

THE CRESCENT STAR INSURANCE COMPANY LIMITED
CONDENCED INTERIM BALANCE SHEET AS AT 31ST MARCH 2012 (UN-AUDITED)

Note	Un-Audited 2012 RUPEES	Audited 2011 RUPEES	Note	Un-Audited 2012 RUPEES	Audited 2011 RUPEES
Share Capital and Reserves			Cash and Bank Deposits		
Authorised Capital	<u>350,000,000</u>	<u>350,000,000</u>	Cash and other equivalents	19 20,866	16,670
Issued, subscribed and paid-up	14 121,000,000	121,000,000	Cash and other accounts with banks	20 6,267,427	5,454,819
Share premium	(60,711,498)	(62,928,478)	Deposits maturing with in 12 months-		
Unappropriated profit			Held-to-maturity	21 5,235,274	4,985,274
Reserve for exceptional losses	15 1,767,568	1,767,568	Total cash and bank deposits	11,523,567	10,456,763
General reserves	24,497,265	24,497,265	Investments	22 24,581,744	24,105,918
	86,553,335	84,336,355	Deferred taxation	13,543,178	13,543,178
Surplus on Revaluation of Land	16 21,107,500	21,107,500	Other Assets		
	<u>107,660,835</u>	<u>105,443,855</u>	Premium due but unpaid	40,238,535	42,426,515
Underwriting Provisions			Amount due from other insurers and reinsurers	28,665,554	25,672,399
Provision for outstanding claims(including IBNR)	33,612,028	36,830,460	Reinsurance recoveries against outstanding claims	12,008,483	16,538,342
Provision for unearned premium	26,924,613	30,284,163	Prepaid reinsurance premium ceded	11,823,256	13,660,170
Commission income unearned	3,478,437	4,013,053	Pre Payment	-	-
Premium deficiency Reserve	-	-	Accrued investment income	178,013	79,086
Total underwriting provision	64,015,078	71,127,676	Advance Taxation	3,078,992	3,155,280
Deferred taxation	-	-	Deferred commision expense	4,693,340	5,323,531
Creditors and accruals			Sundry receivables	5,870,668	5,618,890
Premium received in advance	1,128,894	1,992,985	106,556,841	112,474,213	
Amount due to others insurers /reinsurers	17 21,111,873	20,174,219	Fixed Assets		
Accured expenses	1,628,743	1,680,700	Tangible		
Provision for Taxation			Free hold land	27,500,000	27,500,000
Other creditors	18 1,518,644	1,540,160	Furniture and fixture	3,066,522	3,145,151
	25,388,154	25,388,064	Office equipment	1,544,435	1,583,201
Other Liabilities			Computer and related equipment	383,610	414,548
Unclaimed Dividend	418,209	418,209	Motor vehicle	8,700,527	9,045,694
TOTAL LIABILITIES	89,821,441	96,933,949	Intangible		
TOTAL EQUITY AND LIABILITIES	<u>197,482,276</u>	<u>202,377,804</u>	Computer software	81,853	109,138
			41,276,947	41,797,732	
			TOTAL ASSETS	<u>197,482,276</u>	<u>202,377,804</u>

Munir I. Millwala
CEO

M.H. Millwala
Director

Qutbuddin A. Millwala
Director

Hussaini I. Millwala
Director

THE CRESCENT STAR INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2012

	Fire & Property	Marine Aviation & Transport	Motor	Miscellaneous	2012 Aggregate	2011 Aggregate
-----Rupees-----						
Revenue Account						
Net premium revenue	1,691,508	2,877,794	5,499,448	769,877	10,838,628	15,793,061
Net claims	(384,341)	(105,109)	(2,475,383)	(72,494)	(3,037,328)	(5,223,033)
Premium deficiency Reserve			-		-	
Management expenses	(1,053,091)	(1,248,799)	(1,625,144)	(336,648)	(4,263,682)	(7,031,087)
Net commission	217,501	124,298	(882,550)	(145,035)	(685,785)	(1,637,317)
	(1,219,931)	(1,229,610)	(4,983,077)	(554,177)	(7,986,795)	(13,891,437)
Underwriting result	471,577	1,648,185	516,371	215,700	2,851,833	1,901,624
Investment income					1,245,723	(345,309)
Gain on sale of fixed assets					-	
Other income-net					2,001,446	4,040,300
General and administrative expense					(3,771,840)	(4,299,627)
(Loss)/Profit before tax					2,327,162	1,296,988
Taxation						
Current					(110,182)	(157,931)
Deferred						
(Loss)/Profit after tax					2,216,980	1,139,057
Profit and loss appropriation account						
Balance at commencement of the year					(62,928,478)	(64,355,999)
(Loss)/Profit after tax for the period					2,216,980	1,139,057
Balance unappropriated (loss)/profit at end of the period					(60,711,498)	(63,216,942)
Basic earnings per share					0.18	0.09

