

COMPANY SECRETARY

Muhammad Farhan Janjuah

AUDITORS

Anjum Asim Shahid Rehman
Chartered Accountants

LEGAL ADVISOR

Surrige & Beecheno

REGISTERED OFFICE

10th Floor, Shaheen Complex, M.R.Kayani Road, Karachi 74200.

HEAD OFFICE

10th Floor, Shaheen Complex, M.R.Kayani Road, Karachi 74200.

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: sihife@cyber.net.pk
URI: www.shaheeninsurance.com
UAN: (021) 111-765-111

Karachi

Branch Manager-Mr. Asad Hassan
10th Floor, Shaheen Complex
M.R. Kayani Road, Karachi - 74200
Tel. # 32630370-75, 32213950-51, Fax # 32626674
E-mail: sihife@cyber.net.pk
URI: www.shaheeninsurance.com
UAN: (021) 111-765-111

Lahore

Zonal Head - Mr. Naveed Butt
Office # 4, 6th floor, Shaheen Complex
opp: PTV Station 38, Abbott Road,
Lahore
Tel # 042-36376270, 36376274, 36376278, 36376279
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Islamabad

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Multan

Branch Manager - Mr. Arshad Mehmood Khan
Shalimar Colony near Madrasa Khair-ul-Muarif
Bosan Road Multan.
Tel # (061) 6750001-3
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E-mail: mul@shaheeninsurance.com

Sialkot

Branch Manager - Mr. Muhammad Mujahid Ali
104, First Floor, Kareem Plaza, Defence
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Tel. # (052) 3250982, 3550131
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Hyderabad

Branch Manager - Syed Kashif Ali
Upper 2nd Floor
House # 75, Soldier Bazar
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Lahore Corporate

Branch Manager Mr. Sohaib Ansar Khan
Office # 6, 6th floor, Shaheen Complex
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Fax # 042-36370385
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Faisalabad

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Civil Lines, Faisalabad
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Peshawar

Branch Manager - Mr. Muhammad Shoaib Khan
6th Floor, State Life Building
34 - The Mall, Peshawar Cantt.
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E-mail: psw@shaheeninsurance.com

DIRECTORS' REVIEW FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013

The Board of Directors is pleased to present before you the un-audited financial statements of the Company for the six months period ended June 30, 2013.

Business Overview:

	June 2013 Rupees	June 2012 in '000	Increase/ (Decrease)	% Age
Gross Premium written	205,571	381,359	(175,788)	(46.00)
Net Premium revenue	190,143	259,278	(69,135)	(26.66)
Claims Expenses	303,585	196,404	107,181	54.57
Net Claims expense	147,608	169,999	(22,391)	(13.17)
Underwriting results	(29,887)	5,579	(35,466)	(635.71)
Investment income	3,180	9,248	(6,068)	(65.61)
Management and General & Admin exp	82,787	85,018	(2,231)	(2.62)
Profit/ (Loss) before tax	(63,219)	(22,816)	(40,403)	177.08
Profit/ (Loss) after tax	(64,170)	(22,816)	(41,354)	181.25
Earning per Share	(2.14)	(0.82)	(1.32)	

Board of Directors has taken vital steps to improve the financial health of the Company by approving the further issuance of Right Shares of Rs. 150 million on pro-rata basis at the rate of 50 ordinary shares of every 100 shares held @ 50%. This will help in increasing capital and meeting the solvency margin. In this regard notice of Extra-Ordinary General Meeting, book closure and notice to shareholders have been issued.

During the period under review, shortage of power and gas and deteriorating law and order situation in the country is putting severe pressure on already thin margins of the general insurance sector and your Company was no exceptional. The silver lining is that Government of Pakistan has reached an agreement with IMF for loan agreement. This will give room to our economic managers to manage the situation in the country.

SICL is restructuring by merging the branches and thereby minimizing the cost of doing the business. New directions had been given by the Board on operations, on induction of new marketing force, to improve the business and ultimately selectivity of Business areas that will help the Company to conduct business with new approach. We expect in future SICL will turnaround and come in positive underwriting results. There was a substantial decrease in business of 46% in gross premium written, however the net premium revenue decreased by 26% only. A new management team had been inducted in the second half of this year and will try to arrest this situation.

The overall Claims expenses increased by 54% during the six months period ended June 30, 2013 from the last year. This was due to incurrence of Cotton Claim of Rs. 153 million. However, our Operation Department is hopeful on recovery from re-insurers.

Due to the reasons mentioned above there had been Underwriting loss of more than Rs. twenty nine million. Incurrence of Cotton Claim has resulted in underwriting loss.

Investment in shares in associated company has wiped out the investment income. Your company is trying to settle the issue of Investment in associated company with the owners. This has also been highlighted in emphasis paragraph by the Auditors.

Management and General & Administration expenses decreased marginally.

Similar to last year, External Auditors have qualified the Audit Report on non-recoverability of Premium due but unpaid of Rs. 156.75 million from related parties. As per list attached in note 12.1 M/s. Shaheen Foundation has paid all the dues and arrangement has been made with World Call for settlement of dues. Regarding other related parties your Company is trying to recover the premium due. We hope that they will co-operate with the Company on recoverability.

During the period three Board Directors related to First Capital group resigned citing personal reasons, Board has filled in casual vacancies by appointing new Directors to comply with the law. New induction of management in the second half of this year has been successfully made. Mr. Sohel N. Kidwai has joined as Chief Operating Officer and Mr. M. Farhan Janjua as CFO & Company Secretary. Both are professionals in their field. Board welcomes them in SICL.

