



QUARTERLY REPORT MARCH 2014 (UN-AUDITED)



Crescent Star Insurance Limited

(Formerly: The Crescent Star Insurance Company Limited)

ESTD 1957

Nation Wide Network of Branches

Motor

Health

Fire

Marine

Engineering

Travel

Livestock

Crop

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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 (Managing Director & CEO) Mr. Sakib Berjees Mr. Mudassar Zubair Mirza Syed Adnan Ali Zaidi Mr. Tariq Hussain Mr. Monavar Karamat Ahmad Syed Abid Raza Mrs. Farzana Munaf |
| Managing Director & Chief Executive | Mr. Naim Anwar |
| Management | Mr. Naim Anwar (Managing Director & CEO) Mr. Kashif Naeem (Executive Director) Mr. Moiz Ali (General Manager) Mr. Malik Mehdi Muhammad (CFO) |
| Board Audit Committee | Mr. Mudassar Zubair Mirza (Chairman) Mr. Monavar Karamat Ahmad Syed Adnan Ali Zaidi |
| Board H.R & Remuneration Committee | Mr. Monavar Karamat Ahmad (Chairman) Mr. Naim Anwar Mr. Mudassar Zubair Mirza |
| Board Investment Committee | Syed Adnan Ali Zaidi (Chairman) Mr. Naim Anwar Mr. Monavar Karamat Ahmad |
| Company Secretary | Mr. Khuzaima Hakimi |
| C F O | Mr. Malik Mehdi Muhammad |
| Auditors | Rahman Sarfarz Rahim Iqbal Rafiq Chartered Accountants |
| Legal Advisor | Jameel Khan |
| Bankers | United Bank Limited Faysal Bank Limited Habib Bank Limited |
| Share Registrar | MG Associates Private Limited 2, Mustafa Avenue, F/4, Block-9 Behind "The Forum", Clifton, Karachi Tel #: 35877806-09 Fax #: 35877810 |
| Registered & Head Office | 2 nd Floor, Nadir House I.I.Chundrigar Road P.O.BOX No. 4616, Karachi |

DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present to you the un-audited financial statements for the first quarter ended 31 March 2014.

General Review

The gross premium written for the first quarter of the year has been PKR.21.459 million as compared to PKR.19.675 million for the corresponding figures last year which is 9% higher than the previous year. The net premium for the first quarter has been recorded as PKR.15.590 million against PKR.10.976 million of the corresponding period. The increase in net premium stands at 42% which is a substantial increase marking a good start for 2014. Profit after tax was down by 523% as compared to the corresponding period last year due to increase in expenses incurred in team building in preparation of getting into business to achieve the desired growth under new structural changes and enhancement of capital which will lead to larger corporate accounts. The expenses also have been higher affecting the profits due to one off expenses incurred in terms of fees and other expenses incurred for the enhancement of capital. Earnings per share stood at (0.23) which takes into account the increased number of shares due to right share issue.

Performance Highlights

The comparative financial highlights for the first quarter ended 31 March 2014 and 2013 are presented below:-

| Rupees in millions (except for EPS) | 31 March | 31 March | Increase / (Decrease) | |
|-------------------------------------|----------|----------|-----------------------|-------|
| | 2014 | 2013 | Amount | % |
| Gross written premium | 21.459 | 19.675 | 1.784 | 9 |
| Net premium | 15.590 | 10.976 | 4.614 | 42 |
| Loss/ profit before tax | (13.948) | 3.391 | (17.339) | (511) |
| Loss/ profit after tax | (14.104) | 3.336 | (17.440) | (523) |
| Total assets | 467.388 | 179.502 | 287.886 | 160 |
| Paid-up capital | 620.125 | 121.000 | 499.125 | 413 |
| Earnings per share (EPS) Rs. | (0.23) | 0.28 | (0.51) | (182) |

Future Outlook

The underwriting results are expected to improve in the subsequent quarters. The major reason for the loss in underwriting results recorded in first quarter has been due to new treaty arrangement which are on non-proportional basis, which has been made keeping in view the strategy of the Company to move into larger corporate accounts for which larger underwriting capacities have been negotiated under treaty led by world top reinsurers under the lead of Hannover Re. As the premium volumes will increase in the rest of the three quarters for 2014, the treaty cost will be absorbed evenly resulting into expected growth in underwriting profits. Further, the management is making concerted efforts to increase its market share and profitability and we are hopeful that this will result in enhancing shareholders' equity in the future. The growth will be achieved by efforts being made to get the Company accepted on the panel of major Banks enabling acceptance of the Company's policies. This can now be done due to the removal of the qualification of the Balance Sheet in earlier years. This has now been removed as the Company has enhanced paid up capital to an extent larger than the minimum required capital. Further, the Company's rating has also been upgraded to BBB+ by PACRA recently.

