Your Security - Our Policy

62nd Annual Report 2018

Crescent Star Insurance Ltd.

ESTD: 1957

NATION WIDE BRANCH NETWORK

MOTOR HEALTH FIRE MARINE ENGG TRAVEL LIVESTOCK CROP

CONTENTS

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. Nadeem Ansar Ms. Shaiyanne Malik Mr. Tanveer Ahmed
Chief Executive Officer	Mr. Naim Anwar
Management	Mr. Naim Anwar (Chief Executive Officer) Mr. Tanveer Ahmed (Resident Director) Mr. Suhail Elahi (Resident Director) Mr. Malik Mehdi Muhammad (CFO & Company Secretary)
Board Audit Committee	Dr. Fahim Lashkarwala (Chairman) Mr. Tanveer Ahmed Ms. Shaiyanne Malik
Board H.R & Remuneration Committee	Mr. Tanveer Ahmed (Chairman) Mr. Naim Anwar Ms. Shaiyanne Malik
Board Investment Committee	Mr. Naim Anwar (Chairman) Dr. Fahim Lashkarwala Mr. Tanveer Ahmed
Chief Financial Officer & Company Secretary	Mr. Malik Mehdi Muhammad
Auditors	Grant Thornton Anjum Rahman Chartered Accountants
Legal Advisor	Uzma Anwar
Bankers	Habib Bank Limited Faysal Bank Limited United 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	2nd Floor, Nadir House I. I. Chundrigar Road P.O. BOX No. 4616, Karachi

CRESCENT STAR INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of the shareholders of Crescent Star Insurance Limited will be held on April 30, 2019 at 9.30 a.m. at 2nd Floor, Nadir House I. I. Chundrigar Road, Karachi to transact the following business.

ORDINARY BUSINESS:

1. To confirm and approve the minutes of the 61st Annual General Meeting held on April 30, 2018.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2018 together with the Chairman's review, Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2019 and fix their remuneration.

ANY OTHER BUSINESS:

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

By order of the Board
Malik Mehdi Muhammad
CFO & Company Secretary

Karachi: April 9, 2019

Notes:

1. The Share Transfer Books of the Company shall remain closed from April 24, 2019 to April 30, 2019 (both days inclusive). Transfers received at our registrar office M/s F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi by the close of business on April 23, 2019 will be treated in time.

2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend, speak and vote instead of him/her behalf at the meeting. Proxies, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy.

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

4. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Registrar of the Company are requested to send the same at the earliest.

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

6. Members have the option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to the Shares Registrar. The Audited Accounts of the Company for the year ended December 31, 2018 are also available on the Company's website: www.cstarinsurance.com.

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

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

Chairman's Review Report

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

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

For the financial year ended December 31, 2018, the Board's overall performance and effectiveness has been assessed as satisfactory, it is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. Improvement is an ongoing process leading to action plans.

The Board during the year ended December 31, 2018 played effective role in managing the affairs of the Company in the following manner;

- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The meetings of Board have held frequently enough to adequately discharge their responsibilities. The Non-Executive and independent directors are equally involved in important decisions.

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

Naim Anwar
Chairman

Karachi: April 9, 2019

چیئرمین کی جائزہ رپورٹ

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

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

مالیاتی سال مختتمہ 31 دسمبر 2018 میں بورڈ کی کارکردگی اور اثر پذیری کی تشخیص تسلی بخش رہی، اس کی بنیاد منفرد اجزائے ترکیبی، بشمول نصب العین، مشن اور اقدار، حکمت عمل سے بھرپور منصوبہ بندی، پالیسیوں کی تشکیل، ادارے کے مجموعی کاروبار کی نگرانی، مالیاتی وسائل کا انتظام، موثر مالیاتی نگرانی، ملازمین کی استعداد اور ان کے ساتھ یکساں سلوک کے ذریعے بورڈ کے کاموں کی تکمیل کرنا شامل ہے۔ بہتری ایک جاری عمل ہے جس سے منصوبوں پر عمل کرنے میں مدد ملتی ہے۔

