



Your Security - Our Policy

Half Yearly Report

June 30th 2013

(Un-audited)

**THE CRESCENT STAR INSURANCE COMPANY LIMITED**

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## COMPANY INFORMATION

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

## DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present to you the un-audited financial statements for the six month ended June 30, 2013.

### General Review

The gross premium written for the half year of 2013 is Rs 52.6 million as compared to Rs 34.5 million for the corresponding figures last year which reflects an increase of 52% over the corresponding period. This increase considering the limitations of rating and bank limits due to non enlistment in the Bank Panels is worth mentioning and has been achieved due to the efforts of the new management and the new team of professionals. Due to the Bank Enlistment issue the Company and the team is restricted to classes of business and accordingly Fire & Property / Marine and some other classes of business, which hampers the growth and flow of business in normal course. It is also essential to know that the growth in the Gross Premium will reflect positively in the coming year after the said premium contributes as EARNED PREMIUM. Due to effort in achieving growth in premium which enhances the cost of expenses mainly with additional salaries of experienced people the profitability matures after the premium reflects as EARNED in NET PREMIUM on the accounts. I would like to report the efforts made by the management to resolve the major issue of Minimum Capital Requirement as required by the Securities and Exchange Commission of Pakistan (SECP) and the result of such efforts.

It is my pleasure to report the approval of SECP, of the BUSINESS PLAN submitted by the new Board of Directors by virtue of which the Company has announced enhancement of Authorized and Paid Up Capital through issuance of Right Share which will result in the new Paid Up Capital of Rs 620 million after necessary approvals and process as laid down in the law. SECP has given the management time to complete the process by November 30, 2013 which the Company is confident to achieve.

### Performance Highlights

The comparative financial highlights for the six months period ended June 30, 2013 and 2012 are presented below:-

Rupees in millions (except for EPS)	30 June 2013	30 June 2012	Increase / Amount	(Decrease) %
Gross written premium	52.574	34.477	18.097	52
Net premium	22.120	21.015	1.105	5
Profit before tax	0.551	(1.541)	2.092	136
Profit after tax	0.316	(1.665)	1.981	119
Earnings per share (EPS) Rs.	0.03	(0.14)	0.17	121

### Future Outlook

The company has prepared a BUSINESS PLAN laying down the strategy and progress till the year 2018, according to which it is expected and desired to place the Company into the TOP FIVE INSURANCE COMPANIES OF PAKISTAN. The CSIL management feels proud to set up its SLOGAN AS \* THE FASTEST GROWING INSURANCE COMPANY OF PAKISTAN \*. With a very experienced and professional management running the day to day business and supported by Board of Directors who are very experienced and leading backgrounds of the corporate world, the expectation of the progress at CSIL can no doubt be exceptional. It is an encouraging sign and gives confidence to your management to see out Company share traded at the stock exchange of a regular basis and showing activity drawing interest of the investor market. The investor confidence being shown in the Company BUSINESS PLAN AND STRATEGY is worth mentioning as this will boost our efforts to turn the Company around much faster than expected.

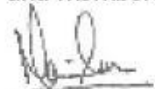
### Acknowledgments

The Directors of your Company would like to take this opportunity to thank SECP, Karachi Stock Exchange, Lahore Stock Exchange, Insurance Association of Pakistan, State Bank of Pakistan and banks and financial institutions for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued reinsurers. The Directors and management of the Company would like to express their special thanks and appreciation to the Financial Consultants who have been working very hard with the management to seek SECP approval and meet all regulatory requirements and compliances.

We also thank our stakeholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally the Directors also wish to place on record their appreciation for the devotion, loyalty and hard work of the officers and members of the staff that have contributed towards the growth of the Company and success of its operations.



**Naim Anwar**  
Managing Director & CEO

Karachi: August 27, 2013

## REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying:

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

Of The Crescent Star Insurance Company Limited ("the Company") as at June 30 2013; together with notes forming part thereof for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended June 30, 2012 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

### Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis of Adverse Conclusion:

According to circular No. 3 of 2007 dated April 10, 2007; issued by Securities and Exchange Commission of Pakistan (SECP), all non life insurance companies are required to have minimum paid up capital of Rs. 300 million as at December 31, 2011. However, the paid up share capital of the Company was Rs. 121 million at the end of current period.

