CSi

Your Security - Our Policy

63rd Annual Report 2019

Crescent Star Insurance Ltd.

ESTD: 1957

NATION WIDE BRANCH NETWORK

MOTOR HEALTH FIRE MARINE ENGG TRAVEL LIVESTOCK CROP

CONTENTS

Company Vision

- To serve with excellence.
- Excellence achieved through our corporate mission.
- The brand name of CSI with a vision to expand with prudent approach and provide the Insurance Service to Pakistan Industry on sound footing.

Company Mission

- First and foremost to secure the interest of our policy holders by adopting proper risk management techniques, prudent financial planning and maintaining reinsurance arrangements with world-class reinsurers.
- To ensure profitability to our reinsurers who afford us underwriting capacity.
- To recognize human resources as the key element in progress and to provide our officers and field force due recompense for their efforts in building up the company.
- To generate operational profits and dividend return for our shareholders of the Company.

Values

- Integrity
- Transparency
- Passion
- Team Work
- Corporate Social Responsibility

Company Information

Board of Directors	Mr. Naim Anwar (Chief Executive Officer) Dr. Fahim Lashkarwala Ms. Shaiyanne Malik Mr. Tanveer Ahmed Mr. Suhail Elahi Mr. Shaikh Waqar Ahmed Mr. Rashid Malik
Chief Executive Officer	Mr. Naim Anwar
Management	Mr. Naim Anwar (Chief Executive Officer) Mr. Tanveer Ahmed (Resident Director) Mr. Suhail Elahi (Resident Director) Mr. Malik Mehdi Muhammad (CFO & Company Secretary) Syed Danish Hasan Rizvi (Head of Internal Audit)
Board Audit Committee	Mr. Rashid Malik (Chairman) Mr. Shaikh Waqar Ahmed Ms. Shaiyanne Malik
Board H.R & Remuneration Committee	Mr. Rashid Malik (Chairman) Mr. Naim Anwar Mr. Shaikh Waqar Ahmed
Board Investment Committee	Mr. Naim Anwar (Chairman) Mr. Shaikh Waqar Ahmed Mr. Rashid Malik
Chief Financial Officer & Company Secretary	Mr. Malik Mehdi Muhammad
Auditors	Ilyas Saeed & Co. Chartered Accountants
Legal Advisor	Ms. Huma Naz, Soomro Law Associates
Bankers	Habib Bank Limited Faysal Bank Limited United Bank Limited
Share Registrar	F. D. Registrar (SMC-Pvt.) Limited Office No. 1705, 17th Floor, Saima Trade Tower – A I. I. Chundrighar Road, Karachi Tel #: 35478192-93 / 32271906 Fax #: 32621233
Registered & Head Officer	2^{nd} Floor, Nadir House I. I. Chundrigar Road P.O. BOX No. 4616, Karachi

CRESCENT STAR INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting of the shareholders of Crescent Star Insurance Limited will be held on June 12, 2020 at 9.00 a.m. at 2nd Floor, Nadir House I. I. Chundrigar Road, Karachi to transact the following business.

ORDINARY BUSINESS:

1. To confirm and approve the minutes of the 62nd Annual General Meeting held on April 30, 2019.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019 together with the Chairman's review, Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2020 and fix their remuneration.

4. To elect eight (8) directors as fixed by the Board of Directors, in accordance with the provision of Section 159 (1) of the Companies Act, 2017 for a term of three years in place of the following retiring directors, who are eligible for re-election:

    1. Mr. Naim Anwar
    2. Mr. Rashid Malik
    3. Ms. Shaiyanne Malik
    4. Mr. Tanveer Ahmed
    5. Dr. Fahim Lashkarwala
    6. Mr. Suhail Elahi
    7. Mr. Shaikh Waqar Ahmed

ANY OTHER BUSINESS:

5. To consider any other business with the permission of Chairman.

By order of the Board
Malik Mehdi Muhammad
CFO & Company Secretary

Karachi: May 21, 2020

CORONAVIRUS CONTINGENCY PLANNING FOR 63RD ANNUAL GENERAL MEETING OF CRESCENT STAR INSURANCE LIMITED

In light of the threat posed by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 of 2020 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well-being of the Shareholders. The Shareholders who are interested to attend the AGM through Video Conferencing, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of AGM (i.e. before 9.00 a.m. on June 11, 2020) through e-mail: info@cstarinsurance.com.

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone / computer devices. In view of the above the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

Notes:

1. The Share Transfer Books of the Company shall remain closed from June 06, 2020 to June 12, 2020 (both days inclusive). Transfers received at our registrar office M/s F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi by the close of business on June 05, 2020 will be treated in time.

2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend, speak and vote instead of him/her behalf at the meeting. Proxies, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy.

3. Central Depository Company (CDC) shareholders are requested to bring their Computerized National Identity Cards, Account/Sub-Account and Participant's ID Number in the CDC for identification purpose when attending the meeting. In case of corporate entity, the Board's Resolution/Power of Attorney with specimen signature shall be furnished (unless it has been provided earlier) at the time of meeting.

4. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Registrar of the Company are requested to send the same at the earliest.

5. Shareholders are requested to notify to the Company's Share Registrar immediately of any change in their addresses.

6. Members have the option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to the Shares Registrar. The Audited Accounts of the Company for the year ended December 31, 2019 are also available on the Company's website: www.cstarinsurance.com.

7. Any person who seeks to contest the election to the office of a Director, whether he/she is a retiring director or otherwise, shall file required documents under section 159 of the Companies Act 2017, Section 12 of Insurance Ordinance 2000, Companies (General Provisions and Forms) Regulations 2018, Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria, as set out in Section 153 of the Companies Act, 2017 to act as director or an independent director of a listed Company with the Company Secretary, at the Registered Office of the Company, situated at 2nd Floor, Nadir House, I. I. Chundrigar Road, Karachi, 14 days before the date of the Annual General Meeting:

   The final list of contesting Directors will be circulated not later than seven days before the date of said meeting, in terms of Section 159(4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.

8. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors, where incase number of contestants are more than the number of directors to be elected, members will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid Regulations.

9. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulation, 2018.

10. Form of Proxy is enclosed.

Chairman's Review Report

I am pleased to present Chairman's Review report as required under section 192 of the Companies Act, 2017.

A Board of Directors forms the highest level of authority in the governance of a Company whose main purpose is to align the overall Company strategy to protect the rights of all the stakeholders and ensures that the strategies implemented throughout the Company are effective in utilizing the resources in most efficient way in order to achieve its overall objective.

For the financial year ended December 31, 2019, the Board's overall performance and effectiveness has been assessed as satisfactory, it is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. Improvement is an ongoing process leading to action plans.

The Board during the year ended December 31, 2019 played effective role in managing the affairs of the Company in the following manner;

- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The meetings of Board have held frequently enough to adequately discharge their responsibilities. The Non-Executive and independent directors are equally involved in important decisions.

Based on aforementioned it can reasonably be argued that Board of CSIL has played active role in ensuring that corporate objectives are achieved in line with the expectation of shareholders and other important stakeholders.

Naim Anwar
Chairman

Karachi: May 21, 2020

چیئرمین کی جائزہ رپورٹ

میں کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت چیئرمین کی جائزہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

بورڈ آف ڈائریکٹرز کسی کمپنی کی حکمرانی میں اعلیٰ سطح کے اختیارات تشکیل دیتا ہے جس کا بنیادی مقصد تمام اسٹیک ہولڈرز کے حقوق کے تحفظ کے لئے کمپنی کی مجموعی حکمت عملی کو موافق بنانا ہے اور اس بات کو یقینی بنانا ہے کہ کمپنی میں نافذ کردہ حکمت عملی وسائل کو استعمال کرنے اور اپنے مجموعی مقصد کو حاصل کرنے کے لئے سب سے موثر طریقہ ثابت ہو۔

مالیاتی سال مختتمہ 31 دسمبر 2019 میں بورڈ کی کارکردگی اور اثر پذیری کی تشخیص تسلی بخش رہی، اس کی بنیاد مفرد اجزائے ترکیبی، بشمول نصب العین، مشن اور اقدار، حکمت عمل سے بھرپور منصوبہ بندی، پالیسیوں کی تشکیل، ادارے کے مجموعی کاروبار کی نگرانی، مالیاتی وسائل کا انتظام، موثر مالیاتی نگرانی، ملازمین کی استعداد اور ان کے ساتھ یکساں سلوک کے ذریعے بورڈ کے کاموں کی تکمیل کرنا شامل ہے۔ بہتری ایک جاری عمل ہے جس سے منصوبوں پر عمل کرنے میں مدد ملتی ہے۔

سال مختتمہ 31 دسمبر 2019 کے دوران بورڈ نے کمپنی کے معاملات موثر انداز میں چلانے کے لئے اپنا کردار مندرجہ ذیل طریقے سے ادا کیا:

- ☆ بورڈ نے اندرونی گرفت کے نظام کو یقینی بنایا ہے اور اس کی افادیت اور اثر پذیری پر اندرونی آڈیٹرز باقاعدگی سے غور و خوص کرتے ہیں۔
- ☆ پورے سال تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے روبرو پیش کیا گیا جس سے ادارتی فیصلہ سازی کا عمل مضبوط اور باضابطہ ہوا اور خاص طور پر ملحقہ پارٹیوں کے تمام سودوں کی منظوری بوڑد نے آڈٹ کمیٹی کی سفارش پر دی۔
- ☆ بورڈ کے مناسب تعداد میں اجلاس ہوئے جس سے وہ اپنی ذمہ داریوں سے احسن انداز میں عہدہ برآں ہوسکا۔ نان ایگزیکٹو اور خود مختار ڈائریکٹران یکساں طور پر اہم فیصلوں میں ملوث رہے۔

مندرجہ بالا کو مدنظر رکھتے ہوئے اس بات کی تائید کی جاسکتی ہے کہ CSIL کے بورڈ نے ادارتی اہداف کو یقینی بنانے کے لئے اپنا محرکانہ کردار ادا کیا جس کی توقع حصص یافتگان اور دیگر اہم مستفیدان کر رہے تھے۔

نعیم انور
مینیجنگ ڈائیرکٹر و چیف ایکزیکیٹو آفیسر
کراچی: 21 مئی 2020

Directors' Report to the Members on Unconsolidated Financial Statements

The Directors of your Company are pleased to present the 63rd Annual Report and the Audited Unconsolidated Financial Statements for the year ended December 31, 2019.

Business Performance Highlights

After a difficult but successful structuring of your Company the management is pleased to see the Company fully compliant and stable operations in the core business of Insurance. CSIL like most businesses has identified area of interest for the regular sales giving a smooth operation to meet the objectives of the Company. The Company maintains its stable outlook and continuation of its rating.

It is however essential to continue highlighting the fact for the attention of the concerned authorities to appreciate the difficulties faced by Insurance Companies in getting themselves enlisted on the Banks approved panel of insurers. The Banks refuse to follow State Bank of Pakistan own circulars, the Insurance Ordinance as well as the Competition Commission Act and continue to violate the law by issuing a panel of approved Companies. Despite all efforts by the Insurance Association of Pakistan the Banks are unwilling to give every Company their fundamental right of doing business and ensure a fair competition which is guaranteed by the Constitution of Pakistan and law as stated above. In this regard the IAP inspite of repeated requests has been unable to meet the Governor State Bank of Pakistan

It is encouraging to note that with all difficulties highlighted your Company has shown profitable operations by maintaining one of the lowest loss ratios through prudent underwriting policies and strategy.

The merger approval of the Company's subsidiary Crescent Star Foods (Private) Limited (CSF) with and into PICIC Insurance Limited (PIL) is still pending before the Sind High Court. The management expect positive outcome in the pending merger proceedings. Upon approval the Company's subsidiary CSF intends to proceed with its BUSINESS PLAN for 100 retail outlets over various brands all over Pakistan.

Your Company's investment in Dost Steels Limited (DSL) is secure. Though DSL plant has been temporarily shut due to shortage of working capital, the management is in regular contact with the management of DSL for their efforts in securing working capital which they are hopeful they can arrange and the plant will be in operations again. DSL valuation report obtained by the management which included complete evaluation of investment illustrates that the investment is in order.

The Insurance penetration in Pakistan is only 0.80% of GDP as opposed to countries having 4% of GDP in the neighboring countries. Health insurance is a foremost need for the people of Pakistan. In most countries health insurance is mandatory. Concerted efforts should be made by the government as well as the industry to increase awareness of the benefits of obtaining insurance.

Financial Highlights

Your Company profit after tax for the year 2019 was Rs. 49 million as compared to loss after tax of Rs. 63 million which resulted in management taking drastic measures reducing management expenses by 47.8% from last year which resulted in overall profitability of the Company. The Company net insurance premium is Rs. 110 million which is in line with previous year business of Rs. 111 million. Net claims have been reduced by 20% to Rs. 13 million from Rs. 17 million. The Company was able to reduce commission expense with effective commission related policies as major reduction of 55% is made from Rs. 18 million to Rs. 8 million this year. No major Investment made during the period, whereas prior investment earned dividend during the year which resulted in increase in investment Income.

Operational details of last three years are tabulated below. Further, key financial data for the last ten years is annexed.

Financial Position at a Glance

	2019	2018	2017
Gross Premium	115,987,585	114,618,225	113,280,308
Net Premium	110,851,129	111,270,066	109,614,211
(Loss) / Profit Before Tax	63,584,784	(49,237,498)	40,020,609
(Loss) / Profit After Tax	49,133,367	(63,097,408)	73,166,683
Paid-up Capital	1,076,950,410	1,076,950,410	826,833,330
Total Assets	1,254,771,351	1,179,593,086	1,243,013,870
Break-up Value per Share	9.04	8.61	8.94
(Loss) / Earnings Per Share (EPS)	0.46	(0.60)	0.88

Future Outlook

The Company intends to expand the core business and has taken steps to enter the more developing individual client market. The management expects to make the Investment Portfolio active for earnings after the expected merger of CSF with and into PICIC, which is still pending before the Honorable Sindh High Court for approval of the SCHEME OF ARRANGEMENT, which once approved will benefit your Company in the investment side.

Earnings per Share

Due to the lack of investment income during the period and enhancement of capital (new shares), the EPS of the Company stands at Rs. 0.46.

Dividend

The Board of Directors does not recommend any Dividend for the year ended December 31, 2019.

Auditors' Report

- Due to non-availability of impairment testing for investment made in subsidiary companies Crescent Star Technologies (Private) Limited and Crescent Star Luxury (Private) Limited (being private limited) the auditors have expressed their reservations in the auditor's report.

- The Company has made an advance of Rs. 354.28 million for issuance of shares to DSL. Prudent management policy and in the interest of the Company, the Company has charged interest amounting to Rs. 163.330 million on the advance amount and demanded the same from DSL. However due to non-availability of any written agreement between DSL and CSIL for charging of mark-up, the auditors have expressed their reservation in the auditors' report.

- The Company has made an advance of Rs. 354.28 million to DSL as advance for issuance of shares. IAS 36 requires entities to conduct impairment testing where there is an indication of impairment of an asset. The management is of the view that in the light of the valuation report of DSL valuing DSL assets to be in excess of Rs. 5 billion there are no indications of impairment of the Company's investment in DSL. The management's opinion is also endorsed by an independent firm of Chartered Accountants. The valuation report of DSL as well the opinion given by the Independent firm of Chartered Accountants was duly shared with the auditors.

- The Company has premium receivable amounting to Rs. 242.775 million out of which Rs. 73.613 have been provided as bad debts representing 31% of the total receivable. This is in line with the Board as well as market policy.

Insurer Financial Strength Rating (IFSR)

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating at 'A-' with Outlook 'Stable'.

Corporate Social Responsibility

Crescent Star Insurance Limited is fully committed to play its role as a responsible corporate citizen and fulfills its responsibility through;

Occupational safety & health

There are adequate fire extinguishers installed at various points within the working premises. Further, the Company has a dedicate medical facility which is being supervised by a full time

Chief Medical Officer posted at Head Office, to take care of employees and their families' health matters and also advise on preventive health care.

Business ethics & anti-corruption measures

The Board has adopted the Statement of Ethics, Anti Money Laundering and Business Practices. All employees are informed of this and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Energy Conservation

The Company is well aware with its responsibility towards the energy conservation. The Company has installed energy saving devices in the office premises. The Company also ensures minimum utilization of electricity during lunch breaks and after office hours besides making full use of natural day light.

Industrial Relations

The Company is fully aware with its responsibilities with respect to industrial relations. The Human Resource Department of the Company is responsible to adhere and implement all the applicable laws, regulations, and conventions in order to keep the work place at its higher professional standards.

Human Resource Initiatives

Your Company's management is of the firm belief that complete alignment of the human resource mission and vision with corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews, your Company has been successful in hiring quality professionals in the area of marketing, finance and business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all goes a long way in maintaining a pool of employees with knowledge, experience and skills in their respective fields and employees remain our most valuable asset.

Compliance with the Code of Corporate Governance

The statement of Compliance as at December 31, 2019 is annexed with the report.

Statement of Directors Responsibilities under the Code of Corporate Governance

The directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Governance for the followings:-

a) The financial statements, prepared by the Company, present fairly, its state of affair, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts as required under the Companies Act, 2017 and the Insurance Ordinance, 2000.

c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes were made, have been adequately disclosed and accounting estimates area on the basis of prudent and reasonable judgment.

d) Financial statements have been prepared by the Company in accordance with the International Accounting Standards, as applicable in Pakistan, requirement of Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

e) The system of internal control is sound, effectively implemented and monitored. The process of review will continue to strengthen the system for its effective implementation.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Information about taxes and levies is given in the notes to and forming part of financial statements.

The Company has followed the best practices of corporate governance, as laid down by the Securities and Exchange Commission of Pakistan and there has been no material departure.

Board Meetings and Attendance

During the year four meetings of the Board of Directors were held and the number of meetings attended by each director is given hereunder:-

Name of Director	Number of Board Meetings Attended
Mr. Naim Anwar	4
Dr. Fahim Lashkarwala	4
Mr. Tanveer Ahmed	4
Mr. Suhail Elahi	2
Ms. Shaiyanne Malik	1
Mr. Shaikh Waqar	1
Mr. Rashid Malik	1

Auditors

The present auditors, M/s Ilyas Saeed & Co., Chartered Accountants shall retire at the conclusion of the Annual General Meeting, and being eligible, for re-appointment as external auditors for the year ending December 31, 2020.

Audit Committee

The Company has an Audit Committee, and had five meetings during the year 2019. The attendance of the meeting is as follows:

Names of Members		Meetings Attended
Dr. Fahim Lashkarwala	Chairman	5
Mr. Tanveer Ahmed	Member	5
Ms. Shaiyanne Malik	Member	-

Human Resource and Remuneration Committee

The Company has a Human Resource and Remuneration Committee. The committee is responsible for recommending to the board human resource management policies of the Company. The committee had one meeting during the year 2019; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Rashid Malik	Chairman	1
Mr. Shaikh Waqar Ahmed	Member	1
Mr. Naim Anwar	Member	1

Investment Committee

The Company has an Investment Committee. The committee had four meetings during the year 2019; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Naim Anwar	Chairman	4
Mr. Tanveer Ahmed	Member	4
Dr. Fahim Lashkarwala	Member	4
Mr. Malik Mehdi Muhammad	Member	4

Statement of Ethics and Best Business Practices

The Board has adopted "the Statement of Ethics and Business Practices" and circulated to all the directors and employees for their acknowledgement and acceptance.

Company Reporting

The Company reports to the shareholders 4 times a year with its 1st quarter, half-yearly, 3rd quarter and annual results, along with the director's reports on the operations and future outlook for the Company.

The value of investment in respect of provident fund maintained by the Company based on latest financial statements as at December 31, 2019 is Rs. 12,099,059.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2019 is annexed with the report.

There have been no transactions carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children in the shares of the Company during the year.

Directors Training Program

Please refer note 11 of the Statement of Compliance with the Code of Corporate Governance.

Subsidiary Companies

The Company has annexed its consolidated financial statements along with its separate financial statements. Crescent Star Foods (Private) Limited, Crescent Star Luxury (Private) Limited and Crescent Star Technologies (Private) Limited are the subsidiary of the Company.

Subsequent Events

No material changes effecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Acknowledgment

The Directors of your Company would like to take this opportunity to thank Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, Insurance Association of Pakistan, State Bank of Pakistan, the Banks and Financial Institutions for their continued support and cooperation.

We also thank the shareholders, and customers / policy holders and all stake holders for their support and confidence in the Company and its management. The Company and its Directors extend special thanks and appreciation to officers and members of the staff and the entire CSIL team for their devotion, dedication and hard work and their contribution to the growth of their Company.

