



Your Security - Our Policy

Half Yearly Report June 2018 (Un-Audited)

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 (Chief Executive Officer) Dr. Fahim Lashkarwala Mr. Bilal Anwar Mr. Nadeem Ansar Ms. Rukhsana Asghar Ms. Shaiyanne Malik |
| Chief Executive Officer | Mr. Naim Anwar |
| Management | Mr. Naim Anwar (Chief Executive Officer) 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) |
| Board Audit Committee | Dr. Fahim Lashkarwala (Chairman) Mr. Bilal Anwar |
| Board H.R & Remuneration Committee | Mr. Bilal Anwar (Chairman) Mr. Naim Anwar |
| Board Investment Committee | Mr. Naim Anwar (Chairman) Dr. Fahim Lashkarwala |
| C F O & Company Secretary | Mr. Malik Mehdi Muhammad |
| Auditors | Grant Thornton Anjum Rahman Chartered Accountants |
| Legal Advisor | Uzma Anwar |
| Bankers | United Bank Limited Faysal Bank Limited Habib Bank Limited |
| 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 |
| Registered & Head Officer | 2 nd Floor, Nadir House I. I. Chundrigar Road P.O. BOX No. 4616, Karachi |

UNCONSOLIDATED
Financial Statements
for the Period Ended
June 30, 2018

Directors' Report to the Members on Unconsolidated Condensed Interim Financial Information

On behalf of the Board of Directors, I am pleased to present to you the unaudited condensed interim unconsolidated financial statements for the half year ended 30 June 2018.

General Review

The gross premium written for the half year has been Rs.71.413 million as compared to Rs.51.222 million for the corresponding figures last year. The net premium for the period has been recorded as Rs.51.913 million against Rs.67.647 million of the corresponding period. The Loss after tax recorded at Rs.8.591 million. Loss per share stood at Rs.0.08. Due to the impact of unearned premium net revenue growth is negative whereas gross premium has grown by 39%. This will reflect positively in later accounting periods. The EPS reflects the issuance of new shares, while paid up capital has grown by 30% and assets by 17%.

The corresponding period reflected a one off income on investments. The Company expects investment income in the near future subject to pipeline transactions including the merger of its subsidiary Crescent Star Foods (Private) Limited (CSF) with and into PICIC Insurance Limited subject to approval of the High Court and regulatory approvals, should reflect strength on your Company's Financials.

Performance Highlights

The comparative financial highlights for the half year ended 30 June 2018 and 2017 are presented below:-

| Rupees in millions (except for EPS) | 30 June | 30 June | Increase / (Decrease) | |
|-------------------------------------|-----------|-----------|-----------------------|-------|
| | 2018 | 2017 | Amount | % |
| Gross written premium | 71.413 | 51.222 | 20.191 | 39 |
| Net premium | 51.913 | 67.647 | (15.734) | (23) |
| (Loss) / profit before tax | (7.942) | 120.335 | (128.277) | (107) |
| (Loss) / profit after tax | (8.591) | 99.447 | (108.038) | (109) |
| Total assets | 1,325.176 | 1,136.829 | 188.347 | 17 |
| Paid-up capital | 1,076.950 | 826.833 | 250.117 | 30 |
| Earnings per share (EPS) | (0.08) | 1.20 | (1.280) | (107) |

Future Outlook

I am pleased to inform that the Company is on the track of growth. The breakup value of the Company is Rs. 9.11/share. The Company is anxiously awaiting the result of the merger of its subsidiary CSF.

Acknowledgments

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 and to all the stakeholders for their continued support and cooperation.

Naim Anwar
Chief Executive Officer
Karachi: August 20, 2018

ڈائریکٹران کی رپورٹ برائے غیر اشتمال شدہ اختصاری عبوری مالیاتی نتائج

بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ اختصاری عبوری غیر اشتمال شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2018ء پیش کرتے ہوئے میں اظہار مسرت کرتا ہوں۔

عمومی جائزہ

ششماہی مدت مختتمہ 30 جون 2018 میں خام تحریری پریمیم 71.413 ملین روپے رہا جبکہ گزشتہ سال کی اسی ششماہی مدت میں 51.222 ملین روپے تھا۔ اس مدت میں خالص پریمیم 51.913 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال اسی مدت میں 67.647 ملین روپے تھا۔ خسارہ بعد از ٹیکس 8.591 ملین روپے رہا۔ خسارہ فی حصص 0.08 روپے رہا۔ غیر اکتسابی پریمیم کے اثرات کی وجہ سے خالص ماحاصلات منفی رہے جبکہ خام پریمیم میں 39 فیصد اضافہ ہوا۔ اس کی عکاسی اگلی مالیاتی مدتوں میں ہوگی۔ ای پی ایس سے نئے حصص کے اجراء کی عکاسی ہوتی ہے، جبکہ ادا شدہ سرمائے میں 30 فیصد اور اثاثوں میں 17 فیصد اضافہ ہوا۔

گزشتہ مدت میں سرمایہ کاری پر ایک مرتبہ آمدنی حاصل ہوئی۔ کمپنی کو سرمایہ کاری سے حاصل ہونے والی آمدنی کی توقع ہے بشرطیکہ پائپ لائن میں موجود سودوں بشمول اس کی ذیلی کمپنی کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ کا پبلک انشورنس کمپنی لمیٹڈ میں انضمام عدالت عالیہ اور ضابطوں کی منظوری کے بعد تکمیل پاجائیں، ان سودوں کی تکمیل سے کمپنی کی مستحکم مالیاتی پوزیشن کی عکاسی ہوگی۔

کارکردگی کی جھلکیاں

ششماہی مدت مختتمہ 30 جون 2018 اور 2017 کی مالیاتی جھلکیوں کا موازنہ درج ذیل ہے:

| اضافہ/(کمی) | | روپے ملین میں | | |
|-------------|-----------|---------------|-------------|---------------------------|
| | | 30 جون 2017 | 30 جون 2018 | (سوائے ای پی ایس کے) |
| شرح فیصد | رقم | 2017 | 2018 | |
| 39 | 20.191 | 51.222 | 71.413 | خام تحریری پریمیم |
| (23) | (15.734) | 67.647 | 51.913 | خالص پریمیم |
| (107) | (128.277) | 120.335 | (7.942) | (خسارہ)/منافع قبل از ٹیکس |
| (109) | (108.038) | 99.447 | (8.591) | (خسارہ)/منافع بعد از ٹیکس |
| 17 | 188.347 | 1,136.829 | 1,325.176 | کل اثاثے |
| 30 | 250.117 | 826.833 | 1,076.950 | ادا شدہ سرمایہ |
| (107) | (1.280) | 1.20 | (0.08) | فی حصص منافع (ای پی ایس) |

مستقبل کی پیش بینی

میں یہ بتاتے ہوئے خوشی محسوس کر رہا ہوں کہ آپ کی کمپنی ترقی کے راستے پر گامزن ہے۔ کمپنی کی بریک اپ ویلیو 9.11 روپے فی حصص ہے۔ کمپنی اپنی ذیلی کمپنی CSF کے الحاق کے نتائج کا انتظار کر رہی ہے۔

اعتراف

اس موقع پر آپ کی کمپنی کے ڈائریکٹران سکیورٹیز اینڈ اینڈریج کمیونٹیز آف پاکستان، پاکستان اسٹاک ایکسچینج، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان، بینکوں و مالیاتی اداروں اور تمام مستفیدان کی مسلسل تائید اور تعاون پر ان کے مشکور ہیں۔

نعیم انور

چیف ایگزیکٹو آفیسر

**INDEPENDENT AUDITOR'S
REVIEW REPORT TO THE MEMBERS OF
CRESCENT STAR INSURANCE LIMITED**

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Crescent Star Insurance Limited as at June 30, 2018 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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 condensed interim unconsolidated financial statements 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 for qualified opinion

As stated in note 11.1 to the condensed interim unconsolidated financial statements, the Company has accrued interest of Rs. 84,036,595 (2017: 66,582,917) 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. 17,453,678 (2017: 34,483,089) and Rs. 84,036,595 (2017: 66,582,917) respectively.

Basis for qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months period ended June 30, 2018 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2018.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Shaukat Naseeb.

Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Date: August 20, 2018

Crescent Star Insurance Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at June 30, 2018

| | | June 30, 2018 (Un-audited) | (Restated) December 31, 2017 (Audited) |
|--|------|----------------------------------|---|
| | Note | ----- (Rupees) ----- | |
| ASSETS | | | |
| Property and equipment | 7 | 21,336,357 | 21,738,159 |
| Intangible assets | 8 | 2,037,750 | 2,717,000 |
| Investments in subsidiaries | 9 | 215,019,570 | 205,019,570 |
| Investments | 10 | | |
| Equity securities | | 14,743,770 | 14,392,592 |
| Debt securities | | - | 21,265,737 |
| Loans and other receivables | 11 | 717,937,183 | 649,498,385 |
| Insurance / reinsurance receivable | | | |
| Premiums due but unpaid | 12 | 175,583,461 | 165,353,427 |
| Amounts due from other insurers / reinsurers | | 69,054,886 | 70,452,999 |
| Reinsurance recoveries against outstanding claims | | 2,595,202 | 2,595,202 |
| Deferred commission expense | | 7,670,529 | 6,807,589 |
| Deferred taxation | | 12,705,448 | 12,807,290 |
| Prepayments | 13 | 10,636,595 | 12,488,782 |
| Cash and bank | 14 | 75,855,733 | 57,570,630 |
| Total assets | | <u><u>1,325,176,484</u></u> | <u><u>1,242,707,362</u></u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Authorized share capital | | | |
| 115,000,000 (2017: 115,000,000) Ordinary shares of Rs.10/- each | | <u>1,150,000,000</u> | <u>1,150,000,000</u> |
| Ordinary share capital | | 1,076,950,410 | 826,833,330 |
| Discount on issue of right shares | | (199,650,000) | (199,650,000) |
| Reserves | 15 | <u>103,784,350</u> | <u>112,126,119</u> |
| Total equity | | <u>981,084,760</u> | <u>739,309,449</u> |
| Share deposit money | | - | 250,012,730 |
| Liabilities | | | |
| Underwriting provisions | | | |
| Outstanding claims including IBNR | | 54,021,223 | 66,422,035 |
| Unearned premium reserve | | 62,925,562 | 55,822,934 |
| Premium deficiency reserves | | 197,296 | 1,510,891 |
| Borrowings | | 5,774,400 | 3,694,550 |
| Premiums received in advance | | 2,804,003 | 1,453,157 |
| Insurance / Reinsurance payables | 16 | 53,362,075 | 43,135,172 |
| Other creditors and accruals | 17 | 162,437,921 | 79,158,468 |
| Taxation - provision less payment | | 2,569,244 | 2,187,976 |
| Total liabilities | | <u>344,091,724</u> | <u>253,385,183</u> |
| Total equity and liabilities | | <u><u>1,325,176,484</u></u> | <u><u>1,242,707,362</u></u> |
| Contingencies and commitments | 18 | | |