Acknowledgments

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

The Directors would also like to express their gratitude and appreciation for the support provided by our valued Re Insurers. The Directors would like to thank the consultants who have worked hard and are continuously supporting the Company in getting required approvals and to meet all regulatory requirements and compliances. The Company's management and the Board of Directors strongly believes in meeting all regulations and compliances which leads the Company to be a fully complaint Company in all respects.

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.



Naim Anwar
Managing Director & CEO

Karachi: April 30, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2014

| | | Un-Audited 31 March 2014 | Audited 31 December 2013 |
|--|------|--------------------------------|--------------------------------|
| | Note | ------(Rupees)----- | |
| Share Capital and Reserves | | | |
| Authorised Capital | | | |
| 65,000,000 (2013: 65,000,000) ordinary shares of Rs. 10/- each | | | |
| | | <u>650,000,000</u> | <u>650,000,000</u> |
| Issued, subscribed and paid-up share capital | 7 | 620,125,000 | 121,000,000 |
| Reserves | 8 | (173,385,167) | 26,264,833 |
| Accumulated loss | | (72,620,371) | (58,516,447) |
| | | 374,119,462 | 88,748,386 |
| Underwriting Provisions | | | |
| Provision for outstanding claims (including IBNR) | | 35,374,657 | 32,371,431 |
| Provision for unearned premium | | 30,592,516 | 27,978,971 |
| Commission income unearned | | 249,834 | 955,317 |
| Total underwriting provisions | | 66,217,007 | 61,305,719 |
| Creditors and Accruals | | | |
| Premium received in advance | | 756,422 | 625,354 |
| Amount due to others insurers /reinsurers | | 19,290,433 | 10,138,364 |
| Accrued expenses | | 4,491,659 | 1,990,308 |
| Other creditors and accruals | 9 | 2,094,536 | 1,596,372 |
| | | 26,633,050 | 14,350,398 |
| Other Liabilities | | | |
| Unpresented dividend warrants | | 418,209 | 418,209 |
| TOTAL LIABILITIES | | 93,268,266 | 76,074,326 |
| TOTAL EQUITY AND LIABILITIES | | 467,387,728 | 164,822,712 |
| Contingencies and Commitments | | | |
| | 10 | | |

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director

| | | Un-Audited 31 March 2014 | Audited 31 December 2013 |
|---|------|--------------------------------|--------------------------------|
| | Note | ----- (Rupees) ----- | |
| Cash and Bank Deposits | | | |
| Cash and other equivalents | 11 | 2,091,129 | 1,586,058 |
| Current and other accounts | 12 | 7,752,520 | 4,368,017 |
| Deposits maturing within 12 months | 13 | - | 1,000,000 |
| | | 9,843,649 | 6,954,075 |
| Investments | 14 | 63,626,150 | 14,679,869 |
| Investment Properties | | 230,820,000 | - |
| Deferred Taxation | | 13,543,178 | 13,543,178 |
| Current Assets - Others | | | |
| Premium due but unpaid | | 51,222,954 | 45,023,277 |
| Amounts due from other insurers / reinsurers | | 33,934,074 | 27,449,211 |
| Accrued investment income | | 408,116 | 30,690 |
| Reinsurance recoveries against outstanding claims | | 15,376,703 | 13,938,082 |
| Deferred commission expense | | 3,863,000 | 4,036,241 |
| Taxation - net | | 2,705,807 | 2,752,626 |
| Prepayments | | 11,301,603 | 2,602,936 |
| Advances for purchase of land | | 12,000,000 | 12,000,000 |
| Sundry receivables | | 7,632,219 | 10,709,581 |
| | | 138,444,476 | 118,542,644 |
| Fixed Assets | | | |
| Tangible | | | |
| Furniture, fixture & office equipment | | 5,191,237 | 4,680,606 |
| Motor vehicle | | 5,919,038 | 6,422,340 |
| | | 11,110,275 | 11,102,946 |
| TOTAL ASSETS | | 467,387,728 | 164,822,712 |


