



Your Security - Our Policy

# 61<sup>st</sup> Annual Report 2017

## Crescent Star Insurance Ltd.

ESTD: 1957

NATION WIDE BRANCH NETWORK

MOTOR

HEALTH

FIRE

MARINE

ENGG

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)\*  
Dr. Fahim Lashkarwala\*  
Mr. Shahid Suleman Jan\*  
Mr. Bilal Anwar\*  
Mr. Muhammad Akram Sawleh\*  
Mr. Nadeem Ansar\*  
Ms. Rukhsana Asghar\*  
Ms. Shaiyanne Malik\*

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### Managing Director & Chief Executive

Mr. Naim Anwar

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### Management

Mr. Naim Anwar (Managing Director & CEO)  
Mr. Bilal Anwar (Executive Director)  
Mr. Tanveer Ahmed (Resident Director)  
Mr. Suhail Elahi (Resident Director)  
Mr. Malik Mehdi Muhammad (CFO & Company Secretary)  
Mr. Tahir Hussain Qureshi (Country Head Sales)  
Mr. Hanaish Kumar (Head of Internal Audit)

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### Board Audit Committee

Dr. Fahim Lashkarwala (Chairman)  
Mr. Shahid Suleman Jan  
Mr. Bilal Anwar

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### Board H.R & Remuneration Committee

Mr. Bilal Anwar (Chairman)  
Mr. Shahid Suleman Jan  
Mr. Naim Anwar

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### Board Investment Committee

Mr. Naim Anwar (Chairman)  
Mr. Shahid Suleman Jan  
Dr. Fahim Lashkarwala

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### C F O & Company Secretary

Mr. Malik Mehdi Muhammad

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### Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

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### Legal Advisor

Uzma Anwar

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### Bankers

United Bank Limited  
Faysal Bank Limited  
Habib Bank Limited

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### Share Registrar

F. D. Registrar (SMC-Pvt.) Limited  
Office No. 1705, 17th Floor, Saima Trade Tower – A  
I. I. Chundrighar Road, Karachi  
Tel #: 35478192-93 / 32271906 Fax #: 32621233

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### Registered & Head Officer

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

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\*subject to Sound and prudent approval from the SECP.

**CRESCENT STAR INSURANCE LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 61<sup>st</sup> Annual General Meeting of the shareholders of Crescent Star Insurance Limited will be held on April 30, 2018 at 9.30 a.m. at 2<sup>nd</sup> Floor, Nadir House I.I. Chundrigar Road, Karachi to transact the following business.

**ORDINARY BUSINESS:**

1. To confirm and approve the minutes of the 60<sup>th</sup> Annual General Meeting held on April 29, 2017.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2017 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2018 and fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, pass special resolution pursuant to Section 199 and applicable provisions of Companies Act, 2017 to authorize further investment in Share Capital of Crescent Star Luxury (Private) Limited (CSL) up to a value of approximately Rs. 100 million in aggregate, this will enhance the total investment in CSL up to Rs. 200 million in aggregate.

**“RESOLVED THAT** pursuant to the requirements of Section 199 and applicable provisions of Companies Act, 2017, the Company be and is hereby authorized to further invest in Share Capital of, CSL up to a value of approximately Rs. 100 million in aggregate.”

**“RESOLVED FURTHER THAT** the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of the above transaction but not limited to filing of all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolutions.”

5. To consider and, if thought fit, pass special resolution pursuant to Section 199 and applicable provisions of Companies Act, 2017 to authorize further investment in Share Capital of Crescent Star Technologies (Private) Limited (CST) up to a value of approximately Rs. 75 million in aggregate, this will enhance the total investment in CST up to Rs. 100 million in aggregate.

**“RESOLVED THAT** pursuant to the requirements of Section 199 and applicable provisions of Companies Act, 2017, the Company be and is hereby authorized to further invest in Share Capital of, CST up to a value of approximately Rs. 75 million in aggregate.”

**“RESOLVED FURTHER THAT** the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of the above transaction but not limited to filing of

all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolutions.”

6. To consider and, if thought fit, pass special resolution pursuant to Section 199 and applicable provisions of Companies Act, 2017 to authorize further investment in Share Capital of Crescent Star Foods (Private) Limited (CSF) up to a value of approximately Rs. 100 million in aggregate, this will enhance the total investment in CSF up to Rs. 600 million in aggregate.

**“RESOLVED THAT** pursuant to the requirements of Section 199 and applicable provisions of Companies Act, 2017, the Company be and is hereby authorized to further invest in Share Capital of, CSF up to a value of approximately Rs. 100 million in aggregate.”

**“RESOLVED FURTHER THAT** the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of the above transaction but not limited to filing of all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolutions.”

#### **ANY OTHER BUSINESS:**

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

A statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the aforementioned Special Business to be transacted at the AGM is annexed with this Notice of AGM.

Karachi: April 6, 2018

By order of the Board  
Malik Mehdi Muhammad  
Company Secretary

#### **Notes:**

1. **CLOSURE OF SHARE TRANSFER BOOKS:**

The Share Transfer Books of the Company shall remain closed from April 24, 2018 to April 30, 2018 (both days inclusive). Transfers received at our registrar office M/s F. D. Registrar Services (SMC-Pvt.) Limited 17<sup>th</sup> Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi by the close of business on April 23, 2018 will be treated in time.

2. **PROXY FORM:**

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. NOTICE FOR CDC SHAREHOLDERS:**

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

**4. NOTICE TO SHAREHOLDER'S WHO HAVE NOT PROVIDED THEIR CNIC'S:**

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. NOTICE TO SHAREHOLDER FOR CHANGE IN THEIR ADDRESSES:**

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

**6. AUDITED FINANCIAL STATEMENT THROUGH E-MAIL:**

Securities & Exchange Commission of Pakistan (SECP) through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are requested to send their email addresses. The consent form for electronic transmission can be downloaded from the Company's website: <http://www.cstarinsurance.com/>.

The Company shall, however provide hard copy of the Audited Financial Statements to its shareholder, on request, free of cost, within seven days of receipt of such request.

**7. CONSENT FOR VEDIO CONFERENCING FACILIY:**

Pursuant to the provision of Sections 132(2) & 134(1)(b) of the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regards, please fill the following and submit to registered address of the Company at least 7 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical locations to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/ We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Crescent Star Insurance Limited, holder of \_\_\_\_\_ ordinary share(s) as per registered folio no. \_\_\_\_\_ hereby opt for video conferencing facility.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING THE SPECIAL BUSINESS**

The accompanying copy of the notice is for the purpose of convening the meeting of the members for passing of the Special Resolutions specified in the notice. The material facts relating to the Special Resolutions are as follows:

**Agenda Item 4: Investment in Share Capital of Crescent Star Luxury (Private) Limited**

The Board of Directors have decided to further invest in Share Capital of Crescent Star Luxury (Private) Limited to a value of approximately up to Rs. 100 million in aggregate.

S. No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO SECTION 199 OF THE COMPANIES ACT, 2017 (INVESTMENTS IN ASSOCIATED COMPANIES AND UNDERTAKING)	RELEVANT INFORMATION
<b>a.</b>	<b>Investment in Share Capital</b>	
1.	Name of the associated company or associated undertaking along with criteria based on which the relationship is established	Crescent Star Luxury (Private) Limited (CSL) is a subsidiary of the Company. The relationship is established based on 100 % holding of the Company.
2.	Purpose, benefits and period of investment	<b>Purpose &amp; Benefit</b> The objective of the Company is to enter the fashion, luxury and beauty brands through retail outlets through a maximum of 100% holding in the Company. <b>Period of Investment</b> Long Term
3.	Maximum amount of investment	Previous PKR 100 million New PKR 100 million Total PKR 200 million
4.	Maximum price at which securities will be acquired	PKR 10/-
5.	Maximum number of securities to be acquired	20 million ordinary shares
6.	Number of securities/units and percentage thereof held before and after the proposed investment	Before Investment 100% After Investment 100%

7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8.	In case of investment in unlisted securities fair market value of such securities	Crescent Star Luxury (Private) Limited is a newly set up company and the project is currently in formative phase. The current fair value of investment is assumed at PKR 10/- due to the above factor. The fair value of the investment will be applicable once the Company commences its full operations.
9.	Earnings/(Loss) per share of the subsidiary company or associated undertaking for the last three years	N/A
10.	Sources of fund from which securities will be acquired	Through own resources
11.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A
12.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
13.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Common Directorship. None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company and that certain directorship are the Nominee Directors on the Company's Board.
14.	Any other important details necessary for the members to understand the transaction	None

**Agenda Item 5: Investment in Share Capital of Crescent Star Technologies (Private) Limited**

The Board of Directors have decided to further invest in Share Capital of Crescent Star Technologies (Private) Limited to a value of approximately up to Rs. 75 million in aggregate.

S. No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE SECTION 199 OF THE COMPANIES ACT, 2017 (INVESTMENTS IN ASSOCIATED COMPANIES AND UNDERTAKING)	RELEVANT INFORMATION
<b>a.</b>	<b>Investment in Share Capital</b>	
1.	Name of the associated company or associated undertaking along with criteria based on which the relationship is established	Crescent Star Technologies (Private) Limited (CST) is a subsidiary of the Company. The relationship is established based on 100 % holding of the Company.
2.	Purpose, benefits and period of investment	<b>Purpose &amp; Benefit</b>  The objective of the Company is to carry on business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies through a maximum of 100% holding in the Company.  <b>Period of Investment</b> Long Term
3.	Maximum amount of investment	Previous   PKR 25 million New        PKR 75 million Total      PKR 100 million
4.	Maximum price at which securities will be acquired	PKR 10/-
5.	Maximum number of securities to be acquired	10 million ordinary shares
6.	Number of securities/units and percentage thereof held before and after the proposed investment	Before Investment 100% After Investment 100%

7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8.	In case of investment in unlisted securities fair market value of such securities	Crescent Star Technologies (Private) Limited is a newly set up company and the project is currently in formative phase. The current fair value of investment is assumed at PKR 10/- due to the above factor. The fair value of the investment will be applicable once the Company commences its full operations.
9.	Earnings/(Loss) per share of the subsidiary company or associated undertaking for the last three years	N/A
10.	Sources of fund from which securities will be acquired	Through own resources
11.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A
12.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
13.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Common Directorship. None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company and that certain directorship are the Nominee Directors on the Company's Board.
14.	Any other important details necessary for the members to understand the transaction	None

**Agenda Item 6: Investment in Share Capital of Crescent Star Foods (Private) Limited**

The Board of Directors have decided to further invest in Share Capital of Crescent Star Foods (Private) Limited to a value of approximately up to Rs.100 million in aggregate.

S. No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE SECTION 199 OF THE COMPANIES ACT, 2017 (INVESTMENTS IN ASSOCIATED COMPANIES AND UNDERTAKING)	RELEVANT INFORMATION
<b>a.</b>	<b>Investment in Share Capital</b>	
1.	Name of the associated company or associated undertaking along with criteria based on which the relationship is established	Crescent Star Foods (Private) Limited (CSF) is a subsidiary of the Company. The relationship is established based on 77 % holding of the Company.
2.	Purpose, benefits and period of investment	<b>Purpose &amp; Benefit</b> The objective of the Company is to enter the lucrative food business category through a maximum of 100% holding in the Company.  <b>Period of Investment</b> Long Term
3.	Maximum amount of investment	Previous PKR 500 million New PKR 100 million Total PKR 600 million
4.	Maximum price at which securities will be acquired	PKR 10/-
5.	Maximum number of securities to be acquired	60 million ordinary shares
6.	Number of securities/units and percentage thereof held before and after the proposed investment	Before Investment 77% After Investment 86%
7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8.	In case of investment in unlisted securities fair market value of such securities	Crescent Star Foods (Private) Limited is a newly set up company. The current fair value of investment is assumed at PKR 10/- due to the above factor.

9.	Earnings/(Loss) per share of the subsidiary company or associated undertaking for the last three years	June 2016 (18.88)	June 2017 (4.27)
10.	Sources of fund from which securities will be acquired	Through own resources	
11.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A	
12.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A	
13.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Common Directorship. None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company and that certain directorship are the Nominee Directors on the Company's Board.	
14.	Any other important details necessary for the members to understand the transaction	None	

## **Chairman's Review Report**

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

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Crescent Star Insurance Limited (CSIL) is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended December 31, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory, it is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. Improvement is an ongoing process leading to action plans.

The Board during the year ended December 31, 2017 played effective role in managing the affairs of the Company in the following manner;

- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The meetings of Board have held frequently enough to adequately discharge their responsibilities. The Non-Executive and independent directors are equally involved in important decisions.

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

**Naim Anwar**  
Chairman

Karachi: April 5, 2018

## چیمبر مین کی جائزہ رپورٹ

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

ادارتی نظم و نسق کے ضابطہ کے تحت کریسنٹ اسٹرائٹورنس لمیٹڈ (CSIL) کے ڈائریکٹرز کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور اس کی اثر پذیری کو ناپنا ہے اور کمپنی کے طے کردہ اہداف کے تناظر میں بیچ مارک کے مطابق توقعات پر لانا ہے۔

مالیاتی سال مختتمہ 31 دسمبر 2017 میں بورڈ کی کارکردگی اور اثر پذیری کی تشخیص تسلی بخش رہی، اس کی بنیاد مفرد اجزائے ترکیبی، بشمول نصب العین، مشن اور اقدار، حکمت عمل سے بھرپور منصوبہ بندی، پالیسیوں کی تشکیل، ادارے کے مجموعی کاروبار کی نگرانی، مالیاتی وسائل کا انتظام، موثر مالیاتی نگرانی، ملازمین کی استعداد اور ان کے ساتھ یکساں سلوک کے ذریعے بورڈ کے کاموں کی تکمیل کرنا شامل ہے۔ بہتری ایک جاری عمل ہے جس سے منصوبوں پر عمل کرنے میں مدد ملتی ہے۔

- سال مختتمہ 31 دسمبر 2017 کے دوران بورڈ نے کمپنی کے معاملات موثر انداز میں چلانے کے لئے اپنا کردار مندرجہ ذیل طریقے سے ادا کیا:
- ☆ بورڈ نے اندرونی گرفت کے نظام کو یقینی بنایا ہے اور اس کی افادیت اور اثر پذیری پر اندرونی آڈیٹرز باقاعدگی سے غور و خوض کرتے ہیں۔
  - ☆ پورے سال تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے روبرو پیش کیا گیا جس سے ادارتی فیصلہ سازی کا عمل مضبوط اور باضابطہ ہوا اور خاص طور پر ملحقہ پارٹیوں کے تمام سودوں کی منظوری بوڑڈ نے آڈٹ کمیٹی کی سفارش پر دی۔
  - ☆ بورڈ کے مناسب تعداد میں اجلاس ہوئے جس سے وہ اپنی ذمہ داریوں سے احسن انداز میں عہدہ برآں ہو سکا۔ نان ایگزیکٹو اور خود مختار ڈائریکٹران یکساں طور پر اہم فیصلوں میں ملوث رہے۔

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

نعیم انور

مینجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

کراچی: ۱۵ اپریل ۲۰۱۸ء

## **Directors' Report to the Members on Unconsolidated Financial Statements**

The Directors of your Company are pleased to present the 61<sup>st</sup> Annual Report and the Audited Financial Statements for the year ended December 31, 2017.

### **Business Performance Highlights**

Your Company is on the path of growth after following the long term strategy through which the Company performance has been turned around. It is heartening to note that the accumulated loss of the Company in 2013 at the time of change of management has successfully been turned into accumulated profit while the paid up capital from PKR 121 million in 2013 has now reached PKR 1.07 billion which has placed your Company in the range of companies maintaining healthy capital to meet the requirements of large corporate business. Through the strategy to of diversification through the Company's subsidiary companies and diversified areas of business your Company has achieved a position of performing group of companies and is now well placed in the category of fully compliant Company and a strong position to meet the financial needs and ratios of the Insurance Sector.

The subsidiary Crescent Star Foods (Private) Limited (CSF), is in line with its strategy and plan to expand with more outlets and after successful launch of its flagship outlet of GOLDEN CHICK SEA VIEW, Karachi, is now under construction with its outlet at Malir Cantt, Karachi and has also signed up for outlet at Kala Shah Kaku, (GT Road, Lahore-Pindi). CSF is also expanding with more outlets of Bombay Chowpatty and has launched its new outlet at Rahat Commercial while progressing into new outlet plans into Sindh and Baluchistan.

Furthermore, CSF is in the process of merger with and into PICIC Insurance Limited (PIL), which is currently in the process of approvals through the High Court of Sindh and necessary corporate and regulatory approvals. Once the SCHEME OF AMALGAMATION is allowed by the court CSF will be a member of the Pakistan Stock Exchange. The management of your Company expects your Company to receive the shares of the merged company as per Swap Ratio, issued by the auditors of PIL and approved by EOGM of PIL and submitted to the High Court of Sindh against its holding of CSF. Part of the arrangements agreed between managements of the companies involved the Insurance Related Assets and Liabilities of PIL will be transferred to CSIL against the revocation of Insurance License made by PIL, and in consideration of the variance as certified by the auditors, your Company will receive 23.247 million additional shares which are proposed to be issued by PIL at a rate of Rs. 3/share to cover an amount of Rs. 69.740 million subject to all regulatory and corporate approvals.

Crescent Star Luxury (Private) Limited (CSL), made its strategic decision to vacate from Lucky Mall, Karachi and move the store of its retail outlet DEFINE to Zamzama, through which a substantial saving of rent has been achieved. The management of CSL took the prudent decision promptly after observing the results of retail sales at Lucky Mall and it was felt that a corrective timely decision to relocate the store will be prudent. Accordingly the store at its new location is expected to start in April 2018. CSL has further identified strategic locations at Lahore and other cities to expand its retail stores very shortly.

Crescent Star Technologies (Private) Limited (CST) is a subsidiary of your Company and under its banner has been working on three lucrative areas of opportunities. A team of professionals have already successfully developed its first software for Insurance Industry, which will be run on trial by your Company which will help your Company to save unnecessary expenses paid out to the market vendors of software currently being used, in addition to group support on software by CSF and CSL to be provided to CST. CST will be working on software products for Foods and Retail and while group companies will support, CST will be open to opportunities in the open market to gain as an independent entity. CST has also started in house Call Centre which is being supported by CSF for food delivery orders, and will be supported by CSL for DEFINE online orders, in addition to CSIL support on Health and Motor portfolios. Call Centre activities will be promoted by CST to the open market as an independent entity also. The third area of opportunity is Tracker services which CSIL currently sources on rent from vendors. For this a license is being applied to PTA and open receipt of the license a professional team already in place will set up the tracking operations to support CSIL in addition to large open market available as independent entity.

The Management of Dost Steels Limited (DSL) has resolved to issue 35.428 million shares at Rs.10/share (AT PAR), as OTHER THAN RIGHT against the amount of PKR 354.279 million which is already paid against issuance of shares as advance. DSL has resolved to make the necessary application to the regulator after completion of the corporate process. It is expected that after the necessary approvals to DSL, your Company will be able to receive the shares against the advance already paid to DSL

### **Financial Highlights**

While updating the progress of your Company in various activities have been discussed above, it is heartening to see your Company results as reported, where the accumulated loss has turned into a profit of Rs. 73.167 million while the underwriting results show a loss of Rs. 35.417 million. The overall asset base of your Company has crossed one billion. The asset to liability ratio of your Company speaks for the strength itself. The financial highlights are given below, which reflects the major structural process your Company has gone through to make a sound footage to enter into the developing Insurance market. Your Company has been active in the strategy to make the selling of Insurance through Technology and aim at the audience of Individual client with a large scope in health products and motor portfolio in addition to many other interesting insurance concepts available to be introduced in the Pakistan market. The core Insurance activities of CSIL will reflect on the figures in the years starting from 2019 onwards and professional teams to cater the demand have already been hired and trained.

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

## Financial Position at a Glance

	2017	2016	2015
Gross Premium	113,280,308	190,288,096	265,768,354
Net Premium	109,614,211	206,345,732	236,906,786
Profit / (Loss) Before Tax	74,536,862	25,621,935	89,855,142
Profit / (Loss) After Tax	73,166,684	23,557,209	81,682,351
Paid-up Capital	826,833,330	826,833,330	620,125,000
Total Assets	1,240,905,705	1,009,122,729	838,220,966
(Loss) / Earnings Per Share (EPS)	0.88	0.30	1.33

## Future Outlook

The Company intends to maintain its core business of Insurance and expand the same after the structure of the Company to cater such business is now in place. The core business of the Company will be maintained while the Company intends to continue its investment policy and diversification towards profitable avenues hence improve the Company's performance and return to share holder. The Company after completion of some of its investment projects will be looking for more opportunities where the Company expertise can make fruitful ventures. The Investment Committee of the Board will continue to work on proposals from time to time.

## Earnings per Share

Your Company has incurred a profit after tax of Rs. 73.167 million which translates into earning per share of Rs. 0.88 as compared to last year's earnings per share of Rs. 0.30.

## Dividend

The Board of Directors does not recommend any Dividend for the year ended December 31, 2017.

## Auditors' Report

- Due to non-availability of any written agreement between DSL and CSIL for charging of mark-up of Rs. 66.583 million, the auditors have expressed their reservation in the auditors' report.
- The Company has reversed provision for outstanding claims and their corresponding recoveries amounting to Rs. 4.769 million and Rs. 3.834 million respectively pertains prior to 2008. Due to non-availability of relevant information older than 2008, the auditors have expressed reservation in the auditors' report.

### **Insurer Financial Strength Rating (IFSR)**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating at 'A-' with a 'Rating Watch - Developing' outlook.

### **Corporate Social Responsibility**

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

#### Occupational safety & health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has a dedicate medical facility which is being supervised by a full time Chief Medical Officer posted at Head Office, to take care of employees and their families' health matters and also advise on preventive health care.

#### Business ethics & anti-corruption measures

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

#### Energy Conservation

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

#### Industrial Relations

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

### **Human Resource Initiatives**

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

## **Compliance with the Code of Corporate Governance**

The requirements of the code set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended December 31, 2017, 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 Act, 2017 and the Insurance Ordinance, 2000.
- c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes were made, have been adequately disclosed and accounting estimates area on the basis of prudent and reasonable judgment.
- d) Financial statements have been prepared by the Company in accordance with the International Accounting Standards, as applicable in Pakistan, requirement of Companies Act, 2017, Insurance Ordinance, 2000, 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.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Information about taxes and levies is given in the notes to and forming part of financial statements.

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

## **Board Meetings and Attendance**

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

<b>Name of Director</b>	<b>Number of Board Meetings Attended</b>
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Mr. Naim Anwar	7
Dr. Fahim Lashkarwala	7
Mr. Shahid Suleman Jan	7
Mr. Bilal Anwar	7
Syed Adnan Ali Zaidi	2
Syed Abid Raza	-
Mr. Hanif Daud	-

### **Auditors**

The present auditors, M/s Grant Thornton Anjum Rahman, Chartered Accountants shall retire at the conclusion of the Annual General Meeting, and being eligible, have offered themselves for re-appointment as external auditors for the year ending December 31, 2018.

### **Audit Committee**

The Company has an Audit Committee, and had four meetings during the year 2017. The attendance of the meeting is as follows:

<b>Names of Members</b>		<b>Meetings Attended</b>
Dr. Fahim Lashkarwala	Chairman	4
Mr. Shahid Suleman Jan	Member	4
Mr. Bilal Anwar	Member	4

### **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 2018; the attendance of the meeting is as follows:

<b>Names of Members</b>		<b>Meetings Attended</b>
Mr. Bilal Anwar	Chairman	1
Mr. Shahid Suleman Jan	Member	1
Mr. Naim Anwar	Member	1

### **Investment Committee**

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

<b>Names of Members</b>		<b>Meetings Attended</b>
Mr. Naim Anwar	Chairman	4
Mr. Shahid Suleman Jan	Member	4
Dr. Fahim Lashkarwala	Member	4

## **Statement of Ethics and Best Business Practices**

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

## **Company Reporting**

The Company reports to the shareholders 4 times a year with its 1st quarter, half-yearly, 3rd quarter and annual results, along with the director's reports on the operations and future outlook for the Company. All reports were sent to the relevant authorities 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, 2017 is Rs. 17,107,548.

## **Pattern of Shareholding**

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2017 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.

## **Directors Training Program**

Please refer note 10 of the Statement of Compliance with the Code of Corporate Governance.