PACRA has down graded the Company ratings to -BBB due to problems in solvency margin. Board and management has chalked out a plan to come out from this adverse situation. As mentioned earlier, we hopefully believe that upon implementation of additional capital and operational measures taken by the Board credit ratings will improve..

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

Your Directors would also like to than the Securities and Exchange Commission of Pakistan, Pakistan Re-insurance Company Limited and all our foreign re-insurers for their continued guidance and support.

A handwritten signature in black ink, appearing to read 'M. Arif Pervaiz', with a long horizontal line extending to the right.

Air Marshal M. Arif Pervaiz (Retd)
CHAIRMAN

Dated: December 19, 2013

**AUDITOR'S REPORT TO THE MEMBERS OF
SHAHEEN INSURANCE COMPANY LIMITED
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Shaheen Insurance Company Limited (the Company) as at June 30, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed statement of changes in equity, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income together with selected explanatory notes forming part thereof for the six months period ended (herein-after referred to as the "interim financial information"). Management of the Company is responsible for the preparation and fair 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 comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the three months period ended June 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

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

Basis for qualified conclusion

The Company has premium due but unpaid amounting to Rs. 288.93 million as at June 30, 2013. Out of this, Rs. 156.75 million is from related parties and has accumulated over the years (refer note 12.1 to the condensed financial information). Subsequent to the balance sheet date, the Company has recovered Rs. 39.75 million and arrangements were also finalized with one party for recovery (refer note 12.1.1 and 12.1.2 to the condensed financial information). However, for remaining parties there were no / significant recoveries subsequent to the balance sheet date. Further, the Company has not carried out detailed assessment of recoverability of premium due but unpaid from other groups/parties, which is also significant. Due to the foregoing, we are unable to satisfy ourselves whether the Company would be able to recover the outstanding balance of premium due but unpaid after taking the effects of subsequent recoveries as aforesaid. Had the provision been made, the loss for the half year ended June 30, 2013 would have been higher and premium due but unpaid and the total shareholder's equity would have been lower by the amount of provision so made.

Conclusion

Based on our review, except for the matter mentioned in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for six months period ended June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to the following:

- i. note 9.1.1 and 14 to the interim financial information, which fully explain the matter that the Company has not complied with solvency requirements as prescribed under Insurance Ordinance, 2000 as at December 31, 2011, December 31, 2012 and June 30, 2013; and
- ii. note 10.4 and to the interim financial information, which fully explains the matter that the Company through an agreement dated November 29, 2012 settled balance of reverse repo/capital work in progress and premium due but unpaid against 4.7 million shares of a related party.

Our conclusion is not qualified on above matters.

December 19, 2013
Karachi

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

Condensed Balance Sheet
As at June 30, 2013

	Note	(Unaudited) 30 June 2013	(Audited) 31 December 2012
----- (Rupees) -----			
SHARE CAPITAL AND RESERVES			
Authorized share capital		300,000,000	300,000,000
Issued, subscribed and paid-up capital	7	300,000,000	300,000,000
Retained earnings		(100,796,546)	(36,626,704)
Reserves		20,000,000	20,000,000
Shareholders' equity		219,203,454	283,373,296
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		433,551,004	236,223,065
Provision for unearned premium		179,919,376	214,835,890
Premium deficiency reserve		3,278,626	3,278,626
Commission income unearned		4,209,965	7,806,009
Total underwriting provisions		620,958,971	462,143,590
Creditors and Accruals			
Premium received in advance		14,041,754	12,939,961
Amounts due to other insurers / reinsurers		21,132,013	53,309,193
Accrued expenses		6,499,106	3,848,390
Agent balances		37,646,124	33,443,746
Taxation - provisions less payments		2,178,739	1,544,203
Other creditors and accruals	8	45,614,486	25,079,625
		127,112,222	130,165,118
Borrowings			
Liabilities against assets subject to finance lease		2,383,235	2,996,194
Other liabilities			
Dividend payable-unclaimed		398,934	398,934
Total liabilities		750,853,362	595,703,836
TOTAL EQUITY AND LIABILITIES		970,056,816	879,077,132
Contingencies and commitments	9		

Condensed Balance Sheet
As at June 30, 2013

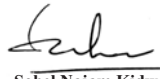
	<i>Note</i>	31 March 2013 (Unaudited)	31 December 2012 (Audited)
----- (Rupees) -----			
ASSETS			
Cash and bank deposits			
Cash and other equivalent		33,960,086	125,625
Current and other accounts		15,594,826	48,364,552
Deposits maturing within 12 months		-	
		<u>49,554,912</u>	<u>48,490,177</u>
Loans - Secured and considered good			
To Employees		2,397,040	3,556,269
Investments			
	10	242,351,595	240,948,429
Investment properties			
	11	26,543,409	27,463,328
		<u>268,895,004</u>	<u>268,411,757</u>
Current Assets-Others			
Premium due but unpaid - Net	12	288,938,334	262,200,458
Amounts due from other insurers/ reinsures		8,822,743	61,672,193
Accrued investment income		-	29,753
Reinsurance recoveries against outstanding claims		191,385,104	48,434,185
Deferred commission expense		31,711,830	34,314,746
Advances, deposits and prepayments		55,031,112	69,542,850
Other receivables		4,389,941	9,624,703
		<u>580,279,064</u>	<u>485,818,888</u>
Fixed assets			
Owned			
Tangible			
Furniture, fixture and office equipment	15	11,974,472	11,138,726
Motor vehicles		15,969,018	18,890,819
Capital work in progress	15.1	34,750,008	34,750,008
		<u>62,693,498</u>	<u>64,779,553</u>
Intangible			
Computer software		3,825,564	5,208,456
Leased			
Motor vehicles		2,411,733	2,812,032
TOTAL ASSETS		<u><u>970,056,816</u></u>	<u><u>879,077,132</u></u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