Tanveer Ahmed
Director

Naim Anwar
Managing Director & CEO

Karachi: May 21, 2020

ممبران کے لئے غیر اشتمال شدہ مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران 62 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے مختتمہ سال 31 دسمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاروباری کارکردگی کی جھلکیاں

کمپنی کی ایک مشکل لیکن کامیاب ازسرنو ساخت بندی کے بعد انتظامیہ مکمل طور پر پاسداری اور بیمہ کے بنیادی کاروبار کے مستحکم افعال کے لئے کوشاں ہے۔ CSIL نے دیگر کاروباروں کی طرح باقاعدہ فروخت کے لئے مفادی شعبہ جات کو شناخت کیا ہے تاکہ افعال بلارکاوٹ جاری رکھتے ہوئے کمپنی کے مقاصد حاصل کئے جاسکیں۔ کمپنی نے اپنا مستحکم منظرنامہ برقرار رکھا ہے اور اس کی ریٹنگ تسلسل کے ساتھ ابھی تک وہی ہے۔

تاہم تسلسل کے ساتھ متعلقہ مجاز اداروں کی توجہ ان مشکلات کی جانب مبذول کرانا ضروری ہے کہ جن کا سامنا بیمہ کمپنیوں کو بینکوں کے منظور شدہ پینل میں اپنے آپ کو رجسٹر کروانے میں ہوتا ہے۔ بینک اسٹیٹ بینک آف پاکستان کے سرکلرز، انشورنس آرڈیننس کے ساتھ کمپیٹشن کمیشن ایکٹ پر عمل پیرا ہونے سے گریزاں ہیں اور تسلسل کے ساتھ منظور شدہ کمپنیوں کو پینل جاری کرکے قوانین کی خلاف ورزی کررہے ہیں۔ انشورنس ایسوسی ایشن آف پاکستان کی تمام تر کوششوں کے باجود بینک ہر بیمہ کمپنی کو اس کا کاروبار کرنے کا بنیادی حق دینے اور مسابقت کو یقینی بنانے کو تیار نہیں ہیں جس کی ضمانت آئین پاکستان اور مذکورہ بالا قوانین میں دی گئی ہے۔ اس سلسلے میں IAP کی بارہا گزارشات کے باجود گورنر اسٹیٹ بینک آف پاکستان سے ملاقات نہیں ہوسکی۔

تاہم یہ بات حوصلہ افزاء ہے کہ مندرجہ بالا اجاگر کردہ مشکلات کے باوجود آپ کی کمپنی کے افعال منافع بخش رہے جس میں محتاط ذمہ نویسی پالیسیوں اور حکمت عملی کے ذریعے خسارہ کی شرح کو کم ترین سطح پر برقرار رکھا گیا۔

کمپنی کی ذیلی کمپنی کریسنٹ اسٹارفوڈز (پرائیویٹ) لمیٹڈ (CSF) کا PICIC انشورنس لمیٹڈ (PIL) کے ساتھ اور اس میں الحاق ابھی تک عدالت عالیہ سندھ کے روبرو زیر التوا ہے۔ انتظامیہ کو الحاق کی کارروائی سے مثبت نتائج کی توقع ہے۔ کمپنی کی ذیلی کمپنی کی منظوری کے بعد CSF پاکستان بھر میں 100 خوردہ فروشی کے آؤٹ لیٹس کھولنے کا کاروباری منصوبہ رکھتی ہے۔

آپ کی کمپنی کی دوست اسٹیل لمیٹڈ (DSL) میں سرمایہ کاری محفوظ ہے۔ اگرچہ کہ DSL پلانٹ جاری سرمائے کی قلت کی وجہ سے عارضی طور پر بند ہے، تاہم انتظامیہ DSL کی انتظامیہ کے ساتھ سرمائے کے حصول کے لئے باقاعدہ رابطہ میں ہے جس کے متعلق امید ہے کہ اس کا اہتمام ہوجائے گا اور پلانٹ دوبارہ پیداوار شروع کردے گا۔ DSL کی مالیتی رپورٹ انتظامیہ نے حاصل کرلی ہے جس میں سرمایہ کاری کا مکمل تجزیہ شامل ہے جس سے پتا چلتا ہے کہ سرمایہ کاری بالکل محفوظ ہے۔

پاکستان میں بیمہ کا دخول GDP کا 0.80 فیصد ہے جبکہ دیگر پڑوسی ممالک میں GDP کا 4 فیصد ہے۔ پاکستان کے لوگوں کی ہیلتھ انشورنس ایک انتہائی اہم ضرورت ہے۔ بہت سے ممالک میں ہیلتھ انشورنس لازمی ہے۔ حکومت کے ساتھ ساتھ صنعت کو بیمہ حاصل کرنے کے فوائد سے متعلق آگاہی میں اضافہ کے لئے ٹھوس اقدامات کرنے چاہئیں۔

مالیاتی جھلکیاں

آپ کی کمپنی کا سال 2019 میں بعد از ٹیکس منافع 49 ملین روپے رہا جبکہ گزشتہ سال بعد از ٹیکس خسارہ 63 ملین روپے تھا، جس کے نتیجے میں انتظامیہ نے بڑے اقدامات کرتے ہوئے انتظامی اخراجات کو گزشتہ سال کے مقابلے میں 47.8 فیصد کم کردیا جس کی وجہ سے کمپنی مجموعی طور پر منافع میں آگئی۔ کمپنی کا خالص بیمہ پریمیم 110 ملین روپے رہا جو کہ تقریباً گزشتہ سال 111 ملین روپے جتنا ہے۔ خالص دعویٰ ادائیگی 20 فیصد کم ہوکر 13 ملین روپے رہے جبکہ گزشتہ سال 17 ملین روپے تھے۔ کمپنی نے کمیشن سے متعلق موثر پالیسیوں کے ذریعے کمیشن اخراجات میں بڑے پیمانے پر یعنی 55 فیصد کمی کی جو کہ گزشتہ سال 18 ملین روپے سے کم ہوکر اس سال 8 ملین روپے رہ گئے۔ مدت کے دوران کوئی بڑی سرمایہ کاری نہیں کی گئی جبکہ گزشتہ سرمایہ کاری سے سال کے دوران کے منافع منقسمہ حاصل ہوا جس کے نتیجے میں سرمایہ کاری آمدن میں اضافہ ہوا۔

گزشتہ تین سالوں کی کارباری تفصیلات درج ذیل ہیں۔ مزید گزشتہ دس سالوں کے اہم مالیاتی اعدادوشمار بھی منسلک کئے گئے ہیں۔

مالی حالت ایک نظر میں

	2019	2018	2017
خام پریمیم	115,987,585	114,618,225	113,280,308
خالص پریمیم	110,851,129	111,270,066	109,614,211
منافع/(خسارہ) قبل از ٹیکس	63,584,784	(49,237,498)	40,020,609
منافع/(خسارہ) بعد از ٹیکس	49,133,367	(63,097,408)	73,166,683

اداشدہ سرمایہ	1,076,950,410	1,076,950,410	826,833,330
کل اثاثے	1,254,771,351	1,179,593,086	1,243,013,870
حصص کی بریک اپ ویلیو	9.04	8.61	8.94
(خسارہ)/منافع فی حصص	0.46	(0.60)	0.88

مستقبل کی پیش بینی

کمپنی کا ارادہ ہے کہ اپنے بنیادی انشورنس کے کاربار میں توسیع کرے اور اسی لئے ایسے اقدامات کر رہی ہے جس سے وہ ترقی پذیر انفرادی کلائنٹ کی مارکیٹ میں داخل ہو جائے- کمپنی کو توقع ہے کہ CSF کی PICIC میں اور اس کے ساتھ الحاق سرمایہ کاری کے پورٹ فولیو کی آمدنی کے لئے متحرک بنائے گی جو کہ اہتمامی اسکیم کی عدالت عالیہ سندھ سے منظوری کی وجہ سے زیر التوا ہے۔ جس کے منظور ہوتے ہی سرمایہ کاری کے لحاظ سے کمپنی کو فائدہ ہوگا-

فی حصص آمدن

مدت کے دوران سرمایہ کاری آمدن کی قلت اور سرمائے میں اضافہ (نئے حصص) کی وجہ سے کمپنی کی EPS 0.46 روپے رہی-

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال مختتمہ 31 دسمبر 2019 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔

آڈیٹرز کی رپورٹ

☆ ذیلی کمپنیوں کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ (جو کہ پرائیویٹ لمیٹڈ ہیں) میں سرمایہ کاری کی قدری نقصان کی آزمائش دستیاب نہیں ہے، لہذا آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے-

☆ کمپنی نے دوست اسٹیل ملز کو حصص جاری کر کے 354.28 ملین روپے کا ایڈوانس دیا ہے- محتاط انتظامی پالیسی اور کمپنی کے مفاد میں کمپنی نے ایڈوانس کی رقم پر 163.330 ملین روپے کا سود لگایا ہے اور DSL سے اس کا مطالبہ کیا ہے- تاہم CSIL اور DSL کے درمیان ایڈوانس کی رقم پر 163.330 ملین روپے کے سود سے متعلق کوئی تحریری معاہدہ دستیاب نہیں ہے، اس لئے آڈیٹرز نے اپنے تحفظات کا اظہار کیا ہے-

☆ کمپنی نے حصص جاری کر کے DSL کو بطور ایڈوانس 354.28 ملین روپے دیئے ہیں- IAS 36 کے تحت اداروں کے لئے ضروری ہے جہاں پر اس اثاثوں کی فرسودگی کے امکانات ہوں وہاں پر وہ فرسودگی ٹیسٹنگ کریں- DSL کی مالیتی رپورٹ کو مدنظر رکھتے ہوئے انتظامیہ کی رائے ہے کہ DSL کے اثاثوں کی مالیت 5 بلین روپے ہے لہذا DSL میں کمپنی کی سرمایہ کاری پر فرسودگی کی کوئی علامات نہیں ہیں- انتظامیہ کی رائے کی تصدیق چارٹرڈ اکاؤنٹنٹس کی ایک آزاد فرم نے کی ہے- DSL کی مالیتی رپورٹ کے ساتھ چارٹرڈ اکاؤنٹنٹس کی آزاد فرم کی رائے سے آڈیٹرز کو آگاہ کر دیا گیا ہے-

☆ کمپنی کے 242.775 ملین روپے کے قابل وصول پریمیم ہے جس میں سے 31 فیصد یعنی 73.613 ملین روپے بطور ناقابل وصول قرضوں میں مختص کئے گئے ہیں- یہ بورڈ کے ساتھ مارکیٹ کی پالیسی کے عین مطابق ہے-

بیمہ کار کی مالیاتی استحکام کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو 'A-' درجہ بندی کے ساتھ 'ریٹنگ واچ ڈیولپمنگ'' کے مستحکم منظر نامے سے نوازا ہے۔

ادارتی سماجی ذمہ داری

کریسنٹ اسٹار انشورنس لمیٹڈ ذمہ دار کاروباری ادارے کی حیثیت سے مکمل طور پر اپنے کردار سے آگاہ ہے اور درج ذیل طریقوں سے اپنی ذمہ داریاں پورا کر رہی ہے:

کام کے دوران حفاظت اور صحت

کام کی جگہ پر مختلف مقامات پر آگ بجھانے والے آلات نصب کئے گئے ہیں۔ مزید کمپنی کے پاس ایک وقف طبی سہولت موجود ہے جس کی نگرانی ہیڈ آفس میں موجود کل وقتی چیف میڈیکل آفیسر کرتا ہے جو کہ ملازمین اور ان کے خاندان کو طبی نگہداشت فراہم کرتا ہے اور انہیں حفاظتی صحت کے نگہداشت کے حوالے سے مشورہ دیتا ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات، انسداد منی لانڈرنگ اور کاروباری طور طریقوں سے متعلق بیانیہ کو اختیار ہے۔ تمام ملازمین کو ان سے مطلع کر دیا گیا ہے اور انہیں ہدایت کی گئی ہے کہ کاروباری

طرز اخلاق کے قواعد وضوابط کی پیروی کریں۔اخلاقیات اور کاروباری طور طریقوں کے گوشوارے محنت، دیانت، شاندار کلچر اور اخلاقیات پر مبنی ہیں جن کا تعلق گاہکوں، ساتھیوں اور عام عوام سے ہے۔

توانائی کی بچت

کمپنی توانائی کی بچت سے متعلق اپنی ذمہ داری سے مکمل آگاہ ہے۔کمپنی نے دفتری احاطے میں توانائی بچت کے آلات نصب کئے ہیں۔کمپنی اس بات کو یقینی بناتی ہے کہ لنچ کے وقفے اور دفتری اوقات کے بعد بجلی کم سے کم خرچ ہو اور زیادہ سے زیادہ دن کی قدرتی روشنی سے بھی استفادہ کیا جائے۔

صنعتی تعلقات

صنعتی تعلقات سے متعلق کمپنی اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔کمپنی کا شعبہ انسانی وسائل تمام لاگو قوانین، ضوابط اور رواج پر عمل اور نفاذ کا ذمہ دار ہے تاکہ کام کی جگہ پر اعلیٰ پیشہ ورانہ معیارات کو برقرار رکھا جا سکے۔

انسانی وسائل کے لئے پیش قدمیاں

آپ کی کمپنی کی انتظامیہ انسانی وسائل کے مشن اور نصب العین پر مضبوط یقین رکھتی ہے جو کہ کسی بھی ادارے کے کاروباری اہداف کی کامیاب حصولی میں معاونت فراہم کرتی ہے۔ آج کے مسابقتی ماحول میں ہم اس بات کو تسلیم کرتے ہیں کہ موجودہ عملہ پر توجہ دیتے ہوئے اس کی ترویج کی جائے اور موثر انداز میں اس کی کارکردگی کا جائزہ لیا جائے۔آپ کی کمپنی مارکیٹنگ، فنانس اور کاروباری ترقی کے میدان میں معیاری پیشہ ور ماہرین کو بھرتی کرنے میں کامیاب رہی ہے۔ہماری توجہ تسلسل کے ساتھ میرٹ پر کام کا ماحول فراہم کے ساتھ ہر ملازم کو اس کے متعلقہ شعبہ میں معلومات، تجربہ اور مہارت کے حصول کے یکساں مواقع فراہم کرنا ہے اور ملازمین ہمارا سب سے قابل قدر اثاثہ ہیں۔

ادارتی نظم و نسق کے ضابطے کی پاسداری

سال 31 دسمبر 2019 میں پاسداری سے متعلق بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا ادارتی نظم و نسق کے ضابطے کے تحت ذمہ داریوں سے متعلق بیانیہ

ڈائریکٹران ادارتی اور مالیاتی رپورٹنگ کی ساخت سے متعلق ایس ای سی پی کے ادارتی نظم و نسق کے ضابطے کی پاسداری کی توثیق کرتے ہوئے بیان کرتے ہیں کہ

a کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج حصص میں تبدیلی اور نقد بہاؤ کو شفاف انداز میں پیش کرتے ہیں۔

b کمپنی کے کھاتوں کی کتابیں کمپنیز ایکٹ 2017 اور انشورنس آرڈیننس 2000 کے تحت مناسب انداز میں رکھی گئی ہیں۔

c کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں۔جہاں تبدیلیاں ہوئی ہیں ان کو مناسب انداز میں منکشف کیا گیا اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔

d منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000، انشورنس رولز 2017 انشورن اکاؤنٹنگ ریگولیشنز 2017 کی ضروریات کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔

e اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔اس کی نظر ثانی کا عمل جاری رہتا ہے تاکہ نظام کو مضبوط کرتے ہوئے موثر انداز میں نافذ کیا جائے۔

f کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

g- ادارتی نظم و نسق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے، ان سے کوئی بڑا انحراف نہیں ہوا۔

h- ٹیکسوں اور محصولات کے متعلق معلومات نوٹس میں دی گئی ہیں اور مالیاتی گوشواروں کا حصہ بنایا گیا ہے۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بتائے گئے ادارتی نظم و نسق کے بہترین طور طریقوں پر کمپنی عمل پیرا ہے اور کسی قسم کا کوئی بڑا انحراف نہیں ہوا۔

بورڈ کے اجلاس اور ان میں حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضری درج ذیل رہی:

ڈائریکٹر کا نام	بورڈ کے حاضر اجلاسوں کی تعداد
جناب نعیم انور	4
ڈاکٹر فہیم لشکر والا	4
جناب تنویر احمد	4
جناب سہیل الٰہی	2
مس شایانِ ملک	1
جناب شیخ وقار	1
جناب راشد ملک	1

آڈیٹرز

موجودہ آڈیٹرز گرانٹ تھورٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے، تقرری کی اہلیت کے باعث، انہوں نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے بطور بیرونی آڈیٹرز اپنی دوبارہ تقرری کی پیشکش کی ہے۔

آڈٹ کمیٹی

کمپنی کی اپنی آڈٹ کمیٹی ہے اور سال 2018 کے دوران اس کے پانچ اجلاس ہوئے۔ حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
ڈاکٹر فہیم لشکر والا	چیئر مین	5
جناب تنویر احمد	ممبر	5
مس شایان ملک	ممبر	2

انسانی وسائل اور معاوضہ کمیٹی

کمپنی کی اپنی انسانی وسائل اور معاوضہ کمیٹی ہے۔ اس کمیٹی کی ذمہ داری ہے کہ وہ بورڈ کو کمپنی کی انسانی وسائل کی پالیسیوں کی سفارش کرے۔ سال 2019 کے دوران کمپنی کا ایک اجلاس ہوا، جس میں حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب راشد ملک	چیئر مین	1
جناب شیخ وقار	ممبر	1
جناب نعیم انور	ممبر	1

سرمایہ کاری کمیٹی

کمپنی کی اپنی سرمایہ کاری کمیٹی ہے۔ سال 2018 کے دوران کمیٹی کے چار اجلاس ہوئے جن میں حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب نعیم انور	چیئر مین	4

جناب تنویر احمد	ممبر	1
ڈاکٹر فہیم لشکر والا	ممبر	4
جناب ملک مہدی محمد	ممبر	4

اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ

بورڈ نے ''اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ'' کو اختیار کیا ہے اور اور اسے تمام ڈائریکٹران اور ملازمین میں تقسیم گیا ہے جس کو انہوں نے تسلیم کیا ہے اور قبول کرلیا ہے۔

کمپنی کی رپورٹنگ

کمپنی سال میں چار مرتبہ حصص یافتگان کو رپورٹ کرتی ہے یعنی پہلی سہ ماہی، ششماہی، تیسری سہ ماہی اور سالانہ نتائج کے ہمراہ کاروباری افعال پر ڈائریکٹران کی رپورٹ اور کمپنی کا مستقبل کا منظر نامہ پیش کرتی ہے۔

کمپنی کے تشکیل دیئے گئے پروویڈنٹ فنڈ میں سرمایہ کاری 12,099,059 روپے رہی جو کہ اس کے حالیہ مالیاتی گوشورے مختتمہ 31 دسمبر 2019 کے مطابق ہے۔

حصص داری کی ساخت

مختتمہ سال 31 دسمبر 2019 پر کمپنی کی حصص داری کی ساخت اور دیگر معلومات پر مشتمل گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

سال کے دوران ڈائریکٹران، سی ای او اور ایگزیکٹو، کمپنی سیکریٹری اور ان کے شریک حیات یا چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

ڈائریکٹران کے لئے تربیتی پروگرام

بحوالہ نوٹ نمبر 11 جس میں ادارتی نظم و نسق کے ضابطے کی پاسداری سے متعلق بیان دیا گیا ہے۔

ذیلی کمپنیاں

کمپنی نے اپنے مجموعی مالیاتی گوشواروں کے ساتھ علیحدہ علیحدہ مالیاتی گوشوارے منسلک کئے ہیں۔ کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ، کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کمپنی کی ذیلی کمپنیاں ہیں۔

بعد از اں واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی اہم تبدیلیاں رونما نہیں ہوئیں جن سے کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو۔

اعتراف

آپ کی کمپنی کے ڈائریکٹران اس موقع پر سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان، بینکوں اور مالیاتی اداروں کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں۔

ہم تمام حصص یافتگان، گاہکوں/ پالیسی ہولڈرز اور تمام مستفیدان کے تعاون اور اعتماد کے بھی شکر گزار ہیں جو انہوں نے کمپنی اور اس کی انتظامیہ پر کیا۔ کمپنی اور اس کے ڈائریکٹران خصوصی طور پر افسران اور عملہ کے ممبران اور CSIL کی پوری ٹیم کو ان کی جدوجہد اور سخت محنت اور کمپنی کی نمو کے لئے ان کے تعاون پر اپنی شکر گزاریاں اور تہنیت پیش کرتے ہیں۔

تنویر احمد	**نعیم انور**
ڈائریکٹر	مینیجنگ ڈائریکٹر اینڈ سی ای او

کراچی: 21 مئی 2020

KEY FINANCIAL HIGHLIGHTS

(RUPEES IN MILLION)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross Premium	**115.99**	114.62	113.28	190.29	265.77	237.05	84.93	68.62	81.87	105.08
Net Premium	**110.85**	111.27	109.61	206.35	236.91	136.25	55.77	40.99	60.23	74.16
Paid-up Capital	**1,076.95**	1,076.95	826.83	826.83	620.13	620.13	121.00	121.00	121.00	121.00
Reserve & Retained Earnings	**96.81**	49.86	112.43	37.16	13.60	(68.08)	(55.89)	(54.83)	(36.66)	(38.09)
Discount on Issue of Right Shares	**(199.65)**	(199.65)	(199.65)	(199.65)	(199.65)	(199.65)	-	-	-	-
Investments	**167.16**	165.58	241.15	188.47	78.06	270.00	14.68	21.97	24.11	29.74
Underwriting Provisions	**114.61**	109.01	123.76	143.20	185.98	159.55	61.31	59.74	71.13	79.20
Total Assets	**1,254.77**	1,179.59	1,243.01	1,009.12	838.22	574.84	164.82	176.02	202.38	214.61
Profit Before Tax	**63.58**	(49.24)	40.02	25.62	89.86	(34.47)	2.07	(17.84)	2.22	4.61
Profit After Tax	**49.13**	(63.10)	73.17	23.56	81.68	(35.83)	1.47	(18.16)	1.43	3.74
Distribution as percentage of										
paid-up capital- cash dividend	**-**	-	-	-	-	-	-	-	-	-
paid-up capital- cash dividend Interim	**-**	-	-	-	-	-	-	-	-	-
- bonus shares	**-**	-	-	-	-	-	-	-	-	-
- right shares	**-**	-	-	33.33	-	412.50	-	-	-	-
Return on Total Assets-%	**3.92**	(5.35)	5.89	2.33	9.74	(6.23)	0.89	(10.32)	0.71	1.74
Return on Shareholders' Equity-%	**5.04**	(6.81)	9.89	3.55	18.82	(10.17)	1.65	(27.45)	1.69	4.52
Break-up Value per Share	**9.05**	8.61	8.94	8.03	8.32	5.68	7.33	5.47	6.97	6.85
Earnings per Share in Rupees	**0.46**	(0.60)	0.88	0.30	1.33	(0.70)	0.10	(1.50)	0.12	0.31
Market Value of Share	**2.15**	1.71	4.09	10.52	12.99	4.69	7.80	4.00	2.00	6.38
P/E Ratio	**4.71**	(2.85)	4.65	35.07	9.77	(6.70)	78.00	(2.66)	16.95	15.12

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Star Insurance Limited

Review Report on the Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of Crescent Star Insurance Limited (the Company) for the year ended December 31, 2019 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations was/were observed which are not stated in the Statement of Compliance:

i. Contrary to the requirements of Regulation 9 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the positions of the Chairman and the Chief Executive Officer are held by one person.

ii. Contrary to the requirements of Regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the positions of the Chief Financial Officer and Secretory are held by one person.

iii. Contrary to the requirements of Regulation 27(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the composition of the Audit committee consists of executive and independent directors.

iv. Contrary to the requirements of Regulation 31 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company has opted not to fill the vacancy of Internal auditor since April 2019.

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

ILYAS SAEED & Co
Chartered Accountants
Engagement Partner: Muhammad Ilyas
LAHORE
Date: May 21, 2020

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

CRESCENT STAR INSURANCE LIMITED (“the Company”)
FOR THE YEAR ENDED DECEMBER 31, 2019

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).

The Company has applied the principles contained in the Code and the Regulations in the following manner:

1. The total number of directors are seven (7), as per the following:
   a) Male: 6
   b) Female: 1

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	Ms. Shaiyanne Malik Dr. Fahim Lashkarwala Mr. Rashid Malik
Executive Directors	Mr. Naim Anwar, CEO/Chairman Mr. Tanveer Ahmed Mr. Suhail Elahi
Non-Executive Directors	Mr. Shaikh Waqar Ahmed

   The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

5. Casual Vacancy occurred on the Board on April 9, 2019. One casual vacancy was filled on May 8, 2019 and two vacancies were filled on October 3, 2019.

6. The Company has prepared a “Code of Conduct” which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of significant policies along with the dates on which they were approved or amended has been maintained by the Company.

8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

9. The meetings of the Board were presided over by the Chairman and, in absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and Regulations.

11. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises its directors of new laws and regulations and amendments in the existing ones. The Board has not arranged any Directors' training program during the year ended December 31, 2019.

12. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year.

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The Board has formed the following Management Committees:

a) Underwriting, Reinsurance and Co-insurance Committee

Names	Category
Mr. Tanveer Ahmed	Chairman
Mr. Naim Anwar	Member
Mr. M. A Rasheed	Secretary

b) Claims Settlement Committee

Names	Category
Mr. Naim Anwar	Chairman
Dr. Atif Rais	Member
Mr. Ashraf Dhedhi	Secretary

c) Risk Management & Compliance Committee

Names	Category
Mr. Naim Anwar	Chairman
Mr. Malik Mehdi Muhammad	Member
Ms. Sonia Baloch	Member*
Mr. Ashraf Dhedhi	Member

*Resigned during the year.

15. The Board has formed the following Board Committees comprising of members given below;

a) Ethics, Human Resource & Remuneration Committee

Names	Category
Mr. Rashid Malik	Chairman
Mr. Shaikh Waqar Ahmed	Member
Mr. Naim Anwar	Member

b) Investment Committee

Names	Category
Mr. Naim Anwar	Chief Executive Officer / Chairman
Dr. Fahim Lashkarwala	Independent Director / Member
Mr. Tanveer Ahmed	Executive Director / Member
Mr. Malik Mehdi Muhammad	Chief Financial Officer

16. The Board has formed an Audit Committee. It presently comprises of one member which is an independent director, and the chairman is an independent director. The Composition of the audit committee is as follow:

Names	Category
Dr. Fahim Lashkarwala	Independent Director / Chairman
Mr. Tanveer Ahmed	Executive Director
Ms. Shaiyanne Malik	Independent Director

17. The meetings of the committees except Ethics, Human Resource and Remuneration Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of references of the Committees have been formed and advised to the Committees for compliance.

18. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.

19. The statutory auditors of the Company have been appointed from the panel of auditor approved by the Commission in term of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulation, or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The Directors' report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.

22. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

23. The Company has complied with all the corporate and financial reporting requirements of the Code.

24. The Board has set up an effective internal audit function and the head of internal audit is conversant with the policies and procedures of the Company.

25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No .XXXIX of 2000):

Names	Designation
Mr. Naim Anwar	Chief Executive Officer
Mr. Malik Mehdi Muhammad	Chief Financial Officer & Company Secretary
Mr. Muhammad Abdul Rasheed	Head of Underwriting
Mr. Ashraf Dhedhi	Head of Claims and Compliance Officer
Mr. Tanveer Ahmed	Head of Grievance Department

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.

27. The Board ensures that the risk management system of the Company is in place as per Code.

28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

29. The Board ensures that as part of the risk management system, the Company get itself rated from PACRA which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on January 31, 2020 is A- with Outlook Stable.

30. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.

31. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.

32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation and all material requirement of Code have been complied.

For and on behalf of the Board of Directors
Crescent Star Insurance Limited

Naim Anwar
Managing Director & CEO

Karachi: May 21, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Star Insurance Limited

Report on the audit of the unconsolidated financial statements

Qualified Opinion

We have audited the annexed unconsolidated financial statements of **Crescent Star Insurance Limited (the Company)**, which comprise the unconsolidated statement of financial position as at December 31, 2019, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the effects of the matters described in the Basis for Qualified Opinion, section of our audit report, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2019 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1) As stated in note 9.2 to the unconsolidated financial statements, the Company's carrying value of receivables on account of advance against issue of shares amounts to Rs. 77.524 million (2018: Rs. 76.465 million). The management has not carried out impairment testing as required by IAS – 36 "Impairment of Assets". No provision for any loss, if any, that may result, has been incorporated in the unconsolidated financial statements.

2) As stated in note 9.1 to the unconsolidated financial statements, the Company has recorded accrued interest amounting to Rs. 163.330 million (2018: Rs. 106.348 million) at a rate of one year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Company's claim therefore recoverability of the accrued interest income could not be ascertained. Accordingly, profit for the year and total assets/ solvency of the Company are overstated by Rs. 56.981 million (2018: Rs. 39.765 million) and Rs. 163.33 million (2018: Rs. 106.348 million) respectively.

3) As stated in note 9.2 to the unconsolidated financial statements, the Company has advance against issuance of shares to Dost Steels Limited (DSL) amounting to Rs. 354.28 million (2018: Rs. 354.28 million). The management has not carried out impairment testing at the end of reporting period as required by IAS – 36 "Impairment of Assets". No provision for any loss, if any, that may result, has been incorporated in the unconsolidated financial statements.

4) As stated in note 10 to the unconsolidated financial statements, the Company has recorded premium receivable amounting to Rs. 242.775 million (2018: Rs. 229.133 million) out of which Rs. 75.613 million (2018: Rs. 75.613 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs. 168.089 million. Any adjustment to the amount of the above receivable found to be necessary would affect the Company's profit for the year then ended.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017;

b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017, and are in agreement with the books of account

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other Matters

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended December 31, 2018 were audited by another firm of chartered accountants who expressed qualified opinion for the following reasons:

1) Not carrying out impairment testing on investments in subsidiaries and receivables as required by IAS 36;
2) Inability to ascertain and substantiate the Company's claim against Accrued interest on advance against issue of shares to Dost Steels Limited (an associated undertaking) in the financial statements of the Company;

3) Not carrying out impairment testing on advance against issuance of shares to Dost Steels Limited (an associated undertaking) as required by IAS 39;

4) Non verification of the premium receivable balances.

The engagement partner on the audit resulting in this independent auditor’s report is **Muhammad Ilyas.**

ILYAS SAEED & CO.
Chartered Accountants
Date: May 21, 2020
Place: LAHORE

UNCONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2019

Crescent Star Insurance Limited
Unconsolidated Statement of Financial Position
As at December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
ASSETS			
Property and equipment	5	**16,291,707**	19,781,656
Intangible assets	6	**106,735**	1,571,970
Investments in subsidiaries	7	**150,019,600**	150,019,600
Investments			
Equity securities	8	**17,141,873**	15,558,992
Debt securities		**-**	-
Loans and other receivables	9	**813,608,971**	754,322,286
Insurance / Reinsurance receivables	10	**168,089,807**	153,519,309
Reinsurance recoveries due but unpaid		**-**	-
Reinsurance recoveries against outstanding claims		**2,595,202**	2,595,202
Deferred commission expense/ Acquisition cost		**6,986,821**	6,293,238
Deferred taxation	11	**-**	-
Prepayments	12	**6,043,657**	2,792,024
Cash & bank	13	**73,886,978**	73,138,809
Total Assets		**1,254,771,351**	1,179,593,086

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Statement of Financial Position
As at December 31, 2019

	Note	**2019 RUPEES**	2018 RUPEES
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	**1,076,950,410**	1,076,950,410
Discount on issue of right shares	15	**(199,650,000)**	(199,650,000)
Reserves	16	**26,716,003**	28,894,635
Unappropriated profit		**70,095,587**	20,962,220
Total Equity		**974,112,000**	927,157,265
Share deposit money		**-**	-
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		**61,242,125**	60,680,433
Unearned premium reserves		**53,348,333**	48,328,460
Premium deficiency reserves		**14,906**	-
Deferred taxation		**-**	-
Borrowings	17	**5,013,650**	6,427,350
Premium received in advance		**2,110,755**	1,793,455
Insurance / Reinsurance Payables	18	**-**	-
Other Creditors and Accruals	19	**141,881,158**	132,065,418
Taxation - provision less payments	20	**17,048,424**	3,140,705
Total Liabilities		**280,659,351**	252,435,821
Total Equity and Liabilities		**1,254,771,351**	1,179,593,086
Contingenc(ies) and commitment(s)	21		

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Statement of Comprehensive Income
For the year ended December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
Net insurance premium	22	**110,851,129**	111,270,066
Net insurance claims	23	**(13,954,898)**	(17,452,659)
Premium deficiency		**(14,906)**	1,510,891
Net Commission expense and other acquisition costs	24	**(8,094,546)**	(18,380,049)
Insurance claims and acquisition expenses		**(22,064,350)**	(34,321,817)
Management expenses	25	**(86,689,692)**	(166,129,200)
Underwriting results		**2,097,087**	(89,180,951)
Investment income	26	**3,675,181**	307,261
Other income	27	**62,796,664**	45,051,296
Other expenses	28	**(4,179,063)**	(4,543,166)
Results of operating activities		**64,389,869**	(48,365,560)
Finance costs		**(805,085)**	(871,938)
Profit/ (Loss) before tax		**63,584,784**	(49,237,498)
Income tax expense	29	**(14,451,417)**	(13,859,910)
Profit/ (Loss) after tax		**49,133,367**	(63,097,408)
Other Comprehensive Income / (Loss)			
Items to be re-classified to profit and loss account in subsequent period			
Unrealized gain on revaluation of available for sale investments during the year - net of deferred tax		**1,457,546**	521,636
Reclassification adjustments relating to available for sale investments disposed off - net of deferred tax		**(3,636,178)**	-
Other comprehensive income/ (loss) for the year		**(2,178,632)**	521,636
Total comprehensive Income/ (Loss) for the year		**46,954,735**	(62,575,772)
Earning/ (Loss) per share basic and diluted (restated)	30	**0.46**	(0.60)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Cash Flow Statement
For the year ended December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
Operating cash flows			
(a) Underwriting activities			
Insurance Premium received		**102,662,310**	126,792,641
Reinsurance premium paid		**(1,044,506)**	27,317,827
Claims paid		**(13,393,206)**	(23,194,261)
Commission paid		**(8,828,629)**	(17,865,698)
Commission received		**40,500**	-
Management expenses paid		**(76,534,185)**	(57,445,268)
Net cash flow from underwriting activities		**2,902,284**	55,605,241
(b) Other operating activities			
Income tax paid		**(543,698)**	(438,147)
Other operating payments		**523,899**	(61,995,661)
Net cash outflow from other operating activities		**(19,799)**	(62,433,808)
Total cash flow from all operating activities		**2,882,485**	(6,828,567)
Investment activities			
Profit / return received		**38,667**	791,818
Dividend received		**3,636,514**	851
Proceeds from investments		**(3,761,513)**	21,265,738
Fixed capital expenditure		**-**	(6,804,873)
Proceeds from sale of property and equipment		**170,801**	5,178,000
Total cash flow from investing activities		**84,469**	20,431,534
Financing activities			
Proceeds from issuance for shares		**-**	104,350
Finance costs paid		**(805,085)**	(871,938)
Borrowing under Musharaka arrangements obtained - net		**(1,413,700)**	2,732,800
Total cash from financing activities		**(2,218,785)**	1,965,212
Net cash flow from all activities		**748,169**	15,568,179
Cash and cash equivalents at beginning of year		**73,138,809**	57,570,630
Cash and cash equivalents at end of year		**73,886,978**	73,138,809
Reconciliation to unconsolidated profit and loss account			
Operating cash flows		**2,882,485**	(6,828,567)
Depreciation expense	25	**(3,053,595)**	(3,876,235)
Amortization expense	25	**(1,465,235)**	(1,443,943)
Gain/ (loss) on disposal of property and equipments	27	**(265,553)**	591,772
Profit on disposal of investments		**-**	-
Dividend income	26	**3,636,514**	851
Other investment and other income		**38,667**	445,215
Finance costs		**(805,085)**	(871,938)
Increase in assets other than cash		**(13,907,719)**	(42,327,691)
(Decrease) / increase in liabilities other than borrowings		**(15,729,511)**	(7,834,143)
Provision for taxation		**77,802,399**	(952,729)
Profit / (Loss) after taxation for the period		**49,133,367**	(63,097,408)

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2019

	Attributable to equity holder of the Company						
			Capital Reserve	Revenue reserves			
	Share capital	Discount on issue of right shares	Reserve for exceptional losses	General reserve	Surplus on remeasurement of available for sale investments	Unappropriated profit	Total
	(Rupees)						
Balance as at January 01, 2018	826,833,330	(199,650,000)	1,767,568	24,497,265	-	84,059,628	737,507,791
Effect of change in accounting policy net of tax.	-	-	-	-	2,108,166	-	2,108,166
Balance as at January 01, 2018 as restated	826,833,330	(199,650,000)	1,767,568	24,497,265	2,108,166	84,059,628	739,615,957
Issue of right shares at par	250,117,080	-	-	-	-	-	250,117,080
Loss after tax for the period	-	-	-	-	-	(63,097,408)	(63,097,408)
Other comprehensive income for the period	-	-	-	-	521,636	-	521,636
Balance as at December 31, 2018	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**2,629,802**	**20,962,220**	**927,157,265**
Balance as at January 01, 2019	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**2,629,802**	**20,962,220**	**927,157,265**
Profit after tax for the period	-	-	-	-	-	49,133,367	49,133,367
Other comprehensive income for the period	-	-	-	-	(2,178,632)	-	(2,178,632)
Balance as at December 31, 2019	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**451,170**	**70,095,587**	**974,112,000**

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

1 LEGAL, STATUS AND NATURE OF BUSINESS

Crescent Star Insurance Limited ("the Company") was incorporated in Pakistan as a Public Limited Company in the year 1957 under the Defunct Companies Act, 1913, now the Companies Act, 2017. The Company is listed on the Pakistan Stock Exchange and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

The Company is engaged in providing non-life general insurance services mainly in spheres of fire and property damage, marine, aviation and transport, motor, credit and suretyship, accident and health and miscellaneous insurance.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017,the Insurance Ordinance, 2000, Insurance Rules 2017 and the Insurance Accounting Regulations, 2017

Incase requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, shall prevail.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

These unconsolidated financial statements have been prepared as per the prescribed format of presentation of annual financial statements for general insurance companies issued by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 9, 2017.

2.1 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain financial instruments which are stated at their fair values and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

In these unconsolidated financial statements, except for the unconsolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

2.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to nearest Pak Rupee, unless otherwise stated.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

2.3 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 9	Financial Instruments – Classification and Measurement
IFRS 15	Revenue from Contracts with Customers
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)Foreign Currency Transactions and Advance Consideration
IAS 28	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures (Amendments)
IFRS 11	Joint Arrangements – Annual Improvements to IFRS Standards 2015-17 Cycle
IAS 12	Income Taxes - Annual Improvements to IFRS Standards 2015-17 Cycle
IAS 19	Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

- **Impact of IFRS 9 – Financial Instruments**

The amendments introduce two approaches for entities that apply IFRS 4 to reduce the impact of deferring effective dates with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments: an overlay approach and a temporary exemption from applying IFRS 9. The Company has adopted for a temporary exemption from application of IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 01 January 2018. The temporary exemption is available for annual reporting periods beginning before 01 January 2022 and will expire once IFRS 17 becomes effective.

- **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the Standard requires relevant disclosures. The management reviewed and assessed the Company's existing contracts with the policy holders and concluded that there is no material impact on the revenue recognition from policy holders as the same fall under the ambit of IFRS-17 Insurance Contracts and the Insurance Rules, 2017.

- **IFRS 16 – Leases**

This standard was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Company has adopted IFRS 16 using the modified retrospective approach as permitted under the specific transitional provisions in the Standard. This Standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current Standard i.e. lessors continue to classify leases as either finance or operating leases.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the Standard:

- grandfathered the assessment of which transactions are lease on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impacts on financial statements

The Company has opted not to recognise right-of-use assets for leases of low value or short term leases, having remaining lease term of less than 12 months as at January 01, 2019. The payments associated with such leases are recognised as an expense.

2.3.1 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	1-Jan-22
IFRS 7	Financial Instruments: Disclosures	1-Jan-20

Annual Improvements 2015-2017 Cycle		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations	1-Jan-19

2.3.2 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards, amendments or interpretation		
IFRS 17	Insurance Contracts	1-Jan-22

2.3.3 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below.

3.1 Property and equipment

3.1.1 Owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to unconsolidated statement of comprehensive income applying the reducing balance method at the rates specified in note 5 to the unconsolidated financial statements.

Depreciation on additions is charged from the date the assets are available for use. While on disposal, depreciation is charged up to the date on which the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the unconsolidated statement of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the unconsolidated statement of comprehensive income in the year the asset is derecognized.

3.1.2 Right-of-use assets

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

3.1.3 Ijarah contracts

Ijarah rentals (Ijrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

3.2 Intangibles - Computer Software

These are stated at cost less accumulated amortization and impairment loss. Amortization is charged over the estimated useful life of the asset on a systematic basis to unconsolidated statement of comprehensive income applying the straight line method.

Amortization is calculated from the date the assets are available for use. While on disposal, amortization is charged up to the date in which the assets are disposed off.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

3.3 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policy holders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts are of three months period.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally, personal insurance contracts for example. vehicles are provided to individual customers, whereas, insurance contracts of fire and property, marine and transport, accident and other commercial line products are provided to commercial organization.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance contract mainly compensate hospitalization and outpatient medical coverage to the insured. These contracts are generally one year contracts.

Credit and suretyship insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

Other types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions and crop insurance etc..

3.4 Claims

Claims are charged to unconsolidated statement of comprehensive income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.4.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

i) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimated are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

ii) Claims incurred but not reported

The provision for claims incurred but not reported is made at the reporting date in accordance with SECP circular no. 9 dated March 09, 2016. The Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using 'Chain Ladder' (CL) methodology. The CL method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine cumulative development factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.5 Premium deficiency reserve / Liability adequacy test

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability after reinsurance, from claims and other supplementary expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard (IFRS) 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2019	2018
- Fire and property damage	**9%**	10%
- Marine, aviation and transport	**43%**	32%
- Motor	**30%**	28%
- Accident & health	**48%**	45%
- Credit & Suretyship	**4%**	2%
- Miscellaneous	**19%**	10%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date.

3.6 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balance due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Company assesses its reinsurance assets for impairment on statement of financial position date. If there is objective evidence that reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes impairment loss in the profit and loss account.

3.7 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. These include premiums due but unpaid, premiums received in advance, premiums due and claims payable to insurance contract holders.

3.8 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due at the fair value of consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

3.9 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognized evenly in the period of indemnity. The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

3.10 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.11 Deferred commission expense/ Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and is recognized as an asset on attachment of the related risks. These costs are charged to statement of unconsolidated statement of comprehensive income based on the pattern of recognition of premium revenue.

3.12 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

Assets and liabilities are allocated to particular segments on the basis of gross premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.13 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of unconsolidated cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

3.15 Revenue recognition

3.15.1 Premium income earned

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

3.15.2 Provision for unearned premium

Majority of the insurance contracts entered into by the Company are for a period of twelve months. Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated as follows:

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;

- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year; and

- Contracts having tenure of more than twelve months, the Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

3.15.3 Commission income

Commission income from reinsurers / co-insurers / others is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and accounted for as revenue in accordance with the pattern of recognition of reinsurance/ co-insurance / other premium to which they relate. Profit commission if any, which the Company may be entitled under the terms of reinsurance is recognized on accrual basis.

3.15.4 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the unconsolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.15.5 Investment income

- Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.

- Gain / (loss) on sale of investments is charged in unconsolidated statement of comprehensive income.

3.15.6 Dividend income and other income

- Dividend income and entitlement of bonus shares are recognized when the Company’s right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.

- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

3.16 Investments

3.16.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and including transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

3.16.2 Measurement

In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

In equity securities
Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion

In debt security
Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

In Term deposits
Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading investment in which case transaction costs are charged to the profit and loss account. Investments are recognized and classified as follows:

- Held to Maturity investments;
- Available for sale investments;
- Held for Trading investments.

3.16.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.16.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in unconsolidated statement of comprehensive income.

When an Available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to unconsolidated statement of comprehensive income.

For financial assets measured at held to maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through unconsolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in unconsolidated profit and loss account are not reversed through unconsolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in unconsolidated other comprehensive income. In respect of available for sale debt securities, impairment losses are subsequently reversed through unconsolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in unconsolidated statement of comprehensive income.

b) Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

c) Investment in equity instruments of subsidiaries companies

Investment in subsidiaries are accounted for at cost less accumulated impairment losses. Dividend income from these investments is recognized in unconsolidated profit or loss and included in other income when the Company’s right to receive payments has been established.

3.16.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.17 Dividend declaration

Final dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

3.18 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

3.19 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

3.20 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognised in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.21 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange difference, if any, are taken to unconsolidated statement of comprehensive income.

3.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

3.23 Taxation

3.23.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001 for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed/ finalized during the year or required by any other reason.

3.23.2 Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.24 Staff retirement benefits

3.24.1 Defined contribution plan

The Company contributes to an approved provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the members to the fund at the rate of 10% of basic salary.

3.24.2 Employees' compensated absences

The Company accounts for accumulated compensated absences on the basis of the un-availed leave balances at the end of the year.

3.25 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in unconsolidated profit and loss account.

3.26 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

3.27 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	Note
- Provision for outstanding claims (including IBNR)	3.4.1
- Premium deficiency reserve	3.5
- Provision for doubtful receivables	10
- Useful lives and residual values of property and equipment	3.1
- Provision for unearned premium	3.15.2
- Premium due but unpaid	10.0.
- Provision for taxation and deferred tax	3.23
- Segment reporting	3.12

5 PROPERTY AND EQUIPMENT

	Note	**2019 Rupees**	2018 Rupees
Operating assets	**5.1**	**16,291,707**	19,781,656
Capital Work in progress		**-**	-
		16,291,707	19,781,656

5.1 PROPERTY AND EQUIPMENT

2019

Description	Cost				Depreciation				Written down value as at 31 December	Depreciation Rate
	As at 1 January	Additions	(Disposal)	As at 31 December	As at 1 January	For the year	(Disposal)	As at 31 December		
	---Rupees---									%
- Furniture and fixtures	8,724,869	-	-	8,724,869	1,939,932	678,494	-	2,618,426	6,106,443	10
- Office equipment	3,211,737	-	-	3,211,737	865,229	234,651	-	1,099,880	2,111,857	10
- Computers equipment	2,947,211	-	(2,209,595)	737,616	2,104,140	179,023	(1,773,241)	509,922	227,694	30
- Vehicles	22,640,838	-	-	22,640,838	12,833,698	1,961,427	-	14,795,125	7,845,713	20
									-	
	37,524,655	-	(2,209,595)	35,315,060	17,742,999	3,053,595	(1,773,241)	19,023,353	16,291,707	

2018

Description	Cost				Depreciation				Written down value as at 31 December	Depreciation Rate
	As at 1 January	Additions	(Disposal)	As at 31 December	As at 1 January	For the year	(Disposal)	As at 31 December		
	---Rupees---									%
- Furniture and fixtures	8,509,269	215,600	-	8,724,869	1,187,672	752,260	-	1,939,932	6,784,937	10
- Office equipment	3,056,737	155,000	-	3,211,737	613,282	251,947	-	865,229	2,346,508	10
- Computers equipment	2,808,061	139,150	-	2,947,211	1,764,617	339,523	-	2,104,140	843,071	30
- Vehicles	29,857,329	5,996,210	(13,212,701)	22,640,838	18,927,666	2,532,505	(8,626,473)	12,833,698	9,807,140	20
	44,231,396	6,505,960	(13,212,701)	37,524,655	22,493,237	3,876,235	(8,626,473)	17,742,999	19,781,656	

5.1.1 Disposal of fixed assets

Particulars		Cost	Accumulated depreciation	Written Down Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Sold to	Status
		------Rupees------							
Computer equipment									
Dell laptop		678,007	539,694	138,313	112,800	(25,513)	Negotiation	Various	Outsider
Sub- Total	**2019**	**678,007**	**539,694**	**138,313**	**112,800**	**(25,513)**			
Vehicles	2018	7,984,130	4,720,534	3,263,596	4,150,000	886,404	Negotiation	Various	Outsider

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars		Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
		------Rupees------						
Computer equipment		1,531,588	1,233,547	298,041	58,000	(240,041)	Negotiation	Various
Sub-Total		**1,531,588**	**1,233,547**	**298,041**	**58,000**	**(240,041)**		
Grand Total 2019	**2019**	**2,209,595**	**1,773,241**	**436,354**	**170,800**	**(265,554)**		
Vehicles	2018	2,848,571	2,724,468	124,103	632,000	507,897		

5.1.2 There are no assets held by third parties and assets with zero values.

6 INTANGIBLE ASSETS

Description	Cost				Amortisation			Written down value as at 31 December	Amortisation rate %
	As at 1 January	Additions	(Disposal)	As at 31 December	As at 1 January	For the year	As at 31 December		
	------Rupees------								
Finite Useful life									
Computer software - 2019	**4,374,413**	**-**	**-**	**4,374,413**	**2,802,443**	**1,465,235**	**4,267,678**	**106,735**	**33**
Computer software - 2018	4,075,500	298,913	-	4,374,413	1,358,500	1,443,943	2,802,443	1,571,970	33

7 INVESTMENTS IN SUBSIDIARIES

	Holding	Equity Held	2019 RUPEES Investment at cost	2018 RUPEES Investment at cost
Crescent Star Foods (Private) Limited	50%	14,999,966	149,999,660	149,999,660
Crescent Star Technologies (Private) Limited	99%	997	9,970	9,970
Crescent Star luxury (Private) Limited	99%	997	9,970	9,970
		15,001,960	**150,019,600**	**150,019,600**

8 INVESTMENTS IN EQUITY SECURITIES

	Note	2019 RUPEES	2018 RUPEES
Available for sale	**8.1**	**17,141,873**	15,558,992

8.1 Available for sale

	Note	2019	2018
Listed shares		**333,424**	333,424
Less: unrealized loss on revaluation of investment		**(285,334)**	(279,751)
Carrying value	**8.1.1**	**48,090**	53,673
Mutual Funds		**15,788,980**	12,027,802
Add: unrealized gain on revaluation of investment		**1,304,803**	3,477,517
Carrying value	**8.1.2**	**17,093,783**	15,505,319
		17,141,873	15,558,992

8.1.1 Ordinary shares of quoted companies

Number of shares (fully paid up shares of Rs. 10/- each) 2019	2018	Marker value per share 2019	2018	Sector and Name of Investee Company	2019 Rupees	2018 Rupees
				Engineering		
7,020	7,020	**4.77**	5.56	Dost Steel Limited	**33,485**	39,031
				Power Generation & Distribution		
2,000	2,000	**2.21**	2.21	Southern Electric Power Company Limited	**4,420**	4,420
				Textile Weaving		
158	158	**2.55**	3.94	Service fabrics limited	**403**	623
				Insurance		
200	200	**10.88**	11.00	Habib Insurance Company limited	**2,176**	2,200
117	117	**5.90**	6.90	Premier Insurance limited	**690**	807
				Investment Bank		
67	67	**0.00**	0.00	Innovative Investment Bank Limited	**-**	-
17	15	**204.00**	201.18	IGI holdings Limited	**3,468**	3,018
				Commercial Banks		
250	250	**11.33**	11.97	The Bank of Punjab	**2,833**	2,993
3	3	**204.94**	193.57	MCB Bank limited	**615**	581
9,832	9,830				**48,090**	53,673

8.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2019 is Rs. 333,424/- (2018: Rs. 333,424/-).

