

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.

DIRECTORS' REPORT TO THE MEMBERS

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

The Results are summarized below:

	All Figures Rs. in '000'			
	Sept 2010	Sept 2009	% Age	December 2009
Gross Premium Written	453,520	530,737	(14.55)	596,327
Net Premium Revenue	324,920	391,795	(17.07)	481,636
Net Claims	217,679	213,739	1.84	267,997
Underwriting Results	10,132	57,785	(82.47)	49,155
Investment Income	9,390	36,528	(74.29)	100,650
(Loss) / Profit Before Tax	(30,132)	50,693	(159.44)	21,002
(Loss) / Profit After Tax	(33,381)	48,734	(168.50)	17,466
Earning Per Share	(1.67)	2.78	(160.07)	0.87

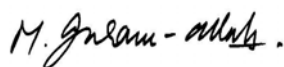
Your Company has shown a decline in gross premiums underwritten of 15% and a decline in net premium revenue of 17% as compared to corresponding period. This decline is mainly attributable to management's selective underwriting approach adopted with a view of retaining only the profitable portfolio achieving better margins in today's highly competitive general insurance market of Pakistan. The overall net claims had increased by 2% as compare to the corresponding period. Increase in net claims is witnessed despite reduction in overall premiums. This increase is mainly attributable to changes in the estimates of future claim settlement costs.

Underwriting profitability of your company in 3rd quarter is Rs. 22 million as compare to underwriting loss of Rs. 12 million in first Half Year of 2010.

The investment income for the nine months period ended was Rs. 9.3 million as against Rs. 36.5 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 nine months period ended was Rs. 30.132 million compared to the profit of Rs. 50.693 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
Air Vice Marshal R.
CHAIRMAN

Dated: 29 October 2010

Shaheen Insurance Company Limited
Condensed Interim Balance Sheet
As at September 30, 2010

	September 30, 2010 (Unaudited)	December 31, 2009 (Audited)		September 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Note	Rupees		Note	Rupees	
SHAREHOLDERS' EQUITY AND LIABILITIES			CASH AND BANK DEPOSITS		
Share capital and reserves			Cash and other equivalents		
Authorised share capital				252,068	169,938
30,000,000 (December 31, 2009: 20,000,000)			Current and other accounts	<u>81,256,686</u>	<u>132,556,696</u>
ordinary shares of Rs. 10 each	<u>300,000,000</u>	<u>200,000,000</u>		<u>81,508,754</u>	<u>132,726,634</u>
Issued, subscribed and paid-up share capital			LOANS - secured, considered good		
20,000,000 (December 31, 2009: 20,000,000)			To employees	2,227,490	1,390,304
ordinary shares of Rs. 10 each fully paid in cash	200,000,000	200,000,000	INVESTMENTS		
Retained earnings	(28,128,218)	5,252,930	9	179,565,670	177,519,757
General reserve	<u>20,000,000</u>	<u>20,000,000</u>	INVESTMENT PROPERTIES		
Shareholders' equity	<u>191,871,782</u>	<u>225,252,930</u>	10	4,686,266	5,089,328
UNDERWRITING PROVISIONS			CURRENT ASSETS - OTHERS		
Provision for outstanding claims			Premiums due but unpaid	11	224,404,244
(including IBNR)	195,780,653	165,695,329	Amounts due from other insurers / reinsurers		40,133,334
Provision for unearned premium	266,685,261	234,723,760	Accrued investment income		3,574,914
Commission income unearned	14,586,480	14,050,901	Reinsurance recoveries against		
Total underwriting provisions	<u>477,052,394</u>	<u>414,469,990</u>	outstanding claims		61,060,872
CREDITORS AND ACCRUALS			Taxation - payments less provisions		2,226,792
Premium received in advance	12,533,676	10,531,970	Deferred commission expense		39,556,716
Amount due to other insurers / reinsurers	46,735,598	32,985,232	Advances, deposits and prepayments		73,213,483
Accrued expenses	6,661,098	8,577,744	Sundry receivables		150,000
Agents' balances	24,081,648	20,625,153		444,320,354	361,725,978
Deferred gain on disposal of assets under sale			FIXED ASSETS		
and lease back	183,048	549,090	Tangible and Intangible		
Other creditors and accruals	7	13,514,519	12	6,729,860	5,080,901
	<u>103,709,587</u>	<u>87,413,461</u>	Furniture, fixtures and office equipment		20,599,648
BORROWINGS			Motor vehicles		34,750,008
Liabilities against assets subject to finance lease	1,355,353	2,134,803	Capital work in progress - office premises		62,079,516
OTHER LIABILITIES				<u>62,079,516</u>	<u>51,218,117</u>
Dividend payable - unclaimed	398,934	398,934	TOTAL ASSETS		
TOTAL LIABILITIES				<u>774,388,050</u>	<u>729,670,118</u>
	<u>582,516,268</u>	<u>504,417,188</u>	TOTAL EQUITY AND LIABILITIES		
TOTAL EQUITY AND LIABILITIES				<u>774,388,050</u>	<u>729,670,118</u>
CONTINGENCIES AND COMMITMENTS			8		