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Condensed Interim unconsolidated Statement of Comprehensive Income (Un-audited)
For the period ended June 30, 2018

| | Note | Quarter ended | | Half year ended | |
|--|------|----------------------|--------------------------------|--------------------|--------------------------------|
| | | June 30, 2018 | (Restated) June 30, 2017 | June 30, 2018 | (Restated) June 30, 2017 |
| | | ----- (Rupees) ----- | | | |
| Net insurance premium | 19 | 27,820,920 | 34,988,575 | 51,913,259 | 67,646,893 |
| Net insurance claims | 20 | (7,407,033) | (5,940,957) | (1,342,864) | (20,055,730) |
| Premium deficiency reserve reversal | | - | - | 1,313,595 | - |
| Net commission and other acquisition costs | 21 | (6,530,895) | (4,352,393) | (10,271,379) | (8,511,103) |
| Insurance claims and acquisition expenses | | (13,937,928) | (10,293,350) | (10,300,648) | (28,566,833) |
| Management expenses | | (20,158,665) | (24,390,081) | (38,747,374) | (42,034,643) |
| Underwriting results | | (6,275,673) | 305,144 | 2,865,237 | (2,954,583) |
| Investment (loss) / income | 22 | (229,210) | 54,413,596 | 396,445 | 136,170,034 |
| Other income | | 11,223,678 | 8,597,153 | 19,935,327 | 17,099,834 |
| Other expenses | | (13,760,035) | (16,451,038) | (30,726,051) | (29,791,709) |
| Results of operating activities | | (9,041,240) | 46,864,855 | (7,529,042) | 120,523,576 |
| Finance costs | | (236,412) | (84,830) | (413,147) | (188,275) |
| (Loss) / profit before tax | | (9,277,652) | 46,780,025 | (7,942,189) | 120,335,301 |
| Income tax expense | | (347,762) | (14,913,807) | (648,916) | (20,888,206) |
| (Loss) / profit after tax | | (9,625,414) | 31,866,218 | (8,591,105) | 99,447,095 |
| Other comprehensive income: | | | | | |
| Fair value gain on available for sale investments during the period - net of tax | | 67,612 | (12,246,562) | 249,336 | 1,686,616 |
| Reclassification adjustments relating to available for sale investments disposed off - net | | - | (30,134,867) | - | (77,337,270) |
| Total items that may be reclassified subsequently to profit and loss | | 67,612 | (42,381,429) | 249,336 | (75,650,654) |
| Total comprehensive (loss) / income | | (9,557,802) | (10,515,211) | (8,341,769) | 23,796,441 |
| Earnings per share - basic and diluted | 23 | (0.09) | (Restated) 0.39 | (0.08) | (Restated) 1.20 |

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Unconsolidated Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the period ended June 30, 2018

| | Share capital | Discount on issue of right shares | Capital reserves | | Revenue reserves | | Total shareholders' equity |
|---|--|-----------------------------------|--------------------------------|--|-------------------|-----------------------|----------------------------|
| | Issued, subscribed and paid-up share capital | | Reserve for exceptional losses | Surplus on remeasurement of available for sale investments | General reserve | Unappropriated profit | |
| | ------(Rupees)----- | | | | | | |
| Balance as at January 01, 2017 - Audited | 826,833,330 | (199,650,000) | 1,767,568 | - | 24,497,265 | 10,892,945 | 664,341,108 |
| Effect of change in accounting policy (note 6.2.2) - net of tax | - | - | - | 78,584,353 | - | - | 78,584,353 |
| Balance as at January 01, 2017 as restated (note 6.2.2) | 826,833,330 | (199,650,000) | 1,767,568 | 78,584,353 | 24,497,265 | 10,892,945 | 742,925,461 |
| Profit after tax | - | - | - | - | - | 99,447,095 | 99,447,095 |
| Other comprehensive loss for the period (restated - note 6.2.2) | - | - | - | (75,650,654) | - | - | (75,650,654) |
| Balance as at June 30, 2017 - (Un-audited) | 826,833,330 | (199,650,000) | 1,767,568 | 2,933,699 | 24,497,265 | 110,340,040 | 766,721,902 |
| Balance as at January 01, 2018 - Audited | 826,833,330 | (199,650,000) | 1,767,568 | - | 24,497,265 | 84,059,629 | 737,507,792 |
| Effect of change in accounting policy (note 6.2.2) - net of tax | - | - | - | 1,801,657 | - | - | 1,801,657 |
| Balance as at January 01, 2018 as restated (note 6.2.2) | 826,833,330 | (199,650,000) | 1,767,568 | 1,801,657 | 24,497,265 | 84,059,629 | 739,309,449 |
| Issue of right share at par | 250,117,080 | - | - | - | - | - | 250,117,080 |
| Loss after tax | - | - | - | - | - | (8,591,105) | (8,591,105) |
| Other comprehensive income for the period (restated - note 6.2.2) | - | - | - | 249,336 | - | - | 249,336 |
| Balance as at June 30, 2018 - (Un-audited) | 1,076,950,410 | (199,650,000) | 1,767,568 | 2,050,993 | 24,497,265 | 75,468,524 | 981,084,760 |

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the period ended June 30, 2018

| | June 30, 2018 | June 30, 2017 |
|--|----------------------|----------------------|
| Note | ----- (Rupees) ----- | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Premiums received | 62,533,758 | 58,945,647 |
| Reinsurance premiums paid | (541,004) | (6,132,075) |
| Claims paid | (13,743,676) | (23,890,015) |
| Reinsurance and other recoveries received | - | 30,126 |
| Commissions paid | (11,134,319) | (5,217,696) |
| Management expenses paid | 16,348,863 | (40,766,928) |
| Net cash inflow / (outflow) from underwriting activities | 53,463,622 | (17,030,941) |
| b) Other operating activities | | |
| Income tax paid | (267,648) | (228,224) |
| Other operating receipts | (47,643,016) | (96,436,232) |
| Loans advanced | (205,281) | (858,920) |
| Loans repayment received | 174,548 | 502,022 |
| Net cash outflow from other operating activities | (47,941,397) | (97,021,354) |
| Total cash inflow / (outflow) from operating activities | 5,522,225 | (114,052,295) |
| Investment activities | | |
| Profit / return received | 743,024 | 864,412 |
| Dividends received | 24 | - |
| Proceeds from investments | 11,265,737 | 115,688,573 |
| Fixed capital expenditure | (3,868,960) | (2,520,490) |
| Proceeds from sale of property, plant and equipment | 2,852,000 | - |
| Total cash inflow from investing activities | 10,991,825 | 114,032,495 |
| Financing activities | | |
| Share deposit money received | 104,350 | - |
| Borrowing under Musharaka arrangements obtained/ (paid) | 2,079,850 | (1,173,464) |
| Finance costs paid | (413,147) | (188,275) |
| Total cash inflow / (outflow) from financing activities | 1,771,053 | (1,361,739) |
| Net cash inflow/(outflow) from all activities | 18,285,103 | (1,381,539) |
| Cash at beginning of the period | 57,570,630 | 58,368,472 |
| Cash at end of the period | 75,855,733 | 56,986,933 |
| Reconciliation to profit and loss account | | |
| Operating cash flows | 5,522,226 | (114,052,295) |
| Depreciation | 7 (1,863,585) | (1,558,252) |
| Amortization | 8 (679,250) | - |
| Profit on disposal of fixed assets | 444,823 | - |
| Profit on disposal of investments | 396,445 | 136,170,034 |
| Finance costs | (413,147) | (188,275) |
| Increase in assets other than cash | 76,628,074 | 108,548,893 |
| Increase in liabilities other than borrowings | (88,245,423) | (8,773,079) |
| Provision for taxation | (381,268) | (20,888,206) |
| (Loss) / profit after taxation for the period | (8,591,105) | 99,258,820 |

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

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

The disclosures made in these condensed interim financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan vide S.R.O. 89(I)2017 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

3 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended June 30, 2018 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 Act, 2017, Insurance Ordinance, 2000 and Insurance Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, Insurance Ordinance, 2000 and Insurance Rules, 2017 shall prevail.

During the period, the Company has changed format for preparation of its condensed interim unconsolidated financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of unconsolidated condensed interim financial statement of the Company for the six months period ended June 30, 2018.

During the period the Companies Act, 2017 has been implemented, however there is no impact on the unconsolidated condensed interim financial statement.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values. Accrual basis of accounting has been used except for cash flow information.

These are separate condensed interim financial statements of the Company in which investments in subsidiaries are accounted for on the basis of cost of investment rather than on the basis of reported results.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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In preparing these condensed interim unconsolidated 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, 2017 except for note no. 6.2.

6 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

6.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2017. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements of the Company for the year ended December 31, 2017, except as follows;

6.2 Changes in accounting policies

6.2.1 Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

SECP has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017 and format for the preparation of financial statements. The new Insurance Rules are effective for the current period financial statements. Under the new Insurance Rules, 2017, certain changes have been made to the presentation of the financial statements which include the following :

- Changes in the sequence of assets / liabilities in the statement of financial position;
- Discontinuation of separate statements of premium, claims, commission and investment income, which are now presented (on aggregate basis) into the notes of the financial statements (note 19, 20, 21 and 22); and
- Underwriting results in relation to various classes of business which were previously on the face of the profit and loss account are now presented in a separate note (note 25).

6.2.2 The Company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS 39 "Financial Instruments-Recognition and Measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transfer to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in the accounting policy has been applied retrospectively and comparative information has been restated in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of change in accounting policy are summarized below:

| | December 31, 2017 (Audited) | | |
|----------------------------------|--|-------------------|-----------------------------|
| | Balance previously reported | Adjustment | Balance Restated |
| Investments | | | |
| Equity securities | 11,855,047 | 2,537,545 | 14,392,592 |
| Deferred taxation | 13,543,178 | (735,888) | 12,807,290 |
| Reserves (Unappropriated profit) | 110,324,462 | 1,801,657 | 112,126,119 |