Condensed Interim Profit and Loss Account (Unaudited)
For the six months period ended June 30, 2013


Note	Three months period ended June 30, 2013						
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Others	2013 Aggregate	2012 Aggregate
	Rupees						
Revenue Account							
Net premium revenue	4,105,809	1,885,687	54,382,052	22,263,159	962,536	83,599,243	123,537,632
Net claims	(3,585,779)	67,002	(26,971,400)	(23,276,128)	(2,306,739)	(56,073,044)	(74,424,323)
Management expenses	(4,063,125)	(960,927)	(10,326,879)	(4,100,360)	(1,875,952)	(21,327,243)	(22,933,113)
Net commission	(2,585,050)	(561,175)	(7,834,888)	(2,992,768)	(645,749)	(14,619,630)	(18,067,038)
Net underwriting expenses	(6,648,175)	(1,522,102)	(18,161,767)	(7,093,128)	(2,521,701)	(35,946,873)	(41,000,151)
Underwriting results						(8,420,674)	8,113,158
Investment income						3,035,366	1,081,283
Rental income						538,701	523,818
Other income						648,674	285,759
General and administrative expenses						(25,373,090)	(19,471,276)
Loss for the period before taxation						(29,571,023)	(9,467,258)
Provision for taxation						(418,230)	1,000,000
Loss after tax						(29,989,253)	(8,467,258)
Earnings per share-basic and diluted	17					(1.00)	(0.28)

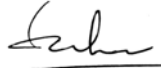
Note	Six months period ended June 30, 2013						
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Others	2013 Aggregate	2012 Aggregate
	Rupees						
Revenue Account							
Net premium revenue	20,724,591	(476,620)	108,203,374	51,932,547	9,758,789	190,142,681	259,277,785
Net claims	(15,653,896)	(5,147,959)	(72,235,278)	(48,683,047)	(5,887,706)	(147,607,886)	(169,999,288)
Management expenses	(8,291,446)	(1,749,023)	(20,562,896)	(9,518,034)	(3,954,300)	(44,075,699)	(45,876,211)
Net commission	(4,817,587)	(930,145)	(15,463,995)	(5,941,757)	(1,192,180)	(28,345,664)	(37,823,328)
Net underwriting expenses	(13,109,033)	(2,679,168)	(36,026,891)	(15,459,791)	(5,146,480)	(72,421,363)	(83,699,539)
Underwriting results						(29,886,568)	5,578,958
Investment income						3,179,887	9,247,965
Rental income						1,077,402	1,047,636
Other income						1,121,659	451,556
General and administrative expenses						(38,711,508)	(39,141,775)
Profit for the period before taxation						(63,219,128)	(22,815,660)
Provision for taxation						(950,714)	-
Loss after tax						(64,169,842)	(22,815,660)
Balance at commencement of the period						(36,626,704)	(4,535,102)
Loss for the six months period						(64,169,842)	(22,815,660)
Balance at end of the period						(100,796,546)	(27,350,762)
Earnings per share-basic and diluted	17					(2.14)	(0.82)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer


Condensed Interim Statement of Comprehensive Income (Unaudited)
For the six months period ended June 30, 2013


	For the quarter ended		For the six month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees -----			
Loss for the period	(29,989,253)	(8,467,258)	(64,169,842)	(22,815,660)
Other comprehensive income	-	-	-	-
Total Comprehensive loss for the period	(29,989,253)	(8,467,258)	(64,169,842)	(22,815,660)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


 Air Marshal (R) M. Arif Pervaiz
Chairman


 Air Cdre (R) Shahid Jamil Hashmi
Director


 Air Cdre (R) Zafar Yasin
Director


 Sohail Najam Kidwani
Chief Operating Officer

Condensed Interim Statement of Cash Flow (Unaudited)
For the six months period ended June 30, 2013

	June 30, 2013	June 30, 2012
	- - - - - (Rupees) - - - - -	
OPERATING ACTIVITIES		
<i>a) Underwriting activities</i>		
Premiums received	232,987,748	268,765,215
Reinsurance premiums paid	(42,241,600)	(34,785,856)
Claims paid	(106,257,218)	(148,095,572)
Reinsurance and other recoveries received	13,026,352	14,348,991
Commissions paid	(44,063,349)	(45,992,689)
Commissions received	5,315,266	15,280,115
Net cash flows from underwriting activities	<u>58,767,199</u>	<u>69,520,204</u>
<i>b) Other operating activities</i>		
Income tax paid	(294,833)	(1,321,047)
Management and administrative expenses paid	(59,274,353)	(73,955,823)
Loans advanced - net	1,159,229	319,260
Net cash flows used in other operating activities	<u>(58,409,957)</u>	<u>(74,957,610)</u>
Total cash flows / (used in) all operating activities	357,242	(5,437,406)
INVESTING ACTIVITIES		
Profit / Return received	2,243,830	4,529,360
Rentals received	1,077,402	750,000
Payments for investments	-	(6,798,166)
Proceeds from disposal of investments	712,646	10,216,176
Fixed capital expenditure	(2,822,782)	(1,185,951)
Proceeds from disposal of fixed assets	103,673	522,000
Total cash flows from all investing activities	1,314,769	8,033,419
FINANCING ACTIVITIES		
Financial charges paid	-	(277,753)
Payments of finance lease liability	(613,500)	(335,740)
Issue of right shares	-	50,000,000
Total cash flows / (used in) from all financing activities	(613,500)	49,386,507
Net cash flows from all activities	1,058,511	51,982,520
Exchange gain on cash and cash equivalents	6,224	-
Cash and cash equivalents at the beginning of period	48,490,177	26,323,815
Cash and cash equivalents at end of the period	<u>49,554,912</u>	<u>78,306,335</u>

