



## 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

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### Managing Director & Chief Executive

Mr. Naim Anwar

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### Management

Mr. Naim Anwar (Managing Director & CEO)  
Mr. Kashif Naeem (Executive Director)  
Mr. Moiz Ali (General Manager)  
Mr. Malik Mehdi Muhammad (CFO)

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### Board Audit Committee

Mr. Mudassar Zubair Mirza (Chairman)  
Mr. Monavar Karamat Ahmad  
Syed Adnan Ali Zaidi

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### Board H.R & Remuneration Committee

Mr. Monavar Karamat Ahmad (Chairman)  
Mr. Naim Anwar  
Mr. Mudassar Zubair Mirza

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### Board Investment Committee

Syed Adnan Ali Zaidi (Chairman)  
Mr. Naim Anwar  
Mr. Monavar Karamat Ahmad

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### Company Secretary

Mr. Khuzaima Hakimi

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### C F O

Mr. Malik Mehdi Muhammad

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### Auditors

Rahman Sarfarz Rahim Iqbal Rafiq  
Chartered Accountants

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### Legal Advisor

Jameel Khan

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### Bankers

United Bank Limited  
Faysal Bank Limited  
Habib Bank Limited

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### Share Registrar

MG Associates Private Limited  
2, Mustafa Avenue, F/4, Block-9  
Behind "The Forum", Clifton, Karachi  
Tel #: 35877806-09 Fax #: 35877810

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### Registered & Head Office

2<sup>nd</sup> Floor, Nadir House  
I.I.Chundrigar Road  
P.O.BOX No. 4616, Karachi



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57<sup>th</sup> Annual General Meeting of the shareholders of Crescent Star Insurance Limited (formerly The Crescent Star Insurance Company Limited) will be held on April 30, 2014 at 5.00p.m. at 2<sup>nd</sup> Floor, Nadir House I.I.Chundrigar Road, Karachi to transact the following business.

1. To confirm the minutes of the Extra Ordinary General Meeting held on August 27, 2013.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2013 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2014 and fix their remuneration.
4. To elect eight (8) directors as fixed by the Board of Directors, in accordance with the provision of Section 178 of the Companies Ordinance, 1984 for a term of three years in place of the following retiring directors, who are eligible for re-election:
  1. Mr. Sakib Berjees
  2. Mr. Naim Anwar
  3. Mr. Mudassar Zubair Mirza
  4. Mr. Syed Adnan Ali Zaidi
  5. Mr. Monavar Karamat
  6. Mr. Tariq Hussain
  7. Mr. Syed Abid Raza
5. To consider any other business of the Company with the permission of the Chair.

By order of the Board  
KHUZAIMA HAKIMI  
Secretary

Karachi: April 9, 2014

### Notes:

1. The Share Transfer Books of the Company shall remain closed from 24 April, 2014 to 30 April, 2014 (both days inclusive). Transfers received at our registrar office M/s MG Associate Private Limited, 2, Mustafa Avenue, F/4, Block-9, Behind "The Forum" Clifton, Karachi by the close of business on 23 April, 2014 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 signatures 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. Any member of the Company who seeks to contest the election of directors, whether he/she is a retiring director or otherwise, shall file with the Company at its Registered Office not later than fourteen days before the date of the meeting his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:
  - a. Consent to act as a Director on Form 28 duly filled and signed by him.
  - b. A declaration to the effect that:
    - i. He/she is not serving as a director of more than seven other listed companies;
    - ii. His/her name is borne in the register of national tax payers (except where he/she is a non-resident);
    - iii. He/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution;
    - iv. He/she and his/her spouse are not engaged in the business of stock brokerage; and
    - v. He/she is aware of duties and powers of directors under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Memorandum and Articles of Association of the Company and the Listing Regulations of the Stock Exchanges in Pakistan and has read the provisions contained therein.

## DIRECTORS' REPORT

The Directors of your Company are pleased to present the 57<sup>th</sup> annual report and the audited financial statements for the year ended December 31, 2013.

The Company in spite of the difficulties and challenges faced has done reasonably well. I am pleased to report that the right share issue was allowed by the SECP on 13<sup>th</sup> November 2013 and accordingly the Company has completed all paper work and process required to raise the capital of the Company to PKR. 620.125 million, which is much in excess of the Minimum Paid up Capital Requirement of PKR. 300 million. Post right share and at the time of signing of the accounts and approval of the Board of Directors, and at the time of this report, the Company has been able to remove all concerns regarding capital adequacy and hence the accounts have been prepared on the basis of a going concern.

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

### Performance Highlights

	2013	2012	2011
Gross Premium	84,925,636	68,620,681	81,871,845
Net Premium	55,767,352	40,990,683	60,230,480
Profit / (Loss) Before Tax	2,068,250	(17,841,745)	2,219,774
Profit / (Loss) After Tax	1,466,683	(18,162,152)	1,427,522
Total Assets	164,822,712	176,024,246	202,377,804
Earnings Per Share (EPS)	0.12	(1.50)	0.12

The Company has its strengths of being incorporated in 1957 and having a valuable standing with reputation over years. It is respected in the Insurance Sector for its business dealing including claim settlement and underwriting qualities. Amongst the strengths the Company it now has the pride to be in the 8 companies having paid up capital of above PKR. 500 million.

I am also pleased to report that PACRA has recently in March 2014 assigned rating by upgrading CSI to BBB+. This was the second up grading during a current year, keeping in view the efforts of the Company to rebrand itself through restructuring and enhancement in HR personal and excellent Re Insurance arrangements led by Hannover Re (AA-) by AM Best, and followed by Korean Re and others all A rated and above securities. The new reinsurance arrangements are in line with the industry norm and are based on non-proportional treaties and it allows much larger capacity to underwrite the risks comfortably.

### Future Outlook

The Company has been facing difficulty in writing business due to non-enlistment on the panel of many Banks and due to this the premium has been sliding down over the last few years. However, post right issue the Company having resolved this major concern is working on getting the enlistment on most panels of the Banks which would help bring in notable and sizeable growth in premium income in 2014 based on its much improved financial strengths.



The fresh enlistments at various Banks and Government departments will enhance premium considerably due to acceptance of the policy documents issued by the Company. The major concern effecting Bank enlistment was the qualified opinion of the auditors on Capital Requirement. At this juncture your Company stands revamped and geared up to get into business.

It is encouraging to note that the volume in the stock exchange in Company shares has become active and much higher and very regular trading pattern has been observed.

Post right share issue and after the period under review the Company has acquired real estate as INVESTMENT PROPERTIES at PKR. 230.820 million, with the approval of the INVESTMENT COMMITTEE OF THE BOARD, and the management is confident to see high returns on these investments in short term. This would further strengthen the financial base of the Company.

### **Earnings per Share**

Your Company has incurred a profit after tax of Rs. 1.467 million which translates into earnings per share of Rs. 0.12 as compared to loss per share of Rs. (1.50) for the last year.

### **Dividend**

The Board of Directors, due to accumulated losses, does not recommend any Dividend for the year ended December 31, 2013.

### **Auditors' Report**

The auditors Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants after verifying available records shared by the management have issued audit report and signed the Financials for December 31, 2013. The auditors have issued modified report giving emphasis of matter paragraph drawing attention to note 1.1 to the financial statement explaining management assertions due to which going concern assumption has been used.

### **Human Resource Initiatives**

Human resource managers are well placed to play an instrumental role in helping their organization achieve its goals of becoming a socially and environmentally responsible firm – one which reduces its negative and enhances its positive impacts on society, environment and in the day to day operational activities of the business.

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 requirements of the code set out by the stock exchanges in the listing regulations, relevant for the year ended December 31, 2013, have been duly complied with. A statement to this effect 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 Ordinance, 1984.
- 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 Ordinance, 1984, Insurance Ordinance, 2000, and the Securities and Exchange Commission (Insurance) Rules, 2002.
- 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.

The Company has followed the best practices of corporate governance, as laid down in the listing regulations of the stock exchanges and there has been no material departure.

As per the requirement of the Code of Corporate Governance, Mr. Naim Anwar, Managing Director & CEO has attended the Directors' training program from Institute of Cost and Management Accountants of Pakistan (ICMAP) on 15 - 19 May 2013.

### Board Meetings and Attendance

During the year nine 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. Monavar Karamat Ahmad	9
Mr. Sakib Berjees	7
Mr. Qutubddin A. Millwala	2
Mr. Munir I. Millwala	3
Mr. Fahim F. Millwala	3
Mr. Mudassar Zubair Mirza	7
Mr. Syed Adnan Ali Zaidi	6
Mr. Moiz Ali	2
Mr. Naim Anwar	8
Mr. Syed Abid Raza	1

Leave of absence was granted to directors unable to attend a meeting.

## **Auditors**

The present auditors, M/s Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants retire at the conclusion of the Annual General Meeting, being eligible and have offered themselves for re-appointment as external auditors for the year ending December 31, 2014.

## **Audit Committee**

The Company has an Audit Committee, and had two meetings during the year 2013 which attended by all the members. The committee consists of the following board members:

Mr. Mudassar Zubair Mirza	Chairman
Mr. Monavar Karamat Ahmad	Member
Mr. Syed Adnan Ali Zaidi	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 2013 which attended by all the members. The committee consists of the following board members:

Mr. Monavar Karamat Ahmad	Chairman
Mr. Mudassar Zubair Mirza	Member
Mr. Naim Anwar	Member

## **Investment Committee**

The Company has an Investment Committee. The committee consists of the following board members:

Mr. Syed Adnan Ali Zaidi	Chairman
Mr. Monavar Karamat Ahmad	Member
Mr. Naim Anwar	Member

## **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 full year results, along with the director's reports on the operations and future outlook for the Company. All reports are sent to the Stock Exchanges and to the registered shareholders at the address registered with the Company.

The value of investment in respect of provident fund maintained by the Company based on latest financial statements as at December 31, 2013 is Rs. 11,575,796.

## **Pattern of Shareholding**

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2013 is annexed with the report.



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

### **Acknowledgment**

The Directors of your Company would like to take this opportunity to thank SECP, 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 strategy includes to meet all regulations and compliances and 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: 09 April 2014

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Syed Adnan Ali Zaidi Mr. Mudassar Zubair Mirza
Executive Director	Mr. Naim Anwar
Non-Executive Directors	Mr. Mudassar Zubair Mirza Mr. Syed Abid Raza Mr. Monavar Karamat Ahmad Mr. Sakib Berjees Mr. Tariq Hussain

The independent directors meet the criteria of independence under clause i (b) of CCG.

The Chief Executive and Chairman of the company are same persons and management expects to comply with the said requirement from next election of directors.