8.1.1.2 Investment in Dost Steels Limited, represents 7,020 shares (2018: 7,020 shares) with 0.0048% (2018: 0.0041%) of total equity of the company.

8.1.2 Mutual fund certificates

Number of Units 2019	2018	Unit Price (Rupees) 2019	Note	Name of entity	2019 Rupees	2018 Rupees
16,000	16,000	**2.95**		Modaraba Al-Mali	**47,200**	56,000
3,820	3,820	**13.08**		HBL Energy Fund	**49,965**	47,406
4,467	4,467	**85.99**		First Dawood Mutual Fund	**384,073**	417,531
289,501	268,930	**57.38**	**8.1.2.2**	Pakistan Income Fund	**16,612,545**	14,984,382
					17,093,783	**15,505,319**

8.1.2.1 Cost of Mutual fund certificates as at December 31, 2019 is Rs. 15,788,980/- (2018: Rs. 12,027,802/-).

8.1.2.2 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

		Note	2019	2018
9	**LOANS AND OTHER RECEIVABLES**		**RUPEES**	RUPEES
	Considered good			
	Accrued investment income		**-**	-
	Other Security deposits		**5,644,143**	5,645,962
	Advance to supplier		**260,000**	260,000
	Loan to employees		**-**	265,233
	Accrued interest on advance against issuance of shares	**9.1**	**163,330,338**	106,348,503
	Advance against issuance of shares	**9.2**	**633,985,971**	631,582,849
	Other receivable		**10,388,519**	10,219,739
	Less: provision for impairment of loans and receivables		**-**	-
			813,608,971	754,322,286

9.1 This represents accrued interest on advance against issue of shares, given to Dost Steels Limited. Movement in advances is as follows:

	2019	2018
Balance as at beginning of the year	**106,348,503**	66,582,917
Income for the year	**56,981,835**	39,765,586
Balance as at the end of the year	**163,330,338**	106,348,503

9.2 This represents advances against issue of shares given to the following parties:

Name of the Company			
Dost Steels Limited	**9.2.1**	**354,279,066**	354,279,066
Crescent Star Foods (Private) Limited - Subsidiary		**202,182,957**	200,839,163
Crescent Star Luxury (Private) Limited - Subsidiary		**71,170,212**	70,132,883
Crescent Star Technology (Private) Limited - Subsidiary		**6,353,736**	6,331,737
		633,985,971	631,582,849

9.2.1 The Company has made an advance against issuance of shares to Dost Steel limited (DSL), of which an aggregate amount of Rs. 247,995,000 /- and Rs. 57,768,000/- has been assigned to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement. No consideration has been received either from Dynasty Trading (Private) Limited or Din Corporation (Private) Limited, therefore these balances are still shown in the title of Dost Steel Limited. These balances carry mark-up at the rate of 1 year KIBOR plus 3% per annum (2018: 1 year KIBOR plus 3%).

10	**INSURANCE / REINSURANCE RECEIVABLES**			
	Unsecured and considered good			
	Due from insurance contract holders		**242,775,872**	229,133,297
	Less : Provision for impairment of receivables from insurance contract holders	**10.1**	**(75,613,988)**	(75,613,988)
	Due from other insurers / reinsurers		**927,923**	-
	Less : Provision for impairment of due from other insurers / reinsurers		**-**	-
			168,089,807	153,519,309

10.1 Provision for impairment of receivables from insurance contract holders

Balance at the beginning of the year	**75,613,988**	62,427,039
Provision made during the year	**-**	13,186,949
Bad debts recovered during the year	**-**	-
	75,613,988	75,613,988

11 DEFERRED TAXATION

11.1 Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in unconsolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 31,971,671 (2018: Rs.47,801,352) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

12 PREPAYMENTS

Prepaid reinsurance premium ceded	**260,153**	-
Prepaid rent	**202,409**	-
Others	**5,581,095**	2,792,024
	6,043,657	2,792,024

13 CASH & BANK

	Note		
Cash and cash equivalent			
Cash in hand		**80,036**	89,637
Policy and revenue stamps		**229,621**	728,028
Cash with State Bank of Pakistan	**13.1**	**72,238,047**	72,238,047
		72,547,704	73,055,712
Cash at bank			
Current accounts		**1,639,269**	383,092
Savings accounts	**13.2**	**22,424**	22,424
		1,661,693	405,516
Less: provision against dormant accounts		**(322,419)**	(322,419)
		1,339,274	83,097
		73,886,978	73,138,809

13.1 This represents deposit with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

13.2 These carry mark-up at the rate of 10.75% (2018: 5.5%) per annum.

14 ORDINARY SHARE CAPITAL

14.1 Authorized Share Capital

31 December 2019	31 December 2018	**2019**	2018
---- (Number of shares) -----		**RUPEES**	RUPEES
115,000,000	115,000,000	**1,150,000,000**	1,150,000,000

14.2 Issued, Subscribed and paid-up share capital

31 December 2019	31 December 2018		2019 RUPEES	2018 RUPEES
---- (Number of shares) -----				
104,728,494	104,728,494	Ordinary shares of Rs.10 each fully paid in cash	**1,047,284,940**	1,047,284,940
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**29,665,470**	29,665,470
107,695,041	107,695,041		**1,076,950,410**	1,076,950,410

15 DISCOUNT ON ISSUE OF RIGHT SHARES	**199,650,000**	199,650,000

The Company had issued right shares in the year 2014 with the approval of Board of Directors, SECP and KSE amounting to Rs. 499.125 million comprising of 49,912,500 ordinary shares of Rs. 10/- each at a discount of Rs. 4/- per share.

16 RESERVES

Capital reserves

		2019	2018
Reserve for exceptional losses		**1,767,568**	1,767,568
Surplus on remeasurement of available for sale investments		**451,170**	2,629,802
Revenue reserves			
General reserve		**24,497,265**	24,497,265
		26,716,003	28,894,635

17 BORROWINGS

Borrowings against diminishing musharaka	**17.1**	**5,013,650**	6,427,350

17.1 The Company has entered into diminishing musharka agreements with Kasb Modaraba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 17% to 18% (2018: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

The amount payable:		
Current Portion	**4,453,575**	3,264,225
Non current portion	**560,075**	3,163,125
	5,013,650	6,427,350

18 INSURANCE / REINSURANCE PAYABLES

Foreign reinsurers	-	19,302,035
Local reinsurers	-	19,670,724
Co-insurers	-	4,129,371
Less: liability written back	-	(43,102,130)
	-	-

19 OTHER CREDITORS AND ACCRUALS

Agents commission payable	**-**	-
Federal insurance fees	**1,678,831**	604,511
Federal excise duty	**37,059,567**	22,716,366
Margin against performance bonds	**-**	3,900,841
Payable to staff provident fund	**6,018,538**	3,045,546
Withholding tax	**56,450,292**	51,059,610
Accrued expenses	**20,487,819**	25,187,989
Unpresented cheques	**657,382**	1,140,419
Unclaimed dividend	**418,209**	418,209
Others	**19,110,520**	23,991,927
	141,881,158	132,065,418

20 TAXATION - PROVISION LESS PAYMENTS

Balance at beginning of the year	**3,140,705**	2,187,976
Add: charge for the year	**14,451,417**	1,390,876
Less: paid during the year	**(543,698)**	(438,147)
Balance at end of the year	**17,048,424**	3,140,705

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The Company is defendant in following:

1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2018: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2018: Rs. 27.5 million) against the Company.

3) The management believes that the outcome of above lawsuits will be in favour of the Company and accordingly, no provision for the same has been made in these unconsolidated financial statements.

4) Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 0.75 million has not been provided by the Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

		Note	2019 RUPEES	2018 RUPEES
21.2	**Commitments**			
	Post dated cheques		**3,141,289**	6,427,350
	Commitments for Ijara rentals			
	Within one year		**1,827,938**	2,030,680
	Later than one year but not later than five years		**1,313,351**	3,415,722
			3,141,289	5,446,402
22	**NET INSURANCE PREMIUM**			
	Written gross premium		**115,987,585**	114,618,225
	Add : Unearned premium reserve - opening		**48,328,460**	55,822,934
	Less: Unearned premium reserve - closing		**(53,348,333)**	(48,328,460)
	Premium earned		**110,967,712**	122,112,699
	Less: Reinsurance premium ceded		**376,736**	-
	Add: prepaid reinsurance premium - opening		**-**	10,842,633
	Less: prepaid reinsurance premium - closing		**(260,153)**	-
	Reinsurance expense		**116,583**	10,842,633
			110,851,129	111,270,066
23	**NET INSURANCE CLAIMS EXPENSE**			
	Claim paid		**13,393,206**	23,194,261
	Add : Outstanding claims including IBNR - closing		**61,242,125**	60,680,433
	Less: Outstanding claims including IBNR - opening		**(60,680,433)**	(66,422,035)
	Claims expense		**13,954,898**	17,452,659
	Less: Reinsurance and others recoveries received		**-**	-
	Add: Reinsurance and others recoveries in respect of outstanding claims - closing		**2,595,202**	2,595,202
	Less: Reinsurance and others recoveries in respect of outstanding claims - opening		**(2,595,202)**	(2,595,202)
			-	-
	Reinsurance and recoveries revenue		**13,954,898**	17,452,659

23.1 Claims development

The following table shows the development of

Accident year	2014 and prior	2015	2016	2017	2018	2019 Including IBNR
	(Rupees)					
Estimate of ultimate claims cost:						
At end of accident year	111,975,122	54,069,721	27,768,651	18,853,203	15,195,041	**26,801,845**
One year later	111,128,201	59,473,682	32,761,923	21,892,751	20,365,623	**-**
Two year later	116,977,175	55,481,601	31,436,779	27,494,598	-	**-**
Three year later	107,761,748	55,205,266	31,920,923	-	-	**-**
Four year later	107,695,707	60,589,427	-	-	-	**-**
Five year later	93,505,482	-	-	-	-	**-**
Current estimate of cumulative claims	93,505,482	60,589,427	31,920,923	27,494,598	20,365,623	**26,801,845**
Cumulative payments to date	(86,968,029)	(46,340,651)	(22,665,309)	(17,666,890)	(15,014,359)	**(10,780,535)**
Liability recognised in the balance sheet	6,537,453	14,248,776	9,255,614	9,827,708	5,351,264	**16,021,310**

24 NET COMMISSION EXPENSE

Commission paid or payable		**8,828,629**	17,865,698
Add : Deferred commission expense opening		**6,293,238**	6,807,589
Less: Deferred commission expense closing		**(6,986,821)**	(6,293,238)
		8,135,046	18,380,049
Less: Commission received or recoverable		**(40,500)**	-
Add: Unearned Reinsurance commission opening		-	-
Less: Unearned Reinsurance commission closing		-	-
Commission from reinsurers		**(40,500)**	-
Net commission expense		**8,094,546**	18,380,049

25 MANAGEMENT EXPENSES

Employee benefit cost	**25.1**	**55,054,169**	73,494,292
Travelling expense		**6,717,043**	10,644,138
Advertisement and sales promotion		**248,840**	225,870
Printing and stationery		**855,499**	1,000,594
Depreciation expenses		**3,053,595**	3,876,235
Amortisation		**1,465,235**	1,443,943
Rent, rates and taxes		**5,600,617**	16,600,949
Legal and professional fee - business related		**1,813,508**	3,202,423
Electricity, gas and water		**1,675,422**	2,410,438
Entertainment		**687,889**	1,081,304
Vehicle running expenses		**673,944**	926,553
Repairs and maintenance		**1,482,189**	1,834,092
Bank charges		**152,845**	107,911
Postages, telegrams and telephone		**1,661,367**	3,495,955
Annual supervision fee of SECP		**226,586**	226,560
Bad and doubtful debts		**90,695**	41,044,603
Insurance		**-**	597,873
Miscellaneous		**5,230,248**	3,915,467
		86,689,692	166,129,200

25.1 This includes contribution to provident fund amounting to Rs. 2.404 million (2018: Rs. 2.462 million).

25.1.1 Employee benefit cost

Salaries, allowance and other benefits.	**52,650,577**	71,031,570
Charges for post employment benefits	**2,403,592**	2,462,722
	55,054,169	73,494,292

26 INVESTMENT INCOME

Income from equity securities		
Available For Sale financial assets		
Dividend income	**3,636,514**	851
Gain on sale of Available For Sale investments	**-**	-
	3,636,514	851
Income from debt securities		
Held to maturity		
Return on debt securities	**38,667**	306,410
Total investment income	**3,675,181**	307,261
Less: Investment related expenses	**-**	-
Total investment income	**3,675,181**	307,261

		Note	2019 Rupees	2018 Rupees
27	**OTHER INCOME**			
	Return on bank balances		**-**	138,805
	Gain /(loss) on sale of property and equipments		**(265,553)**	591,772
	Markup on other receivables		**56,981,835**	39,765,586
	Gain on third party claim handling		**6,080,382**	4,555,133
			62,796,664	45,051,296
28	**OTHER EXPENSES**			
	Auditors' remuneration	**28.1**	**1,487,000**	1,058,960
	Subscription and fee		**227,925**	327,411
	Registration fee		**2,464,138**	3,156,795
			4,179,063	4,543,166
28.1	**Auditors' remuneration**			
	Annual audit fee		**650,000**	552,000
	Consolidation		**250,000**	200,000
	Review of code of corporate governance		**125,000**	105,000
	Half yearly review		**147,000**	127,000
	Out of pocket expenses		**90,000**	74,960
	Certification charges		**225,000**	-
			1,487,000	1,058,960
29	**TAXATION**			
	For the year			
	Current		**14,451,417**	1,390,876
	Deferred		**-**	12,469,034
			14,451,417	13,859,910

29.1 The income tax returns of the Company have been filed up to Tax Year 2019 (corresponding year ended December 31, 2018) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

29.2 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2019 and 2018 has not been presented in these unconsolidated financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

		Rupees	Rupees
30	**EARNINGS/ (LOSS) PER SHARE**		
	Profit/ (Loss) for the year	**49,133,367**	(63,097,408)
	Weighted average number of ordinary shares	**107,695,041**	105,639,284
	Earnings/ (Loss) per share basic and diluted (restated)	**0.46**	(0.60)

No figure for diluted earnings/(loss) per share has been presented as the Company has not issued an instrument which would have an impact on earnings/(loss) per share, when exercised.

31 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	**2019**	2018	**2019**	2018
	(Rupees)					
Managerial remuneration *	**5,760,000**	5,760,000	**1,872,000**	2,271,480	**2,484,000**	4,762,800
Retirement benefits	**528,000**	576,000	**93,600**	155,196	**248,400**	454,680
House rent	**2,592,000**	2,592,000	**1,248,000**	1,315,120	**1,656,000**	2,815,200
Utilities/Other	**3,048,000**	3,048,000	**480,000**	600,000	**600,000**	600,000
Total	**11,928,000**	11,976,000	**3,693,600**	4,341,796	**4,988,400**	8,632,680
Number of persons	**1**	1	**2**	2	**1**	4

* Basic salary for classification as executive in current year is Rs. 1.2 million per annum (2018: Rs. 1.2 million)

31.1 Non-Executive Directors were paid Rs. 0.07 million (2018: Rs. 0.07 million) for attending Board of Directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Company maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

32 RELATED PARTY RELATIONSHIPS

Name of related parties	**Relationship**
Crescent Star Foods (Private) Limited	Subsidiary
Crescent Star Luxury (Private) Limited	Subsidiary
Crescent Star Technology (Private) Limited	Subsidiary

33 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members its staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on its holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including subsidiaries, are disclosed in relevant notes to these unconsolidated financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

		2019	2018
		Rupees	Rupees
33.1	**Subsidiary companies**		
	Crescent Star Foods (Private) Limited		
	Advance against issuance of shares	**1,343,794**	57,298,064
	Crescent Star Luxury (Private) Limited		
	Advance against issuance of shares	**1,037,329**	14,182,023
	Crescent Star Technology (Private) Limited		
	Advance against issuance of shares	**22,000**	105,210
33.2	**Remuneration to key management personnel**		
	Remuneration paid to Chief Executive, Executive Director and Executives of the Company (note 31)	**20,610,000**	24,950,476
	Staff retirement benefits		
	Provident fund contribution	**1,757,034**	2,462,722
	Markup on outstanding balance of provident fund	**646,558**	115,526

34 SEGMENT INFORMATION

The operator has six primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident & health, credit and suretyship & miscellaneous.
Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

	For the year ended December 31, 2019						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	(Rupees)						
Gross written premium (inclusive of administrative surcharges)	3,222,260	4,480,338	42,377,617	1,136,594	60,045,223	4,725,553	115,987,585
Gross direct premium	3,158,740	4,334,279	42,049,932	1,136,594	57,385,891	4,524,923	112,590,359
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	63,520	146,059	327,685	-	2,659,332	200,630	3,397,226
Insurance premium earned	5,093,640	7,467,954	44,813,088	1,189,724	46,548,459	5,854,847	110,967,712
Insurance premium ceded to reinsurers	(69,301)	(12,036)	(35,245)	-	-	-	(116,583)
Net insurance premium	5,024,339	7,455,918	44,777,843	1,189,724	46,548,459	5,854,847	110,851,129
Commission income	-	-	40,500	-	-	-	40,500
Net underwriting income	5,024,339	7,455,918	44,818,343	1,189,724	46,548,459	5,854,847	110,891,629
Insurance claims	(451,692)	(141,026)	(7,199,837)	108,040	(2,608,856)	(3,661,527)	(13,954,898)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-
Commission expense	(802,220)	(1,615,280)	(4,051,417)	(2,656)	(1,190,109)	(473,364)	(8,135,046)
Management expense	(2,432,093)	(3,337,207)	(32,376,623)	(875,128)	(44,184,646)	(3,483,994)	(86,689,691)
Premium deficiency reversal / (expense)	-	(14,906)	-	-	-	-	(14,906)
Net insurance claims and expenses	(3,686,005)	(5,108,419)	(43,627,877)	(769,744)	(47,983,611)	(7,618,885)	(108,794,541)
Underwriting results	1,338,334	2,347,499	1,190,466	419,980	(1,435,152)	(1,764,038)	2,097,089
Net investment income							3,675,181
Other income							62,796,664
Other expenses							(4,179,063)
Result of operating activities							64,389,871
Finance costs							(805,085)
Profit before tax for the year							63,584,786
Segment assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194
Unallocated corporate assets	-	-	-	-	-	-	1,054,764,157
Total assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	1,254,771,351
Segment liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762
Unallocated corporate liabilities	-	-	-	-	-	-	127,315,589
Total liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	280,659,351

	For the year ended December 31, 2018						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	(Rupees)						
Gross written premium (inclusive of administrative surcharges)	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225
Gross direct premium	7,589,678	10,004,679	54,449,554	1,221,602	27,624,191	10,789,752	111,679,456
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	207,211	336,037	516,095	4,020	1,359,220	516,186	2,938,769
Insurance premium earned	11,061,631	7,745,803	62,419,988	1,427,245	23,605,599	15,852,433	122,112,699
Insurance premium ceded to reinsurers	(3,398,093)	(616,368)	(2,583,719)	-	(2,096,449)	(2,148,004)	(10,842,633)
Net insurance premium	7,663,538	7,129,435	59,836,269	1,427,245	21,509,150	13,704,429	111,270,066
Commission income	-	-	-	-	-	-	-
Net underwriting income	7,663,538	7,129,435	59,836,269	1,427,245	21,509,150	13,704,429	111,270,066
Insurance claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)
Insurance claims recovered from reinsurers							-
Commission expense	(3,224,046)	(2,202,039)	(5,482,131)	(37,673)	(2,973,929)	(4,460,231)	(18,380,049)
Management expense	(11,300,915)	(14,987,973)	(79,667,952)	(1,776,433)	(42,008,948)	(16,386,979)	(166,129,200)
Premium deficiency reversal / (expense)	1,615,964	(105,073)					1,510,891
Net insurance claims and expenses	(1,174,407)	(16,676,240)	(110,315,131)	(2,039,531)	(45,916,895)	(24,328,813)	(200,451,017)
Underwriting results	6,489,131	(9,546,805)	(50,478,862)	(612,286)	(24,407,745)	(10,624,384)	(89,180,951)
Net investment income							307,261
Other income							45,051,296
Other expenses							(4,543,166)
Result of operating activities							(48,365,560)
Finance costs							(871,938)
Profit before tax for the year							(49,237,498)
Segment assets	16,756,622	11,733,667	94,556,411	2,162,050	35,758,750	24,013,929	184,981,429
Unallocated corporate assets	-	-	-	-	-	-	994,611,657
Total assets	16,756,622	11,733,667	94,556,411	2,162,050	35,758,750	24,013,929	1,179,593,086
Segment liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611
Unallocated corporate liabilities	-	-	-	-	-	-	116,205,210
Total liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	252,435,821

35 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Insurance Risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Company minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2019	2018
	Rupees	Rupees
Class	**('000)**	('000)
Fire and property damage	**3,581,200**	6,195,913
Marine, aviation and transport	**3,433,365**	8,608,554
Motor	**1,929,030**	2,030,099
Accident and health	**1,150**	1,795
Credit and suretyship	**111,920,030**	36,725,557
Miscellaneous	**14,541,695**	15,453,227
	135,406,470	69,015,145

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors for example. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

At the year end, actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 . IBNR is determined by using Chain Ladder Method for all class of business The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency reserves by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follows:

Class	**Assumed net loss ratio 2019**	Assumed net loss ratio 2018
Fire and property	9%	10%
Marine, aviation and transport	43%	32%
Motor	30%	28%
Accident and health	48%	45%
Credit and suretyship	4%	2%
Miscellaneous	19%	10%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

	Change in assumption	**Impact on gross liabilities**	**Impact on net liabilities**	**Impact on profit**	**Impact on equity**
	(Rupees)				
Average claim costs					
2019	**+ 10%**	**1,395,490**	**1,395,490**	**1,395,490**	**990,798**
2018	+ 10%	1,745,266	1,745,266	1,745,266	1,239,139

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	**Total amount**	**Age-wise Breakup**				
		1 to 6 months	**7 to 12 months**	**13 to 24 months**	**25 to 36 months**	**Beyond 36 months**
	(Rupees)					
Claims not encashed	**1,060,256**	**-**	**-**	**-**	**-**	**-**

35.1 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these unconsolidated financial statements.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board reviews and agrees policies for managing each of these risks.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

35.2 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the unconsolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The Company is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and other financial assets.

a) The carrying amount of financial assets represents the maximum credit exposure as specified below:

	Category of financial assets	2019 Rupees	2018 Rupees
Bank deposits	Loans and receivables	**1,339,274**	83,097
Investments:			
Government securities	Held to maturity	**-**	-
Equity & other securities	Available for sale	**17,141,873**	15,558,992
Premiums due but unpaid	Loans and receivables	**167,161,884**	153,519,309
Accrued investment income	Loans and receivables	**-**	-
Amount due from other insurers / reinsurers	Loans and receivables	**927,923**	-
Reinsurance recoveries against outstanding claims	Loans and receivables	**2,595,202**	2,595,202
Loans and other receivables	Loans and receivables	**813,608,971**	754,322,286
		1,002,775,127	926,078,886

Geographically there is no concentration of credit risk.