## **Acknowledgment**

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

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

**Naim Anwar**

Managing Director & CEO

Karachi: April 5, 2018

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

آپ کی کمپنی کے ڈائریکٹران 61 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیات گوشوارے مختتمہ سال 31 دسمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### کارباری کارکردگی کی جھلکیاں

طویل المعیاد حکمت پر عمل کرتے ہوئے آپ کی کمپنی ترقی کے راستے پر گامزن ہے جس میں کمپنی کی کارکردگی نے ایک نیا موڑ لیا ہے۔ یہ بات قابل حوصلہ افزا ہے کہ 2013 میں انتظامیہ کی تبدیلی کے وقت کمپنی کا جمع شدہ خسارہ اب کامیابی کے ساتھ جمع شدہ منافع میں تبدیل ہو گیا ہے جبکہ ادا شدہ سرمایہ جو 2013 میں 121 بلین روپے تھا اب بڑھ کر 1.07 بلین پاکستانی روپے ہو گیا ہے جس کی وجہ سے آپ کی کمپنی ان بڑی کمپنیوں کی صف میں شامل ہو گئی ہے کہ جن کے پاس بڑے کارپوریٹ کاربار کو چلانے کے لئے درکار سرمائے کی خطیر رقم موجود ہے۔ کمپنی کی مختلف النوع ذیلی کمپنیاں اور مختلف النوع کارباری میدان کے ذریعے کمپنی ایک گروپ کی حیثیت اختیار کر گئی ہے اور اب یہ مکمل پاسداری کرنے والی کمپنی کے درجہ میں آگئی ہے اور مالی ضروریات اور انشورنس سیکٹر کے تناسبات کو پورا کرنے کے لئے ایک مضبوط پوزیشن میں ہے۔

ذیلی کمپنی کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) جو کہ حکمت عملی پر اور توسیعی منصوبے کے تحت مزید آؤٹ لیٹ قائم کر کے پر عمل پیرا ہے اور کمپنی کے اپنے آؤٹ لیٹ گولڈن چک سی ویو کراچی کے کامیاب آغاز کے بعد ملیر کینٹ کراچی میں ایک نئے آؤٹ لیٹ کو تعمیر کر رہی ہے اور اس کے ساتھ کالاشاہ کو (جی ٹی روڈ، لاہور) کے آؤٹ لیٹ کے معاہدے میں داخل ہو گئی ہے۔ سی ایس ایف بیجے چوپاٹی کے آؤٹ لیٹ میں بھی توسیع کر رہی ہے اور اس نے راحت کمرشل پر اپنے آؤٹ لیٹ کا آغاز کر دیا ہے جبکہ سندھ اور بلوچستان میں نئے آؤٹ لیٹ کے قیام میں آگے بڑھ رہی ہے۔

مزید برآں، سی ایس ایف کا پبلک انشورنس لمیٹڈ کے ساتھ اور اس میں الحاق کا عمل جاری ہے جس کے لئے عدالت عالیہ سندھ کی منظور یوں اور ضروری ادارتی اور ضابطہ کی منظور یوں کا حصول کے کوششیں جاری ہیں۔ جیسے ہی ادغام کی اسکیم کی اجازت مل جائے تو سی ایس ایف پاکستان اسٹاک ایکسچینج کی ممبر بن جائے گی۔ آپ کی کمپنی کی انتظامیہ کو توقع ہے کہ الحاق شدہ کمپنی کو متبادلہ تناسب کے تحت حصص ملیں، جس کے لئے PIL کے آڈیٹر نے اپنی رپورٹ جاری کر دی ہے اور جسے PIL کے غیر معمولی اجلاس میں منظور کر لیا گیا ہے اور سی ایس ایف کی ملکیت سے متعلق عدالت عالیہ سندھ میں درخواست دائر کر دی ہے۔ دونوں کمپنی کی انتظامیہ کے درمیان طے شدہ اہتمام کے تحت PIL کے انشورنس لائسنس کی منسوخی کے بدلے میں PIL کے انشورنس سے متعلق اثاثے اور واجبات CSIL کو منتقل کر دیئے جائیں گے اور متفرق جس کی تصدیق آڈیٹر نے کر دی ہے اس کے پیش نظر آپ کی کمپنی کو 23.47 بلین اضافی حصص ملیں گے جن کا اجراء PIL -3/ روپے فی حصص کے حساب سے کرے گی تاکہ 69.470 بلین روپے کی رقم کا احاطہ کیا جاسکے بشرطیکہ تمام ضابطہ اور ادارتی منظوریاں حاصل ہو جائیں۔

کریسنٹ اسٹار لکٹری (پرائیویٹ) لمیٹڈ (CSL) نے لگی مال کراچی کو خالی کرنے کا دانشمندانہ فیصلہ کیا ہے اور اپنے خوردہ فردشی کے اسٹور DEFINE کو مزہ پر منتقل کر دے گی، جس کے نتیجے میں کرایہ کی مد میں ایک بڑی رقم کی بچت ہوگی۔ سی ایس ایل کی انتظامیہ نے لگی مال میں خوردہ فروش کی فروخت کا مشاہدہ کرنے کے بعد یہ پر فوری محتاط فیصلہ لیا ہے اور یہ بات محسوس کی گئی کہ اسٹور کا مکمل وقوع تبدیل کرنے کا یہ اصلاحی فیصلہ دانشمندانہ ثابت ہوگا۔ توقع ہے کہ نئی جگہ پر اسٹور اپریل 2018 میں آغاز کر دے گا۔ سی ایس ایل نے خوردہ فردشی کے اسٹور کھولنے کے لئے لاہور اور دیگر شہروں میں اہم مقامات کی

نشاندہی کی ہے۔

کریسنٹ اسٹارٹیکٹا لوجیز (پرائیویٹ) لمیٹڈ (CST) آپ کی کمپنی کی ذیلی کمپنی ہے اور اس کے جھنڈے تلے تین اہم کاروباری میدانوں میں کام کر رہی ہے۔ پیشہ ورانہ ماہرین کی ٹیم نے بیمہ کاری کی صنعت کے لئے پہلے ہی ایک سوفٹ ویئر بنالیا ہے جسے آپ کی کمپنی میں آزمائشی بنیادوں پر چلایا جائے گا جس سے آپ کی کمپنی کے موجودہ سوفٹ ویئر کی مد میں مارکیٹ کے سوفٹ ویئر وینڈر کے غیر ضروری اخراجات کی بچت میں مدد ملے گی۔ اس کے علاوہ گروپ کی دیگر کمپنیوں یعنی CSF اور CSL کو بھی CST سوفٹ ویئر فراہم کرے گی۔ گروپ میں موجود کمپنیوں کے غذائی اور خوردہ فروشی کے سوفٹ ویئر بنانے کے علاوہ CST مارکیٹ میں آزادانہ طور پر کام کرے گی۔ CST نے اندرونی کال سینٹر کا آغاز کر دیا ہے جو CSF کو غذائی اشیاء کی ترسیل کے آرڈر میں مدد فراہم کر رہا ہے اور جلد ہی CSF کو آن لائن آرڈرز کے لئے مدد فراہم کرے گا۔ اس کے علاوہ CSIL کو صحت اور گاڑیوں کی انشورنس کے سلسلے میں مدد فراہم کرے گا۔ کال سینٹر کی سرگرمیوں کو کھلی مارکیٹ میں بھی پروان چڑھایا جائے گا جہاں پروہ آزادانہ کام کرے گی۔ تیسرے کاروباری مواقع ٹریڈر کی خدمات ہیں جو کہ اس وقت CSIL وینڈرز کو کرائے پر فراہم کی جائیں گی۔ لائسنس کے حصول کے لئے PTA کو درخواست دے دی گئی ہے اور ٹریڈنگ کے افعال کو جاری رکھنے کے لئے ایک پیشہ ورانہ ٹیم پہلے ہی تشکیل دے دی گئی ہے جو کہ مارکیٹ میں آزادانہ کام کرے گی۔

دوست اسٹیل ملز لمیٹڈ (DSL) کی انتظامیہ نے رائٹ حصص کے علاوہ 35.428 ملین حصص - 10 روپے فی حصص (مساوی) کے حساب سے جس کی رقم 354.279 ملین روپے بنتی ہے کے اجراء کے لئے قرارداد منظور کر لی ہے، ان حصص کی خریداری کے لئے آپ کی کمپنی نے پیشگی رقم ادا کر دی ہے۔ DSL نے نگران اداروں درخواست دینے کے لئے قرارداد پاس کر لی ہے جس کے لئے ادارتی عمل تکمیل کے مرحلے میں ہے۔ ہمیں توقع ہے کہ DSL کو ضروری منظوریوں ملنے کے بعد، آپ کی کمپنی کو پیشگی رقم کے عوض حصص مل جائیں گے۔

## مالیاتی جھلکیاں

اوپر بیان کردہ کمپنی کی مختلف سرگرمیوں کے متعلق آگاہ کرتے ہوئے ہم بتاتے چلیں کہ آپ کی کمپنی کے مالیاتی نتائج بھی حوصلہ افزا رہے، جمع شدہ خسارہ 73.167 ملین روپے کے منافع میں تبدیل ہو گیا جبکہ ذمہ نویسی کے کاروبار میں 35.417 ملین روپے کا خسارہ دیکھا گیا۔ کمپنی کے مجموعی اثاثوں کی مالیت ایک بلین سے تجاوز کر گئی۔ اثاثوں اور واجبات کے تناسب سے کمپنی کے استحکام کا پتا چلتا ہے۔ مالیاتی جھلکیاں جو نیچے دی گئی ہیں ان سے آپ کی کمپنی کی ساخت میں بڑی تبدیلیوں کی عکاسی ہوتی ہے جس سے آپ کی کمپنی نے ترقی پذیر بیمہ کاری کے بازار میں قدم جمائے ہیں۔ آپ کی کمپنی انشورنس مصنوعات کی فروخت بذریعہ ٹیکنالوجی فراہم کرنے کی حکمت عملی میں متحرک ہے اور اس کا عزم ہے کہ ہر کلائنٹ کو انفرادی طور پر صحت اور گاڑیوں کی انشورنس مصنوعات فراہم کرنے کے علاوہ پاکستانی مارکیٹ میں دستیاب بیمہ کاری کے دلچسپ نظریات سے متعارف کروایا جائے۔ CSIL کی بیمہ کاری کی بنیادی سرگرمیوں کی عکاسی ہندسوں کی شکل میں ۲۰۱۹ء یا اس سے آگے سے شروع ہوگی اور ضروریات کو پورا کرنے کے لئے پیشہ ورانہ ٹیم کو بھرتی کر لیا گیا ہے اور اسے تربیت بھی فراہم کر دی گئی ہے۔

گزشتہ تین سالوں کی کاروباری تفصیلات درج ذیل ہیں۔ مزید گزشتہ دس سالوں کے اہم مالیاتی اعداد و شمار بھی منسلک کئے گئے ہیں۔

مالی حالت ایک نظر میں

2015	2016	2017	
265,768,354	190,288,096	113,280,308	خام پر بیم
236,906,786	206,345,732	109,614,211	خالص پر بیم
89,855,142	25,621,935	74,536,862	منافع/(خسارہ) قبل از ٹیکس
81,682,351	23,557,209	73,166,684	منافع/(خسارہ) بعد از ٹیکس
620,125,000	826,833,330	826,833,330	اداشدہ سرمایہ
838,220,966	1,009,122,729	1,240,905,705	کل اثاثے
1.33	0.30	0.88	(خسارہ)/منافع فی حصص

### مستقبل کی پیش بینی

کمپنی کا ارادہ ہے کہ اپنے بنیادی کار بار انشورنس کو چلائے اور اپنی ساخت کی تکمیل کے بعد اس میں توسیع کرے۔ بنیادی کار بار کے ساتھ کمپنی کا ارادہ ہے کہ اپنی سرمایہ کاری پالیسی کو جاری رکھے اور مختلف النوع کار باری مواقع تلاش کرے جس سے کمپنی کی کارکردگی میں اضافہ ہو اور وہ حصص یافتگان کا زیادہ منفعہ فراہم کر سکے۔ کمپنی اپنے کچھ سرمایہ کاری کے پروجیکٹس کی تکمیل کے بعد مزید ایسے مواقع تلاش کر رہی ہے جہاں کمپنی اپنی مہارت کو استعمال کرتے ہوئے بہترین نتائج برآمد کرے۔ بورڈ کی سرمایہ کاری کمیٹی وقتاً فوقتاً آنے والی تجاویزات پر کام کرے گی۔

### فی حصص منافع

آپ کی کمپنی کو بعد از ٹیکس منافع 73.167 ملین روپے ہو جو کہ 0.88 روپے فی حصص کی ترجمانی کرتا ہے جبکہ گزشتہ سال فی حصص منافع 0.30 فیصد روپے تھا۔

### منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال ختمہ 31 دسمبر 2017 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔

### آڈیٹرز کی رپورٹ

☆ DSL اور CSIL کے درمیان 66.583 ملین روپے کے مارک۔ اپ لینے کے متعلق کوئی تحریری معاہدہ دستیاب نہ ہونے کی وجہ سے آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔

☆ کمپنی نے واجب الادا مطالبات اور سابقہ کی بازیابی جن کی رقم بالترتیب 4.769 ملین روپے اور 3.834 ملین روپے بنتی ہے وہ ۲۰۰۸ء سے پہلے کے ہیں۔ ۲۰۰۸ء سے قبل متعلقہ معلومات دستیاب نہ ہونے کی وجہ سے، آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔

## بیمہ کاری مالیاتی استحکام کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو 'A' درجہ بندی کے ساتھ ریٹنگ وچ ڈیولپمنٹ کے منظر نامہ سے نوازا ہے۔

## ادارتی سماجی ذمہ داری

کریڈٹ اسٹار انشورنس لمیٹڈ مکمل طور پر ذمہ دار کاروباری شہری کے اپنے کردار ادا کرنے کے لئے کوشاں ہے اور اپنی ذمہ داری کو پورا کر رہی ہے بذریعہ

## کام کے دوران حفاظت اور صحت

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

## کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات اور کاروباری طور طریقوں کے گوشوارے کا اختیار کیا ہے۔ تمام ملازمین کو اس سے مطلع کر دیا گیا ہے اور انہیں ہدایت کی گئی ہے کہ کاروباری طرز اخلاقی قواعد و ضوابط کی پیروی کریں۔ اخلاقیات اور کاروباری طور طریقوں کے گوشوارے محنت، دیانت، شائدار کھچ اور اخلاقیات پر مبنی ہیں جن کا تعلق گاہوں، ساتھیوں اور عام عوام سے ہے۔

## توانائی کی بچت

کمپنی توانائی کی بچت سے متعلق اپنی ذمہ داری سے مکمل آگاہ ہے۔ کمپنی نے دفتری احاطے میں انرجی سیورز کے ساتھ لائٹ سینرز اور موومنٹ نصب کر دیئے ہیں۔ کمپنی اس بات کو یقینی بناتی ہے کہ لچ بریک کے دوران اور دفتری اوقات کے بعد کے بجلی کم سے کم خرچ ہو، اس کے علاوہ دن کی قدرتی روشنی کا بھی احساس دلاتی ہے۔

## صنعتی تعلقات

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

## انسانی وسائل کی طرف پیش قدمی

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

فراہم کرتی ہے اور ملازمین ہمارا سب سے قابل قدر اثاثہ ہیں۔

### ادارتی نظم و نسق کے ضابطے کی پاسداری

اس ضابطے کی مطلوبات جن کا تعین سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان جن کا تعلقہ مختتمہ سال 31 دسمبر 2017 سے رہا، ان کی مکمل پاسداری کی گئی۔ اس سلسلے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

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

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

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

b کمپنی کے کھاتوں کی کتابیں کمپنیز ایکٹ ۲۰۱۷ء اور انشورنس آرڈیننس ۲۰۰۰ کے تحت مناسب انداز میں رکھی گئی ہیں۔

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

d منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کمپنیز ایکٹ ۲۰۱۷ء، انشورنس آرڈیننس ۲۰۰۰ اور ایس ای سی پی کی ضروریات کو بھی پورا کیا ہے۔

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

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

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

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

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

### بورڈ کے اجلاس اور ان میں حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے ساتھ اجلاس ہوئے اور ہر ڈائریکٹر کے حاضر اجلاسوں میں کی تعداد درج ذیل رہی:

بورڈ کے حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام
7	جناب نعیم انور
7	ڈاکٹر نعیم لشکر والا
7	جناب شاہد سلیمان جان
7	جناب بلال انور
2	سید عدنان علی زیدی
-	سید عابد رضا
-	جناب حنیف داؤد

### آڈیٹرز

موجودہ آڈیٹرز گرانٹ تھورٹن انجمن رحمان، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے، تقرری کی اہلیت ہونے کے باعث، انہوں نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے بطور خارجی آڈیٹر اپنی دوبارہ تقرری کی پیشکش کی ہے۔

### آڈٹ کمیٹی

کمپنی کی اپنی آڈٹ کمیٹی ہے اور سال 2017 کے دوران اس کے چار اجلاس ہوئے۔ اجلاس کی حاضری درج ذیل رہی:

حاضر اجلاسوں کی تعداد	ممبر کا نام
4	ڈاکٹر نعیم لشکر والا چیئر مین
4	جناب شاہد سلیمان جان ممبر
4	جناب بلال انور ممبر

### انسانی وسائل اور معاوضہ کمیٹی

کمپنی کی اپنی انسانی وسائل اور معاوضہ کمیٹی ہے۔ اس کمیٹی کی ذمہ داری ہے کہ وہ بورڈ کو کمپنی کی انسانی وسائل کی پالیسیوں کی سفارش کرے۔ سال 2018 کے دوران کمپنی کا ایک اجلاس ہوا، جس میں حاضری درج ذیل رہی:

حاضر اجلاسوں کی تعداد	ممبر کا نام
1	جناب بلال انور چیئر مین
1	جناب شاہد سلیمان جان ممبر
1	جناب نعیم انور ممبر

## سرمایہ کاری کمیٹی

کمپنی کی اپنی سرمایہ کاری کمیٹی ہے۔ کمیٹی بورڈ کے مندرجہ ذیل اراکین پر مشتمل ہے:

ممبر کا نام	حاضر اجلاسوں کی تعداد
جناب نعیم انور	4
جناب شاہد سلیمان جان	4
ڈاکٹر نعیم لشکر والا	4

## اخلاق اور بہترین کاروباری طور طریقوں کے متعلق بیان

بورڈ نے ”اخلاق اور بہترین کاروباری طور طریقوں کے متعلق بیان“ کو اختیار کیا ہے اور اسے تمام ڈائریکٹران اور ملازمین کو پہنچایا گیا ہے جس کو انہوں نے تسلیم کیا ہے اور قبول کر لیا ہے۔

## کمپنی کی رپورٹنگ

کمپنی پہلی سہ ماہی، ششماہی، تیسری سہ ماہی اور سالانہ نتائج کے ہمراہ کاروباری افعال پر ڈائریکٹران کی رپورٹ اور کمپنی کا مستقبل کا منظر نامہ پیش کرتی ہے۔ یہ تمام رپورٹیں متعلقہ اداروں اور درج حصص یافتگان کو ان کے کمپنی میں موجود پتے پر بھیجی جاتی ہیں۔

کمپنی کے ترتیب دیئے گئے پروویڈنٹ فنڈ میں سرمایہ کاری کی رقم 17,107,548 روپے کی بنیاد حالیہ مالیاتی گوشورے مختتمہ 31 دسمبر 2017 ہے۔

## حصص داری کی ساخت

مختتمہ سال 31 دسمبر 2017 پر کمپنی کی حصص داری کی ساخت اور دیگر معلومات پر مشتمل گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

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

## ڈائریکٹران کی تربیت کا پروگرام

بحوالہ نوٹ نمبر 10 جس میں ادارتی نظم و نسق کے ضابطے کی پاسداری سے متعلق بیان دیا گیا ہے۔

## تسلیمات

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

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

نعیم انور  
مینجنگ ڈائریکٹر و چیف ایکویٹیٹو آفیسر  
کراچی: ۱۵ اپریل ۲۰۱۸ء

## KEY FINANCIAL HIGHLIGHTS

(RUPEES IN MILLION)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Gross Premium</b>	<b>113.28</b>	190.29	265.77	237.05	84.93	68.62	81.87	105.08	132.58	175.57
<b>Net Premium</b>	<b>109.61</b>	206.35	236.91	136.25	55.77	40.99	60.23	74.16	105.36	140.80
<b>Paid-up Capital</b>	<b>826.83</b>	826.83	620.13	620.13	121.00	121.00	121.00	121.00	121.00	121.00
<b>Reserve &amp; Retained Earnings</b>	<b>110.32</b>	37.16	13.60	(68.08)	(55.89)	(54.83)	(36.66)	(38.09)	(41.84)	(11.35)
<b>Discount on Issue of Right Shares</b>	<b>(199.65)</b>	(199.65)	(199.65)	(199.65)	-	-	-	-	-	-
<b>Investments</b>	<b>238.14</b>	188.47	78.06	270.00	14.68	21.97	24.11	29.74	35.22	70.86
<b>Underwriting Provisions</b>	<b>123.76</b>	143.20	185.98	159.55	61.31	59.74	71.13	79.20	107.22	14.66
<b>Total Assets</b>	<b>1,240.91</b>	1,009.12	838.22	574.84	164.82	176.02	202.38	214.61	237.78	286.69
<b>Profit Before Tax</b>	<b>74.54</b>	25.62	89.86	(34.47)	2.07	(17.84)	2.22	4.61	(43.38)	(37.40)
<b>Profit After Tax</b>	<b>73.17</b>	23.56	81.68	(35.83)	1.47	(18.16)	1.43	3.74	(30.48)	(37.73)
<b>Distribution as percentage of paid-up capital- cash dividend</b>	-	-	-	-	-	-	-	-	-	-
<b>paid-up capital- cash dividend Interim</b>	-	-	-	-	-	-	-	-	-	-
<b>- bonus shares</b>	-	-	-	-	-	-	-	-	-	-
<b>- right shares</b>	-	33.33	-	412.50	-	-	-	-	-	-
<b>Return on Total Assets-%</b>	<b>5.90</b>	2.33	9.74	(6.23)	0.89	(10.32)	0.71	1.74	(12.82)	(13.16)
<b>Return on Shareholders' Equity-%</b>	<b>9.92</b>	3.55	18.82	(10.17)	1.65	(27.45)	1.69	4.52	(38.51)	(34.41)
<b>Break-up Value per Share</b>	<b>8.92</b>	8.03	8.32	5.68	7.33	5.47	6.97	6.85	6.54	9.06
<b>Earnings per Share in Rupees</b>	<b>0.88</b>	0.30	1.33	(0.70)	0.10	(1.50)	0.12	0.31	(2.52)	(3.14)
<b>Market Value of Share</b>	<b>4.09</b>	10.52	12.99	4.69	7.80	4.00	2.00	6.68	9.00	15.45
<b>P/E Ratio</b>	<b>4.62</b>	34.96	9.78	(6.70)	78.00	(2.66)	16.95	15.12	3.57	(4.95)

**REVIEW REPORT TO THE MEMBERS ON  
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 for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange (PSX) (collectively referred as 'the Code') as prepared by the Board of Directors (the Board) of Crescent Star Insurance Limited (the Company) for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of PSX 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 Director's 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 approval of 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.

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

- i. No orientation courses were carried out during the year for the directors of the Company.

- ii. The Company's Chief Executive Officer and Chairman is the same person.
- iii. The Company's HR committee does not have a majority of non-executive directors.
- iv. The members of Claim Settlement Committee are also the members of Underwriting and Reinsurance Committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

<b>Paragraph Reference</b>	<b>Description</b>
10	None of the Directors have obtained certification under Directors' Training Program.
18	The composition of Audit committee do not meet the minimum number of non-executive directors as required under Code of Corporate Governance (for listed companies), 2012
20	The Company's Head of Internal Audit is not a member of a recognised body of professional accountants.

Place: Karachi  
Date: April 5, 2018

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement Partner

**STATEMENT OF COMPLIANCE WITH THE CODE OF  
CORPORATE GOVERNANCE FOR INSURERS, 2016**

**CRESCENT STAR INSURANCE LIMITED**

**YEAR ENDED DECEMBER 31, 2017**

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (The Code) for the purpose of establishing a framework of good governance, whereby the insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance, 2012 (CCG 2012) as contained in regulation No. 5.19.24 of rule book of Pakistan Stock Exchange Limited.

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	Dr. Fahim Lashkarwala* Ms. Shaiyenne Malik*
Executive Directors	Mr. Naim Anwar, CEO/Chairman* Mr. Bilal Anwar*
Non-Executive Directors	Mr. Nadeem Ansar* Mr. Muhammad Akram Sawleh* Ms. Rukhsana Asghar* Mr. Shahid Suleman Jan*  *Subject to approval of SECP

The Independent Directors meet the criteria of independence as laid down under the CCG.

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 NBFII or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. Casual Vacancy occurring on the Board on February 28, 2017 was filled up in the elections of directors on AGM held on April 29, 2017.
5. The Company has prepared a “Statement of Ethics and Business Practices” which has been signed by all the Directors and employees of the Company.

6. The Company has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive 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, along with 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 has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied all the necessary aspects of internal controls given in the code.
10. The Directors were not provided any training programs during the year 2017. However, Directors training program was arranged after the year end for Mr. Bilal Anwar held by Institute of Chartered Accountant of Pakistan. The Company will arrange training program for remaining directors with in prescribed period allowed after their sound and prudent approval from SECP.
11. There was no new appointment of CFO and Head of Internal Audit during the year. The Board has approved the appointment of Company Secretary including the remuneration, terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance. The Company's management has developed evaluation criteria for carrying out performance evaluation of its members & chairman.
16. The Board has formed the following Management Committees:  
  
Underwriting, Claim and Re-insurance and Risk Management committee:

Names	Category
Mr. Tanveer Ahmed	Chairman
Mr. Naim Anwar (CEO / Director) Mr. M. A Rasheed (AGM Underwriting / Reinsurance) Mr. Ashraf Dhedhi (AGM Claims) Dr Atif Rais (Head of Health)	Member Member Member Secretary Member

17. The Board has formed the following Board Committees:

**Risk Management & Compliance Committee:**

Names	Category
Mr. Naim Anwar	Chief Executive Officer / Chairman
Mr. Malik Mehdi Muhammad	Chief Financial Officer
Ms. Sonia Baloch	Head of Human Resource
Ms. Shafaq Abbassay	Compliance Officer

**Ethics, Human Resource and Remuneration Committee:**

Names	Category
Mr. Bilal Anwar	Executive Director/Chairman
Mr. Shahid Suleman Jan	Non-Executive Director
Mr. Naim Anwar	Chief Executive Officer

**Investment Committee:**

Names	Category
Mr. Naim Anwar	Chief Executive Officer / Chairman
Mr. Shahid Suleman Jan	Non-Executive Director
Dr. Fahim Lashkerwala	Independent Director
Mr. Malik Mehdi Muhammad	Chief Financial Officer

18. The Board has formed an Audit Committee. It presently comprises of three members out of which two are independent director, and the chairman is an independent director. The Composition of the audit committee is as follow:

Audit Committee

Names	Category
Dr. Fahim Lashkerwala	Independent Director/Chairman
Mr. Shahid Suleman Jan	Non-Executive Director
Mr. Bilal Anwar	Executive Director

However, as per Code of Corporate Governance 2012, every listed company shall establish an Audit Committee at least of three members comprising of non-executive directors. However, out of the three members, Mr. Bilal Anwar is an executive director.

19. The meetings of the committees except Ethics, Human Resource and Remuneration Committee and Risk Management Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of references of the Committees have been formed and advised to the Committees for compliance of this Code.
20. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the internal audit function on full basis. However, the person appointed as Head of Internal Audit has qualified exams of Association of Chartered Certified Accountants (ACCA) UK and has been working with the Company for the past 5 years and is expected to apply for membership of ACCA in due course.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under this Code. There is no actuary appointed. Moreover, the persons heading the underwriting, claim reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Names	Designation	Qualification	Experience
Mr. Naim Anwar	Chief Executive Officer	B.A-Commerce, ACCA Level-II	24 Years
Mr. Malik Mehdi Muhammad	Chief Financial Officer & Company Secretary	FCA, B.COM	19 Years
Ms. Shafaq Abbassey	Compliance Officer	M. Phil, L.L.M, L.L.B, MBA	6 Years
Syed Danish Hasan Rizvi	Head of Internal Audit	ACCA Qualified, B.COM	5 Years
Mr. Muhammad Abdul Rasheed	Head of Underwriting	B.A Arts	31 Years

Mr. Ashraf Dhedhi	Head of Claims	B.A, ACII- in progress (London)	35 Years
Mr. Khuwaja Balighuddin	Head of Reinsurance	MBA Finance, PGD Insurance	19 Years
Mr. Tanveer Ahmed	Head of Grievance Department / Risk Management	B.COM	35 Years

22. The Statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with IFAC guidelines and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Company does not have any actuary.
25. 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 duly reviewed and approved by the audit committee and Board of Directors along with pricing methods.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the Risk Management System of the Company is in the place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
28. The Company has set up a Risk Management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that as part of the risk management system, the Company get itself rated from PACRA which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on December 06, 2017 is A- with Rating Watch-Developing Outlook.
30. The Company has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.