سال مختتمہ 31 دسمبر 2018 کے دوران بورڈ نے کمپنی کے معاملات موثر انداز میں چلانے کے لئے اپنا کردار مندرجہ ذیل طریقے سے ادا کیا:

- ☆ بورڈ نے اندرونی گرفت کے نظام کو یقینی بنایا ہے اور اس کی افادیت اور اثر پذیری پر اندرونی آڈیٹرز باقاعدگی سے غور و خوص کرتے ہیں۔
- ☆ پورے سال تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے روبرو پیش کیا گیا جس سے ادارتی فیصلہ سازی کا عمل مضبوط اور باضابطہ ہوا اور خاص طور پر ملحقہ پارٹیوں کے تمام سودوں کی منظوری بورڈ نے آڈٹ کمیٹی کی سفارش پر دی۔
- ☆ بورڈ کے مناسب تعداد میں اجلاس ہوئے جس سے وہ اپنی ذمہ داریوں سے احسن انداز میں عہدہ برآں ہو سکا۔ نان ایگزیکٹو اور خودمختار ڈائریکٹران یکساں طور پر اہم فیصلوں میں ملوث رہے۔

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

نعیم انور
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر
کراچی: ۱۹ اپریل ۲۰۱۹ء

Directors' Report to the Members on Unconsolidated Financial Statements

The Directors of your Company are pleased to present the 62nd Annual Report and the Audited Financial Statements for the year ended December 31, 2018.

Business Performance Highlights

As we conclude 2018, we look back where the Company changed management in 2013. The first year was spent in planning a new strategy and to re-organize the Company with the challenge of pulling the Company out of the regulatory compliance failure of MCR (Minimum Paid-up Capital Requirement). By the grace of God not only the Company is compliant with MCR but currently maintains PKR 1.07 billion against the required PKR 500 million. For a Company having spent 62 years as a conservative Company in Insurance Sector, it was not easy for the management to change the stature immediately. It is, however, imperative that the financials of the Company are prudent / compliant and can back the core business of Insurance. To achieve this challenge the Company diversified its interest in areas of Investment/Food/Retail/Luxury and Technology through private equity and subsidiaries.

Food: Our subsidiary Crescent Star Foods (Private) Limited (CSF) is working on the strategy to relocate the stores as EXPRESS UNITS with less rental costs, considering the recent changes in currency and duty structure. With fast changing environment of the retail sector, the management considers re-visit the strategy at this early stage of expansion and considered it prudent to hold the operations, till new locations and EXPRESS UNITS operational plan is finalized. This may create a temporary gap in operational activities for the brighter future. CSF is at advanced stage of merger with and into PICIC Insurance Limited (PICIC), and subject to the court approval of the SCHEME OF ARRANGEMENT, your Company expects to benefit from the allocation of swap shares which will be considered as investment in securities, and will be valued at MARK TO MARKET.

The management in line with the recommendation of the auditors feels prudent to make extra provisions for the receivable and recoveries from re-insurance / co-insurance. It is the norm of the industry where reconciliation of balances between co-insurance / re-insurance is pending over a long period of time. Your Company has taken the decision to make the provision for such amount. Extra provisions also include deferred tax, though the management is confident that future profits will attract the Board to instate the provisioning specially keeping in view the ongoing merger of CSF with PICIC.

Since 2013 the new management took control and restructured various matters of the Company. Mostly 2013 was spent in working on strategy / applications and process to re structure the Company and as we enter 2019, the Company's financials are fully structured with compliant capital and other required parameter are showing strength to operate smoothly.

It is heartening to note that even after the excessive but prudent provisioning the break-up value of your Company is Rs. 8.61/ share.

Financial Highlights

The Company has maintained its stable premium in the preferred classes of business, in line with the management policy to keep the loss ratio within reasonable level. The gross premium of the Company has been Rs. 114.618 million. Net claims have been reduced by 53%. The provisioning has been booked under management expenses due to which it reflects an increase. However, without the effect of provisioning the expenses have reduced by 9%. Compared to previous period no major Investment Income has been recorded, which forms the reason for bottom line effect.