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| | | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|---------------|---|----------------------------------|-----------------------------------|
| | Note | ----- (Rupees) ----- | |
| 7 | PROPERTY AND EQUIPMENT | | |
| | Operating assets | <u>21,336,357</u> | <u>21,738,159</u> |
| 7.1 | Operating assets | | |
| | Opening written down value | 21,738,159 | 17,736,996 |
| | Add: additions during the period / year - at cost | | |
| | - Motor vehicles | 3,569,210 | 3,340,000 |
| | - Computers and related accessories | 84,150 | 188,986 |
| | - Office equipment | - | 721,600 |
| | - Furniture and fixtures | 215,600 | 5,304,029 |
| | | <u>3,868,960</u> | <u>9,554,615</u> |
| | Less: written down value of deletions | (2,407,177) | (2,077,090) |
| | Depreciation for the period / year | <u>(1,863,585)</u> | <u>(3,476,362)</u> |
| | | <u>(4,270,762)</u> | <u>(5,553,452)</u> |
| | | <u>21,336,357</u> | <u>21,738,159</u> |
| 8 | INTANGIBLE ASSETS | | |
| | Computer software | 2,717,000 | 4,075,500 |
| | Less: amortizaion for the period / year | <u>(679,250)</u> | <u>(1,358,500)</u> |
| | | <u>2,037,750</u> | <u>2,717,000</u> |
| 9 | INVESTMENTS IN SUBSIDIARIES - at cost | | |
| | | Holdings | |
| | Crescent Star Foods (Private) Limited | 72% 214,999,630 | 204,999,630 |
| | Crescent Star Technologies (Private) Limited | 99% 9,970 | 9,970 |
| | Crescent Star luxury (Private) Limited | 99% 9,970 | 9,970 |
| | | <u>215,019,570</u> | <u>205,019,570</u> |
| | | Note | |
| 10 | INVESTMENTS | | |
| | Equity securities | 10.1 <u>14,743,770</u> | <u>14,392,592</u> |
| | Debt securities | 10.2 <u>-</u> | <u>21,265,737</u> |
| 10.1 | Equity securities | | |
| | Available-for-sale | 10.1.1 <u>14,743,770</u> | <u>14,392,592</u> |
| 10.1.1 | Others | | |
| | Listed shares | 10.1.1.1 128,731 | 147,286 |
| | Mutual funds | 10.1.1.2 <u>14,615,039</u> | <u>14,245,306</u> |
| | | <u>14,743,770</u> | <u>14,392,592</u> |

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10.1.1.1 Investment in Dost Steels Limited, an associated company represents 7,020 shares (2017: 7,020 shares) having book value of Rs. 32,002 (2017: Rs. 32,002) and market value of Rs. 55,528 (2017: Rs. 70,621) with 0.002% (2017: 0.002%) of total equity of the associated company.

10.1.1.2 Securities having book value of Rs. 11.731 million (2017: Rs. 11.731 million) and market value of Rs. 14.615 million (2017: Rs. 14.245 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.

| | | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|-----------------------------|-------------|---|--|
| | Note | ----- (Rupees) ----- | |
| 10.2 Debt securities | | | |
| Held-to- maturity | | | |
| Government securities | 10.2.1 | - | 21,265,737 |

10.2.1 Government securities having amortised cost of Rs. Nil (2017: Rs. 21.265 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.

| | | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|---|-------------|---|--|
| | Note | ----- (Rupees) ----- | |
| 11 LOAN AND OTHER RECEIVABLES | | | |
| Accrued investment income | | - | 346,603 |
| Security deposits | | 6,833,962 | 7,239,962 |
| Advance to employees | | 245,976 | 215,244 |
| Advance against expenses | | 260,000 | 260,000 |
| Accrued interest on advance against issue of shares | 11.1 | 84,036,595 | 66,582,917 |
| Advance against issuance of shares | 11.2 | 614,439,682 | 560,097,552 |
| Others | | 12,120,968 | 14,756,107 |
| | | <u>717,937,183</u> | <u>649,498,385</u> |

11.1 This represents accrued interest on advances against issue of shares given to Dost Steels Limited (an associated company). Movement in advances is as follows:

| | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|-------------------------------------|---|--|
| Movement | ----- (Rupees) ----- | |
| Balance as at beginning of the year | 66,582,917 | 32,099,828 |
| Income for the year | 17,453,678 | 34,483,089 |
| Received during the year | - | - |
| Balance at the end of the year | <u>84,036,595</u> | <u>66,582,917</u> |

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11.2 This represents advances against issue of shares given to the following associated companies:

| Name of the Company | Note | June 30, | December 31, |
|---|--------|----------------------|--------------------|
| | | 2018 (Un-audited) | 2017 (Audited) |
| | | ----- (Rupees) ----- | |
| Dost Steels Limited - Associate | 11.2.1 | 354,379,066 | 354,379,066 |
| Crescent Star Foods (Private) Limited - Subsidiary | | 187,451,859 | 143,541,099 |
| Crescent Star Luxury (Private) Limited - Subsidiary | | 66,342,230 | 55,950,860 |
| Crescent Star Technology (Private) Limited - Subsidiary | | 6,266,527 | 6,226,527 |
| | | <u>614,439,682</u> | <u>560,097,552</u> |

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

12 PREMIUMS DUE BUT UNPAID

It includes amount of Rs. 8,505,674 (2017: Rs. 8,505,674) due from related parties.

| 13 PREPAYMENTS | Note | June 30, | December 31, |
|-----------------------------------|------|----------------------|-------------------|
| | | 2018 (Un-audited) | 2017 (Audited) |
| | | ----- (Rupees) ----- | |
| Prepaid reinsurance premium ceded | | 10,611,595 | 10,842,633 |
| Prepaid rent | | 25,000 | 76,000 |
| Others | | - | 1,570,149 |
| | | <u>10,636,595</u> | <u>12,488,782</u> |

14 CASH AND BANK

Cash and other equivalents

| | | | |
|----------------------------------|------|-------------------|-------------------|
| Cash with State Bank of Pakistan | 14.1 | 72,238,047 | 51,238,047 |
| Cash in hand | | 82,627 | 89,857 |
| Policy and revenue stamps | | 835,975 | 688,134 |
| | | <u>73,156,649</u> | <u>52,016,038</u> |

Current and other accounts

| | | | |
|--|------|-------------------|-------------------|
| Current accounts | | 2,249,294 | 1,691,935 |
| Profit and loss savings accounts | 14.2 | 772,209 | 4,175,769 |
| | | 3,021,503 | 5,867,704 |
| Less: provision against dormant accounts | | (322,419) | (313,112) |
| | | <u>2,699,084</u> | <u>5,554,592</u> |
| | | <u>75,855,733</u> | <u>57,570,630</u> |

14.1 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.

14.2 These carry mark-up ranging from 3.75% to 4.5% (2017: 4%) per annum.

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| | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|---|----------------------------------|-----------------------------------|
| | ----- (Rupees) ----- | |
| 15 RESERVES | | |
| Capital | | |
| Reserve for exceptional losses | 1,767,568 | 1,767,568 |
| Surplus on remeasurement of available for sale investments to fair value | 2,050,993 | 1,801,657 |
| Revenue | | |
| General reserve | 24,497,265 | 24,497,265 |
| Unappropriated profit | 75,468,524 | 84,059,629 |
| | <u>103,784,350</u> | <u>112,126,119</u> |
| 16 INSURANCE / REINSURANCE PAYABLES | | |
| Foreign reinsurers | 20,927,750 | 19,302,035 |
| Local reinsurers | 23,932,674 | 19,670,724 |
| Co-insurers | 8,501,651 | 4,162,413 |
| | <u>53,362,075</u> | <u>43,135,172</u> |
| 17 OTHER CREDITORS AND ACCRUALS | | |
| Federal insurance fees | 301,912 | 268,114 |
| Federal excise duty | 20,532,556 | 16,485,588 |
| Margin against performance bonds | 3,600,841 | 3,268,504 |
| Payable to staff provident fund | 439,154 | 433,596 |
| Withholding tax | 48,727,822 | 43,045,889 |
| Accrued expenses | 11,988,528 | 11,301,299 |
| Unclaimed dividend | 418,209 | 418,209 |
| Others | 76,428,899 | 3,937,269 |
| | <u>162,437,921</u> | <u>79,158,468</u> |
| 18 CONTINGENCIES AND COMMITMENTS | | |
| 18.1 CONTINGENCIES | | |
| The status of contingencies remain unchanged as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2017. | | |
| | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
| | ----- (Rupees) ----- | |
| 18.2 COMMITMENTS | | |
| Post dated cheques | <u>7,204,002</u> | <u>3,694,550</u> |

Crescent Star Insurance Limited
Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
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| | Quarter ended | | Half year ended | |
|--|----------------------------------|------------------|----------------------------------|----------------------------------|
| | June 30, 2018 (Un-audited) | June 30, 2017 | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) |
| ----- (Rupees) ----- | | | | |
| 19 NET INSURANCE PREMIUM | | | | |
| Gross written premium | 36,910,001 | 37,207,498 | 71,412,945 | 51,221,919 |
| Add : Unearned contribution reserve opening | - | 50,384,140 | 55,822,934 | 71,592,272 |
| Less: Unearned contribution reserve closing | (2,303,081) | (48,037,120) | (62,925,562) | (48,037,120) |
| Premium earned | 34,606,920 | 39,554,518 | 64,310,317 | 74,777,071 |
| Less: Reinsurance premium ceded | 6,083,010 | 6,750,188 | 12,166,020 | 13,500,376 |
| Add: prepaid reinsurance premium ceded opening | - | 7,463,269 | 10,842,633 | 3,277,316 |
| Less: prepaid reinsurance premium ceded closing | 702,990 | (9,647,514) | (10,611,595) | (9,647,514) |
| Reinsurance expense | 6,786,000 | 4,565,943 | 12,397,058 | 7,130,178 |
| | 27,820,920 | 34,988,575 | 51,913,259 | 67,646,893 |
| 20 NET INSURANCE CLAIMS EXPENSE | | | | |
| Claims paid | 5,586,317 | 10,356,955 | 13,743,676 | 23,890,015 |
| Add : Outstanding claims including IBNR closing | 1,820,716 | 67,207,011 | 54,021,223 | 67,207,011 |
| Less: Outstanding claims including IBNR opening | - | (71,623,009) | (66,422,035) | (71,011,170) |
| Claims expense | 7,407,033 | 5,940,957 | 1,342,864 | 20,085,856 |
| Less: Reinsurance and others recoveries received | - | - | - | 30,126 |
| Less: Reinsurance and others recoveries in respect of outstanding claims closing | - | (8,552,929) | (2,595,202) | (8,552,929) |
| Add: Reinsurance and others recoveries in respect of outstanding claims opening | - | 8,552,929 | 2,595,202 | 8,552,929 |
| Reinsurance and recoveries revenue | - | - | - | 30,126 |
| | 7,407,033 | 5,940,957 | 1,342,864 | 20,055,730 |
| 21 NET COMMISSION EXPENSE | | | | |
| Commission paid or payable | 6,759,198 | 3,796,759 | 11,134,319 | 5,217,696 |
| Add : Deferred commission expense opening | - | 5,741,905 | 6,807,589 | 8,479,678 |
| Less: Deferred commission expense closing | (228,303) | (5,186,271) | (7,670,529) | (5,186,271) |
| Net commission expense | 6,530,895 | 4,352,393 | 10,271,379 | 8,511,103 |
| 22 INVESTMENT INCOME | | | | |
| Income from equity securities | | | | |
| Available-for-sale financial assets | | | | |
| Dividend income | 24 | - | 24 | - |
| Gain on sale of available for sale investments | - | 53,835,481 | - | 135,680,136 |
| | 24 | 53,835,481 | 24 | 135,680,136 |
| Income from debt securities | | | | |
| Held to maturity | | | | |
| Return on government securities | (265,737) | 332,524 | 306,410 | 665,000 |
| Return on bank deposits | 36,503 | 128,147 | 90,011 | 195,341 |
| | (229,234) | 460,671 | 396,421 | 860,341 |
| Net realised (loss) / gain on investments | | | | |
| Add: Reversal / (provision) of impairment in debt securities | | | | |
| Held to maturity | - | 2,444 | - | (13,829) |
| Less: Investment related expenses | - | 115,000 | - | (356,614) |
| Investment (loss) / income | (229,210) | 54,413,596 | 396,445 | 136,170,034 |

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| | Quarter ended | | Half year ended | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) |
| 23 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| (Loss) / profit for the period | (9,625,414) | 31,866,218 | (8,591,105) | 99,447,095 |
| | ----- Number ----- | | | |
| Weighted average number of Ordinary shares | 107,695,041 | 82,683,333 | 103,549,454 | 82,683,333 |
| | ----- (Rupees) ----- | | | |
| (Loss)/ earnings per share - basic and diluted | (0.09) | 0.39 | (0.08) | 1.20 |

23.1 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.