31. 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.
32. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
33. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
34. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016.
35. We confirm that all other material principles enshrined in the CCG have been complied with except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.
  - Directors' Training Program (Para 10)
  - Composition of Audit Committee (Para 18)
  - Qualification of Head of Internal Audit (Para 20)

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

**Naim Anwar**  
Managing Director & CEO  
Karachi: April 5, 2018

**UN CONSOLIDATED**  
Financial Statements  
for the Year Ended  
December 31, 2017

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the annexed unconsolidated financial statements comprising of:

- (i) unconsolidated balance sheet;
- (ii) unconsolidated profit and loss account;
- (iii) unconsolidated statement of comprehensive income;
- (iv) unconsolidated statement of changes in equity;
- (v) unconsolidated cash flow statements;
- (vi) unconsolidated statement of premium;
- (vii) unconsolidated statement of claims;
- (viii) unconsolidated statement of expenses; and
- (ix) unconsolidated statement of investment income.

of **Crescent Star Insurance Limited** (the Company) as at **December 31, 2017** together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the unconsolidated 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.

Except for the matters stated in the basis for qualified opinion paragraph below, 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 unconsolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the unconsolidated financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall unconsolidated financial statements presentation. We believe that our audit provides a reasonable basis for qualified opinion.

Basis for qualified opinion:

1. As stated in note 23.1 to the unconsolidated financial statements, the Company has accrued interest of Rs. 66,582,917 (2016: 32,099,828) at one year KIBOR plus 3 percent on the advance against issue of shares to Dost Steels Limited (an associated undertaking). Agreement with the associated undertaking to support the accrued interest could not be made available to us and the transaction could not be substantiated otherwise. Under the circumstances the validity of the interest income accrued could not be ascertained, consequently, profit for the year and total assets of the Company is overstated by Rs. 34,483,089 (2016: 32,099,828) and Rs. 66,582,917 (2016: 32,099,828) respectively.
2. The balances of 'Provision for outstanding claims (including IBNR)' and 'Reinsurance recoveries against outstanding claims' include claims amounting to Rs. 4,768,676 (2016: Rs. 4,768,676) and their corresponding recoveries amounting to Rs. 3,834,456 (2016: Rs. 3,834,456). The Company could not provide details of the said balances. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence regarding the correctness/reversal of these balances.

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the unconsolidated 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) except for the possible effects of matters described in basis for qualified opinion paragraph, the unconsolidated financial statements, together with the notes thereon, present fairly, in all material respects, the state of the Company's affairs as at December 31, 2017 and of the profit, comprehensive income, changes in equity and its cash flows 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Other matter paragraph**

The unconsolidated financial statements of the Company for the year ended December 31, 2016 were audited by another firm of auditors who in their report dated April 08, 2017 expressed a qualified opinion.

Place: Karachi  
Date: April 5, 2018

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement Partner

Crescent Star Insurance Limited  
Unconsolidated Balance Sheet  
As at December 31, 2017

	Note	2017 -----Rupees-----	2016		Note	2017 -----Rupees-----	2016
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>Share capital and reserves</b>				<b>Cash and bank deposits</b>			
Authorised share capital				Cash and other equivalents	16	52,016,038	51,863,477
115,000,000 (2016: 100,000,000) ordinary shares of Rs. 10/- each		1,150,000,000	1,000,000,000	Current and other accounts	17	5,554,592	6,504,995
						57,570,630	58,368,472
Issued, subscribed and paid-up share capital	7	826,833,330	826,833,330				
Discount on issue of right shares	8	(199,650,000)	(199,650,000)	<b>Investments</b>	18	238,140,354	188,473,884
Reserves	9	110,324,462	37,157,778				
<b>Total shareholders' equity</b>		737,507,792	664,341,108	<b>Deferred taxation</b>	19	13,543,178	13,543,178
<b>Share deposit money</b>	10	250,012,730	-				
<b>Underwriting provisions</b>				<b>Current assets - others</b>			
Provision for outstanding claims (including IBNR)		66,422,035	71,011,170	Premiums due but unpaid	20	165,353,427	179,887,393
Provision for unearned premium		55,822,934	71,592,272	Amounts due from other insurers / reinsurers	21	70,452,999	66,527,481
Premium deficiency reserve		1,510,891	593,501	Accrued investment income		346,603	354,866
<b>Total underwriting provisions</b>		123,755,860	143,196,943	Reinsurance recoveries against outstanding claims		2,595,202	8,552,929
				Deferred commission expense		6,807,589	8,479,678
<b>Creditors and accruals</b>				Prepaid reinsurance premium ceded		10,842,633	3,277,316
Premiums received in advance		1,453,157	633,446	Advances, deposits and prepayments	22	569,458,907	420,272,947
Amounts due to others insurers / reinsurers	11	43,135,172	24,489,759	Other receivables	23	81,339,024	39,572,089
Accrued expenses		11,301,299	9,783,823			907,196,384	726,924,699
Other creditors and accruals	12	67,438,960	160,893,794	<b>Fixed assets</b>	24		
Taxation - provision less payments	13	2,187,976	2,357,809	<b>Tangible</b>	24.1		
		125,516,564	198,158,631	Furniture, fixtures and office equipment		10,808,496	7,987,306
<b>Borrowings</b>				Motor vehicles		10,929,663	9,749,690
Borrowing under musharaka arrangements	14	3,694,550	3,007,838			21,738,159	17,736,996
		129,211,114	201,166,469	<b>Intangible</b>			
<b>Other liabilities</b>				Computer software	24.2	2,717,000	4,075,500
Unpresented dividend warrants		418,209	418,209				
<b>Total liabilities</b>		253,385,183	344,781,621	<b>TOTAL ASSETS</b>		1,240,905,705	1,009,122,729
<b>TOTAL EQUITY AND LIABILITIES</b>		1,240,905,705	1,009,122,729				
<b>Contingencies and commitments</b>	15						

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Unconsolidated Profit and Loss Account  
For the year ended December 31, 2017

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Credit and suretyship	Miscellaneous	2017 Aggregate	2016 Aggregate
Note	----- Rupees -----							
<b>Revenue account</b>								
Net premium revenue	4,931,061	4,801,594	70,461,381	2,363,543	14,996,993	12,059,639	<b>109,614,211</b>	206,345,732
Net claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	<b>(37,283,550)</b>	(55,417,725)
Premium deficiency expenses	(799,780)	(117,612)	-	-	-	-	<b>(917,392)</b>	(593,501)
Management expenses	25 (5,692,436)	(5,316,096)	(51,964,634)	(1,920,709)	(12,490,372)	(8,763,460)	<b>(86,147,707)</b>	(72,047,549)
Net commission	(1,647,130)	(2,279,316)	(9,572,577)	(36,916)	(1,919,985)	(5,226,005)	<b>(20,681,929)</b>	(25,922,569)
<b>Underwriting result</b>	<b>(3,424,336)</b>	<b>(7,630,000)</b>	<b>(16,890,236)</b>	<b>(6,131,377)</b>	<b>86,636</b>	<b>(1,427,054)</b>	<b>(35,416,367)</b>	52,364,388
Investment income							<b>138,541,921</b>	6,905,617
Loss on sale of fixed assets	24.1.1						<b>(1,969,960)</b>	(18,185)
Finance cost	26						<b>(360,210)</b>	(692,650)
Other income	27						<b>37,094,681</b>	33,133,640
General and administrative expenses	28						<b>(63,353,203)</b>	(66,070,875)
							<b>109,953,229</b>	(26,742,453)
<b>Profit before tax</b>							<b>74,536,862</b>	25,621,935
Provision for taxation	29						<b>(1,370,178)</b>	(2,064,726)
<b>Profit after tax</b>							<b>73,166,684</b>	23,557,209
<b>Accumulated profit:</b>								
<b>Balance at commencement of the year</b>							<b>10,892,945</b>	(12,664,264)
Profit after tax for the year							<b>73,166,684</b>	23,557,209
<b>Balance at the end of the year</b>							<b>84,059,629</b>	10,892,945
<b>Earnings per share - basic and diluted</b>	30						<b>0.88</b>	0.30

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

**Crescent Star Insurance Limited**  
**Unconsolidated Statement of Comprehensive Income**  
**For the year ended December 31, 2017**

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	2017	2016
	-----Rupees-----	
<b>PROFIT FOR THE YEAR</b>	<b>73,166,684</b>	<b>23,557,209</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to unconsolidated profit and loss account	-	-
Items that will not be reclassified to unconsolidated profit and loss account	-	-
<b>Total other comprehensive income</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>73,166,684</b>	<b>23,557,209</b>

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim  
Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman  
Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

Crescent Star Insurance Limited  
Unconsolidated Statement of Changes in Equity  
For the year ended December 31, 2017

	Share capital	Discount on issue of right shares	Capital reserve	Revenue reserves		Total shareholders' equity
	Issued, subscribed and paid-up share capital		Reserve for exceptional losses	General reserve	Accumulated profit	
	----- Rupees -----					
Balance as at January 01, 2016	620,125,000	(199,650,000)	1,767,568	24,497,265	(12,664,264)	434,075,569
<b>Transaction with owners</b>						
Issue of right shares	206,708,330	-	-	-	-	206,708,330
Total comprehensive income for the year	-	-	-	-	23,557,209	23,557,209
<b>Balance as at December 31, 2016</b>	<b>826,833,330</b>	<b>(199,650,000)</b>	<b>1,767,568</b>	<b>24,497,265</b>	<b>10,892,945</b>	<b>664,341,108</b>
Total comprehensive income for the year	-	-	-	-	73,166,684	73,166,684
<b>Balance as at December 31, 2017</b>	<b>826,833,330</b>	<b>(199,650,000)</b>	<b>1,767,568</b>	<b>24,497,265</b>	<b>84,059,629</b>	<b>737,507,792</b>

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

Naim Anwar  
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Director

Bilal Anwar  
Director

Shahid  
Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

**Crescent Star Insurance Limited**  
**Unconsolidated Cash Flow Statement**  
**For the year ended December 31, 2017**

	Note	2017	2016
		-----Rupees-----	
<b>Operating Cash Flows</b>			
<b>a) Underwriting activities</b>			
Premium received		128,633,985	188,667,718
Reinsurance premium paid		(12,280,857)	(24,833,944)
Claims paid		(35,914,958)	(57,072,171)
Reinsurance and other recoveries received		-	2,277,803
Commission paid		(19,009,840)	(24,229,289)
Commission received		-	494,279
Net cash inflow from underwriting activities		61,428,330	85,304,396
<b>b) Other operating activities</b>			
Income tax paid		(1,540,011)	(4,209,242)
General management expenses paid		(236,603,408)	(66,056,719)
Other operating payments		(153,858,214)	5,605,261
Net cash used in other operating activities		(392,001,633)	(64,660,700)
Total cash (outflow) / inflow from all operating activities		(330,573,303)	20,643,696
<b>Investing activities</b>			
Profit / return received		1,654,986	7,268,736
Dividend received		29,060	12,694
Proceeds from investments		496,072	28,163,481
Proceeds from disposal / (payments for purchase) of investments - net		86,703,596	(136,749,159)
Fixed capital expenditure incurred	24.1	(9,554,615)	(432,370)
Proceeds from disposal of fixed assets	24.1.1	107,130	40,000
Total cash inflow / (outflow) from investing activities		79,436,229	(101,696,618)
<b>Financing activities</b>			
Borrowing under Musharaka arrangements		686,712	(2,346,924)
Finance cost paid		(360,210)	(692,650)
Share deposit money received		250,012,730	-
Proceeds from issue of right shares		-	130,708,330
Total cash inflow from financing activities		250,339,232	127,668,756
<b>Total cash (outflow) / inflow from all activities</b>		<b>(797,842)</b>	<b>46,615,834</b>
<b>Add: cash and cash equivalents at the beginning of the year</b>		<b>58,368,472</b>	<b>11,752,638</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>57,570,630</b>	<b>58,368,472</b>
<b>Reconciliation to the unconsolidated profit and loss account</b>			
Operating cash flows		(330,573,303)	20,643,696
Depreciation expense	24.1	(3,476,362)	(3,685,012)
Amortization expense	24.2	(1,358,500)	-
Loss on disposal of fixed assets	24.1.1	(1,969,960)	(18,185)
Increase in assets other than cash		180,279,948	19,386,891
Decrease / (increase) in liabilities other than running finance		91,913,318	(21,127,664)
		(65,184,859)	15,199,726
<b>Other adjustments</b>			
Profit/ return received		1,646,723	5,065,383
(Provision) / reversal for impairment in the value of investment		(21,181)	34,037
Dividend income		29,060	12,694
Capital gain		136,887,319	1,793,503
Finance cost		(360,210)	(692,650)
Income tax paid		1,540,011	4,209,242
Provision for taxation		(1,370,178)	(2,064,726)
<b>Profit after taxation</b>		<b>73,166,684</b>	<b>23,557,209</b>
<b>Definition of cash and cash equivalents</b>			
Cash and cash equivalents for the purposes of the statement of cash flows consists of:			
Cash and other equivalents	16	52,016,038	51,863,477
Current and other accounts	17	5,554,592	6,504,995
		57,570,630	58,368,472

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

Crescent Star Insurance Limited  
Unconsolidated Statement of Premiums  
For the year ended December 31, 2017

	Premium written (A)	Provision for unearned premium		Premium earned (D = A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H = E+F-G)	Net premium revenue (I = D-H)	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017	2016
----- Rupees -----										
<b>Direct and facultative</b>										
Fire and property damage	9,098,465	6,918,779	6,381,847	9,635,397	6,525,224	1,577,205	3,398,093	4,704,336	4,931,061	8,835,815
Marine, aviation and transport	8,662,468	1,301,636	679,942	9,284,162	6,525,224	(1,426,288)	616,368	4,482,568	4,801,594	14,093,069
Motor	58,049,343	44,524,636	27,448,796	75,125,183	5,250,000	1,997,521	2,583,719	4,663,802	70,461,381	102,926,454
Accident and health	3,023,635	767,153	1,427,245	2,363,543	-	-	-	-	2,363,543	35,839,748
Credit and suretyship	20,064,966	10,735,328	11,809,595	18,990,699	4,350,152	1,740,003	2,096,449	3,993,706	14,996,993	32,308,989
Miscellaneous	14,381,431	7,344,740	8,075,509	13,650,662	4,350,152	(611,125)	2,148,004	1,591,023	12,059,639	12,341,657
	<u>113,280,308</u>	<u>71,592,272</u>	<u>55,822,934</u>	<u>129,049,646</u>	<u>27,000,752</u>	<u>3,277,316</u>	<u>10,842,633</u>	<u>19,435,435</u>	<u>109,614,211</u>	<u>206,345,732</u>

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

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Director

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Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Unconsolidated Statement of Claims  
For the year ended December 31, 2017

Claims paid	Provision for outstanding claims (including IBNR)		Claims expense/ (reversal)	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries reversal	Net claims		
	Opening	Closing			Opening	Closing		2017	2016	
(A)	(B)	(C)	(D = A-B+C)	(E)	(F)	(G)	(H = E-F+G)	(I = D-H)		
----- Rupees -----										
<b>Direct and facultative</b>										
Fire and property damage	581,258	17,599,731	14,614,269	(2,404,204)	-	2,634,755	14,500	(2,620,255)	216,051	5,094,763
Marine, aviation and transport	6,441,976	7,352,797	4,624,222	3,713,401	-	1,430,360	425,191	(1,005,169)	4,718,570	9,525,059
Motor	22,063,361	25,545,247	27,246,292	23,764,406	-	2,300,000	250,000	(2,050,000)	25,814,406	35,580,683
Accident and health	6,158,312	13,797,978	14,176,961	6,537,295	-	-	-	-	6,537,295	3,617,113
Credit and suretyship	-	-	500,000	500,000	-	-	-	-	500,000	-
Miscellaneous	670,051	6,715,417	5,260,291	(785,075)	-	2,187,814	1,905,511	(282,303)	(502,772)	1,600,107
	<u>35,914,958</u>	<u>71,011,170</u>	<u>66,422,035</u>	<u>31,325,823</u>	<u>-</u>	<u>8,552,929</u>	<u>2,595,202</u>	<u>(5,957,727)</u>	<u>37,283,550</u>	<u>55,417,725</u>

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Unconsolidated Statement of Expenses  
For the year ended December 31, 2017

	Commission paid or payable (A)	Deferred commission		Net commission expense (D = A+B-C)	Management expenses (E)	Underwriting expenses (F = D+E)	Commission from reinsurers (G)	Net underwriting expenses (H = F-G)	
		Opening (B)	Closing (C)					2017	2016
----- Rupees -----									
<b>Direct and facultative</b>									
Fire and property damage	1,539,743	1,383,756	1,276,369	1,647,130	5,692,436	7,339,566	-	7,339,566	9,487,607
Marine, aviation and transport	2,154,977	260,327	135,988	2,279,316	5,316,096	7,595,412	-	7,595,412	10,298,881
Motor	7,864,993	4,452,464	2,744,880	9,572,577	51,964,634	61,537,211	-	61,537,211	51,677,704
Accident and health	69,920	38,358	71,362	36,916	1,920,709	1,957,625	-	1,957,625	2,126,151
Credit and suretyship	2,081,125	1,610,299	1,771,439	1,919,985	12,490,372	14,410,357	-	14,410,357	15,704,370
Miscellaneous	5,299,082	734,474	807,551	5,226,005	8,763,460	13,989,465	-	13,989,465	8,675,405
	<b>19,009,840</b>	<b>8,479,678</b>	<b>6,807,589</b>	<b>20,681,929</b>	<b>86,147,707</b>	<b>106,829,636</b>	<b>-</b>	<b>106,829,636</b>	<b>97,970,118</b>

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Unconsolidated Statement of Investment Income  
For the year ended December 31, 2017

	2017	2016
Note	-----Rupees-----	
<b>Income from non-trading investments</b>		
<i>Held to maturity</i>		
Return on government securities	1,333,165	4,136,554
Return on fixed income securities and deposits	313,558	928,829
	1,646,723	5,065,383
<i>Available for sale</i>		
Dividend income	29,060	12,694
Gain on sale of available for sale investments	137,587,084	1,817,831
	137,616,144	1,830,525
<b>(Impairment) / reversal in value of investments</b>		
Available for sale	18.2.1 (21,181)	34,037
Investment related expenses	(699,765)	(24,328)
<b>Net investment income</b>	<b>138,541,921</b>	<b>6,905,617</b>

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim  
Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman  
Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

## **1 STATUS AND NATURE OF BUSINESS**

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

The Company is engaged in providing non-life general insurance services mainly in spheres of Fire and property damage, Marine, aviation and transport, Motor, Credit & suretyship, Accident & health and Miscellaneous.

## **2 BASIS OF PREPARATION**

### **2.1 Separate financial statements**

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

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

### **2.2 Statement of compliance**

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

**2.2.2** The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (the Act) on May 30, 2017. SECP vide its Circular No. 17 of 2017 has communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned circular, SECP in view of the difficulties faced by the companies to comply with the provisions of the Act, has advised vide Circular No. 23 of 2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan has obtained clarification from the SECP in this regard, as per which the preparation of financial statements in accordance with the repealed Companies Ordinance, 1984 covers interim financial statements of the companies for the period ending on or before December 31, 2017.

**2.2.3** SECP vide SRO 88(1)/2017 and SRO 89(1)/2017 dated February 09, 2017 has issued the Insurance Accounting Regulations and Rules for the purpose of preparation of the financial statements effective from April 01, 2017.

**Crescent Star Insurance Limited**  
**Notes to the unconsolidated financial statements**  
**For the year ended December 31, 2017**

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The new Rules and Regulations require significant disclosures / requirements which are relevant to the Company include but not limited to presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available for sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installments.

However, SECP vide letter ID/OSM/Crescentstar/2017/12195, dated October 06, 2017 has granted exemption to the Company to prepare its accounts for the year ended December 31, 2017 in accordance with the requirements of Previous Rules (SEC (Insurance) Rules, 2002). Hence, these unconsolidated financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of Previous Rules.

**3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

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

The Company has adopted the following new standards, amendments to the published standards and interpretations of IFRSs which became effective during the current year.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2016 and 2017.

**3.2 Standards, amendments to the published standards and interpretations that are effective but not relevant**

The other new standards, amendments to the published standards and interpretations that are mandatory for the financial year beginning on January 01, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

**Crescent Star Insurance Limited**  
**Notes to the unconsolidated financial statements**  
**For the year ended December 31, 2017**

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**3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Proposed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

**3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP**

Following new standards have been issued by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

#### 4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments stating at lower of cost or market value and 'held to maturity' investments that are stated at amortized cost and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

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

#### 5 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated 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 period of the revision and future periods if the revision affects both current and future periods.

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

	<b>Note</b>
- Provision for outstanding claims (including IBNR)	6.2.1
- Premium deficiency reserve	6.3
- Provision for doubtful receivables	6.5
- Useful lives and residual values of fixed assets	6.8
- Provision of unearned premium	6.9.2
- Premium due but unpaid	6.9.3
- Allocation of management expenses	6.11
- Provision for taxation and deferred tax	6.12
- Segment reporting	6.13

#### 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 6.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holders (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

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reminder 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, aviation & transport;
- Motor;
- Accident & health;
- Credit and suretyship; and
- Miscellaneous

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

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

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

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

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

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 contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

## **6.2 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.

#### **6.2.1 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.

##### **i) 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 experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

##### **ii) Claims incurred but not reported**

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

#### **6.3 Premium deficiency reserve / Liability adequacy test**

The Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4 'Insurance Contract', 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 date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

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.

#### **6.4 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.

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

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums 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 given 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.

#### **6.6 Staff retirement benefits**

##### **6.6.1 Defined contribution plan**

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

##### **6.6.2 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.

#### **6.7 Investments**

##### **6.7.1 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:

- Held to maturity; and
- Available for sale

##### **6.7.2 Measurement**

###### **i) 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 unconsolidated profit and loss account.

###### **ii) 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.

**a) 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 date to determine the market value.

**b) Unquoted**

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

**c) Investment in associates/jointly controlled entities**

The Company is preparing its separate financial statements for the year in accordance with IAS 27 – "Separate Financial Statements". Accordingly, the Company has opted to account for investments in associates/jointly controlled entities at cost.

**6.7.3 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.

**6.8 Fixed assets**

**6.8.1 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 24 to the unconsolidated financial statements.

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

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

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.

**6.8.2 Leased Assets**

Lease is classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liabilities to the lessor are included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charge and reduction of the liabilities against assets subject to finance lease, so as to achieve a constant rate of interest on

the remaining balance of the liability. Finance charges are charged to the unconsolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on the straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

### **6.8.3 Capital work in progress**

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

### **6.8.4 Intangibles - Computer Software**

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

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

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

The carrying amounts are reviewed at each 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.

## **6.9 Revenue recognition**

### **6.9.1 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 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.

### **6.9.2 Provision for unearned premium**

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

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year; and
- Contracts having tenure of more than twelve months, the Company maintains provision for

unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

#### **6.9.3 Premiums due but unpaid**

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

#### **6.9.4 Commission income unearned**

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

#### **6.9.5 Commission income**

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

#### **6.9.6 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 unconsolidated 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 charged in unconsolidated profit and loss account.
- 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.

#### **6.9.7 Dividend declaration**

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

#### **6.10 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.

#### **6.11 Management and administrative expenses**

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.

#### **6.12 Taxation**

##### **6.12.1 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.

##### **6.12.2 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 temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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, except in the case of the item credited or charged to equity in which case it is included in equity.

#### **6.13 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 five primary business segments for reporting purposes namely Fire and Property Damage, Marine, aviation & transport, Motor, Accident & Health and Miscellaneous.

- The perils covered under fire 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.
- Accidents & Health provide cover against accident, basic hospitalization, maternity etc.
- Credit and Suretyship insurance contracts provides protection to the insured against the risk of causing harm to third parties as a result of their legitimate activities.
- Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in

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transit or on counter, fidelity guarantee, plate glass, householder's policy, engineering losses e.t.c.

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.

**6.14 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 unconsolidated profit and loss account.

**6.15 Off setting 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.

**6.16 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 unconsolidated profit and loss account.

**6.17 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.

**6.18 Creditors, accruals and provisions**

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

A provision is recognised in the unconsolidated 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.

**6.19 Cash and cash equivalents**

Cash and cash equivalents are carried in the unconsolidated 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.

**6.20 Reinsurance recoveries against outstanding claims**

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

**6.21 Prepaid reinsurance expense**

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

**6.22 Financial instruments**

Financial instruments carried on the unconsolidated 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, other creditors, 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 loses 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.

**6.23 Earning per share**

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

**6.24 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental cost directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

**6.25 Functional and presentation currency**

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

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**7 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2017	2016		2017	2016
(Number of shares)			-----Rupees-----	
79,716,786	79,716,786	Ordinary shares of Rs.10 each fully paid in cash	797,167,860	797,167,860
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>82,683,333</u>	<u>82,683,333</u>		<u>826,833,330</u>	<u>826,833,330</u>

**7.1 Reconciliation of number of shares at beginning and at end of the year is as under:**

2017	2016		2017	2016
(Number of shares)			-----Rupees-----	
82,683,333	62,012,500	At the beginning of the year	826,833,330	620,125,000
-	20,670,833	Right shares issued during the year	-	206,708,330
<u>82,683,333</u>	<u>82,683,333</u>	At the end of the year	<u>826,833,330</u>	<u>826,833,330</u>

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

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

	Note	2017	2016
		-----Rupees-----	
<b>8 DISCOUNT ON ISSUE OF RIGHT SHARES</b>	8.1	<u>199,650,000</u>	<u>199,650,000</u>

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

	Note	2017	2016
		-----Rupees-----	
<b>9 RESERVES</b>			
<b>Capital</b>			
Reserve for exceptional losses	9.1	1,767,568	1,767,568
<b>Revenue</b>			
General reserve	9.2	24,497,265	24,497,265
Accumulated profit		84,059,629	10,892,945
		<u>110,324,462</u>	<u>37,157,778</u>

9.1 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, 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.

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9.2 These represent distributable profits transferred and utilizable at the discretion of the Board of Directors.

**10 SHARE DEPOSIT MONEY**

The Board of Directors of the Company in their meeting held on November 10, 2017 decided to issue 25,011,708 right shares at par i.e. at a price of 10 per share, in proportion of 121 (one hundred and twenty one) right shares for every 400 (four hundred) shares held of the Company. The book closure was announced from November 27, 2017 to December 03, 2017 and the entire subscription process ended on January 31, 2018 whereby the Company issued 25,011,708 right shares at par of Rs. 250,117,080.