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THE CRESCENT STAR INSURANCE COMPANY LIMITED
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2012

	2012 Rupees	2011 Rupees
Operating Cash Flows		
a) Underwriting activities		
Premium received	19,588,545	90,531,435
Reinsurance premium paid	(9,004,163)	(43,801,948)
Claims paid	(7,706,046)	(35,299,172)
Reinsurance and other recoveries received	5,980,146	17,549,831
Commission paid	(2,552,754)	(13,457,803)
Commission received	2,497,160	9,804,235
Net cash inflows from underwriting activities	8,802,888	25,326,578
b) Other operating activities		
Income tax paid	(33,894)	(362,037)
General management expenses paid	(7,418,676)	(36,690,983)
Other operating receipts	251,778	2,022,734
Net cash flows from other operating activities	(7,200,792)	(35,030,285)
Total cash inflows from all operating activities	1,602,096	(9,703,707)
Investing activities		
Profit/return received	154,940	953,409
Dividend received	17,958	1,729,037
Payments for investments		(1,080,823)
Proceeds from disposal of investments	(596,420)	4,087,699
Fixed capital expenditure	(111,770)	(2,947,341)
Proceeds from disposal of fixed assets	-	2,350,201
Total cash (outflows) from investing activities	(535,292)	5,092,182
Total cash (outflow) from all activities	1,066,804	(4,611,525)
Add: Cash at beginning of the year	10,456,763	15,068,288
Cash at the end of the Quarter	11,523,567	10,456,763
Reconciliation to the Profit and Loss Account		
Operating cash flows	1,602,096	(9,703,707)
Depreciation expense	(632,553)	(2,917,936)
Profit/(Loss) on disposal of fixed assets	-	1,291,400
Investment Income	1,245,723	396,432
Increase in assets other than cash	7,114,222	(953,871)
Increase in liabilities other than running finance	(7,112,508)	13,315,205
Profit after taxation	2,216,980	1,427,523

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THE CRESCENT STAR INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2012

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2012 Net Claims expenses Aggregate	2011 Net Claims expenses Aggregate
		Opening	Closing			Opening	Closing			
	-----Rupees-----									
Direct and facultative										
Fire and property dam	1,425,000	20,191,019	20,452,045	1,686,026	4,129,965	12,011,611	9,183,331	1,301,685	384,341	1,127,218
Marine, aviation and tr	91,437	3,695,281	3,764,707	160,863	244,288	1,862,082	1,673,548	55,754	105,109	707,849
Motor	6,175,839	11,174,941	7,474,485	2,475,383	1,593,500	2,143,500	550,000	-	2,475,383	3,164,313
Miscellaneous	13,770	1,769,219	1,920,791	165,342	12,393	521,149	601,604	92,848	72,494	223,652
Sub total	7,706,046	36,830,460	33,612,028	4,487,614	5,980,146	16,538,342	12,008,483	1,450,287	3,037,327	5,223,032

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THE CRESCENT STAR INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2012

Business underwritten inside Pakistan

Class	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expenses	Other management expenses Rupees	Underwriting expenses	Commissions from re-insurers	2012 Net Underwriting Expense Expense	2011 Net Underwriting Expense Expense
Direct and facultative	-----Rupees-----								
Fire and property damage	763,073	2,502,065	2,074,980	1,190,158	1,053,091	2,243,248	1,407,659	835,590	3,198,312
Marine, aviation and transport	644,561	496,970	365,106	776,425	1,248,799	2,025,224	900,723	1,124,501	1,950,364
Motor	889,262	1,702,931	1,709,643	882,550	1,625,144	2,507,694	-	2,507,694	3,158,528
Miscellaneous	255,858	621,565	543,610	333,813	336,648	670,461	188,778	481,683	361,201
Sub Total	2,552,754	5,323,531	4,693,340	3,182,945	4,263,682	7,446,627	-	2,497,160	-
								4,949,467	-
									8,668,405

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THE CRESCENT STAR INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2012

	2012	2011
Income from Non-Trading Investments		
Held-to-maturity		
Return on fixed income securities and deposits	154,940	286,696
	154,940	286,696
Available-for-sale		
Dividend income	17,958	
(Loss)/Gain on sale on available-for -sale investments	(402,675)	(4,163,830)
	(384,717)	(4,163,830)
Provision for impairment in value of available for sale investments-net	1,475,500	3,531,825
Net investment income	1,245,723	(345,309)

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THE CRESCENT STAR INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTH ENDED MARCH 31, 2012

1. THE COMPANY AND ITS OPERATIONS

The Crescent Star Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1957 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on the Karachi and Lahore Stock Exchanges and is situated at 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi

2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O 938 dated December 12, 2002

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provision of the directives issued under the Companies ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance ordinance 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard - 39 (IAS-39)

"Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39 to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements"

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost.