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) |
|--|----------------------------------|----------------------------------|
| 24.1 Details of transactions | | |
| <i>Subsidiary Companies</i> | | |
| Crescent Star Foods (Private) Limited | | |
| Advance against issuance of shares | 43,910,760 | 50,665,895 |
| Crescent Star Luxury (Private) Limited | | |
| Advance against issuance of shares | 10,391,370 | - |
| Subscription of shares | - | 9,970 |
| <i>Associated undertakings having common directorship</i> | | |
| Dost Steels Limited | | |
| Markup on advance given | 17,453,678 | 8,502,681 |
| Remuneration to Key Management Personnel | 12,370,080 | 17,939,114 |
| Staff retirement benefits | | |
| Provident fund contribution | 1,063,610 | 1,221,357 |

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For the period ended June 30, 2018

25 SEGMENT INFORMATION

| | For the Six months period ended June 30, 2018 | | | | | | Total |
|--|---|--------------------------------|---------------------|-------------------|-----------------------|--------------------|---------------------|
| | Fire and property damage | Marine, aviation and transport | Motor | Accident & health | Credit and suretyship | Miscellaneous | |
| | ----- (Rupees) ----- | | | | | | |
| Gross written premium (inclusive of administrative surcharges) | 5,119,520 | 8,111,557 | 40,546,816 | - | 9,261,729 | 8,373,323 | 71,412,945 |
| Insurance premium earned | 5,447,170 | 5,793,499 | 32,440,034 | 1,263,435 | 11,452,473 | 7,913,705 | 64,310,316 |
| Insurance premium ceded to reinsurers | (3,101,739) | (2,105,137) | (2,290,239) | - | (2,737,859) | (2,162,084) | (12,397,058) |
| Net insurance premium | 2,345,431 | 3,688,362 | 30,149,795 | 1,263,435 | 8,714,614 | 5,751,621 | 51,913,258 |
| Commission income | - | - | - | - | - | - | - |
| Net underwriting income | 2,345,431 | 3,688,362 | 30,149,795 | 1,263,435 | 8,714,614 | 5,751,621 | 51,913,258 |
| Insurance claims | 13,491,831 | 1,145,067 | (14,353,035) | 1,558,155 | (934,018) | (2,250,864) | (1,342,864) |
| Insurance claims recovered from reinsurers | - | - | - | - | - | - | - |
| Net claims | 13,491,831 | 1,145,067 | (14,353,035) | 1,558,155 | (934,018) | (2,250,864) | (1,342,864) |
| Commission expense | (1,873,551) | (1,551,065) | (2,679,745) | (63,171) | (1,321,158) | (2,782,689) | (10,271,379) |
| Management expense | (2,250,125) | (3,573,733) | (25,332,372) | - | (3,986,521) | (3,604,623) | (38,747,374) |
| Premium deficiency reversal /(expense) | 1,367,890 | (54,295) | - | - | - | - | 1,313,595 |
| Net insurance claims and expenses | 10,736,045 | (4,034,026) | (42,365,152) | 1,494,984 | (6,241,697) | (8,638,176) | (49,048,022) |
| Underwriting results | 13,081,476 | (345,664) | (12,215,357) | 2,758,419 | 2,472,917 | (2,886,555) | 2,865,236 |
| Net investment income | | | | | | | 396,445 |
| Other income | | | | | | | 19,935,327 |
| Other expenses | | | | | | | (30,726,051) |
| Result of operating activities | | | | | | | (7,529,043) |
| Finance costs | | | | | | | (413,147) |
| Profit before tax for the period | | | | | | | (7,942,190) |

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For the period ended June 30, 2018

| | For the Six months period ended June 30, 2017 | | | | | | Aggregate |
|--|---|--------------------------------|--------------------|-------------------------------|-----------------------|------------------|--------------------|
| | Fire and property damage | Marine, aviation and transport | Motor | Accident & health (Rupees) | Credit and suretyship | Miscellaneous | |
| Gross written premium (inclusive of administrative surcharges) | 1,957,431 | 5,199,237 | 33,371,543 | 1,736,713 | 3,934,922 | 5,022,073 | 51,221,919 |
| Insurance premium earned | 7,159,846 | 5,464,869 | 43,833,373 | 711,107 | 10,731,047 | 6,876,829 | 74,777,071 |
| Insurance premium ceded to reinsurers | (787,651) | (1,204,986) | (2,510,415) | - | (1,920,284) | (706,842) | (7,130,178) |
| Net insurance premium | 6,372,195 | 4,259,883 | 41,322,958 | 711,107 | 8,810,763 | 6,169,987 | 67,646,893 |
| Commission income | - | - | - | - | - | - | - |
| Net underwriting income | 6,372,195 | 4,259,883 | 41,322,958 | 711,107 | 8,810,763 | 6,169,987 | 67,646,893 |
| Insurance claims | 411,120 | (2,903,290) | (15,112,303) | (5,043,506) | - | 2,562,123 | (20,085,856) |
| Insurance claims recovered from reinsurers | - | - | 30,126 | - | - | - | 30,126 |
| Net claims | 411,120 | (2,903,290) | (15,082,177) | (5,043,506) | - | 2,562,123 | (20,055,730) |
| Commission expense | (1,374,664) | (1,190,455) | (3,482,197) | 51,280 | (1,479,513) | (1,035,554) | (8,511,103) |
| Management expense | (1,254,955) | (3,307,933) | (30,679,775) | (1,139,258) | (2,465,508) | (3,187,214) | (42,034,643) |
| Net insurance claims and expenses | (2,218,499) | (7,401,678) | (49,244,149) | (6,131,484) | (3,945,021) | (1,660,645) | (70,601,476) |
| Underwriting results | <u>4,153,696</u> | <u>(3,141,795)</u> | <u>(7,921,191)</u> | <u>(5,420,377)</u> | <u>4,865,742</u> | <u>4,509,342</u> | <u>(2,954,583)</u> |
| Net investment income | | | | | | | 136,170,034 |
| Other income | | | | | | | 17,099,834 |
| Other expenses | | | | | | | (29,979,984) |
| Result of operating activities | | | | | | | 120,335,301 |
| Finance costs | | | | | | | (188,275) |
| Profit before tax for the period | | | | | | | <u>120,147,026</u> |

26 FAIR VALUE MEASUREMENT

| | 2018 | | | | | | | | |
|---|------------------|------------------------------------|--------------------|-----------------------|----------------|---------------|------------|---------|---------|
| | Carrying Amount | | | | | Fair Value | | | |
| | Held to maturity | Fair value through profit and loss | Available for sale | Loans and receivables | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| Rupees | | | | | | | | | |
| <i>On-balance sheet</i> | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and other equivalents | - | - | - | 73,156,649 | - | 73,156,649 | - | - | - |
| Current and other accounts | - | - | - | 2,699,084 | - | 2,699,084 | - | - | - |
| Investments | - | - | 14,743,770 | - | - | 14,743,770 | 14,743,770 | - | - |
| Premiums due but unpaid | - | - | - | 175,583,461 | - | 175,583,461 | - | - | - |
| Amounts due from other insurers / reinsurers | - | - | - | 69,054,886 | - | 69,054,886 | - | - | - |
| Accrued investment income | - | - | - | - | - | - | - | - | - |
| Reinsurance recoveries against outstanding claims | - | - | - | 2,595,202 | - | 2,595,202 | - | - | - |
| Against issuance of shares | - | - | - | 614,439,682 | - | 614,439,682 | - | - | - |
| Deposits | - | - | - | 6,833,962 | - | 6,833,962 | - | - | - |
| Other receivables | - | - | - | 96,157,563 | - | 96,157,563 | - | - | - |
| | - | - | 14,743,770 | 1,040,520,489 | - | 1,055,264,259 | 14,743,770 | - | - |
| Financial liabilities | | | | | | | | | |
| Provision for outstanding claims (including IBNR) | - | - | - | - | 54,021,223 | 54,021,223 | - | - | - |
| Insurance/ Reinsurance payables | - | - | - | - | 53,362,075 | 53,362,075 | - | - | - |
| Other creditors and accruals | - | - | - | - | 80,468,894 | 80,468,894 | - | - | - |
| Borrowing under musharaka arrangements | - | - | - | - | 5,774,400 | 5,774,400 | - | - | - |
| Unpresented dividend warrants | - | - | - | - | 418,209 | 418,209 | - | - | - |
| | - | - | - | - | 194,044,801 | 194,044,801 | - | - | - |

Crescent Star Insurance Limited
Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the period ended June 30, 2018

| | 2017 | | | | | | | | |
|---|-------------------|------------------------------------|--------------------|-----------------------|--------------------|--------------------|-------------------|----------|----------|
| | Carrying Amount | | | | | Fair Value | | | Level 3 |
| | Held to maturity | Fair value through profit and loss | Available for sale | Loans and receivables | Amortised cost | Total | Level 1 | Level 2 | |
| Rupees | | | | | | | | | |
| <i>On-balance sheet</i> | | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and other equivalents | - | - | - | 52,016,038 | - | 52,016,038 | - | - | - |
| Current and other accounts | - | - | - | 5,554,592 | - | 5,554,592 | - | - | - |
| Investments | 21,265,737 | - | 14,392,592 | - | - | 33,120,784 | 14,392,592 | - | - |
| 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 | - | - | - |
| | <u>21,265,737</u> | <u>-</u> | <u>14,392,592</u> | <u>944,995,399</u> | <u>-</u> | <u>978,116,183</u> | <u>14,392,592</u> | <u>-</u> | <u>-</u> |
| <u>Financial liabilities</u> | | | | | | | | | |
| Provision for outstanding claims (including IBNR) | - | - | - | - | 66,422,035 | 66,422,035 | - | - | - |
| Insurance/ Reinsurance payables | - | - | - | - | 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 | - | - | - |
| Unrepresented dividend warrants | - | - | - | - | 418,209 | 418,209 | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>121,309,335</u> | <u>121,309,335</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.