The Company does not held collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivables as disclosed in note 10 to these unconsolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

Age analysis of financial assets at the reporting date is as below:

2019	**Carrying Amount**	**Upto 1 year**	**From 1 to 2 years**	**More than 2 years**
	---------- Rupees ----------			
Financial assets				
Premiums due but unpaid	**167,161,884**	**31,763,594**	**20,872,361**	**114,525,929**
Amounts due from other insurers/ reinsurers	**927,923**	**927,923**	**69,961,189**	**(69,961,189)**
Accrued investment income	**-**	**-**	**-**	**-**
Reinsurance recoveries against outstanding claims	**2,595,202**	**-**	**-**	**2,595,202**
Loans and other receivables	**813,608,971**	**173,337,087**	**5,163,657**	**635,108,227**
	984,293,980	**206,028,604**	**95,997,207**	**682,268,169**

2018	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------- Rupees ----------			
Financial assets				
Premiums due but unpaid	153,519,309	13,618,238	13,249,346	126,651,725
Amounts due from other insurers/ reinsurers	-	-	69,961,189	(69,961,189)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	753,797,053	748,594,135	5,771,280	(568,362)
	909,911,564	762,212,373	88,981,815	58,717,376

b) The credit quality of Company's bank balances (gross) can be assessed with reference to external credit ratings as follows:

	Rating	Agency	2019 Rupees	2018 Rupees
Faysal Bank Limited	AA	PACRA/JCR-VIS	**804,496**	81,551
Habib Bank Limited	AAA	JCR-VIS	**543,501**	79
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
NIB Bank Limited	AA-	PACRA	**-**	10,189
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
The Bank of Punjab	AA	PACRA	**43,257**	43,257
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,482
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,127
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
MCB Bank Limited	AAA	PACRA	**265**	265
			1,661,693	405,515

c) The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2019	2018
	---- Rupees ----				
A or above	51,562,964	2,595,202	-	**54,158,166**	54,158,166
BBB	12,308,239	-	-	**12,308,239**	12,308,239
Others	7,075,080	-	-	**7,075,080**	7,075,080
Total	70,946,283	2,595,202	-	**73,541,485**	73,541,485

35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and musharaka to minimize risk.

The followings are the contractual maturities of financial liabilities, including estimated markup payments on an undiscounted cash flow basis:

	2019			
	Carrying amount	**Contractual cash flows**	**Up to 1 year**	**Greater than 1 year**
	---- Rupees ----			
Financial liabilities measured at Held to Maturity:				
Provision for outstanding claims	**61,242,125**	**61,242,125**	**61,242,125**	**-**
Amounts due to other insurers	**-**	**-**	**-**	**-**
Other creditors	**19,110,520**	**19,110,520**	**19,110,520**	**-**
Obligation under musharaka	**5,013,650**	**5,013,650**	**4,453,575**	**560,075**
Unpresented dividend warrants	**418,209**	**418,209**	**-**	**418,209**
	85,784,504	**85,784,504**	**84,806,220**	**978,284**

	2018			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	---- Rupees ----			
Financial liabilities measured at amortised cost:				
Provision for outstanding claims	60,680,433	60,680,433	60,680,433	-
Amounts due to other insurers	-	-	-	-
Other creditors	27,892,768	27,892,768	27,892,768	-
Obligation under musharaka	6,427,350	6,427,350	3,264,225	3,163,125
Unpresented dividend warrants	418,209	418,209	-	418,209
	95,418,760	95,418,760	91,837,426	3,581,334

35.4 Market risk

Market risk means that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

(a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	2019					
	Interest / mark-up bearing financial instruments				**Non-interest / mark-up bearing financial instruments**	**Total**
	Effective rate % per annum	**Maturity upto one year**	**Maturity over one year**	**Sub total**		
	Rupees					
Financial assets						
Investments	-	-	-	-	**17,141,873**	**17,141,873**
Equity securities	-	-	-	-	-	-
Loans and other receivables	**16.08%**	**354,279,066**	-	**354,279,066**	**459,069,905**	**813,348,971**
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	**167,161,884**	**167,161,884**
Amounts due from other insurers / reinsurers	-	-	-	-	**927,923**	**927,923**
Reinsurance recoveries against outstanding claims	-	-	-	-	**2,595,202**	**2,595,202**
Cash and bank	-	-	-	-	**73,886,978**	**73,886,978**
		354,279,066	-	**354,279,066**	**720,783,765**	**1,075,062,831**
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	**61,242,125**	**61,242,125**
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	**25,129,058**	**25,129,058**
Borrowings	**15% to 18%**	**4,453,575**	**560,075**	**5,013,650**	-	**5,013,650**
Unclaimed dividend	-	-	-	-	**418,209**	**418,209**
		4,453,575	**560,075**	**5,013,650**	**86,789,392**	**91,803,042**
On balance sheet gap		**349,825,491**	**(560,075)**	**349,265,416**	**633,994,373**	**983,259,789**

	2018					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total		
	Rupees					
Financial assets						
Investments	-	-	-	-	-	-
Equity securities	-	-	-	-	15,558,992	15,558,992
Debt securities	-	-	-	-	-	-
Loans and other receivables	8.22%	354,279,066	-	354,279,066	399,517,987	753,797,053
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	153,519,309	153,519,309
Amounts due from other insurers / reinsurers	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	73,138,809	73,138,809
		354,279,066	-	354,279,066	644,330,299	998,609,365
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	60,680,433	60,680,433
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	30,938,314	30,938,314
Borrowings	15% to 18%	3,264,225	3,163,125	6,427,350	-	6,427,350
Unclaimed dividend	-	-	-	-	418,209	418,209
	-	3,264,225	3,163,125	6,427,350	92,036,956	98,464,306
On balance sheet gap	-	351,014,841	(3,163,125)	347,851,716	552,293,343	900,145,059

35.5 Sensitivity analysis

Change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant interest/mark-up rate risk as the Company has not entered into any significant variable rate instruments.

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 17,141,873 (2018: Rs. 15,558,992) at the reporting date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2019 and 2018 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
			---------- Rupees ----------		
December 31, 2019	**10% increase**	**17,141,873**	**18,856,060**	**1,714,187**	**1,714,187**
	10% decrease		**15,427,686**	**(1,714,187)**	**(1,714,187)**
December 31, 2018	10% increase	15,558,992	17,114,891	1,555,899	1,555,899
	10% decrease		14,003,093	(1,555,899)	(1,555,899)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the unconsolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2019	2018	**2019**	2018
± 10% variation in profit /(loss)	---------- Rupees in thousands ----------			
Fire and property damage	**1,338**	(13,332)	**923**	(9,199)
Marine, aviation and transport	**2,347**	(1,090)	**1,620**	(752)
Motor	**1,190**	20,658	**821**	14,254
Accident and health	**420**	(361)	**290**	(249)
Credit and suretyship	**(1,435)**	934	**(990)**	644
Miscellaneous	**(1,764)**	2,118	**(1,217)**	1,461
	2,097	8,927	**1,447**	6,159

35.6 CAPITAL 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 for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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 accordance with Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at 31 December 2018 and subsequent year is Rs. 500 million. As at 31 December 2019 the Company's paid-up capital is in excess of the prescribed limit.

35.7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

35.7.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date. IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is an amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, difference may arise between the carrying values and fair values estimates.

The Company measures the fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.
Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

	2019								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	73,886,978	-	73,886,978	-	-	-
Investments	-	-	17,141,873	-	-	17,141,873	1,143,570	-	-
Premiums due but unpaid	-	-	-	167,161,884	-	167,161,884	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	927,923	-	927,923	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	813,348,971	-	813,348,971	-	-	-
	-	-	17,141,873	1,057,920,958	-	1,075,062,831	1,143,570	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,242,125	61,242,125	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	25,129,058	25,129,058	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	5,013,650	5,013,650	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	91,803,042	91,803,042	-	-	-

	2018								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	73,138,809	-	73,138,809	-	-	-
Investments	-	-	15,558,992	-	-	15,558,992	3,197,766	-	-
Premiums due but unpaid	-	-	-	153,519,309	-	153,519,309	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	753,797,053	-	753,797,053	-	-	-
	-	-	15,558,992	983,050,373	-	998,609,365	3,197,766	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	60,680,433	60,680,433	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	30,938,314	30,938,314	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	6,427,350	6,427,350	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209			
	-	-	-	-	98,464,306	98,464,306	-	-	-

36 STATEMENT OF SOLVENCY

		2019 Rupees
Assets		
Property and equipment		16,291,707
Intangible assets		106,735
Investment in subsidiary and associate(applicable where equity accounting is followed)		150,019,600
Investments		
Equity securities		17,141,873
Debt securities		-
Loans and other receivables		813,608,971
Insurance / reinsurance receivables		168,089,807
Reinsurance recoveries against outstanding claims		2,595,202
Deferred commission expense		6,986,821
Deferred taxation		-
Prepayments		6,043,657
Cash and Bank		73,886,978
Total Assets (A)		1,254,771,351
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000		
(d) & (g)		279,706,905
(n) to (t)		141,661,526
(j)		-
(h)		134,235,700
(u)		16,291,707
(i)		106,735
Total of in-admissible assets (B)		572,002,573
Total admissible assets (C= A-B)		682,768,778
Liabilities		
Underwriting provisions		
Outstanding claims including IBNR		61,242,125
Unearned premium reserves		53,348,333
Premium deficiency reserves		14,906
Deferred taxation		-
Borrowings		5,013,650
Premium received in advance		2,110,755
Insurance/reinsurance payables		-
Other creditors and accruals		141,462,949
Unclaimed dividend		418,209
Taxation - provision less payment		17,048,424
Total liabilities (D)		280,659,351
Total Net Admissible Assets (E = C-D)		402,109,427
Minimum solvency requirements (higher of following)		150,000,000
Method A - U/s 36(3)(a)	150,000,000	
Method B - U/s 36(3)(b)	22,118,195	
Method C U/s 36(3)(c)	22,347,021	
Excess / Deficit in net admissible assets over minimum requirements		252,109,427

37 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2019 Rupees Un-Audited	2018 Rupees Audited
Size of the fund - Total Net assets		**22,708,930**	18,598,534
Cost of investments	**37.1**	**12,694,078**	13,279,534
Percentage of investments made		**55.90%**	71.40%
Fair value of investments		**17,249,259**	16,647,064

37.1 The break-up cost of investments is as follows:

	Amount 2019	Percentage of total fund	Amount 2018	Percentage of total fund
Mutual Funds	**12,099,059**	**53.28%**	13,249,059	71.24%
Bank account PLS	**595,019**	**2.62%**	30,475	0.16%
	12,694,078	**55.90%**	13,279,534	71.40%

38 NUMBER OF EMPLOYEES

	2019	2018
	------ Numbers ------	
Number of employees at the December 31	**42**	55
Average number of employees during the year	**47**	78

39 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

40 SUBSEQUENT EVENTS - NON ADJUSTING

There are no subsequent adjusting figures which require disclosure.

41 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been approved for issue on May 21, 2020 by the Board of Directors of the Company.

42 GENERAL

The figures in the unconsolidated financial statements have been rounded off to the nearest rupee.

Chief Executive Officer **Director** **Director** **Director** **Chief Financial Officer**

CONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2019

Directors' Report to the Members on Consolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Luxury (Private) Limited, Crescent Star Foods (Private) Limited (CSF) and Crescent Star Technologies (Private) Limited for year ended December 31, 2019.

The consolidated gross premium recorded this year was Rs. 115.988 million as compared to Rs. 114.618 million in the year 2018. The net premium was Rs. 110.851 million, sales recorded at Rs. 1.549 million and the profit after tax was Rs. 19.492 million. The consolidated total assets were Rs. 1,077.912 million.

Auditors' Report

- The Company has made an advance of Rs. 354.28 million for issuance of shares to Dost Steels Limited (DSL). Prudent management policy and in the interest of the Company, the Company has charged interest amounting to Rs. 163.330 million on the advance amount and demanded the same from DSL. However due to non-availability of any written agreement between DSL and CSIL for charging of mark-up, the auditors have expressed their reservation in the auditors' report.

- The Company has made an advance of Rs. 354.28 million for issuance of shares to DSL. Prudent management policy and in the interest of the Company, the Company has charged interest amounting to Rs. 163.330 million on the advance amount and demanded the same from DSL. However due to non-availability of any written agreement between DSL and CSIL for charging of mark-up, the auditors have expressed their reservation in the auditors' report.

- The Company has premium receivable amounting to Rs.242.775 million out of which Rs.73.613 have been provided as bad debts representing 31% of the total receivable. This is in line with the Board as well as market policy.

- Keeping in view the projections of its subsidiary CSF impairment of goodwill was not provided.

- The auditors have expressed reservations on the verification of balances as reflected in the subsidiaries unaudited financial statements due to difference in the year end. The balances were however available for verification by the auditors.

The following appropriation of profit has been recommended by the Board of Directors:

	December 31, 2019	December 31, 2018
	-------------------- Rupees	--------------------
Profit / (loss) before tax	32,638,067	(188,755,718)
Provision for taxation	(13,146,147)	(11,126,515)
Profit / (loss) after tax	19,491,920	(199,882,233)
Profit / (loss) attributable to non-controlling interest	(11,269,440)	(59,454,132)
Profit / (loss) attributable to ordinary shareholders	30,761,360	(140,428,101)
Profit / (loss) per share	0.29	(1.33)

The Directors of your Company would like to take this opportunity to thank all the stakeholders for their continued support and cooperation.

Tanveer Ahmed
Director

Naim Anwar
Managing Director & CEO

Karachi: May 21, 2020

ممبران کے لئے مجموعی مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں کریسنٹ اسٹار انشورنس لمیٹڈ اور اس کی ذیلی کمپنیوں کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ، کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کے مختتمہ سال 31 دسمبر 2019 کے مجموعی عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتا ہوں-

مجموعی خام پریمیم 115.988 ملین روپے رہا جبکہ گزشتہ سال 2018 میں 114.618 ملین روپے تھا- خالص پریمیم 110.851 ملین روپے رہا، فروخت 1.549 ملین روپے رہی اور بعد از ٹیکس منافع 19.492 ملین روپے رہا- کل مجموعی فروخت 1,077.912 ملین روپے رہی-

آڈیٹرز کی رپورٹ

☆ کمپنی نے دوست اسٹیل ملز کو حصص جاری کر کے 354.28 ملین روپے کا ایڈوانس دیا ہے- محتاط انتظامی پالیسی اور کمپنی کے مفاد میں کمپنی نے ایڈوانس کی رقم پر 163.330 ملین روپے کا سود لگایا ہے اور DSL سے اس کا مطالبہ کیا ہے- تاہم CSIL اور DSL کے درمیان ایڈوانس کی رقم پر 163.330 ملین روپے کے سود سے متعلق کوئی تحریری معاہدہ دستیاب نہیں ہے، اس لئے آڈیٹرز نے اپنے تحفظات کا اظہار کیا ہے-

☆ کمپنی نے حصص جاری کر کے DSL کو بطور ایڈوانس 354.28 ملین روپے دیئے ہیں- IAS 36 کے تحت اداروں کے لئے ضروری ہے جہاں پر اس اثاثوں کی فرسودگی کے امکانات ہوں وہاں پر وہ فرسودگی ٹیسٹنگ کریں- DSL کی مالیتی رپورٹ کو مدنظر رکھتے ہوئے انتظامیہ کی رائے ہے کہ DSL کے اثاثوں کی مالیت 5 بلین روپے ہے لہذا DSL میں کمپنی کی سرمایہ کاری پر فرسودگی کی کوئی علامات نہیں ہیں- انتظامیہ کی رائے کی تصدیق چارٹرڈ اکاؤنٹنٹس کی ایک آزاد فرم نے کی ہے- DSL کی مالیتی رپورٹ کے ساتھ چارٹرڈ اکاؤنٹنٹس کی آزاد فرم کی رائے سے آڈیٹرز کو آگاہ کر دیا گیا ہے-

☆ کمپنی کے 242.775 ملین روپے کے قابل وصول پریمیم ہے جس میں سے 31 فیصد یعنی 73.613 ملین روپے بطور ناقابل وصول قرضوں میں مختص کئے گئے ہیں- یہ بورڈ کے ساتھ مارکیٹ کی پالیسی کے عین مطابق ہے-

☆ اپنی ذیلی کمپنی CSF کے قوی امکانات کو مدنظر رکھتے ہوئے ساکھ کی فرسودگی مختص نہیں کی گئی-

☆ آڈیٹرز نے ذیلی کمپنیوں کے غیر آڈٹ شدہ مالیاتی گوشواروں میں ظاہر کئے گئے بقایاجات کی تصدیق پر تحفظات کا اظہار کیا ہے جن میں سال کے اختتام پر فرق ملا ہے- تاہم بقایاجات آڈیٹرز کی تصدیق کے لئے دستیاب ہیں-

بورڈ آف ڈائریکٹرز نے منافع کے مندرجہ ذیل مصارف کی سفارش کی ہے:

روپے ہزار میں

	31 دسمبر 2019	31 دسمبر 2018
منافع/ (خسارہ) قبل از ٹیکس	32,638,067	(188,755,718)
ٹیکس کے لئے اختصاص	(13,146,147)	(11,126,515)
منافع/ (خسارہ) بعد از ٹیکس	19,491,920	(199,882,233)
منافع/ خسارہ جو کہ ناقابل گرفت سود سے متعلق ہے	(11,269,440)	(59,454,132)
منافع/ (خسارہ) جن کا تعلق حصص یافتگان سے ہے	30,761,360	(140,428,101)
منافع/ (خسارہ) فی حصص	0.29	(1.33)

آپ کی کمپنی کے ڈائریکٹران اس موقع پر تمام مستفیدان کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں-

تنویر احمد
ڈائریکٹر

نعیم انور
مینیجنگ ڈائریکٹر اینڈ سی ای او

کراچی: 21 مئی 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Star Insurance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Star Insurance Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matters stated in the basis for qualified opinion paragraph below, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1) As stated in note 9.1 to the consolidated financial statements, the Group has recorded accrued interest amounting to Rs. 163.330 million (2018: Rs. 106.348 million) at a rate of one year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Group's claim against accrued interest and under the circumstances the recoverability of the interest income accrued could not be ascertained. Accordingly, profit for the year and total assets/solvency of the Group are overstated by Rs. 56.981 million (2018: Rs. 39.765 million) and Rs. 163.330 million (2018: Rs. 106.348 million) respectively.

2) As stated in Note 9 to the consolidated financial statements, the Group has advance against issuance of shares to Dost Steel Limited amounting to Rs. 354.279 million (2018; 354.279

million). The management has not carried out impairment testing at the end of reporting period as required by IAS- 36 “Impairment of Assets”. No provision for any loss, if any, that may result, has been incorporated in consolidated financial statements.

3) As stated in Note 10 to the consolidated financial statements, the Group has recorded premium receivable amounting to Rs 242.775 million (2018: Rs 229.133 million) out of which Rs 75.613 million (2018: Rs. 75.613 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs 168.089 million, any adjustment to the amount of the above receivable found to be necessary would affect the Group’s profit for the year then ended.

4) As stated in note 7 to the consolidated financial statements, the Group has goodwill amounting to Rs. 28.743 million. Management has not carried out any impairment testing as per the requirement of IAS 36 “Impairment of Assets” due to which we are unable to determine the recoverable amount and impairment loss, if any.

5) Assets of the consolidated financial statements include property and equipment amounting to Rs. 14.377 million (2018: Rs. 16.025 million), loans and other receivables amounting to Rs. 4.012 million (2018: Rs. 4.085 million), and stock in trade amounting to Rs. 8.183 million (2018: Rs. 11.566 million) are based on unaudited balances in respective financial statements.

6) Liabilities of the consolidated financial statements include other creditors and accruals amounting to Rs. 28.646 million (2018: Rs. 27.816 million) are based on unaudited balances in respective financial statements.