As mentioned in note 1.2 of condensed financial statement the Board of Directors has submitted a business plan to meet the minimum capital and solvency requirement through issuance of Right Share. SECP has approved the plan submitted and has directed the company to execute the plan latest by November 30, 2013; unless the approved plan is implemented to fulfill all legal requirements, there exist a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

### Adverse Conclusion:

Because of the significance of matters discussed in the preceding paragraph, the accompanying condensed interim financial information as at June 30, 2013; is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### Other Matter:

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

**Naveed Zafar Ashfaq Jaffery & Co.**

Chartered Accountants

Shahid Hussain - FCA

Engagement Partner

Karachi

Date: August 27, 2013

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at June 30, 2013

		Un-Audited 30 June 2013	Audited 31 Dec. 2012
Share Capital and Reserves	Note	(Rupees)	
<b>Authorised Capital</b>			
35,000,000 (2012: 35,000,000) ordinary shares of Rs. 10/- each		350,000,000	350,000,000
Issued, subscribed and paid-up share capital	7	121,000,000	121,000,000
Accumulated loss		(80,774,399)	(81,090,630)
Reserves	8	26,264,833	26,264,833
		66,490,434	66,174,203
Surplus on Revaluation of Land		21,107,500	21,107,500
		87,597,934	87,281,703
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNR)		36,635,991	31,096,523
Provision for unearned premium		40,298,702	25,517,421
Commission income unearned		1,952,907	3,123,458
		78,887,600	59,737,402
<b>Creditors and accruals</b>			
Premium received in advance		464,066	579,568
Amount due to others insurers /reinsurers	9	25,360,222	24,539,055
Accrued expenses		1,178,235	2,095,220
Other creditors and accruals	10	1,933,818	1,373,089
		28,936,341	28,586,932
<b>Other Liabilities</b>			
Unclaimed Dividend		418,209	418,209
<b>TOTAL LIABILITIES</b>		108,242,150	88,742,543
<b>TOTAL EQUITY AND LIABILITIES</b>		195,840,084	176,024,246
<b>Contingencies and commitments</b>	11		

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information



Naim Anwar  
Managing Director & CEO



Mudassar Zubair Mirza  
Director

		Un-Audited 30 June 2013	Audited 31 Dec. 2012
	Note	(Rupees)	
<b>Cash and Bank Deposits</b>			
Cash and other equivalents	12	166,244	244,190
Current and other accounts with banks	13	4,684,789	3,393,365
Deposits maturing with in 12 months	14	2,000,000	5,250,000
		6,851,033	8,665,555
<b>Investments</b>	15	18,181,741	21,970,755
<b>Deferred taxation</b>		13,543,178	13,543,178
<b>Long term deposit</b>		5,000,000	5,000,000
<b>Current Assets - Others</b>			
Premium due but unpaid		48,649,936	24,753,024
Amounts due from other insurers / reinsurers		28,217,783	25,742,710
Accrued investment income		57,009	22,843
Reinsurance recoveries against outstanding claims		10,445,943	17,130,080
Deferred commission expense		5,035,111	4,361,380
Taxation - net		2,951,921	3,106,695
Prepayments		13,148,547	10,672,251
Sundry receivables		5,938,200	1,978,038
		114,444,450	87,767,021
<b>Fixed Assets</b>	16		
<b>Tangible</b>			
Free hold land		27,500,000	27,500,000
Furniture and fixture		3,036,926	2,876,868
Office equipment		1,649,784	1,461,113
Computer and related equipment		323,389	290,797
Motor vehicle		5,309,583	6,948,959
		37,819,682	39,077,737
<b>TOTAL ASSETS</b>		<b>195,840,084</b>	<b>176,024,246</b>



Monavar Karamat  
Director



Syed Adnan Ali  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**For the three and six months period ended June 30, 2013**

