

April 07, 2017

The General Manager,
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject:-**ANNUAL ACCOUNTS OF SHAHEEN INSURANCE COMPANY LIMITED FOR THE YEAR
ENDED DECEMBER 31, 2016**

Dear Sir,

Today Board of Directors approved the Annual Accounts of Shaheen Insurance Company Limited for the Year ended December 31, 2016. Enclosing the profit and loss results of Shaheen Insurance Company Limited

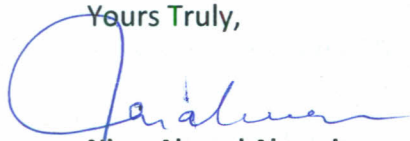
Board recommended the following:-

- | | |
|--|-----|
| 1. CASH DIVIDEND | NIL |
| 2. BONUS SHARES | NIL |
| 3. RIGHT SHARES | NIL |
| 4. ANY OTHER ENTITLEMENT/ CORPORATE ACTION | NIL |
| 5. ANY OTHER PRICE SENSITIVE INFORMATION | NIL |

The financial results of the Company are given on next page.

Thanking you,

Yours Truly,



Nisar Ahmed Almani
Company Secretary

**SHAHEEN INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2016 Aggregate	2015 Aggregate
----- Rupees -----							
Revenue Account							
	7,860,848	6,193,028	197,197,552	7,920,935	45,385,961	264,558,324	225,225,009
Net premium revenue	21						
Net claims	12,974,315	(1,866,091)	(70,103,520)	(8,557,737)	(6,758,935)	(74,311,968)	(100,355,366)
Premium deficiency expense	2.2.11	(3,071,785)	-	-	699,801	(2,371,984)	2,764,066
Management expenses	22	(6,657,554)	(1,760,495)	(31,420,627)	(1,185,567)	(50,293,429)	(45,336,164)
Net commission		(10,958,646)	(2,663,315)	(27,011,109)	(59,438)	(48,202,864)	(38,979,207)
Underwriting results		<u>147,178</u>	<u>(96,873)</u>	<u>68,662,296</u>	<u>(1,881,807)</u>	<u>89,378,079</u>	<u>43,318,338</u>
Investment income						17,157,919	16,305,716
Rental income						3,128,226	2,710,244
Other income	23					21,017,305	6,795,574
General and administration expenses	22					(86,474,207)	(63,289,770)
Provision for Workers' Welfare Fund	24					(1,425,886)	(116,802)
Profit before tax						42,781,436	5,723,300
Provision for taxation	25						
-Current						(2,645,583)	(3,241,228)
-Prior							23,702,882
Profit after tax						40,135,853	<u>26,184,954</u>
Accumulated loss account							
Balance of accumulated loss at commencement of the year						(103,731,911)	(129,916,865)
Profit for the year						40,135,853	26,184,954
Balance of accumulated loss at end of the year						(63,596,058)	<u>(103,731,911)</u>
Earnings per share-basic and diluted	26					0.89	0.58

The annexed notes from 1 to 38 form an integral part of these financial statements.


Nisar Ahmed Almani
Company Secretary



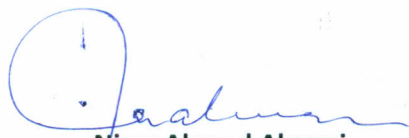
Auditors' Qualification / Observation**Qualification**

- (a) Pursuant to a settlement agreement dated 29 November 2012 with First Capital Equities Limited and FCSC Group and Pace (Pakistan) Limited (previously, the related parties) {Note 11.6}, the Company acquired 4.7 million ordinary shares of First Capital Equities Limited (FCEL) at an agreed price of Rupees 40 per ordinary share which are carried in the balance sheet at cost as 'available-for-sale investment' at Rupees 188 million. We noted that the quoted market value (Rupees 17 per share as at 31 December 2016) of this available for investment remained lower than the carrying amount (Rupees 40 per share) for the whole year which indicates a prolonged decline in market value. However, the management of the Company has not made provision for impairment amounting to Rupees 108.100 million against this investment. Had this provision been made, profit for the year and investments would have been lower by the same amount.

We further noted that the quoted market price of Rupees 17 per ordinary share of FCEL as at the reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired;

Emphasis of matter

We also draw attention to Note 18.3 to the financial statements, which states that the Company made an advance amounting to Rupees 34.750 million against property located at Pace Tower Project, 27-H, Gulberg II, Lahore measuring 3,475 Square Feet during the years 2007 to 2009 which is under development and its title and possession will be transferred to the Company upon completion. Our opinion is not further qualified in respect of this matter.



Nisar Ahmed Almani
Company Secretary