	2017	2016
	-----Rupees-----	
<b>11 AMOUNTS DUE TO OTHERS INSURERS / REINSURERS</b>		
Foreign reinsurers	19,302,035	9,985,380
Local reinsurers	19,670,724	10,679,835
Co-insurers	4,162,413	3,824,544
	<u>43,135,172</u>	<u>24,489,759</u>
<b>12 OTHER CREDITORS AND ACCRUALS</b>		
Withholding tax	43,045,889	31,907,966
Federal excise duty	16,485,588	29,422,428
Others	3,226,167	85,283,685
Margin against performance bonds	3,268,504	4,409,531
Unpresented cheques	711,102	7,877,268
Payable to staff provident fund	433,596	431,860
Federal insurance fee	268,114	1,561,056
	<u>67,438,960</u>	<u>160,893,794</u>
<b>13 TAXATION - PROVISION LESS PAYMENTS</b>		
Balance at beginning of the year	2,357,809	4,502,325
Add: charge for the year	1,370,178	2,064,726
Less: paid during the year	(1,540,011)	(4,209,242)
Balance at end of the year	<u>2,187,976</u>	<u>2,357,809</u>

**14 BORROWING UNDER MUSHARAKA ARRANGEMENTS**

The Company has entered into Diminishing musharka agreements with KASB Modarba to acquire motor vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 15% to 18% (2016: 17% to 18%) p.a. and is payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

	2017	2016
	-----Rupees-----	
<b>The amount payable:</b>		
Within one year	1,433,100	2,179,838
Later than one year but not later than five years	2,261,450	828,000
	<u>3,694,550</u>	<u>3,007,838</u>

## 15 CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

15.1.1 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 million (2016: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.
- Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2016: Rs. 27.5 million) 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 unconsolidated financial statements.

15.1.2 Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 8 million has not been provided by the Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

	Note	2017 -----Rupees-----	2016
<b>15.2 Commitments</b>			
<b>Commitments for rental of assets under operating lease</b>			
Within one year		2,714,400	2,078,050
Later than one year but not later than five years		335,500	1,279,500
		<u>3,049,900</u>	<u>3,357,550</u>
Post dated cheques		<u>3,694,550</u>	<u>3,007,838</u>

## 16 CASH AND OTHER EQUIVALENTS

Cash with State Bank of Pakistan	16.1	51,238,047	51,238,047
Stamps in hand		688,134	600,328
Cash in hand		89,857	25,102
		<u>52,016,038</u>	<u>51,863,477</u>

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

	Note	2017 -----Rupees-----	2016
<b>17 CURRENT AND OTHER ACCOUNTS</b>			
PLS saving accounts	17.1	4,175,769	3,156,376
Current accounts		1,691,935	3,348,619
		<u>5,867,704</u>	<u>6,504,995</u>
Less: provision against dormant accounts		<u>(313,112)</u>	-
		<u>5,554,592</u>	<u>6,504,995</u>

17.1 These carry mark-up at the rate of 4% (2016: 4%) per annum.

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	Note	2017	2016
		-----Rupees-----	
<b>18 INVESTMENTS</b>			
<b>Held to maturity</b>			
Government securities	18.1	21,265,737	21,761,809
<b>Available for sale</b>			
Ordinary equity securities and Mutual funds	18.2	12,361,226	78,519,113
Less: provision for impairment	18.2.1	(506,179)	(484,998)
		11,855,047	78,034,115
<b>In Related Parties - at cost</b>	18.3		
<b><i>Subsidiary companies:</i></b>			
Crescent Star Foods (Private) Limited		204,999,630	88,667,990
Crescent Star Technologies (Private) Limited		9,970	9,970
Crescent Star luxury (Private) Limited		9,970	-
		205,019,570	88,677,960
		238,140,354	188,473,884

18.1 This represents amortised cost of three years Pakistan Investment Bond issued by the State Bank of Pakistan through its authorized dealer Pak Oman Investment Company Limited (2016: Pak Oman Investment Company Limited). These government securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. At December 31, 2017, the market value of Government securities was Rs. 21,126,441 (2016: Rs. 21,128,940), based on the Pakistan Revaluation Rates (PKRV) quoted by Mutual Fund Association of Pakistan.

18.1.1 Salient features of investments classified as held to maturity are as follows:

**Investment in Government securities**

	Face value	Investment amount	Coupon rate	Yield rate	Tenure	Maturity
	-----Rupees-----					
Pakistan Investment Bonds (PIBs)						
2017	21,000,000	21,975,450	8.75%	6.2%	3 years	26-Mar-18
2016	21,000,000	21,975,450	8.75%	6.2%	3 years	26-Mar-18

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18.2 Available for sale investment - quoted shares

No. of shares / units		Face value per share	Market value per share		Name of investee entity	Book value	Book value	Market value	Market value	Lower of cost or market value	Lower of cost or market value
2017	2016		2017	2016		2017	2016	2017	2016	2017	2016
			-----Rupees-----					-----Rupees-----			
<b>Investment Companies / Banks</b>											
250	250	10	8.24	17.65	The Bank of Punjab	7,859	7,859	2,060	4,413	2,060	4,413
67	67	10	-	-	Innovative Investment Bank Limited	243,755	243,755	-	-	-	-
1,500	1,500	10	2.96	3.26	IGI Investment Bank Limited	19,002	19,002	4,440	4,890	4,440	4,890
3	500	10	212.32	1.81	NIB Bank Limited	993	990	637	905	637	905
<b>Insurance</b>											
200	200	10	13.75	19.00	Habib Insurance Company Limited	379	379	2,750	3,800	379	379
117	98	10	8.61	21.19	Premier Insurance Limited	631	631	1,007	2,077	631	631
<b>Textile Composite</b>											
158	158	10	4.50	12.68	Service Fabrics Limited	1,859	1,859	711	2,003	711	1,859
<b>Fuel And Energy</b>											
2,000	2,000	10	2.21	2.21	Southern Electric Power Company Limited	26,944	26,944	4,420	4,420	4,420	4,420
<b>Mutual Fund</b>											
258,506	246,324	50	54.87	54.87	Pakistan Income Fund	11,731,083	11,731,083	14,184,224	13,515,776	11,731,083	11,731,083
21,856	21,856	10	-	-	First Dawood Mutual Fund	-	-	-	-	-	-
3,820	3,820	10	15.99	15.58	PICIC Energy Fund	18,044	18,044	61,082	59,516	18,044	18,044
<b>Industrial Metal And Mining</b>											
7,020	14,707,020	10	10.06	12.12	Dost Steels Limited	32,002	66,189,892	70,621	178,249,082	32,002	66,189,892
<b>Modaraba</b>											
16,000	16,000	10	3.79	4.85	Modaraba Al-Mali	278,675	278,675	60,640	77,600	60,640	77,600
<b>311,497</b>	<b>14,999,793</b>					<b>12,361,226</b>	<b>78,519,113</b>	<b>14,392,592</b>	<b>191,924,482</b>	<b>11,855,047</b>	<b>78,034,116</b>

2017                      2016  
-----Rupees-----

18.2.1 Reconciliation of provision against impairment of investments in quoted shares

Provision at the beginning of the year	484,998	519,035
Charge / (reversal) during the year	<u>21,181</u>	<u>(34,037)</u>
Provision at the end of the year	<u>506,179</u>	<u>484,998</u>

18.2.2 Securities having book value of Rs. 11.731 million (2016: Rs. 11.731 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.

18.2.3 Investment in Dost Steels Limited, an associated company, of 7,020 shares (2016: 14,707,020 shares) having book value of Rs. 32,002 (2016: Rs. 66,189,892) and market value of Rs. 70,621 (2016: 178,249,082) with 0.002% (2016: 4.66%) of total equity of the associated company.

18.2.4 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, 2017 would have been higher by Rs. 2,537,545 (2016: higher by Rs.113,890,367).

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**18.3 Subsidiary companies - unlisted**

	2017		2016				
	Equity held	Investment at cost	Equity held	Investment at cost			
Holding	%	No. of shares	Rupees	Holding	%	No. of shares	Rupees
Crescent Star Foods (Private) Limited	68%	20,499,963	204,999,630	50%	8,866,799	88,667,990	
Crescent Star Technologies (Private) Limited	99%	997	9,970	99%	997	9,970	
Crescent Star Luxury (Private) Limited	99%	997	9,970	-	-	-	
		<u>20,501,957</u>	<u>205,019,570</u>		<u>8,867,796</u>	<u>88,677,960</u>	

**19 DEFERRED TAXATION**

Deferred tax asset / (liability) in respect of deductible / (taxable) temporary differences arising in respect of:

	2017	2016
	-----Rupees-----	
Provisions	11,052,794	11,052,794
Unused tax losses	4,442,739	2,412,665
Accelerated tax depreciation	(1,952,355)	77,719
	<u>13,543,178</u>	<u>13,543,178</u>

**19.1** Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in unconsolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 36,752,752 (2016: Rs. 22,649,559) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

	Note	2017	2016
		-----Rupees-----	
<b>20 PREMIUMS DUE BUT UNPAID - unsecured</b>			
Considered good	20.1	165,353,427	179,887,393
Considered doubtful		62,427,039	54,663,496
	20.2	<u>227,780,466</u>	<u>234,550,889</u>
Less: provision for doubtful balances	20.3	(62,427,039)	(54,663,496)
		<u>165,353,427</u>	<u>179,887,393</u>

**20.1** It includes amount of Rs. 8,505,674 (2016: Rs. 4,252,837) due from related parties.

	2017	2016
	-----Rupees-----	
<b>20.2 Aging analysis of premium due but unpaid</b>		
Upto one year	20,111,421	47,189,521
From one to two years	32,635,270	120,471,217
From two to three years	110,590,273	8,827,311
From three to four years	6,375,370	6,798,684
More than four years	58,068,132	51,264,156
	<u>227,780,466</u>	<u>234,550,889</u>

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		2017	2016
	Note	-----Rupees-----	
<b>20.3 Movement in provision for doubtful balances</b>			
Balance at the beginning of the year		54,663,496	48,261,694
Add: charged during the year		7,763,543	6,401,802
Balance at the end of the year		<u>62,427,039</u>	<u>54,663,496</u>
<b>20.4 Aging analysis of provision for doubtful balances</b>			
From three to four years		4,358,907	3,399,342
More than four years		58,068,132	51,264,156
		<u>62,427,039</u>	<u>54,663,498</u>
<b>21 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS</b>			
Co-insurers		54,194,427	48,822,263
Foreign reinsurers		16,212,239	17,705,218
Local reinsurers		46,333	-
		<u>70,452,999</u>	<u>66,527,481</u>
<b>22 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances	22.1	560,572,796	411,629,969
Deposits	22.2	7,239,962	5,509,462
Prepayments		1,646,149	3,133,516
		<u>569,458,907</u>	<u>420,272,947</u>
<b>22.1 Advances</b>			
- against issuance of shares	22.1.1	560,097,552	411,347,431
- others		260,000	260,000
- staff		215,244	22,538
		<u>560,572,796</u>	<u>411,629,969</u>
<b>22.1.1</b> This represents advances against issue of shares given to the following associated companies:			
		2017	2016
<b>Name of the Company</b>	<b>Note</b>	-----Rupees-----	
Dost Steels Limited - Associate	22.1.2	354,379,066	354,279,066
Crescent Star Foods (Private) Limited - Subsidiary		143,541,099	49,494,792
Crescent Star Luxury (Private) Limited - Subsidiary		55,950,860	1,532,046
Crescent Star Technology (Private) Limited - Subsidiary		6,226,527	6,041,527
		<u>560,097,552</u>	<u>411,347,431</u>

**22.1.2** It carries markup @ 1 year KIBOR plus 3% p.a.

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	Note	2017 -----Rupees-----	2016
<b>22.2 Deposits</b>			
- hospitals		4,942,031	3,742,031
- against rent		1,611,750	1,217,250
- against quotation tender		601,181	465,181
- against LC		85,000	85,000
		<u>7,239,962</u>	<u>5,509,462</u>
<b>23 OTHER RECEIVABLES</b>			
Accrued interest on advance against issue of shares	23.1	66,582,917	32,099,828
Other receivables		14,756,107	7,472,261
		<u>81,339,024</u>	<u>39,572,089</u>
<b>23.1</b>	This represents accrued interest on advances against issue of shares given to Dost Steels Limited (an associated company). Movement in advances is as follows:		
		2017	2016
		-----Rupees-----	
Balance as at beginning of the year		32,099,828	-
Income for the year		34,483,089	32,099,828
Received during the year		-	-
Balance at the end of the year		<u>66,582,917</u>	<u>32,099,828</u>

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24 FIXED ASSETS

24.1 TANGIBLE

Description	Owned				Total
	Furniture and fixtures	Office equipment	Computers and related equipment	* Motor Vehicles	
<b>COST</b>					
2016					
Balance at the beginning of the year	7,146,898	3,985,770	3,106,042	27,236,554	41,475,264
Additions	-	222,400	209,970	-	432,370
Disposals	-	(36,000)	(72,180)	-	(108,180)
Balance at the end of the year	<u>7,146,898</u>	<u>4,172,170</u>	<u>3,243,832</u>	<u>27,236,554</u>	<u>41,799,454</u>
2017					
Balance at the beginning of the year	7,146,898	4,172,170	3,243,832	27,236,554	41,799,454
Additions	5,304,029	721,600	188,986	3,340,000	9,554,615
Disposals	(3,941,658)	(1,837,033)	(624,757)	(719,225)	(7,122,673)
Balance at the end of the year	<u>8,509,269</u>	<u>3,056,737</u>	<u>2,808,061</u>	<u>29,857,329</u>	<u>44,231,396</u>
<b>ACCUMULATED DEPRECIATION</b>					
2016					
Balance at the beginning of the year	2,615,195	1,315,250	1,447,555	15,049,441	20,427,441
Charge for the year	453,170	277,939	516,480	2,437,423	3,685,012
Disposals	-	(8,346)	(41,649)	-	(49,995)
Balance at the end of the year	<u>3,068,365</u>	<u>1,584,843</u>	<u>1,922,386</u>	<u>17,486,864</u>	<u>24,062,458</u>
2017					
Balance at the beginning of the year	3,068,365	1,584,843	1,922,386	17,486,864	24,062,458
Charge for the year	618,790	301,032	448,314	2,108,226	3,476,362
Disposals	(2,499,483)	(1,272,593)	(606,083)	(667,424)	(5,045,583)
Balance at the end of the year	<u>1,187,672</u>	<u>613,282</u>	<u>1,764,617</u>	<u>18,927,666</u>	<u>22,493,237</u>
Net book value - 2017	<u>7,321,597</u>	<u>2,443,455</u>	<u>1,043,444</u>	<u>10,929,663</u>	<u>21,738,159</u>
Net book value - 2016	<u>4,078,533</u>	<u>2,587,327</u>	<u>1,321,446</u>	<u>9,749,690</u>	<u>17,736,996</u>
<b>RATE OF DEPRECIATION (%)</b>	<b>10</b>	<b>10</b>	<b>30</b>	<b>20</b>	

\* These include motor vehicles costing Rs. 5,720,000 (2016: Rs. 11,242,050) acquired under diminishing musharaka arrangement and are in the name of the Modaraba Company.

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24.1.1 Following items of tangible assets were disposed off during the year:

Description of tangible asset sold	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss)/gain	Mode of disposal	Particulars of buyer
----- Rupees -----							
<i>Furniture and fixtures</i>	3,941,658	2,499,483	1,442,175	-	(1,442,175)	Write-off	Write-off
<i>Office equipment</i>							
Electrical equipment and installations	1,837,033	1,272,593	564,440	-	(564,440)	Write-off	Write-off
<i>Computers and related equipment</i>							
Printers, server and other equipment	624,757	606,083	18,674	7,130	(11,544)	Negotiation	Muzaffar
<i>Motor Vehicles</i>							
Suzuki Mehran Plus 1999 (ACF 248)	367,125	346,868	20,257	25,000	4,743	Negotiation	Syed Khalid Hussain
Daihatsu Charade 1986 (V-1826)	136,600	116,903	19,697	30,000	10,303	Negotiation	Mohd Saleem Farooqi
Suzuki Mehran 1999 (ABN-598)	215,500	203,653	11,847	45,000	33,153	Negotiation	Farida Ali Haider
<b>2017</b>	<b>7,122,673</b>	<b>5,045,583</b>	<b>2,077,090</b>	<b>107,130</b>	<b>(1,969,960)</b>		
<b>2016</b>	<b>108,180</b>	<b>49,995</b>	<b>58,185</b>	<b>40,000</b>	<b>(18,185)</b>		

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	Note	2017	2016
		-----Rupees-----	
<b>24.2 INTANGIBLE</b>			
<b>Computer Software</b>			
<b>Cost</b>			
Balance at the beginning of the year		4,075,500	4,075,500
Additions		-	-
Disposals		-	-
Balance at the end of the year		<u>4,075,500</u>	<u>4,075,500</u>
<b>Amortization</b>			
Balance at the beginning of the year		-	-
Charge for the year		1,358,500	-
Disposals		-	-
Balance at the end of the year		<u>1,358,500</u>	-
<b>Net book value</b>		<u>2,717,000</u>	<u>4,075,500</u>
<b>Rate of amortization (in %)</b>		<u>33</u>	<u>-</u>
<b>25 MANAGEMENT EXPENSES</b>			
Salaries, allowances and other benefits	25.1	42,442,109	40,298,621
Rent, rates and taxes		20,662,379	17,743,194
Others		7,271,668	2,369,918
Repairs and maintenance		5,639,326	2,572,603
Utilities		2,454,052	1,853,821
Telephone and postage		2,100,501	1,783,031
Travelling and conveyance		2,067,803	1,296,593
Entertainment		1,437,445	1,141,312
Printing and stationery		1,220,597	1,426,461
Insurance		748,121	906,590
Bank charges		103,706	655,405
		<u>86,147,707</u>	<u>72,047,549</u>
<b>25.1</b>	This includes contribution to provident fund amounting to Rs. 2.562 million (2016: Rs. 2.715 million).		
<b>26 FINANCE COST</b>			
Markup on Musharaka arrangement		<u>360,210</u>	<u>692,650</u>

**Crescent Star Insurance Limited**  
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	Note	2017 -----Rupees-----	2016
<b>27 OTHER INCOME</b>			
Income from financial assets:			
Markup on advance against issue of shares	23.1	34,483,089	32,427,080
Income from other than financial assets:			
Gain on third party claim handling		2,611,592	706,560
		<u>37,094,681</u>	<u>33,133,640</u>
<b>28 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits		32,601,083	36,082,546
Provision against doubtful balances	20.3	7,763,543	6,401,802
Travelling and conveyance		7,450,018	7,280,917
Legal and professional charges		3,540,029	4,900,635
Depreciation	24.1	3,476,362	3,685,012
Fees, subscription and periodicals		3,048,888	3,563,850
Amortization	24.2	1,358,500	-
Telephone and postage		1,273,625	952,799
Repairs and maintenance		1,083,834	734,300
Auditors' remuneration	28.1	1,028,145	895,255
Advertisement and promotion		375,850	1,049,542
Entertainment		223,261	176,090
Others		130,065	348,127
		<u>63,353,203</u>	<u>66,070,875</u>
<b>28.1 Auditors' remuneration</b>			
Annual audit fee		552,000	460,000
Consolidation		200,000	200,000
Review of code of corporate governance		105,000	87,619
Half yearly review		91,145	95,286
Out of pocket		80,000	-
Certification charges		-	52,350
		<u>1,028,145</u>	<u>895,255</u>
<b>29 PROVISION FOR TAXATION</b>			
Current		1,370,178	2,064,726
Deferred		-	-
		<u>1,370,178</u>	<u>2,064,726</u>

**29.1** The income tax returns of the Company have been filed up to tax year 2017 (corresponding to the income year ended December 31, 2016) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

**29.2** The numerical reconciliation between the accounting profit and taxable income for the year 2017 and 2016 has not been presented in these unconsolidated financial statements, as the total income

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of the Company falls under section 113 of the Income Tax Ordinance, 2001.

<b>30 EARNINGS PER SHARE - BASIC AND DILUTED</b>	<b>2017</b>	<b>2016</b>
Profit for the year (in Rupees)	<u><u>73,166,684</u></u>	<u><u>23,557,209</u></u>
Weighted average number of shares	<u><u>82,683,333</u></u>	<u><u>78,288,013</u></u>
Earnings per share (in Rupees)	<u><u>0.88</u></u>	<u><u>0.30</u></u>

**30.1** No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

**31 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES**

	<u>2017</u>			
	<u>Chief Executive</u>	<u>Executive Director</u>	<u>Executives</u>	<u>Total</u>
	----- Rupees -----			
Managerial remuneration	5,760,000	1,195,200	9,745,223	16,700,423
Retirement benefits	576,000	119,520	834,192	1,529,712
House rent	2,592,000	796,800	6,730,815	10,119,615
Utilities and others	2,448,000	480,000	2,556,000	5,484,000
<b>Total</b>	<u><u>11,376,000</u></u>	<u><u>2,591,520</u></u>	<u><u>19,866,230</u></u>	<u><u>33,833,750</u></u>
Number of persons	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>11</u></u>	<u><u>13</u></u>
	----- Rupees -----			
	<u>2016</u>			
	<u>Chief Executive</u>	<u>Executive Director</u>	<u>Executives</u>	<u>Total</u>
	----- Rupees -----			
Managerial remuneration	5,760,000	-	11,831,752	17,591,752
Retirement benefits	576,000	-	1,052,592	1,628,592
House rent	2,592,000	-	7,887,835	10,479,835
Utilities and others	2,448,000	-	3,760,000	6,208,000
<b>Total</b>	<u><u>11,376,000</u></u>	<u><u>-</u></u>	<u><u>24,532,179</u></u>	<u><u>35,908,179</u></u>
Number of persons	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>12</u></u>	<u><u>13</u></u>

**31.1** Non-Executive Directors' were paid Rs. 0.059 million (2016: Rs. 0.068 million) for attending Board of Directors meetings during the year.

**31.2** In addition, Chief Executive was also provided with free use of the Company maintained cars in accordance with his entitlements.

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**32 EMPLOYEE BENEFIT**

**32.1 Defined contribution plans**

**Employees' provident fund**

The Company operates an approved provident fund scheme which covers all permanent employees. Equal contributions to the fund are made by the Company and the employees @ 10% of basic pay.

**a) Fund position**

The following information have been taken from unaudited financial statements of the Fund for the year ended December 31, 2017 and audited financial statements of the Fund for the year ended December 31, 2016.

	<u>2017</u>	<u>2016</u>
	Unaudited	Audited
	----- Rupees -----	
Size (net assets) of the fund	<b>18,088,704</b>	20,905,681
Cost of investments made	<b>13,899,059</b>	15,848,790
Fair value of investments	<b>17,107,548</b>	19,042,350
Percentage of fair value of investments to net assets	77%	76%
Number of members	<b>67</b>	71
	<u>2017</u>	<u>2016</u>
	----- Percentage -----	
	<u>2017</u>	<u>2016</u>
	----- Rupees -----	

**b) Composition of the Fund - based on book value**

Mutual Funds	<b>100%</b>	100%	<b>13,899,059</b>	15,848,790
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The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

**33 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise the directors, major shareholders, subsidiaries, associated companies, entities owned by the directors of the Company where they also hold directorships, staff retirement fund and key management personnel. The Company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

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Transactions of the Company with related parties and balances outstanding at year end, unless otherwise stated in these unconsolidated financial statements are as follows:

	2017	2016
	----- Rupees -----	
<b>33.1 <i>Subsidiary Companies</i></b>		
<b>Crescent Star Foods (Private) Limited</b>		
Advance against issuance of shares	94,046,307	49,494,792
Subscription of shares	-	72,358,020
Premium written	3,459,410	-
<b>Crescent Star Technologies (Private) Limited</b>		
Advance against issuance of shares	185,000	442,696
Subscription of shares	-	9,970
<b>Crescent Star Luxury (Private) Limited</b>		
Advance against issuance of shares	54,418,814	-
Subscription of shares	9,970	-
Premium written	180,675	-
<b>33.2 <i>Associated undertakings having common directorship</i></b>		
<b>Dost Steels Limited</b>		
Subscription of shares	-	67,500,000
Advance given for issuance of shares	354,379,066	353,951,814
Markup on advance given	34,483,089	32,427,080
Premium written	8,505,674	4,252,837
<b>Elahi Noor Enterprises (Private) Limited</b>		
Advance received - net	-	12,458,864
<b>Weavers Pakistan (Private) Limited</b>		
Advance received - net	-	63,550,076
Share deposit money utilized	-	76,000,000
<b>Key Management Personnel</b>		
Remuneration paid to chief executive, executive director and executives of the Company (note 31)	33,833,750	35,908,179
<b>Staff retirement benefits</b>		
Provident fund contribution	2,562,081	2,714,574
Markup on outstanding balance of provident fund	-	350,286

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34 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident & health, credit and suretyship 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		Credit and suretyship		Miscellaneous		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	----- Rupees -----													
Revenue from external customers	<b>9,635,397</b>	19,617,173	<b>9,284,162</b>	18,676,852	<b>75,125,183</b>	108,995,889	<b>2,363,543</b>	35,839,748	<b>18,990,699</b>	35,632,492	<b>13,650,662</b>	15,521,061	<b>129,049,646</b>	234,283,215
Depreciation	<b>259,560</b>	308,556	<b>250,098</b>	293,766	<b>2,023,735</b>	1,714,383	<b>63,670</b>	563,719	<b>511,575</b>	560,459	<b>367,724</b>	244,129	<b>3,476,362</b>	3,685,012
Segment profit/(Loss)	<b>(3,424,336)</b>	(6,340,056)	<b>(7,630,000)</b>	(5,730,871)	<b>(16,890,236)</b>	15,668,067	<b>(6,131,377)</b>	30,096,484	<b>86,636</b>	16,604,619	<b>(1,427,054)</b>	2,066,145	<b>(35,416,367)</b>	52,364,388
Capital expenditure	<b>713,388</b>	36,204	<b>687,383</b>	34,468	<b>5,562,140</b>	201,152	<b>174,993</b>	66,142	<b>1,406,039</b>	65,760	<b>1,010,672</b>	28,644	<b>9,554,615</b>	432,370
Segment assets	<b>20,740,987</b>	23,818,762	<b>19,984,925</b>	22,677,044	<b>161,713,154</b>	132,340,536	<b>5,087,721</b>	43,515,875	<b>40,879,046</b>	43,264,229	<b>29,384,176</b>	18,845,347	<b>277,790,009</b>	284,461,793
Segment liabilities	<b>13,955,740</b>	17,004,419	<b>13,447,017</b>	16,189,336	<b>108,809,994</b>	94,479,045	<b>3,423,314</b>	31,066,357	<b>27,505,794</b>	30,886,704	<b>19,771,379</b>	13,453,856	<b>186,913,238</b>	203,079,717
													2017	2016
	----- Rupees -----													

34.1 Reconciliations of reportable segments are as follows:

<b>Revenue</b>			
Total revenue for reportable segments		129,049,646	234,283,215
Other revenue		173,306,432	39,328,422
Entity's revenue		<u>302,356,078</u>	<u>273,611,637</u>
<b>Profit for the year</b>			
Total (loss) / profit for reportable segments		(35,416,367)	52,364,388
Unallocated corporate income		173,306,432	39,328,422
General and administration expenses		(63,353,203)	(66,070,875)
Entity's profit before income tax expense		<u>74,536,862</u>	<u>25,621,935</u>
<b>Assets</b>			
Total assets for reportable segments		277,790,009	284,461,793
Other unallocated corporate assets		963,115,696	724,660,936
Entity's assets		<u>1,240,905,705</u>	<u>1,009,122,729</u>
<b>Liabilities</b>			
Total liabilities for reportable segments		186,913,238	203,079,717
Other unallocated corporate liabilities		66,471,945	141,701,904
Entity's liabilities		<u>253,385,183</u>	<u>344,781,621</u>

The Company has no reportable geographical segment.