 Monavar Karamat Ahmad
 Director


 Syed Adnan Ali Zaidi
 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

Note

Revenue Account

Net premium revenue

Net claims

Management expenses

Net commission

Underwriting result

Investment income

Gain on sale of fixed assets

Other income

General and administrative expense

(Loss) / profit before tax

Provision for taxation

(Loss) / profit after tax

Profit and loss appropriation account

Balance at commencement of the year

(Loss) / profit after tax for the period

Balance of accumulated loss at end of the period

Earnings per share - basic and diluted

16

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar

Chief Executive/Principal Officer



Mudassar Zubair Mirza

Director



Monavar Karamat Ahmad

Director



Syed Adnan Ali Zaidi

Director

| | Fire & Property | Marine Aviation & Transport | Motor | Accident & Health | Miscellaneous | 31 March 2014 Aggregate | 31 March 2013 Aggregate |
|---|----------------------|--------------------------------|--------------------|----------------------|--------------------|----------------------------|----------------------------|
| | ----- (Rupees) ----- | | | | | | |
| Net premium revenue | 736,248 | 1,963,036 | 8,065,801 | 4,220,474 | 604,025 | 15,589,584 | 10,975,655 |
| Net claims | (474,379) | (90,000) | (2,493,460) | (152,750) | 6,000 | (3,204,589) | (5,215,100) |
| Management expenses | (3,099,902) | (3,176,956) | (3,774,044) | (2,394,672) | (740,291) | (13,185,865) | (4,737,324) |
| Net commission | (83,891) | (404,340) | (1,433,546) | - | (997,621) | (2,919,398) | (928,629) |
| | (3,658,172) | (3,671,296) | (7,701,050) | (2,547,422) | (1,731,912) | (19,309,852) | (10,881,053) |
| Underwriting result | (2,921,924) | (1,708,260) | 364,751 | 1,673,052 | (1,127,887) | (3,720,268) | 94,602 |
| Investment income | | | | | | 533,333 | 70,781 |
| Gain on sale of fixed assets | | | | | | 371,156 | 1,545,066 |
| Other income | | | | | | - | 6,188,255 |
| General and administrative expense | | | | | | (11,132,035) | (4,507,383) |
| (Loss) / profit before tax | | | | | | (13,947,814) | 3,391,321 |
| Provision for taxation | | | | | | (156,110) | (54,906) |
| (Loss) / profit after tax | | | | | | (14,103,924) | 3,336,415 |
| Profit and loss appropriation account | | | | | | | |
| Balance at commencement of the year | | | | | | (58,516,447) | (81,090,631) |
| (Loss) / profit after tax for the period | | | | | | (14,103,924) | 3,336,415 |
| Balance of accumulated loss at end of the period | | | | | | (72,620,371) | (77,754,216) |
| Earnings per share - basic and diluted | | | | | | (0.23) | 0.28 |

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

| | 31 March 2014 Aggregate | 31 March 2013 Aggregate |
|--|------------------------------------|------------------------------------|
| (Loss) / profit after tax for the period | (14,103,924) | 3,336,415 |
| Other comprehensive income for the period | - | - |
| 6 Total comprehensive income for the period | <u>(14,103,924)</u> | <u>3,336,415</u> |

The annexed notes from 1 to 19 form an integral part of these financial statements



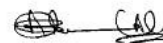
Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

| | Share Capital | | Capital Reserve | | Revenue Reserve | | |
|--|--|----------------------|--|------------------|--------------------------------------|---------------------|--------------------|
| | Issued, subscribed and paid-up Capital | | Discount on issue of right issue | | Reserve for exceptional losses | | |
| | | | | | General reserve | Accumulated loss | Total |
| | | | | | | | |
| Balance as at January 01, 2013 | 121,000,000 | - | | 1,767,568 | 24,497,265 | (81,090,630) | 66,174,203 |
| Total comprehensive profit for the period | - | - | - | - | - | 1,466,683 | 1,466,683 |
| Revaluation surplus realised on sale of land | - | - | - | - | - | 21,107,500 | 21,107,500 |
| Balance as at December 31, 2013 | <u>121,000,000</u> | <u>-</u> | <u>-</u> | <u>1,767,568</u> | <u>24,497,265</u> | <u>(58,516,447)</u> | <u>88,748,386</u> |
| Balance as at January 01, 2014 | 121,000,000 | - | | 1,767,568 | 24,497,265 | (58,516,447) | 88,748,386 |
| Issue of right shares | 499,125,000 | - | - | - | - | - | 499,125,000 |
| Issue of right share at discount | - | (199,650,000) | - | - | - | - | (199,650,000) |
| Total comprehensive profit for the period | - | - | - | - | - | (14,103,924) | (14,103,924) |
| Balance as at March 31, 2014 | <u>620,125,000</u> | <u>(199,650,000)</u> | <u>-</u> | <u>1,767,568</u> | <u>24,497,265</u> | <u>(72,620,371)</u> | <u>374,119,462</u> |