Three months period ended June 30, 2013						
	Fire & Property	Marine & Transport	Motor	Miscellaneous	30 June 2013 Aggregate	30 June 2012 Aggregate
Note	(Rupees)					
<b>Revenue Account</b>						
Net premium revenue	256,359	403,324	7,004,888	3,479,710	11,144,281	10,176,557
Net claims	(160,074)	(292,320)	(2,379,082)	(16,202)	(2,847,678)	(5,094,720)
Management expenses	(972,339)	(1,696,840)	(1,893,500)	(3,189,209)	(7,751,888)	(4,753,955)
Net commission	(1,077,686)	(1,031,797)	(1,709,625)	(77,448)	(3,266,556)	96,875
	(2,210,099)	(3,020,957)	(5,352,207)	(3,282,859)	(13,866,122)	(9,751,800)
<b>Underwriting result</b>	<b>(1,953,740)</b>	<b>(2,617,633)</b>	<b>1,652,681</b>	<b>196,851</b>	<b>(2,721,841)</b>	<b>424,757</b>
Investment income					1,611,057	28,927
Gain on sale of fixed assets					358,149	322,115
Other income-net					20	16,602
General and administrative expense					(2,087,715)	(3,977,300)
<b>Loss before tax</b>					<b>(2,840,330)</b>	<b>(3,184,899)</b>
Taxation					(179,853)	(13,042)
<b>Loss after tax</b>					<b>(3,020,183)</b>	<b>(3,197,941)</b>
<b>Earnings per share - basic and diluted</b>					<b>(0.25)</b>	<b>(0.26)</b>

Six months period ended June 30, 2013						
	Fire & Property	Marine & Transport	Motor	Miscellaneous	30 June 2013 Aggregate	30 June 2012 Aggregate
Note	(Rupees)					
<b>Revenue Account</b>						
Net premium revenue	1,170,888	3,540,142	12,935,759	4,473,147	22,119,936	21,015,184
Net claims	(614,522)	(666,196)	(6,553,608)	(228,452)	(8,062,778)	(8,132,047)
Management expenses	(1,593,617)	(2,671,779)	(4,660,096)	(3,563,720)	(12,489,212)	(9,017,637)
Net commission	(953,179)	(1,078,121)	(1,967,085)	(196,800)	(4,195,185)	(1,272,509)
	(3,161,318)	(4,416,096)	(13,180,789)	(3,988,972)	(24,747,175)	(18,422,193)
<b>Underwriting result</b>	(1,990,430)	(875,954)	(245,030)	484,175	(2,627,239)	2,592,991
Investment income					1,681,838	1,274,650
Gain on sale of fixed assets					1,903,215	322,115
Other income-net					6,188,275	2,018,048
General and administrative expense					(6,595,098)	(7,749,140)
<b>Profit / (Loss) before tax</b>					550,990	(1,541,336)
Taxation					(234,759)	(123,224)
<b>Profit / (Loss) after tax</b>					316,231	(1,664,560)
<b>Profit and loss appropriation account</b>						
Balance at commencement of the year					(81,090,630)	(62,928,478)
Profit / (Loss) after tax for the period					316,231	(1,664,560)
<b>Balance of accumulated loss at end of the period</b>					(80,774,339)	(64,593,038)
<b>Earnings per share - basic and diluted</b>	17				0.03	(0.14)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information

  
**Naim Anwar**  
Managing Director & CEO

  
**Mudassar Zubair Mirza**  
Director

  
**Monavar Karamat**  
Director

  
**Syed Adnan Ali**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**For the three and six months period ended June 30, 2013**

	Quarter ended		Half year	
	June 30 2013	June 30 2012	June 30 2013	June 30 2012
Profit / (Loss) after tax for the period	(3,020,184)	(3,197,941)	316,231	(1,664,560)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<b>(3,020,184)</b>	<b>(3,197,941)</b>	<b>316,231</b>	<b>(1,664,560)</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information