35 FAIR VALUE MEASUREMENT

2017								
Carrying Amount						Fair Value		
Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees								
<b>On-balance sheet</b>								
<b>Financial assets</b>								
Cash and other equivalents	-	-	52,016,038	-	52,016,038	-	-	-
Current and other accounts	-	-	5,554,592	-	5,554,592	-	-	-
Investments	21,265,737	11,855,047	-	-	33,120,784	72,908	-	-
Premiums due but unpaid	-	-	165,353,427	-	165,353,427	-	-	-
Amounts due from other insurers / reinsurers	-	-	70,452,999	-	70,452,999	-	-	-
Accrued investment income	-	-	346,603	-	346,603	-	-	-
Reinsurance recoveries against outstanding claims	-	-	2,595,202	-	2,595,202	-	-	-
- against issuance of shares	-	-	560,097,552	-	560,097,552	-	-	-
Deposits	-	-	7,239,962	-	7,239,962	-	-	-
Other receivables	-	-	81,339,024	-	81,339,024	-	-	-
<b>21,265,737</b>	<b>-</b>	<b>11,855,047</b>	<b>944,995,399</b>	<b>-</b>	<b>978,116,183</b>	<b>72,908</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Provision for outstanding claims (including IBNR)	-	-	-	66,422,035	66,422,035	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	43,135,172	43,135,172	-	-	-
Other creditors and accruals	-	-	-	7,639,369	7,639,369	-	-	-
Borrowing under musharaka arrangements	-	-	-	3,694,550	3,694,550	-	-	-
Unpresented dividend warrants	-	-	-	418,209	418,209	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,309,335</b>	<b>121,309,335</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	2016								
	Carrying Amount					Fair Value			
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----									
<u>On-balance sheet</u>									
<u>Financial assets</u>									
Cash and other equivalents	-	-	-	-	-	-	-	-	-
Current and other accounts	-	-	-	-	-	-	-	-	-
Investments	21,761,809	-	78,034,115	-	-	99,795,924	92,228	-	-
Premiums due but unpaid	-	-	-	179,887,393	-	179,887,393	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	66,527,481	-	66,527,481	-	-	-
Accrued investment income	-	-	-	354,866	-	354,866	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	8,552,929	-	8,552,929	-	-	-
- against issuance of shares	-	-	-	411,347,431	-	411,347,431	-	-	-
Deposits	-	-	-	5,509,462	-	5,509,462	-	-	-
Other receivables	-	-	-	39,572,089	-	39,572,089	-	-	-
	<u>21,761,809</u>	<u>-</u>	<u>78,034,115</u>	<u>711,751,651</u>	<u>-</u>	<u>811,547,575</u>	<u>92,228</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities</u>									
Provision for outstanding claims (including IBNR)	-	-	-	-	71,011,170	71,011,170	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	24,489,759	24,489,759	-	-	-
Other creditors and accruals	-	-	-	-	98,002,344	98,002,344	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	3,007,838	3,007,838	-	-	-
Unpresented dividend warrants	-	-	-	-	418,209	418,209	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,929,320</u>	<u>196,929,320</u>	<u>-</u>	<u>-</u>	<u>-</u>

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.

Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

## 36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 36.1 Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

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

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

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

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

#### 36.1.1 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 unconsolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

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

	Category of financial assets	2017 ----- Rupees -----	2016 -----
Bank deposits	Loans and receivables	5,554,592	6,504,995
Investments:			
Government securities	Held to maturity	21,265,737	21,761,809
Equity & other securities	Available for sale	11,855,047	78,034,115
Premiums due but unpaid	Loans and receivables	165,353,427	179,887,393
Accrued investment income	Loans and receivables	346,603	354,866
Amount due from other insurers / reinsurers	Loans and receivables	70,452,999	66,527,481
Reinsurance recoveries against outstanding claims	Loans and receivables	2,595,202	8,552,929
Advances and deposits	Loans and receivables	567,812,758	417,139,431
Other receivables	Loans and receivables	81,339,024	39,572,089
		<u>926,575,389</u>	<u>818,335,108</u>

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 20 to these unconsolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2017	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
<b>Financial Assets</b>				
Premiums due but unpaid	165,353,427	20,111,421	32,635,270	112,606,736
Amounts due from other insurers / reinsurers	70,452,999	11,813,161	58,148,028	491,810
Accrued investment income	346,603	346,603	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Advance against issuance of shares	560,097,552	148,750,121	405,730,600	5,616,831
Deposits	7,239,962	1,730,500	954,750	4,554,712
Other receivables	81,339,024	41,766,935	39,572,089	-
	<u>887,424,769</u>	<u>224,518,741</u>	<u>537,040,737</u>	<u>125,865,291</u>
2016	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	----- Rupees -----			
<b>Financial Assets</b>				
Premiums due but unpaid	179,887,393	47,189,521	120,471,217	12,226,655
Amounts due from other insurers / reinsurers	66,527,481	25,071,582	41,455,899	-
Accrued investment income	354,866	354,866	-	-
Reinsurance recoveries against outstanding claims	8,552,929	-	2,300,000	6,252,929
Advance against issuance of shares	411,347,431	405,730,600	5,616,831	-
Deposits	5,509,462	954,750	4,554,712	-
Other receivables	39,572,089	39,572,089	-	-
	<u>711,751,651</u>	<u>518,873,408</u>	<u>174,398,659</u>	<u>18,479,584</u>

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

			2017	2016
	Rating	Agency	----- Rupees -----	
Faysal Bank Limited	AA	PACRA/JCR-VIS	4,199,674	3,165,198
Habib Bank Limited	AAA	JCR-VIS	1,294,137	1,153,027
Allied Bank Limited	AA+	PACRA	182,676	182,676
NIB Bank Limited	AA-	PACRA	60,197	166,348
Soneri Bank Limited	AA-	PACRA	53,743	53,743
The Bank of Punjab	AA	PACRA	43,257	43,257
Meezan Bank Limited	AA	JCR-VIS	22,482	22,482
SILK Bank Limited	A-	JCR-VIS	4,819	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	4,127	4,127
Bank Alfalah Limited	AA	PACRA	2,327	2,327
United Bank Limited	AAA	JCR-VIS	-	1,706,726
MCB Bank Limited	AAA	PACRA	265	265
			<u>5,867,704</u>	<u>6,504,995</u>

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2017	2016
	----- Rupees -----				
A or above	65,175,679	2,595,202	10,842,633	78,613,514	72,365,647
BBB	5,277,320	-	-	5,277,320	5,992,079
<b>Total</b>	<u>70,452,999</u>	<u>2,595,202</u>	<u>10,842,633</u>	<u>83,890,834</u>	<u>78,357,726</u>

### 36.1.2 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 musharaka to minimize risk.

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

	2017			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	----- Rupees -----			
<b>Financial liabilities measured at amortised cost:</b>				
Provision for outstanding claims	66,422,035	66,422,035	66,422,035	-
Amounts due to other insurers	43,135,172	43,135,172	43,135,172	-
Other creditors	7,205,773	7,205,773	7,205,773	-
Obligation under musharaka	3,694,550	3,694,550	1,433,100	2,261,450
Unpresented dividend warrants	418,209	418,209	-	418,209
	<u>120,875,739</u>	<u>120,875,739</u>	<u>118,196,080</u>	<u>2,679,659</u>

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	2016			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	----- Rupees -----			
Financial liabilities measured at amortised cost:				
Provision for outstanding claims	71,011,170	71,011,170	71,011,170	-
Amounts due to other insurers	24,489,759	24,489,759	24,489,759	-
Other creditors	97,570,484	97,570,484	97,570,484	-
Obligation under musharaka	3,007,838	3,007,838	2,179,838	828,000
Unpresented dividend warrants	418,209	418,209	-	418,209
	<u>196,497,460</u>	<u>196,497,460</u>	<u>195,251,251</u>	<u>1,246,209</u>

**36.1.3 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 optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

**a) Interest/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:

	2017	2016	2017	2016
	Effective interest rate (%)		----- Rupees -----	
<b>Financial assets</b>				
Bank deposits	4.00%	4.00%	4,175,769	3,156,376
Investment in Government Securities	8.75%	8.75%	21,265,737	21,761,809

**Sensitivity analysis**

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

**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 with fair value of Rs. 14,392,592 (2016: Rs. 191,924,482) 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, 2017 and 2016 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
			----- Rupees -----		
December 31, 2017	10% increase	14,392,592	15,831,851	1,439,259	1,439,259
	10% decrease		12,953,333	(1,439,259)	(1,439,259)
December 31, 2016	10% increase	191,924,482	211,116,930	19,192,448	19,192,448
	10% decrease		172,732,034	(19,192,448)	(19,192,448)

### 37 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 policy holder, 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.

#### a) 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

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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.

**b) Reinsurance arrangements**

Keeping in view the maximum exposure in respect of key zone aggregates, a number of non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe, any loss over and above the retention amount would be recovered from the 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 SECP on an annual basis.

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

	Gross sum insured		Reinsurance		Net	
	2017	2016	2017	2016	2017	2016
	----- Rupees in thousands -----					
Fire and property damage	5,945,554	7,615,303	3,533,968	6,456,617	2,411,586	1,158,686
Marine, aviation and transport	6,654,349	14,718,723	2,626,370	5,587,999	4,027,979	9,130,724
Motor	2,317,283	3,903,610	1,261,108	531,707	1,056,175	3,371,903
Accident and health	71,045	20,556	-	-	71,045	20,556
Credit and suretyship	15,458,099	28,435,948	9,406,787	8,536,276	6,051,312	19,899,672
Miscellaneous	14,966,330	8,423,242	6,830,703	3,106,104	8,135,627	5,317,138
	<b>45,412,660</b>	<b>63,117,382</b>	<b>23,658,936</b>	<b>24,218,703</b>	<b>21,753,724</b>	<b>38,898,679</b>

**c) 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/(loss) before tax net of reinsurance.

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2017	2016	2017	2016
	----- Rupees in thousands -----			
± 10% variation in profit / (loss)				
Fire and property damage	21,605	509,476	14,907	351,538
Marine, aviation and transport	471,857	952,506	325,581	657,229
Motor	2,581,441	3,558,068	1,781,194	2,455,067
Accident and health	653,730	361,711	451,074	249,581
Credit and suretyship	50,000	-	34,500	-
Miscellaneous	(50,277)	160,011	(34,691)	110,408
	<b>3,728,356</b>	<b>5,541,772</b>	<b>2,572,565</b>	<b>3,823,823</b>

**Crescent Star Insurance Limited**  
**Notes to the unconsolidated financial statements**  
**For the year ended December 31, 2017**

**d) Claims development tables**

The following table shows the development of claims of all classes 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.

Analysis on gross basis	2015 and prior years	2016	2017
Accident year	Rupees in '000		
Estimate of ultimate claims cost:			
At end of accident year	22,198	25,394	27,731
One year later	20,209	35,488	-
Two year later	42,595	-	-
Current estimate of cumulative claims	42,595	35,488	27,731
Cumulative payments to date	(8,193)	(18,918)	(13,723)
Liability recognised in the balance sheet	34,402	16,570	14,008

**38 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 Insurance Rules, 2017, minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2017	2016
	Rupees	
Minimum paid up capital required *	500,000,000	400,000,000
Company's paid up capital *	627,183,330	627,183,330

\* For the purpose of this section, the minimum paid up capital will be net off any discount offered on issue of shares.

**39 NUMBER OF EMPLOYEES**

	2017	2016
Number of employees at the end of the year	95	69
Average number of employees during the year	82	77

**40 RECLASSIFICATIONS**

The following comparative figures have been reclassified / rearranged in these unconsolidated financial statements for better presentation and disclosure.

**Balance Sheet**

Reclassified from	Reclassified to	Note	Rupees
Sundry receivables	Advances, deposits and prepayments	22	420,272,947
Sundry receivables	Other receivables		39,572,089
Advances, deposits and prepayments	Fixed assets - Intangible	24.2	4,075,500

**Crescent Star Insurance Limited**  
**Notes to the unconsolidated financial statements**  
**For the year ended December 31, 2017**

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***Profit and loss account***

<b>Reclassified from</b>	<b>Reclassified to</b>	<b>Note</b>	<b>Rupees</b>
Other income	Loss on sale on tangible assets	24.1.1	18,185
Management expenses	Management expenses		
- Others	- Insurance	25	906,590
- Others	- Bank charges	25	655,405
General and administrative expenses	Finance cost	26	692,650

**41 EVENTS AFTER THE BALANCE SHEET DATE**

**41.1** Board of Directors of Dost Steels Limited (DSL) in their meeting held on February 24, 2018 approved the issuance of 35,427,906 shares at par to the Company against the advance for issuance of shares already received by DSL of "Other than Right" subject to all corporate, legal and other approvals and requirements.

**41.2** In extraordinary general meeting of the shareholders of PICIC Insurance Limited held on February 06, 2018 it was resolved that the 'Scheme of Arrangement' dated December 26, 2017, for the merger, by way of amalgamation, of Crescent Star Foods (Private) Limited with and into PICIC Insurance Limited, along with all ancillary matters thereto, be and is hereby approved and adopted, along with any modifications/amendments required or conditions imposed by the High Court of Sindh at Karachi, subject to sanction by the Honourable High Court of Sindh at Karachi, in terms of the provisions of Companies Act, 2017.

Further to the announcement and in continuation of PICIC Insurance Limited having applied for the surrender of insurance license, the Company signed agreement with PIL according to which the insurance related assets and liabilities of PIL will transfer to the Company, subject to all regulatory / corporate and legal approvals and process completion, in consideration of Rs. 69,740,000 variance as per auditors certificate, it has been agreed between both the companies that PIL will issue 23,246,667 additional shares at Rs. 3 per share to the Company, subject to all regulatory / corporate and legal approvals and completion of process.

**42 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated financial statements have been approved by the Board of Directors of the Company and are authorised for issue on April 05, 2018.

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman  
Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

# **CONSOLIDATED**

Financial Statements  
for the Year Ended  
December 31, 2017

## Directors' Report to the Members on Consolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Luxury (Private) Limited, Crescent Star Foods (Private) Limited and Crescent Star Technologies (Private) Limited for year ended December 31, 2017.

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	----- Rupees -----	
Profit / (loss) before tax	(98,545,131)	(44,352,032)
Provision for taxation	(9,472,871)	(2,557,750)
Profit / (loss) after tax	<u>(108,018,002)</u>	<u>(46,909,782)</u>
Profit / (loss) attributable to non-controlling interest	<u>(42,611,224)</u>	<u>(32,256,478)</u>
Profit / (loss) attributable to ordinary shareholders	<u>(65,406,778)</u>	<u>(14,653,304)</u>
Un appropriated profit / (loss) brought forward	<u>(27,317,568)</u>	<u>(12,664,264)</u>
Profit / (loss) available for appropriation	<u><u>(92,724,346)</u></u>	<u><u>(27,317,568)</u></u>
Loss per share	<u><u>(0.79)</u></u>	<u><u>(0.19)</u></u>

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

**Naim Anwar**  
Managing Director & CEO  
Karachi: April 5, 2018

## اشتمال شدہ مالیاتی گوشواں پر ڈائریکٹران کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں کریڈٹ اسٹار انشورنس لمیٹڈ اور ذیلی کمپنیوں کریڈٹ اسٹار لکٹوری (پرائیوٹ) لمیٹڈ، کریڈٹ اسٹار فوڈز (پرائیوٹ) لمیٹڈ اور کریڈٹ اسٹار ٹیکنالوجیز (پرائیوٹ) لمیٹڈ کے مختتمہ سال 31 دسمبر 2017 کے اشتمال شدہ مالیاتی گوشوارے پیش کرتا ہوں۔

منافع کی مندرجہ ذیل خصوصیات کو بورڈ آف ڈائریکٹرز کی سفارش پر تیار کیا گیا ہے:

دسمبر، 31، 2016	دسمبر، 31، 2017	
(44,352,032)	98,545,131	منافع / (خسارہ) قبل از ٹیکس
(2,557,750)	(9,472,871)	ٹیکس کے لئے مختص رقم
(46,909,782)	(108,018,002)	منافع / (خسارہ) بعد از ٹیکس
(32,256,478)	(42,611,224)	منافع / (خسارہ) ناقابل گرفت سود کی وجہ سے
(14,653,304)	(65,406,778)	منافع / (خسارہ) عمومی حصص یافتگان کی وجہ سے
(12,664,264)	(27,317,568)	غیر مختص شدہ منافع / (خسارہ) آگے لے جایا گیا
(27,317,568)	(92,724,346)	منافع / خسارہ مصارف کے لئے دستیاب
(0.19)	(0.79)	خسارہ فی حصص

نعیم انور

مینجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

کراچی، 15 اپریل 2018ء

## **AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **Crescent Star Insurance Limited** (the Holding Company) and its subsidiary companies, collectively referred as “the Group” as at December 31, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow Statement, consolidated statement of premiums, consolidated statement of claims, consolidated statement of expenses and consolidated statement of investment income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the unconsolidated financial statements of the Holding Company. The financial statements of Crescent Star Foods (Private) Limited and Crescent Star Technologies (Private) Limited were reviewed by other firm of auditors whose review reports have been furnished to us and our opinion, in so far as it relates to the un-audited amounts included for such companies, are based solely on the review report except Crescent Star Luxury (Private) Limited whose financial statements were not subject to review. These consolidated financial statements are the responsibility of the Holding Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified opinion.

### **Basis for Qualified Opinion**

1. As stated in note 24.1 to the consolidated financial statements, the Group has accrued interest of Rs. 66,582,917 (2016: Rs. 32,099,828) at one year KIBOR plus 3 percent on the advance against issue of shares to Dost Steels Limited (an associated undertaking). Agreement with the associated undertaking to support the accrued interest could not be made available to us and the transaction could not be substantiated otherwise. Under the present circumstances the validity of the interest income accrued could not be ascertained, consequently, profit for the year and total assets of the Group is overstated by Rs. 34,483,089 (2016: Rs. 32,099,828) and Rs. 66,582,917 (2016: Rs. 32,099,828) respectively.
2. The balances of ‘Provision for outstanding claims (including IBNR)’ and ‘Reinsurance recoveries against outstanding claims’ include claims amounting to Rs. 4,768,676 (2016: Rs. 4,768,676) and their corresponding recoveries amounting to Rs. 3,834,456 (2016: Rs. 3,834,456). The Company could not provide details of the said balances. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence regarding the correctness/reversal of these balances.

3. The financial statements of Crescent Star Luxury (Private) Limited for the period ended December 31, 2017 were not reviewed by the Subsidiary Company's auditors. In the absence of such review, we were unable to substantiate as to whether any adjustments to the consolidated financial statements were necessary.

### **Qualified opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly the consolidated financial position of **Crescent Star Insurance Limited** and its subsidiaries as at December 31, 2017 and the results of their operations for the year then ended.

### **Emphasis of matter paragraph**

We draw attention to note 1.1 to the consolidated financial statements which describes that the balances and transactions of subsidiary companies remained unaudited as at the reporting date. Our opinion is not qualified in respect of this matter.

### **Other matter paragraph**

The consolidated financial statements of the Group for the year ended December 31, 2016 were audited by another firm of auditors who in their report dated April 08, 2017 expressed a qualified opinion.

Place: Karachi  
Date: April 5, 2018

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement Partner

Crescent Star Insurance Limited  
Consolidated Balance Sheet  
As at December 31, 2017

	Note	2017 -----Rupees-----	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 115,000,000 (2016: 100,000,000) ordinary shares of Rs. 10/- each		<b>1,150,000,000</b>	1,000,000,000
Issued, subscribed and paid-up share capital	8	<b>826,833,330</b>	826,833,330
Discount on issue of right shares	9	<b>(199,650,000)</b>	(199,650,000)
Reserves	10	<b>(66,459,513)</b>	(1,052,735)
<b>Attributable to the owners of the Holding Company</b>		<b>560,723,817</b>	626,130,595
Non-controlling interest		<b>(6,942,401)</b>	80,668,773
<b>Total shareholders' equity</b>		<b>553,781,416</b>	706,799,368
<b>Share deposit money</b>	11	<b>250,012,730</b>	-
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		<b>66,422,035</b>	71,011,170
Provision for unearned premium		<b>55,822,934</b>	71,592,272
Premium deficiency reserve		<b>1,510,891</b>	593,501
<b>Total underwriting provisions</b>		<b>123,755,860</b>	143,196,943
<b>Creditors and accruals</b>			
Premiums received in advance		<b>1,453,157</b>	633,446
Amounts due to others insurers / reinsurers	12	<b>43,135,172</b>	24,489,759
Accrued expenses		<b>31,502,519</b>	9,858,822
Other creditors and accruals	13	<b>134,517,408</b>	220,225,432
Taxation - provision less payments	14	<b>2,589,262</b>	1,912,813
		<b>213,197,518</b>	257,120,272
<b>Borrowings</b>			
Borrowing under musharaka arrangements	15	<b>3,694,550</b>	3,007,838
		<b>216,892,068</b>	260,128,110
<b>Other liabilities</b>			
Unpresented dividend warrants		<b>418,209</b>	418,209
<b>Total liabilities</b>		<b>341,066,137</b>	403,743,262
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,144,860,283</b>	1,110,542,630
<b>Contingencies and commitments</b>	16		

	Note	2017 -----Rupees-----	2016
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents	17	<b>61,734,867</b>	54,731,728
Current and other accounts	18	<b>7,556,181</b>	7,250,159
		<b>69,291,048</b>	61,981,887
<b>Investments</b>			
	19	<b>33,120,784</b>	99,795,924
<b>Deferred taxation</b>			
	20	<b>6,705,568</b>	13,543,178
<b>Current assets - others</b>			
Premiums due but unpaid	21	<b>165,353,427</b>	179,887,393
Amounts due from other insurers / reinsurers	22	<b>70,452,999</b>	66,527,481
Accrued investment income		<b>346,603</b>	354,866
Reinsurance recoveries against outstanding claims		<b>2,595,202</b>	8,552,929
Deferred commission expense		<b>6,807,589</b>	8,479,678
Prepaid reinsurance premium ceded		<b>10,842,633</b>	3,277,316
Stock in trade - raw materials	28.1	<b>31,815,733</b>	19,599,248
Advances, deposits and prepayments	23	<b>401,879,499</b>	452,932,387
Other receivables	24	<b>83,809,200</b>	39,572,089
		<b>773,902,885</b>	779,183,387
<b>Fixed assets</b>			
<b>Tangible</b>			
Furniture, fixtures and office equipment	25.1	<b>102,035,155</b>	56,423,554
Motor vehicles		<b>13,169,051</b>	12,594,078
Leasehold improvements		<b>42,677,447</b>	8,421,443
Capital work in progress	25.4	<b>49,964,075</b>	-
		<b>207,845,728</b>	77,439,075
<b>Intangible</b>			
	25.5	<b>53,994,270</b>	78,599,179
<b>TOTAL ASSETS</b>		<b>1,144,860,283</b>	1,110,542,630

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Profit and Loss Account  
For the year ended December 31, 2017

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Credit and suretyship	Miscellaneous	2017 Aggregate	2016 Aggregate	
	Rupees								
<b>Revenue account</b>									
Net premium revenue	4,081,395	4,801,594	70,375,631	2,363,543	14,996,993	9,354,970	<b>105,974,126</b>	206,345,732	
Net claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	<b>(37,283,550)</b>	(55,417,725)	
Premium deficiency expenses	(799,780)	(117,612)	-	-	-	-	<b>(917,392)</b>	(593,501)	
Management expenses	26 (5,692,436)	(5,316,096)	(51,964,634)	(1,920,709)	(12,490,372)	(8,763,460)	<b>(86,147,707)</b>	(72,047,549)	
Net commission	(1,647,130)	(2,279,316)	(9,572,577)	(36,916)	(1,919,985)	(5,226,005)	<b>(20,681,929)</b>	(25,922,569)	
<b>Underwriting result</b>	<b>(4,274,002)</b>	<b>(7,630,000)</b>	<b>(16,975,986)</b>	<b>(6,131,377)</b>	<b>86,636</b>	<b>(4,131,723)</b>	<b>(39,056,452)</b>	52,364,388	
Sales	27						<b>110,075,982</b>	49,302,370	
Cost of sales	28						<b>(180,697,478)</b>	(34,682,935)	
Investment income							<b>138,541,921</b>	6,905,617	
Loss on sale of fixed assets	25.3						<b>(1,969,960)</b>	(18,185)	
Finance cost	29						<b>(360,210)</b>	(692,650)	
Other income	30						<b>40,763,304</b>	38,032,590	
General and administrative expenses	31						<b>(165,842,238)</b>	(155,563,227)	
							<b>(59,488,679)</b>	(96,716,420)	
<b>Loss before tax</b>							<b>(98,545,131)</b>	(44,352,032)	
Provision for taxation	32						<b>(9,472,871)</b>	(2,557,750)	
<b>Loss after tax</b>							<b>(108,018,002)</b>	(46,909,782)	
<b>Attributable to:</b>									
Owners of the Holding Company							<b>(65,406,778)</b>	(14,653,304)	
Non-controlling interest							<b>(42,611,224)</b>	(32,256,478)	
							<b>(108,018,002)</b>	(46,909,782)	
<b>Accumulated losses:</b>									
<b>Balance at commencement of the year</b>							<b>(27,317,568)</b>	(12,664,264)	
Loss after tax for the year							<b>(65,406,778)</b>	(14,653,304)	
<b>Balance at the end of the year</b>							<b>(92,724,346)</b>	(27,317,568)	
<b>Loss per share - basic and diluted</b>	33						<b>(0.79)</b>	(0.19)	

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Statement of Comprehensive Income  
For the year ended December 31, 2017