	2013	2012
	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	357,242	(5,437,406)
Exchange gain on cash and cash equivalents	6,224	-
Depreciation on fixed assets	(6,650,840)	(8,515,297)
Depreciation on investment property	(919,918)	-
Gain on disposal of fixed assets	5,000	294,668
Taxes paid	(294,833)	1,321,047
Financial charges	(613,500)	(277,753)
Increase in assets other than cash	94,417,449	105,126,363
Increase in liabilities	(154,134,258)	(125,735,164)
Investment and other income	4,608,306	10,407,882
Provision for tax	(950,714)	-
Loss after taxation	<u>(64,169,842)</u>	<u>(22,815,660)</u>

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:


	2013	2012
	----- Rupees -----	
Cash and other equivalents		
- Cash in hand	33,960,086	76,958
- Policy stamps in hand	-	-
	<u>33,960,086</u>	<u>76,958</u>
Current and saving accounts		
- Current accounts	8,950,894	43,843,873
- Savings accounts	6,643,932	34,385,504
	15,594,826	78,229,377
	<u>49,554,912</u>	<u>78,306,335</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

Condensed Interim Statement of Changes in Equity (Unaudited)
For the six months period ended June 30, 2013

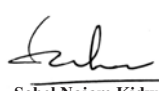
	Paid-up share capital	Revenue reserves		Total
		Retained earnings	General reserve	
----- Rupees -----				
Balance as at January 01, 2012	250,000,000	(4,535,102)	20,000,000	265,464,898
<i>Changes in equity for the six month period ended June 30, 2012</i>				
Issue of right shares during the period	50,000,000	-	-	50,000,000
Total comprehensive loss for the period	-	(22,815,660)	-	(22,815,660)
Balance as at June 30, 2012	<u>300,000,000</u>	<u>(27,350,762)</u>	<u>20,000,000</u>	<u>292,649,238</u>
<i>Changes in equity for the six month period ended December 31, 2012</i>				
Total comprehensive loss for the period	-	(9,275,942)	-	(9,275,942)
Balance as at January 01, 2013	<u>300,000,000</u>	<u>(36,626,704)</u>	<u>20,000,000</u>	<u>283,373,296</u>
<i>Changes in equity for the six month period ended June 30, 2013</i>				
Total comprehensive loss for the period	-	(64,169,842)	-	(64,169,842)
Balance as at June 30, 2013	<u>300,000,000</u>	<u>(100,796,546)</u>	<u>20,000,000</u>	<u>219,203,454</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

Condensed Interim Statement of Premium (Unaudited)
For the six months period ended June 30, 2013
Business underwritten inside Pakistan

Quarter ended June 30, 2013

Class	Premium written		*Premium earned		Reinsurance ceded		Prepaid reinsurance premium ceded		2013		2012	
	a	b	c	d=a+b-c	e	f	g	h=e+f-g	i=d-h	Net premium revenue	Net premium revenue	
Direct and facultative												
Fire and property damage	21,463,341	28,278,434	28,278,893	21,922,882	8,962,233	24,602,435	15,609,488	17,955,180	3,967,702	3,967,702	15,907,229	
Marine, aviation and transport	5,448,135	2,849,127	3,079,853	5,217,410	3,115,808	1,722,811	1,506,897	3,331,722	1,885,687	1,885,687	7,743,721	
Motor	67,779,970	104,255,074	117,299,989	54,735,055	2,377,500	3,782,015	4,471,141	1,688,374	53,046,681	53,046,681	63,338,673	
Accident and health	5,549,990	34,685,308	17,998,125	22,237,173	-	-	-	-	22,237,173	22,237,173	23,940,786	
Others	6,139,080	17,262,389	13,262,516	10,138,953	8,064,112	7,298,323	6,186,018	9,176,418	962,536	962,536	12,607,223	
Total	106,380,516	187,790,332	179,919,376	114,251,472	22,519,653	37,405,584	27,773,543	32,151,694	82,099,778	82,099,778	123,537,632	

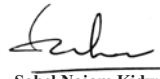

Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director

Business underwritten inside Pakistan
Six month period ended June 30, 2013

Class	Premium written		*Premium earned		Reinsurance ceded		Prepaid reinsurance premium ceded		2013		2012	
	a	b	c	d=a+b-c	e	f	g	h=e+f-g	i=d-h	Net premium revenue	Net premium revenue	
Direct and facultative												
Fire and property damage	33,210,609	40,308,289	28,278,893	45,240,005	15,790,894	24,334,008	15,609,488	24,515,414	20,724,591	20,724,591	32,171,463	
Marine, aviation and transport	11,234,039	1,388,877	3,079,853	9,543,064	6,905,014	4,621,566	1,506,897	10,019,683	(476,620)	(476,620)	18,840,027	
Motor	125,886,781	103,609,019	117,299,989	112,195,810	4,755,000	3,708,577	4,471,141	3,992,436	108,203,374	108,203,374	129,190,939	
Accident and health	23,574,635	46,356,037	17,998,125	51,932,547	-	-	-	-	51,932,547	51,932,547	53,153,514	
Others	11,664,401	23,173,668	13,262,516	21,575,553	10,323,818	7,678,964	6,186,018	11,816,765	9,758,789	9,758,789	25,921,842	
Total	205,570,465	214,835,890	179,919,376	240,486,979	37,774,726	40,343,115	27,773,543	50,344,298	190,142,681	190,142,681	259,277,785	