7) Income of the consolidated financial statements include sales amounting to Rs. 1.549 million (2018: Rs. 4.694 million) and Expenses include cost of sales amounting to Rs. 2.499 million (2018: Rs. 2.707 million), general and administration expenses amounting to Rs. 6.166 million (2018: Rs. 19.912 million) are based on unaudited figures in respective financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Insurance Ordinance, 2000 and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended December 31, 2018 were audited by another firm of chartered accountants who expressed qualified opinion for the following reasons:

1) Inability to ascertain and substantiate the Group's claim against Accrued interest on advance against issue of shares to Dost Steels Limited (an associated undertaking) in the financial statements of the Company;

2) Non verification of the premium receivable balances;

3) Not carrying out impairment testing on goodwill as required by IAS 36;

4) Absence of sufficient appropriate audit evidence in verification of the Assets and Liabilities of subsidiary companies reported in the consolidated financial statements;

5) Absence of sufficient appropriate audit evidence in verification of the Income and Expenses of subsidiary companies reported in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas.**

ILYAS SAEED & CO.
Chartered Accountants
Date: May 21, 2020
Place: LAHORE

Crescent Star Insurance Limited
Consolidated Statement of Financial Position
As at December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
ASSETS			
Property and equipment	6	**143,333,097**	215,337,925
Intangible assets	7	**46,053,751**	50,172,961
Investments			
Equity securities	8	**17,141,873**	15,558,992
Debt securities		**-**	-
Loans and other receivables	9	**603,281,217**	509,973,661
Insurance / Reinsurance receivables	10	**168,089,807**	153,519,309
Reinsurance recoveries due but unpaid		**-**	-
Reinsurance recoveries against outstanding claims		**2,595,202**	2,595,202
Deferred commission expense/ Acquisition cost		**6,986,821**	6,293,238
Stock-in-trade		**10,107,910**	14,515,761
Deferred taxation	11	**-**	-
Prepayments	12	**6,043,657**	2,792,024
Cash & bank	13	**74,278,628**	73,396,297
Total Assets		**1,077,911,963**	1,044,155,370

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Statement of Financial Position
As at December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	**1,076,950,410**	1,076,950,410
Discount on issue of right shares	15	**(199,650,000)**	(199,650,000)
Reserves	16	**26,716,003**	28,894,635
Unappropriated profit		**(202,391,087)**	(233,152,447)
Equity Attributable to equity holders of the Parent		**701,625,326**	673,042,598
Non-controlling interest		**(22,666,003)**	(11,396,563)
Total shareholders' equity		**678,959,323**	661,646,035
Share deposit money		**-**	-
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		**61,242,125**	60,680,433
Unearned premium reserves		**53,348,333**	48,328,460
Premium deficiency reserves		**14,906**	-
Deferred taxation	17	**3,980,469**	4,420,388
Borrowings	18	**5,013,650**	6,427,350
Premium received in advance		**2,110,755**	1,793,455
Insurance / Reinsurance Payables	19	**-**	-
Other Creditors and Accruals	20	**257,130,299**	256,840,031
Taxation - provision less payments	21	**16,112,103**	4,019,218
Total Liabilities		**398,952,640**	382,509,335
Total Equity and Liabilities		**1,077,911,963**	1,044,155,370
Contingenc(ies) and commitment(s)	22		

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
Net insurance premium	23	**110,851,129**	111,270,066
Net insurance claims	24	**(13,954,898)**	(17,452,659)
Premium deficiency		**(14,906)**	1,510,891
Net Commission expense and other acqusition costs	25	**(8,094,546)**	(18,380,049)
Insurance claims and acquisition expenses		**(22,064,350)**	(34,321,817)
Management expenses	26	**(86,689,692)**	(166,129,200)
Underwriting results		**2,097,087**	(89,180,951)
Sales	27	**1,549,000**	49,625,766
Cost of sales	28	**(2,498,950)**	(136,160,496)
Investment income	29	**3,675,181**	307,261
Other income	30	**62,796,664**	45,051,296
Other expenses	31	**(34,175,830)**	(57,526,656)
Results of operating activities		**33,443,152**	(187,883,780)
Finance costs		**(805,085)**	(871,938)
Profit/ (Loss) before tax		**32,638,067**	(188,755,718)
Income tax expense	32	**(13,146,147)**	(11,126,515)
Profit/ (Loss) after tax		**19,491,920**	(199,882,233)
Attributable to:			
Equity Holders of the Parent Company		**30,761,360**	(140,428,101)
Non-controlling interest		**(11,269,440)**	(59,454,132)
		19,491,920	(199,882,233)
Other Comprehensive Income / (Loss)			
Items to be re-classified to profit and loss account in subsequent period			
Unrealized gain on revaluation of available for sale investments during the year - net of deferred tax		**1,457,546**	521,636
Reclassification adjustments relating to available for sale investments disposed off - net of deferred tax		**(3,636,178)**	-
Other comprehensive income/ (loss) for the year		**(2,178,632)**	521,636
Total comprehensive Income/ (Loss) for the year		**17,313,288**	(199,360,597)
Earning/ (Loss) per share basic and diluted (restated)	33	**0.29**	(1.33)

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Cash Flow Statement
For the year ended December 31, 2019

	Note	2019 RUPEES	2018 RUPEES
Operating cash flows			
(a) Underwriting activities			
Insurance Premium received		**102,662,310**	126,792,640
Reinsurance premium paid		**(1,044,506)**	27,317,827
Claims paid		**(13,393,206)**	(23,194,261)
Commission paid		**(8,828,629)**	(27,865,698)
Commission received		**40,500**	-
Management expenses paid		**(97,296,017)**	(54,753,765)
Net cash flow from underwriting activities		**(17,859,548)**	48,296,743
(b) Other operating activities			
Proceeds from customers		**1,549,000**	49,625,766
Payments to suppliers		**1,908,901**	(118,860,524)
Income tax paid		**(1,493,181)**	355,253
Other operating receipts		**13,607,824**	17,243,735
Net cash outflow from other operating activities		**15,572,544**	(51,635,770)
Total cash flow from all operating activities		**(2,287,004)**	(3,339,027)
Investment activities			
Profit / return received		**38,667**	791,818
Dividend received		**3,636,514**	851
Proceeds from investments		**(3,761,513)**	21,265,738
Fixed capital expenditure written off		**5,303,652**	(33,680,983)
Proceeds from sale of property and equipment		**170,800**	7,101,640
Total cash flow from investing activities		**5,388,120**	(4,520,936)
Financing activities			
Proceeds from issuance for shares		**-**	104,350
Finance costs paid		**(805,085)**	(871,938)
Borrowing under Musharaka arrangements obtained - net		**(1,413,700)**	2,732,800
Increase / decrease in non-controlling interest		**-**	10,000,000
Total cash from financing activities		**(2,218,785)**	11,965,212
Net cash flow from all activities		**882,331**	4,105,249
Cash and cash equivalents at beginning of year		**73,396,297**	69,291,048
Cash and cash equivalents at end of year		**74,278,628**	73,396,297
Reconciliation to profit and loss account			
Operating cash flows		**(2,287,004)**	(3,339,027)
Depreciation expense	26 & 31	**(19,160,027)**	(19,380,004)
Amortization expense	26 & 31	**(4,119,210)**	(4,120,222)
(Loss)/gain on disposal of property and equipments	30	**(265,553)**	591,772
Profit on disposal of investments		**-**	-
Dividend income	29	**3,636,514**	851
Other investment and other income	29	**38,667**	445,215
Finance costs		**(805,085)**	(871,938)
Increase / (decrease) in assets other than cash		**60,310,623**	(83,867,088)
Increase in liabilities other than borrowings		**(5,764,120)**	(87,860,024)
Provision for taxation		**(12,092,885)**	(11,481,768)
Increase / decrease in non-controlling interest		**-**	10,000,000
Profit/ (Loss) after taxation for the period		**19,491,920**	(199,882,233)

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Statement of Changes in Equity
For the year ended December 31, 2019

	Attributable to equity holder of the Group								
	Share capital		Capital reserves	Revenue reserves					
	Issued, subscribed and paid-up share capital	Discount on issue of right shares	Reserve for exceptional losses	General reserve	Surplus on remeasurement of available for sale investments	Unappropriated profit	Attributable to the owners of the Holding Company	Non-controlling interest	Total shareholders' equity restated
	(Rupees)								
Balance as at January 01, 2018	**826,833,330**	**(199,650,000)**	**1,767,568**	**24,497,265**	**-**	**(92,724,346)**	**560,723,817**	**(6,942,401)**	**553,781,416**
Effect of change in accounting policy net of tax.	-	-	-	-	2,108,166	-	2,108,166	-	2,108,166
Balance as at January 01, 2018 as restated	826,833,330	(199,650,000)	1,767,568	24,497,265	2,108,166	(92,724,346)	562,831,983	(6,942,401)	555,889,582
Issue of right shares at par	250,117,080	-	-	-	-	-	250,117,080	-	250,117,080
Transaction with owners									
Further acquisition by holding company	-	-	-	-	-	-	-	(10,000,000)	(10,000,000)
Shares disposed by holding company	-	-	-	-	-	-	-	64,999,970	64,999,970
Total comprehensive loss for the period	-	-	-	-	521,636	(140,428,101)	(139,906,465)	(59,454,132)	(199,360,597)
Balance as at December 31, 2018	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**2,629,802**	**(233,152,447)**	**673,042,598**	**(11,396,563)**	**661,646,035**
Balance as at January 01, 2019	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**2,629,802**	**(233,152,447)**	**673,042,598**	**(11,396,563)**	**661,646,035**
Total comprehensive income for the period	-	-	-	-	(2,178,632)	30,761,360	28,582,728	(11,269,440)	17,313,288
Balance as at December 31, 2019	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**24,497,265**	**451,170**	**(202,391,087)**	**701,625,326**	**(22,666,003)**	**678,959,323**

The annexed notes from 1 to 24 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

1 LEGAL, STATUS AND NATURE OF BUSINESS

The Group Consists of:

Name of the Company	Status in the Group	Percentage of holding	Acquisition date
Crescent Star Insurance Limited	Holding Company	-	
Crescent Star Foods (Private) Limited	Subsidiary Company	50%	June 30, 2016
Crescent Star Technologies (Private) Limited	Subsidiary Company	99.7%	February 23, 2016
Crescent Star Luxury (Private) Limited	Subsidiary Company	99.7%	December 15, 2016

- Crescent Star Insurance Limited

Crescent Star Insurance Limited ("the Holding Company") was incorporated in Pakistan as a Public Limited Company in the year 1957 under the Defunct Companies Act, 1913, now the Companies Act, 2017. The Holding Company is listed on the Pakistan Stock Exchange and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

The Holding Company is engaged in providing non-life general insurance services mainly in spheres of fire and property damage, marine, aviation and transport, motor, credit and suretyship, accident and health and miscellaneous insurance.

- Crescent Star Foods (Private) Limited

Crescent Star Foods (Private) Limited (the Subsidiary Company) is a private limited company incorporated on February 20, 2015 in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the company is located at 2nd floor, Nadir House, I.I. Chundrigar Road, Karachi, Pakistan. The Subsidiary Company has the business objective of running the Fast Food Restaurants throughout Pakistan and other ancillary activities.

- Crescent Star Technologies (Private) Limited

Crescent Star Technologies (Private) Limited (the Subsidiary Company) was incorporated in Pakistan as a private limited company on February 23, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The object of the Subsidiary Company is to carry on business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies such as GPS and GSM. Its registered office is located at 2nd Floor, Nadir House, I.I Chundrigar Road, Karachi.

- Crescent Star Luxury (Private) Limited

Crescent Star Luxury (Private) Limited (the Subsidiary Company) was incorporated in Pakistan as a private limited company on December 15, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The objective of the Subsidiary Company is to carry on business of beauty, skincare products and fashion accessories as permissible under the law and such other allied business. Its registered office is located at 2nd Floor, Nadir House, I.I Chundrigar Road, Karachi.

2 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statements of Holding Company and its subsidiary companies, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary companies begins when the Holding Company obtains control over the subsidiary companies and ceases when the Holding Company loses control of the subsidiary companies. Specifically, income and expenses of a subsidiary companies acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary companies. These consolidated financial statements include Crescent Star Insurance Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of the subsidiary companies' directors.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiary companies’ shareholders’ equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

2.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in the consolidated profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in the consolidated other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to consolidated profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3 Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The Group treat transactions with non-controlling interest as that do not results in loss of control as an equity transaction with owner of the Group. The difference between the fair value of consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary companies is recorded in equity. Gain and loss on disposal to non-controlling interest is recorded directly in equity.

2.4 Discontinued operation

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

2.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated profit or loss account as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated profit or loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6 Associates

Associates are all entities over which the Group has significant influence but not control. Investment in associate is accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The consolidated profit and loss account reflects the Group share of the results of the operations of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss account where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognized in the consolidated profit and loss account.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the consolidated profit and loss account.

3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017,the Insurance Ordinance, 2000, Insurance Rules 2017 and the Insurance Accounting Regulations, 2017

Incase requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, shall prevail.

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain financial instruments which are stated at their fair values and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

In these consolidated financial statements, except for the consolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

3.2 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Holding Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to nearest Pak Rupee, unless otherwise stated.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

3.3 Standards, amendments and interpretations to the published standards that are relevant to the Holding Company and adopted in the current year

The Holding Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 9	Financial Instruments – Classification and Measurement
IFRS 15	Revenue from Contracts with Customers
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)Foreign Currency Transactions and Advance Consideration
IAS 28	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures (Amendments)
IFRS 11	Joint Arrangements – Annual Improvements to IFRS Standards 2015-17 Cycle
IAS 12	Income Taxes - Annual Improvements to IFRS Standards 2015-17 Cycle
IAS 19	Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

· **Impact of IFRS 9 – Financial Instruments**

The amendments introduce two approaches for entities that apply IFRS 4 to reduce the impact of deferring effective dates with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments: an overlay approach and a temporary exemption from applying IFRS 9. The Holding Company has adopted for a temporary exemption from application of IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 01 January 2018. The temporary exemption is available for annual reporting periods beginning before 01 January 2022 and will expire once IFRS 17 becomes effective.

· **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the Standard requires relevant disclosures. The management reviewed and assessed the Holding Company's existing contracts with the policy holders and concluded that there is no material impact on the revenue recognition from policy holders as the same fall under the ambit of IFRS-17 Insurance Contracts and the Insurance Rules, 2017.

· **IFRS 16 – Leases**

This standard was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Holding Company has adopted IFRS 16 using the modified retrospective approach as permitted under the specific transitional provisions in the Standard. This Standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current Standard i.e. lessors continue to classify leases as either finance or operating leases.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

In applying IFRS 16 for the first time, the Holding Company has used the following practical expedients permitted by the Standard:

- grandfathered the assessment of which transactions are lease on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impacts on financial statements

The Company has opted not to recognise right-of-use assets for leases of low value or short term leases, having remaining lease term of less than 12 months as at January 01, 2019. The payments associated with such leases are recognised as an expense.

The adoption of the above amendments, and improvement to accounting standards and interpretations did not have any significant effect on the financial statements.

3.3.1 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation		**Effective date (annual periods beginning on or after)**
IFRS 17	Insurance Contracts	1-Jan-22
IFRS 7	Financial Instruments: Disclosures	1-Jan-20

Annual Improvements 2015-2017 Cycle		**Effective date (annual periods beginning on or after)**
IFRS 3	Business Combinations	1-Jan-19

3.3.2 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards, amendments or interpretation		
IFRS 17	Insurance Contracts	1-Jan-22

3.3.3 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Holding Company's operations, therefore not disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

4.1 Property and equipment

4.1.1 Owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to consolidated statement of comprehensive income applying the reducing balance method at the rates specified in note 5 to the consolidated financial

Depreciation on additions is charged from the date the assets are available for use. While on disposal, depreciation is charged up to the date on which the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the consolidated statement of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

4.1.2 Right-of-use assets

The Holding Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

4.1.3 Ijarah contracts

Ijarah rentals (Ijrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

4.2 Intangibles - Computer Software

These are stated at cost less accumulated amortization and impairment loss. Amortization is charged over the estimated useful life of the asset on a systematic basis to consolidated statement of comprehensive income applying the straight line method.

Amortization is calculated from the date the assets are available for use. While on disposal, amortization is charged up to the date in which the assets are disposed off.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Group.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

4.3 Insurance contracts

Insurance contracts are those contracts where the Holding Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policy holders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts are of three months period.

These contracts are provided to all types of customers based on assessment of insurance risk by the Holding Company. Normally, personal insurance contracts for example. vehicles are provided to individual customers, whereas, insurance contracts of fire and property, marine and transport, accident and other commercial line products are provided to commercial organization.

Fire and property insurance contracts mainly compensate the Holding Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance contract mainly compensate hospitalisation and outpatient medical coverage to the insured. These contracts are generally one year contracts.

Credit and suretyship insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

Other types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions and crop insurance

4.4 Claims

Claims are charged to consolidated statement of comprehensive income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

4.4.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

i) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimated are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

ii) Claims incurred but not reported

The provision for claims incurred but not reported is made at the reporting date in accordance with SECP circular no. 9 dated March 09, 2016. The Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using 'Chain Ladder' (CL) methodology. The CL method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine cumulative development factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

4.5 Premium deficiency reserve / Liability adequacy test

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability after reinsurance, from claims and other supplementary expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard (IFRS) 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2019	2018
- Fire and property damage	**9%**	10%
- Marine, aviation and transport	**43%**	32%
- Motor	**30%**	28%
- Accident & health	**48%**	45%
- Credit & Suretyship	**4%**	2%
- Miscellaneous	**19%**	10%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date.

4.6 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balance due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Company assesses its reinsurance assets for impairment on statement of financial position date. If there is objective evidence that reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes impairment loss in the profit and loss account.

4.7 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. These include premiums due but unpaid, premiums received in advance, premiums due and claims payable to insurance contract holders.

4.8 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due at the fair value of consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

4.9 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognized evenly in the period of indemnity. The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

4.10 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

4.11 Deferred commission expense/ Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and is recognized as an asset on attachment of the related risks. These costs are charged to statement of consolidated statement of comprehensive income based on the pattern of recognition of premium revenue.

4.12 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

Assets and liabilities are allocated to particular segments on the basis of gross premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.13 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

4.15 Revenue recognition

4.15.1 Premium income earned

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

4.15.2 Provision for unearned premium

Majority of the insurance contracts entered into by the Company are for a period of twelve months. Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated as follows:

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;

- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year; and

- Contracts having tenure of more than twelve months, the Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

4.15.3 Commission income

Commission income from reinsurers / co-insurers / others is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and accounted for as revenue in accordance with the pattern of recognition of reinsurance/ co-insurance / other premium to which they relate. Profit commission if any, which the Company may be entitled under the terms of reinsurance is recognized on accrual basis.

4.15.4 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the consolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

4.15.5 Investment income

- Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.

- Gain / (loss) on sale of investments is charged in consolidated statement of comprehensive income.

4.15.6 Dividend income and other income

- Dividend income and entitlement of bonus shares are recognized when the Group’s right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.

- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

4.16 Investments

4.16.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and including transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

4.16.2 Measurement

In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

In equity securities
Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

In debt security
Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

In Term deposits
Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading investment in which case transaction costs are charged to the profit and loss account. Investments are recognized and classified as follows:

- Held to Maturity investments;
- Available for sale investments;
- Held for Trading investments.

4.16.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.16.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

• significant financial difficulty of the issuer or counterparty; or
• breach of contract, such as a default or delinquency in interest or principal payments; or
• it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
• the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated statement of comprehensive income.

When an Available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to consolidated statement of comprehensive income.

For financial assets measured at held to maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through consolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in consolidated profit and loss account are not reversed through consolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in consolidated other comprehensive income. In respect of available for sale debt securities, impairment losses are subsequently reversed through consolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in consolidated statement of comprehensive income.

b) Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

c) Investment in equity instruments of subsidiaries companies

Investment in subsidiaries are accounted for at cost less accumulated impairment losses. Dividend income from these investments is recognized in consolidated profit or loss and included in other income when the Company's right to receive payments has been established.

4.16.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.17 Dividend declaration

Final dividend distribution to the Group's shareholders is recognized as a liability in the consolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

4.18 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

4.19 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

4.20 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognised in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

4.21 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange difference, if any, are taken to consolidated statement of comprehensive income.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

4.23 Taxation

4.23.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001 for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed/ finalized during the year or required by any other reason.

4.23.2 Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.24 Staff retirement benefits

4.24.1 Defined contribution plan

The Holding Company contributes to an approved provident fund scheme which covers all permanent employees. Equal contributions are made both by the Holding Company and the members to the fund at the rate of 10% of basic salary.

4.24.2 Employees' compensated absences

The Holding Company accounts for accumulated compensated absences on the basis of the un-availed leave balances at the end of the year.

4.25 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in consolidated profit and loss account.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

	Note
- Provision for outstanding claims (including IBNR)	4.4.1
- Premium deficiency reserve	4.5
- Provision for doubtful receivables	10

	Note
- Useful lives and residual values of property and equipment	4.1
- Provision for unearned premium	4.15.2
- Premium due but unpaid	10.0.
- Provision for taxation and deferred tax	4.23
- Segment reporting	4.12

6 PROPERTY AND EQUIPMENT

	Note	**2019**	2018
		Rupees	Rupees
Operating assets	**6.1**	**143,333,097**	168,233,129
Capital Work in progress		**-**	47,104,796
		143,333,097	215,337,925

6.1 PROPERTY AND EQUIPMENT

2019										
Description	**Cost**				**Depreciation**				**Written down value as at 31 December**	**Depreciation Rate**
	As at 1 January	**Additions**	**(Disposal) / Transfers / Written off**	**As at 31 December**	**As at 1 January**	**For the year**	**(Disposal) / Transfers / Written off**	**As at 31 December**		
	---Rupees---									**%**
- Furniture and fixtures	**112,254,219**	**-**	**(2,529,547)**	**109,724,672**	**21,438,310**	**10,142,293**	**(585,416)**	**30,995,187**	**78,729,485**	**10**
- Office equipment	**10,981,402**	**-**	**20,020**	**11,001,422**	**2,049,617**	**1,013,551**	**427,994**	**3,491,162**	**7,510,260**	**10**
- Computers equipment	**11,618,106**	**-**	**299,797**	**11,917,903**	**6,334,273**	**3,018,313**	**(1,615,869)**	**7,736,717**	**4,181,186**	**30**
- Leasehold improvements	**56,565,040**	**-**	**(5,975,860)**	**50,589,180**	**4,809,966**	**2,429,443**	**(672,294)**	**6,567,115**	**44,022,065**	**5**
- Vehicles	**25,640,838**	**-**	**-**	**25,640,838**	**14,194,310**	**2,556,427**	**-**	**16,750,737**	**8,890,101**	**20**
									-	
	217,059,605	**-**	**(8,185,590)**	**208,874,015**	**48,826,476**	**19,160,027**	**(2,445,585)**	**65,540,918**	**143,333,097**	

2018										
Description	Cost				Depreciation				Written down value as at 31 December	Depreciation Rate
	As at 1 January	Additions	(Disposal)	As at 31 December	As at 1 January	For the year	(Disposal)	As at 31 December		
	---Rupees---									%
- Furniture and fixtures	97,042,078	17,616,691	(2,404,550)	112,254,219	11,563,641	10,355,579	(480,910)	21,438,310	90,815,909	10
- Office equipment	10,826,402	155,000	-	10,981,402	1,016,256	1,033,361	-	2,049,617	8,931,785	10
- Computers equipment	10,991,208	626,898	-	11,618,106	4,244,637	2,089,636	-	6,334,273	5,283,833	30
- Leasehold improvements	44,718,490	11,846,550	-	56,565,040	2,041,043	2,768,923	-	4,809,966	51,755,074	5
- Vehicles	32,857,329	5,996,210	(13,212,701)	25,640,838	19,688,278	3,132,505	(8,626,473)	14,194,310	11,446,528	20
	196,435,507	36,241,349	(15,617,251)	217,059,605	38,553,855	19,380,004	(9,107,383)	48,826,476	168,233,129	

6.1.1 Disposal of fixed assets

Particulars		Cost	Accumulated depreciation	Written Down Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Sold to	Status
		-----Rupees-----							
Computer equipment									
Dell laptop		678,007	539,694	138,313	112,800	(25,513)	Negotiation	Various	Outsider
Sub- Total	**2019**	**678,007**	**539,694**	**138,313**	**112,800**	**(25,513)**			
Vehicles	2018	7,984,130	4,720,534	3,263,596	4,150,000	886,404	Negotiation	Various	Outsider

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars		Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
		-----Rupees-----						
Computer equipment		1,531,588	1,233,547	298,041	58,000	(240,041)	Negotiation	Various
Sub-Total		**1,531,588**	**1,233,547**	**298,041**	**58,000**	**(240,041)**		
Grand Total 2019	**2019**	**2,209,595**	**1,773,241**	**436,354**	**170,800**	**(265,554)**		
Vehicles	2018	2,848,571	2,724,468	124,103	632,000	507,897		

6.1.2 There are no assets held by third parties and assets with zero values.

7 INTANGIBLE ASSETS

	2019 Rupees	2018 Rupees
Goodwill at acquisition	**28,742,849**	28,742,849
Franchise	**14,777,866**	17,424,573
Computer software	**2,533,036**	4,005,539
	46,053,751	50,172,961

Description		Cost: As at 1 January	Cost: Additions	Cost: (Disposal)	Cost: As at 31 December	Amortisation: As at 1 January	Amortisation: For the year	Amortisation: As at 31 December	Written down value as at 31 December	Amortisation rate %
		-----Rupees-----								
Franchise		**23,152,382**	**-**	**-**	**23,152,382**	**5,727,809**	**2,646,707**	**8,374,516**	**14,777,866**	**10**
Computer software		**6,807,982**	**-**	**-**	**6,807,982**	**2,802,443**	**1,472,503**	**4,274,946**	**2,533,036**	**33 & 10**
	2019	**29,960,364**	**-**	**-**	**29,960,364**	**8,530,252**	**4,119,210**	**12,649,462**	**17,310,902**	
Franchise		23,152,382	-	-	23,152,382	3,051,530	2,676,279	5,727,809	17,424,573	10
Computer software		6,509,069	298,913	-	6,807,982	1,358,500	1,443,943	2,802,443	4,005,539	33 & 10
	2018	29,661,451	298,913	-	29,960,364	4,410,030	4,120,222	8,530,252	21,430,112	

		Note	2019 RUPEES	2018 RUPEES
8	**INVESTMENTS IN EQUITY SECURITIES**			
	Available for sale	**8.1**	**17,141,873**	15,558,992

8.1 Available for sale

	Note	2019 RUPEES	2018 RUPEES
Listed shares		**333,424**	333,424
Less: unrealized loss on revaluation of investment		**(285,334)**	(279,751)
Carrying value	**8.1.1**	**48,090**	53,673
Mutual Funds		**15,788,980**	12,027,802
Add: unrealized gain on revaluation of investment		**1,304,803**	3,477,517
Carrying value	**8.1.2**	**17,093,783**	15,505,319
		17,141,873	15,558,992

8.1.1 Ordinary shares of quoted companies

Number of shares (fully paid up shares of Rs. 10/- each) 2019	2018	Marker value per share 2019	2018	Sector and Name of Investee Company	2019 Rupees	2018 Rupees
				Engineering		
7,020	7,020	**4.77**	5.56	Dost Steel Limited	**33,485**	39,031
				Power Generation & Distribution		
2,000	2,000	**2.21**	2.21	Southern Electric Power Company Limited	**4,420**	4,420
				Textile Weaving		
158	158	**2.55**	3.94	Service fabrics limited	**403**	623
				Insurance		
200	200	**10.88**	11.00	Habib Insurance Company limited	**2,176**	2,200
117	117	**5.90**	6.90	Premier Insurance limited	**690**	807
				Investment Bank		
67	67	**0.00**	0.00	Innovative Investment Bank Limited	**-**	-
17	15	**204.00**	201.18	IGI holdings Limited	**3,468**	3,018
				Commercial Banks		
250	250	**11.33**	11.97	The Bank of Punjab	**2,833**	2,993
3	3	**204.94**	193.57	MCB Bank limited	**615**	581
9,832	9,830				**48,090**	53,673

8.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2019 is Rs. 333,424/- (2018: Rs. 333,424/-).