	2017	2016
	-----Rupees-----	
<b>LOSS FOR THE YEAR</b>	<b>(108,018,002)</b>	<b>(46,909,782)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to consolidated profit and loss account	-	-
Items that will not be reclassified to consolidated profit and loss account	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(108,018,002)</u></b>	<b><u>(46,909,782)</u></b>
<b>Attributable to:</b>		
Owners of the Holding Company	<b>(65,406,778)</b>	<b>(14,653,304)</b>
Non-controlling interest	<b><u>(42,611,224)</u></b>	<b><u>(32,256,478)</u></b>
	<b><u>(108,018,002)</u></b>	<b><u>(46,909,782)</u></b>

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim  
Lashkarwala  
**Director**

Bilal Anwar  
Suleman Jan  
**Director Director**

Shahid  
Malik Mehdi Muhammad  
**Chief Financial Officer**

Crescent Star Insurance Limited  
Consolidated Statement of Changes in Equity  
For the year ended December 31, 2017

	Share capital	Discount on issue of right shares	Capital reserve	Revenue reserves		Attributable to the owners of the Holding Company	Non-controlling interest	Total shareholders' equity
	Issued, subscribed and paid-up share capital		Reserve for exceptional losses	General reserve	Accumulated losses			
----- Rupees -----								
Balance as at January 01, 2016	620,125,000	(199,650,000)	1,767,568	24,497,265	(12,664,264)	434,075,569	-	434,075,569
At acquisition	-	-	-	-	-	-	(1,742,819)	(1,742,819)
<i>Transaction with owners</i>								
Further issue of capital	-	-	-	-	-	-	61,668,010	61,668,010
Issue of right shares	206,708,330	-	-	-	-	206,708,330	-	206,708,330
Advance against issue of shares	-	-	-	-	-	-	53,000,060	53,000,060
Total comprehensive loss for the year	-	-	-	-	(14,653,304)	(14,653,304)	(32,256,478)	(46,909,782)
<b>Balance as at December 31, 2016</b>	<b>826,833,330</b>	<b>(199,650,000)</b>	<b>1,767,568</b>	<b>24,497,265</b>	<b>(27,317,568)</b>	<b>626,130,595</b>	<b>80,668,773</b>	<b>706,799,368</b>
<b>At acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>
<i>Transaction with owners</i>								
Further issue of capital	-	-	-	-	-	-	6,331,680	6,331,680
Advance against issue of shares	-	-	-	-	-	-	(51,331,660)	(51,331,660)
Total comprehensive loss for the year	-	-	-	-	(65,406,778)	(65,406,778)	(42,611,224)	(108,018,002)
<b>Balance as at December 31, 2017</b>	<b>826,833,330</b>	<b>(199,650,000)</b>	<b>1,767,568</b>	<b>24,497,265</b>	<b>(92,724,346)</b>	<b>560,723,817</b>	<b>(6,942,401)</b>	<b>553,781,416</b>

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Cash Flow Statement  
For the year ended December 31, 2017

	2017	2016
Note	-----Rupees-----	
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities</b>		
Premium received	124,993,900	188,667,718
Reinsurance premium paid	(12,280,857)	(24,833,944)
Claims paid	(35,914,958)	(57,072,171)
Reinsurance and other recoveries received	-	2,277,803
Commission paid	(19,009,840)	(24,229,289)
Commission received	-	494,279
Net cash inflow from underwriting activities	57,788,245	85,304,396
<b>b) Other operating activities</b>		
Proceeds from customers	110,075,981	49,302,370
Payments to suppliers	(192,920,487)	(43,196,277)
Income tax paid	(1,958,812)	(4,674,598)
General management expenses paid	(348,274,973)	(168,459,327)
Other operating payments	(2,384,993)	(55,049,551)
Net cash used in other operating activities	(435,463,284)	(222,077,383)
Total cash outflow from all operating activities	(377,675,039)	(136,772,987)
<b>Investing activities</b>		
Profit / return received	1,654,986	7,268,736
Dividend received	29,060	12,694
Proceeds from investments	6,827,782	89,831,511
Payment on acquisition of associate	-	(12,378,692)
Proceeds from disposal / (payments for purchase) of investments - net	248,045,156	(48,071,199)
Fixed capital expenditure incurred	25.1 (99,018,380)	(30,369,630)
Proceeds from disposal of tangible fixed assets	25.3 377,130	40,000
Proceeds from disposal of intangible fixed assets	25.5.2 21,729,184	-
Total cash inflow from investing activities	179,644,918	6,333,420
<b>Financing activities</b>		
Borrowing under Musharaka arrangements	686,712	(2,346,924)
Finance cost paid	(360,210)	(692,650)
Share deposit money received	250,012,730	-
(Decrease) / increase in non-controlling interest	(44,999,950)	53,000,060
Proceeds from issue of right shares	-	130,708,330
Total cash inflow from financing activities	205,339,282	180,668,816
<b>Total cash inflow from all activities</b>	<b>7,309,161</b>	<b>50,229,249</b>
<b>Add: cash and cash equivalents at the beginning of the year</b>	<b>61,981,887</b>	<b>11,752,638</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>69,291,048</b>	<b>61,981,887</b>
<b>Reconciliation to the consolidated profit and loss account</b>		
Operating cash flows	(377,675,039)	(136,772,987)
Depreciation expense	25.1 (16,228,712)	(6,993,280)
Amortization expense	25.5 (2,875,725)	(2,424,508)
Loss on disposal of fixed assets	25.3 (1,969,960)	(18,185)
Increase in assets other than cash	44,691,835	40,453,936
(Decrease) / increase in non-controlling interest	(44,999,950)	53,000,060
Increase in liabilities other than running finance	160,371,898	(2,484,632)
	(238,685,653)	(55,239,596)
<b>Other adjustments</b>		
Profit/ return received	1,646,723	5,065,383
(Provision) / reversal for impairment in the value of investment	(21,181)	34,037
Dividend income	29,060	12,694
Capital gain	136,887,319	1,793,503
Finance cost	(360,210)	(692,650)
Income tax paid	1,958,812	4,674,598
Provision for taxation	(9,472,871)	(2,557,750)
<b>Profit after taxation</b>	<b>(108,018,002)</b>	<b>(46,909,781)</b>
<b>Definition of cash and cash equivalents</b>		
Cash and cash equivalents for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	17 61,734,867	54,731,728
Current and other accounts	18 7,556,181	7,250,159
	<b>69,291,048</b>	<b>61,981,887</b>

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

Crescent Star Insurance Limited  
Consolidated Statement of Premiums  
For the year ended December 31, 2017

	Premium written (A)	Provision for unearned premium		Premium earned (D = A+B-C)	Reinsurance ceded (E)	Prepaid reinsurance premium ceded		Reinsurance expense (H = E+F-G)	Net premium revenue (I = D-H)	
		Opening (B)	Closing (C)			Opening (F)	Closing (G)		2017	2016
----- Rupees -----										
<b>Direct and facultative</b>										
Fire and property damage	8,248,799	6,918,779	6,381,847	8,785,731	6,525,224	1,577,205	3,398,093	4,704,336	4,081,395	8,835,815
Marine, aviation and transport	8,662,468	1,301,636	679,942	9,284,162	6,525,224	(1,426,288)	616,368	4,482,568	4,801,594	14,093,069
Motor	57,963,593	44,524,636	27,448,796	75,039,433	5,250,000	1,997,521	2,583,719	4,663,802	70,375,631	102,926,454
Accident and health	3,023,635	767,153	1,427,245	2,363,543	-	-	-	-	2,363,543	35,839,748
Credit and suretyship	20,064,966	10,735,328	11,809,595	18,990,699	4,350,152	1,740,003	2,096,449	3,993,706	14,996,993	32,308,989
Miscellaneous	11,676,762	7,344,740	8,075,509	10,945,993	4,350,152	(611,125)	2,148,004	1,591,023	9,354,970	12,341,657
	<u>109,640,223</u>	<u>71,592,272</u>	<u>55,822,934</u>	<u>125,409,561</u>	<u>27,000,752</u>	<u>3,277,316</u>	<u>10,842,633</u>	<u>19,435,435</u>	<u>105,974,126</u>	<u>206,345,732</u>

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

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Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Statement of Claims  
For the year ended December 31, 2017

Claims paid	Provision for outstanding claims (including IBNR)		Claim expense/ (reversal)	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries reversal	Net claims		
	Opening	Closing			Opening	Closing		2017	2016	
(A)	(B)	(C)	(D = A-B+C)	(E)	(F)	(G)	(H = E-F+G)	(I = D-H)		
----- Rupees -----										
<b>Direct and facultative</b>										
Fire and property damage	581,258	17,599,731	14,614,269	(2,404,204)	-	2,634,755	14,500	(2,620,255)	216,051	5,094,763
Marine, aviation and transport	6,441,976	7,352,797	4,624,222	3,713,401	-	1,430,360	425,191	(1,005,169)	4,718,570	9,525,059
Motor	22,063,361	25,545,247	27,246,292	23,764,406	-	2,300,000	250,000	(2,050,000)	25,814,406	35,580,683
Accident and health	6,158,312	13,797,978	14,176,961	6,537,295	-	-	-	-	6,537,295	3,617,113
Credit and suretyship	-	-	500,000	500,000	-	-	-	-	500,000	-
Miscellaneous	670,051	6,715,417	5,260,291	(785,075)	-	2,187,814	1,905,511	(282,303)	(502,772)	1,600,107
	<u>35,914,958</u>	<u>71,011,170</u>	<u>66,422,035</u>	<u>31,325,823</u>	<u>-</u>	<u>8,552,929</u>	<u>2,595,202</u>	<u>(5,957,727)</u>	<u>37,283,550</u>	<u>55,417,725</u>

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Statement of Expenses  
For the year ended December 31, 2017

	Commission paid or payable (A)	Deferred commission		Net commission expense (D = A+B-C)	Management expenses (E)	Underwriting expenses (F = D+E)	Commission from reinsurers (G)	Net underwriting expenses (H = F-G)	
		Opening (B)	Closing (C)					2017	2016
----- Rupees -----									
<b>Direct and facultative</b>									
Fire and property damage	1,539,743	1,383,756	1,276,369	1,647,130	5,692,436	7,339,566	-	7,339,566	9,487,607
Marine, aviation and transport	2,154,977	260,327	135,988	2,279,316	5,316,096	7,595,412	-	7,595,412	10,298,881
Motor	7,864,993	4,452,464	2,744,880	9,572,577	51,964,634	61,537,211	-	61,537,211	51,677,704
Accident and health	69,920	38,358	71,362	36,916	1,920,709	1,957,625	-	1,957,625	2,126,151
Credit and suretyship	2,081,125	1,610,299	1,771,439	1,919,985	12,490,372	14,410,357	-	14,410,357	15,704,370
Miscellaneous	5,299,082	734,474	807,551	5,226,005	8,763,460	13,989,465	-	13,989,465	8,675,405
	<b>19,009,840</b>	<b>8,479,678</b>	<b>6,807,589</b>	<b>20,681,929</b>	<b>86,147,707</b>	<b>106,829,636</b>	<b>-</b>	<b>106,829,636</b>	<b>97,970,118</b>

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

Naim Anwar  
Chief Executive/ Principal Officer

Dr. Fahim Lashkarwala  
Director

Bilal Anwar  
Director

Shahid Suleman Jan  
Director

Malik Mehdi Muhammad  
Chief Financial Officer

Crescent Star Insurance Limited  
Consolidated Statement of Investment Income  
For the year ended December 31, 2017

	2017	2016
Note	-----Rupees-----	
<b>Income from non-trading investments</b>		
<i>Held to maturity</i>		
Return on government securities	1,333,165	4,136,554
Return on fixed income securities and deposits	313,558	928,829
	1,646,723	5,065,383
<i>Available for sale</i>		
Dividend income	29,060	12,694
Gain on sale of available for sale investments	137,587,084	1,817,831
	137,616,144	1,830,525
<b>(Impairment) / reversal in value of investments</b>		
Available for sale	19.2.1 (21,181)	34,037
Investment related expenses	(699,765)	(24,328)
<b>Net investment income</b>	<b>138,541,921</b>	<b>6,905,617</b>

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

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim  
Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman  
Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

**1 STATUS AND NATURE OF BUSINESS**

The Group Consists of:

<b>Name of the Company</b>	<b>Status in the Group</b>	<b>Percentage of holding</b>	<b>Acquisition date</b>
Crescent Star Insurance Limited	Holding Company	-	
Crescent Star Foods (Private) Limited	Subsidiary Company	68%	June 30, 2016
Crescent Star Technologies (Private) Limited	Subsidiary Company	99.7%	February 23, 2016
Crescent Star Luxury (Private) Limited	Subsidiary Company	99.7%	December 15, 2016

**- Crescent Star Insurance Limited**

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

The Holding Company is engaged in providing non-life general insurance services mainly in spheres of Fire and property damage, Marine, aviation and transport, Motor, Credit & Suretyship, Accident & Health and Miscellaneous.

**- Crescent Star Foods (Private) Limited**

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

**- Crescent Star Technologies (Private) Limited**

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

**- Crescent Star Luxury (Private) Limited**

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

**Crescent Star Insurance Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2017**

1.1 Balances as at December 31, 2017 and transactions for the period from July 01, 2017 to December 31, 2017 relating to subsidiary companies remain unaudited are as stated below:

Particulars	Crescent Star Foods (Private) Limited	Crescent Star Luxury (Private) Limited	Crescent Star Technologies (Private) Limited	Total
<b><i>Balance Sheet</i></b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	168,035,695	17,982,973	88,902	186,107,570
Intangibles	22,534,421	-	-	22,534,421
Long term deposits	11,201,850	-	-	11,201,850
	201,771,966	17,982,973	88,902	219,843,841
<b>Current assets</b>				
Stock in trade	19,788,912	12,026,821	-	31,815,733
Advances, deposits, prepayments and other receivables	24,591,739	4,815,664	-	29,407,403
Advance tax	1,253,083	245,919	4,416	1,503,418
Cash and bank balances	11,607,655	84,879	27,884	11,720,418
	57,241,389	17,173,283	32,300	74,446,972
<b>TOTAL ASSETS</b>	<b>259,013,355</b>	<b>35,156,256</b>	<b>121,202</b>	<b>294,290,813</b>
<b>LIABILITIES</b>				
Advance against issue of shares	1,668,400	-	-	1,668,400
	1,668,400	-	-	1,668,400
<b>Non-current liabilities</b>				
Deferred tax liability	6,837,610	-	-	6,837,610
	6,837,610	-	-	6,837,610
<b>Current liabilities</b>				
Other payables and accrued liabilities	60,084,056	27,030,812	164,800	87,279,668
Provision for taxation	1,551,166	353,538	-	1,904,704
	61,635,222	27,384,350	164,800	89,184,372
<b>TOTAL LIABILITIES</b>	<b>70,141,232</b>	<b>27,384,350</b>	<b>164,800</b>	<b>97,690,382</b>
<b><i>Profit and Loss Account</i></b>				
Sales	37,445,894	28,283,001	-	65,728,895
Cost of sales	(79,232,780)	(32,264,498)	-	(111,497,278)
Royalty expense	(1,593,107)	-	-	(1,593,107)
<b>Gross loss</b>	<b>(43,379,993)</b>	<b>(3,981,497)</b>	<b>-</b>	<b>(47,361,490)</b>
Other income	3,509,096	-	-	3,509,096
Administrative expenses	(24,188,151)	(31,611,652)	(240,789)	(56,040,592)
Selling and marketing expenses	(4,465,969)	-	-	(4,465,969)
<b>Loss before taxation</b>	<b>(68,525,017)</b>	<b>(35,593,149)</b>	<b>(240,789)</b>	<b>(104,358,955)</b>
Taxation	(468,074)	(353,538)	-	(821,612)
<b>Loss after taxation</b>	<b>(68,993,091)</b>	<b>(35,946,687)</b>	<b>(240,789)</b>	<b>(105,180,567)</b>

## **2 BASIS OF CONSOLIDATION**

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

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

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

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

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

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

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

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

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

### **2.2 Loss of control**

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

initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### **2.3 Non-controlling interests**

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

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

### **2.4 Discontinued operation**

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

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

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

### **2.5 Goodwill**

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

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

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

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

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

### **2.6 Associates**

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

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

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

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

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

**3.1.2** The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (the Act) on May 30, 2017. Securities & Exchange Commission of Pakistan (SECP) vide its Circular No. 17 of 2017 has communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned circular, SECP in view of the difficulties faced by the companies to comply with the provisions of the Act, has advised vide Circular No. 23 of 2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan has obtained clarification from the SECP in this regard, as per which the preparation of financial statements in accordance with the repealed Companies Ordinance, 1984 covers interim financial statements of the companies for the period ending on or before December 31, 2017.

**3.1.3** SECP vide SRO 88(1)/2017 and SRO 89(1)/2017 dated February 09, 2017 has issued the Insurance Accounting

Regulations and Rules for the purpose of preparation of the financial statements effective from April 01, 2017.

The new Rules and Regulations require significant disclosures / requirements which are relevant to the Company include but not limited to presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available for sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installments.

However, SECP vide letter ID/OSM/Crescentstar/2017/12195, dated October 06, 2017 has granted exemption to the Company to prepare its accounts for the year ended December 31, 2017 in accordance with the requirements of Previous Rules (SEC (Insurance) Rules, 2002). Hence, these consolidated financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of Previous

**4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

**4.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year**

The Group has adopted the following new standards, amendments to the published standards and interpretations of IFRSs which became effective during the current year.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2016 and 2017.

**4.2 Standards, amendments to the published standards and interpretations that are effective but not relevant**

The other new standards, amendments to the published standards and interpretations that are mandatory for the financial year beginning on January 01, 2017 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

**4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Proposed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
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Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
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IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
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The Group is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the consolidated financial statements of the Group.

**4.4 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP**

Following new standards have been issued by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
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IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
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IFRS 16 - Leases	January 1, 2019
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IFRS 17 - Insurance Contracts	January 1, 2021
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**5 BASIS OF MEASUREMENT**

These consolidated financial statements have been prepared under the historical cost convention except for certain investments stating at lower of cost or market value and 'held to maturity' investments that are stated at amortized cost and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

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

**6 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these consolidated 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 period of the revision and future periods if the revision affects both current and future periods.

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

	<b>Note</b>
- Provision for outstanding claims (including IBNR)	7.2.1
- Premium deficiency reserve	7.3
- Provision for doubtful receivables	7.5
- Useful lives and residual values of fixed assets	7.8
- Provision of unearned premium	7.9.2
- Premium due but unpaid	7.9.3
- Allocation of management expenses	7.11
- Provision for taxation and deferred tax	7.12
- Segment reporting	7.13

## **7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **7.1 Insurance contracts**

Insurance contracts are those contracts under which the Holding 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, aviation & transport;
- Motor;
- Accident & health;
- Credit and suretyship; and
- Miscellaneous

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

These contracts are provided to all types of customers based on assessment of insurance risk by the Holding Company. Normally personal insurance contracts 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 Holding Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

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

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

Accident and health insurance contract mainly compensate hospitalisation and outpatient medical coverage to

the insured. These contracts are generally one year contracts.

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

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

The Holding 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 contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

## **7.2 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.

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

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

#### **i) 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 experience of similar claims and in some cases in relation to the sums insured. Case estimated are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

#### **ii) Claims incurred but not reported**

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

## **7.3 Premium deficiency reserve / Liability adequacy test**

The Holding Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4 'Insurance Contract', 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 date in respect of the unexpired policies

in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

The Holding 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.

#### **7.4 Reinsurance contracts held**

These are contracts entered into by the Holding 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 Holding Company recognizes the entitled benefits under the contract as various reinsurance assets.

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

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums 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 given less provision for impairment, if any.

If there is an objective evidence that any premium due but unpaid is impaired, the Holding Company reduces the carrying amount of that insurance receivable and recognizes the loss in the consolidated profit and loss account.

#### **7.6 Staff retirement benefits**

##### **7.6.1 Defined contribution plan**

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

##### **7.6.2 Employees' compensated absences**

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

#### **7.7 Investments**

##### **7.7.1 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:

- Held to maturity; and
- Available for sale

##### **7.7.2 Measurement**

###### **i) 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 consolidated profit and loss account.

**ii) 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.

**a) 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 Holding Company uses stock exchange quotation at the balance sheet date to determine the market value.

**b) Unquoted**

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

**7.7.3 Date of recognition**

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

**7.8 Fixed assets**

**7.8.1 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 25 to the consolidated financial statements.

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

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

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 consolidated profit and loss in the year the asset is derecognized.

**7.8.2 Leased Assets**

Lease is classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liabilities to the lessor are included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charge and reduction of the liabilities against assets subject to finance lease, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

Rentals payable under operating leases are charged to consolidated profit and loss account on the straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

### **7.8.3 Capital work in progress**

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

### **7.8.4 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.

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

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

The carrying amounts are reviewed at each 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.

## **7.9 Revenue recognition**

### **7.9.1 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 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.

### **7.9.2 Provision for unearned premium**

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

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year; and
- Contracts having tenure of more than twelve months, the Holding Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

### **7.9.3 Premiums due but unpaid**

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

### **7.9.4 Commission income unearned**

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

recognition of the reinsurance premiums.

#### **7.9.5 Commission income**

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

#### **7.9.6 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 consolidated profit and loss account over the term of the investment.
- Dividend income is recognized when the Group's right to receive the payment is established.
- Gain / loss on sale of available for sale investments is charged in the consolidated profit and loss account.
- 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.

#### **7.9.7 Dividend declaration**

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

#### **7.9.8 Revenue from sales**

Revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns, commission and trade discounts.

#### **7.10 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 the consolidated profit and loss account based on the pattern of recognition of premium revenue.

#### **7.11 Management and administrative expenses**

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.

#### **7.12 Taxation**

##### **7.12.1 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

### **7.12.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the consolidated 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 temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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 consolidated balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except in the case of the item credited or charged to equity in which case it is included in the consolidated statement of equity.

### **7.13 Segment reporting**

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group 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 Group has seven primary business segments for reporting purposes namely Fire and Property Damage, Marine, aviation & transport, Motor, Accident & Health, Miscellaneous, Food, Technologies and Luxury.

- The perils covered under fire 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.
- Accidents & Health provides cover against accident, basic hospitalization, maternity e.t.c.
- Credit and Suretyship insurance contracts provide protection to the insured against the risk of causing harm to third parties as a result of their legitimate activities.
- Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit or on counter, fidelity guarantee, plate glass, householder's policy, engineering losses etc.
- Food pertains to running business of the fast food restaurants throughout Pakistan and other ancillary activities.
- Technologies involves business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies such as Global Positioning System (GPS) and Global System for mobile communications (GSM).
- Luxury pertains to running business of beauty, skincare products and fashion accessories.

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.

### **7.14 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 consolidated profit and loss account.

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

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

**7.16 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 consolidated profit and loss account.

**7.17 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.

**7.18 Creditors, accruals and provisions**

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

A provision is recognised in the consolidated balance sheet when the Group 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.

**7.19 Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of consolidated 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.

**7.20 Reinsurance recoveries against outstanding claims**

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

**7.21 Prepaid reinsurance expense**

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

**7.22 Financial instruments**

Financial instruments carried on the consolidated 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, other creditors, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognized when the Group 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 Profit and Loss directly.

**7.23 Stock in trade**

These are valued at the lower of cost, determined on 'First-In-First-Out' basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**7.24 Earning per share**

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

**7.25 Classification as debt or equity**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

**7.26 Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received. Transaction costs directly attributable to the issue of ordinary shares are recognised as deduction from equity.

**7.27 Functional and presentation currency**

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

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**8 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2017	2016		2017	2016
(Number of shares)			-----Rupees-----	
79,716,786	79,716,786	Ordinary shares of Rs.10 each fully paid in cash	797,167,860	797,167,860
		Ordinary shares of Rs.10 each issued as fully paid bonus shares	29,665,470	29,665,470
<u>2,966,547</u>	<u>2,966,547</u>		<u>29,665,470</u>	<u>29,665,470</u>
<u>82,683,333</u>	<u>82,683,333</u>		<u>826,833,330</u>	<u>826,833,330</u>

**8.1 Reconciliation of number of shares at beginning and at end of the year is as under:**

2017	2016		2017	2016
(Number of shares)			-----Rupees-----	
82,683,333	62,012,500	At the beginning of the year	826,833,330	620,125,000
		Right shares issued during the year	-	206,708,330
<u>-</u>	<u>20,670,833</u>		<u>-</u>	<u>206,708,330</u>
<u>82,683,333</u>	<u>82,683,333</u>	At the end of the year	<u>826,833,330</u>	<u>826,833,330</u>

**8.2** The Holding Company has only one class of ordinary shares. The holders of ordinary shares are entitled to receive dividend as declared and are entitled to vote at the meetings of the Holding Company.

**8.3** The Holding Company has no reserved shares for issue under option and sales contracts.

	Note	2017	2016
		-----Rupees-----	
<b>9 DISCOUNT ON ISSUE OF RIGHT SHARES</b>	9.1	<u>199,650,000</u>	<u>199,650,000</u>

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

	Note	2017	2016
		-----Rupees-----	
<b>10 RESERVES</b>			
<b>Capital</b>			
Reserve for exceptional losses	10.1	1,767,568	1,767,568
<b>Revenue</b>			
General reserve	10.2	24,497,265	24,497,265
Accumulated losses		(92,724,346)	(27,317,568)
		<u>(66,459,513)</u>	<u>(1,052,735)</u>

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- 10.1** 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, 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Holding Company discontinued the setting aside of amounts as reserved for exceptional losses.
- 10.2** These represent distributable profits transferred and utilizable at the discretion of the Board of Directors.

**11 SHARE DEPOSIT MONEY**

The Board of Directors of the Holding Company in their meeting held on November 10, 2017 decided to issue 25,011,708 right shares at par i.e. at a price of 10 per share, in proportion of 121 (one hundred and twenty one) right shares for every 400 (four hundred) shares held of the Holding Company. The book closure was announced from November 27, 2017 to December 03, 2017 and the entire subscription process ended on January 31, 2018 whereby the Holding Company issued 25,011,708 right shares at par of Rs. 250,117,080.

	2017	2016
	-----Rupees-----	
<b>12 AMOUNTS DUE TO OTHERS INSURERS / REINSURERS</b>		
Foreign reinsurers	19,302,035	9,985,380
Local reinsurers	19,670,724	10,679,835
Co-insurers	4,162,413	3,824,544
	<u>43,135,172</u>	<u>24,489,759</u>
<b>13 OTHER CREDITORS AND ACCRUALS</b>		
Trade and related payables	67,069,248	59,331,638
Withholding tax	43,055,089	31,907,966
Federal excise duty	16,485,588	29,422,428
Margin against performance bonds	3,268,504	4,409,531
Others	3,226,167	85,283,685
Unpresented cheques	711,102	7,877,268
Payable to staff provident fund	433,596	431,860
Federal insurance fee	268,114	1,561,056
	<u>134,517,408</u>	<u>220,225,432</u>
<b>14 TAXATION - PROVISION LESS PAYMENTS</b>		
Balance at the beginning of the year	1,912,813	4,502,325
Add: charge for the year	2,635,261	2,557,750
Less: paid during the year	(1,958,812)	(5,147,262)
Balance at the end of the year	<u>2,589,262</u>	<u>1,912,813</u>

## 15 BORROWING UNDER MUSHARAKA ARRANGEMENTS

The Holding Company has entered into Diminishing musharka agreements with KASB Modarba to acquire motor vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Holding Company. The effective mark up rate is 15% to 18% (2016: 17% to 18%) p.a. and is payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Holding Company.