Air Cdre (R) Zafar Yasin
Director



Sohail Najam Kidwani
Chief Operating Officer


Condensed Interim Statement of Claims (Unaudited)
For the six months period ended June 30, 2013


Business underwritten inside Pakistan

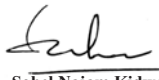
Quarter ended June 30, 2013

Class	Claims paid		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	2013 Net claims expense f=d-h	2012 Net claims expense
	a	b	Opening b	Closing c			Opening f	Closing g			
Direct and facultative											
Fire and property damage	5,166,890	178,785,552	181,363,515	7,744,853	1,552,096	161,548,396	164,155,374	4,159,074	3,585,779	1,591,374	
Marine, aviation and transport	113,695	17,268,019	17,124,725	(29,599)	52,966	6,880,290	6,864,727	37,403	(67,002)	587,970	
Motor	31,046,166	142,880,746	143,615,640	32,438,480	3,424,711	3,181,550	4,566,499	4,809,660	27,628,820	32,845,118	
Accident and health	12,085,726	46,315,159	57,505,561	23,276,128	-	-	-	-	23,276,128	24,652,522	
Others	49,320	28,663,134	33,941,563	5,327,749	371,868	13,149,362	15,798,504	3,021,010	2,306,739	14,747,339	
Total	48,461,797	413,912,610	433,551,004	68,757,611	5,401,641	184,759,598	191,385,104	12,027,147	56,730,464	74,424,323	


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

Business underwritten inside Pakistan

Six month period ended June 30, 2013


Class	Claims paid		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	2013 Net claims expense f=d-h	2012 Net claims expense
	a	b	Opening b	Closing c			Opening f	Closing g			
Direct and facultative											
Fire and property damage	5,737,536	23,035,127	181,363,515	164,065,924	1,758,128	17,501,474	164,155,374	148,412,028	15,653,896	5,288,223	
Marine, aviation and transport	2,836,810	13,897,753	17,124,725	6,063,782	1,386,165	7,335,069	6,864,727	915,823	5,147,959	4,006,517	
Motor	70,978,219	136,947,641	143,615,640	77,646,218	9,358,867	8,514,426	4,566,499	5,410,940	72,235,278	84,662,470	
Accident and health	26,570,117	35,392,631	57,505,561	48,683,047	-	-	-	-	48,683,047	58,295,430	
Others	134,536	26,949,913	33,941,563	7,126,186	523,192	15,083,216	15,798,504	1,238,480	5,887,706	17,746,648	
Total	106,257,218	236,223,065	433,551,004	303,585,157	13,026,352	48,434,185	191,385,104	155,977,271	147,607,886	169,999,288	


The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Condensed Interim Statement of Expenses (Unaudited)
For the six months period ended June 30, 2013
Business underwritten inside Pakistan

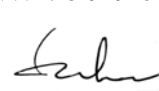
Quarter ended June 30, 2013

Class	Commissions		Net Commission expense	Other Management expenses	Underwriting expense	*Commission from reinsurers	2013		2012
	paid or payable	Deferred Opening					Net	underwriting expenses	
	a	b	d=a+b-c	e	f=d+e	g	h=f-g	Net	underwriting expenses
Direct and facultative				Rupees					
Fire and property damage	4,972,663	9,918,092	5,432,360	4,063,125	9,495,485	2,847,310	6,648,175	6,888,655	
Marine, aviation and transport	1,390,843	737,352	1,338,337	960,927	2,299,264	777,162	1,522,102	3,594,169	
Motor	9,215,973	15,002,227	7,839,636	10,326,879	18,166,515	4,748	18,161,767	20,451,705	
Accident and health	389,747	5,860,654	2,992,768	4,100,360	7,093,128	-	7,093,128	6,243,632	
Others	341,974	2,802,648	1,317,241	1,875,952	3,193,193	671,492	2,521,701	3,821,990	
Total	16,311,200	34,320,973	18,920,341	21,327,243	40,247,584	4,300,711	35,946,873	41,000,151	
Treaty	-	-	-	-	-	-	-	-	
Grand total	16,311,200	34,320,973	18,920,341	21,327,243	40,247,584	4,300,711	35,946,873	41,000,151	


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

Six month period ended June 30, 2013

Class	Commissions		Net Commission expense	Other Management expenses (Note 21)	Underwriting expense	*Commission from reinsurers	2013		2012
	paid or payable	Deferred Opening					Net	underwriting expenses	
	a	b	d=a+b-c	e	f=d+e	g	h=f-g	Net	underwriting expenses
Direct and facultative				Rupees					
Fire and property damage	9,271,761	10,894,859	10,708,225	8,291,446	18,999,671	5,890,638	13,109,033	14,052,788	
Marine, aviation and transport	2,827,441	377,885	2,415,469	1,749,023	4,164,492	1,485,323	2,679,168	8,713,303	
Motor	17,397,418	14,454,635	15,473,489	20,562,896	36,036,385	9,495	36,026,890	40,753,133	
Accident and health	3,934,619	5,264,771	5,941,757	9,518,034	15,459,791	-	15,459,791	13,853,467	
Others	1,223,900	3,322,596	2,719,115	3,954,300	6,673,415	1,526,935	5,146,480	6,326,848	
Total	34,655,139	34,314,746	37,258,054	44,075,699	81,333,753	8,912,390	72,421,363	83,699,530	
Treaty	-	-	-	-	-	-	-	-	
Grand total	34,655,139	34,314,746	37,258,054	44,075,699	81,333,753	8,912,390	72,421,363	83,699,530	