8.1.1.2 Investment in Dost Steels Limited, represents 7,020 shares (2018: 7,020 shares) with 0.0048% (2018: 0.0041%) of total equity of the company.

8.1.2 Mutual fund certificates

Number of Units 2019	2018	Unit Price (Rupees) 2019	Note	Name of entity	2019 Rupees	2018 Rupees
16,000	16,000	**2.95**		Modaraba Al-Mali	**47,200**	56,000
3,820	3,820	**13.08**		HBL Energy Fund	**49,965**	47,406
4,467	4,467	**85.99**		First Dawood Mutual Fund	**384,073**	417,531
289,501	268,930	**57.38**	**8.1.2.2**	Pakistan Income Fund	**16,612,545**	14,984,382
					17,093,783	**15,505,319**

8.1.2.1 Cost of Mutual fund certificates as at December 31, 2019 is Rs. 15,788,980/- (2018: Rs. 12,027,802/-).

8.1.2.2 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

		Note	2019	2018
9	**LOANS AND OTHER RECEIVABLES**		**RUPEES**	RUPEES
	Considered good			
	Accrued investment income		**-**	-
	Other Security deposits		**10,584,350**	16,566,169
	Advance to supplier		**53,397,482**	15,683,550
	Loan to employees		**-**	265,233
	Accrued interest on advance against issuance of shares	**9.1**	**163,330,338**	106,348,503
	Advance against issuance of shares	**9.1.1**	**354,279,066**	354,279,066
	Other receivable		**21,689,981**	16,831,140
	Less: provision for impairment of loans and receivables		**-**	-
			603,281,217	509,973,661

9.1 This represents accrued interest on advance against issue of shares, given to Dost Steels Limited. Movement in advances is as follows:

Balance as at beginning of the year	**106,348,503**	66,582,917
Income for the year	**56,981,835**	39,765,586
Balance as at the end of the year	**163,330,338**	106,348,503

9.1.1 The Holding Company has made an advance against issuance of shares to Dost Steel limited (DSL), of which an aggregate amount of Rs. 247,995,000 /- and Rs. 57,768,000/- has been assigned to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement. No consideration has been received either from Dynasty Trading (Private) Limited or Din Corporation (Private) Limited, therefore these balances are still shown in the title of Dost Steel Limited. These balances carry mark-up at the rate of 1 year KIBOR plus 3% per annum (2018: 1 year KIBOR plus 3%).

10	**INSURANCE / REINSURANCE RECEIVABLES**			
	Unsecured and considered good			
	Due from insurance contract holders		**242,775,872**	229,133,297
	Less : Provision for impairment of receivables from insurance contract holders	**10.1**	**(75,613,988)**	(75,613,988)
	Due from other insurers / reinsurers		**927,923**	-
	Less : Provision for impairment of due from other insurers / reinsurers		**-**	-
			168,089,807	153,519,309

10.1 Provision for impairment of receivables from insurance contract holders

Balance at the beginning of the year	**75,613,988**	62,427,039
Provision made during the year	**-**	13,186,949
Bad debts recovered during the year	**-**	-
	75,613,988	75,613,988

11 DEFERRED TAXATION

Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in consolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 31,971,671 (2018: Rs.47,801,352) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

12 PREPAYMENTS

Prepaid reinsurance premium ceded	**260,153**	-
Prepaid rent	**202,409**	-
Others	**5,581,095**	2,792,024
	6,043,657	2,792,024

13 CASH & BANK

Cash and cash equivalent			
Cash in hand		**429,044**	231,987
Policy and revenue stamps		**229,621**	728,028
Cash with State Bank of Pakistan	**13.1**	**72,238,047**	72,238,047
		72,896,712	73,198,062
Cash at bank			
Current accounts		**1,681,911**	498,230
Savings accounts	**13.2**	**22,424**	22,424
		1,704,335	520,654
Less: provision against dormant accounts		**(322,419)**	(322,419)
		1,381,916	198,235
		74,278,628	73,396,297

13.1 This represents deposit with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

13.2 These carry mark-up at the rate of 10.75% (2018: 5.5%) per annum.

14 ORDINARY SHARE CAPITAL

14.1 Authorized Share Capital

31 December 2019	31 December 2018		2019 RUPEES	2018 RUPEES
---- (Number of shares) -----				
115,000,000	115,000,000		**1,150,000,000**	1,150,000,000

14.2 Issued, Subscribed and paid-up share capital

31 December 2019	31 December 2018		2019 RUPEES	2018 RUPEES
---- (Number of shares) -----				
104,728,494	104,728,494	Ordinary shares of Rs.10 each fully paid in cash	**1,047,284,940**	1,047,284,940
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**29,665,470**	29,665,470
107,695,041	107,695,041		**1,076,950,410**	1,076,950,410

15 DISCOUNT ON ISSUE OF RIGHT SHARES

	2019	2018
DISCOUNT ON ISSUE OF RIGHT SHARES	**199,650,000**	199,650,000

The Company had issued right shares in the year 2014 with the approval of Board of Directors, SECP and KSE amounting to Rs. 499.125 million comprising of 49,912,500 ordinary shares of Rs. 10/- each at a discount of Rs. 4/- per share.

16 RESERVES

	Note	2019	2018
Capital reserves			
Reserve for exceptional losses		**1,767,568**	1,767,568
Surplus on remeasurement of available for sale investments		**451,170**	2,629,802
Revenue reserves			
General reserve		**24,497,265**	24,497,265
		26,716,003	28,894,635

17 DEFERRED TAXATION

	Note	2019	2018
Deferred debits arising in respect of			
Accelerated tax depreciation		**3,980,469**	4,420,388

18 BORROWINGS

	Note	2019	2018
Borrowings against diminishing musharaka	**18.1**	**5,013,650**	6,427,350

18.1 The Company has entered into diminishing musharka agreements with Kasb Modaraba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 17% to 18% (2018: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

The amount payable:		
Current Portion	**4,453,575**	3,264,225
Non current portion	**560,075**	3,163,125
	5,013,650	6,427,350

19 INSURANCE / REINSURANCE PAYABLES

Foreign reinsurers	-	19,302,035
Local reinsurers	-	19,670,724
Co-insurers	-	4,129,371
Less: liability written back	-	(43,102,130)
	-	-

20 OTHER CREDITORS AND ACCRUALS

Agents commission payable	-	-
Trade and related payables	**51,572,527**	49,784,744
Federal insurance fees	**1,678,831**	604,511
Federal excise duty	**37,059,567**	22,716,366
Margin against performance bonds	-	3,900,841
Payable to staff provident fund	**6,018,538**	3,045,546
Withholding tax	**75,429,529**	68,544,628
Accrued expenses	**63,074,486**	69,264,643
Unpresented cheques	**657,382**	4,928,142
Unclaimed dividend	**418,209**	418,209
Others	**21,221,230**	33,632,401
	257,130,299	256,840,031

21 TAXATION - PROVISION LESS PAYMENTS

Balance at beginning of the year	**4,019,218**	2,589,262
Add: charge for the year	**13,586,066**	2,011,198
Less: paid during the year	**(1,493,181)**	(581,242)
Balance at end of the year	**16,112,103**	4,019,218

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The Company is defendant in following:

1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2018: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2018: Rs. 27.5 million) against the Company.

3) The management believes that the outcome of above lawsuits will be in favour of the Company and accordingly, no provision for the same has been made in these consolidated financial statements.

4) Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 0.75 million has not been provided by the Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

		Note	2019 RUPEES	2018 RUPEES
22.2	**Commitments**			
	Post dated cheques		**3,141,289**	6,427,350
	Commitments for Ijara rentals			
	Within one year		**1,827,938**	2,030,680
	Later than one year but not later than five years		**1,313,351**	3,415,722
			3,141,289	5,446,402

23 NET INSURANCE PREMIUM

	2019	2018
Written gross premium	**115,987,585**	114,618,225
Add : Unearned premium reserve - opening	**48,328,460**	55,822,934
Less: Unearned premium reserve - closing	**(53,348,333)**	(48,328,460)
Premium earned	**110,967,712**	122,112,699
Less: Reinsurance premium ceded	**376,736**	-
Add: prepaid reinsurance premium - opening	**-**	10,842,633
Less: prepaid reinsurance premium - closing	**(260,153)**	-
Reinsurance expense	**116,583**	10,842,633
	110,851,129	111,270,066

24 NET INSURANCE CLAIMS EXPENSE

	2019	2018
Claim paid	**13,393,206**	23,194,261
Add : Outstanding claims including IBNR - closing	**61,242,125**	60,680,433
Less: Outstanding claims including IBNR - opening	**(60,680,433)**	(66,422,035)
Claims expense	**13,954,898**	17,452,659
Less: Reinsurance and others recoveries received	**-**	-
Add: Reinsurance and others recoveries in respect of outstanding claims - closing	**2,595,202**	2,595,202
Less: Reinsurance and others recoveries in respect of outstanding claims - opening	**(2,595,202)**	(2,595,202)
	-	-
Reinsurance and recoveries revenue	**13,954,898**	17,452,659

24.1 Claims development

The following table shows the development of

Accident year	2014 and prior	2015	2016	2017	2018	2019 Including IBNR
	(Rupees)					
Estimate of ultimate claims cost:						
At end of accident year	111,975,122	54,069,721	27,768,651	18,853,203	15,195,041	**26,801,845**
One year later	111,128,201	59,473,682	32,761,923	21,892,751	20,365,623	**-**
Two year later	116,977,175	55,481,601	31,436,779	27,494,598	-	**-**
Three year later	107,761,748	55,205,266	31,920,923	-	-	**-**
Four year later	107,695,707	60,589,427	-	-	-	**-**
Five year later	93,505,482	-	-	-	-	**-**
Current estimate of cumulative claims	93,505,482	60,589,427	31,920,923	27,494,598	20,365,623	**26,801,845**
Cumulative payments to date	(86,968,029)	(46,340,651)	(22,665,309)	(17,666,890)	(15,014,359)	**(10,780,535)**
Liability recognised in the balance sheet	6,537,453	14,248,776	9,255,614	9,827,708	5,351,264	**16,021,310**

25 NET COMMISSION EXPENSE

	2019	2018
Commission paid or payable	**8,828,629**	17,865,698
Add : Deferred commission expense opening	**6,293,238**	6,807,589
Less: Deferred commission expense closing	**(6,986,821)**	(6,293,238)
	8,135,046	18,380,049
Less: Commission received or recoverable	**(40,500)**	-
Add: Unearned Reinsurance commission opening	-	-
Less: Unearned Reinsurance commission closing	-	-
Commission from reinsurers	**(40,500)**	-
Net commission expense	**8,094,546**	18,380,049

26 MANAGEMENT EXPENSES

	Note	2019	2018
Employee benefit cost	**26.1**	**55,054,169**	73,494,292
Travelling expense		**6,717,043**	10,644,138
Advertisement and sales promotion		**248,840**	225,870
Printing and stationery		**855,499**	1,000,594
Depreciation expenses		**3,053,595**	3,876,235
Amortisation		**1,465,235**	1,443,943
Rent, rates and taxes		**5,600,617**	16,600,949
Legal and professional fee - business related		**1,813,508**	3,202,423
Electricity, gas and water		**1,675,422**	2,410,438
Entertainment		**687,889**	1,081,304
Vehicle running expenses		**673,944**	926,553
Repairs and maintenance		**1,482,189**	1,834,092
Bank charges		**152,845**	107,911
Postages, telegrams and telephone		**1,661,367**	3,495,955
Annual supervision fee of SECP		**226,586**	226,560
Bad and doubtful debts		**90,695**	41,044,603
Insurance		**-**	597,873
Miscellaneous		**5,230,249**	3,915,467
		86,689,692	166,129,200

26.1 This includes contribution to provident fund amounting to Rs. 2.404 million (2018: Rs. 2.462 million).

26.1.1 Employee benefit cost

	2019	2018
Salaries, allowance and other benefits.	**52,650,577**	71,031,570
Charges for post employment benefits	**2,403,592**	2,462,722
	55,054,169	73,494,292

27 SALES

	2019	2018
Gross sales	**1,549,000**	58,412,457
Less: sales tax	**-**	(6,213,564)
Less: sales discount	**-**	(2,573,127)
	1,549,000	49,625,766

28 COST OF SALES

	2019	2018
Raw material consumed	**2,498,950**	54,063,870
Salaries, wages and other benefits	**-**	14,208,477
Rent, rates and taxes	**-**	42,703,300
Utilities	**-**	11,096,446
Repair and maintenance	**-**	749,388
Depreciation	**-**	13,339,015
	2,498,950	136,160,496

29 INVESTMENT INCOME

	2019	2018
Income from equity securities		
Available For Sale financial assets		
Dividend income	**3,636,514**	851
Gain on sale of Available For Sale investments	**-**	-
	3,636,514	851
Income from debt securities		
Held to maturity	**-**	-
Return on debt securities	**38,667**	306,410
Total investment income	**3,675,181**	307,261
Less: Investment related expenses	**-**	-
Total investment income	**3,675,181**	307,261

30 OTHER INCOME

	Note	2019 Rupees	2018 Rupees
Return on bank balances		-	138,805
Gain /(loss) on sale of property and equipments		(265,553)	591,772
Markup on other receivables		56,981,835	39,765,586
Gain on third party claim handling		6,080,382	4,555,133
		62,796,664	45,051,296

31 OTHER EXPENSES

	Note	2019 Rupees	2018 Rupees
Employee benefit cost		2,061,476	25,860,924
Travelling expense		-	1,313,597
Advertisement and sales promotion		-	-
Printing and stationery		39,419	149,398
Depreciation		16,106,432	2,164,754
Amortisation		2,653,975	2,676,279
Rent, rates and taxes		2,680,301	2,487,230
Legal and professional charges - business related		394,300	190,000
Electricity, gas and water		8,820	926,685
Entertainment		4,260	293,568
Vehicle running expenses		91,506	1,118,473
Repairs and maintenance		58,410	2,536,297
Bank charges		10,062	338,912
Postages, telegrams and telephone		83,655	93,567
Bad and doubful debts		-	525,758
Insurance		408,087	38,661
Auditors' remuneration	31.1	1,984,700	1,352,160
Subscription and fee		227,925	327,411
Registration fee		2,464,138	3,156,795
Royalty expense		-	1,583,287
Marketing and sales promotion		-	1,829,572
Impairement loss on Capital Work in Progress		-	-
Others		4,898,364	8,563,328
		34,175,830	57,526,656

31.1 Auditors' remuneration

	2019 Rupees	2018 Rupees
Annual audit fee of the Holding Company	650,000	552,000
Annual audit fee of the Subsidiary Companies	172,000	75,000
Consolidation	250,000	200,000
Review of code of corporate governance	125,000	105,000
Half yearly review	147,000	127,000
Out of pocket expenses	90,000	74,960
Certification charges	550,700	218,200
	1,984,700	1,352,160

32 TAXATION

For the year		
Current	**14,481,154**	2,011,198
Deferred	**(439,919)**	10,051,812
Prior	**(895,088)**	(936,495)
	13,146,147	11,126,515

32.1 The income tax returns of the Company have been filed up to Tax Year 2019 (corresponding year ended December 31, 2018) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

32.2 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2019 and 2018 has not been presented in these consoildated financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

33 EARNINGS/ (LOSS) PER SHARE

	Rupees	Rupees
Profit/ (Loss) for the year	**30,761,360**	(140,428,101)
Weighted average number of ordinary shares	**107,695,041**	105,639,284
Earnings/ (Loss) per share basic and diluted (restated)	**0.29**	(1.33)

No figure for diluted earnings/(loss) per share has been presented as the Company has not issued an instrument which would have an impact on earnings/(loss) per share, when exercised.

34 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	**2019**	2018	**2019**	2018
	(Rupees)					
Managerial remuneration *	**5,760,000**	5,760,000	**1,872,000**	2,271,480	**2,484,000**	4,762,800
Retirement benefits	**528,000**	576,000	**93,600**	155,196	**248,400**	454,680
House rent	**2,592,000**	2,592,000	**1,248,000**	1,315,120	**1,656,000**	2,815,200
Utilities/Other	**3,048,000**	3,048,000	**480,000**	600,000	**600,000**	600,000
Total	**11,928,000**	11,976,000	**3,693,600**	4,341,796	**4,988,400**	8,632,680
Number of persons	**1**	1	**2**	2	**1**	4

* Basic salary for classification as executive in current year is Rs. 1.2 million per annum (2018: Rs. 1.2 million)

34.1 Non-Executive Directors were paid Rs. 0.07 million (2018: Rs. 0.07 million) for attending Board of Directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Company maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

35 RELATED PARTY RELATIONSHIPS

Name of related parties	Relationship
Crescent Star Foods (Private) Limited	Subsidiary
Crescent Star Luxury (Private) Limited	Subsidiary
Crescent Star Technology (Private) Limited	Subsidiary

36 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members its staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on its holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2019 Rupees	2018 Rupees
36.1 Remuneration to key management personnel		
Remuneration paid to Chief Executive, Executive Director and Executives of the Company (note 34)	**20,610,000**	24,950,476
Staff retirement benefits		
Provident fund contribution	**1,757,034**	2,462,722
Markup on outstanding balance of provident fund	**646,558**	115,526

37 SEGMENT INFORMATION

The operator has six primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident & health, credit and suretyship & miscellaneous.
Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

	For the year ended December 31, 2019										
	Fire and property damage	**Marine, aviation and transport**	**Motor**	**Accident & health**	**Credit and suretyship**	**Miscellaneous**	**Total**	**Foods**	**Technologies**	**Luxury**	**Total**
	(Rupees)										
Gross written premium (inclusive of administrative surcharges)	3,222,260	4,480,338	42,377,617	1,136,594	60,045,223	4,725,553	115,987,585	-	-	-	115,987,585
Gross direct premium	3,158,740	4,334,279	42,049,932	1,136,594	57,385,891	4,524,923	112,590,359	-	-	-	112,590,359
Facultative inward premium	-	-	-	-	-	-	-	-	-	-	-
Administrative surcharge	63,520	146,059	327,685	-	2,659,332	200,630	3,397,226	-	-	-	3,397,226
Insurance premium earned	5,093,640	7,467,954	44,813,088	1,189,724	46,548,459	5,854,847	110,967,712	-	-	-	110,967,712
Insurance premium ceded to reinsurers	(69,301)	(12,036)	(35,246)	-	-	-	(116,583)	-	-	-	(116,583)
Net insurance premium	5,024,339	7,455,918	44,777,842	1,189,724	46,548,459	5,854,847	110,851,129	-	-	-	110,851,129
Commission income	-	-	40,500	-	-	-	40,500	-	-	-	40,500
Net underwriting income	5,024,339	7,455,918	44,818,342	1,189,724	46,548,459	5,854,847	110,891,629	-	-	-	110,891,629
Insurance claims	(451,692)	(141,026)	(7,199,837)	108,040	(2,608,856)	(3,661,527)	(13,954,898)	-	-	-	(13,954,898)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-
Commission expense	(802,220)	(1,615,280)	(4,051,417)	(2,656)	(1,190,109)	(473,364)	(8,135,046)	-	-	-	(8,135,046)
Management expense	(2,432,093)	(3,337,207)	(32,376,623)	(875,128)	(44,184,647)	(3,483,994)	(86,689,692)	-	-	-	(86,689,692)
Premium deficiency reversal / (expense)	-	(14,906)	-	-	-	-	(14,906)	-	-	-	(14,906)
Net insurance claims and expenses	(3,686,005)	(5,108,419)	(43,627,877)	(769,744)	(47,983,612)	(7,618,885)	(108,794,542)	-	-	-	(108,794,542)
Underwriting results	1,338,334	2,347,499	1,190,465	419,980	(1,435,153)	(1,764,038)	2,097,087	-	-	-	2,097,087
Sales							-	-	-	1,549,000	1,549,000
Cost of sales							-	-	-	(2,498,950)	(2,498,950)
Net investment income							-	-	-	-	3,675,181
Other income							-	-	-	-	62,796,664
Other expenses							(4,179,063)	(23,831,014)	(80,582)	(6,085,171)	(34,175,830)
Result of operating activities											33,443,152
Finance costs											(805,085)
Profit before tax for the year											32,638,067
Segment assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194	112,664,674	43,562	14,333,154	327,048,584
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	750,863,379
Total assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194	112,664,674	43,562	14,333,154	1,077,911,963
Segment liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762	-	-	-	153,343,762
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	245,608,878
Total liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762	-	-	-	398,952,640

	For the year ended December 31, 2018										
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total	Foods	Technologies	Luxury	Total
	(Rupees)										
Gross written premium (inclusive of administrative surcharges)	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225	-	-	-	114,618,225
Gross direct premium	7,589,678	10,004,679	54,449,554	1,221,602	27,624,191	10,789,752	111,679,456	-	-	-	111,679,456
Facultative inward premium	-	-	-	-	-	-	-	-	-	-	-
Administrative surcharge	207,211	336,037	516,095	4,020	1,359,220	516,186	2,938,769	-	-	-	2,938,769
Insurance premium earned	11,061,631	7,745,803	62,419,988	1,427,245	23,605,599	15,852,433	122,112,699	-	-	-	122,112,699
Insurance premium ceded to reinsurers	(3,398,093)	(616,368)	(2,583,719)	-	(2,096,449)	(2,148,004)	(10,842,633)	-	-	-	(10,842,633)
Net insurance premium	7,663,538	7,129,435	59,836,269	1,427,245	21,509,150	13,704,429	111,270,066	-	-	-	111,270,066
Commission income	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	7,663,538	7,129,435	59,836,269	1,427,245	21,509,150	13,704,429	111,270,066	-	-	-	111,270,066
Insurance claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)	-	-	-	(17,452,659)
Insurance claims recovered from reinsurers							-	-	-	-	-
Commission expense	(3,224,046)	(2,202,039)	(5,482,131)	(37,673)	(2,973,929)	(4,460,231)	(18,380,049)	-	-	-	(18,380,049)
Management expense	(11,300,915)	(14,987,973)	(79,667,952)	(1,776,433)	(42,008,948)	(16,386,979)	(166,129,200)	-	-	-	(166,129,200)
Premium deficiency reversal / (expense)	1,615,964	(105,073)					1,510,891	-	-	-	1,510,891
Net insurance claims and expenses	(1,174,407)	(16,676,240)	(110,315,131)	(2,039,531)	(45,916,895)	(24,328,813)	(200,451,017)	-	-	-	(200,451,017)
Underwriting results	6,489,131	(9,546,805)	(50,478,862)	(612,286)	(24,407,745)	(10,624,384)	(89,180,951)	-	-	-	(89,180,951)
Sales							-	44,932,042	-	4,693,724	49,625,766
Cost of sales							-	(133,453,230)	-	(2,707,266)	(136,160,496)
Net investment income							-	-	-	-	307,261
Other income							-	-	-	-	45,051,296
Other expenses							(4,543,166)	(33,071,236)	(86,124)	(19,826,130)	(57,526,656)
Result of operating activities											(187,883,780)
Finance costs											(871,938)
Profit before tax for the year											(188,755,718)
Segment assets	34,471,170	24,138,112	194,518,332	4,447,699	73,561,721	49,400,664	380,537,698	-	-	-	380,537,698
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	663,617,672
Total assets	34,471,170	24,138,112	194,518,332	4,447,699	73,561,721	49,400,664	380,537,698	-	-	-	1,044,155,370
Segment liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611	-	-	-	136,230,611
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	246,278,724
Total liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611	-	-	-	382,509,335

38 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Insurance Risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Company minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2019	2018
	Rupees	Rupees
Class	**('000)**	('000)
Fire and property damage	**3,581,200**	6,195,913
Marine, aviation and transport	**3,433,365**	8,608,554
Motor	**1,929,030**	2,030,099
Accident and health	**1,150**	1,795
Credit and suretyship	**111,920,030**	36,725,557
Miscellaneous	**14,541,695**	15,453,227
	135,406,470	69,015,145

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors for example. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

At the year end, actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 . IBNR is determined by using Chain Ladder Method for all class of business The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency reserves by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follows:

Class	**Assumed net loss ratio 2019**	Assumed net loss ratio 2018
Fire and property	9%	10%
Marine, aviation and transport	43%	32%
Motor	30%	28%
Accident and health	48%	45%
Credit and suretyship	4%	2%
Miscellaneous	19%	10%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

	Change in assumption	**Impact on gross liabilities**	**Impact on net liabilities**	**Impact on profit**	**Impact on equity**
	(Rupees)				
Average claim costs					
2019	**+ 10%**	**1,395,490**	**1,395,490**	**1,395,490**	**990,798**
2018	+ 10%	1,745,266	1,745,266	1,745,266	1,239,139

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	**Total amount**	**Age-wise Breakup**				
		1 to 6 months	**7 to 12 months**	**13 to 24 months**	**25 to 36 months**	**Beyond 36 months**
		(Rupees)				
Claims not encashed		**1,060,256**	-	-	-	-

38.1 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk and the Company’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board is responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company’s policy that no trading in derivatives for speculative purposes shall be undertaken. The Board reviews and agrees policies for managing each of these risks.