27 RECLASSIFICATIONS

27.1 As a result of adoption of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (note 6.2.1), corresponding figures have been rearranged whenever necessary, for the purpose of better presentation and comparison to the unconsolidated condensed interim financial statements as follows:

Balance Sheet

| Reclassified from | Reclassified to | Note | Rupees |
|-----------------------------------|------------------------------|------|------------|
| Accrued investment income | Loan and other receivables | 11 | 346,603 |
| Prepaid reinsurance premium ceded | Prepayments | 13 | 10,842,633 |
| Advance, deposits and prepayments | Prepayments | 13 | 1,646,149 |
| Other receivables | Loan and other receivables | 11 | 81,339,024 |
| Accrued expenses | Other creditors and accruals | 17 | 11,301,299 |
| Unclaimed dividend | Other creditors and accruals | 17 | 418,209 |

28 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and are authorised for issue on August 20, 2018.

29 Figures in these interim condensed financial statements have been rounded off to the nearest rupee, unless otherwise stated.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

CONSOLIDATED
Financial Statements
for the Period Ended
June 30, 2018

Directors' Report to the Members on Consolidated Condensed Interim Financial Information

On behalf of the Board of Directors, I am pleased to present the consolidated condensed Interim financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Foods (Private) Limited, Crescent Star Technologies (Private) Limited and Crescent Star Luxury (Private) Limited for the half year ended June 30, 2018.

The consolidated condensed interim financial information reflects Rs. (0.92) (June 30, 2017: Rs. 0.51) earnings per share for the period under review.

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

Naim Anwar
Chief Executive Officer
Karachi: August 20, 2018

متوسط مالیاتی معلومات کے حوالے سے ممبران کیلئے ڈائریکٹرز کی رپورٹ: (مجموعی معلوماتی گوشوارے)
بورڈ آف ڈائریکٹران کی جانب سے کریڈنٹ اسٹار انشورنس لمیٹڈ اور الحاق شدہ ادارے کریڈنٹ اسٹار فوڈز (پرائیوٹ) لمیٹڈ، کریڈنٹ اسٹار ٹیکولوجیز (پرائیوٹ) لمیٹڈ اور کریڈنٹ اسٹار لکشری (پرائیوٹ) لمیٹڈ کے 30 جون 2018ء کو ختم ہونے والے ششماہی کیلئے معلوماتی حسابات پیش کرتا ہوں۔

یہ متوسط معلومات زیر جائزہ مدت کے لئے (0.92) روپے کا (30 جون 2017ء: 0.51 روپے) نقصان فی شیئر ظاہر کیا گیا ہے۔

اس موقع پر آپ کی کمپنی کے ڈائریکٹرز تمام اسٹیک ہولڈرز کا ان کی جانب سے مکمل سپورٹ اور تعاون کے لئے شکر گزار ہے۔

نعیم انور

چیف ایگزیکٹو آفیسر

کراچی: 20 اگست 2018ء

Crescent Star Insurance Limited
Condensed Interim Consolidated Statement of Financial Position
As at June 30, 2018

| | | June 30, 2018 (Un-audited) | (Restated) December 31, 2017 (Audited) |
|--|------|----------------------------------|---|
| | Note | ----- (Rupees) ----- | |
| ASSETS | | | |
| Property and equipment | 7 | 179,942,879 | 157,881,653 |
| Capital work in progress | | - | 49,964,075 |
| Intangible assets | 8 | 51,999,184 | 53,994,270 |
| Investments | 9 | | |
| Equity securities | | 14,743,770 | 14,392,592 |
| Debt securities | | - | 21,265,737 |
| Loans and other receivables | 10 | 536,043,297 | 482,224,152 |
| Insurance / reinsurance receivable | | | |
| Premiums due but unpaid | 11 | 175,583,461 | 165,353,427 |
| Amounts due from other insurers / reinsurers | | 69,054,886 | 70,452,999 |
| Reinsurance recoveries against outstanding claims | | 2,595,202 | 2,595,202 |
| Deferred commission expense | | 7,670,529 | 6,807,589 |
| Deferred taxation | | 5,867,838 | 5,969,680 |
| Prepayments | 12 | 10,936,596 | 14,653,783 |
| Stock in trade - raw materials | | 21,002,889 | 31,815,733 |
| Cash and bank | 13 | 87,771,190 | 69,291,048 |
| Total assets | | 1,163,211,721 | 1,146,661,940 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Authorized share capital | | | |
| 115,000,000 (2017: 115,000,000) Ordinary shares of Rs.10/- each | | 1,150,000,000 | 1,150,000,000 |
| Ordinary share capital | | 1,076,950,410 | 826,833,330 |
| Discount on issue of right shares | | (199,650,000) | (199,650,000) |
| Reserves | 14 | (138,314,284) | (64,657,856) |
| Attributable to the owners of the Holding Company | | 738,986,126 | 562,525,474 |
| Non-controlling interest | | (38,326,626) | (6,942,401) |
| Total shareholders' equity | | 700,659,500 | 555,583,073 |
| Share deposit money | | - | 250,012,730 |
| Liabilities | | | |
| Underwriting provisions | | | |
| Outstanding claims including IBNR | | 54,021,223 | 66,422,035 |
| Unearned premium reserve | | 62,925,562 | 55,822,934 |
| Premium deficiency reserves | | 197,296 | 1,510,891 |
| Borrowings | | 5,774,400 | 3,694,550 |
| Premiums received in advance | | 2,804,003 | 1,453,157 |
| Insurance / Reinsurance payables | 15 | 53,362,075 | 43,135,172 |
| Other creditors and accruals | 16 | 280,132,591 | 166,438,136 |
| Taxation - provision less payment | | 3,335,071 | 2,589,262 |
| Total liabilities | | 462,552,221 | 341,066,137 |
| Total equity and liabilities | | 1,163,211,721 | 1,146,661,940 |
| Contingencies and commitments | 17 | | |

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the period ended June 30, 2018

| | Note | Quarter ended | | Half year ended | |
|--|------|---------------------|--------------------------------|---------------------|--------------------------------|
| | | June 30, 2018 | (Restated) June 30, 2017 | June 30, 2018 | (Restated) June 30, 2017 |
| ----- (Rupees) ----- | | | | | |
| Net insurance premium | 18 | 27,820,920 | 34,988,575 | 51,913,259 | 67,646,893 |
| Net insurance claims | 19 | (7,407,033) | (5,940,957) | (1,342,864) | (20,055,730) |
| Premium deficiency reserve reversal | | - | - | 1,313,595 | - |
| Net commission and other acquisition costs | 20 | (6,530,895) | (4,352,393) | (10,271,379) | (8,511,103) |
| Insurance claims and acquisition expenses | | (13,937,928) | (10,293,350) | (10,300,648) | (28,566,833) |
| Management expenses | | (20,158,665) | (24,390,081) | (38,747,374) | (42,034,643) |
| Underwriting results | | (6,275,673) | 305,144 | 2,865,237 | (2,954,583) |
| Sales | | 19,844,766 | 23,169,226 | 37,279,186 | 44,347,086 |
| Cost of sales | | (54,377,878) | (8,423,305) | (87,231,771) | (26,257,476) |
| Investment (loss) / income | 21 | (229,210) | 54,413,596 | 396,445 | 136,170,034 |
| Other income | | 11,223,678 | 8,736,680 | 19,935,327 | 17,259,361 |
| Other expenses | | (33,096,831) | (50,421,236) | (67,006,361) | (104,396,607) |
| Results of operating activities | | (62,911,148) | 27,780,105 | (93,761,937) | 64,167,815 |
| Finance costs | | (236,412) | (84,830) | (413,147) | (188,275) |
| (Loss) / profit before tax | | (63,147,560) | 27,695,275 | (94,175,084) | 63,979,540 |
| Income tax expense | | (595,821) | (15,378,799) | (1,114,905) | (21,565,800) |
| (Loss) / profit after tax | | (63,743,381) | 12,316,476 | (95,289,989) | 42,413,740 |
| Other comprehensive income: | | | | | |
| Fair value gain on available for sale investments during the period - net of tax | | 67,612 | (12,246,562) | 249,336 | 1,686,616 |
| Reclassification adjustments relating to available for sale investments disposed off - net | | - | (30,134,867) | - | (77,337,270) |
| Total items that may be reclassified subsequently to profit and loss | | 67,612 | (42,381,429) | 249,336 | (75,650,654) |
| Total comprehensive (loss) / income | | (63,675,769) | (30,064,953) | (95,040,653) | (33,236,914) |
| Attributable to: | | | | | |
| Owners of the Holding Company | | (50,242,021) | (24,742,708) | (73,656,428) | (9,178,121) |
| Non-controlling interest | | (13,433,748) | (5,322,245) | (21,384,225) | (24,058,793) |
| | | (63,675,769) | (30,064,953) | (95,040,653) | (33,236,914) |
| Earnings per share - basic and diluted | 22 | (0.59) | (Restated) 0.15 | (0.92) | (Restated) 0.51 |

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the period ended June 30, 2018

| | 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 | Surplus on remeasurement of available for sale investments | General reserve | Accumulated losses | | | |
| | -----Rupees----- | | | | | | | | |
| Balance as at January 01, 2017 - Audited | 826,833,330 | (199,650,000) | 1,767,568 | - | 24,497,265 | (27,317,568) | 626,130,595 | 80,668,773 | 706,799,368 |
| Effect of change in accounting policy (note 6.2.2) - net of tax | - | - | - | 78,584,353 | - | - | 78,584,353 | - | 78,584,353 |
| Balance as at January 01, 2017 as restated (note 6.2.2) | 826,833,330 | (199,650,000) | 1,767,568 | 78,584,353 | 24,497,265 | (27,317,568) | 704,714,948 | 80,668,773 | 785,383,721 |
| At acquisition | - | - | - | - | - | - | - | 30 | 30 |
| <i>Transaction with owners</i> | | | | | | | | | |
| Advance against issue of shares | - | - | - | - | - | - | - | 10,000,000 | 10,000,000 |
| Other comprehensive loss for the period (restated - note 6.2.2) | - | - | - | (75,650,654) | - | 66,472,533 | (9,178,121) | (24,058,793) | (33,236,914) |
| Balance as at June 30, 2017 - (Un-audited) | 826,833,330 | (199,650,000) | 1,767,568 | 2,933,699 | 24,497,265 | 39,154,965 | 695,536,827 | 66,610,010 | 762,146,837 |
| Balance as at January 01, 2018 - Audited | 826,833,330 | (199,650,000) | 1,767,568 | - | 24,497,265 | (92,724,346) | 560,723,817 | (6,942,401) | 553,781,416 |
| Effect of change in accounting policy (note 6.2.2) - net of tax | - | - | - | 1,801,657 | - | - | 1,801,657 | - | 1,801,657 |
| Balance as at January 01, 2018 as restated (note 6.2.2) | 826,833,330 | (199,650,000) | 1,767,568 | 1,801,657 | 24,497,265 | (92,724,346) | 562,525,474 | (6,942,401) | 555,583,073 |
| <i>Transaction with owners</i> | | | | | | | | | |
| Issue of right shares | 250,117,080 | - | - | - | - | - | 250,117,080 | - | 250,117,080 |
| Further acquisition by holding company | - | - | - | - | - | - | - | (10,000,000) | (10,000,000) |
| Other comprehensive loss for the period (restated - note 6.2.2) | - | - | - | 249,336 | - | (73,905,764) | (73,656,428) | (21,384,225) | (95,040,653) |
| Balance as at June 30, 2018 - (Un-audited) | 1,076,950,410 | (199,650,000) | 1,767,568 | 2,050,993 | 24,497,265 | (166,630,110) | 738,986,126 | (38,326,626) | 700,659,500 |