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

Financial Position at a Glance

	2018	2017 (Restated)	2016
Gross Premium	114,618,225	113,280,308	190,288,096
Net Premium	111,270,066	109,614,211	206,345,732
(Loss) / Profit Before Tax	(49,237,498)	40,020,609	25,621,935
(Loss) / Profit After Tax	(63,097,408)	73,166,683	23,557,209
Paid-up Capital	1,076,950,410	826,833,330	826,833,330
Total Assets	1,179,593,086	1,243,013,870	1,009,122,729
Break-up Value per Share	8.61	8.94	8.03
(Loss) / Earnings Per Share (EPS)	(0.60)	0.88	0.30

Future Outlook

The Company intends to expand the core business and has taken steps to enter the more developing individual client market. Technology backed products have been developed and will be introduced in 2019. The management expects to make the Investment Portfolio active for earning after the expected merger of CSF with and into PICIC, which is pending before the Honorable Sindh High Court for approval of the SCHEME OF ARRANGEMENT, which once approved will benefit your Company in the investment side. The management also expects to gain from the new strategy of the subsidiary to move towards EXPRESS UNITS, by reducing the store sizes and high rentals costs.

Earnings per Share

Due to the lack of investment income during the period and enhancement of capital (new shares), the EPS of the Company stands at Rs. (0.60).

Dividend

The Board of Directors does not recommend any Dividend for the year ended December 31, 2018.

Auditors' Report

- Due to non-availability of the impairment testing for investment made in subsidiary companies (being Private Limited), the auditors have expressed their reservation in the auditor's report. The management is however confident that upon approval of the Sindh High Court for merger of CSF with and into PICIC, the investment in shares of CSF will convert into listed shares and will be available for impairment testing through mark to market.

- Due to non-availability of any written agreement between Dost Steels Limited (DSL) and CSIL for charging of mark-up of Rs. 106.348 million, the auditors have expressed their reservation in the auditors' report. The auditors have also expressed reservation on the excess in net admissible assets over minimum requirements provided in the solvency statement by Rs. 106.348 million, due to non-availability of agreement with DSL for any interest charging. However, the Company after meeting the required solvency is already in excess of Rs. 91.246 million, hence even if the amount of Rs. 106.348 million is not admissible, the Company meets the required solvency ratio.

- The auditors have expressed reservation on the receivable of Rs. 139.084 million however the management has made provision of 33% of the total receivables which is in line with the Board Policy.

Insurer Financial Strength Rating (IFSR)

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating at 'A-' with Outlook 'Stable'.

Corporate Social Responsibility

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

Occupational safety & health

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

Business ethics & anti-corruption measures

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

Energy Conservation

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

Industrial Relations

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

Human Resource Initiatives

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

Compliance with the Code of Corporate Governance

The statement of Compliance as at December 31, 2018 is annexed with the report.

Statement of Directors Responsibilities under the Code of Corporate Governance

The directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Governance for the followings:-

a) The financial statements, prepared by the Company, present fairly, its state of affair, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts as required under the Companies Act, 2017 and the Insurance Ordinance, 2000.

c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes were made, have been adequately disclosed and accounting estimates area on the basis of prudent and reasonable judgment.

d) Financial statements have been prepared by the Company in accordance with the International Accounting Standards, as applicable in Pakistan, requirement of Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

e) The system of internal control is sound, effectively implemented and monitored. The process of review will continue to strengthen the system for its effective implementation.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Information about taxes and levies is given in the notes to and forming part of financial statements.