5 Premiums

5.1 Premium income earned

Premium income under a policy is recognised over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

- (a) for direct business, evenly over the period of the policy.
- (b) for retrocession business received from Pakistan Reinsurance Company Limited (PRCL), at the time when

Where the pattern of incidence of risk carries over the period of the policies, premium is recognised as revenue in accordance with the pattern of the incidence of risk.

Administrative surcharge is recognised as premium at the time policies are written.

5.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of recognised as a liability by the Company. This liability is calculated as follows:

- for 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; and
- for other classes, by applying the twenty-fourths' method as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

5.3 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any.

6 6.10 Commissions

6.10.1 Deferred commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognised as an asset on attachment of the related risks. These costs are charged to profit and loss account based on the pattern of recognition of premium revenue.

6.2 6.10.2 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

6.3 6.10.3 Commission income

Commission income from reinsurers / co-insurers / others is recognised 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 reinsur

7 6.11 Investment income

Income from held to maturity investments is recognised 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 amortis

Dividend income is recognised when the company's right to receive the payment is established.

Gain / loss on sale of available for sale investments is included in income currently.

Return on fixed income securities classified as available for sale is recognised on a time proportionate basis taking into account the effective yield on the investments.

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

8 8.0 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognized when approved.

9 6.13 Expenses of management

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written.

Expenses not allocable to the underwriting business are charged as administrative expenses.

10 6.14 Taxation

10.1 6.14.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit

11 6.20 Amounts due to / from other insurers / reinsurers

Amount due to / from other insurers / reinsurers are carried at cost less provision for impairment. Cost represents

the fair value of the consideration to be received / paid in the future for the services rendered / received.

12 6.21 Creditors and accruals

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.

13 6.22 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, deposits with banks and short term placements with a maturity of less than three

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14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2012 (Number of shares)	2011		2012	2011
9,133,453	9,133,453	Ordinary shares of Rs.10 each fully paid in cash	91,334,530	91,334,530
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	29,665,470	29,665,470
<u>12,100,000</u>	<u>12,100,000</u>		<u>121,000,000</u>	<u>121,000,000</u>

15. RESERVES

Reserve for exceptional losses	1,767,568	1,767,568
General reserve	<u>24,497,265</u>	<u>24,497,265</u>
	<u>26,264,833</u>	<u>26,264,833</u>

15.1

The reserve for exceptional losses represents the amount set aside in prior years upto December 31, 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed I

16. SURPLUS ON REVALUATION OF FIXED ASSETS

Balance as at January 01	21,107,500	-
Surplus for the period	-	21,107,500
Balance as at March 31	<u>21,107,500</u>	<u>21,107,500</u>

17. AMOUNTS DUE TO OTHER INSURERS / REINSURERS

Foreign reinsurers	6,733,024	6,733,072
Local reinsurers	8,624,048	9,596,762
Co-insurers	<u>5,754,801</u>	<u>3,844,385</u>
	<u>21,111,873</u>	<u>20,174,219</u>

18. OTHER CREDITORS AND ACCRUALS

Federal insurance fee	236,610	73,447
Federal excise duty	691,230	975,238
Withholding tax	<u>590,804</u>	<u>491,475</u>
	<u>1,518,644</u>	<u>1,540,160</u>

2012 2011
----- (Rupees) -----

19. CASH AND OTHER EQUIVALENTS

Cash and other equivalents

Cash in hand	8,866	15,301
Policy stamps	12,000	1,369
	20,866	16,670

20. CURRENT AND OTHER ACCOUNTS WITH BANKS

Current accounts	6,249,991	5,437,584
PLS savings accounts	17,436	17,235
	6,267,427	5,454,819

20.1 This includes Rs. 0.4 million (2009: Rs. 0.4 million) 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.

21. DEPOSITS MATURING WITHIN 12 MONTHS

Term deposits	5,235,274	4,985,274
	11,523,567	10,456,763

22. INVESTMENTS

Held to maturity	12,353,886	12,353,886
Available for sale	12,227,858	11,752,032
	24,581,744	24,105,918

22.1 Held to maturity

Government securities/Cash	5,000,000	5,000,000
Arif Habib Investment	7,353,886	7,353,886
	12,353,886	12,353,886

22.2 Available for sale

Quoted shares	12,227,858	11,752,032
	24,581,744	24,105,918

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23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on 30-04-2012

24. GENERAL

Figures have been rounded off to the nearest rupee.

Munir I.Millwala
Chairman & CEO

M.H. Millwala
Director

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