**Naim Anwar**  
Managing Director & CEO



**Mudassar Zubair Mirza**  
Director



**Monavar Karamat**  
Director



**Syed Adnan Ali**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
For the six months ended June 30, 2013

	Share Capital Issued, Subscribed and paid-up capital	Capital Reserve Reserve for exceptional losses	Revenue Reserve  General reserve	Accumulated loss	Total
	<b>(Rupees)</b>				
Balance as at January 01, 2012	121,000,000	1,767,568	24,497,265	(62,928,478)	84,336,355
Total comprehensive loss for the period	-	-	-	(1,664,560)	(1,664,560)
Balance as at June 30, 2012	121,000,000	1,767,568	24,497,265	(64,593,038)	82,671,795
Balance as at January 01, 2013	121,000,000	1,767,568	24,497,265	(81,090,630)	66,174,203
Total comprehensive Profit for the period	-	-	-	316,231	316,231
Balance as at June 30, 2013	121,000,000	1,767,568	24,497,265	(80,774,399)	66,490,434

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information

  
Naim Anwar  
Managing Director & CEO

  
Mudassar Zubair Mirza  
Director

  
Monavar Karamat  
Director

  
Syed Adnan Ali  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**For the six months ended June 30, 2013**

	30 June 2013	30 June 2012
	<b>(Rupees)</b>	
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities</b>		
Premium received	34,749,660	34,090,394
Reinsurance premium paid	(19,802,804)	(10,316,601)
Claims paid	(7,147,793)	(16,197,190)
Reinsurance and other recoveries received	11,308,620	5,727,895
Commission paid	(8,352,038)	(4,627,655)
Commission Received	2,312,572	3,790,462
Net cash inflows from under writing activities	13,068,217	12,467,305
<b>b) Other operating activities</b>		
Income tax paid	(79,986)	(101,415)
General management expenses paid	(18,529,353)	(17,154,275)
Other operating receipts	(3,960,162)	2,603,205
Net cash flows from other operating activities	(22,569,501)	(14,652,485)
Total cash outflows from all operating activities	(9,501,284)	(2,185,180)
<b>Investing activities</b>		
Profit / return received	107,485	246,343
Dividend received	135,591	181,483
Payments for investments	(4,930,611)	(35,520)
Proceeds from disposal of investments	10,124,240	881,988
Fixed capital expenditure	(766,943)	(386,808)
Proceeds from disposal of fixed assets	3,017,000	755,000
Total cash inflows from investing activities	7,686,762	1,642,486
Total cash (outflow) from all activities	(1,814,522)	(542,694)
Add: Cash at beginning of the period	8,665,555	10,456,763
Cash at the end of the period	6,851,033	9,914,069
<b>Reconciliation to the Profit and Loss Account</b>		
Operating cash flows	(9,501,284)	(2,185,180)
Depreciation expense	(911,214)	(1,257,546)
Profit on disposal of fixed assets	1,903,215	322,115
Investment Income	1,681,858	3,292,698
Increase/decrease in assets other than cash	26,643,263	(10,082,130)
Increase/decrease in liabilities other than running finance	(19,499,607)	8,245,482
<b>Profit / (Loss) after taxation</b>	316,231	(1,664,561)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
**Naim Anwar**  
Managing Director & CEO

  
**Mudassar Zubair Mirza**  
Director

  
**Monavar Karamat**  
Director

  
**Syed Adnan Ali**  
Director

# CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)

For the three and six months period ended June 30, 2013

Business underwritten inside Pakistan

Three months period ended June 30, 2013

Class		Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid reinsurance premium ceded		Re-insurance expense	30 June 2013 Net premium revenue	30 June 2012 Net premium revenue
			Opening	Closing			Opening	Closing			
Direct and facultative		(Rupees)									
1	Fire and property damage	4,145,487	6,824,969	7,220,233	3,750,223	7,642,529	5,766,915	9,915,580	3,493,864	256,359	1,483,170
2	Marine and transport	7,258,634	1,936,552	4,025,187	5,169,999	5,360,307	969,271	1,562,903	4,766,675	403,324	2,414,136
3	Motor	8,294,640	16,143,776	17,040,508	7,397,908	806,250	360,794	774,024	393,020	7,004,888	5,609,311
4	Miscellaneous	13,200,279	2,616,857	12,012,273	3,804,363	306,075	914,618	896,040	324,653	3,479,710	669,940
Sub total		32,899,040	27,522,154	40,298,702	20,122,492	14,115,161	8,011,598	13,148,547	8,978,212	11,144,281	10,176,557