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the quarter and nine month period ended September 30, 2010

	Note	Quarter ended September 30,					2009 Aggregate
		Fire and property damage	Marine, aviation and transport	Motor	Others	2010 Aggregate	
----- Rupees -----							
REVENUE ACCOUNT							
Net premium revenue		28,038,600	3,191,183	64,144,841	23,827,054	119,201,678	138,271,818
Net claims		(2,456,543)	(1,816,125)	(50,159,877)	(13,256,651)	(67,689,196)	(77,725,899)
Management expenses		(3,497,689)	(384,089)	(7,619,729)	(2,874,469)	(14,375,976)	(13,145,852)
Net commission		(4,822,888)	(1,008,517)	(8,538,584)	(624,663)	(14,994,652)	(14,382,512)
Net underwriting expenses		(8,320,577)	(1,392,606)	(16,158,313)	(3,499,132)	(29,370,628)	(27,528,364)
Underwriting result		17,261,481	(17,549)	(2,173,349)	7,071,271	22,141,854	33,017,555
Investment income						6,368,481	24,511,329
Rental income						525,000	458,097
Other (charges) / income						336,595	199,185
General and administrative expenses						(18,106,840)	(16,717,888)
Profit before tax						11,265,090	41,468,278
Provision for taxation - current						(786,240)	2,059,192
Profit after tax						10,478,850	43,527,470
Earnings per share - basic and diluted	14					0.52	2.18

	Note	nine month period ended September 30,					2009 Aggregate
		Fire and property damage	Marine, aviation and transport	Motor	Others	2010 Aggregate	
----- Rupees -----							
REVENUE ACCOUNT							
Net premium revenue		57,142,076	8,826,964	194,148,451	64,802,558	324,920,049	391,794,712
Net claims		(6,646,219)	(5,239,048)	(158,930,288)	(46,863,465)	(217,679,020)	(213,738,639)
Management expenses		(7,485,508)	(1,156,316)	(25,433,093)	(8,489,017)	(42,563,934)	(41,503,086)
Net commission		(20,842,565)	(2,897,440)	(26,403,234)	(4,401,606)	(54,544,845)	(78,767,509)
Net underwriting expenses		(28,328,073)	(4,053,756)	(51,836,328)	(12,890,622)	(97,108,779)	(120,270,595)
Underwriting result		22,167,784	(465,840)	(16,618,164)	5,048,470	10,132,250	57,785,478
Investment income						9,389,834	36,527,623
Rental income						1,562,601	1,788,724
Other income						2,004,321	579,640
General and administrative expenses						(53,220,954)	(45,988,288)
(Loss) / Profit before tax						(30,131,948)	50,693,177
Provision for taxation - current						(3,249,200)	(1,958,974)
(Loss) / Profit after tax						(33,381,148)	48,734,203
Profit and loss appropriation account:							
Balance at commencement of the period						5,252,930	12,787,033
(Loss) / Profit after tax						(33,381,148)	48,734,203
Balance of accumulated (loss) / unappropriated profit at end of the period						(28,128,218)	61,521,236
(Loss) / Earnings per share - basic and diluted	14					(1.67)	2.44

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Cash Flow (Unaudited)
For the nine month period ended September 30, 2010