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

| | 31 March 2014 | 31 March 2013 |
|---|----------------------|---------------|
| | ----- (Rupees) ----- | |
| Operating Cash Flows | | |
| a) Underwriting activities | | |
| Premium received | 15,389,961 | 14,950,920 |
| Reinsurance premium paid | (9,286,902) | (12,010,534) |
| Claims paid | (1,859,984) | (3,302,030) |
| Reinsurance and other recoveries received | 220,000 | 10,510,332 |
| Commission paid | (3,490,172) | (3,166,581) |
| Commission received | 38,531 | 1,025,863 |
| Net cash inflow from underwriting activities | 1,011,434 | 8,007,970 |
| b) Other operating activities | | |
| Income tax paid | (109,291) | (27,217) |
| General management expenses paid | (20,862,929) | (7,940,174) |
| Other operating receipts | 3,077,362 | (2,120,694) |
| Net cash flows from other operating activities | (17,894,858) | (10,088,085) |
| Total cash (outflow) from all operating activities | (16,883,424) | (2,080,115) |
| Investing activities | | |
| Profit / return received | 119,208 | 45,972 |
| Dividend received | 2,145 | 278 |
| Payments for investments | (280,820,000) | - |
| Proceeds from disposal of investments | 1,088,275 | - |
| Fixed capital expenditure | (656,630) | (540,643) |
| Proceeds from disposal of fixed assets | 565,000 | 2,544,000 |
| Total cash (outflow) / inflow from investing activities | (279,702,002) | 2,049,607 |
| Financing activities | | |
| Proceeds from Right Share | 299,475,000 | - |
| Total cash inflow from financing activities | 299,475,000 | - |
| Total cash inflow / (outflow) from all activities | 2,889,574 | (30,508) |
| Add: Cash at beginning of the year | 6,954,075 | 8,665,555 |
| Cash at the end of the year | 9,843,649 | 8,635,047 |
| Reconciliation to the Profit and Loss Account | | |
| Operating cash flows | (16,883,424) | (2,080,115) |
| Depreciation expense | (455,455) | (452,706) |
| Profit on disposal of fixed assets | 371,156 | 1,545,066 |
| Investment Income | 533,333 | 70,781 |
| Increase in assets other than cash | 19,524,406 | 4,395,176 |
| Increase in liabilities other than running finance | (17,193,940) | (141,787) |
| (Loss)/profit after taxation | (14,103,924) | 3,336,415 |

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

Business underwritten inside Pakistan

| Class of Business | Premiums written | Unearned premium reserve | | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium ceded | | Reinsurance expense | 31 March 2014 | 31 March 2013 |
|-------------------------------|------------------|--------------------------|------------|-----------------|-------------------|-----------------------------------|------------|---------------------|---------------------|---------------------|
| | | Opening | Closing | | | Opening | Closing | | Net premium revenue | Net premium revenue |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | 5,000,501 | 3,213,772 | 6,055,291 | 2,158,982 | 7,305,267 | 1,546,619 | 7,429,152 | 1,422,734 | 736,248 | 914,529 |
| Marine aviation and transport | 5,187,505 | 1,580,628 | 3,434,476 | 3,333,657 | 2,391,041 | 602,093 | 1,622,513 | 1,370,621 | 1,963,036 | 3,136,818 |
| Motor | 6,251,134 | 15,084,749 | 13,136,965 | 8,198,918 | 853,125 | 50,512 | 770,520 | 133,117 | 8,065,801 | 5,930,871 |
| Accident and health | 3,817,000 | 7,261,082 | 6,857,608 | 4,220,474 | - | - | - | - | 4,220,474 | - |
| Miscellaneous | 1,202,430 | 838,740 | 1,108,176 | 932,994 | 1,404,675 | 403,712 | 1,479,418 | 328,969 | 604,025 | 993,437 |
| Total | 21,458,570 | 27,978,971 | 30,592,516 | 18,845,025 | 11,954,106 | 2,602,936 | 11,301,603 | 3,255,441 | 15,589,584 | 10,975,655 |