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

Board Meetings and Attendance

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

Name of Director	Number of Board Meetings Attended
Mr. Naim Anwar	4
Dr. Fahim Lashkarwala	4
Mr. Shahid Suleman Jan	1
Mr. Bilal Anwar	3
Ms. Shaiyanne Malik	2
Ms. Rukhsana Asghar	1
Mr. Nadeem Ansar	2

Auditors

The present auditors, M/s Grant Thornton Anjum Rahman, Chartered Accountants shall retire at the conclusion of the Annual General Meeting, and being eligible, have offered themselves for re-appointment as external auditors for the year ending December 31, 2019.

Audit Committee

The Company has an Audit Committee, and had five meetings during the year 2018. The attendance of the meeting is as follows:

Names of Members		Meetings Attended
Dr. Fahim Lashkarwala	Chairman	5
Mr. Shahid Suleman Jan	Member	2
Mr. Bilal Anwar	Member	4

Human Resource and Remuneration Committee

The Company has a Human Resource and Remuneration Committee. The committee is responsible for recommending to the board human resource management policies of the Company. The committee had one meeting during the year 2018; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Bilal Anwar	Chairman	1
Mr. Naim Anwar	Member	1

Investment Committee

The Company has an Investment Committee. The committee had four meetings during the year 2018; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Naim Anwar	Chairman	4
Mr. Shahid Suleman Jan	Member	1
Dr. Fahim Lashkarwala	Member	4
Mr. Malik Mehdi Muhammad	Member	4

Statement of Ethics and Best Business Practices

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

Company Reporting

The Company reports to the shareholders 4 times a year with its 1st quarter, half-yearly, 3rd quarter and annual results, along with the director's reports on the operations and future outlook for the Company.

The value of investment in respect of provident fund maintained by the Company based on latest financial statements as at December 31, 2018 is Rs. 15,497,065.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2018 is annexed with the report.

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

Directors Training Program

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

Subsidiary Companies

The Company has annexed its consolidated financial statements along with its separate financial statements. Crescent Star Foods (Private) Limited, Crescent Star Luxury (Private) Limited and Crescent Star Technologies (Private) Limited are the subsidiary of the Company.

Subsequent Events

No material changes effecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Acknowledgment

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

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

Tanveer Ahmed
Director

Naim Anwar
Managing Director & CEO

Karachi: April 9, 2019

ممبران کے لئے مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران 62 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے مختتمہ سال 31 دسمبر 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاروباری کارکردگی کی جھلکیاں

سال 2018 کے اختتام پر اگر ہم ماضی کی جانب دیکھیں تو 2013 میں کمپنی کی انتظامیہ تبدیل ہوئی۔ پہلا سال نئی حکمت عملی کی منصوبہ بندی اور کمپنی کی از سر نو تشکیل میں لگا جس کے تحت کمپنی جو کہ MCR (ادا شدہ سرمائے کی کم از کم ضروریات) کو پورا کرنے میں ناکام ہوگئی تھی اسے اس حالت سے باہر نکالنے کا بہت بڑا چیلنج تھا۔ اللہ تعالیٰ کی رحمت سے کمپنی MCR کی ضروریات پر پورا اتر رہی ہے یعنی جو سرمایہ صرف 500 ملین روپے تھا وہ اب بڑھ کر 1.07 بلین روپے ہوگیا ہے۔ کمپنی نے اپنے 62 سال قدامت پسند انشورنس کے شعبہ میں گزارے ہیں، اس لئے انتظامیہ کے لئے فوری طور پر اس کے قدو قامت میں تبدیلی لانا آسان نہیں تھا۔ تاہم یہ انتہائی ضروری تھا کہ کمپنی کے مالیات پر محتاط/ پاسدار رہوں اور انشورنس کے کاروبار کو سہارا دے سکیں۔ اس چیلنج کو حاصل کرنے کے لئے کمپنی نے اپنے کاربار ی میں تنوع لاکر سرمایہ کاری/ غذائی/ ریٹیل/ آسائش اور ٹیکنالوجی کے شعبوں میں نجی حصص اور ذیلی کمپنیوں کے ذریعے ڈھال لیا ہے۔