* 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 18 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Investment Income (Unaudited)
For the six months period ended June 30, 2013


	For the quarter ended		For the six month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees -----			
Income from trading investments - net				
Dividend income	419,763	1,028,909	1,206,515	1,028,909
Income from non-trading investments				
<i>Held to maturity</i>				
Return on other fixed income securities and bank deposits	346,600	1,067,919	777,479	1,194,997
<i>Available for sale</i>				
Dividend income	-	1,018,803	-	2,386,729
	335,569	2,086,722	777,479	3,581,726
Loss on sale of non-trading investments (available-for-sale)	-	(13,989)	-	(13,989)
Unrealized (loss) / gain on revaluation of held for trading investments	2,739,993	(1,560,400)	2,115,811	5,602,905
Investment related expenses	(459,959)	(459,959)	(919,918)	(951,586)
Net investment income	<u>3,035,366</u>	<u>1,081,283</u>	<u>3,179,887</u>	<u>9,247,965</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer

**Notes to Condensed Interim Financial Report (Unaudited)
For the six months period ended June 30, 2013**

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 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 10th floor, Shaheen Commercial Complex, Karachi.

2 STATEMENT OF COMPLIANCE

This condensed interim financial report (condensed interim financial information) of the Company for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34- (IAS 34); Interim Financial Reporting and provisions 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.

This condensed interim financial information does not include all the information and disclosures required for annual financial statements, and this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012.

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

3 BASIS OF PRESENTATION

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

This condensed interim financial information has been prepared and presented in Pakistani rupees, which is the Company's functional and presentation currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended December 31, 2012.

5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, 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 information, the significant judgements 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, 2012.

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, 2012

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

7.1 Authorized share capital

June 30, 2013	December 31, 2012		June 30, 2013	December 31, 2012
Number of shares			----- Rupees -----	
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each	<u>300,000,000</u>	<u>300,000,000</u>

7.2 Issued, subscribed and paid-up capital

June 30, 2013	December 31, 2012		June 30, 2013	December 31, 2012
Number of shares			----- Rupees -----	
8,000,000	8,000,000	Ordinary shares of Rs. 10 each fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	120,000,000	120,000,000
		Ordinary shares of Rs. 10 each issued as right shares		
		As at January 1	50,000,000	50,000,000
		Issued during the year 2012 (Refer note 7.2.1)	50,000,000	50,000,000
<u>5,000,000</u>	<u>5,000,000</u>		<u>100,000,000</u>	<u>100,000,000</u>
<u>5,000,000</u>	<u>5,000,000</u>		<u>300,000,000</u>	<u>300,000,000</u>
<u>10,000,000</u>	<u>10,000,000</u>			
<u>30,000,000</u>	<u>30,000,000</u>			

7.2.1 During the year 2012, the Board of Directors in its meeting held on February 7, 2012 resolved to issue right shares in the ratio of 1 right share for every 5 shares at Rs. 10 per share which has been fully subscribed by the shareholders and underwriters and the Company has issued the shares accordingly.

8 OTHER CREDITORS AND ACCRUALS

	June 30, 2013	December 31, 2012
	----- Rupees -----	
Federal excise duty payable	33,020,854	13,434,267
Withholding tax payable	2,562,227	2,421,086
Workers welfare fund payable	815,074	2,532,715
Unearned rental income	32,586	359,988
Payable to provident fund	4,624,092	2,166,952
Others	4,559,653	4,164,617
	<u>45,614,486</u>	<u>25,079,625</u>

9 CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

9.1.1 The Company has filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan in relation to order dated December 17, 2012 by the SECP with regards to non compliance of the minimum solvency requirements as at December 31, 2011.

The SECP order explains that the Company is in default of the minimum solvency requirements by Rs. 49.328 million as on December 31, 2011. On request of legal counsel of the Company, the SECP instructed the Company to provide revised solvency statement as at September 30, 2012. However, the new solvency statement showed a shortfall of Rs. 82.6 million. (also refer note 14)

Taking into consideration the new solvency statement, SECP imposed a fine of Rs. 0.3 million on the Company and Rs. 0.1 million each on the directors of the Company. The Company has filed an appeal before the Appellate Bench of the SECP against the order. Hearing of the appeal has been fixed on December 24, 2013.

9.1.2 The income tax assessments of the Company have been finalized up to and including the assessment year 2002-03 (financial year ended December 31, 2001), while returns have been filed for the financial years ended December 31, 2002 to December 31, 2011 which under the Income Tax Ordinance, 2001 are considered to be deemed assessments unless amended.

However, the assessment for tax year 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal). The demand raised was of Rs. 2.045 million for the tax year 2004, Rs. 9.993 million for the tax year 2006, and Rs. 14.486 million for tax year 2007 against the apportionment of expenses and reverse repo.

During the year 2010, Commissioner Inland Revenue (Appeals) has passed the order, in which the order of the taxation officer was confirmed for the tax year 2004, 2006 and 2007. Against the order of the Commissioner Inland Revenue (Appeal), the Company had preferred an appeal before the Appellate Tribunal Inland Revenue. The matters of the assessment of tax year 2004, 2006 and 2007 have been decided in favor of the Company through order of Appellate Tribunal Inland Revenue dated April 4, 2012. The case was decided in the Company's favour in the High Court as well through the order dated September 5, 2013. However, the Company received a legal notice on October 09, 2013 which stated that the Commissioner Inland Revenue intends to file civil petition against the order in the Supreme Court of Pakistan.