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Condensed Interim Consolidated Cash Flow Statement (Un-audited)
For the period ended June 30, 2018

| | June 30, 2018 | June 30, 2017 |
|--|----------------------|----------------------|
| Note | ----- (Rupees) ----- | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Premiums received | 62,533,757 | 58,945,647 |
| Reinsurance premiums paid | (541,004) | (6,132,075) |
| Claims paid | (13,743,676) | (23,890,015) |
| Reinsurance and other recoveries received | - | 30,126 |
| Commissions paid | (11,134,319) | (5,217,696) |
| Management expenses paid | 19,071,756 | (167,059,295) |
| Net cash inflow / (outflow) from underwriting activities | 56,186,514 | (143,323,308) |
| b) Other operating activities | | |
| Proceeds from customers | 37,279,186 | 44,347,086 |
| Payments to suppliers | (76,418,927) | (54,798,362) |
| Income tax paid | (369,096) | (445,651) |
| Other operating receipts | (31,158,362) | (15,102,143) |
| Loans advanced | (205,281) | - |
| Loans repayment received | 174,548 | - |
| Net cash outflow from other operating activities | (70,697,932) | (25,999,070) |
| Total cash inflow / (outflow) from operating activities | (14,511,418) | (169,322,378) |
| Investment activities | | |
| Profit / return received | 743,024 | 864,412 |
| Dividends received | 24 | - |
| Proceeds from investments | 11,265,737 | 238,361,899 |
| Fixed capital expenditure | 16,359,722 | (85,020,985) |
| Proceeds from sale of property, plant and equipment | 2,852,000 | 21,999,184 |
| Total cash inflow from investing activities | 31,220,507 | 176,204,510 |
| Financing activities | | |
| Share deposit money received | 104,350 | - |
| Borrowing under Musharaka arrangements obtained/ (paid) | 2,079,850 | (1,173,464) |
| Finance costs paid | (413,147) | (188,275) |
| Total cash inflow / (outflow) from financing activities | 1,771,053 | (1,361,739) |
| Net cash inflow/(outflow) from all activities | 18,480,142 | 5,520,393 |
| Cash at beginning of the period | 69,291,048 | 61,981,887 |
| Cash at end of the period | 87,771,190 | 67,502,280 |
| Reconciliation to profit and loss account | | |
| Operating cash flows | (14,511,418) | (169,322,378) |
| Depreciation | 7 (9,135,950) | (6,995,962) |
| Amortization | 8 (1,995,086) | (156,783) |
| Profit on disposal of fixed assets | 444,823 | - |
| Profit on disposal of investments | 396,445 | 136,170,034 |
| Finance costs | (413,147) | (188,275) |
| Increase in assets other than cash | 49,330,578 | 55,775,747 |
| Increase in liabilities other than borrowings | (118,660,425) | 48,697,157 |
| Provision for taxation | (745,809) | (21,565,800) |
| (Loss) / profit after taxation for the period | (95,289,989) | 42,413,740 |

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

1 STATUS AND NATURE OF BUSINESS

The Group Consists of:

| Name of the Company | Status in the Group | Percentage of holding | Acquisition date |
|--|---------------------|-----------------------|-------------------|
| Crescent Star Insurance Limited | Holding Company | - | |
| Crescent Star Foods (Private) Limited | Subsidiary Company | 72% | 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.

2 BASIS OF PREPARATION

The disclosures made in these condensed interim consolidated financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan vide S.R.O. 89(I)2017 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

3 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Company for the six months period ended June 30, 2018 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 Act, 2017, Insurance Ordinance, 2000 and Insurance Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, Insurance Ordinance, 2000 and Insurance Rules, 2017 shall prevail.

During the period, the Company has changed format for preparation of its condensed interim consolidated financial statements to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1) / 2017 dated 09 February 2017. In line with the requirements provided in the Rules, accordingly these are the first set of consolidated condensed interim financial statement of the Company for the six months period ended June 30, 2018.

During the period the Companies Act, 2017 has been implemented, however there is no impact on the condensed interim consolidated financial statement.

4 BASIS OF MEASUREMENT

These condensed interim consolidated financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values. Accrual basis of accounting has been used except for cash flow information.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim consolidated financial information is in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated 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, 2017 except for note no. 6.2.

6 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

6.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2017. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Company for the year ended December 31, 2017, except as follows;

6.2 Changes in accounting policies

6.2.1 Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

SECP has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017 and format for the preparation of financial statements. The new Insurance Rules are effective for the current period financial statements. Under the new Insurance Rules, 2017, certain changes have been made to the presentation of the financial statements which include the following :

- Changes in the sequence of assets / liabilities in the statement of financial position;
- Discontinuation of separate statements of premium, claims, commission and investment income, which are now presented (on aggregate basis) into the notes of the financial statements (note 18, 19, 20 and 21); and
- Underwriting results in relation to various classes of business which were previously on the face of the profit and loss account are now presented in a separate note (note 24).

6.2.2 The Company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS 39 "Financial Instruments-Recognition and Measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transfer to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in the accounting policy has been applied retrospectively and comparative information has been restated in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of change in accounting policy are summarized below:

| | December 31, 2017 (Audited) | | |
|----------------------------------|--|-------------------|-----------------------------|
| | Balance previously reported | Adjustment | Balance Restated |
| Investments | | | |
| Equity securities | 11,855,047 | 2,537,545 | 14,392,592 |
| Deferred taxation | 6,705,568 | (735,888) | 5,969,680 |
| Reserves (Unappropriated profit) | (66,459,513) | 1,801,657 | (64,657,856) |

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

| | | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|----------------|---|----------------------------------|-----------------------------------|
| | Note | ----- (Rupees) ----- | |
| 7 | PROPERTY AND EQUIPMENT | | |
| | Operating assets | <u>179,942,879</u> | <u>157,881,653</u> |
| 7.1 | Operating assets | | |
| | Opening written down value | 157,881,653 | 77,439,075 |
| | Add: additions during the period / year - at cost | | |
| | - Motor vehicles | 3,569,210 | 3,340,000 |
| | - Computers and related accessories | 571,898 | 4,596,911 |
| | - Office equipment | - | 4,242,115 |
| | - Leasehold improvements | 11,846,640 | 36,079,915 |
| | - Furniture and fixtures | 17,616,605 | 50,759,439 |
| | | <u>33,604,353</u> | <u>99,018,380</u> |
| | Less: written down value of deletions | (2,407,177) | (2,347,090) |
| | Depreciation for the period / year | (9,135,950) | (16,228,712) |
| | | <u>(11,543,127)</u> | <u>(18,575,802)</u> |
| | | <u>179,942,879</u> | <u>157,881,653</u> |
| 8 | INTANGIBLE ASSETS - NET | | |
| | Goodwill at acquisition | 28,742,849 | 28,742,849 |
| | Franchise | 21,218,585 | 20,100,852 |
| | Computer software | 2,037,750 | 5,150,569 |
| | | <u>51,999,184</u> | <u>53,994,270</u> |
| 9 | INVESTMENTS | | |
| | Equity securities | 14,743,770 | 14,392,592 |
| | Debt securities | - | 21,265,737 |
| 9.1 | Equity securities | | |
| | Available-for-sale | 14,743,770 | 14,392,592 |
| 9.1.1 | Others | | |
| | Listed shares | 128,731 | 147,286 |
| | Mutual funds | 14,615,039 | 14,245,306 |
| | | <u>14,743,770</u> | <u>14,392,592</u> |
| 9.1.1.1 | Investment in Dost Steels Limited, an associated company represents 7,020 shares (2017: 7,020 shares) having book value of Rs. 32,002 (2017: Rs. 32,002) and market value of Rs. 55,528 (2017: Rs. 70,621) with 0.002% (2017: 0.002%) of total equity of the associated company. | | |
| 9.1.1.2 | Securities having book value of Rs. 11.731 million (2017: Rs. 11.731 million) and market value of Rs. 14.615 million (2017: Rs. 14.245 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. | | |
| 9.2 | Debt securities | | |
| | Held-to- maturity | | |
| | Government securities | - | 21,265,737 |

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

9.2.1 Government securities having amortised cost of Rs. Nil (2017: Rs. 21.265 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.

10 LOAN AND OTHER RECEIVABLES

| | | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|---|------|----------------------------------|-----------------------------------|
| | Note | ----- (Rupees) ----- | |
| Accrued investment income | | - | 346,603 |
| Security deposits | | 22,820,279 | 23,232,780 |
| Advance to employees | | 245,976 | 215,244 |
| Advance against expenses | | 54,006,109 | 5,027,011 |
| Accrued interest on advance against issue of shares | 10.1 | 84,036,595 | 66,582,917 |
| Advance against issuance of shares | 10.2 | 354,379,066 | 354,379,066 |
| Others | | 20,555,272 | 32,440,531 |
| | | <u>536,043,297</u> | <u>482,224,152</u> |

10.1 This represents accrued interest on advances against issue of shares given to Dost Steels Limited (an associated company). Movement in advances is as follows:

Movement

| | | |
|-------------------------------------|-------------------|-------------------|
| Balance as at beginning of the year | 66,582,917 | 32,099,828 |
| Income for the year | 17,453,678 | 34,483,089 |
| Received during the year | - | - |
| Balance at the end of the year | <u>84,036,595</u> | <u>66,582,917</u> |

10.2 This represents advances against issue of shares given to Dost Steels Limited (an associated

11 PREMIUMS DUE BUT UNPAID

It includes amount of Rs. 8,505,674 (2017: Rs. 8,505,674) due from related parties.

12 PREPAYMENTS

| | | |
|-----------------------------------|-------------------|-------------------|
| Prepaid reinsurance premium ceded | 10,611,595 | 10,842,633 |
| Prepaid rent | 25,000 | 76,000 |
| Others | 300,001 | 3,735,150 |
| | <u>10,936,596</u> | <u>14,653,783</u> |

13 CASH AND BANK

Cash and other equivalents

| | | | |
|----------------------------------|------|-------------------|-------------------|
| Cash with State Bank of Pakistan | 13.1 | 72,238,047 | 51,238,047 |
| Cash in hand | | 10,967,499 | 9,808,686 |
| Policy and revenue stamps | | 835,975 | 688,134 |
| | | <u>84,041,521</u> | <u>61,734,867</u> |

Current and other accounts

| | | | |
|--|------|-------------------|-------------------|
| Current accounts | | 3,279,879 | 3,693,524 |
| Profit and loss savings accounts | 13.2 | 772,209 | 4,175,769 |
| | | 4,052,088 | 7,869,293 |
| Less: provision against dormant accounts | | (322,419) | (313,112) |
| | | <u>3,729,669</u> | <u>7,556,181</u> |
| | | <u>87,771,190</u> | <u>69,291,048</u> |

Crescent Star Insurance Limited
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13.1 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.