کرنسی میں حالیہ تبدیلیوں اور ڈیوٹیوں کی ساخت کو مدنظر رکھتے ہوئے ہماری ذیلی کمپنی کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) ایکسپریس یونٹس کے نام سے چلنے والے اسٹورز کو کم کرایہ جاتی لاگتوں کے ساتھ دوسری جگہوں پر منتقل کرنے کی حکمت عملی پر کام کررہی ہے۔ ریٹیل کے شعبہ کے تیزی سے بدلتے ہوئے ماحول میں انتظامیہ اپنی توسیع کے ابتدائی مرحلے میں ہی اپنی حکمت عملی پر از سر نو غور کررہی ہے اور احتیاط کے پیش نظر اپنے کاروباری افعال کو روک رہی ہے اس وقت تک جب تک کہ نئی لوکیشن نہیں بن جاتیں اور ایکسپریس یونٹس کا کاروباری منصوبہ حتمی شکل میں نہیں آجاتا۔ روشن مستقبل کے لئے کاروباری سرگرمیوں میں عارضی طور پر خلا پیدا ہوسکتا ہے۔ CSF کا PICIC انشورنس میں اور اس کے ساتھ الحاق آخری مراحل میں ہے اور یہ عدالت سے اہتمامی اسکیم کی منظوری کے ماتحت ہے، آپ کی کمپنی کو توقع ہے کہ حصص میں سرمایہ کاری کے اختصاص سے فوائد حاصل ہونگے اور مارکیٹ سے مارکیٹ قدر میں اضافہ ہوگا۔

آڈیٹرز کی سفارش پر انتظامیہ نے محتاط انداز میں ری انشورنس/کو انشورنس سے واجب الوصولیوں اور بازیابیوں کے لئے اضافی اختصاصات کی ہیں۔ یہ صنعت کا رائج طریقہ کار ہے کہ اگر کو انشورنس/ ری انشورنس کے مابین بقایاجات ایک سال سے زیادہ واجب الوصول ہوں تو ان کو ہم آہنگ کرنے کے لئے اضافی اختصاص کرنا ضروری ہوتا ہے۔ آپ کی کمپنی نے اضافی رقم کو مختص کرنے کا فیصلہ کرلیا ہے۔ اضافی اختصاص میں پس پشت ٹیکس شامل ہے اگرچہ کہ انتظامیہ پر اعتماد ہے کہ مستقبل کے منافع بورڈ کے اختصاص میں معاون ہونگے جو کہ CSF کی PICIC کے ساتھ جاری الحاق کو مدنظر رکھتے ہوئے کی جائے گی۔

2013 میں نئی انتظامیہ نے کنٹرول سنبھالا ہے اور کمپنی کے مختلف معاملات کی ازسرنو ساخت بندی کی ہے۔ 2013 سے اب تک زیادہ تر وقت حکمت عملی / درخواستوں کو دائر کرنے اور کمپنی کی ساخت بندی میں لگا ہے اور اب جب ہم 2019 میں داخل ہو رہے ہیں تو کمپنی کے مالیات مکمل ساخت شدہ ہیں جو کہ سرمایہ کاری اور دیگر ضروریات کے عین مطابق ہیں جو کہ احسن انداز میں کاروباری استحکام کی نشاندہی ہے۔

یہ بات انتہائی قابل مسرت ہے کہ حد سے زیادہ پرمحتاط اختصاص کے باوجود آپ کی کمپنی کی بریک اپ ویلیو 8.61 روپے فی حصص ہے۔

مالیاتی جھلکیاں

کمپنی نے اپنے مستحکم پریمیم کو ترجیحی درجوں کے کاروبار میں برقرار رکھا ہے جس کے نتیجے میں انتظامیہ خسارہ کی شرح کو موزوں سطح پر رکھنے میں کامیاب رہی۔ کمپنی کا خالص پریمیم 114.618 ملین روپے رہا۔ خالص دعووں میں 53 فیصد کمی ہوئی۔ انتظامی اخراجات کے عوض کئے گئے اختصاص کی وجہ سے خرچوں میں اضافہ کی عکاسی ہوتی ہے۔ تاہم اختصاص ہٹانے کے بعد خرچوں میں 9 فیصد کمی ہوئی ہے۔ گزشتہ مدت کی بہ نسبت سرمایہ کاری سے کوئی بڑی آمدنی ریکارڈ نہیں ہوئی جس سے نچلی سطح تک اثرات کا باعث ہے۔