Approval for appointment of Director Mr. Tariq Hussain is pending with SECP.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year casual vacancies occurred due to resignation of two directors Mr. Bashir Ahmed and Dr. Yaseen Malik. One casual vacancy has been filled with the appointment of Mr. Syed Abid Raza.
5. The company has prepared a “statement of Ethics and Business Practices” as “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the 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 CEO, other executives and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and in his 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, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board had arranged training program for its director - Mr. Naim Anwar from Institute of Cost and Management Accountants of Pakistan (ICMAP) on 15 – 19 May 2013. The company intends to arrange training program for other directors as provided by code.
10. The Board approves the appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary, including their remuneration, terms and conditions of employment. Chief Financial Officer was appointed during the year.
11. The directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It presently comprises of three members which are non-executive directors and the chairman of the committee is an independent director.



16. The meetings of Underwriting Committee, Claims Settlement Committee, Re-insurance Committee and Co-insurance Committee were held at least once every quarter. Investment Committee was formed after the year end.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR & Remuneration committee. It presently comprises of three members, of whom one is executives and two are non-executive directors Including an independent Director.
19. The company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis. Head of internal audit resigned during last year and since then no appointment has been made to fill in the position.
20. All related party transactions entered during the year were at arm's length basis and these have been placed before the audit committee and Board of Directors. These transactions are already reviewed and approved by the audit committee and Board of Directors alongwith pricing method.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
25. We confirm that all other material principles enshrined in the CCG have been complied with, except for the matters stated at paragraph number 1, 4, 16 and 19 which are expected to comply with in the following financial year.

For and on behalf of the Board of Directors

**The Crescent Star Insurance Company Limited**



Naim Anwar  
Chief Executive  
Karachi 09 April 2014

## **REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **THE CRESCENT STAR INSURANCE COMPANY LIMITED** for the year ended December 31, 2013 to comply with the requirements of Listing Regulation No. 35 of the Lahore and also of Karachi Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 best practices contained in the Code as applicable to the Company for the year ended December 31, 2013.

Further, we highlight instances of non-compliances with the requirements of the Code as reflected in the paragraph number 1, 4, 16 and 19 of statement of compliance with Code regarding directors, casual vacancies on Board, formation of investment committee and internal audit respectively.



**Rahman Sarfaraz Rahim Iqbal Rafiq**  
CHARTERED ACCOUNTANTS  
Engagement Partner: A. Rahman Mir  
Lahore: 09 April 2014

## KEY FINANCIAL HIGHLIGHTS

(AMOUNTS IN MILLION RUPEES)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Gross premium	<b>84.93</b>	68.62	81.87	109.39	138.16	183.78	206.06	217.05	173.65	122.77
Net premium	<b>55.77</b>	40.99	60.23	74.16	105.36	140.80	170.28	146.58	102.40	63.53
Paid-up capital	<b>121.00</b>	121.00	121.00	121.00	121.00	121.00	96.80	88.00	80.00	80.00
General reserve	<b>24.50</b>	24.50	24.50	24.50	24.50	24.50	24.50	22.10	17.10	17.10
Share Holder Equity	<b>88.75</b>	66.17	84.34	82.91	79.16	109.65	123.18	123.34	114.76	109.18
Reserve for exceptional losses and unexpired risks	<b>29.75</b>	27.28	32.05	44.07	52.12	70.80	85.99	110.56	93.78	64.90
Total assets	<b>164.82</b>	176.02	202.38	214.61	237.78	286.69	310.80	278.83	277.31	227.04
Profit before tax	<b>2.07</b>	(17.84)	2.22	4.61	(43.38)	(37.40)	26.09	9.84	28.76	26.45
Profit after tax	<b>1.47</b>	(18.16)	1.43	3.74	30.48	(37.73)	24.04	8.58	21.58	20.50
Distribution as percentage of paid-up capital- cash dividend										10.00
paid-up capital- cash dividend Interm							25.00		10.00	10.00
- bonus shares								10.00	10.00	-
- right shares							25.00			
Return on total assets-%	<b>0.89</b>	(10.32)	0.71	1.74	12.82	(13.16)	7.73	3.08	7.78	9.03
Return on shareholders' equity-%	<b>1.65</b>	(27.45)	1.69	4.52	38.51	(34.41)	19.51	6.96	18.80	18.78
Break-up value per share	<b>7.33</b>	5.47	6.97	6.85	6.54	9.06	12.72	14.02	14.34	13.65
Earnings per share in rupees	<b>0.12</b>	(1.50)	0.12	0.31	2.52	(3.12)	2.48	0.98	2.70	2.56
Market Value of Share	<b>7.80</b>	4.00	2.00	6.68	9.00	15.45	25.45	12.90	13.60	9.05
P/E Ratio	<b>64.35</b>	(2.66)	16.95	15.12	3.57	(4.95)	10.25	13.23	5.04	3.53



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:-

- i) balance sheet;
- ii) profit and loss account;
- iii) statement of comprehensive income;
- iv) statement of changes in equity;
- v) statement of cash flows;
- vi) statement of premiums;
- vii) statement of claims;
- viii) statement of expenses; and
- ix) statement of investment income

of **The Crescent Star Insurance Company Limited** (the company) as at December 31, 2013 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the Approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the Auditing Standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion;

- a) Proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) The financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied
- c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### **Emphasis Of Matter**

Without qualifying our opinion we draw attention to note 1.1 to the financial statements explaining various assertions of management in view of further issue of capital after the balance sheet date to meet the minimum capital requirement, due to which going concern assumption has been used to prepare these financial statements.

### **Other Matters**

The financial statements of the company for the year ended December 31, 2012, were audited by another firm of chartered accountants who vide their report dated May 24, 2013; issued an adverse opinion in respect of non compliance with minimum capital requirement.



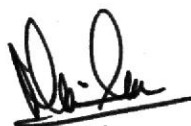
**Rahman Sarfaraz Rahim Iqbal Rafiq**  
CHARTERED ACCOUNTANTS  
Engagement Partner: A. Rahman Mir  
Lahore: 09 April 2014

# BALANCE SHEET

## FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 ----- (Rupees) -----	2012
<b>Share Capital and Reserves</b>			
<b>Authorised Capital</b>			
65,000,000 (2012: 35,000,000) ordinary shares of Rs. 10/- each		<u>650,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up share capital	4	<u>121,000,000</u>	121,000,000
Reserves	5	<u>26,264,833</u>	26,264,833
Accumulated loss		<u>(58,516,447)</u>	(81,090,630)
		<u>88,748,386</u>	66,174,203
Surplus on Revaluation of Land	6	<u>-</u>	21,107,500
		<u>88,748,386</u>	87,281,703
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNR)		<u>32,371,431</u>	31,096,523
Provision for unearned premium		<u>27,978,971</u>	25,517,421
Commission income unearned		<u>955,317</u>	3,123,458
<b>Total underwriting provisions</b>		<u>61,305,719</u>	59,737,402
<b>Creditors and accruals</b>			
Premium received in advance		<u>625,354</u>	579,568
Amount due to others insurers /reinsurers	7	<u>10,138,364</u>	24,539,055
Accrued expenses		<u>1,990,308</u>	2,095,220
Other creditors and accruals	8	<u>1,596,372</u>	1,373,089
		<u>14,350,398</u>	28,586,932
<b>Other Liabilities</b>			
Unpresented dividend warrants		<u>418,209</u>	418,209
<b>TOTAL LIABILITIES</b>		<u>76,074,326</u>	88,742,543
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>164,822,712</u>	<u>176,024,246</u>
<b>Contingencies and commitments</b>	9		

The annexed notes from 1 to 33 form an integral part of these financial statements



Naim Anwar

Chief Executive/Principal Officer



Mudassar Zubair Mirza

Director



	Note	2013 ------(Rupees)-----	2012
<b>Cash and Bank Deposits</b>			
Cash and other equivalents	10	1,586,058	5,022,190
Current and other accounts	11	4,368,017	3,393,365
Deposits maturing with in 12 months	12	1,000,000	5,250,000
		6,954,075	13,665,555
<b>Investments</b>			
Deferred taxation	13	14,679,869	21,970,755
	14	13,543,178	13,543,178
<b>Current Assets - Others</b>			
Premium due but unpaid	15	45,023,277	24,753,023
Amounts due from other insurers / reinsurers		27,449,211	25,742,710
Accrued investment income		30,690	22,843
Reinsurance recoveries against outstanding claims		13,938,082	17,130,080
Taxation - payments less provision	16	2,752,626	3,106,695
Deferred commission expense		4,036,241	4,361,380
Prepaid reinsurance premium ceded		2,602,936	10,672,251
Advances for purchase of Land	17	12,000,000	-
Sundry receivables	18	10,709,581	1,978,039
		118,542,644	87,767,021
<b>Fixed Assets</b>			
<b>Tangible</b>			
Land and Buildings	19	-	27,500,000
Furniture and fixture and office equipments		4,680,606	4,628,779
Motor vehicle		6,422,340	6,948,958
		11,102,946	39,077,737
<b>TOTAL ASSETS</b>		<b>164,822,712</b>	<b>176,024,246</b>

  
**Manavar Karamat Ahmed**  
 Director

  
**Syed Adnan Ali Zaidi**  
 Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Fire & Property	Marine Aviation &	Motor	Accident and health	Others	2013 Aggregate	2012 Aggregate
		------(Rupees)-----						
<b>Revenue Account</b>								
Net premium revenue		3,288,129	11,537,287	29,015,785	9,000,983	2,925,168	<b>55,767,352</b>	40,990,683
Net claims		(537,097)	(1,161,125)	(10,915,039)	(375,212)	(1,098,871)	<b>(14,087,344)</b>	(11,760,279)
Management Expenses	20	(3,183,474)	(8,514,443)	(12,362,767)	(6,115,900)	(999,952)	<b>(31,176,536)</b>	(19,987,797)
Net commission		1,359,687	422,243	(6,626,015)	-	455,978	<b>(4,388,107)</b>	(2,684,171)
<b>Underwriting result</b>		<b>927,245</b>	<b>2,283,962</b>	<b>(888,036)</b>	<b>2,509,871</b>	<b>1,282,323</b>	<b>6,115,365</b>	<b>6,558,436</b>
Investment income							<b>8,154,207</b>	6,091,273
Other income	21						<b>19,723,990</b>	813,944
General and administrative expense	22						<b>(31,925,312)</b>	(31,305,398)
<b>Profit / (loss) before tax</b>							<b>2,068,250</b>	(17,841,745)
Provision for Taxation	23						<b>(601,567)</b>	(320,407)
<b>Profit / (loss) after tax</b>							<b>1,466,683</b>	(18,162,152)
<b>Profit and loss appropriation account</b>								
Balance at commencement of the year							<b>(81,090,630)</b>	(62,928,478)
Profit / (loss) after tax for the year							<b>1,466,683</b>	(18,162,152)
<b>Balance Unappropriated Loss at end of the Year</b>							<b>(79,623,947)</b>	(81,090,630)
<b>Earnings/(Loss) per share - basic and diluted</b>	24						<b>0.12</b>	(1.50)