13.2 These carry mark-up ranging from 3.75% to 4.5% (2017: 4%) per annum.

14 RESERVES

| | June 30, 2018 (Un-audited) | December 31, 2017 (Audited) |
|--|----------------------------------|-----------------------------------|
| | ----- (Rupees) ----- | |
| Capital | | |
| Reserve for exceptional losses | 1,767,568 | 1,767,568 |
| Surplus on remeasurement of available for sale investments to fair value | 2,050,993 | 1,801,657 |
| Revenue | | |
| General reserve | 24,497,265 | 24,497,265 |
| Unappropriated profit | (166,630,110) | (92,724,346) |
| | <u>(138,314,284)</u> | <u>(64,657,856)</u> |

15 INSURANCE / REINSURANCE PAYABLES

| | | |
|--------------------|-------------------|-------------------|
| Foreign reinsurers | 20,927,750 | 19,302,035 |
| Local reinsurers | 23,932,674 | 19,670,724 |
| Co-insurers | 8,501,651 | 4,162,413 |
| | <u>53,362,075</u> | <u>43,135,172</u> |

16 OTHER CREDITORS AND ACCRUALS

| | | |
|----------------------------------|--------------------|--------------------|
| Federal insurance fees | 301,912 | 268,114 |
| Federal excise duty | 20,532,556 | 16,485,588 |
| Trade and related payables | 29,259,692 | 67,069,248 |
| Margin against performance bonds | 3,600,841 | 3,268,504 |
| Payable to staff provident fund | 439,154 | 433,596 |
| Withholding tax | 48,732,822 | 43,055,089 |
| Accrued expenses | 22,616,634 | 31,502,519 |
| Unclaimed dividend | 418,209 | 418,209 |
| Others | 154,230,771 | 3,937,269 |
| | <u>280,132,591</u> | <u>166,438,136</u> |

17 CONTINGENCIES AND COMMITMENTS

17.1 CONTINGENCIES

The status of contingencies remain unchanged as disclosed in the annual consolidated financial statements for the year ended December 31, 2017.

17.2 COMMITMENTS

| | | |
|--------------------|------------------|------------------|
| Post dated cheques | <u>7,204,002</u> | <u>3,694,550</u> |
|--------------------|------------------|------------------|

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

| | Quarter ended | | Half year ended | |
|--|----------------------------------|------------------|----------------------------------|----------------------------------|
| | June 30, 2018 (Un-audited) | June 30, 2017 | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) |
| ----- (Rupees) ----- | | | | |
| 18 NET INSURANCE PREMIUM | | | | |
| Gross written premium | 36,910,001 | 37,207,498 | 71,412,945 | 51,221,919 |
| Add : Unearned contribution reserve opening | - | 50,384,140 | 55,822,934 | 71,592,272 |
| Less: Unearned contribution reserve closing | (2,303,081) | (48,037,120) | (62,925,562) | (48,037,120) |
| Premium earned | 34,606,920 | 39,554,518 | 64,310,317 | 74,777,071 |
| Less: Reinsurance premium ceded | 6,083,010 | 6,750,188 | 12,166,020 | 13,500,376 |
| Add: prepaid reinsurance premium ceded opening | - | 7,463,269 | 10,842,633 | 3,277,316 |
| Less: prepaid reinsurance premium ceded closing | 702,990 | (9,647,514) | (10,611,595) | (9,647,514) |
| Reinsurance expense | 6,786,000 | 4,565,943 | 12,397,058 | 7,130,178 |
| | 27,820,920 | 34,988,575 | 51,913,259 | 67,646,893 |
| 19 NET INSURANCE CLAIMS EXPENSE | | | | |
| Claims paid | 5,586,317 | 10,356,955 | 13,743,676 | 23,890,015 |
| Add : Outstanding claims including IBNR closing | 1,820,716 | 67,207,011 | 54,021,223 | 67,207,011 |
| Less: Outstanding claims including IBNR opening | - | (71,623,009) | (66,422,035) | (71,011,170) |
| Claims expense | 7,407,033 | 5,940,957 | 1,342,864 | 20,085,856 |
| Less: Reinsurance and others recoveries received | - | - | - | 30,126 |
| Less: Reinsurance and others recoveries in respect of outstanding claims closing | - | (8,552,929) | (2,595,202) | (8,552,929) |
| Add: Reinsurance and others recoveries in respect of outstanding claims opening | - | 8,552,929 | 2,595,202 | 8,552,929 |
| Reinsurance and recoveries revenue | - | - | - | 30,126 |
| | 7,407,033 | 5,940,957 | 1,342,864 | 20,055,730 |
| 20 NET COMMISSION EXPENSE | | | | |
| Commission paid or payable | 6,759,198 | 3,796,759 | 11,134,319 | 5,217,696 |
| Add : Deferred commission expense opening | - | 5,741,905 | 6,807,589 | 8,479,678 |
| Less: Deferred commission expense closing | (228,303) | (5,186,271) | (7,670,529) | (5,186,271) |
| Net commission expense | 6,530,895 | 4,352,393 | 10,271,379 | 8,511,103 |
| 21 INVESTMENT INCOME | | | | |
| Income from equity securities | | | | |
| Available-for-sale financial assets | | | | |
| Dividend income | 24 | - | 24 | - |
| Gain on sale of available for sale investments | - | 53,835,481 | - | 135,680,136 |
| | 24 | 53,835,481 | 24 | 135,680,136 |
| Income from debt securities | | | | |
| Held to maturity | | | | |
| Return on government securities | (265,737) | 332,524 | 306,410 | 665,000 |
| Return on bank deposits | 36,503 | 128,147 | 90,011 | 195,341 |
| | (229,234) | 460,671 | 396,421 | 860,341 |
| Net realised (loss) / gain on investments | | | | |
| Add: Reversal / (provision) of impairment in debt securities | | | | |
| Held to maturity | - | 2,444 | - | (13,829) |
| Less: Investment related expenses | - | 115,000 | - | (356,614) |
| Investment (loss) / income | (229,210) | 54,413,596 | 396,445 | 136,170,034 |

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

| | Quarter ended | | Half year ended | |
|---|----------------------------------|------------------|----------------------------------|------------------|
| | June 30, 2018 (Un-audited) | June 30, 2017 | June 30, 2018 (Un-audited) | June 30, 2017 |
| 22 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| (Loss) / profit for the period | (63,743,381) | 12,316,476 | (95,289,989) | 42,413,740 |
| | ----- Number ----- | | | |
| Weighted average number of Ordinary shares | 107,695,041 | 82,683,333 | 103,549,454 | 82,683,333 |
| | ----- (Rupees) ----- | | | |
| (Loss)/ earnings per share - basic and diluted | (0.59) | 0.15 | (0.92) | 0.51 |

22.1 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.

23 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | June 30, 2018 (Un-audited) | June 30, 2017 (Un-audited) |
|---|----------------------------------|----------------------------------|
| 23.1 Details of transactions | | |
| <i>Associated undertakings having common directorship</i> | | |
| Dost Steels Limited | | |
| Markup on advance given | 17,453,678 | 8,502,681 |
| Remuneration to Key Management Personnel | 12,370,080 | 17,939,114 |
| Staff retirement benefits | | |
| Provident fund contribution | 1,063,610 | 1,221,357 |

24 SEGMENT INFORMATION

| | For the Six months period ended June 30, 2018 | | | | | | | | | | |
|--|---|--------------------------------|---------------------|-------------------|-----------------------|--------------------|---------------------|--------------|--------------|--------------|---------------------|
| | Fire and property damage | Marine, aviation and transport | Motor | Accident & health | Credit and suretyship | Miscellaneous | Total | Food | Technologies | Luxury | Aggregate |
| | (Rupees) | | | | | | | | | | |
| Gross written premium (inclusive of administrative surcharges) | 5,119,520 | 8,111,557 | 40,546,816 | - | 9,261,729 | 8,373,323 | 71,412,945 | - | - | - | 71,412,945 |
| Insurance premium earned | 5,447,170 | 5,793,499 | 32,440,034 | 1,263,435 | 11,452,474 | 7,913,705 | 64,310,317 | - | - | - | 64,310,317 |
| Insurance premium ceded to reinsurers | (3,101,739) | (2,105,137) | (2,290,239) | - | (2,737,859) | (2,162,084) | (12,397,058) | - | - | - | (12,397,058) |
| Net insurance premium | 2,345,431 | 3,688,362 | 30,149,795 | 1,263,435 | 8,714,615 | 5,751,621 | 51,913,259 | - | - | - | 51,913,259 |
| Commission income | - | - | - | - | - | - | - | - | - | - | - |
| Net underwriting income | 2,345,431 | 3,688,362 | 30,149,795 | 1,263,435 | 8,714,615 | 5,751,621 | 51,913,259 | - | - | - | 51,913,259 |
| Insurance claims | 13,491,831 | 1,145,067 | (14,353,035) | 1,558,155 | (934,018) | (2,250,864) | (1,342,864) | - | - | - | (1,342,864) |
| Insurance claims recovered from reinsurers | - | - | - | - | - | - | - | - | - | - | - |
| Net claims | 13,491,831 | 1,145,067 | (14,353,035) | 1,558,155 | (934,018) | (2,250,864) | (1,342,864) | - | - | - | (1,342,864) |
| Commission expense | (1,873,551) | (1,551,065) | (2,679,745) | (63,171) | (1,321,158) | (2,782,689) | (10,271,379) | - | - | - | (10,271,379) |
| Management expense | (2,250,125) | (3,573,733) | (25,332,372) | - | (3,986,521) | (3,604,623) | (38,747,374) | - | - | - | (38,747,374) |
| Premium deficiency reversal /(expense) | 1,367,890 | (54,295) | - | - | - | - | 1,313,595 | - | - | - | 1,313,595 |
| Net insurance claims and expenses | 10,736,045 | (4,034,026) | (42,365,152) | 1,494,984 | (6,241,697) | (8,638,176) | (49,048,022) | - | - | - | (49,048,022) |
| Underwriting results | 13,081,476 | (345,664) | (12,215,357) | 2,758,419 | 2,472,918 | (2,886,555) | 2,865,237 | - | - | - | 2,865,237 |
| Sales | - | - | - | - | - | - | - | 35,186,035 | - | 2,093,151 | 37,279,186 |
| Cost of sales | - | - | - | - | - | - | - | (85,288,853) | - | (1,942,918) | (87,231,771) |
| Net investment income | - | - | - | - | - | - | 396,445 | - | - | - | 396,445 |
| Other income | - | - | - | - | - | - | 19,935,327 | - | - | - | 19,935,327 |
| Other expenses | - | - | - | - | - | - | (30,726,051) | (25,717,747) | (57,254) | (10,505,309) | (67,006,361) |
| Result of operating activities | - | - | - | - | - | - | (7,529,042) | (75,820,565) | (57,254) | (10,355,076) | (93,761,937) |
| Finance costs | - | - | - | - | - | - | (413,147) | - | - | - | (413,147) |
| Profit before tax for the period | - | - | - | - | - | - | (7,942,189) | (75,820,565) | (57,254) | (10,355,076) | (94,175,084) |