	2017	2016
	-----Rupees-----	
<b>The amount payable:</b>		
Within one year	1,433,100	2,179,838
Later than one year but not later than five years	2,261,450	828,000
	<u>3,694,550</u>	<u>3,007,838</u>

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

16.1.1 The Holding 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 million (2016: Rs. 8.290 million) against the Holding Company. It was resolved that defendant has to pay the claim amount. Appeal has been filed by the Holding Company, the proceedings of which are pending before the honourable High court of Sindh, Karachi.
- Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2016: Rs. 27.5 million) against the Holding Company.

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

16.1.2 Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 8 million have not been provided by the Holding Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

	2017	2016
	-----Rupees-----	
<b>16.2 Commitments</b>		
<b>Commitments for rental of assets under operating lease</b>		
Within one year	2,714,400	2,078,050
Later than one year but not later than five years	335,500	1,279,500
	<u>3,049,900</u>	<u>3,357,550</u>
Post dated cheques	<u>3,694,550</u>	<u>3,007,838</u>

## 17 CASH AND OTHER EQUIVALENTS

Cash with State Bank of Pakistan	17.1	51,238,047	51,238,047
Stamps in hand		688,134	600,328
Cash in hand		9,808,686	2,893,353
		<u>61,734,867</u>	<u>54,731,728</u>

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

	Note	2017 -----Rupees-----	2016
<b>18 CURRENT AND OTHER ACCOUNTS</b>			
PLS saving account	18.1	4,175,769	4,093,783
Current accounts		3,693,524	3,156,376
		<u>7,869,293</u>	<u>7,250,159</u>
Less: provision against dormant accounts		(313,112)	-
		<u>7,556,181</u>	<u>7,250,159</u>

18.1 These carry mark-up at the rate of 4% (2016: 4%) per annum.

	Note	2017 -----Rupees-----	2016
<b>19 INVESTMENTS</b>			
<b>Held to maturity</b>			
Government securities	19.1	21,265,737	21,761,809
<b>Available for sale</b>			
Ordinary equity securities and Mutual funds	19.2	12,361,226	78,519,113
Less: provision for impairment	19.2.1	(506,179)	(484,998)
		<u>11,855,047</u>	<u>78,034,115</u>
		<u>33,120,784</u>	<u>99,795,924</u>

19.1 This represents amortised cost of three years Pakistan Investment Bond issued by the State Bank of Pakistan through its authorized dealer Pak Oman Investment Company Limited (2016: Pak Oman Investment Company Limited). These government securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. At December 31, 2017, the market value of Government securities was Rs. 21,126,441 (2016: Rs. 21,128,940), based on the Pakistan Revaluation Rates (PKRV) quoted by Mutual Fund Association of Pakistan.

19.1.1 Salient features of investments classified as held to maturity are as follows:

**Investment in Government securities**

	Face value	Investment amount	Coupon rate	Yield rate	Tenure	Maturity
Pakistan Investment Bonds	-----Rupees-----					
2017	<u>21,000,000</u>	<u>21,975,450</u>	<u>8.75%</u>	<u>6.2%</u>	<u>3 years</u>	<u>26-Mar-18</u>
2016	<u>21,000,000</u>	<u>21,975,450</u>	<u>8.75%</u>	<u>6.2%</u>	<u>3 years</u>	<u>26-Mar-18</u>

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19.2 Available for sale investment - quoted shares

No. of shares / units		Face value per share	Market value per share		Name of investee entity	Book value	Book value	Market value	Market value	Lower of cost or market value	Lower of cost or market value
2017	2016		2017	2016		2017	2016	2017	2016	2017	2016
-----Rupees-----					-----Rupees-----						
<b>Investment Companies / Banks</b>											
250	250	10	8.24	17.65	The Bank of Punjab	7,859	7,859	2,060	4,413	2,060	4,413
67	67	10	-	-	Innovative Investment Bank Limited	243,755	243,755	-	-	-	-
1,500	1,500	10	2.96	3.26	IGI Investment Bank Limited	19,002	19,002	4,440	4,890	4,440	4,890
3	500	10	212.32	1.81	NIB Bank Limited	993	990	637	905	637	905
<b>Insurance</b>											
200	200	10	13.75	19.00	Habib Insurance Company Limited	379	379	2,750	3,800	379	379
117	98	10	8.61	21.19	Premier Insurance Limited	631	631	1,007	2,077	631	631
<b>Textile Composite</b>											
158	158	10	4.50	12.68	Service Fabrics Limited	1,859	1,859	711	2,003	711	1,859
<b>Fuel And Energy</b>											
2,000	2,000	10	2.21	2.21	Southern Electric Power Company Limited	26,944	26,944	4,420	4,420	4,420	4,420
<b>Mutual Fund</b>											
258,506	246,324	50	54.87	54.87	Pakistan Income Fund	11,731,083	11,731,083	14,184,224	13,515,776	11,731,083	11,731,083
21,856	21,856	10	-	-	First Dawood Mutual Fund	-	-	-	-	-	-
3,820	3,820	10	15.99	15.58	PICIC Energy Fund	18,044	18,044	61,082	59,516	18,044	18,044
<b>Industrial Metal And Mining</b>											
7,020	14,707,020	10	10.06	12.12	Dost Steels Limited	32,002	66,189,892	70,621	178,249,082	32,002	66,189,892
<b>Modaraba</b>											
16,000	16,000	10	3.79	4.85	Modaraba Al-Mali	278,675	278,675	60,640	77,600	60,640	77,600
<b>311,497</b>	<b>14,999,793</b>					<b>12,361,226</b>	<b>78,519,113</b>	<b>14,392,592</b>	<b>191,924,482</b>	<b>11,855,047</b>	<b>78,034,116</b>

2017  
-----Rupees-----  
2016

19.2.1 Reconciliation of provision against impairment of investments in quoted shares

Provision at the beginning of the year	484,998	519,035
Charge / (reversal) during the year	21,181	(34,037)
Provision at the end of the year	<u>506,179</u>	<u>484,998</u>

19.2.2 Securities having book value of Rs. 11.731 million (2016: Rs. 11.731 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.

19.2.3 Investment in Dost Steels Limited, (an associated company), represents 7,020 shares (2016: 14,707,020 shares) having book value of Rs. 32,002 (2016: Rs. 66,189,892) and market value of Rs. 70,621 (2016: 178,249,082) with 0.002% (2016: 4.66%) of total equity of the associated company.

19.2.4 As per the Holding 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, 2017 would have been higher by Rs. 2,537,545 (2016: higher by Rs.113,890,367).

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**20 DEFERRED TAXATION**

Deferred tax asset / (liability) in respect of deductible/(taxable) temporary differences arising in respect of:

	2017	2016
	-----Rupees-----	
Provisions	11,052,794	11,052,794
Unused tax losses	5,525,830	2,412,665
Accelerated tax depreciation	(9,873,056)	77,719
	<u>6,705,568</u>	<u>13,543,178</u>

**20.1** Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in consolidated financial statements and their tax base. The Group has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 36,752,752 (2016: Rs. 22,649,559) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

	Note	2017	2016
		-----Rupees-----	
<b>21 PREMIUMS DUE BUT UNPAID - unsecured</b>			
Considered good	21.1	165,353,427	179,887,393
Considered doubtful		<u>62,427,039</u>	<u>54,663,496</u>
	21.2	227,780,466	234,550,889
Less: provision for doubtful balances	21.3	(62,427,039)	(54,663,496)
		<u>165,353,427</u>	<u>179,887,393</u>

**21.1** It includes amount of Rs. 8,505,674 (2016: Rs. 4,252,837) due from related parties.

	2017	2016
	-----Rupees-----	
<b>21.2 Aging analysis of premium due but unpaid</b>		
Upto one year	20,111,421	47,189,521
From one to two years	32,635,270	120,471,217
From two to three years	110,590,273	8,827,311
From three to four years	6,375,370	6,798,684
More than four years	58,068,132	51,264,156
	<u>227,780,466</u>	<u>234,550,889</u>

**21.3 Movement in provision for doubtful balances**

Balance at the beginning of the year	54,663,496	48,261,694
Add: charged during the year	7,763,543	6,401,802
Balance at the end of the year	<u>62,427,039</u>	<u>54,663,496</u>

**21.4 Aging analysis of provision for doubtful balances**

From three to four years	4,358,907	3,399,342
More than four years	58,068,132	51,264,156
	<u>62,427,039</u>	<u>54,663,498</u>

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	Note	2017	2016
		-----Rupees-----	
<b>22 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS</b>			
Co-insurers		54,194,427	48,822,263
Foreign reinsurers		16,212,239	17,705,218
Local reinsurers		46,333	-
		<u>70,452,999</u>	<u>66,527,481</u>
<b>23 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances	23.1	374,835,569	403,641,384
Deposits	23.2	23,232,780	41,778,430
Prepayments		3,811,150	7,512,573
		<u>401,879,499</u>	<u>452,932,387</u>
<b>23.1 Advances</b>			
- against issuance of shares	23.1.1	354,379,066	354,379,066
- others		5,027,011	260,000
- suppliers		15,214,248	48,979,780
- staff		215,244	22,538
		<u>374,835,569</u>	<u>403,641,384</u>
<b>23.1.1</b>			
This represents advances against issue of shares given to Dost Steels Limited (an associated company). It carries markup @ 1 year KIBOR plus 3% p.a.			
		2017	2016
		-----Rupees-----	
<b>23.2 Deposits</b>			
- hospitals		4,942,031	3,742,031
- against rent		1,611,750	1,217,250
- against quotation tender		601,181	465,181
- against LC		85,000	85,000
- others		15,992,818	36,268,968
		<u>23,232,780</u>	<u>41,778,430</u>
<b>24 OTHER RECEIVABLES</b>			
Accrued interest on advance against issue of shares	24.1	66,582,917	32,099,828
Other receivables		17,226,283	7,472,261
		<u>83,809,200</u>	<u>39,572,089</u>
<b>24.1</b>			
This represents accrued interest on advances against issue of shares given to Dost Steels Limited - (an associated company). Movement in advances is as follows:			
		2017	2016
		-----Rupees-----	
Balance beginning of the year		32,099,828	-
Income for the year		34,483,089	32,099,828
Received during the year		-	-
Balance at the end of the year		<u>66,582,917</u>	<u>32,099,828</u>

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25 FIXED ASSETS

25.1 TANGIBLE

Description	Owned					Total
	Furniture and fixtures	Office equipment	Computers and related equipment	Leasehold improvements	* Motor vehicles	
<b>COST</b>						
2016						
Balance at the beginning of the year	7,146,898	3,985,770	3,106,042	-	27,236,554	41,475,264
Additions	43,347,400	4,471,550	3,985,192	8,638,575	3,000,000	63,442,717
Disposals	-	(36,000)	(72,180)	-	-	(108,180)
Balance at the end of the year	50,494,298	8,421,320	7,019,054	8,638,575	30,236,554	104,809,801
2017						
Balance at the beginning of the year	50,494,298	8,421,320	7,019,054	8,638,575	30,236,554	104,809,801
Additions	50,759,439	4,242,115	4,596,911	36,079,915	3,340,000	99,018,380
Disposals	(4,211,658)	(1,837,033)	(624,757)	-	(719,225)	(7,392,673)
Balance at the end of the year	97,042,079	10,826,402	10,991,208	44,718,490	32,857,329	196,435,508
<b>ACCUMULATED DEPRECIATION</b>						
2016						
Balance at the beginning of the year	2,615,195	1,315,250	1,447,555	-	15,049,441	20,427,441
Charge for the year	2,789,122	493,886	900,105	217,132	2,593,035	6,993,280
Disposals	-	(8,346)	(41,649)	-	-	(49,995)
Balance at the end of the year	5,404,317	1,800,790	2,306,011	217,132	17,642,476	27,370,726
2017						
Balance at the beginning of the year	5,404,317	1,800,790	2,306,011	217,132	17,642,476	27,370,726
Charge for the year	8,658,807	488,059	2,544,709	1,823,911	2,713,226	16,228,712
Disposals	(2,499,483)	(1,272,593)	(606,083)	-	(667,424)	(5,045,583)
Balance at the end of the year	11,563,641	1,016,256	4,244,637	2,041,043	19,688,278	38,553,855
Net book value - 2017	85,478,438	9,810,146	6,746,571	42,677,447	13,169,051	157,881,653
Net book value - 2016	45,089,981	6,620,530	4,713,043	8,421,443	12,594,078	77,439,075

**RATE OF DEPRECIATION (%)**                      10                      10                      30                      5                      20

\* These include motor vehicles costing Rs. 5,720,000 (2016: Rs. 11,242,050) acquired under diminishing musharaka arrangement by the Holding Company, are in the name of the Modaraba company.

25.2 Allocation of depreciation expense	Note	2017	2016
		-----Rupees-----	
Cost of sale	28	9,789,290	-
General and administrative expenses	31	6,439,422	6,993,280
		<u>16,228,712</u>	<u>6,993,280</u>

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25.3 Following items of tangible assets were disposed off during the year:

Description of tangible asset sold	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss)/gain	Mode of disposal	Particulars of buyer
----- Rupees -----							
<i>Furniture and fixtures</i>							
Office	3,941,658	2,499,483	1,442,175	-	(1,442,175)	Write-off	Write-off
Restaurant	270,000	-	270,000	270,000	-	Negotiation	Syed Akbar Ali
<i>Office equipment</i>							
Electrical equipment and installations	1,837,033	1,272,593	564,440	-	(564,440)	Write-off	Write-off
<i>Computers and related equipment</i>							
Printers, server and other equipment	624,757	606,083	18,674	7,130	(11,544)	Negotiation	Muzaffar
<i>Motor Vehicles</i>							
Suzuki Mehran Plus 1999 (ACF 248)	367,125	346,868	20,257	25,000	4,743	Negotiation	Syed Khalid Hussain
Daihatsu Charade 1986 (V-1826)	136,600	116,903	19,697	30,000	10,303	Negotiation	Mohd Saleem Farooqi
Suzuki Mehran 1999 (ABN-598)	215,500	203,653	11,847	45,000	33,153	Negotiation	Farida Ali Haider
<b>2017</b>	<b>7,392,673</b>	<b>5,045,583</b>	<b>2,347,090</b>	<b>377,130</b>	<b>(1,969,960)</b>		
2016	108,180	49,995	58,185	40,000	(18,185)		

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	Note	2017 -----Rupees-----	2016
<b>25.4 CAPITAL WORK IN PROGRESS</b>			
Advance against civil works		<u>49,964,075</u>	<u>-</u>
<b>25.5 INTANGIBLE</b>			
Goodwill at acquisition	25.5.1	<u>28,742,849</u>	28,742,849
Franchise	25.5.2	<u>20,100,852</u>	43,347,261
Computer software	25.5.3	<u>5,150,569</u>	6,509,069
		<u><b>53,994,270</b></u>	<u>78,599,179</u>

**25.5.1** It represents goodwill arised on acquisition of Crescent Star Foods (Private) Limited. At acquisition date, the purchase consideration was Rs. 88.6 million and the net assets of the subsidiary company were Rs. 119.8 million out of which the share of owners of the Holding Company was Rs. 59.9 million.

	Note	2017 -----Rupees-----	2016
<b>25.5.2 Franchise</b>			
<b>Cost</b>			
Balance at the beginning of the year		<u>46,058,400</u>	2,500,000
Additions		-	43,558,400
Disposals		<u>(22,906,018)</u>	-
Balance at the end of the year		<u>23,152,382</u>	46,058,400
<b>Amortization</b>			
Balance at the beginning of the year		<u>2,711,139</u>	286,631.00
Charge for the year	31	<u>1,517,225</u>	2,424,508
Disposals		<u>(1,176,834)</u>	-
Balance at the end of the year		<u>3,051,530</u>	2,711,139
<b>Net book value</b>		<u><b>20,100,852</b></u>	<u>43,347,261</u>
<b>Rate of amortization (%)</b>		<u><b>10</b></u>	<u><b>10</b></u>

**25.5.3 Computer software**

<b>Cost</b>			
Balance at the beginning of the year		<u>6,509,069</u>	-
Additions		-	6,509,069
Balance at the end of the year		<u>6,509,069</u>	6,509,069
<b>Amortization</b>			
Balance at the beginning of the year		-	-
Charge for the year		<u>1,358,500</u>	-
Balance at the end of the year		<u>1,358,500</u>	-
<b>Net book value</b>		<u><b>5,150,569</b></u>	<u>6,509,069</u>
<b>Rate of amortization (%)</b>		<u><b>33 &amp; 10</b></u>	<u>-</u>

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		2017	2016
	Note	-----Rupees-----	
<b>26</b>	<b>MANAGEMENT EXPENSES</b>		
		42,442,109	40,298,621
		20,662,379	17,743,194
		7,271,668	2,369,918
		5,639,326	2,572,603
		2,454,052	1,853,821
		2,100,501	1,783,031
		2,067,803	1,296,593
		1,437,445	1,141,312
		1,220,597	1,426,461
		748,121	906,590
		103,706	655,405
		<u>86,147,707</u>	<u>72,047,549</u>
<b>26.1</b>	This includes contribution to provident fund by the holding company amounting to Rs. 2.562 million (2016: Rs. 2.715 million).		
		137,695,363	55,711,678
		(11,197,868)	(6,409,308)
		(16,421,513)	-
		<u>110,075,982</u>	<u>49,302,370</u>
<b>27</b>	<b>SALES</b>		
		81,921,153	34,682,935
		43,023,213	-
		32,194,922	-
		11,735,597	-
		9,789,290	-
		2,033,303	-
		<u>180,697,478</u>	<u>34,682,935</u>
<b>28</b>	<b>COST OF SALES</b>		
		19,599,248	-
		94,137,638	54,282,183
		(31,815,733)	(19,599,248)
		<u>81,921,153</u>	<u>34,682,935</u>
<b>28.1</b>	<b>Raw material consumed</b>		
		360,210	692,650
<b>29</b>	<b>FINANCE COST</b>		

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		2017	2016
		-----Rupees-----	
30	OTHER INCOME	Note	
	Income from financial assets:		
	Markup on advance against issue of shares	24.1	34,483,089
	Income from other than financial assets:		
	Gain on third party claim handling		2,611,592
	Other		706,560
			<u>3,668,623</u>
			<u>40,763,304</u>
			<u>38,032,590</u>
31	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
	Salaries, allowances and other benefits		71,778,833
	Rent, rates and taxes		61,762,331
	Travelling and conveyance		25,473,657
	Provision against doubtful balances	21.3	8,952,808
	Others		21,339,271
	Entertainment		7,763,543
	Depreciation	25.2	6,439,422
	Impairment loss on Capital Work In Progress	31.1	7,666,305
	Utilities		4,325,898
	Legal and professional charges		6,496,111
	Advertisement and promotion		176,090
	Royalty		4,894,365
	Fees, subscription and periodicals		3,667,559
	Amortization	25.5	12,184,355
	Repairs and maintenance		3,655,274
	Auditors' remuneration	31.2	997,295
	Telephone and postage		3,501,613
			3,630,671
			3,118,048
			2,875,725
			2,424,508
			2,287,407
			995,776
			1,542,245
			1,049,005
			1,430,929
			<u>952,799</u>
			<u>165,842,238</u>
			<u>155,563,227</u>
31.1	This represents impairment loss pertaining to Crescent Star Luxury (Private) limited (Subsidiary Company).		
31.2	<b>Auditors' remuneration</b>		
	Annual audit fee of the Holding Company		552,000
	Annual audit fee of the Subsidiary Companies		460,000
	Consolidation		383,850
	Review of code of corporate governance		75,000
	Half yearly review of the Holding Company		200,000
	Out of pocket		105,000
	Certification charges		87,619
			91,145
			80,000
			-
			130,250
			<u>131,100</u>
			<u>1,542,245</u>
			<u>1,049,005</u>

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	2017	2016
	-----Rupees-----	
<b>32 PROVISION FOR TAXATION</b>		
Current	2,635,261	2,557,750
Deferred	6,837,610	-
	<u>9,472,871</u>	<u>2,557,750</u>

**32.1** The income tax returns of all the Group companies have been filed up to tax year 2017 (corresponding to the income year ended December 31, 2016) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

**32.2** The numerical reconciliation between the accounting profit and taxable income for the year 2017 and 2016 has not been presented in these consolidated financial statements, as the total income of the Holding Company falls under section 113 of the Income Tax Ordinance, 2001 and the subsidiary companies being the private limited companies are exempt from such the disclosure requirements.

<b>33 LOSS PER SHARE - BASIC AND DILUTED</b>	2017	2016
Loss for the year (in Rupees)	<u>(65,406,778)</u>	<u>(14,653,304)</u>
Weighted average number of shares	<u>82,683,333</u>	<u>78,288,013</u>
Loss per share (in Rupees)	<u>(0.79)</u>	<u>(0.19)</u>

**33.1** No figure for diluted loss per share has been presented as the Holding Company has not issued any instrument which would have an impact on loss per share, when exercised.

**34 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES**

The aggregate amounts for remuneration, including all benefits, to the Chief Executive, Executive Director and Executives of the Holding Company are as follow:

	2017			
	Chief Executive	Executive Director	Executives	Total
	----- Rupees -----			
Managerial remuneration	5,760,000	1,195,200	9,745,223	16,700,423
Retirement benefits	576,000	119,520	834,192	1,529,712
House rent	2,592,000	796,800	6,730,815	10,119,615
Utilities and others	2,448,000	480,000	2,556,000	5,484,000
<b>Total</b>	<u>11,376,000</u>	<u>2,591,520</u>	<u>19,866,230</u>	<u>33,833,750</u>
 Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>13</u>

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	2016			
	Chief Executive	Executive Director	Executives	Total
	----- Rupees -----			
Managerial remuneration	5,760,000	-	11,831,752	17,591,752
Retirement benefits	576,000	-	1,052,592	1,628,592
House rent	2,592,000	-	7,887,835	10,479,835
Utilities and others	2,448,000	-	3,760,000	6,208,000
<b>Total</b>	<b>11,376,000</b>	<b>-</b>	<b>24,532,179</b>	<b>35,908,179</b>
Number of persons	1	-	12	13

**34.1** Non-Executive Directors were paid Rs. 0.059 million (2016: Rs. 0.068 million) for attending board meetings during the year.

**34.2** In addition, Chief Executive was also provided with free use of the Group maintained cars in accordance with his entitlements.

**35 EMPLOYEE BENEFIT**

**35.1 Defined contribution plans**

**Employees' provident fund**

The Holding Company operates an approved provident fund scheme which covers all permanent employees. Equal contributions to the fund are made by the Holding Company and the employees @ 10% of basic pay.

**a) Fund position**

The following information have been taken from unaudited financial statements of the Fund for the year ended December 31, 2017 and audited financial statements of the Fund for the year ended December 31, 2016.

	2017	2016
	Unaudited	Audited
	----- Rupees -----	
Size (net assets) of the fund	<b>18,088,704</b>	20,905,681
Cost of investments made	<b>13,899,059</b>	15,848,790
Fair value of investments	<b>17,107,548</b>	19,042,350

Percentage of fair value of investments to net assets 77%      76%

Number of members 67      71

<b>b) Composition of the Fund - based on book value</b>	2017	2016	2017	2016
	----- Percentage -----		----- Rupees -----	
Mutual Funds	<b>100%</b>	100%	<b>13,899,059</b>	15,848,790

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

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**36 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Group comprise the directors, major shareholders, subsidiaries, associated companies, entities owned by the directors of the Group where they also hold directorships, staff retirement fund and key management personnel. The Group continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

Transactions of the Group with related parties and balances outstanding at year end, unless otherwise stated in these consolidated financial statements are as follows:

	<b>2017</b>	2016
	----- Rupees -----	
<b>36.1 Associated undertakings having common directorship</b>		
<b>Dost Steels Limited</b>		
Subscription of shares	-	67,500,000
Advance given for issuance of shares	<b>354,379,066</b>	353,951,814
Markup on advance given	<b>34,483,089</b>	32,427,080
Premium written	<b>8,505,674</b>	4,252,837
<b>Din Corporation (Private) Limited</b>		
Advance (utilized) / received	<b>(51,331,660)</b>	53,000,060
<b>Elahi Noor Enterprises (Private) Limited</b>		
Advance received - net	-	12,458,864
<b>Weavers Pakistan (Private) Limited</b>		
Advance received - net	-	63,550,076
Share deposit money utilized	-	76,000,000
<b>Key Management Personnel</b>		
Remuneration paid to chief executive, executive director and executives of the Holding Company (note 34)	<b>33,833,750</b>	35,908,179
<b>Staff retirement benefits</b>		
Provident fund contribution	<b>2,562,081</b>	2,714,574
Markup on outstanding balance of provident fund	-	350,286

37 SEGMENT REPORTING

The Group has eight primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident & health, credit and suretyship, food, technologies and luxury. 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		Credit and suretyship		Miscellaneous		Food		Technologies		Luxury		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees																			
Revenue from external customers	8,785,731	19,617,173	9,284,162	18,676,852	75,039,433	108,995,889	2,363,543	35,839,748	18,990,699	35,632,492	10,945,993	15,521,061	81,792,980	49,302,370	-	-	28,283,001	-	235,485,542	283,585,585
Depreciation	243,541	308,556	257,358	293,766	2,080,098	1,714,383	65,518	563,719	526,424	560,459	303,424	244,129	11,720,612	3,274,721	36,649	33,547	995,089	-	16,228,712	6,993,280
Segment loss	(4,274,002)	(6,340,056)	(7,630,000)	(5,730,871)	(16,975,986)	15,668,067	(6,131,377)	30,096,484	86,636	16,604,619	(4,131,723)	2,066,145	(66,639,999)	(63,983,991)	-	(5,989,976)	(3,981,497)	-	(109,677,948)	(17,609,579)
Capital expenditure	669,361	36,204	707,335	34,468	5,717,051	201,152	180,072	66,142	1,446,850	65,760	833,946	28,644	70,485,703	62,851,249	-	159,098	10,690,225	-	90,730,543	63,442,717
Segment assets	19,460,943	23,818,762	20,564,999	22,677,044	166,217,030	132,340,536	5,235,395	43,515,875	42,065,584	43,264,229	24,246,058	18,845,347	250,922,662	216,754,779	116,786	136,550	34,910,337	-	563,739,794	501,353,122
Segment liabilities	13,094,452	17,004,419	13,837,324	16,189,336	111,840,463	94,479,045	3,522,678	31,066,357	28,304,166	30,886,704	16,314,155	13,453,856	62,050,539	111,886,701	160,384	75,000	27,138,431	-	276,262,592	315,041,418
	Rupees																			

37.1 Reconciliations of reportable segments are as follows:

Revenue

Total revenue for reportable segments	81,792,980	49,302,370	-	-	28,283,001	-	235,485,542	283,585,585
Other revenue	3,668,623	-	-	-	-	-	176,975,055	39,328,422
Group's revenue	85,461,603	49,302,370	-	-	28,283,001	-	412,460,597	322,914,007

Profit for the year

Total loss for reportable segments	(66,639,999)	(63,983,991)	-	(5,989,976)	(3,981,497)	-	(109,677,948)	(17,609,579)
Unallocated corporate income	3,668,623	-	-	-	-	-	176,975,055	39,328,422
General and administration expenses	(61,985,052)	-	(290,149)	-	(43,853,918)	-	(169,482,322)	(66,070,875)
Group's loss before income tax expense	(124,956,428)	(63,983,991)	(290,149)	(5,989,976)	(47,835,415)	-	(102,185,215)	(44,352,032)

Assets

Total assets for reportable segments	250,922,662	216,754,779	116,786	136,550	34,910,337	-	563,739,794	501,353,122
Other unallocated corporate assets	-	-	-	-	-	-	581,120,489	609,189,508
Group's assets	250,922,662	216,754,779	116,786	136,550	34,910,337	-	1,144,860,283	1,110,542,630

Liabilities

Total liabilities for reportable segments	62,050,539	111,886,701	160,384	75,000	27,138,431	-	276,262,592	315,041,418
Other unallocated corporate liabilities	-	-	-	-	-	-	66,471,945	141,701,904
Group's liabilities	62,050,539	111,886,701	160,384	75,000	27,138,431	-	342,734,537	456,743,322

The Group has no reportable geographical segment.