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

Business underwritten inside Pakistan

| Class of Business | Claims paid | Outstanding claims | | Claim expenses | Re-insurance and other recoveries received | Re-insurance and other recoveries in respect of outstanding claims | | Re-insurance and other recoveries revenue | 31 March 2014 | 31 March 2013 |
|-------------------------------|-------------|--------------------|------------|----------------|--|--|------------|---|---------------------|---------------------|
| | | Opening | Closing | | | Opening | Closing | | Net Claims expenses | Net Claims expenses |
| | | Rupees | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | (750,000) | 5,566,742 | 7,366,742 | 1,050,000 | - | 3,709,110 | 4,284,731 | 575,621 | 474,379 | 454,448 |
| Marine aviation and transport | 350,000 | 8,844,996 | 8,644,996 | 150,000 | 220,000 | 3,959,905 | 3,799,905 | 60,000 | 90,000 | 373,876 |
| Motor | 2,033,417 | 4,890,182 | 6,363,225 | 3,506,460 | - | 654,600 | 1,667,600 | 1,013,000 | 2,493,460 | 4,174,526 |
| Accident and health | 226,567 | 132,134 | 58,317 | 152,750 | - | - | - | - | 152,750 | - |
| Miscellaneous | - | 12,937,377 | 12,941,377 | 4,000 | - | 5,614,467 | 5,624,467 | 10,000 | (6,000) | 212,250 |
| Total | 1,859,984 | 32,371,431 | 35,374,657 | 4,863,210 | 220,000 | 13,938,082 | 15,376,703 | 1,658,621 | 3,204,589 | 5,215,100 |

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

Business underwritten inside Pakistan

| Class of Business | Commission paid or payable | Deferred commission | | Net commission expense | Other management expenses | Underwriting expenses | Commissions from re-insurers | 31 March 2014 | 31 March 2013 |
|-------------------------------|----------------------------|---------------------|-----------|------------------------|---------------------------|-----------------------|------------------------------|--------------------------|--------------------------|
| | | Opening | Closing | | | | | Net Underwriting expense | Net Underwriting expense |
| Direct and facultative | ----- (Rupees) ----- | | | | | | | | |
| Fire and property damage | 982,084 | 642,754 | 1,211,058 | 413,780 | 3,099,902 | 3,513,682 | 329,889 | 3,183,793 | 496,771 |
| Marine aviation and transport | 1,041,500 | 237,094 | 515,171 | 763,423 | 3,176,956 | 3,940,379 | 359,083 | 3,581,296 | 1,021,263 |
| Motor | 1,141,379 | 2,262,712 | 1,970,545 | 1,433,546 | 3,774,044 | 5,207,590 | - | 5,207,590 | 3,654,056 |
| Accident and health | - | - | - | - | 2,394,672 | 2,394,672 | - | 2,394,672 | - |
| Miscellaneous | 325,209 | 893,680 | 166,226 | 1,052,663 | 740,291 | 1,792,954 | 55,042 | 1,737,912 | 493,863 |
| Total | 3,490,172 | 4,036,240 | 3,863,000 | 3,663,412 | 13,185,865 | 16,849,277 | 744,014 | 16,105,263 | 5,665,953 |

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

31 March 2014 31 March 2013

----- (Rupees) -----

Income from Non-Trading Investments

Held-to-maturity

Return on fixed income securities and deposits

496,634

70,503

Available-for-sale

Dividend income

2,145

278

(Loss) / gain on sale on available for sale investments

(6,696)

-

(4,551)

278

Reversal / (provision) for impairment in Value of investments

54,105

-

Investment related expenses

(12,855)

-

Net investment income

533,333

70,781

The annexed notes from 1 to 19 form an integral part of these financial statements



Naim Anwar

Chief Executive/Principal Officer



Mudassar Zubair Mirza

Director



Monavar Karamat Ahmad

Director



Syed Adnan Ali Zaidi

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014

1. THE COMPANY AND ITS OPERATIONS

Crescent Star Insurance Limited (the Company) formally known as "The Crescent Star Insurance Company Limited" 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 its situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi.

The Company is engaged in providing general insurance services in spheres of fire and property damage, Marine, aviation and transport, Motor and Miscellaneous.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the three months period ended March 31, 2014 are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in these interim condensed financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2013.