The annexed notes from 1 to 33 form an integral part of these financial statements



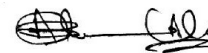
Naim Anwar  
Chief Executive/Principal Officer



Mudassar Zubair Mirza  
Director



Manavar Karamat Ahmed  
Director




Syed Adnan Ali Zaidi  
Director

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
Profit / (Loss) after tax for the year	1,466,683	(18,162,152)
<b>Other comprehensive income:</b>		
Items that may not be subsequently reclassified to Profit and Loss Account	-	-
Items that may be subsequently reclassified to Profit and Loss Account	-	-
<b>Other comprehensive income for the year</b>		
<b>Total comprehensive income for the year</b>	<b>1,466,683</b>	<b>(18,162,152)</b>

21

The annexed notes from 1 to 33 form an integral part of these financial statements



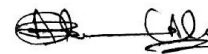
Naim Anwar  
Chief Executive/Principal Officer



Mudassar Zubair Mirza  
Director



Manavar Karamat Ahmed  
Director



Syed Adnan Ali Zaidi  
Director



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

	Share capital Issued, subscribed and paid-up Capital	Capital Reserve Reserve for exceptional losses	Revenue Reserve General reserve	Accumulated loss	Total
	----- (Rupees) -----				
Balance as at January 01, 2012	121,000,000	1,767,568	24,497,265	(62,928,478)	84,336,355
Total comprehensive income for the year	-	-	-	(18,162,152)	(18,162,152)
Balance as at December 31, 2012	<u>121,000,000</u>	<u>1,767,568</u>	<u>24,497,265</u>	<u>(81,090,630)</u>	<u>66,174,203</u>
Balance as at January 01, 2013	121,000,000	1,767,568	24,497,265	(81,090,630)	66,174,203
Total comprehensive income for the year	-	-	-	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>1,767,568</u>	<u>24,497,265</u>	<u>(58,516,447)</u>	<u>88,748,386</u>

The annexed notes from 1 to 33 form an integral part of these financial statements



Naim Anwar  
Chief Executive/Principal Officer



Mudassar Zubair Mirza  
Director



Manavar Karamat Ahmed  
Director



Syed Adnan Ali Zaidi  
Director

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	----- (Rupees) -----	
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities</b>		
Premium received	69,382,140	68,378,737
Reinsurance premiums paid	(34,734,611)	(22,706,985)
Claims paid	(27,294,373)	(31,159,485)
Reinsurance and other recoveries received	17,673,935	13,073,531
Commission paid	(9,757,483)	(10,944,767)
Commission received	3,526,374	8,333,152
Other underwriting payments	(20,284,578)	-
Net cash inflows from underwriting activities	(1,488,596)	24,974,183
<b>b) Other operating activities</b>		
Income tax paid	(247,498)	(271,819)
General management expenses paid	(59,038,185)	(34,389,135)
Other operating (payments)/receipts	(1,015,712)	3,697,095
Net cash flow from other operating activities	(60,301,395)	(30,963,859)
<b>Total cash outflow from all operating activities</b>	<b>(61,789,991)</b>	<b>(5,989,676)</b>
<b>Investment activities</b>		
Profit / return received	3,770,171	483,700
Dividends received	438,939	1,154,531
Payments for investments	(20,837,368)	(35,250)
Proceeds from disposal of investments	32,065,507	1,670,296
Fixed capital expenditure	(3,235,738)	(444,809)
Proceeds from disposal of fixed assets	42,877,000	1,370,000
<b>Total cash flow from investing activities</b>	<b>55,078,511</b>	<b>4,198,468</b>
<b>Financing Activities</b>	-	-
<b>Total cash flow from financing activities</b>	<b>-</b>	<b>-</b>
Total cash (outflow) from all activities	(6,711,480)	(1,791,208)
Add: Cash at beginning of the year	13,665,555	15,456,763
Cash at the end of the year	<b>6,954,075</b>	<b>13,665,555</b>
<b>Reconciliation to the Profit and Loss Account</b>		
Operating cash flows	(61,789,991)	(5,989,676)
Depreciation expense	(1,869,244)	(2,390,024)
Amortization expense	-	(109,138)
Profit on disposal of fixed assets	13,535,715	704,360
Increase in assets other than cash	26,440,875	(24,721,350)
Decrease in liabilities	12,668,219	8,191,407
Other income	-	109,584
	<b>(11,014,426)</b>	<b>(24,204,837)</b>

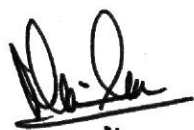
	2013	2012
	(Rupees)	
<b>Other adjustments</b>		
Profit/return received	310,114	427,457
Reversal / (provision) for impairment in Value of investments	3,733,373	5,145,924
Dividend Income	438,939	1,154,531
Capital gain	3,671,781	(636,639)
Reversal of provision for doubtful balance	4,680,971	-
Income tax paid	247,498	271,819
Provision for Taxation	(601,567)	(320,407)
	<u>12,481,109</u>	<u>6,042,685</u>
<b>Profit / (loss) after taxation as per profit and loss account</b>	<u>1,466,683</u>	<u>(18,162,152)</u>

#### Definition of cash

Cash for the purposes of the statement of cash flows consists of:

Cash and other equivalents	10	1,586,058	5,022,190
Current and other accounts	11	4,368,017	3,393,365
Deposits maturing within 12 months	12	1,000,000	5,250,000
		<u>6,954,075</u>	<u>13,665,555</u>

The annexed notes from 1 to 33 form an integral part of these financial statements



**Naim Anwar**  
Chief Executive/Principal Officer



**Mudassar Zubair Mirza**  
Director



**Manavar Karamat Ahmed**  
Director



**Syed Adnan Ali Zaidi**  
Director



## STATEMENT OF PREMIUMS FOR THE YEAR ENDED DECEMBER 31, 2013

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2013	2012
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue
Direct and facultative						(Rupees)				
Fire and property damage	8,677,686	8,337,881	3,213,772	13,801,795	4,381,710	7,678,575	1,546,619	10,513,666	3,288,129	7,599,088
Marine aviation and transport	23,415,515	3,921,465	1,580,628	25,756,352	12,838,028	1,983,130	602,093	14,219,065	11,537,287	10,540,391
Motor	33,863,448	10,920,617	15,084,749	29,699,316	82,897	651,146	50,512	683,531	29,015,785	21,051,368
Accident and health	16,262,065	-	7,261,082	9,000,983	-	-	-	-	9,000,983	-
Miscellaneous	2,706,922	2,337,458	838,740	4,205,640	1,324,783	359,401	403,712	1,280,472	2,925,168	1,799,836
Total	84,925,636	25,517,421	27,978,971	82,464,086	18,627,418	10,672,252	2,602,936	26,696,734	55,767,352	40,990,683

The annexed notes from 1 to 33 form an integral part of these financial statements



**Naim Anwar**  
Chief Executive/Principal Officer



**Mudassar Zubair Mirza**  
Director



**Manavar Karamat Ahmed**  
Director

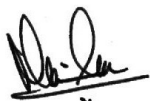


**Syed Adnan Ali Zaidi**  
Director

**STATEMENT OF CLAIMS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Class of Business	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	2013	2012
		Opening	Closing			Opening	Closing		Net Claims expenses	Net Claims expenses
		-----Rupees-----								
Direct and facultative										
Fire and property damage	8,513,810	11,837,993	5,566,742	2,242,559	6,943,405	8,947,053	3,709,110	1,705,462	537,097	(2,277,407)
Marine aviation and transport	6,227,219	12,127,494	8,844,996	2,944,721	4,547,297	6,723,606	3,959,905	1,783,596	1,161,125	4,622,809
Motor	11,839,220	4,892,363	4,890,182	11,837,039	1,032,400	765,000	654,600	922,000	10,915,039	8,616,385
Accident and health	243,078	-	132,134	375,212	-	-	-	-	375,212	-
Miscellaneous	471,046	2,238,673	12,937,377	11,169,750	5,150,833	694,421	5,614,467	10,070,879	1,098,871	798,492
Total	27,294,373	31,096,523	32,371,431	28,569,281	17,673,935	17,130,080	13,938,082	14,481,937	14,087,344	11,760,279

The annexed notes from 1 to 33 form an integral part of these financial statements:




**Naim Anwar**  
**Chief Executive/Principal Officer**



**Mudassar Zubair Mirza**  
**Director**



**Manavar Karamat Ahmed**  
**Director**



**Syed Adnan Ali Zaidi**  
**Director**

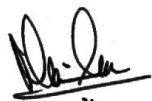
## STATEMENT OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

Class of Business	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commissions from re-insurers	2013	2012
		Opening	Closing					Net Underwriting expense	Net Underwriting expense
<b>Direct and facultative</b>									
Fire and property damage	624,215	1,667,575	642,755	1,649,035	3,183,474	4,832,509	3,008,722	<b>1,823,787</b>	4,796,959
Marine aviation and transport	1,553,209	588,220	237,094	1,904,335	8,514,443	10,418,778	2,326,578	<b>8,092,200</b>	5,977,492
Motor	7,258,924	1,638,093	2,262,712	6,634,305	12,362,767	18,997,072	8,290	<b>18,988,782</b>	10,119,472
Accident and health	-	-	-	-	6,115,900	6,115,900	-	<b>6,115,900</b>	-
Miscellaneous	321,135	467,492	893,680	(105,053)	999,952	894,899	350,925	<b>543,974</b>	1,778,045
<b>Total</b>	<b>9,757,483</b>	<b>4,361,380</b>	<b>4,036,241</b>	<b>10,082,622</b>	<b>31,176,536</b>	<b>41,259,158</b>	<b>5,694,515</b>	<b>35,564,643</b>	<b>22,671,968</b>

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

The annexed notes from 1 to 33 form an integral part of these financial statements



**Naim Anwar**  
Chief Executive/Principal Officer



**Mudassar Zubair Mirza**  
Director



**Manavar Karamat Ahmed**  
Director



**Syed Adnan Ali Zaidi**  
Director

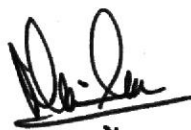


# STATEMENT OF INVESTMENT INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	------(Rupees)-----	
<b>Income from Non-Trading Investments</b>		
<b>Held-to-maturity</b>		
Return on fixed income securities and deposits	310,114	427,457
<b>Available-for-sale</b>		
Dividend income	438,939	1,154,531
Gain/(Loss) on sale on available for sale investments	3,937,250	(636,639)
	4,376,189	517,892
Reversal / (provision) for impairment in Value of investments	3,733,373	5,145,924
Investment related expenses	(265,469)	-
<b>Net investment income</b>	<u>8,154,207</u>	<u>6,091,273</u>

The annexed notes from 1 to 33 form an integral part of these financial statements



Naim Anwar  
Chief Executive/Principal Officer



Mudassar Zubair Mirza  
Director



Manavar Karamat Ahmed  
Director



Syed Adnan Ali Zaidi  
Director

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2013

### 1. STATUS AND NATURE OF BUSINESS

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 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.