The Additional Commissioner Inland Revenue revised the return for the tax year 2005 through order dated December 27, 2011. As per the order, the additional tax demanded from the Company amounted to Rs. 4.435 million. Against the order of the Commissioner Inland Revenue, the Company preferred an appeal before the Commissioner Inland Revenue (Appeal). The case was decided in favour of the Company on September 05, 2013.

The Additional Commissioner Inland Revenue created a demand of Rs. 37.053 million for the tax year 2011 through order dated October 31, 2012. Against the order of the Commissioner Inland Revenue, the Company has preferred an appeal before the Commissioner Income Tax (Appeals III). However, the management and tax advisor of the Company are confident of a favorable outcome from appellate proceedings and provisions already created in the financial statements are sufficient to accommodate the increase of this tax demand. The case was decided in favour of the Company on September 05, 2013.

- 9.1.3** A claim was raised by General Trading in 2011 amounting to Rs. 60.65 million, which was rejected by the surveyor. The aggrieved party filed a suit against the Company. The legal advisor of the Company is of the view that the Company is likely to be successful in respect of this suit.

The status of other contingencies is same as disclosed in the financial statements for the year ended December 31, 2012.

10 INVESTMENTS

10.1 Type of investments

	June 30, 2013	December 31, 2012
	----- Rupees -----	
Held-to-maturity		
Certificate of Investments	-	712,646
At fair value through profit or loss - Held for trading	22,288,869	20,173,057
Available-for-sale investments		
First Capital Equities Limited	188,000,000	188,000,000
Mutual Funds		
Open-end funds	32,062,726	32,062,726
	242,351,595	240,948,429

- 10.2** Market value of quoted available for sale securities is Rs. 261.903 million (December 31, 2012: Rs. 311.728 million).

- 10.3** 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. 41.84 million (2012: Rs. 87.482 million) and the net equity would have increased by the same amount.

- 10.4** On November 29, 2012, the Company through an agreement settled balance of 'reverse repo' and 'premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively against 4.7 million shares of First Capital Equities Limited (a related party) at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on March 7, 2013 to make the clause of "restriction on holding period" and "SWAP against property" null and void.

The Company has been served a show cause notice dated May 2, 2013 by the SECP stating that investment with FCEL is creating difficulty for the Company with respect to liquidity and solvency. Further, it appears that the Company has not followed the requirements of section 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012. The Company through letter dated October 25, 2013 has sought another extension for hearing from SECP.

11 INVESTMENT PROPERTIES - at cost less accumulated depreciation

Shops and office premises (leasehold properties) have been valued under the market value basis by Maqsood Ahmed (Private) Limited and M.J. Surveyors (Private) Limited. Market value of shop and office premises based on the valuations as of March 28, 2013 and March 25, 2013 amounted to Rs. 99.726 million, and 13 million (2012: March 1, 2012 and February 2, 2012 amounted to Rs. 55.3 million and 13 million) respectively.

	June 30, 2013	December 31, 2012
	----- Rupees -----	
12 PREMIUM DUE BUT UNPAID - unsecured		
Considered good	288,938,334	262,200,458
Considered doubtful	13,742,644	13,742,644
	<u>302,680,978</u>	<u>275,943,102</u>
Provision against doubtful debts	<u>(13,742,644)</u>	<u>(13,742,644)</u>
	<u><u>288,938,334</u></u>	<u><u>262,200,458</u></u>

Note **June 30,** December 31,
2013 2012
----- Rupees -----

12.1 Premium due but unpaid from related parties

World Press (Private) Limited	-	182,104
WorldCall Cable (Private) Limited	4,587	4,587
WorldCall Services (Private) Limited	11,973,603	12,007,085
WorldCall Telecom Limited	107,365,097	89,350,341
WorldCall Communication Limited	550,777	-
WorldCall Phone Calls	15,271	-
	119,909,335	101,544,117
Media Times (Private) Limited	5,300,720	4,489,098
Total Media Limited	28,625	28,625
Multimedia Business Plus	178,703	-
Zaiqa TV	43,904	-
	5,551,952	4,517,723
First Capital Investment	151,765	114,846
First Capital Securities	327,195	289,265
First Capital Equities Ltd	259,728	-
First National Equities Ltd	76,295	-
	814,983	404,111
Pace Baraka Properties Limited	6,333,159	6,243,121
Pace Pakistan Limited	14,814,741	13,861,972
Pace Woodlands (Private) Limited	1,083,084	1,083,084
	22,230,984	21,188,177
Shaheen Air Port Services (SAPS)	223,610	4,423,338
Shaheen Foundation, PAF	1,465,221	994,228
Shaheen Knitwear	233,240	38,930
Shaheen Airport Services	5,830,288	-
Shaheen Freight Services	144,980	-
Shaheen Complex PPB-1	38,000	-
Shaheen Aerotraders	216,932	-
Shaheen Housing Complex	40,626	-
Shaheen Medical Services PPB 1	33,750	-
Shaheen Complex	18,900	-
	8,245,547	5,456,496

12.1.2

	Note	June 30, 2013	December 31, 2012
----- Rupees -----			
Ever Green Water Valley (Private) Limited		-	1,891,263
Northway Investments Limited		-	153,310
Trident Construct (Private) Limited		-	9,948
		-	2,054,521
		<u>156,752,801</u>	<u>135,165,145</u>
12.1.1 Balance as at June 30, 2013		119,909,335	
Recovery subsequent to June 30, 2013		(31,523,065)	
Remaining balance	12.1.1.1	<u>88,386,270</u>	
12.1.1.1 The remaining balance receivable from World Call Telecom Limited was agreed to be received in terms of monthly payments of Rs. 5 million from January 2014 onwards through a letter dated November 25, 2013.			
12.1.2 Balance as at June 30, 2013		8,245,547	
Recovery subsequent to June 30, 2013		(8,231,555)	
Remaining balance		<u>13,992</u>	