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

مالی حالت ایک نظر میں

	2018	2017 (بحال)	2016
خام پریمیم	114,618,225	113,280,308	190,288,096
خالص پریمیم	111,270,066	109,614,211	206,345,732
منافع/ (خسارہ) قبل از ٹیکس	(49,237,498)	40,020,609	25,621,935
منافع/ (خسارہ) بعد از ٹیکس	(63,097,408)	73,166,684	23,557,209
ادا شدہ سرمایہ	1,076,950,410	826,833,330	826,833,330
کل اثاثے	1,179,593,086	1,243,013,870	1,009,122,729
حصص کی بریک اپ ویلیو	8.61	8.94	8.03
(خسارہ)/منافع فی حصص	(0.60)	0.88	0.30

مستقبل کی پیش بینی

کمپنی کا ارادہ ہے کہ اپنے بنیادی کاروبار انشورنس میں توسیع کرے اور اسی لئے ایسے اقدامات کر رہی ہے جس سے وہ ترقی پذیر انفرادی کلائنٹ کی مارکیٹ میں داخل ہوجائے۔ کمپنی کو توقع ہے کہ CSF کی PICIC میں اور اس کے ساتھ الحاق سرمایہ کاری کے پورٹ فولیو کی آمدنی کے لئے متحرک بنائے گی جو کہ اہتمامی اسکیم کی عدالت عالیہ سندھ سے منظوری کی وجہ سے زیر التوا ہے جس کے منظور ہوتے ہی سرمایہ کاری کے لحاظ سے کمپنی کو فائدہ ہوگا۔ انتظامیہ کو توقع ہے کہ ذیلی کمپنی کے ایکسپریس یونٹوں کو کم کرایہ جاتی لاگتوں اور اسٹور کے سائز میں کمی لا کر دوسری جگہ پر منتقل کرنے کی نئی حکمت عملی سے فوائد حاصل ہونگے۔

فی حصص منافع

مدت کے دوران سرمایہ کاری آمدن کی قلت اور سرمائے میں اضافہ (نئے حصص) کی وجہ سے کمپنی کی EPS (0.60) روپے رہی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال مختتمہ 31 دسمبر 2018 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔

آڈیٹرز کی رپورٹ

☆ ذیلی کمپنیوں (جوکہ پرائیویٹ لمیٹڈ ہیں) میں سرمایہ کاری کی قدری نقصان کی آزمائش دستیاب نہیں ہے، لہذا آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔ کمپنی کی انتظامیہ پر اعتماد ہے کہ عدالت عالیہ سندھ سے CSF کا PICIC میں اور اس کے ساتھ الحاق کی منظوری ملنے کے بعد CSF کے حصص میں کی گئی سرمایہ کاری لسٹڈ حصص میں تبدیل ہوجائے گی اور مارکیٹ سے مارکیٹ اس کے قدری نقصان کی آزمائش دستیاب ہوگی۔

☆ دوست اسٹیل ملز لمیٹڈ (DSL) اور CSIL کے درمیان 106.348 ملین روپے کا مارک اپ چارج کرنے سے متعلق کوئی تحریری معاہدہ دستیاب نہ ہونے کی وجہ سے آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔ لہذا آڈیٹرز نے کم از کم روانی کی ضروریات پورا کرنے میں خالص اثاثوں میں 106.348 ملین روپے کمی بتائی ہے، جس کی وجہ DSL کے ساتھ کسی معاہدہ کی عدم دستیابی ہے۔ تاہم کمپنی کی درکار روانی کی ضروریات سے پہلے ہی 91.246 ملین روپے زیادہ ہے، لہذا اگر 106.348 ملین روپے نہیں بھی ملتے تب بھی کمپنی کی روانی کی شرح مکمل ہے۔