- 1.1 The Company has paid up capital of Rs. 121 million as at December 31, 2013, whereas in accordance with the circular No. 3 of 2007 dated 10th April 2007 of the Securities and Exchange Commission of Pakistan (SECP), the minimum paid up capital of a general insurance company should be Rs. 300 Million by December 31, 2011. The present board of directors of the company in order to meet the minimum capital requirement decided to issue 49,912,500 ordinary shares of Rs 10 each at a discounted rate of Rs 6 per share amounting to Rs 299,475,000/ by way of right issue. SECP accorded its approval to the aforesaid issue vide letter no. ID/SD/CSICL/2013/18177 dated November 13, 2013 and the schedule for issuance of right shares was approved by the Karachi Stock Exchange vide their letter no. KSE/C-10-03 dated January 1, 2014 subsequent to balance sheet date. Return of allotment (Form 3) dated 31 March 2014 in respect of the aforementioned right issue was filed with SECP showing increase of paid-up capital from Rs.121 M to Rs.620.125 M.

In view of the foregoing there is apparently no uncertainty affecting company's ability to continue as going concern exists at the date when these financial statements are being approved by the Board of Directors, therefore these financial statements have been prepared using going concern assumption.

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 ("the Ordinance"), directives issued by the Securities and Exchange Commission of Pakistan ("SECP"), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as notified under the provisions of the Ordinance. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or the requirements of the said directives take precedence.

SECP has allowed insurance companies to defer the application of International Accounting Standards-39 (IAS 39) "Financial Instruments: Recognition and Measurement" in respect of investments available for sale until suitable amendments have been made in the laws. Accordingly, the requirements of IAS 39, to the extent allowed by the SECP, have not been considered in the preparation of these financial statements.

#### 2.2 Adoption of International Financial Reporting Standards that are effective and applicable to the Company

Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Company's financial statements.

IAS 1	Presentation of Financial Statements - Presentation of items of other comprehensive income - (amended)
IAS 16	Property, Plant and Equipment - (amended)
IAS 19	Employee Benefits - (amended)
IAS 27	Consolidated and Separate Financial Statements. (amended)
IAS 28	Investment in associate (amended)
IAS 32	Financial Instruments-Presentation - (amended)
IFRIC 20	Stripping Costs in Production Phase of Surface Mine

## 2.3 Standards, interpretations and amendments to the published approved accounting standards not yet effective:

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 First time adoption of international financial reporting standards- <b>not notified by SECP</b>	1 January 2013
IFRS 7 Financial Instruments : Disclosures - (Amendments) Deferral of mandatory effective date of IFRS 9 and Disclosure.	1 January 2015
IFRS 8 Operating Segments - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IAS 19 Employee Benefits - (Amendments ) Amendment to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
IAS 24 Related Party Disclosures - (Amendments ) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IAS 32 Financial Instruments-Presentation - (amended) Amendments resulting to offsetting of assets and liabilities	1 January 2014
IAS 36 Impairment of Assets - (Amendments ) Amendments arising from recoverable amount disclosures for non financial assets.	1 January 2014
IAS 38 Intangible Assets- (Amendments ) Amendments resulting from Annual Improvement 2010-2012 (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 39 Financial Instruments : Recognition and Measurement - Amendments for novations of derivatives	1 January 2014
IAS 40 Investment Property - (Amendments) Amendments resulting from Annual Improvements 2011-2013 Cycle.	1 July 2014
IFRS 9 Financial Instruments: Classification and Measurement Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRIC 21 Levies	1 January 2014

The Company expects that the adoption of the above revisions, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

### Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company expects that these improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Agreements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

### Fourth Schedule to the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan through SRO 183(i)/2013 has notified certain amendments in the fourth schedule to the companies ordinance, 1984. These amendments have principally clarified certain matters, change some of the presentation and classification requirements and incorporated additional disclosure requirements. The Company has adopted these changes which has resulted in additional disclosures made in the financial statement. However, no change in accounting policy was required and accordingly there was no impact on the amounts reported in these financial statements.

## 2.4 Basis of measurement

These financial statements have been prepared under historical cost convention, modified by:

- revaluation of certain fixed assets at fair value; and
- financial instruments at fair value



## 2.5 Use of judgments and estimates

The preparation of financial statements in conformity with approved accounting 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 trend 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 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 financial statements are:

	<b>Note</b>
- Provision for outstanding claims (including IBNR)	3.3
- Premium deficiency reserve	3.4
- Useful lives and residual values of fixed assets	3.9
- Provision for doubtful receivables	3.6
- Provision of unearned premiums	3.10.2
- Premium due but unpaid	3.10.3
- Provision for Taxation and deferred tax	3.15

## 2.6 Functional and presentation currency

These 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.

## 2.7 Figures

The comparative figures are reclassified/rearranged whenever necessary for better presentation and to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements/reclassifications. The figures are rounded off to the nearest rupee.

# 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless stated otherwise.

## 3.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affect the insured. Once the contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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 & Transport
- Motors
- 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. In miscellaneous class, some engineering insurance contract are of more than one year period.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle 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.

Other various 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.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the company as insurer. All reinsurance inward contract are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL)

### **3.2 Claims**

Claims are charged to 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.

### **3.3 Provision for outstanding claims (including IBNR)**

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet 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.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

#### **3.3.1 Claims reported but not settled**

Provision for liability in respect of claims reported but not settled at the balance sheet 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 experienced 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.

#### **3.3.2 Claims incurred but not reported**

The provision for claims incurred but not reported (IBNR) at balance sheet dated is based on an analysis of the past claims reporting pattern experienced by the company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year end were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional losses at current year end to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

### **3.4 Premium deficiency reserves**

The Company is required as per SEC (Insurance) Rules, 2002, to maintain 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 balance sheet dated in respect of the unexpired policies in that class of business at the balance sheet dated. The movement in the premium deficiency reserve is recorded as an expenses in the profit and loss account.

No provision has been made as the unearned premium reserve for each class 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 balance sheet date in respect of policies in force at balance sheet date.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. 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 to be applied on unearned premium



### **3.5 Reinsurance Contracts Held**

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial settlements. The Company recognizes the entitled benefits under the contract as various reinsurance assets.

### **3.6 Receivables and payables related to insurance contracts**

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

### **3.7 Staff retirement benefits**

#### **3.7.1 Defined contribution plan**

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

#### **3.7.2 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.

### **3.8 Investments**

#### **3.8.1 Recognition**

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

- Investment at fair value through profit and loss
- Held to maturity
- Available for sale

#### **3.8.2 Measurement**

#### **3.8.3 Held to maturity**

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

#### **3.8.4 Available for sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

##### **Quoted**

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotation at the balance sheet dated to determine the market value.

##### **Unquoted**

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

#### **3.8.5 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.



### **3.9 Fixed assets**

#### **3.9.1 Tangibles**

These are stated at cost less accumulated depreciation and impairment loss, if any, except for the freehold land which is stated at cost. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the reducing balance method at the rates specified in note 23 to the financial statement.

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 cost are included in the assets carrying amount or recognized as a separate asset, 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 profit and loss account currently.

Surplus on revaluation of Tangible fixed assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of tangible fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

An item of tangible asset 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 asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the profit and loss in the year the asset is derecognized.

#### **3.9.2 Intangibles**

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 income applying the straight line method at the rates specified in note 24 to the financial statements.

Amortization is calculated from the month the assets are available for use. While on disposal, amortization is charged up to the month 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 balance sheet 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.

### **3.10 Premiums**

#### **3.10.1 Premium income earned**

Premium income under a policy is recognized 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 statement is received.

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

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

#### **3.10.2 Provision for unearned premium**

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:

- 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.

#### **3.10.3 Premiums due but unpaid**

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

### **3.11 Commissions**

#### **3.11.1 Deferred commission expense**

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 profit and loss account based on the pattern of recognition of premium revenue.

#### **3.11.2 Commission income unearned**

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

#### **3.11.3 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 any, which the company may be entitled under the terms of reinsurance is recognized on accrual basis.

### **3.12 Investment income**

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 amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognized 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.

### **3.13 Dividend declaration and reserve appropriation**

Dividend declaration and reserve appropriation are recognized when approved.

### **3.14 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.

### **3.15 Taxation**

#### **3.15.1 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 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.

#### **3.15.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, excepted in the case of the item credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.



### **3.16 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 accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has four primary business segments for reporting purposes namely fire, marine, motor, and miscellaneous.

- The perils covered under this segment include damages by fire, riot and strike, explosion, earthquake, atmospheric damages, floods, electrical fluctuation impact and other coverage.
- Marine insurance provides coverage against cargo risk, war risk and Strike Riot Civil Commotion (S.R.C.C.), for loss occurring whether cargo is transported by sea, air or by inland conveyance.
- Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.
- Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit or on counter, fidelity guarantee, personal accident, plate glass, householder's policy, engineering.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

### **3.17 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 balance sheet date. Exchange difference, if any, are taken to profit and loss account.

### **3.18 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **3.19 Impairment**

The carrying amount of assets are reviewed at each balance sheet 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 profit and loss account.

### **3.20 Provisions**

A provision is recognised in the balance sheet 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 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.

### **3.22 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.

### **3.23 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, stamps in hand, deposits with banks and short term placements with a maturity of less than three months.



### **3.24 Claims recoveries**

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.

### **3.25 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 show as a prepayment.

### **3.26 Financial instruments**

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers/reinsurer, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company losses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At time of initial recognition all financial asset and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial asset and financial liabilities is taken to income directly.

### **3.27 Earning per share**

The Company presents basic and diluted earnings per share 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 and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

**4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2013 ---- (Number of shares) ----	2012		2013 ----- (Rupees) -----	2012
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>

4.1 The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Company.

4.2 The Company has no reserved shares for issue under option and sales contracts.

**5. RESERVES**

Reserve for exceptional losses	5.1	1,767,568	1,767,568
General reserve	5.2	24,497,265	24,497,265
		<u>26,264,833</u>	<u>26,264,833</u>

5.1 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.