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared under historical cost convention. This condensed interim financial information has been prepared using the accrual basis of accounting.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2013.

5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2013. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended December 31, 2013.

6. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company for the year ended December 31, 2013.

7. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2014 | 2013 | | Un-Audited 31 March 2014 | Audited 31 December 2013 |
|------------------------------|-------------------|---|--------------------------------|--------------------------------|
| ---- (Number of shares) ---- | | Note | ----- (Rupees) ----- | |
| 59,045,953 | 9,133,453 | Ordinary shares of Rs.10 each fully paid in cash | 590,459,530 | 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>62,012,500</u> | <u>12,100,000</u> | | <u>620,125,000</u> | <u>121,000,000</u> |

8. RESERVES

| | | | |
|-----------------------------------|-----|----------------------|-------------------|
| Reserve for exceptional losses | 8.1 | 1,767,568 | 1,767,568 |
| General reserve | | 24,497,265 | 24,497,265 |
| Discount on issue of right shares | | (199,650,000) | - |
| | | <u>(173,385,167)</u> | <u>26,264,833</u> |

- 8.1 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 Income Tax Ordinance, 1979, which did not permit the said deduction, the company discontinued the setting aside of amounts as reserved for exceptional losses.

9. OTHER CREDITORS AND ACCRUALS

| | | |
|-----------------------|------------------|------------------|
| Federal insurance fee | 110,829 | 119,601 |
| Federal excise duty | 1,511,388 | 671,678 |
| Withholding tax | 290,953 | 487,259 |
| Sundry creditors | 181,366 | 317,834 |
| | <u>2,094,536</u> | <u>1,596,372</u> |

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

The Company is defendant in following:

- Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8,290,000 against the Company.
- Suit filed by Al-Rehman Traders through its proprietor Mohammad Waseem and Orix Leasing Pakistan Ltd against the Company.

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 financial statements.

10.2 COMMITMENTS

There were no commitments as at March 31, 2014.

| | | Un-Audited 31 March 2014 | Audited 31 December 2013 |
|---|------|--------------------------------|--------------------------------|
| | Note | ----- (Rupees) ----- | |
| 11. CASH AND OTHER EQUIVALENTS | | | |
| Cash with State Bank of Pakistan | 11.1 | 1,238,047 | 1,238,047 |
| Cash in hand | | 781,296 | 137,933 |
| Policy stamps | | 71,786 | 210,078 |
| | | <u>2,091,129</u> | <u>1,586,058</u> |
| 11.1 CASH WITH STATE BANK OF PAKISTAN | | | |
| 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. This corresponding figure of "long term deposit" amounting Rs. 5 million has regrouped to "Cash and other equivalents" for better presentation. | | | |
| 12. CURRENT AND OTHER ACCOUNTS WITH BANKS | | | |
| Current accounts | | 3,711,057 | 4,250,047 |
| PLS savings accounts | 12.1 | 4,041,463 | 117,970 |
| | | <u>7,752,520</u> | <u>4,368,017</u> |
| 12.1 These carry mark-up at the rate of 6.5% (2013: 6%) per annum. | | | |
| 13. DEPOSITS MATURING WITHIN 12 MONTHS | | | |
| Term deposits | 13.1 | - | 1,000,000 |
| 13.1 This represents term deposits placed with various commercial banks carrying mark-up at the rates ranging between Nil (2013: 9% to 10%) per annum. | | | |
| 14. INVESTMENTS | | | |
| Held to maturity | | 50,000,000 | - |
| Government Securities | | | |
| Available for sale | 14.1 | 15,513,370 | 17,549,625 |
| Ordinary equity securities & Mutual funds | | (1,887,220) | (2,869,756) |
| Less: Provision for impairment | | 13,626,150 | 14,679,869 |
| | | <u>63,626,150</u> | <u>14,679,869</u> |
| 14.1 Securities amounting to Rs. 10.862 million (2013 : Rs. 10.682 million) 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. | | | |
| 15. TRANSACTIONS WITH RELATED PARTIES | | | |
| Related parties of the Company comprise the Directors, major shareholders and the companies owned by such shareholders, entities owned by the Directors of the Company where they also hold directorships, staff retirement funds and key management personnel. | | | |
| | | Un-Audited 31 March 2014 | Un-Audited 31 March 2013 |
| | | ----- (Rupees) ----- | |
| Key Management Personnel | | | |
| Remuneration to directors, chief executive and executive of the Company | | 6,880,560 | 1,611,074 |
| Staff retirement benefits | | | |
| Provident fund contribution | | 309,951 | 68,962 |
| 16. EARNINGS PER SHARE - BASIC AND DILUTED | | | |
| (Loss) / profit for the year attributable to Ordinary shareholders | | (14,103,924) | 3,336,415 |
| Number of Shares | | 62,012,500 | 12,100,000 |
| (Loss) / Earning Per share | | <u>(0.23)</u> | <u>0.28</u> |
| 16.1 No figure for diluted earnings per share has been presented as the Company has not issued an instrument which would have an impact on earnings per share, when exercised. | | | |