	2010	2009
	----- Rupees -----	
OPERATING ACTIVITIES		
<i>a) Underwriting activities</i>		
Premiums received	365,183,324	423,583,081
Reinsurance premium paid	(96,388,405)	(100,455,777)
Claims paid	(244,733,502)	(292,955,627)
Reinsurance and other recoveries received	68,770,036	78,441,058
Commissions paid	(60,789,107)	(85,408,952)
Commissions received	20,921,565	25,027,480
Net cash flows from underwriting activities	<u>52,963,911</u>	<u>48,231,263</u>
<i>b) Other operating activities</i>		
Income tax paid	<u>(3,100,115)</u>	<u>(12,820,807)</u>
General management expenses paid	<u>(96,014,371)</u>	<u>(79,494,981)</u>
Loans (refunded) / advanced	<u>837,186</u>	<u>(274,697)</u>
Net cash flows (used in) other operating activities	<u>(98,277,300)</u>	<u>(92,590,485)</u>
Total cash flows (used in) operating activities	(45,313,388)	(44,359,222)
INVESTING ACTIVITIES		
Profit / Return received	<u>6,514,202</u>	<u>9,953,115</u>
Rentals received	<u>1,700,202</u>	<u>2,042,805</u>
Payments for investments	<u>(268,823,563)</u>	<u>(56,479,329)</u>
Proceeds from disposal of investments	<u>271,083,322</u>	<u>33,254,236</u>
Fixed capital expenditure	<u>(19,039,205)</u>	<u>(6,307,050)</u>
Proceeds from disposal of fixed assets	<u>3,440,000</u>	<u>-</u>
Total cash flows (used in) investing activities	(5,125,042)	(17,536,223)
FINANCING ACTIVITIES		
Financial charges paid	<u>(229,054)</u>	<u>(359,321)</u>
Lease payments	<u>(550,396)</u>	<u>(649,183)</u>
Total cash flows (used in) financing activities	(779,450)	(1,008,504)
Net cash flows (used in) all activities	(51,217,880)	(62,903,949)
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>81,508,754</u>	<u>103,937,317</u>

Shaheen Insurance Company Limited
Condensed Interim Statement of Cash Flow (Unaudited)
For the nine month period ended September 30, 2010

	2010	2009
	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	(45,313,388)	(44,359,222)
Depreciation expense	(6,346,839)	(5,839,673)
Gain on disposal of fixed assets	1,205,167	-
Amortization of gains on assets under sale and lease back	183,018	91,563
Taxes paid	3,100,115	12,820,807
Financial charges	(229,054)	(359,321)
Decrease in assets other than cash	82,594,376	134,596,572
Decrease in liabilities	(78,099,080)	(85,061,975)
Investment and other income	12,773,738	38,804,424
Provision for tax	(3,249,200)	(1,958,974)
Profit / (Loss) after taxation	<u>(33,381,148)</u>	<u>48,734,203</u>

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:

	2010	2009
	----- Rupees -----	
Cash and other equivalents	252,068	203,986
Current and saving accounts	<u>81,256,686</u>	<u>103,733,334</u>
	<u>81,508,754</u>	<u>103,937,320</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine month period ended September 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 nine month period ended September 30, 2009</i>				
Profit after tax for the nine month period ended September 30, 2009	-	-	48,734,203	48,734,203
Balance as at September 30, 2009	175,000,000	20,000,000	61,521,236	256,521,236
<i>Changes in equity for the three month period ended December 31, 2009</i>				
Profit after tax for the three month period ended December 31, 2009	-	-	(31,268,306)	(31,268,306)
Issue of bonus shares	25,000,000	-	(25,000,000)	-
Balance as at January 01, 2010	200,000,000	20,000,000	5,252,930	225,252,930
(Loss) after tax for the nine month period ended September 30, 2010	-	-	(33,381,148)	(33,381,148)
Balance as at September 30, 2010	200,000,000	20,000,000	(28,128,218)	191,871,782

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Premium (Unaudited)
For the quarter and nine month period ended September 30, 2010