5.2 These represent distributable profits transferred and utilizable at the discretion of the board of directors.

**6. SURPLUS ON REVALUATION OF FIXED ASSETS**

- 21,107,500

Last year figures represents surplus on revaluation of operating assets not available for distribution to shareholders. The freehold land was professionally reappraised in 2009 by Consultancy Support & Services producing a revaluation surplus of the aforesaid amount. This year the said land has been disposed and revaluation surplus has been realised and transferred to equity. Refer "Statement of Changes in Equity" and note 19.1.

**7. AMOUNTS DUE TO OTHER INSURERS / REINSURERS**

Foreign reinsurers	3,932,341	4,486,025
Local reinsurers	2,845,982	11,412,888
Co-insurers	3,360,041	8,640,142
	<u>10,138,364</u>	<u>24,539,055</u>

**8. OTHER CREDITORS AND ACCRUALS**

Federal insurance fee	119,601	133,160
Federal excise duty	671,678	1,105,067
Withholding tax	487,259	131,345
Payable to staff provident fund	5,470	3,517
Sundry creditors	157,555	-
Bank balances overdrawn	154,809	-
	<u>1,596,372</u>	<u>1,373,089</u>

**9. CONTINGENCIES AND COMMITMENTS****9.1 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.

**9.2 COMMITMENTS**

The Company has entered into argeements for purchase of land amounting Rs. 230.820 million (2012: nil).

		2013	2012
	Note	----- (Rupees) -----	
<b>10. CASH AND OTHER EQUIVALENTS</b>			
Cash with State Bank of Pakistan	10.1	<b>1,238,047</b>	5,000,000
Cash in hand		<b>137,933</b>	4,640
Stamps in hand		<b>210,078</b>	17,550
		<b><u>1,586,058</u></b>	<b><u>5,022,190</u></b>
<b>10.1 Cash with State Bank of Pakistan</b>			
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. The corresponding figure of "Long term deposit" amounting Rs. 5 million has regrouped to "Cash and other equivalents" for better presentation.			
<b>11. CURRENT AND OTHER ACCOUNTS WITH BANKS</b>			
Current accounts		<b>4,250,047</b>	3,376,130
PLS savings accounts	11.1	<b>117,970</b>	17,235
		<b><u>4,368,017</u></b>	<b><u>3,393,365</u></b>
11.1 These carry mark-up at the rate of 5% (2012: 5%) per annum.			
<b>12. DEPOSITS MATURING WITHIN 12 MONTHS</b>			
Term deposits	12.1	<b><u>1,000,000</u></b>	<u>5,250,000</u>
12.1 This represents term deposits placed with various commercial banks carrying mark-up at the rates ranging between 9% to 10% (2012: 9% to 10%) per annum.			
<b>13. INVESTMENTS</b>			
Available for sale			
Ordinary equity securities & Mutual funds	13.1	<b>17,549,625</b>	41,393,326
Less: Provision for impairment		<b><u>(2,869,756)</u></b>	<u>(19,422,571)</u>
		<b><u>14,679,869</u></b>	<b><u>21,970,755</u></b>
13.1 Detail of available for sale investments is given in Annexure 13.1.1.			
13.2 Securities amounting to Rs 10.862 million (2012: Rs. 6.95 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.			
13.3 As per the Company's accounting policy and in accordance with the requirements of SEC (Insurance) Rules 2002 available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on December 31, 2013 would have been higher by Rs. 33,896 (2012: Rs. nil)			



**13.1.1 Available for sale investment - Quoted**

No. of shares		Face value	Market value Per Share		Name of entity	Book Value	
2013	2012		2013	2012		2013	2012
-	5,000	10	-	12.42	<b>INVESTMENT COMPANIES / BANKS</b>	-	190,000
250	8,750	10	11.02	10.70	Standard Chartered Bank Limited	7,859	593,750
67	67	10	-	3.00	The Bank of Punjab	243,755	243,755
1,500	1,408	10	1.67	2.36	Innovative Investment Bank Limited	19,002	18,818
2,653	2,653	10	1.92	2.43	IGI Investment Bank Limited	5,774	26,878
-	1,855	10	-	49.39	KASB Bank Limited	-	131,141
924,500	345,966	10	2.34	2.63	National Bank of Pakistan	4,119,003	3,804,298
-	30,469	10	-	7.09	NIB Bank Limited	-	786,000
-	887	10	-	73.49	Soneri Bank Limited	-	72,854
-	10,560	10	-	83.67	Allied Bank Limited	-	1,120,321
-	-	-	-	-	United Bank Limited	-	-
160	660	10	15.15	12.64	<b>INSURANCE</b>	379	1,565
-	2,999	10	-	24.45	Habib Insurance company limited	-	59,542
146	646	10	7.45	8.56	Pakistan Reinsurance	631	2,793
-	-	-	-	-	Premier Insurance limited	-	-
-	80	10	-	63.85	<b>TEXTILE COMPOSITE</b>	-	-
-	5,635	10	-	29.36	Nishat Mills	-	6,388
-	12,100	10	-	5.74	Babri Cotton	-	207,172
-	8,352	10	-	6.58	Gulistan Spinning	-	88,000
-	12,000	10	-	9.95	Gulshan Spinning	-	107,392
-	2,304	10	-	9.15	Idrees Textiles	-	180,395
158	158	10	0.77	11.76	Paramount Spinning	1,859	22,977
-	10,000	10	-	8.09	Service Fabrics	-	1,859
-	-	-	-	-	Azgord Nine	-	121,478
-	86	10	-	2.25	<b>SYNTHETIC AND RAYON</b>	-	-
-	34,867	10	-	26.10	Tristar Polyester	-	1,307
-	20,625	10	-	3.34	Rupali Polyester	-	1,270,902
-	-	-	-	-	Dewan Salman Fibre	-	287,293
-	278	10	-	48.75	<b>CEMENT</b>	-	-
-	25,990	10	-	14.57	Cherat Cement	-	10,683
-	548	10	-	18.04	Maple Leaf Cement	-	552,170
-	30,000	10	-	5.06	Pioneer Cement	-	15,796
-	9,001	10	-	6.54	Dewan Cement	-	488,422
-	500	10	-	5.07	Fauji Cement	-	118,800
-	12	-	-	86.51	Lafarge Pakistan Cement	-	4,688
-	-	-	-	-	Akzo Nobel	-	1,956
21,000	5,257	10	5.65	5.76	<b>FUEL AND ENERGY</b>	136,681	31,942
-	74	10	-	232.21	Karachi Electric Supply Company Limited	-	20,789
-	235	10	-	23.25	Pakistan State Oil Company	-	12,146
5,000	1,009	10	24.06	20.51	Sui Northern Gas Company Limited	123,500	20,181
2,000	670,000	10	2.67	1.36	Sui Southern Gas Company Limited	26,944	9,026,088
-	225	10	-	2.69	Southern Electric Power Company Limited	-	-
5,579	5,579	10	52.72	26.54	<b>AUTO &amp; ALLIED ENGINEERING</b>	189,202	189,202
-	700	10	-	87.64	Dewan Farooq Motors	-	151,590
-	10	10	-	774.68	The General Tyre and Rubber Company of Pak. Ltd.	-	205
-	268	10	-	2.53	Pak Suzuki Motors Company	-	-
-	25	10	-	173.89	<b>CABLE &amp; ELECTRICAL GOODS</b>	-	-
-	22,287	10	-	7.35	Siemens (Pakistan) Engineering	-	2,281
33	33	10	2,792.46	1,351.00	<b>TRANSPORT &amp; COMMUNICATIONS</b>	1,540	1,540
-	8,000	10	-	0.50	World Call Telecom	-	-
6,000	6,492	10	21.18	24.63	<b>CHEMICAL &amp; PHARMACEUTICAL</b>	-	101,800
-	205,136	50	51.90	51.11	I.C.I. Pakistan	10,861,953	7,353,886
-	18	10	-	6.10	Lotte Pakistan PTA	-	106
-	31,066	10	-	7.07	<b>LEATHER AND TANNERIES</b>	-	554,715
-	253,124	10	-	16.40	Bata Pakistan Limited	-	7,036,187
2,928	2,500	10	13.08	9.00	<b>FOOD AND ALLIED</b>	18,044	18,044
-	25,000	10	-	8.56	Indus Fruits Product	-	265,000
-	66,000	10	-	9.76	<b>MISCELLANEOUS</b>	-	791,313
-	69,750	10	-	6.40	Macpac Films Ltd.	-	567,814
3,515	3,515	100	15.78	87.30	<b>MUTUAL FUND</b>	484,169	484,169
500	-	10	5.60	-	Pakistan Income Fund (PIF)	2,101	-
20,000	-	10	8.38	-	Golden Arrow Selected Stocks Fund	166,700	-
-	7,500	10	-	3.06	PICIC Investment Fund	-	96,775
19,786	29,572	10	6.54	3.20	PICIC Growth Fund	77,165	393,114
-	57,978	10	-	11.55	PICIC Energy Fund	-	1,017,741
-	97,005	10	-	9.50	Pakistan Capital Market Fund	-	1,027,177
-	48,400	5	-	8.80	Pakistan Premier Fund	-	335,382
16,000	16,300	10	1.56	1.62	First Dawood Mutual Fund	278,675	283,900
65,500	65,500	10	4.70	5.60	JS Growth Fund	561,350	561,350
-	154	10	-	1.99	<b>INDUSTRIAL METAL AND MINING</b>	-	715
1,097,275	2,283,168	-	-	-	Dost Steels Limited	17,519,625	41,363,326
Unquoted	-	-	-	-	<b>Standard Chartered Modaraba</b>	-	-
1,200	1,200	10	-	-	Pakistan International Airlines Corporation	30,000	30,000
1,098,475	2,284,368	-	-	-	<b>MODARABA</b>	17,549,625	41,393,326
-	-	-	-	-	B.R.R Guardian Modaraba	-	96,775
-	-	-	-	-	First Equity Modaraba	-	393,114
-	-	-	-	-	Standard Chartered Modaraba	-	1,017,741
-	-	-	-	-	First Habib Bank Modaraba	-	1,027,177
-	-	-	-	-	First Habib Modaraba	-	335,382
-	-	-	-	-	Modaraba Al-Mali	278,675	283,900
-	-	-	-	-	First National Bank Modaraba	561,350	561,350
-	-	-	-	-	First Prudential Modaraba	-	715
-	-	-	-	-	Agricultural Development Co-operative Society	-	-



