

August 28, 2018

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

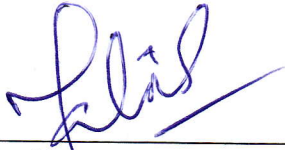
Subject: **Transmission of Half Yearly Report for the Period Ended June 30, 2018**

Dear Sir,

We have to inform you that the Half Yearly Report of the Company for the period ended June 30, 2018 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,



Malik Mehdi Muhammad
CFO & Company Secretary

Encl: As above



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 اشتہال شدہ اختصاری عبوری مالیاتی نتائج

بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ اختصاری عبوری غیر اشتہال 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 ماحصلات 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		(سوائے ای پی ایس کے)	
		30 جون 2017	30 جون 2018		
شرح فیصد	رقم				
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 انویسٹمنٹ کمیشن 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) ----- (Rupees) -----	(Restated) December 31, 2017 (Audited) -----
ASSETS	Note		
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		1,325,176,484	1,242,707,362
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	15	103,784,350	112,126,119
Total equity		981,084,760	739,309,449
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		344,091,724	253,385,183
Total equity and liabilities		1,325,176,484	1,242,707,362
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

		Quarter ended		Half year ended	
		June 30, 2018	(Restated) June 30, 2017	June 30, 2018	(Restated) June 30, 2017
Note		----- (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		Capital reserves		Revenue reserves		
	Issued, subscribed and paid-up share capital	Discount on issue of right shares	Reserve for exceptional losses	Surplus on remeasurement of available for sale investments	General reserve	Unappropriated profit	Total shareholders' equity
	------(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)	<u>826,833,330</u>	<u>(199,650,000)</u>	<u>1,767,568</u>	<u>2,933,699</u>	<u>24,497,265</u>	<u>110,340,040</u>	<u>766,721,902</u>
Balance as at January 01, 2018 - Audited	<u>826,833,330</u>	<u>(199,650,000)</u>	<u>1,767,568</u>	<u>-</u>	<u>24,497,265</u>	<u>84,059,629</u>	<u>737,507,792</u>
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)	<u>1,076,950,410</u>	<u>(199,650,000)</u>	<u>1,767,568</u>	<u>2,050,993</u>	<u>24,497,265</u>	<u>75,468,524</u>	<u>981,084,760</u>

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) (Rupees)	December 31, 2017 (Audited)
Note		-----	-----
7	PROPERTY AND EQUIPMENT		
	Operating assets	7.1 <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
		3,868,960	9,554,615
	Less: written down value of deletions	(2,407,177)	(2,077,090)
	Depreciation for the period / year	(1,863,585)	(3,476,362)
		(4,270,762)	(5,553,452)
		<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	(679,250)	(1,358,500)
		<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
		717,937,183	649,498,385

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	84,036,595	66,582,917

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

		June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Name of the Company	Note	----- (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.

		June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	Note	----- (Rupees) -----	-----
13 PREPAYMENTS			
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>

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	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Un-audited)		(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)
	----- (Rupees) -----			
23 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		(Restated)		(Restated)
(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) -----			
		(Restated)		(Restated)
(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)
	----- (Rupees) -----	
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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25 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
	(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 Six months period ended June 30, 2017						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health (Rupees)	Credit and suretyship	Miscellaneous	Aggregate
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	4,153,696	(3,141,795)	(7,921,191)	(5,420,377)	4,865,742	4,509,342	(2,954,583)
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							120,147,026

26 FAIR VALUE MEASUREMENT

On-balance sheet

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	-	-	-

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On-balance sheet

Financial assets

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								
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	-	-	-
21,265,737	-	14,392,592	944,995,399	-	978,116,183	14,392,592	-	-

Financial liabilities

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	-	-	-
-	-	-	-	121,309,335	121,309,335	-	-	-

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 ٹیکو لوجیز (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 شکریہ ادا کرتا 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

		Quarter ended		Half year ended	
		June 30, 2018	(Restated) June 30, 2017	June 30, 2018	(Restated) June 30, 2017
Note		(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 Issued, subscribed and paid-up 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
			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	7.1	<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
		33,604,353	99,018,380
Less: written down value of deletions		(2,407,177)	(2,347,090)
Depreciation for the period / year		(9,135,950)	(16,228,712)
		(11,543,127)	(18,575,802)
		<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	9.1	<u>14,743,770</u>	<u>14,392,592</u>
Debt securities	9.2	<u>-</u>	<u>21,265,737</u>
9.1	Equity securities		
Available-for-sale	9.1.1	<u>14,743,770</u>	<u>14,392,592</u>
9.1.1	Others		
Listed shares	9.1.1.1	128,731	147,286
Mutual funds	9.1.1.2	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	9.2.1	<u>-</u>	<u>21,265,737</u>

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
		536,043,297	482,224,152

- 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	84,036,595	66,582,917

- 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
	10,936,596	14,653,783

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
		84,041,521	61,734,867

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)
		3,729,669	7,556,181
		87,771,190	69,291,048

Crescent Star Insurance Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
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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>
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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	June 30, 2017	June 30, 2018	June 30, 2017
	(Un-audited)		(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
	----- (Rupees) -----			
22 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		(Restated)		(Restated)
(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) -----			
	(Restated)		(Restated)	
(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)
	----- (Rupees) -----	
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

On-balance sheet

Financial assets

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								
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	-	-

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	-	-	-	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
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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	-	-
21,265,737	-	14,392,592	784,674,573	-	820,332,902	14,392,592	-	-
<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	-	-	-
Unrepresented dividend warrants	-	-	-	418,209	418,209	-	-	-
-	-	-	-	188,378,583	188,378,583	-	-	-

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 RATTI MANSION FAZAL-E-HAQ ROAD, BLUE AREA, ISLAMABAD	(051) 2806293-95
CAPITAL BRANCH ISLAMABAD	SUIT NO 2, 2ND FLOOR RATTI 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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