Six months period ended June 30, 2013

Class		Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid reinsurance premium ceded		Re-insurance expense	30 June 2013 Net premium revenue	30 June 2012 Net premium revenue
			Opening	Closing			Opening	Closing			
Direct and facultative		(Rupees)									
1	Fire and property damage	6,726,725	8,337,880	7,220,233	7,844,372	8,910,489	7,678,575	9,915,580	6,673,484	1,170,888	3,174,678
2	Marine and transport	11,386,504	3,921,465	4,025,187	11,282,782	7,322,413	1,983,130	1,562,903	7,742,640	3,540,142	5,291,930
3	Motor	19,739,022	10,920,617	17,040,508	13,619,131	806,250	651,146	774,024	683,372	12,935,759	11,108,759
4	Miscellaneous	14,721,569	2,337,458	12,012,774	5,046,254	1,109,746	359,401	896,040	573,107	4,473,147	1,439,817
Sub total		52,573,820	25,517,420	40,298,702	37,792,538	18,148,898	10,672,252	13,148,547	15,672,603	22,119,936	21,015,184

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information

  
Naim Anwar  
Managing Director & CEO

  
Mudassar Zubair Mirza  
Director

  
Monavar Karamat  
Director

  
Syed Adnan Ali  
Director



# CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)

For the three and six months period ended June 30, 2013

Business underwritten inside Pakistan


Business underwritten inside Pakistan				Three months period ended June 30, 2013					
Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission from Re-insurers	30 June 2013 Net Underwriting expense	30 June 2012 Net Underwriting expense
		Opening	Closing						
Direct and facultative									
	(Rupees)								
Fire and property damage	2,076,784	1,364,994	1,444,047	1,997,731	972,339	2,970,070	920,045	2,050,025	1,217,513
Marine, aviation and transport	1,990,760	290,483	603,778	1,677,465	1,696,840	3,374,306	645,668	2,728,637	1,089,668
Motor	1,214,135	2,421,566	2,556,076	1,079,625	1,893,500	2,973,125	---	2,973,125	2,375,904
Miscellaneous	142,812	523,371	431,210	234,973	3,189,209	3,424,182	157,525	3,266,657	657,593
Sub total	5,424,491	4,600,414	5,035,111	4,989,794	7,751,888	12,741,683	1,723,238	11,018,444	5,340,678


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

Class	Six months period ended June 30, 2013								
	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission from Re-insurers	30 June 2013 Net Underwriting expense	30 June 2012 Net Underwriting expense
		Opening	Closing						
Direct and facultative	(Rupees)								
Fire and property damage	2,584,239	1,667,576	1,444,047	2,807,768	1,593,617	4,401,385	1,854,589	2,546,796	2,053,103
Marine, aviation and transport	2,565,079	588,220	603,778	2,549,521	2,671,779	5,221,301	1,471,400	3,749,900	2,214,169
Motor	2,885,068	1,638,093	2,556,076	1,967,085	4,660,096	6,627,181	---	6,627,181	4,883,598
Miscellaneous	317,652	4,67,492	431,210	353,934	3,563,720	3,917,654	157,134	3,760,520	1,139,276
Sub total	8,352,038	4,361,381	5,035,111	7,678,308	12,489,212	20,167,521	3,483,123	16,684,397	10,290,146