	Note	2013 ----- (Rupees) -----	2012
<b>14. DEFERRED TAXATION</b>			
Deferred tax asset arising in respect of:			
Acccelerated tax depreciation		77,719	77,719
Provisions		11,052,794	11,052,794
Unused tax losses		2,412,665	2,412,665
		<u>13,543,178</u>	<u>13,543,178</u>
Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in financial statements and their tax base. The company has not recognised further deferred tax asset amounting to Rs. 21.290 million on the basis that it may not be probable to realize it against future profits.			
<b>15. PREMIUMS DUE BUT UNPAID</b>			
Considered good		45,023,277	24,753,023
Considered doubtful		29,449,028	34,130,019
		<u>74,472,325</u>	<u>58,883,042</u>
Less: Provision for doubtful balances	15.1.	<u>(29,449,028)</u>	<u>(34,130,019)</u>
		<u>45,023,277</u>	<u>24,753,023</u>
<b>15.1. Provision for doubtful balances</b>			
Balance at the beginning of the year		34,130,019	19,628,004
Add: Provision for doubtful receivable during the year		1,507,284	14,502,015
Less: Reversal of excess provision charged in previous year		(6,188,275)	-
Balance at the end of the year		<u>29,449,028</u>	<u>34,130,019</u>
<b>16. TAXATION - PAYMENTS LESS PROVISION</b>			
Balance at beginning of the year		3,106,695	3,155,280
Add: Paid during the year		247,498	271,822
		<u>3,354,193</u>	<u>3,427,102</u>
Provision for taxation		(601,567)	(320,407)
<b>Balance at end of the year</b>		<u>2,752,626</u>	<u>3,106,695</u>
<b>17. ADVANCES FOR PURCHASE OF LAND</b>			
These represent advances for purchase of plots of land under following agreements:			
- Agreement to sell dated May 02, 2013 for two plots of land situated at main rohi nala bypass/daras road, Raiwind Kausar and Maza Bachuki, Tehsil kot radha Kishan, District Kausay comprising 139 Kanal 10 Marla.		10,000,000	-
- Agreement to sell dated May 02, 2013 for a plot of land situated at 222 Naiclass no. 24 measuring 01 Acre.		2,000,000	-
		<u>12,000,000</u>	<u>-</u>
<b>18. SUNDRY RECEIVABLES – unsecured</b>			
<b>Advances</b>			
Considered good			
To employees		142,529	206,000
Against expenses		1,131,231	1,388,892
Considered doubtful			
Against expenses		330,000	330,000
		<u>1,603,760</u>	<u>1,924,892</u>
Less: Provision for doubtful balances		<u>(330,000)</u>	<u>(330,000)</u>
		<u>1,273,760</u>	<u>1,594,892</u>
Deposits		5,965,476	380,147
Others		3,470,345	3,000
		<u>10,709,581</u>	<u>1,978,039</u>

## 19. Fixed Assets - Tangible

Description	Freehold land	Furniture and fixtures	Office equipment	Computers and related equipment	Vehicles *	Total
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------(Rupees)-----

### COST

Balance as at January 01, 2012	27,500,000	5,265,902	3,035,343	2,334,651	31,770,958	69,906,854
Additions	-	51,370	36,640	-	356,799	444,809
Disposals	-	-	-	-	(2,343,538)	(2,343,538)

<b>Balance as at December 31, 2012</b>	<b>27,500,000</b>	<b>5,317,272</b>	<b>3,071,983</b>	<b>2,334,651</b>	<b>29,784,219</b>	<b>68,008,125</b>
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Balance as at January 01, 2013	27,500,000	5,317,272	3,071,983	2,334,651	29,784,219	68,008,125
Additions	-	532,143	337,100	457,872	1,908,623	3,235,738
Disposals	(27,500,000)	(906,757)	(710,450)	(1,369,009)	(6,558,690)	(37,044,906)

<b>Balance as at December 31, 2013</b>	<b>-</b>	<b>4,942,658</b>	<b>2,698,633</b>	<b>1,423,514</b>	<b>25,134,152</b>	<b>34,198,957</b>
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### DEPRECIATION

Balance as at January 01, 2012	-	2,120,751	1,452,142	1,920,103	22,725,264	28,218,260
Charge for the year	-	319,653	158,727	123,751	1,787,894	2,390,025
On disposals	-	-	-	-	(1,677,897)	(1,677,897)

<b>Balance as at December 31, 2012</b>	<b>-</b>	<b>2,440,403</b>	<b>1,610,869</b>	<b>2,043,854</b>	<b>22,835,261</b>	<b>28,930,386</b>
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Balance as at January 01, 2013	-	2,440,404	1,610,869	2,043,854	22,835,261	28,930,388
Charge for the year	-	328,486	173,805	125,636	1,241,317	1,869,244
Disposals	-	(577,726)	(490,518)	(1,270,611)	(5,364,766)	(7,703,621)

<b>Balance as at December 31, 2013</b>	<b>-</b>	<b>2,191,164</b>	<b>1,294,156</b>	<b>898,879</b>	<b>18,711,812</b>	<b>23,096,011</b>
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<b>Carrying amount - 2013</b>	<b>-</b>	<b>2,751,494</b>	<b>1,404,477</b>	<b>524,635</b>	<b>6,422,340</b>	<b>11,102,946</b>
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Carrying amount - 2012	27,500,000	2,876,868	1,461,114	290,797	6,948,958	39,077,737
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<b>RATE OF DEPRECIATION (%)</b>		10%	10%	30%	20%	
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\* Addition to vehicles include addition costing Rs. 1,690,203/-, which is stated to be in process of transfer of title in the name of the Company.

# 19.1 Disposal of tangible fixed assets

Item	Cost/ Revaluation	Accumulated depreciation	Book value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of the Purchaser
------(Rupees)-----							
<b>Freehold Land</b>							
Freehold Land	27,500,000	-	27,500,000	39,500,000	12,000,000	Negotiation	Mahmood Ahmed Khan
<b>2013</b>	27,500,000	-	27,500,000	39,500,000	12,000,000		
<b>2012</b>	-	-	-	-	-		
<b>Furniture and Fixtures</b>							
Various Items	866,757	550,966	315,791	-	(315,791)	Written Off	
12 chairs and Table	40,000	26,760	13,240	10,000	(3,240)	Negotiation	Talat
<b>2013</b>	906,757	577,726	329,031	10,000	(319,031)		
<b>2012</b>	-	-	-	-	-		
<b>Office Equipment</b>							
<b>2013</b>	710,450	490,518	219,932	-	(219,932)	Written Off	
<b>2012</b>	-	-	-	-	-		
<b>Computer and Related Equipments</b>							
<b>2013</b>	1,369,009	1,270,611	98,398	-	(98,398)	Written Off	
<b>2012</b>	-	-	-	-	-		
<b>Vehicles</b>							
Civic VTI-PTSRC Registration # AJM-407	1,533,899	1,182,089	351,810	363,222	11,412	Negotiation	Munir Millwala
Honda Civic Registration # ADG-184	557,680	360,487	197,193	560,000	362,807	Negotiation	Mustafa Tahir Ali
Sentro Registration # AGE-088	694,600	555,444	139,156	141,778	2,622	Negotiation	Munir Millwala
Suzuki Mehran VX Registration # GAO-3	286,300	195,485	90,815	120,000	29,185	Negotiation	Azmat Ali
Honda Civic EXi Registration # AAW 382	920,105	839,966	80,139	350,000	269,861	Negotiation	Fakhruddin A.Hussain
Suzuki Mehran Registration # AAV-108	275,456	201,406	74,050	160,000	85,950	Negotiation	Maqood Hussain
Coure Registration Registration # AGN-9	491,750	420,292	71,458	410,000	338,542	Negotiation	Ramez-ul-Haq
Suzuki Saloon Registration #LOJ0-059	161,050	159,651	1,399	81,000	79,601	Negotiation	Afzal Shahzad Malik
Toyata Corolla XE Registration # AAS-111	691,480	667,239	24,241	475,000	450,759	Negotiation	Mubarrak Hussain
Suzuki Mehran Registration # AA-9145	175,270	140,649	34,621	110,000	75,379	Negotiation	Yaseen Maqbool Ahmed
Suzuki Mehran Registration # ABT-397	210,000	183,455	26,545	200,000	173,455	Negotiation	Yaseen Maqbool Ahmed
Suzuki Mehran Registration # AAV-251	181,000	152,463	28,537	180,000	151,463	Negotiation	Yaseen Maqbool Ahmed
Suzuki Mehran Registration # AAS-459	175,000	147,410	27,590	150,000	122,410	Negotiation	Yaseen Maqbool Ahmed
Honda CD 70 Registration # STR-8552	47,500	40,327	7,173	23,000	15,827	Negotiation	Maqsood Aslam
Star-DS-70cc Registration # KBE-.1482	42,500	37,128	5,372	11,000	5,628	Negotiation	Mohd Shakir
Hero-RF70 Registration # KBD-5601	42,500	37,128	5,372	11,000	5,628	Negotiation	Mohd Shakir
Sohrab sp-70 CC Registration # KDE-570	41,100	29,577	11,523	11,000	(523)	Negotiation	Mohd Shakir
Safari SD-70 Registration # MNO-109339	31,500	14,570	16,930	10,000	(6,930)	Negotiation	Mansoor Hakimuddin
<b>2013</b>	6,558,690	5,364,766	1,193,924	3,367,000	2,173,076		
<b>2012</b>	2,343,538	1,677,898	665,640	1,370,000	704,360	Negotiation	



		2013	2012
	Note	----- (Rupees) -----	
<b>20. MANAGEMENT EXPENSES</b>			
Salaries, allowances and other benefits	22.1	19,164,573	9,714,402
Travelling and conveyance expenses		2,121,979	199,720
Repairs and maintenance		1,783,862	2,041,374
Rent, rates and taxes		3,673,183	1,678,765
Printing and stationery		800,390	939,173
Telephone and postage		1,373,827	1,867,865
Utilities		1,229,679	1,492,623
Entertainment		519,063	1,503,123
Bank charges		55,168	96,684
Others		454,812	454,068
		<u>31,176,536</u>	<u>19,987,797</u>
<b>21. OTHER INCOME</b>			
Inspection charges		-	109,584
Reversal of provision against doubtful balances	18.1	6,188,275	-
Gain on disposal of fixed assets		13,535,715	704,360
		<u>19,723,990</u>	<u>813,944</u>
<b>22. GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	22.1	14,479,384	4,709,152
Traveling and conveyance expenses		3,931,346	4,411,771
Depreciation		1,869,244	2,390,025
Amortization		-	109,138
Provision against doubtful balances		1,507,284	14,502,015
Repairs and maintenance		992,367	1,182,342
Fees, subscription and periodicals		5,415,489	1,719,363
Telephone and postage		97,485	124,220
Legal and professional charges		1,272,114	277,032
Advertisement and promotion expenses		639,746	740,258
Donation	22.2	11,510	7,150
Entertainment		544,271	216,469
Auditors' remuneration	22.3	910,800	385,000
Others		254,272	531,464
		<u>31,925,312</u>	<u>31,305,398</u>
<b>22.1</b>	This includes provident fund amounting to Rs. 0.583 million (2012: Rs. 0.304 million).		
<b>22.2</b>	Donations does not include amount paid to donee in which any director or their spouse have interest.		
<b>22.3 Auditors' remuneration</b>			
Annual audit fee		330,000	330,000
Review of code of corporate governance		70,000	-
Half yearly review		70,000	55,000
Consultancy and certification charges [Previous Auditors]		440,800	-
		<u>910,800</u>	<u>385,000</u>
<b>23. PROVISION FOR TAXATION</b>			
Current	23.1	(601,567)	(320,407)
Deferred		-	-
		<u>(601,567)</u>	<u>(320,407)</u>

**23.1** The income tax returns of the Company have been filed up to tax year 2013 (corresponding to the income year ended December 31, 2012) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

**23.2 Relationship between tax expense & accounting profit**

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

## 24. EARNINGS PER SHARE - BASIC AND DILUTED

	2013 ----- (Rupees) -----	2012 ----- (Rupees) -----
(Loss) / profit for the year attributable to Ordinary shareholders	<u>1,466,683</u>	<u>(18,162,153)</u>
Number of shares	<u>12,100,000</u>	<u>12,100,000</u>
(Loss) / Earning per share	<u>0.12</u>	<u>(1.50)</u>

24.1 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.