☆ آڈیٹرز نے 139.084 روپے کے قابل وصول واجبات کے لئے اپنے تحفظات کا اظہار کیا ہے تاہم انتظامیہ کل قابل وصول واجبات کے 33 فیصد حصے کے لئے اختصاص کیا ہے جو کہ بورڈ کی پالیسی کے عین مطابق ہے۔

بیمہ کار کی مالیاتی استحکام کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو 'A-' درجہ بندی کے ساتھ 'مستحکم' منظرنامے سے نوازا ہے۔

ادارتی سماجی ذمہ داری

کریسنٹ اسٹار انشورنس لمیٹڈ ذمہ دار کاروباری ادارے کی حیثیت سے مکمل طور پر اپنے کردار سے آگاہ ہے اور درج ذیل طریقوں سے اپنی ذمہ داریاں پورا کر رہی ہے:

کام کے دوران حفاظت اور صحت

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

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات، انسداد منی لانڈرنگ اور کاروباری طور طریقوں سے متعلق بیانیہ کو اختیار رہے۔ تمام ملازمین کو ان سے مطلع کر دیا گیا ہے اور انہیں ہدایت کی گئی ہے کہ کاروباری طرز اخلاق کے قواعد وضوابط کی پیروی کریں۔ اخلاقیات اور کاروباری طور طریقوں کے گوشوارے محنت، دیانت، شاندار کلچر اور اخلاقیات پر مبنی ہیں جن کا تعلق گاہکوں، ساتھیوں اور عام عوام سے ہے۔

توانائی کی بچت

کمپنی توانائی کی بچت سے متعلق اپنی ذمہ داری سے مکمل آگاہ ہے۔ کمپنی نے دفتری احاطے میں توانائی بچت کے آلات نصب کئے ہیں۔ کمپنی اس بات کو یقینی بناتی ہے کہ لنچ کے وقفے اور دفتری اوقات کے بعد بجلی کم سے کم خرچ ہو اور زیادہ سے زیادہ دن کی قدرتی روشنی سے بھی استفادہ کیا جائے۔

صنعتی تعلقات

صنعتی تعلقات سے متعلق کمپنی اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ کمپنی کا شعبہ انسانی وسائل تمام لاگو قوانین، ضوابط اور رواج پر عمل اور نفاذ کا ذمہ دار ہے تاکہ کام کی جگہ پر اعلی پیشہ ورانہ معیارات کو برقرار رکھا جا سکے۔

انسانی وسائل کے لئے پیش قدمی

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

ادارتی نظم ونسق کے ضابطے کی پاسداری

سال 31 دسمبر 2018 میں پاسداری سے متعلق بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا ادارتی نظم ونسق کے ضابطے کے تحت ذمہ داریوں سے متعلق بیانیہ

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

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

b کمپنی کے کھاتوں کی کتابیں کمپنیز ایکٹ 2017 اور انشورنس آرڈیننس 2000 کے تحت مناسب انداز میں رکھی گئی ہیں۔

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

d منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000، انشورنس رولز 2017 انشورن اکاؤنٹنگ ریگولیشنز 2017 کی ضروریات کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔

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

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

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

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

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

بورڈ کے اجلاس اور ان میں حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضری درج ذیل رہی:

ڈائریکٹر کا نام	بورڈ کے حاضر اجلاسوں کی تعداد
جناب نعیم انور	4
ڈاکٹر فہیم لشکر والا	4

جناب شاہد سلیمان جان	1
جناب بلال انور	3
مس شایانِ ملک	2
مس رخسانہ اصغر	1
جناب ندیم انصر	2