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

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information

  
Naim Anwar  
Managing Director & CEO

  
Mudassar Zubair Mirza  
Director

  
Monavar Karamat  
Director

  
Syed Adnan Ali  
Director

# CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)

For the three and six months period ended June 30, 2013

	Three month ended		Six month ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
<b>Income from Non-Trading Investments</b>	<b>(Rupees)</b>		<b>(Rupees)</b>	
<b>Held-to-maturity</b>				
Return on fixed income securities and deposits	71,148	94,745	141,651	249,685
<b>Available-for-sale</b>				
Dividend income	135,313	163,525	135,591	181,483
Gain / (Loss) on sale on available for sale investments	393,934	(229,343)	393,934	(632,018)
	529,247	(65,818)	529,525	(450,535)
Reversal / (Provision) for impairment available for sale investments-net	1,010,662	-	1,010,662	1,475,500
<b>Net investment income</b>	<b>1,611,057</b>	<b>28,927</b>	<b>1,681,838</b>	<b>1,274,650</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information

  
Naim Anwar  
Managing Director & CEO

  
Mudassar Zubair Mirza  
Director

  
Monavar Karamat  
Director

  
Syed Adnan Ali  
Director

## NOTES TO THE CONDENCED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH ENDED JUNE 30, 2013

### 1. The Company and its operations

- 1.1 The Crescent Star Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1957 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and registered as a non life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed on the Karachi and Lahore Stock Exchanges and is situated at 2nd floor, Nadir House, I.I . Chundrigar Road, Karachi.
- 1.2 The Company has paid up capital of Rs. 121 million, however as per the circular no. 3 of 2007 dated 10th April 2007 of the SECP, paid up capital of the company should be Rs. 300 million as at December 31, 2011. The SECP had served a show cause notice for the compliance of the minimum capital requirement. The Board of Directors has submitted the business plan describing the road map for meeting the minimum capital requirement in response to the said notice. The SECP while accepting the submitted business plan via their letter dated August 01, 2013 has directed the Company to implement it in such a way to meet the minimum capital and solvency requirement by November 30, 2013. The Board of Directors has accordingly announced a 412.5% Right issue accordingly at a discount of Rs. 4/ per share which is subject to meeting all the requirements and conditions of the law and therefore extra ordinary general meeting has been called on August 27, 2013.
- 1.3 The Company has also sent notice to KSE showing its interest in acquisition of 21 percent shares of Shaheen Insurance Company Limited. The SECP has advised that all legal requirements are met before finalization of deal and the impact of this on the financial position and the solvency position must be ascertained.
- 1.4 The management of the Company is confident to meet all statutory requirements and steps has been taken to implement the business plan to meet the minimum capital requirement latest by November 30, 2013 as instructed by SECP.

### 2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the six months period ended June 30, 2013 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in these interim condensed financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012.

#### 2.1 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

IFRS 9 "Financial instruments", applies on a modified retrospective basis to annual periods beginning on or after January 01, 2015.

IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction

IAS 36, "Intangible assets", amendments resulting from recoverable amount disclosures for Non financial assets . Applicable to annual periods beginning on or after January 01, 2014.

### 3. BASIS OF MEASUREMENT

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

### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these interim condensed financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2012.

### 5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2012. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended December 31, 2012.

### 6. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company for the year ended December 31, 2012

### 7. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2013 (Number of Shares)	2012		Un-Audited 30 June 2013	Audited 31 December 2012
			----- (Rupees) -----	
<b>9,133,453</b>	9,133,453	Ordinary shares of Rs.10 each fully paid in cash	<b>91,334,530</b>	91,334,530
<b>2,966,547</b>	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>29,665,470</b>	29,665,470
<b>12,100,000</b>	12,100,000		<b>121,000,000</b>	121,000,000

### 8. RESERVES

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

- 8.1 The reserve for exceptional losses represents the amount set aside in prior years up to December 31, 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts as reserve for exceptional losses.