## 25. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2013			
	Chief Executive	Directors	Executives	Total
	(Rupees)			
Managerial remuneration	5,160,000	-	2,223,172	7,383,172
Retirement benefits	-	-	164,640	164,640
House rent	2,322,000	-	1,155,943	3,477,943
Utilities/Other	1,118,000	-	703,639	1,821,639
Total	<u>8,600,000</u>	<u>-</u>	<u>4,247,394</u>	<u>12,847,394</u>
Number of persons	<u>1</u>	<u>-</u>	<u>3</u>	<u>4</u>
	2012			
	Chief Executive	Directors	Executives	Total
	(Rupees)			
Managerial remuneration	148,000	-	510,960	658,960
Retirement benefits	9,800	-	-	9,800
House rent	41,500	-	164,184	205,684
Utilities/Other	7,500	-	84,000	91,500
Total	<u>206,800</u>	<u>-</u>	<u>759,144</u>	<u>965,944</u>
Number of persons	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>

25.1 Non-Executive Directors were paid Rs.0.065 (2012: Rs.0.065) million for attending board of directors meetings during the year.

25.2 In addition, Chief Executive Officer and Director were also provided with free use of the Company maintained cars in accordance with their entitlements.

## 26. 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.

	2013 ----- (Rupees) -----	2012 ----- (Rupees) -----
<b>Millwala Sons (Private) Limited</b>		
Premium underwritten	Nil	141,284
<b>Pak Arab Trading and Shipping Agency</b>		
Premium underwritten	Nil	66,225
<b>Ardeshir R. Cowasjee</b>		
Premium underwritten	Nil	224,540
<b>Cowasjee and Sons</b>		
Premium underwritten	Nil	1,270,116
Claims paid	-	573,601
<b>Key Management Personnel</b>		
Remuneration paid to directors, chief executive and executive of the Company	12,847,394	965,944
Payment made to chief executive for consultancy services obtained prior to appointment	300,000	-
Purchase of vehicle from chief executive	1,690,203	-
<b>Staff retirement benefits</b>		
Provident fund contribution	582,602	303,686

## 27 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage; marine, aviation and transport; motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and property damage		Marine, aviation and transport		Motor		Accident & Health		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rupees												
Revenue from external customers	13,801,795	21,710,666	25,756,352	22,437,784	29,699,316	23,405,223	9,000,983	-	4,205,640	5,833,749	82,464,086	73,387,422
Depreciation	312,850	707,056	583,829	730,736	673,205	762,243	204,029	-	95,331	189,989	1,869,244	2,390,024
Segment profit/(Loss)	927,245	5,079,537	2,283,962	(59,910)	(888,036)	2,315,510	2,509,871	-	1,282,323	(776,701)	6,115,365	6,558,436
Capital expenditure	541,557	131,591	1,010,632	135,998	1,165,346	141,862	353,182	-	165,021	35,358	3,235,738	444,809
Segment assets	17,431,761	36,014,282	32,530,445	37,220,446	37,510,435	38,825,262	11,368,302	-	5,311,751	9,677,191	104,152,694	121,737,181
Segment liabilities	12,116,211	25,298,351	22,610,782	26,145,625	26,072,200	27,272,933	7,901,711	-	3,692,014	6,797,775	72,392,917	85,514,685

### 27.1 Reconciliations of reportable segments are as follows:

#### Revenue

Total revenue for reportable segments

Other revenue / (loss)

Entity's revenue

2013	2012
Rupees	
6,115,365	6,558,436
27,878,197	6,905,217
33,993,562	13,463,653

#### Profit for the year

Total profit for reportable segments

Unallocated corporate income / (expenses)

General and administration expenses

Profit before income tax expense

33,993,562	13,463,653
(31,925,312)	(31,305,398)
2,068,250	(17,841,745)

#### Assets

Total assets for reportable segments

Other unallocated corporate assets

Entity's assets

104,152,694	121,737,181
60,670,018	54,287,065
164,822,712	176,024,246

#### Liabilities

Total liabilities for reportable segments

Other unallocated corporate liabilities

Entity's liabilities

72,392,917	85,514,685
92,429,795	90,509,561
164,822,712	176,024,246

The Company has no reportable geographical segment.



## 28 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 financial statements.

The Board of Directors 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 of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 28.1 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 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 and other financial assets.

**28.1.1** The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	<b>Category of financial assets</b>	<b>2013</b>	<b>2012</b>
		<b>----- Rupees -----</b>	
Bank deposits	Loans & Receivables	<b>6,954,075</b>	13,665,555
Investments:			
Available for sale	Available for sale	<b>14,679,869</b>	21,970,755
Premiums due but unpaid	Loans & Receivables	<b>45,023,277</b>	24,753,023
Accrued investment income	Loans & Receivables	<b>30,690</b>	22,843
Amount due from other insurers / reinsurers	Loans & Receivables	<b>27,449,211</b>	25,742,710
Reinsurance recoveries against outstanding claims	Loans & Receivables	<b>13,938,082</b>	17,130,080
Sundry receivables	Loans & Receivables	<b>10,709,581</b>	1,978,039
		<b>118,784,785</b>	105,263,005

Geographically there is no concentration of credit risk.

The Company does not hold 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 receivable as disclosed in note 17 to these 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.

#### Financial Assets - 2013

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
Premiums due but unpaid -net- unsecured	45,023,277	27,051,588	16,906,957	1,064,732
Amounts due from other insurers / reinsurers - unsecured	27,449,211	27,449,211	-	-
Accrued investment income	30,690	30,690	-	-
Reinsurance recoveries against outstanding claims	13,938,082	11,158,797	375,000	2,404,285
Deferred commission expense	4,036,241	4,036,241	-	-
Prepaid reinsurance premium ceded	2,602,936	2,602,936	-	-
Sundry receivables	10,709,581	8,731,542	-	1,978,039
	<b>103,790,018</b>	<b>81,061,005</b>	<b>17,281,957</b>	<b>5,447,056</b>

#### Financial Assets - 2012

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
Premiums due but unpaid -net- unsecured	24,753,023	19,275,788	5,477,235	-
Amounts due from other insurers / reinsurers - unsecured	25,742,710	25,742,710	-	-
Accrued investment income	22,843	22,843	-	-
Reinsurance recoveries against outstanding claims	17,130,080	5,157,927	123,129	11,849,024
Deferred commission expense	4,361,380	4,361,380	-	-
Prepaid reinsurance premium ceded	10,672,251	10,672,251	-	-
Sundry receivables	1,978,039	-	-	1,978,039
	<b>84,660,326</b>	<b>65,232,899</b>	<b>5,600,364</b>	<b>13,827,063</b>

#### 28.1.2 The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating	Agency		
National Bank of Pakistan	AAA	JCR-VIS	545,505	856,327
Habib Bank Limited	AAA	JCR-VIS	14,026	(7,817)
Allied Bank Limited	AA+	PACRA	494,124	-
MCB Bank Limited	AAA	PACRA	1,728	10,271
Bank of Punjab Limited	AA-	PACRA	43,257	43,257
United Bank Limited	AA+	JCR-VIS	2,203,039	761,055
Soneri Bank Limited	AA-	PACRA	53,743	53,743
NIB Bank Limited	AA-	PACRA	9,346	9,346
Faysal Bank Limited	AA/AA	JCR-VIS/PACRA	488,316	375,664
SILK Bank Limited	A-	JCR-VIS	4,819	656,968
Bank Alfalah Limited	AA	PACRA	364,117	251,429
Summit Bank Limited	A-	JCR-VIS	20,230	-
Standard Chartered Pakistan	AAA	PACRA	17,143	17,186
Bank of Oman			22,424	279,736
Habib Metropolitan Bank	AA+	PACRA	86,200	86,200
			<b>4,368,017</b>	<b>3,393,365</b>



**28.1.4 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	2013	2012
	----- Rupees -----				
A or above	27,449,211	13,938,082	2,602,936	<b>27,449,211</b>	53,545,041
BBB	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<u>27,449,211</u>	<u>13,938,082</u>	<u>2,602,936</u>	<u><b>27,449,211</b></u>	<u>53,545,041</u>

**28.2 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 lease finance to minimize risk.

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

	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	----- Rupees -----			
<b>As at December 31, 2013</b>				
<b>At amortised cost:</b>				
Provision for outstanding claims	<b>32,371,431</b>	<b>32,371,431</b>	<b>32,371,431</b>	-
Amounts due to other insurers	<b>10,138,364</b>	<b>10,138,364</b>	<b>10,138,364</b>	-
Accrued expenses	<b>1,990,308</b>	<b>1,990,308</b>	<b>1,990,308</b>	-
Other creditors	<b>1,596,372</b>	<b>1,596,372</b>	<b>1,596,372</b>	-
Unpresented dividend warrants	<b>418,209</b>	<b>418,209</b>	<b>418,209</b>	-
	<u><b>46,514,684</b></u>	<u><b>46,514,684</b></u>	<u><b>46,514,684</b></u>	<u>-</u>
<b>As at December 31, 2012</b>				
<b>At amortised cost:</b>				
Provision for outstanding claims	31,096,523	31,096,523	31,096,523	-
Amounts due to other insurers	24,539,055	24,539,055	24,539,055	-
Accrued expenses	2,095,220	2,095,220	2,095,220	-
Other creditors	1,373,089	1,373,089	1,373,089	-
Unpresented dividend warrants	418,209	418,209	418,209	-
	<u>59,522,096</u>	<u>59,522,096</u>	<u>59,522,096</u>	<u>-</u>

**28.3 Market risk**

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising 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/mark up rate risk**

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 balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:



	2013 Effective interest rate (%)	2012 Effective interest rate (%)	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>Financial assets</b>				
Bank deposits	5.00%	5.00%	<b>117,970</b>	17,235
Deposits maturing with in 12 months	9% to 10%	9% to 10%	<b>1,000,000</b>	5,250,000

#### **Sensitivity analysis**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a 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.