13 SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at June 30, 2013 and December 31, 2012, unallocated capital expenditures and non-cash expenses during the current and last period:

	Fire & Property Damage		Marine, Aviation & Transport		Motor		Accident and Health		Miscellaneous		Total
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	
----- Rupees -----											
SEGMENT ASSETS											
Segment assets	82,131,868	109,068,455	35,391,167	36,610,989	348,939,783	266,031,861	164,625,563	118,189,194	65,683,490	71,140,174	696,771,871
Unallocated corporate assets											
Total assets											
SEGMENT LIABILITIES											
Segment liabilities	82,545,148	82,923,663	35,569,253	21,360,396	350,695,618	297,220,452	165,453,945	112,978,362	66,014,004	60,787,885	700,277,968
Unallocated corporate liabilities											
Total liabilities											
Capital expenditure	332,735	1,147,908	143,378	494,641	1,413,635	4,876,924	666,936	2,300,874	266,099	918,019	2,822,782
Depreciation / Amortisation	892,402	1,831,086	384,542	789,027	3,791,397	7,779,425	1,788,735	3,670,239	713,682	1,464,378	7,570,758

14 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is, to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to the shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 03 dated April 4, 2007 required the minimum paid up capital for Insurance Companies to be raised to Rs. 300 million by the year ended December 31, 2011. The Company has complied with the requirements as at June 30, 2013.

	2009	2011	2012
	-----Rupees-----		
Minimum paid-up capital	200,000,000	300,000,000	300,000,000

However, the Company has not complied with the minimum solvency requirements as at December 31, 2011, December 31, 2012 and June 30, 2013 as against the requirements of section 36 of the Insurance Ordinance, 2000. Management is considering various options to improve its liquidity and expects to overcome the solvency issue in near future (also refer note 9.1.1).

15 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 are as follows:

	June 30, 2013		June 30, 2012	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----		----- Rupees -----	
Furniture, fixtures and office equipment	2,730,782	98,673	1,007,451	345,000
Motor vehicles	92,000	-	178,500	849,500
	<u>2,822,782</u>	<u>98,673</u>	<u>1,185,951</u>	<u>1,194,500</u>

15.1 The Capital work in progress represents property acquired from Pace Pakistan Limited-related party. These properties are not held in the name of the company

16 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its employees' provident fund, 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>	Quarter ended		Six month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees -----		----- Rupees -----	
Insurance premium				
Balance at beginning of the period	40,751,911	197,761,458	42,244,771	208,834,074
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)	4,438,504	87,487,986	4,491,042	93,990,946
Received / Adjusted during the period	(8,346,949)	(26,105,935)	(9,892,347)	(43,681,511)
Balance at end of the period	<u>36,843,466</u>	<u>259,143,509</u>	<u>36,843,466</u>	<u>259,143,509</u>
Insurance claim expense				
Outstanding claims at beginning of the period	3,088,136	15,665,728	2,104,338	14,509,098
Gross claim expense for the period	3,693,779	13,357,964	4,654,282	25,355,984
Claim paid during the period	(2,465,599)	(9,434,741)	(2,442,304)	(20,276,131)
Outstanding claims at end of the period	<u>4,316,316</u>	<u>19,588,951</u>	<u>4,316,316</u>	<u>19,588,951</u>
<i>Other transactions for the period with associated companies</i>				
Rental income - net	-	375,000	-	750,000
Rental expense	2,189,716	1,265,829	-	2,229,120

Other balances with associated companies

	June 30, 2013	December 31, 2012
	----- Rupees -----	
Premium received in advance	-	2,319,180
Other receivables	957,648	957,648
Prepaid rent	14,740,168	17,180,191
Security deposits	4,147,200	4,147,200
Capital work in progress	34,750,008	34,750,008

Transactions for the period with other related parties

	Quarter ended		Six month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees -----		----- Rupees -----	
Contribution to the provident fund	-	766,718	-	1,549,754
Remuneration of key management personnel	10,535,490	3,451,019	15,220,527	6,790,100
Payable to Provident Fund			4,572,370	2,166,952

16.1 Insurance and claim related transactions with related parties are carried in normal course of business. In addition, a party which was an associate of the Company last year has ceased to be so as at June 30, 2013

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

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

16.4 Other transactions are at agreed terms.

17 LOSS PER SHARE - basic and diluted

	Quarter ended		Six month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees -----		----- Rupees -----	
Loss for the period	(29,989,253)	(8,467,258)	(64,169,842)	(22,815,660)
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares of Rs. 10 each	30,000,000	30,000,000	30,000,000	30,000,000
	----- Rupees -----		----- Rupees -----	
Loss per share	(1.00)	(0.28)	(2.14)	(0.82)

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

18 GENERAL

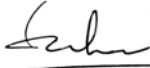
18.1 This condensed interim financial information was authorised for issue in the board of directors meeting held on 18th December 2013.

18.2 The figures have been rounded off to the nearest rupee.


Air Marshal (R) M. Arif Pervaiz
Chairman


Air Cdre (R) Shahid Jamil Hashmi
Director


Air Cdre (R) Zafar Yasin
Director


Sohail Najam Kidwani
Chief Operating Officer