The Company's Board oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

38.2 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the consolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The Company is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and other financial assets.

a) The carrying amount of financial assets represents the maximum credit exposure as specified below:

	Category of financial assets	**2019 Rupees**	2018 Rupees
Bank deposits	Loans and receivables	**1,381,916**	83,097
Investments:			
Government securities	Held to maturity	**-**	-
Equity & other securities	Available for sale	**17,141,873**	15,558,992
Premiums due but unpaid	Loans and receivables	**167,161,884**	153,519,309
Accrued investment income	Loans and receivables	**-**	-
Amount due from other insurers / reinsurers	Loans and receivables	**927,923**	-
Reinsurance recoveries against outstanding claims	Loans and receivables	**2,595,202**	2,595,202
Loans and other receivables	Loans and receivables	**603,281,217**	509,973,661
		792,490,015	681,730,261

Geographically there is no concentration of credit risk.

The Company does not held collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivables as disclosed in note 10 to these consolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

Age analysis of financial assets at the reporting date is as below:

2019	**Carrying Amount**	**Upto 1 year**	**From 1 to 2 years**	**More than 2 years**
	Rupees			
Financial assets				
Premiums due but unpaid	**167,161,884**	**31,763,594**	**20,872,361**	**114,525,929**
Amounts due from other insurers/ reinsurers	**927,923**	**927,923**	**69,961,189**	**(69,961,189)**
Accrued investment income	**-**	**-**	**-**	**-**
Reinsurance recoveries against outstanding claims	**2,595,202**	**-**	**-**	**2,595,202**
Loans and other receivables	**603,281,217**	**173,337,087**	**5,163,657**	**424,780,473**
	773,966,226	**206,028,604**	**95,997,207**	**471,940,415**

2018	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	Rupees			
Financial assets				
Premiums due but unpaid	153,519,309	13,618,238	13,249,346	126,651,725
Amounts due from other insurers/ reinsurers	-	-	69,961,189	(69,961,189)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	494,024,878	748,594,135	5,771,280	(260,340,537)
	650,139,389	762,212,373	88,981,815	(201,054,799)

b) The credit quality of Company's bank balances (gross) can be assessed with reference to external credit ratings as follows:

	Rating	Agency	2019 Rupees	2018 Rupees
Faysal Bank Limited	AA	PACRA/JCR-VIS	**804,496**	81,551
Habib Bank Limited	AAA	JCR-VIS	**543,501**	79
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
NIB Bank Limited	AA-	PACRA	**-**	10,189
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
The Bank of Punjab	AA	PACRA	**43,257**	43,257
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,482
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,127
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
MCB Bank Limited	AAA	PACRA	**265**	265
			1,661,693	405,515

c) The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2019	2018
	Rupees				
A or above	51,562,964	2,595,202	-	**54,158,166**	54,158,166
BBB	12,308,239	-	-	**12,308,239**	12,308,239
Others	7,075,080	-	-	**7,075,080**	7,075,080
Total	70,946,283	2,595,202	-	**73,541,485**	73,541,485

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and musharaka to minimize risk.

The followings are the contractual maturities of financial liabilities, including estimated markup payments on an undiscounted cash flow basis:

	2019			
	Carrying amount	**Contractual cash flows**	**Up to 1 year**	**Greater than 1 year**
	Rupees			
Financial liabilities measured at Held to Maturity:				
Provision for outstanding claims	**61,242,125**	**61,242,125**	**61,242,125**	**-**
Amounts due to other insurers	**-**	**-**	**-**	**-**
Other creditors	**21,221,230**	**21,221,230**	**21,221,230**	**-**
Obligation under musharaka	**5,013,650**	**5,013,650**	**4,453,575**	**560,075**
Unpresented dividend warrants	**418,209**	**418,209**	**-**	**418,209**
	87,895,214	**87,895,214**	**86,916,930**	**978,284**

	2018			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	Rupees			
Financial liabilities measured at amortised cost:				
Provision for outstanding claims	60,680,433	60,680,433	60,680,433	-
Amounts due to other insurers	-	-	-	-
Other creditors	37,533,242	37,533,242	37,533,242	-
Obligation under musharaka	6,427,350	6,427,350	3,264,225	3,163,125
Unpresented dividend warrants	418,209	418,209	-	418,209
	105,059,234	105,059,234	101,477,900	3,581,334

38.4 Market risk

Market risk means that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

(a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	2019					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total		
	Rupees					
Financial assets						
Investments	-	-	-	-	17,141,873	17,141,873
Equity securities	-	-	-	-	-	-
Loans and other receivables	16.08%	354,279,066	-	354,279,066	195,604,669	549,883,735
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	167,161,884	167,161,884
Amounts due from other insurers / reinsurers	-	-	-	-	927,923	927,923
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	74,278,628	74,278,628
		354,279,066	-	354,279,066	457,710,179	811,989,245
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	61,242,125	61,242,125
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	27,239,768	27,239,768
Borrowings	15% to 18%	4,453,575	560,075	5,013,650	-	5,013,650
Unclaimed dividend	-	-	-	-	418,209	418,209
		4,453,575	560,075	5,013,650	88,900,102	93,913,752
On balance sheet gap		349,825,491	(560,075)	349,265,416	368,810,077	718,075,493

	2018					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total		
	Rupees					
Financial assets						
Investments	-	-	-	-	-	-
Equity securities	-	-	-	-	15,558,992	15,558,992
Debt securities	-	-	-	-	-	-
Loans and other receivables	8.22%	354,279,066	-	354,279,066	139,745,812	494,024,878
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	153,519,309	153,519,309
Amounts due from other insurers / reinsurers	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	73,396,297	73,396,297
		354,279,066	-	354,279,066	384,815,612	739,094,678
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	60,680,433	60,680,433
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	40,578,788	40,578,788
Borrowings	15% to 18%	3,264,225	3,163,125	6,427,350	-	6,427,350
Unclaimed dividend	-	-	-	-	418,209	418,209
	-	3,264,225	3,163,125	6,427,350	101,677,430	108,104,780
On balance sheet gap	-	351,014,841	(3,163,125)	347,851,716	283,138,182	630,989,898

38.5 Sensitivity analysis

Change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant interest/mark-up rate risk as the Company has not entered into any significant variable rate instruments.

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 17,141,873 (2018: Rs. 15,558,992) at the reporting date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2019 and 2018 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	---------- Rupees ----------				
December 31, 2019	**10% increase**	**17,141,873**	**18,856,060**	**1,714,187**	**1,714,187**
	10% decrease		**15,427,686**	**(1,714,187)**	**(1,714,187)**
December 31, 2018	10% increase	15,558,992	17,114,891	1,555,899	1,555,899
	10% decrease		14,003,093	(1,555,899)	(1,555,899)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the consolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2019	2018	**2019**	2018
± 10% variation in profit /(loss)	---------- Rupees in thousands ----------			
Fire and property damage	**1,338**	(13,332)	**923**	(9,199)
Marine, aviation and transport	**2,347**	(1,090)	**1,620**	(752)
Motor	**1,190**	20,658	**821**	14,254
Accident and health	**420**	(361)	**290**	(249)
Credit and suretyship	**(1,435)**	934	**(990)**	644
Miscellaneous	**(1,764)**	2,118	**(1,217)**	1,461
	2,097	8,927	**1,447**	6,159

38.6 CAPITAL 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 for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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 accordance with Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at 31 December 2018 and subsequent year is Rs. 500 million. As at 31 December 2019 the Company's paid-up capital is in excess of the prescribed limit.

38.7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

38.7.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.
IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is an amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, difference may arise between the carrying values and fair values estimates.

The Company measures the fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.
Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

	2019								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	74,278,628	-	74,278,628	-	-	-
Investments	-	-	17,141,873	-	-	17,141,873	1,143,570	-	-
Premiums due but unpaid	-	-	-	167,161,884	-	167,161,884	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	927,923	-	927,923	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	549,883,735	-	549,883,735	-	-	-
	-	-	17,141,873	794,847,372	-	811,989,245	1,143,570	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,242,125	61,242,125	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	27,239,768	27,239,768	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	5,013,650	5,013,650	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	93,913,752	93,913,752	-	-	-

	2018								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	73,396,297	-	73,396,297	-	-	-
Investments	-	-	15,558,992	-	-	15,558,992	3,197,766	-	-
Premiums due but unpaid	-	-	-	153,519,309	-	153,519,309	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	494,024,878	-	494,024,878	-	-	-
	-	-	15,558,992	723,535,686	-	739,094,678	3,197,766	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	60,680,433	60,680,433	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	40,578,788	40,578,788	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	6,427,350	6,427,350	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209			
	-	-	-	-	108,104,780	108,104,780	-	-	-

			2019 Rupees
39	**STATEMENT OF SOLVENCY**		
	Assets		
	Property and equipment		**16,291,707**
	Intangible assets		**106,735**
	Investment in subsidiary and associate(applicable where equity accounting is followed)		**150,019,600**
	Investments		
	Equity securities		**17,141,873**
	Debt securities		**-**
	Loans and other receivables		**813,608,971**
	Insurance / reinsurance receivables		**168,089,807**
	Reinsurance recoveries against outstanding claims		**2,595,202**
	Deferred commission expense		**6,986,821**
	Deferred taxation		**-**
	Prepayments		**6,043,657**
	Cash and Bank		**73,886,978**
	Total Assets (A)		**1,254,771,351**
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000		
	(d) & (g)		**279,706,905**
	(n) to (t)		**141,661,526**
	(j)		**-**
	(h)		**134,235,700**
	(u)		**16,291,707**
	(i)		**106,735**
	Total of in-admissible assets (B)		**572,002,573**
	Total admissible assets (C= A-B)		**682,768,778**
	Liabilities		
	Underwriting provisions		
	Outstanding claims including IBNR		**61,242,125**
	Unearned premium reserves		**53,348,333**
	Premium deficiency reserves		**14,906**
	Deferred taxation		**-**
	Borrowings		**5,013,650**
	Premium received in advance		**2,110,755**
	Insurance/reinsurance payables		**-**
	Other creditors and accruals		**141,462,949**
	Unclaimed dividend		**418,209**
	Taxation - provision less payment		**17,048,424**
	Total liabilities (D)		**280,659,351**
	Total Net Admissible Assets (E = C-D)		**402,109,427**
	Minimum solvency requirements (higher of following)		**150,000,000**
	Method A - U/s 36(3)(a)	**150,000,000**	
	Method B - U/s 36(3)(b)	**22,118,195**	
	Method C U/s 36(3)(c)	**22,347,021**	
	Excess / Deficit in net admissible assets over minimum requirements		**252,109,427**

40 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2019 Rupees Un-Audited	2018 Rupees Audited
Size of the fund - Total Net assets		**22,708,930**	18,598,534
Cost of investments	**40.1**	**12,694,078**	13,279,534
Percentage of investments made		**55.90%**	71.40%
Fair value of investments		**17,249,259**	16,647,064

40.1 The break-up cost of investments is as follows:

	Amount 2019	Percentage of total fund	Amount 2018	Percentage of total fund
Mutual Funds	**12,099,059**	**53.28%**	13,249,059	71.24%
Bank account PLS	**595,019**	**2.62%**	30,475	0.16%
	12,694,078	**55.90%**	13,279,534	71.40%

41 NUMBER OF EMPLOYEES

	2019	2018
	------ Numbers ------	
Number of employees at the December 31	**42**	55
Average number of employees during the year	**47**	78

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

43 SUBSEQUENT EVENTS - NON ADJUSTING

There are no subsequent adjusting figures which require disclosure.

44 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved for issue on May 21, 2020 by the Board of Directors of the Company.

45 GENERAL

The figures in the consolidated financial statements have been rounded off to the nearest rupee.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

PATTERN OF SHAREHOLDINGS AS AT DECEMBER 31, 2019

Number of shareholders	Shareholdings		Shares Held
	From	To	
182	1	100	3,173
202	101	500	81,676
225	501	1000	212,368
564	1001	5000	1,770,361
261	5001	10000	2,175,136
148	10001	15000	1,952,969
113	15001	20000	2,087,938
62	20001	25000	1,460,778
37	25001	30000	1,064,666
37	30001	35000	1,231,451
29	35001	40000	1,115,985
18	40001	45000	776,188
43	45001	50000	2,115,628
15	50001	55000	784,000
17	55001	60000	986,657
9	60001	65000	573,666
11	65001	70000	755,500
13	70001	75000	953,666
10	75001	80000	783,000
7	80001	85000	580,000
12	85001	90000	1,068,000
8	90001	95000	749,482
34	95001	100000	3,383,950
11	100001	105000	1,124,166
9	105001	110000	978,500
3	110001	115000	338,500
5	115001	120000	594,500
8	120001	125000	982,780
4	125001	130000	519,500
2	130001	135000	264,285
4	135001	140000	557,500
2	140001	145000	286,000
8	145001	150000	1,199,697
4	150001	155000	616,500
1	160001	165000	162,000
2	165001	170000	337,500
4	170001	175000	697,437
3	175001	180000	536,501
2	180001	185000	368,000
2	185001	190000	376,500
14	195001	200000	2,793,500
2	200001	205000	406,500
1	205001	210000	210,000
2	215001	220000	437,500
2	220001	225000	450,000
4	225001	230000	912,500
3	235001	240000	716,000
2	245001	250000	495,500
2	250001	255000	505,500
1	285001	290000	287,500
3	295001	300000	900,000
1	315001	320000	316,000
1	335001	340000	338,500
2	340001	345000	688,500
3	355001	360000	1,073,000
1	360001	365000	361,500
2	365001	370000	734,000
1	370001	375000	375,000
1	375001	380000	380,000
1	385001	390000	390,000
3	395001	400000	1,200,000
1	405001	410000	410,000
1	430001	435000	432,000
1	435001	440000	440,000
1	440001	445000	442,500
1	445001	450000	448,500
1	455001	460000	460,000
1	475001	480000	477,000
4	495001	500000	1,997,203
1	500001	505000	504,491
1	550001	555000	554,000
1	580001	585000	582,000
1	585001	590000	590,000
1	640001	645000	644,000
1	695001	700000	700,000
1	740001	745000	745,500
2	745001	750000	1,493,332
1	765001	770000	770,000
1	800001	805000	804,000
2	870001	875000	1,745,000
1	985001	900000	900,000
1	990001	995000	991,500
3	995001	1000000	3,000,000
1	1050001	1010000	1,010,000
1	1110001	1115000	1,112,000
1	1165001	1170000	1,169,866
2	1295001	1300000	2,600,000
1	1315001	1320000	1,316,500
1	1405001	1410000	1,406,500
1	1435001	1440000	1,435,500
1	1495001	1500000	1,500,000
1	1890001	1895000	1,893,500
1	2010001	2015000	2,011,000
1	2420001	2425000	2,423,000
1	2500001	2505000	2,505,000
1	2550001	2600000	2,600,000
1	2795001	2800000	2,797,500
1	3150001	3155000	3,153,545
1	3795001	3800000	3,800,000
1	5250001	5255000	5,253,000
2230			**107,695,041**

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Shares	No. of Shareholders	Percentage
Individual	2,195	100,879,712	93.67%
Insurance Companies	2	513,715	0.48%
Joint Stock Companies	27	6,115,756	5.68%
Others	6	185,858	0.17%
	2,230	**107,695,041**	**100%**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors & Spouses & Executives			
Mr. Shaikh Waqar Ahmed	1	2,000	0.00%
Mr. Tanveer Ahmed	1	2,000	0.00%
Ms. Shaiyyanne Malik	1	2,000	0.00%
Mr. Suhail Elahi	1	2,000	0.00%
Chief Executive Officer			
Mr. Naim Anwar	1	390,000	0.36%
Associate Companies, Undertakings & Related Parties	-	-	0.00%
NIT and ICP	-	-	0.00%
Banks, DFIs and NBFIs	-	-	0.00%
Public Sector Companies and Corporations	-	-	0.00%
Insurance Companies			
Pakistan Reinsurance Company Limited (PRCL)	1	504,491	0.47%
Excel Insurance Company Limited	1	9,224	0.01%
Modaraba	-	-	0.00%
Mutual Funds	-	-	0.00%
General Public			
Local (Individuals)	2,190	100,481,712	93.30%
Foreign Companies / Organizations / Individuals	-	-	0.00%
Others			
Joint Stock Companies	27	6,115,756.00	5.68%
Pension Fund, Provident Fund, Trusts	6	185,858	0.17%
	2,230	**107,695,041**	**100.00%**

Shareholders Holding 5% or More Voting Interest

Nil

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HEAD OFFICE

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U.A.N.: 111-274-000 PHONES: 32415471-3 FAX (92-21) 32415474

BRANCH NAME	ADDRESS	CONTACT NO
NADIR HOUSE	3RD FLOOR, NADIR HOUSE, I. I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
CENTRAL CORPORATE	3RD FLOOR, NADIR HOUSE, I. I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
LAHORE MAIN	OFFICE # 9, 4TH FLOOR, AL-HAFEEZ TOWER, M. M. ALAM ROAD, GULBERG III, LAHORE.	042-35785337-38
ISLAMABAD	OFFICE NO.05, 2ND FLOOR, HAQ CENTER, D- BLOCK, 5TH ROAD, SATLLITE TOWN, RAWALPINDI.	0312-5595674
FAISALABAD	MAIN SUSAN ROAD HOCKEY STADIUM, ADJACENT TO GRAND HOTEL, 1ST FLOOR ALI MOTOR PLAZA MADINA TOWN, FAISALABAD.	0321-9666100
MULTAN	ROOM NO 09, 3RD FLOOR TRUST PLZA NAWAN SHAIR MULTAN.	0300-7303037
SIALKOT	2ND FLOOR, KAREEM PLAZA, OPPOSITE PSO PETROL PUMP, DEFENCE ROAD, NEAR ALLAMA IQBAL TOWN, SIALKOT.	052-3573039

Proxy Form

I/We ____

of ____(full address)_____

being a member of Crescent Star Insurance hereby appoint ______________________________________

of ____

____(full address)____

or failing him/her ____

of ____(full address)___

as my / our Proxy to attend and voice for me / us and on my / our behalf at the 63rd Annual General Meeting of the Company to be held on 12th June, 2020 and at any adjournment thereof.

Signed this __________________________ of ___________________________ 2020.
(day) (date, month)

Signature of Member: _________________________

Revenue Stamp

Folio Number: _______________________________

Number of share held: _________________________

Witnesses:

1. ____________________________________
2. ____________________________________

Signature and Company Seal

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A Proxy need not be a Member of the Company.
3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Main Office of the Company at 2nd Floor, Nadir House, I.I. Chundrigar Road Karachi not later than 48 hours before the time of holding meeting, falling which, Proxy form will not be treated valid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her as proof of his / her identity, and in case of Proxy, must enclose an attested copy of his / her National Identity Card. Representative of corporate entity, shall submit Board of Directors resolutions / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form of the Company.

اختیاراتی فارم

میں/ہم ____________________
واقع (مکمل پتہ) ____________________
کریسنٹ اسٹار انشورنس کے ممبر کی حیثیت سے جناب ____________________
واقع (مکمل پتہ) ____________________
اور انکی غیر موجودگی میں جناب ____________________
واقع (مکمل پتہ) ____________________

کو ہمارے نائب کی حیثیت سے اختیار دیتے ہیں کہ وہ میرے/ہماری جانب سے کمپنی کی 12، جون 2020ء کو منعقد ہونے والی 63 ویں سالانہ جنرل میٹنگ میں شرکت کریں۔

دستخط کردہ: بروز ____________ مورخہ ____________ 2020

ممبر کے دستخط: ____________________
فولیو نمبر: ____________________
شیئرز کی تعداد: ____________________

ریوینو اسٹیمپ

(دستخط اور کمپنی کی مہر)

گواہان:
۱۔ ____________________
۲۔ ____________________

۱۔ممبر کو اختیار ہے کہ وہ جنرل میٹنگ میں شرکت کرکے ووٹ دے اس کے علاوہ کسی اور کو نائب کے طور پر میٹنگ میں شرکت کیلئے تقرر کرے۔
۲۔تقرر کرنے کے دستاویز کو تحریر میں لایا جائے گا جس پر تعین کرنے والا اور نائب اپنے دستخط کریں گے۔اگر تقرر کرنے والا کارپوریشن ہے تو وہ اپنی مہر ثابت کرے گا اور آفیسر یا آٹارنی دستخط کرے گا۔نائب کیلئے یہ ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔
۳۔نائب کی تقرری کے دستاویز، پاور آف آٹارنی اگر کوئی ہو تو اس پر دستخط کرکے یا اس کی مصدقہ کاپی کو نوٹری سے تصدیق کروا کر کمپنی کے مین مرکزی آفس واقع دوسری منزل، نادر ہاؤس، آئی آئی چندریگر روڈ کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل جمع کروانا ہوگا۔48 گھنٹے کے بعد اختیاراتی فارم قبول نہیں کیا جائیگا۔
۴۔کوئی بھی انفرادی مالک برائے سینٹرل ڈیپازٹری کمیٹی کو یہ حق حاصل ہے کہ وہ اس میٹنگ میں ووٹ دے لیکن اپنی شناخت کیلئے اپنے ساتھ شناختی کارڈ لائے اور نائب کی صورت میں اس کی شناختی کارڈ کی کاپی منسلک کرے۔کسی ادارے کے نمائندے کی صورت میں قرارداد/پاور آف اٹارنی، دستخط کے نمونے کے ساتھ بورڈ آف ڈائرکٹران کے پاس جمع کرائے جس کے ساتھ کمپنی کا اختیاراتی فارم بھی منسلک کیا جائے گا۔

Your Security - Our Policy

Crescent Star Insurance Limited

ESTD 1957

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