#### **b) 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 amounting to Rs.14,713,971 (2012: Rs.41,363,326) at the balance sheet 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 balance sheet 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, 2013 and 2012 and 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:**

	Fair value Rupees	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity Rupees	Hypothetical increase (decrease) in profit / (loss) before tax
<b>December 31, 2013</b>	<b>14,713,765</b>	<b>10% increase</b>	<b>16,185,142</b>	<b>1,471,377</b>	<b>1,471,377</b>
		<b>10% decrease</b>	<b>13,242,389</b>	<b>(1,471,377)</b>	<b>(1,471,377)</b>
December 31, 2012	21,970,755	10% increase	24,167,831	2,197,076	2,197,076
		10% decrease	19,773,680	(2,197,076)	(2,197,076)

#### **28.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
		----- Rupees -----	-----	
<b>December 31, 2013</b>				
<b>Available for sale investments</b>	<b>14,713,765</b>	-	-	<b>14,713,765</b>
<b>December 31, 2012</b>				
Available for sale investments	21,970,755	-	-	21,970,755

## 28.5 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 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. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

### Geographical concentration of insurance risk

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial, industrial/residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation.

Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

### Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.



In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts (i.e. Fire and property damage, Marine, aviation and transport, Motor and Miscellaneous) is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2013	2012	2013	2012	2013	2012
----- Rupees in thousands -----						
Fire	4,464,744	10,129,722	1,930,612	6,888,211	2,534,132	3,241,511
Marine	14,190,398	-	4,551,936	-	9,638,462	-
Moto	4,681,289	747,203	-	-	4,681,289	747,203
Health	145,680	-	-	-	145,680	-
Others	79,100	73,402	52,900	38,169	26,200	35,233
	<b>23,561,211</b>	<b>10,950,327</b>	<b>6,535,448</b>	<b>6,926,380</b>	<b>17,025,763</b>	<b>4,023,947</b>

#### 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 balance sheet 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 before tax net of reinsurance.

	Impact on pre tax profit		Shareholders' equity	
	2013	2012	2013	2012
----- Rupees -----				
<b>10% increase in loss</b>				
Net				
Fire and property damage	537,097	2,277,407	349,113	3,353,955
Marine, aviation and transport	1,161,125	4,622,809	754,731	957,730
Motor	10,915,039	8,616,385	7,094,775	45,538
Accident and health	375,212	-	243,888	-
Miscellaneous	1,098,871	798,492	714,266	511,375
	<b>14,087,344</b>	<b>11,760,279</b>	<b>9,156,773</b>	<b>4,868,598</b>
<b>10% decrease in loss</b>				
Net				
Fire and property damage	537,097	2,277,407	349,113	3,353,955
Marine, aviation and transport	1,161,125	4,622,809	754,731	957,730
Motor	10,915,039	8,616,385	7,094,775	45,538
Accident and health	375,212	-	243,888	-
Miscellaneous	1,098,871	798,492	714,266	511,375
	<b>14,087,344</b>	<b>11,760,279</b>	<b>9,156,773</b>	<b>4,868,598</b>

#### Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2013.

	2011	2012	2013
----- Rupees -----			
<b>Analysis on gross basis</b>			
<b>Accident year</b>			
Estimate of ultimate claims cost:			
At end of accident year	13,329,289	2,442,862	2,242,559
One year later	17,072,732	20,191,019	11,837,993
Cumulative payments to date	(10,211,002)	(10,795,888)	(8,513,810)
Liability recognised in the balance sheet	20,191,019	11,837,993	5,566,742



## 29 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2012. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2013	2012
	----- Rupees in Thousands-----	
Minimum paid up capital required	300,000	300,000
Company's paid up capital	121,000	121,000
The company is in process of further issue of capital, which would increase its paid up capital to Rs. 620.125 million. Refer note 1.1 & 32.		

## 30 PROVIDENT FUND / TRUST DISCLOSURE

The following information is based on the last unaudited financial statements of the fund:

	2013	2012
	----- Rupees -----	
	Un-Audited	Audited
Size of the fund - total assets	11,987,249	13,006,612
Cost of Investments made	11,575,796	12,682,839
Percentage of investments made	96.56%	97.51%
Fair Value of investments	12,003,723	12,866,215

The break-up of cost of investments is:

	2013		2012	
	%	Rupees	%	Rupees
With bank (saving account)	2.53	293,460	3.83	485,676
Fixed Deposit Receipts	28.51	3,300,000	69.39	8,800,000
Mutual Funds	68.96	7,982,336	26.78	3,397,163
	100	11,575,796	100	12,682,839

Trustees have confirmed that investments out of provident fund trust have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and rules there under.

## 31 NUMBER OF EMPLOYEES


Number of employees and average employees as at December 31, 2013 were 66 (2012: 34) and 51 (2012: 36) respectively.

## 32 EVENTS AFTER BALANCE SHEET DATE

- 32.1 The company has issued right shares with the approval of Board of Directors, SECP and KSE amounting to Rs.499.125 M and has increased its paid up capital from Rs.121 M to Rs.620.125 M and has filed form 3 with SECP on March 31, 2014. (Refer note 1.1 also for detail)
- 32.2 The company has dropped words "The" & "Company" from its name with approval of SECP and therefore w.e.f. April 04, 2014 its name would be "Crescent Star Insurance Limited".

## 33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and are authorised for issue on 9th April 2014.



Naim Anwar

Chief Executive/Principal Officer



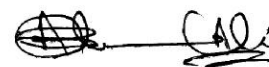
Mudassar Zubair Mirza

Director



Manavar Karamat Ahmed

Director



Syed Adnan Ali Zaidi

Director

**PATTERN OF SHAREHOLDINGS**  
FOR THE YEAR ENDED DECEMBER 31, 2013

Number of shareholders	Shareholdings		Shares Held
	From	To	
217	1	100	4,711
97	101	500	25,751
35	501	1000	29,492
80	1001	5000	195,483
24	5001	10000	175,698
15	10001	15000	187,259
7	15001	20000	126,483
5	20001	25000	120,903
1	25001	30000	28,000
4	30001	35000	129,476
1	40001	45000	44,710
1	45001	50000	49,000
1	50001	55000	55,000
1	55001	60000	58,789
1	60001	65000	64,360
1	65001	70000	65,391
3	70001	75000	216,565
1	75001	80000	77,380
1	80001	85000	80,107
1	85001	90000	85,686
1	100001	105000	100,441
2	130001	135000	267,055
2	135001	140000	279,970
1	145001	150000	145,780
1	155001	160000	158,812
2	170001	175000	344,377
2	180001	185000	361,751
1	200001	205000	201,833
1	205001	210000	207,495
1	245001	250000	250,000
1	285001	290000	288,674
1	330001	335000	333,396
1	360001	365000	360,648
1	400001	405000	403,046
1	445001	450000	447,866
1	515001	520000	516,956
1	600001	605000	604,491
1	845001	850000	848,439
2	995001	1000000	2,000,000
1	2155001	2160000	2,158,726
522			12,100,000

**CATEGORIES OF SHAREHOLDERS**

Particulars	No. of Shareholders	No. of Shares	Percentage
1. Individual	506	10,638,047	87.92
2. Charitable Trusts	4	376,229	3.11
3. Insurance Companies	2	605,841	5.01
4. Joint Stock Companies	10	479,883	3.97
	522	12,100,000	100

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors &amp; Spouses &amp; Executives</b>			
Sakib Berjees	1	2,158,726	17.84071
Syed Adnan Ali Zaidi	1	3,000	0.02479
Mudassar Zubair Mirza	1	3,000	0.02479
Syed Abid Raza	1	3,000	0.02479
Monavar Karamat Ahmad	1	133,785	1.10566
<b>Chief Executive Officer</b>			
Naim Anwar	1	3,000	0.02479
<b>Associate Companies, Undertakings &amp; Related Parties</b>		-	0.00000
<b>NIT and ICP</b>		-	0.00000
<b>Banks, DFIs and NBFIs</b>		-	0.00000
<b>Public Sector Companies and Corporations</b>		-	0.00000
<b>Insurance Companies</b>			
Pakistan Reinsurance Company Limited	1	604,491	4.99579
Excel Insurance Company Limited	1	1,350	0.01116
<b>Modaraba</b>		-	0.00000
<b>Mutual Funds</b>		-	0.00000
<b>General Public</b>			
Local (Individuals)	500	8,333,536	68.87220
Foreign Companies / Organizations / Individuals		-	0.00000
<b>Others</b>			
Joint Stock Companies	10	479,883	3.96598
Pension Fund, Provident Fund, Trusts	4	376,229	3.10933
	<b>522</b>	<b>12,100,000</b>	<b>100.00000</b>

**Shareholders Holding 5% or More Voting Interest**

Fazal Ashfaq	848,439	7.01189%
Zoobi Warsy	1,000,000	8.26446%
Nazia Sabeen Ali	1,000,000	8.26446%
Sakib Berjees	2,158,726	17.84071%



## BRANCH NETWORK

### HEAD OFFICE

2nd Floor, Nadir House, I.I. Chundrigr 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. Chundrigr Road, Karachi.	(021) 2415471-73	(021) 2415474
NEW UNIT	3rd Floor, Nadir House, I.I. Chundrigr Road, Karachi.	(021) 2415471-73	(021) 2415474
CORPORATE	2nd Floor, Nadir House, I.I. Chundrigr 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	

# 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 57<sup>th</sup> Annual General Meeting of the Company to be held on 30<sup>th</sup> April, 2014 and at any adjournment thereof.

Signed this \_\_\_\_\_ of \_\_\_\_\_ 2013.  
(day) (date, month)

Signature of Member: \_\_\_\_\_

Folio Number: \_\_\_\_\_

Number of share held: \_\_\_\_\_

Witnesses:

1. \_\_\_\_\_

2. \_\_\_\_\_

Please affix  
Revenue Stamp  
of Rs.5/-

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 2<sup>nd</sup> Floor, Nadir House, I.I.Chundrigar Road Karachi not later than 48 hours before the time of holding meeting, failing 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.

# BOOK POST

*Printed Matter  
Under Postal Certificate*



**The Crescent Star Insurance Company Limited**

ESTD 1957

## **HEAD OFFICE**

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

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F : +92 21 3241 5474  
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