	Un-Audited 30 June 2013	Audited 31 December 2012
	----- (Rupees) -----	
<b>9. AMOUNTS DUE TO OTHERS INSURERS / REINSURERS</b>		
Foreign reinsurers	12,691,299	4,486,025
Local reinsurers	10,125,997	11,412,888
Co- insurers	2,542,926	8,640,142
	<u>25,360,222</u>	<u>24,539,055</u>
<b>10. OTHER CREDITORS AND ACCRUALS</b>		
Federal Insurance Fees	150,914	133,160
Federal Excise Duty	1,471,855	1,105,067
Withholding tax	275,433	131,345
Sundry creditors	35,616	3,517
	<u>1,933,818</u>	<u>1,373,089</u>
<b>11. CONTINGENCIES AND COMMITMENTS</b>		
<b>11.1 CONTINGENCIES</b>		
The Company is defendant in following:		
Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8,290,000 against the Company.		
Suit filed by Al-Rehman Traders through its proprietor Mohammad Waseem and Orix Leasing Pakistan Ltd. against the Company.		
The management believes that the outcome of above lawsuits will be in favour of the Company and, accordingly, no provision for the same has been made in these financial statements.		
<b>11.2 COMMITMENTS</b>		
There were no commitments as at June 30, 2013.		
<b>12. CASH AND OTHER EQUIVALENTS</b>		
	----- (Rupees) -----	
Cash in hand	148,288	4,640
Policy stamp	17,956	17,550
	<u>166,244</u>	<u>22,190</u>
<b>13. CURRENT AND OTHER ACCOUNTS WITH BANKS</b>		
Current accounts	1,989,335	3,376,130
PLS savings accounts	10,665	17,235
	<u>2,000,000</u>	<u>3,393,365</u>
<b>14. DEPOSITS MATURING WITHIN 12 MONTHS</b>		
Term deposits	2,000,000	5,250,000
	<u>2,000,000</u>	<u>5,250,000</u>
<b>15. INVESTMENTS</b>		
Available for sale      Quoted shares	18,181,741	21,970,755
	<u>18,181,741</u>	<u>21,970,755</u>

## 16. FIXED ASSET

The details of additions and disposals during the six months period ended June 30, 2013 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	Rupees		Rupees	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Furniture and Fixture	317,143	51,370	-	-
Office Equipment	275,500	36,640	-	-
Equipment	89,300	-	-	-
Motor Vehicles	85,000	298,799	1,113,785	432,885
	<u>766,943</u>	<u>386,809</u>	<u>1,113,785</u>	<u>432,885</u>

## 17. EARNINGS PER SHARE - BASIC AND DILUTED

	Un-Audited	
	30 June 2013	30 June 2012
	Rupees	
Profit / (Loss) for the period attributable to Ordinary Shareholders	316,231	(1,664,560)
Number of shares	12,100,000	12,100,000
Profit / (Loss) per share	<u>0.03</u>	<u>(0.14)</u>

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

## 18. TRANSACTIONS WITH RELATED PARTIES

Related parties of Company comprise of directors, entities with common directors, major shareholders and entities owned by such shareholders and key management personnel. Material transactions with related parties under the normal terms of employment are:

	Un-Audited	
	30 June 2013	30 June 2012
	Rupees	
	(Unaudited)	
Premium underwritten	-	274,721
Provident fund contribution	-	7,200

## 19. SEGMENT REPORTING

	Fire & Property		Marine & Transport		Motor		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	Un-Audited 30 June 2013	Audited 31 December 2012
	(Rupees)									
<b>Segment Assets</b>	<b>15,840,972</b>	<b>18,293,204</b>	<b>5,834,143</b>	<b>9,294,955</b>	<b>5,017,100</b>	<b>3,054,239</b>	<b>1,937,386</b>	<b>1,521,314</b>	<b>28,629,601</b>	<b>32,163,711</b>
Unallocated corporate assets									<b>167,210,483</b>	<b>143,860,535</b>
<b>Consolidated total assets</b>									<b>195,840,084</b>	<b>176,024,246</b>
<b>Segment Liabilities</b>	<b>21,877,457</b>	<b>22,479,446</b>	<b>17,794,700</b>	<b>16,743,055</b>	<b>24,803,141</b>	<b>15,812,980</b>	<b>14,412,301</b>	<b>4,701,922</b>	<b>78,887,600</b>	<b>59,737,402</b>
Unallocated corporate liabilities									<b>29,354,551</b>	<b>29,005,140</b>
<b>Consolidated total liabilities</b>									<b>108,242,150</b>	<b>88,742,542</b>
Unallocated capital expenditures									<b>766,943</b>	<b>444,809</b>
Unallocated depreciation / amortization									<b>911,214</b>	<b>785,602</b>

## 20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on August 27, 2013.

## 21. GENERAL

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

21.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangement have been made.