Business underwritten inside Pakistan

Class	Quarter ended September 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	17,221,319	59,601,022	37,406,644	39,415,697	11,558,650	24,897,976	25,079,529	11,377,097	28,038,600	30,264,265
Marine, aviation and transport	13,772,897	23,632,154	26,439,719	10,965,332	7,650,447	17,082,056	16,958,353	7,774,150	3,191,183	3,722,570
Motor	55,942,963	139,059,466	128,934,140	66,068,289	1,215,000	3,568,195	2,859,747	1,923,449	64,144,841	78,067,247
Others	18,183,422	86,448,776	73,904,758	30,727,440	13,258,629	16,376,661	22,734,905	6,900,385	23,827,054	26,217,736
Total	105,120,601	308,741,418	266,685,261	147,176,758	33,682,726	61,924,888	67,632,534	27,975,080	119,201,678	138,271,818
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	105,120,601	308,741,418	266,685,261	147,176,758	33,682,726	61,924,888	67,632,534	27,975,080	119,201,678	138,271,818

Class	Nine month period ended September 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	80,940,043	52,903,997	37,406,644	96,437,396	37,410,507	26,964,342	25,079,529	39,295,320	57,142,076	74,553,492
Marine, aviation and transport	41,456,901	18,631,013	26,439,719	33,648,195	26,333,944	15,445,640	16,958,353	24,821,231	8,826,964	12,294,598
Motor	211,955,845	117,722,176	128,934,140	200,743,882	3,767,784	5,687,393	2,859,747	6,595,430	194,148,451	232,992,947
Others	119,176,818	45,466,574	73,904,758	90,738,634	31,808,419	16,862,562	22,734,905	25,936,076	64,802,558	71,953,675
Total	453,529,607	234,723,760	266,685,261	421,568,106	99,320,654	64,959,937	67,632,534	96,648,057	324,920,049	391,794,712
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	453,529,607	234,723,760	266,685,261	421,568,106	99,320,654	64,959,937	67,632,534	96,648,057	324,920,049	391,794,712

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

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Claims (Unaudited)
For the quarter and nine month period ended September 30, 2010

Business underwritten inside Pakistan

Class	Claims paid a	Outstanding claims		Claims expense d=a+c-b	Quarter ended September 30,			Net claims expense		
		Opening b	Closing c		Reinsurance and other recoveries received e	Reinsurance and other recoveries against outstanding claims		Reinsurance and other recoveries revenue (net) h=e+g-f	2010	2009
						Opening f	Closing g			
----- Rupees -----										
Direct and Facultative										
Fire and property damage	13,168,499	20,356,631	21,240,435	14,052,303	8,463,370	13,494,143	16,626,533	11,595,760	2,456,543	213,802
Marine, aviation and transport	2,762,958	15,294,899	16,392,743	3,860,802	2,094,755	12,783,922	12,733,844	2,044,677	1,816,125	205,582
Motor	38,183,071	98,518,820	118,089,112	57,753,363	7,216,100	4,287,164	4,664,550	7,593,486	50,159,877	66,337,025
Others	13,425,932	35,430,564	40,058,363	18,053,731	2,546,758	24,785,623	27,035,945	4,797,080	13,256,651	10,969,490
Total	67,540,460	169,600,914	195,780,653	93,720,199	20,320,983	55,350,852	61,060,872	26,031,003	67,689,196	77,725,899
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	67,540,460	169,600,914	195,780,653	93,720,199	20,320,983	55,350,852	61,060,872	26,031,003	67,689,196	77,725,899

Class	Claims paid a	Outstanding claims		Claims expense d=a+c-b	Nine month period ended September 30,			Net claims expense		
		Opening b	Closing c		Reinsurance and other recoveries received e	Reinsurance and other recoveries against outstanding claims		Reinsurance and other recoveries revenue (net) h=e+g-f	2010	2009
						Opening f	Closing g			
----- Rupees -----										
Direct and Facultative										
Fire and property damage	28,232,135	19,181,736	21,240,435	30,290,834	21,232,799	14,214,717	16,626,533	23,644,615	6,646,219	4,348,064
Marine, aviation and transport	13,246,618	46,756,068	16,392,743	(17,116,707)	10,568,706	45,658,305	12,733,844	(22,355,755)	5,239,048	2,279,416
Motor	153,948,258	79,505,249	118,089,112	192,532,121	29,352,168	414,885	4,664,550	33,601,833	158,930,288	165,187,000
Others	49,306,491	20,252,276	40,058,363	69,112,578	7,616,363	12,403,195	27,035,945	22,249,113	46,863,465	41,924,159
Total	244,733,502	165,695,329	195,780,653	274,818,826	68,770,036	72,691,102	61,060,872	57,139,806	217,679,020	213,738,639
Treaty	-	-	-	-	-	-	-	-	-	-
Grand total	244,733,502	165,695,329	195,780,653	274,818,826	68,770,036	72,691,102	61,060,872	57,139,806	217,679,020	213,738,639