17. SEGMENT REPORTING

| | Fire & Property | | Marine & Transport | | Motor | | Accident and Health | | Miscellaneous | | Total | |
|---|-----------------|------------|--------------------|------------|------------|------------|---------------------|------------|---------------|-----------|--------------------------------|--------------------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | Un-Audited 31 March 2014 | Audited 31 December 2013 |
| | (Rupees) | | | | | | | | | | | |
| Other Information | | | | | | | | | | | | |
| Segment Assets | 12,924,941 | 17,431,761 | 5,937,589 | 32,530,445 | 4,408,665 | 37,510,435 | - | 11,368,302 | 7,270,111 | 5,311,751 | 30,541,306 | 104,152,694 |
| Unallocated corporate assets | | | | | | | | | | | 436,846,422 | 60,670,018 |
| Consolidated total assets | | | | | | | | | | | 467,387,728 | 164,822,712 |
| Segment Liabilities | 13,626,391 | 12,116,211 | 12,083,830 | 22,610,782 | 19,500,190 | 26,072,200 | 6,915,925 | 7,901,711 | 14,090,671 | 3,692,014 | 66,217,007 | 72,392,918 |
| Unallocated corporate liabilities | | | | | | | | | | | 401,170,721 | 92,429,794 |
| Consolidated total liabilities | | | | | | | | | | | 467,387,728 | 164,822,712 |
| Unallocated capital expenditures | | | | | | | | | | | 656,630 | 3,235,738 |
| Unallocated depreciation / amortisation | | | | | | | | | | | 455,455 | 1,869,244 |

18. DATE OF AUTHORIZED FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on April 30, 2014.

19. GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest rupees.



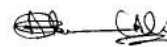
Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Monavar Karamat Ahmad
Director



Syed Adnan Ali Zaidi
Director

BRANCH NETWORK

HEAD OFFICE

2nd Floor, Nadir House, I.I. Chundrig Road, Karachi. P.O. Box No. 4616 Karachi, Pakistan
U.A.N.: 111-274-000 Phones: 32415471-73 Fax (92-21) 32415474

| BRANCH NAME | ADDRESS | CONTACT NO | FAX NO |
|-------------|--|------------------|----------------|
| NADIR HOUSE | 3rd Floor, Nadir House, I.I. Chundrig Road, Karachi. | (021) 2415471-73 | (021) 2415474 |
| NEW UNIT | 3rd Floor, Nadir House, I.I. Chundrig Road, Karachi. | (021) 2415471-73 | (021) 2415474 |
| CORPORATE | 2nd Floor, Nadir House, I.I. Chundrig Road, Karachi. | (021) 2415471-73 | (021) 2415474 |
| QUETTA | 1st Floor, Room No.2, Gul Complex, M.A. Jinnah Road, Quetta | (081) 2828097 | (081) 2837363 |
| CITY TOWER | 801-C, City Tower, Main Boulevard, Lahore. | (042) 35788741-3 | (042) 35788806 |
| ISLAMABAD | Babar Centre, Office # 19, First Floor, F-8 Markaz, Islamabad. | (051) 2818073-74 | (051) 2818075 |
| FAISALABAD | Office No. 145, 1st Floor Centre Point, Jaranwalla Road | (041) 8559697 | - |
| MULTAN | Opp: Hajveri Arcade, Kutchery Road, Multan | (061) 4571338 | (061) 4514138 |
| SIALKOT | Room Nos. 11 & 12, Al-Rehman Centre, Saga Chowk, Defence Road | (052) 3240271-3 | - |

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HEAD OFFICE

2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi, Pakistan.

T : +92 21 111 274 000
F : +92 21 3241 5474
E : info@cstarinsurance.com
W : cstarinsurance.com