21.3 Figures of the profit and loss account for the quarters ended 30 June 2013 and 30 June 2012 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

  
Naim Anwar  
Managing Director & CEO

  
Mudassar Zubair Mirza  
Director

  
Monavar Karamat  
Director

  
Syed Adnan Ali  
Director

# BRANCH NETWORK

## HEAD OFFICE

2nd Floor, Nadir House, I.I.Chundrigar Road, P.O.BOX No. 4616, Karachi (Pakistan)  
U.A.N.: 111-274-000 Phones: 32415471-73 Fax: (92-21) 32415474 - 32415475  
Email: info@cstarinsurance.com

## BRANCHES IN PAKISTAN

Branch Head / Incharge	Location	Cell No.	Phone No.	Fax No.
<b>KARACHI</b>				
Mr. Tahir Ali	2nd Floor, Nadir House I.I Chundrigar Road Karachi	0321-7659958	021-32428106	021-32415473
Mr. Azmatullah Shaikh	3rd Floor, Nadir House I.I Chundrigar Road Karachi	0314-2314013	021-38691253	021-38691253
<b>LAHORE</b>				
Mr. Muhammad Afzal Shehzad	801-C, 8th Floor City Tower Main Boulevard Gulberg Lahore.	0321-9417526	042-35788806	042-35788806
Mr. Rana Muhammad Arman	2nd Floor, Ghous Bakers, 120-Temple Road Lahore.	0321-9008800	042-37320540	042-37320554
<b>SIALKOT</b>				
Mr. Younus Shaheen	Room # 11 & 12, Al-Rehman Center, Saga Chowk, Defence Road, Sialkot.	0333-8624101	052-3240271-73	052-3240270
<b>MULTAN</b>				
Mr. Khalil Ahmed	Syed Khalil Ahmed, Crescent Star Insurance Limited, Kutchery Road Multan.	0300-7323292	061-4571338	061-4514138
<b>QUETTA</b>				
Mr. Nasir Khan	Office # 2 1st Floor Gul Complex, M.A. Jinnah Road Quetta.	0333-7825474	081-2828097	081-2837363
Mr. Atif	Perfection House, 1st Floor, M.A. Jinnah Road Quetta.	0300-9127077 / 0333-7878994	081-2820613	081-2820613
<b>PESHAWAR</b>				
Mr. Anwar Husain	9th Floor, Statelife Building The Mall Peshawar	0321-9108461	091-5275021	091-5275021
<b>RAHIM YAR KHAN</b>				
Mr. Ahsan-ul-Haq	6 Railway Road Rahim Yar Khan	0300-6731885	(068) 5876961	068-5876961
<b>BAHAWALPUR</b>				
Mr. Saleem Faruqi	5-Jameel Market Circular Road Bahawalpur	0300-9681288	(062) 2882038	062-2885997
<b>HASILPUR</b>				
Mr. Abdul Sattar Anjum	194-Mohallah Alamdar Abbas Ward # 28, Old Hasilpur City Hasilpur Dist. Bahawalpur	0300-7850667	(0622) 441108	
<b>SAHIWAL</b>				
Mr. Muzaffar Joya	House # 899, Block D, Farid Town Sahiwal	0302-3141140	(040) 4550899	
<b>HYDERABAD</b>				
Mr. Tanveer Hashim Khan	Office # 41 / 42, Al-Rahim Shopping Center, Mazzenine Floor, Phase - 1, Hyderabad	0300-9376541	(022) 2780624	
<b>TANDO ADAM</b>				
Mr. Rashid Husain	House # B-173, Gulshan-e-Suleman Hyderabad Road Tando Adam	0300-3038235	(023) 5572138	