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Expenses (Unaudited)
For the quarter and nine month period ended September 30, 2010

Business underwritten inside Pakistan

Class	Quarter ended September 30,								2009
	Commission paid / payable	Deferred commission		Net commission expense	Management expenses	Underwriting expenses	* Commission from reinsurers	Net underwriting expense	
	a	Opening	Closing	d=a+b-c	e	f=d+e	g	2010 h=f-g	
----- Rupees -----									
Direct and Facultative									
Fire and property damage	5,669,614	15,790,590	12,642,797	8,817,407	3,497,689	12,315,096	3,994,519	8,320,577	10,924,993
Marine, aviation and transport	2,422,755	3,681,909	4,278,280	1,826,385	384,089	2,210,474	817,868	1,392,606	840,375
Motor	7,821,919	18,421,401	17,603,757	8,639,563	7,619,729	16,259,292	100,979	16,158,313	14,087,084
Others	1,981,632	5,097,858	5,031,882	2,047,608	2,874,469	4,922,077	1,422,945	3,499,132	1,675,912
Total	17,895,920	42,991,758	39,556,716	21,330,963	14,375,976	35,706,939	6,336,310	29,370,628	27,528,364
Treaty	-	-	-	-	-	-	-	-	-
Grand total	17,895,920	42,991,758	39,556,716	21,330,963	14,375,976	35,706,939	6,336,310	29,370,628	27,528,364

Class	Nine month period ended September 30,								2009
	Commission paid / payable	Deferred commission		Net commission expense	Management expenses	Underwriting expenses	* Commission from reinsurers	Net underwriting expense	
	a	Opening	Closing	d=a+b-c	e	f=d+e	g	2010 h=f-g	
----- Rupees -----									
Direct and Facultative									
Fire and property damage	21,057,608	24,899,449	12,642,797	33,314,260	7,485,508	40,799,768	12,471,695	28,328,073	40,596,766
Marine, aviation and transport	6,481,618	2,936,939	4,278,280	5,140,278	1,156,316	6,296,594	2,242,838	4,053,756	4,436,684
Motor	28,099,652	16,227,094	17,603,757	26,722,989	25,433,093	52,156,082	319,754	51,836,328	59,854,768
Others	8,606,724	6,178,463	5,031,882	9,753,305	8,489,017	18,242,322	5,351,700	12,890,622	15,382,377
Total	64,245,602	50,241,945	39,556,716	74,930,831	42,563,934	117,494,765	20,385,986	97,108,779	120,270,595
Treaty	-	-	-	-	-	-	-	-	-
Grand total	64,245,602	50,241,945	39,556,716	74,930,831	42,563,934	117,494,765	20,385,986	97,108,779	120,270,595

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

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Condensed Interim Statement of Investment Income (Unaudited)
For the quarter and nine month period ended September 30, 2010

	For the quarter ended		For the nine month period ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
----- Rupees -----				
Income from trading investments - net				
Capital gain on sale of held for trading investments	(6,789)	6,048,685	884,847	6,522,480
Dividend income	-	1,012,580	1,186,375	1,012,580
Income from non-trading investments				
<i>Held to maturity</i>				
Return on other fixed income securities and bank deposits	704,804	1,016,357	3,821,990	3,979,988
<i>Available for sale</i>				
Dividend income	5,669,338	3,393,145	7,890,728	7,217,146
	6,374,142	4,409,502	11,712,718	11,197,134
Gain on sale of non-trading investments (available-for-sale)	-	78,340,749	316,540	78,340,749
Unrealized loss on revaluation of held for trading investments	(3,509,413)	47,815	(13,681,809)	(53,416)
Income from reverse repo transactions in listed equity securities	3,521,096	3,612,612	11,186,321	9,607,350
Impairment in available for sale securities	-	(68,138,336)	-	(68,138,336)
Investment related expenses	(10,555)	(822,278)	(2,215,158)	(1,960,918)
Net investment income	6,368,481	24,511,329	9,389,834	36,527,623