38 FAIR VALUE MEASUREMENT

2017								
Carrying Amount						Fair Value		
Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees								
<b>On-balance sheet</b>								
<b>Financial assets</b>								
Cash and other equivalents	-	-	61,734,867	-	61,734,867	-	-	-
Current and other accounts	-	-	7,556,181	-	7,556,181	-	-	-
Investments	21,265,737	11,855,047	-	-	33,120,784	72,908	-	-
Premiums due but unpaid	-	-	165,353,427	-	165,353,427	-	-	-
Amounts due from other insurers / reinsurers	-	-	70,452,999	-	70,452,999	-	-	-
Accrued investment income	-	-	346,603	-	346,603	-	-	-
Reinsurance recoveries against outstanding claims	-	-	2,595,202	-	2,595,202	-	-	-
Advance against issuance of shares	-	-	354,379,066	-	354,379,066	-	-	-
Deposits	-	-	23,232,780	-	23,232,780	-	-	-
Other receivables	-	-	83,809,200	-	83,809,200	-	-	-
	<b>21,265,737</b>	<b>11,855,047</b>	<b>769,460,325</b>	<b>-</b>	<b>802,581,109</b>	<b>72,908</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Provision for outstanding claims (including IBNR)	-	-	-	66,422,035	66,422,035	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	43,135,172	43,135,172	-	-	-
Other creditors	-	-	-	74,708,617	74,708,617	-	-	-
Borrowing under musharaka arrangements	-	-	-	3,694,550	3,694,550	-	-	-
Unpresented dividend warrants	-	-	-	418,209	418,209	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,378,583</b>	<b>188,378,583</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	2016								
	Carrying Amount					Fair Value			
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----									
<u>On-balance sheet</u>									
<u>Financial assets</u>									
Cash and other equivalents	-	-	-	-	-	-	-	-	-
Current and other accounts	-	-	-	-	-	-	-	-	-
Investments	21,761,809	-	78,034,115	-	-	99,795,924	92,228	-	-
Premiums due but unpaid	-	-	-	179,887,393	-	179,887,393	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	66,527,481	-	66,527,481	-	-	-
Accrued investment income	-	-	-	354,866	-	354,866	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	8,552,929	-	8,552,929	-	-	-
Advance against issuance of shares	-	-	-	354,379,066	-	354,379,066	-	-	-
Deposits	-	-	-	41,778,430	-	41,778,430	-	-	-
Other receivables	-	-	-	39,572,089	-	39,572,089	-	-	-
	<u>21,761,809</u>	<u>-</u>	<u>78,034,115</u>	<u>691,052,254</u>	<u>-</u>	<u>790,848,178</u>	<u>92,228</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities</u>									
Provision for outstanding claims (including IBNR)	-	-	-	-	71,011,170	71,011,170	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	24,489,759	24,489,759	-	-	-
Other creditors	-	-	-	-	157,333,982	157,333,982	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	3,007,838	3,007,838	-	-	-
Unpresented dividend warrants	-	-	-	-	418,209	418,209	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,260,958</u>	<u>256,260,958</u>	<u>-</u>	<u>-</u>	<u>-</u>

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.

Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

## 39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 39.1 Financial risk management objectives and policies

The Group 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 Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board reviews and agrees policies for managing each of these risks.

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

#### 39.1.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group 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 Group's credit risk exposure is not significantly different from that reflected in the unconsolidated financial statements. The management monitors and limits the Group'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 Group is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and other financial assets.

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

Particulars	Category of financial assets	2017	2016
		----- Rupees -----	
Bank deposits	Loans and receivables	7,556,181	7,250,159
Investments in Government securities	Held to maturity	21,265,737	21,761,809
Investments in equity and other securities	Available for sale	11,855,047	78,034,115
Premiums due but unpaid	Loans and receivables	165,353,427	179,887,393
Accrued investment income	Loans and receivables	346,603	354,866
Amount due from other insurers / reinsurers	Loans and receivables	70,452,999	66,527,481
Reinsurance recoveries against outstanding claims	Loans and receivables	2,595,202	8,552,929
Advances and deposits	Loans and receivables	377,611,846	396,157,496
Other receivables	Loans and receivables	83,809,200	39,572,089
		<u>740,846,242</u>	<u>798,098,337</u>

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Geographically there is no concentration of credit risk.

The Group does not hold collateral as security. There is no single significant customer exceeding 10% of the entire receivables of the Group.

General provision is made for premium due but unpaid against doubtful receivable as disclosed in note 21 to these consolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2017	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
----- Rupees -----				
<b>Financial Assets</b>				
Premiums due but unpaid	165,353,427	20,111,421	32,635,270	112,606,736
Amounts due from other insurers / reinsurers	70,452,999	11,813,161	58,148,028	491,810
Accrued investment income	346,603	346,603	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Advance against issuance of shares	354,379,066	-	424,696	353,954,370
Deposits	23,232,780	1,730,500	954,750	20,547,530
Other receivables	83,809,200	44,237,111	39,572,089	-
	<u>700,169,277</u>	<u>78,238,796</u>	<u>131,734,833</u>	<u>490,195,648</u>
2016	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
----- Rupees -----				
<b>Financial Assets</b>				
Premiums due but unpaid	179,887,393	47,189,521	120,471,217	12,226,655
Amounts due from other insurers / reinsurers	66,527,481	25,071,582	41,455,899	-
Accrued investment income	354,866	354,866	-	-
Reinsurance recoveries against outstanding claims	8,552,929	-	2,300,000	6,252,929
Advance against issuance of shares	354,379,066	424,696	353,954,370	-
Deposits	41,778,430	954,750	20,547,530	20,276,150
Other receivables	39,572,089	39,572,089	-	-
	<u>691,052,254</u>	<u>113,567,504</u>	<u>538,729,016</u>	<u>38,755,734</u>

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

			2017	2016
----- Rupees -----				
	Rating	Agency		
Faysal Bank Limited	AA	PACRA/JCR-VIS	4,199,674	3,165,198
Habib Bank Limited	AAA	JCR-VIS	3,295,726	1,898,191
Allied Bank Limited	AA+	PACRA	182,676	182,676
NIB Bank Limited	AA-	PACRA	60,197	166,348
Soneri Bank Limited	AA-	PACRA	53,743	53,743
The Bank of Punjab	AA	PACRA	43,257	43,257
Meezan Bank Limited	AA	JCR-VIS	22,482	22,482
SILK Bank Limited	A-	JCR-VIS	4,819	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	4,127	4,127
Bank Alfalah Limited	AA	PACRA	2,327	2,327
United Bank Limited	AAA	JCR-VIS	-	1,706,726
Muslim Commercial Bank	AAA	PACRA	265	265
			<u>7,869,293</u>	<u>7,250,159</u>

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2017	2016
	----- Rupees -----				
A or above	65,175,679	2,595,202	10,842,633	78,613,514	72,365,647
BBB	5,277,320	-	-	5,277,320	5,992,079
<b>Total</b>	<b>70,452,999</b>	<b>2,595,202</b>	<b>10,842,633</b>	<b>83,890,834</b>	<b>78,357,726</b>

### 39.1.2 Liquidity risk

Liquidity risk is the risk that the Group 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 Group is financing its operations mainly through equity, working capital and musharaka to minimize risk.

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

	2017			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	----- Rupees -----			
<b>Financial liabilities measured at amortised cost:</b>				
Provision for outstanding claims	66,422,035	66,422,035	66,422,035	-
Amounts due to other insurers	43,135,172	43,135,172	43,135,172	-
Other creditors	74,708,617	74,708,617	74,708,617	-
Obligation under musharaka	3,694,550	3,694,550	1,433,100	2,261,450
Unpresented dividend warrants	418,209	418,209	418,209	-
	<b>188,378,583</b>	<b>188,378,583</b>	<b>186,117,133</b>	<b>2,261,450</b>
	----- Rupees -----			
	2016			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	----- Rupees -----			
<b>Financial liabilities measured at amortised cost:</b>				
Provision for outstanding claims	71,011,170	71,011,170	71,011,170	-
Amounts due to other insurers	24,489,759	24,489,759	24,489,759	-
Other creditors	157,333,982	157,333,982	97,570,484	-
Obligation under musharaka	3,007,838	3,007,838	2,179,838	828,000
Unpresented dividend warrants	418,209	418,209	418,209	-
	<b>256,260,958</b>	<b>256,260,958</b>	<b>195,669,460</b>	<b>828,000</b>

### 39.1.3 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 optimizing the return. The market risks associated with the Group's business activities are interest / mark up rate risk and price risk. The Group is not exposed to material currency risk.

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**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 Group's significant interest bearing financial instruments was as follows:

	2017	2016	2017	2016
	Effective interest rate (%)		----- Rupees -----	
<b>Financial assets</b>				
Bank deposits	4.00%	4.00%	4,175,769	4,093,783
Investment in Government securities	8.75%	8.75%	21,265,737	21,761,809

**Sensitivity analysis**

Change in interest rate will not effect fair value of any financial instrument. The Group is not exposed to significant interest/mark-up rate risk as the Group 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. Holding Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 14,392,592 (2016: Rs. 191,924,482) at the balance sheet date.

The Holding Company's strategy is to hold its strategic equity investments for long period of time. Thus, Holding 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 Holding 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 consolidated 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 Holding Company has no significant concentration of price risk.

**Sensitivity analysis**

The table below summarizes Holding Company's equity price risk as on December 31, 2017 and 2016 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 Holding Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
----- Rupees -----					
December 31, 2017	10% increase	14,392,592	15,831,851	1,439,259	1,439,259
	10% decrease		12,953,333	(1,439,259)	(1,439,259)
December 31, 2016	10% increase	191,924,482	211,116,930	19,192,448	19,192,448
	10% decrease		172,732,034	(19,192,448)	(19,192,448)

#### 40 INSURANCE RISK

The Holding 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 Holding Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Holding 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 Holding 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 policy holder, within a geographical location or to types of commercial business. The Holding Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

##### a) 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 Holding Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

##### b) Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe, any loss over and above the retention amount would be recovered from the treaty which is very much in line with the risk management philosophy of the Holding Company.

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In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with SECP on an annual basis.

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

	Gross sum insured		Reinsurance		Net	
	2017	2016	2017	2016	2017	2016
----- Rupees in thousands -----						
Fire and property damage	5,945,554	7,615,303	3,533,968	6,456,617	2,411,586	1,158,686
Marine, aviation and transport	6,654,349	14,718,723	2,626,370	5,587,999	4,027,979	9,130,724
Motor	2,317,283	3,903,610	1,261,108	531,707	1,056,175	3,371,903
Accident and health	71,045	20,556	-	-	71,045	20,556
Credit and suretyship	15,458,099	28,435,948	9,406,787	8,536,276	6,051,312	19,899,672
Miscellaneous	14,966,330	8,423,242	6,830,703	3,106,104	8,135,627	5,317,138
	<b>45,412,660</b>	<b>63,117,382</b>	<b>23,658,936</b>	<b>24,218,703</b>	<b>21,753,724</b>	<b>38,898,679</b>

**c) Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Holding 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 Holding 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 Holding Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2017	2016	2017	2016
----- Rupees in thousands -----				
<b>± 10% variation in profit / (loss)</b>				
Fire and property damage	21,605	509,476	14,907	351,538
Marine, aviation and transport	471,857	952,506	325,581	657,229
Motor	2,581,441	3,558,068	1,781,194	2,455,067
Accident and health	653,730	361,711	451,074	249,581
Credit and suretyship	50,000	-	34,500	-
Miscellaneous	(50,277)	160,011	(34,691)	110,408
	<b>3,728,356</b>	<b>5,541,772</b>	<b>2,572,565</b>	<b>3,823,823</b>

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**d) Claims development tables**

The following table shows the development of claims of all classes 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.

Analysis on gross basis	2015 and prior years	2016	2017
Accident year	Rupees in '000		
Estimate of ultimate claims cost:			
At end of accident year	22,198	25,394	27,731
One year later	20,209	35,488	-
Two year later	42,595	-	-
Current estimate of cumulative claims	42,595	35,488	27,731
Cumulative payments to date	(8,193)	(18,918)	(13,723)
Liability recognised in the balance sheet	34,402	16,570	14,008

**41 CAPITAL MANAGEMENT**

The Group'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 Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group's overall strategy remains unchanged from 2012. The Group has not obtained long term finance and short term borrowings, therefore gearing ratio of the Group is not applicable. In accordance with Insurance Rules, 2017, minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2017	2016
	Rupees	
Minimum paid up capital required *	500,000,000	400,000,000
Holding Company's paid up capital *	627,183,330	627,183,330

\* For the purpose of this section, the minimum paid up capital will be net off any discount offered on issue of shares.

**42 NUMBER OF EMPLOYEES**

	2017	2016
Number of employees at the end of the year	245	191
Average number of employees during the year	218	204

**43 RECLASSIFICATIONS**

The following comparative figures have been reclassified / rearranged in these consolidated financial statements for better presentation and disclosure.

**Balance Sheet**

Reclassified from	Reclassified to	Note	Rupees
Sundry receivables	Advances, deposits and prepayments	23	452,932,387
Sundry receivables	Other receivables		39,572,089
Advances, deposits and prepayments	Fixed assets - Intangible	25.5	4,075,500
Other creditors and accruals	Non-controlling interest		53,000,060

Crescent Star Insurance Limited  
Notes to the consolidated financial statements  
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**Profit and loss account**

Reclassified from	Reclassified to	Note	Rupees
Other income	Loss on sale of fixed assets		18,185
Management expenses	Management expenses		
- Others	- Insurance	26	906,590
- Others	- Bank charges	26	655,405
General and administrative expenses	Finance cost	29	692,650

**44 EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE**

**44.1** Board of Directors of Dost Steels Limited (DSL) in their meeting held on February 24, 2018 approved the issuance of 35,427,906 shares at par to the Holding Company against the advance for issuance of shares already received by DSL of "Other than Right" subject to all corporate, legal and other approvals and requirements.

**44.2** In extraordinary general meeting of the shareholders of PICIC Insurance Limited held on February 06, 2018 it was resolved that the 'Scheme of Arrangement' dated December 26, 2017, for the merger, by way of amalgamation, of Crescent Star Foods (Private) Limited (subsidiary company) with and into PICIC Insurance Limited, along with all ancillary matters thereto, be and is hereby approved and adopted, along with any modifications/amendments required or conditions imposed by the High Court of Sindh at Karachi, subject to sanction by the Honourable High Court of Sindh at Karachi, in terms of the provisions of Companies Act, 2017.

Further to the announcement and in continuation of PICIC Insurance Limited having applied for the surrender of insurance license, the Holding Company signed agreement with PIL according to which the insurance related assets and liabilities of PIL will transfer to the Holding Company, subject to all regulatory / corporate and legal approvals and process completion, in consideration of Rs. 69,740,000 variance as per auditors certificate, it has been agreed between both the companies that PIL will issue 23,246,667 additional shares at Rs. 3 per share to the Holding Company, subject to all regulatory / corporate and legal approvals and completion of process.

**45 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements have been approved by the Board of Directors of the Holding Company and are authorised for issue on April 05, 2018.

Naim Anwar  
**Chief Executive/  
Principal Officer**

Dr. Fahim Lashkarwala  
**Director**

Bilal Anwar  
**Director**

Shahid Suleman  
Jan  
**Director**

Malik Mehdi Muhammad  
**Chief Financial Officer**

**PATTERN OF SHAREHOLDINGS AS AT DECEMBER 31, 2017**

Number of shareholders	Shareholdings		Shares Held
	From	To	
195	1	100	3,206
212	101	500	85,641
254	501	1000	243,156
644	1001	5000	2,014,521
286	5001	10000	2,416,392
143	10001	15000	1,872,147
102	15001	20000	1,905,060
62	20001	25000	1,463,359
49	25001	30000	1,402,666
29	30001	35000	954,175
28	35001	40000	1,081,651
17	40001	45000	731,038
36	45001	50000	1,781,128
9	50001	55000	469,466
12	55001	60000	691,615
7	60001	65000	446,166
12	65001	70000	824,000
10	70001	75000	733,500
5	75001	80000	398,000
7	80001	85000	578,000
8	85001	90000	702,000
5	90001	95000	472,500
22	95001	100000	2,189,500
13	100001	105000	1,348,500
7	105001	110000	759,500
4	110001	115000	456,000
6	115001	120000	716,333
5	120001	125000	615,780
3	125001	130000	383,500
2	130001	135000	268,785
2	135001	140000	274,000
3	140001	145000	426,000
7	145001	150000	1,042,000
2	150001	155000	308,000
3	155001	160000	475,000
3	160001	165000	495,000
2	165001	170000	335,696
2	170001	175000	348,937
1	175001	180000	175,001
9	195001	200000	1,798,655
2	205001	210000	415,500
1	210001	215000	215,000
1	215001	220000	217,000
1	235001	240000	237,000
6	245001	250000	1,500,000
1	255001	260000	257,500
2	270001	275000	545,500
1	275001	280000	280,000
1	300001	305000	302,500
1	320001	325000	325,000
1	335001	340000	340,000
1	345001	350000	350,000
1	350001	355000	353,000
1	365001	370000	368,000
1	385001	390000	390,000
1	390001	395000	391,000
1	400001	405000	401,000
2	410001	415000	824,500
1	415001	420000	417,000
1	435001	440000	440,000
1	465001	470000	466,500
1	475001	480000	479,500
3	495001	500000	1,500,000
1	515001	520000	517,000
1	555001	560000	560,000
1	595001	600000	600,000
1	600001	605000	604,491
1	610001	615000	615,000
1	650001	655000	651,500
1	665001	670000	670,000
1	705001	710000	708,000
3	745001	750000	2,243,332
1	795001	800000	800,000
1	815001	820000	819,000
1	930001	935000	930,500
3	995001	1000000	3,000,000
1	1020001	1025000	1,024,000
1	1060001	1065000	1,060,500
1	1080001	1085000	1,084,000
1	1150001	1155000	1,152,000
2	1295001	1300000	2,600,000
1	1310001	1315000	1,311,500
1	1905001	1910000	1,905,770
1	1945001	1950000	1,946,000
1	2595001	2600000	2,600,000
1	3800001	3805000	3,801,500
1	6775001	6780000	6,778,166
<b>2290</b>			<b>82,683,333</b>

**Categories of Shareholders**

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors &amp; Spouses &amp; Executives</b>			
Bilal Anwar	1	2,500	0.00%
Shahid Suleman Jan	1	2,000	0.00%
Dr. Fahim Lashkarwala	1	2,000	0.00%
<b>Chief Executive Officer</b>			
Naim Anwar	1	390,000	0.47%
<b>Associate Companies, Undertakings &amp; Related Parties</b>	-	-	0.00%
<b>NIT and ICP</b>	-	-	0.00%
<b>Banks, DFIs and NBFIs</b>	-	-	0.00%
<b>Public Sector Companies and Corporations</b>	-	-	0.00%
<b>Insurance Companies</b>			
Pakistan Reinsurance Company Limited (PRCL)	1	604,491	0.73%
Excel Insurance Company Limited	1	9,224	0.01%
<b>Modaraba</b>	-	-	0.00%
<b>Mutual Funds</b>	-	-	0.00%
<b>General Public</b>			
Local (Individuals)	2,245	65,783,823	79.56%
Foreign Companies / Organizations / Individuals	-	-	0.00%
<b>Others</b>			
Joint Stock Companies	33	14,669,437	17.74%
Pension Fund, Provident Fund, Trusts	6	1,219,858	1.48%
	<b>2,290</b>	<b>82,683,333</b>	<b>100.00%</b>
<b>Shareholders Holding 5% or More Voting Interest</b>			
Roomi Enterprises (Pvt) Limited		6,778,166	8.20%

**CATEGORIES OF SHAREHOLDERS**

Particulars	No. of Shareholders	No. of Shares	Percentage
1. Individual	2,249	66,180,323	80.04
2. Joint Stock Companies	33	14,669,437	17.74
3. Insurance Companies	2	613,715	0.74
4. Others	6	1,219,858	1.48
	<b>2,290</b>	<b>82,683,333</b>	<b>100</b>

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<b>CENTRAL CORPORATE</b>	2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
<b>KARACHI CENTRAL</b>	3RD FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
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<b>LAHORE CENTRAL</b>	OFFICE # 701, 7TH FLOOR, AL-HAFEEZ SHOPPING MALL, 82-D-I, MAIN BOULEVARD, GULBERG-III, LAHORE.	(042) 35779568-69
<b>ISLAMABAD</b>	SUIT NO 2, 2ND FLOOR RATTA MENSION FAZAL-E-HAQ ROAD, BLUE AREA, ISLAMABAD	(051) 2806293-95
<b>CAPITAL BRANCH ISLAMABAD</b>	SUIT NO 2, 2ND FLOOR RATTA MENSION FAZAL-E-HAQ ROAD, BLUE AREA, ISLAMABAD	(051) 2806293-95
<b>FAISALABAD</b>	P-14, 1ST FLOOR, CHENAB MARKET, MADINA TOWN, FAISALABAD.	(041) 8559696-7
<b>MULTAN</b>	OPP: HAJVERI ARCADE, KUTCHERY ROAD, MULTAN.	(061) 4571338
<b>SIALKOT</b>	UMER CENTER, OPP. BOOTA PETROL PUMP, SHAB PURA, SIALKOT	(052) 3240276

# 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 61<sup>st</sup> Annual General Meeting of the Company to be held on 30<sup>th</sup> April, 2018 and at any adjournment thereof.

Signed this \_\_\_\_\_ of \_\_\_\_\_ 2018.  
(day) (date, month)

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



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

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

Witnesses:

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

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



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, falling which, Proxy form will not be treated valid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her as proof of his / her identity, and in case of Proxy, must enclose an attested copy of his / her National Identity Card. Representative of corporate entity, shall submit Board of Directors resolutions / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form of the Company.

# اختیاراتی فارم

میں/ہم \_\_\_\_\_  
واقع (مکمل پتہ) \_\_\_\_\_  
کرینٹ اسٹار انشورنس کے ممبر کی حیثیت سے جناب \_\_\_\_\_  
واقع (مکمل پتہ) \_\_\_\_\_  
اور انکی غیر موجودگی میں جناب \_\_\_\_\_  
واقع (مکمل پتہ) \_\_\_\_\_  
کو ہمارے نائب کی حیثیت سے اختیار دیتے ہیں کہ وہ میرے/ہماری جانب سے کمپنی کی 30 اپریل 2018ء کو منعقد ہونے والی 61 ویں سالانہ جنرل میٹنگ میں شرکت کریں۔

مورخہ \_\_\_\_\_ 2018

دستخط کردہ: بروز \_\_\_\_\_

ریوینو اسٹیٹمنٹ
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ممبر کے دستخط: \_\_\_\_\_  
فولیو نمبر: \_\_\_\_\_  
شیرز کی تعداد: \_\_\_\_\_

----- (دستخط اور کمپنی کی مہر)
-----------------------------------

گواہان:

۱- \_\_\_\_\_  
۲- \_\_\_\_\_

- ۱۔ ممبر کو اختیار ہے کہ وہ جنرل میٹنگ میں شرکت کر کے ووٹ دے اس کے علاوہ کسی اور کو نائب کے طور پر میٹنگ میں شرکت کیلئے تقرر کرے۔
- ۲۔ تقرر کرنے کے دستاویز کو تحریر میں لایا جائے گا جس پر تعین کرنے والا اور نائب اپنے دستخط کریں گے۔ اگر تقرر کرنے والا کارپوریشن ہے تو وہ اپنی مہر ثابت کرے گا اور آفیسر یا آٹارنی دستخط کرے گا۔ نائب کیلئے یہ ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔
- ۳۔ نائب کی تقرری کے دستاویز، پاور آف آٹارنی اگر کوئی ہو تو اس پر دستخط کر کے یا اس کی مصدقہ کاپی کو نوٹری سے تصدیق کروا کر کمپنی کے بین مرکزی آفس واقع دوسری منزل، نادر ہاؤس، آئی آئی چندریگر روڈ کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل جمع کروانا ہوگا۔ 48 گھنٹے کے بعد اختیاراتی فارم قبول نہیں کیا جائیگا۔
- ۴۔ کوئی بھی انفرادی مالک برائے سینٹرل ڈیپازٹری کمیٹی کو یہ حق حاصل ہے کہ وہ اس میٹنگ میں ووٹ دے لیکن اپنی شناخت کیلئے اپنے ساتھ شناختی کارڈ لائے اور نائب کی صورت میں اس کی شناختی کارڈ کی کاپی منسلک کرے۔ کسی اداوے کے نمائندے کی صورت میں قرارداد/پاور آف آٹارنی، دستخط کے نمونے کے ساتھ بورڈ آف ڈائریکٹران کے پاس جمع کرائے جس کے ساتھ کمپنی کا اختیاراتی فارم بھی منسلک کیا جائے گا۔



# Crescent Star Insurance Limited

ESTD 1957

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