| | For the Six months period ended June 30, 2017 | | | | | | | | | | |
|--|---|--------------------------------|--------------------|--------------------|-----------------------|------------------|------------------|--------------|--------------|----------|--------------------|
| | Fire and property damage | Marine, aviation and transport | Motor | Accident & health | Credit and suretyship | Miscellaneous | Total | Food | Technologies | Luxury | Aggregate |
| | (Rupees) | | | | | | | | | | |
| Gross written premium (inclusive of administrative surcharges) | 1,957,431 | 5,199,237 | 33,371,543 | 1,736,713 | 3,934,922 | 5,022,073 | 5,022,073 | - | - | - | 51,221,919 |
| Insurance premium earned | 7,159,846 | 5,464,869 | 43,833,373 | 711,107 | 10,731,047 | 6,876,829 | 6,876,829 | - | - | - | 74,777,071 |
| Insurance premium ceded to reinsurers | (787,651) | (1,204,986) | (2,510,415) | - | (1,920,284) | (706,842) | (706,842) | - | - | - | (7,130,178) |
| Net insurance premium | 6,372,195 | 4,259,883 | 41,322,958 | 711,107 | 8,810,763 | 6,169,987 | 6,169,987 | - | - | - | 67,646,893 |
| Commission income | - | - | - | - | - | - | - | - | - | - | - |
| Net underwriting income | 6,372,195 | 4,259,883 | 41,322,958 | 711,107 | 8,810,763 | 6,169,987 | 6,169,987 | - | - | - | 67,646,893 |
| Insurance claims | 411,120 | (2,903,290) | (15,112,303) | (5,043,506) | - | 2,562,123 | 2,562,123 | - | - | - | (20,085,856) |
| Insurance claims recovered from reinsurers | - | - | 30,126 | - | - | - | - | - | - | - | 30,126 |
| Net claims | 411,120 | (2,903,290) | (15,082,177) | (5,043,506) | - | 2,562,123 | 2,562,123 | - | - | - | (20,055,730) |
| Commission expense | (1,374,664) | (1,190,455) | (3,482,197) | 51,280 | (1,479,513) | (1,035,554) | (1,035,554) | - | - | - | (8,511,103) |
| Management expense | (1,254,955) | (3,307,933) | (30,679,775) | (1,139,258) | (2,465,508) | (3,187,214) | (3,187,214) | - | - | - | (42,034,643) |
| Net insurance claims and expenses | (2,218,499) | (7,401,678) | (49,244,149) | (6,131,484) | (3,945,021) | (1,660,645) | (1,660,645) | - | - | - | (70,601,476) |
| Underwriting results | 4,153,696 | (3,141,795) | (7,921,191) | (5,420,377) | 4,865,742 | 4,509,342 | 4,509,342 | - | - | - | (2,954,583) |
| Sales | - | - | - | - | - | - | - | 44,347,086 | - | - | 44,347,086 |
| Cost of sales | - | - | - | - | - | - | - | (26,257,476) | - | - | (26,257,476) |
| Net investment income | - | - | - | - | - | - | 136,170,034 | - | - | - | 136,170,034 |
| Other income | - | - | - | - | - | - | 17,099,834 | 159,527 | - | - | 17,259,361 |
| Other expenses | - | - | - | - | - | - | (29,791,709) | (74,555,538) | (49,360) | - | (104,396,607) |
| Result of operating activities | - | - | - | - | - | - | 127,987,501 | (56,306,401) | (49,360) | - | 64,167,815 |
| Finance costs | - | - | - | - | - | - | (188,275) | - | - | - | (188,275) |
| Profit before tax for the period | - | - | - | - | - | - | 127,799,226 | (56,306,401) | (49,360) | - | 63,979,540 |

25 FAIR VALUE MEASUREMENT

| 2018 | | | | | | | | |
|---|------------------------------------|--------------------|-----------------------|----------------|-------------|------------|---------|---------|
| Carrying Amount | | | | | | Fair Value | | |
| Held to maturity | Fair value through profit and loss | Available for sale | Loans and receivables | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| ----- Rupees ----- | | | | | | | | |
| <u>On-balance sheet</u> | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | |
| Cash and other equivalents | - | - | 84,041,521 | - | 84,041,521 | - | - | - |
| Current and other accounts | - | - | 3,729,669 | - | 3,729,669 | - | - | - |
| Investments | - | 14,743,770 | - | - | 14,743,770 | 14,743,770 | - | - |
| Premiums due but unpaid | - | - | 175,583,461 | - | 175,583,461 | - | - | - |
| Amounts due from other insurers / reinsurers | - | - | 69,054,886 | - | 69,054,886 | - | - | - |
| Accrued investment income | - | - | - | - | - | - | - | - |
| Reinsurance recoveries against outstanding claims | - | - | 2,595,202 | - | 2,595,202 | - | - | - |
| Against issuance of shares | - | - | 354,379,066 | - | 354,379,066 | - | - | - |
| Deposits | - | - | 22,820,279 | - | 22,820,279 | - | - | - |
| Other receivables | - | - | 104,591,867 | - | 104,591,867 | - | - | - |
| | - | 14,743,770 | 816,795,951 | - | 831,539,721 | 14,743,770 | - | - |
| <u>Financial liabilities</u> | | | | | | | | |
| Provision for outstanding claims (including IBNR) | - | - | - | 54,021,223 | 54,021,223 | - | - | - |
| Insurance/ Reinsurance payables | - | - | - | 53,362,075 | 53,362,075 | - | - | - |
| Other creditors and accruals | - | - | - | 187,530,458 | 187,530,458 | - | - | - |
| Borrowing under musharaka arrangements | - | - | - | 5,774,400 | 5,774,400 | - | - | - |
| Unpresented dividend warrants | - | - | - | 418,209 | 418,209 | - | - | - |
| | - | - | - | 301,106,365 | 301,106,365 | - | - | - |

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the period ended June 30, 2018

| | 2017 | | | | | | | | |
|---|-------------------|------------------------------------|--------------------|-----------------------|--------------------|--------------------|-------------------|----------|----------|
| | Carrying Amount | | | | | Fair Value | | | |
| | Held to maturity | Fair value through profit and loss | Available for sale | Loans and receivables | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| Rupees | | | | | | | | | |
| <u>On-balance sheet</u> | | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and other equivalents | - | - | - | 61,734,867 | - | 61,734,867 | - | - | - |
| Current and other accounts | - | - | - | 7,556,181 | - | 7,556,181 | - | - | - |
| Investments | 21,265,737 | - | 14,392,592 | - | - | 35,658,329 | 14,392,592 | - | - |
| 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 | - | - | - | 354,379,066 | - | 354,379,066 | - | - | - |
| Deposits | - | - | - | 23,232,780 | - | 23,232,780 | - | - | - |
| Other receivables | - | - | - | 99,023,448 | - | 99,023,448 | - | - | - |
| | <u>21,265,737</u> | <u>-</u> | <u>14,392,592</u> | <u>784,674,573</u> | <u>-</u> | <u>820,332,902</u> | <u>14,392,592</u> | <u>-</u> | <u>-</u> |
| <u>Financial liabilities</u> | | | | | | | | | |
| Provision for outstanding claims (including IBNR) | - | - | - | - | 66,422,035 | 66,422,035 | - | - | - |
| Insurance/ Reinsurance payables | - | - | - | - | 43,135,172 | 43,135,172 | - | - | - |
| Other creditors and accruals | - | - | - | - | 74,708,617 | 74,708,617 | - | - | - |
| Borrowing under musharaka arrangements | - | - | - | - | 3,694,550 | 3,694,550 | - | - | - |
| Unpresented dividend warrants | - | - | - | - | 418,209 | 418,209 | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>188,378,583</u> | <u>188,378,583</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.

26 RECLASSIFICATIONS

26.1 As a result of adoption of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (note 6.2.1), corresponding figures have been rearranged whenever necessary, for the purpose of better presentation and comparison to the condensed interim consolidated financial statements as follows:

Balance Sheet

| Reclassified from | Reclassified to | Note | Rupees |
|-----------------------------------|------------------------------|------|------------|
| Accrued investment income | Loan and other receivables | 10 | 346,603 |
| Prepaid reinsurance premium ceded | Prepayments | 12 | 10,842,633 |
| Advance, deposits and prepayments | Prepayments | 12 | 3,811,150 |
| Other receivables | Loan and other receivables | 10 | 99,023,448 |
| Accrued expenses | Other creditors and accruals | 16 | 31,502,519 |
| Unclaimed dividend | Other creditors and accruals | 16 | 418,209 |

27 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and are authorised for issue on August 20, 2018.

28 Figures in these interim condensed consolidated financial statements have been rounded off to the nearest rupee, unless otherwise stated.

Chief Executive Officer/ Principal Officer

Director

Director

Director

Chief Financial Officer

HEAD OFFICE

2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI P.O. BOX NO. 4616 KARACHI, PAKISTAN
U.A.N.: 111-274-000 PHONES: 32415471-3 FAX (92-21) 32415474

| BRANCH NAME | ADDRESS | CONTACT NO |
|---------------------------------|--|-------------------|
| NADIR HOUSE | 3RD FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI. | (021) 32415471-3 |
| CENTRAL CORPORATE | 2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI. | (021) 32415471-3 |
| KARACHI CENTRAL | 3RD FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI. | (021) 32415471-3 |
| LAHORE MAIN | 81-Y COMMERCIAL BLOCK, D.H.A. PHASE III, LAHORE | 042-35694719-20 |
| LAHORE CENTRAL | 81-Y COMMERCIAL BLOCK, D.H.A. PHASE III, LAHORE | 042-35694719-20 |
| ISLAMABAD | SUIT NO 2, 2ND FLOOR RATTA MANSION FAZAL-E-HAQ ROAD, BLUE AREA, ISLAMABAD | (051) 2806293-95 |
| CAPITAL BRANCH ISLAMABAD | SUIT NO 2, 2ND FLOOR RATTA MANSION FAZAL-E-HAQ ROAD, BLUE AREA, ISLAMABAD | (051) 2806293-95 |
| FAISALABAD | MEZZANINE FLOOR MZ-7, 22 & 23, PEARL CITY TOWERS MANAGEMENT SARGODHA ROAD FAISALABAD | 0321-7824144 |
| MULTAN | OPP: HAJVERI ARCADE, KUTCHERY ROAD, MULTAN. | (061) 4571338 |
| SIALKOT | 2ND FLOOR BANKS ISLAMIC BUILDING OPPOSITE SAIN MANA DARABAR KASHMIR ROAD SIALKOT. | (052) 4290275-76 |



Crescent Star Insurance Limited

ESTD: 1957

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