The annexed notes from 1 to 15 form an integral part of this condensed interim financial report.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2010

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 nine month period ended September 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.

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.

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2010

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

	September 30 2010	December 31 2009
	----- Rupees -----	
Amount payable to policy holders in respect of cancelled policies		301,976
Federal excise duty payable	9,512,514	11,277,817
Withholding tax payable	777,666	1,397,461
Workers welfare fund payable	815,074	815,074
Security deposit	50,020	33,520
Unearned rental income	-	287,601
Provident fund payable	1,612,457	-
Payable in respect of dealing in securities	746,788	-
Others	-	30,823
	<u>13,514,519</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 September 30, 2010 (December 31, 2009: Nil)

9. INVESTMENTS

	September 30 2010	December 31 2009
	----- Rupees -----	
9.1 Type of investments		
Held-to-maturity		
Certificate of Investments	1,795,000	528,756
Term Finance Certificates {Market value: Rs. _____ million (as per the rates quoted by the Mutual Fund Association of Pakistan) (December 31, 2009: Rs. 4.032 million)}	553,825	4,041,000
	<u>2,348,825</u>	<u>4,569,756</u>

September 30 December 31
2010 2009
----- Rupees -----

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2010

At fair value through profit or loss - Held for trading	22,597,162	118,520,712
Available-for-sale		
Investments in ordinary shares of listed companies	1,318,000	28,433,849
Mutual Funds		
Open-end funds	151,463,458	23,558,033
Closed-end funds	1,838,225	2,437,407
	153,301,683	25,995,440
	179,565,670	177,519,757

9.2 Market value of quoted available for sale securities is Rs. 153.11 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 lower by Rs. 1.509 million (2009: higher by Rs. 0.135 million) and the net equity would have decreased 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.

11. PREMIUMS DUE BUT UNPAID - unsecured

Considered good	224,404,244	134,056,255
Considered doubtful	13,742,644	13,742,644
	238,146,888	147,798,899
Provision against doubtful debts	(13,742,644)	(13,742,644)
	224,404,244	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 nine month period ended September 30, 2010 are as follows:

	September 30, 2010		September 30, 2009	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Furniture, fixtures and office equipment	3,358,705	-	55,198	-
Motor vehicles	15,680,500	4,337,012	170,600	-
	19,039,205	4,337,012	225,798	-

Shaheen Insurance Company Limited
Notes to the Condensed Interim Financial Report (Unaudited)
For the nine month period ended September 30, 2010

	September 30, 2010	December 31, 2009
<i>Balances with other related parties</i>		
	----- Rupees -----	----- Rupees -----
(Payable) / Receivable to provident fund	<u><u>(1,612,457)</u></u>	<u><u>143,788</u></u>

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.

15. EARNINGS PER SHARE - basic and diluted

	Nine month period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	----- Rupees -----		----- Rupees -----	
(Loss) / Profit for the period	<u><u>(33,381,148)</u></u>	<u><u>48,734,203</u></u>	<u><u>10,478,850</u></u>	<u><u>43,527,470</u></u>
	Number of Shares		Number of Shares	
Weighted average number of shares of Rs. 10 each	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>
	----- Rupees -----		----- Rupees -----	
(Loss) / Earnings per share	<u><u>(1.67)</u></u>	<u><u>2.44</u></u>	<u><u>0.52</u></u>	<u><u>2.18</u></u>

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.

15. GENERAL

15.1 This condensed interim financial report was authorised for issue in the board of directors meeting held on 29 October

15.2 The figures for the quarter and nine month period ended September 30, 2010 have been rounded off to the nearest rupee.

Chairman

Chief Executive Officer

Director

Chief Financial Officer