آڈیٹرز

موجودہ آڈیٹرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے،تقرری کی اہلیت ہونے کے باعث،انہوں نے 31 دسمبر 2019 کو ختم ہونے والے سال کے لئے بطور بیرونی آڈیٹرز اپنی دوبارہ تقرری کی پیشکش کی ہے۔

آڈٹ کمیٹی

کمپنی کی اپنی آڈٹ کمیٹی ہے اور سال 2018 کے دوران اس کے پانچ اجلاس ہوئے۔حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
ڈاکٹر فہیم لشکروالا	چیئرمین	5
جناب شاہد سلیمان جان	ممبر	2
جناب بلال انور	ممبر	4

انسانی وسائل اور معاوضہ کمیٹی

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

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب بلال انور	چیئرمین	1
جناب نعیم انور	ممبر	1

سرمایہ کاری کمیٹی

کمپنی کی اپنی سرمایہ کاری کمیٹی ہے۔سال 2018 کے دوران کمیٹی کے چار اجلاس ہوئے جن میں حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب نعیم انور	چیئر مین	4
جناب شاہد سلیمان جان	ممبر	1
ڈاکٹر فہیم لشکر والا	ممبر	4
جناب ملک مہدی محمد	ممبر	4

اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ

بورڈ نے ''اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ'' کو اختیار کیا ہے اور اور اسے تمام ڈائریکٹران اور ملازمین میں تقسیم گیا ہے جس کو انہوں نے تسلیم کیا ہے اور قبول کر لیا ہے۔

کمپنی کی رپورٹنگ

کمپنی سال میں چار مرتبہ حصص یافتگان کو رپورٹ کرتی ہے یعنی پہلی سہ ماہی، ششماہی، تیسری سہ ماہی اور سالانہ نتائج کے ہمراہ کاروباری افعال پر ڈائریکٹران کی رپورٹ اور کمپنی کا مستقبل کا منظرنامہ پیش کرتی ہے۔

کمپنی کے تشکیل دیئے گئے پروویڈنٹ فنڈ میں سرمایہ کاری 15,497,065 روپے رہی جو کہ اس کے حالیہ مالیاتی گوشورے مختتمہ 31 دسمبر 2018 کے مطابق ہے۔

حصص داری کی ساخت

مختتمہ سال 31 دسمبر 2018 پر کمپنی کی حصص داری کی ساخت اور دیگر معلومات پر مشتمل گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

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

ڈائریکٹران کے لئے تربیتی پروگرام

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

ذیلی کمپنیاں

کمپنی نے اپنے مالیاتی گوشوارے کے ساتھ مجموعی مالیاتی گوشوارے منسلک کئے ہیں۔ کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ، کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کمپنی کی ذیلی کمپنیاں ہیں۔

بعدازاں واقعات

مالیاتی سال کے اختتام اوراس رپورٹ کی تاریخ کے دوران کوئی اہم تبدیلیاں رونمانہیں ہوئیں جن سے کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو۔

اعتراف

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

ہم تمام حصص یافتگان، گاہکوں/ پالیسی ہولڈراور تمام مستفیدان کے تعاون اوراعتماد کے بھی شکرگزار ہیں جوانہوں نے کمپنی اوراس کی انتظامیہ پر کیا۔ کمپنی اوراس کے ڈائریکٹران خصوصی طور پرافسران اورعملہ کے ممبران اور CSIL کی پوری ٹیم کوان کی جد وجہد اور سخت محنت اور کمپنی کی نمو کے لئے ان کے تعاون پر اپنی شکرگزاریاں اورتہنیت پیش کرتے ہیں۔

تنویراحمد	**نعیم انور**
ڈائریکٹر	مینیجنگ ڈائریکٹراینڈ سی ای او

کراچی: 9 اپریل 2019

KEY FINANCIAL HIGHLIGHTS

(RUPEES IN MILLION)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross Premium	**114.62**	**113.28**	**190.29**	265.77	237.05	84.93	68.62	81.87	105.08	132.58
Net Premium	**111.27**	**109.61**	**206.35**	236.91	136.25	55.77	40.99	60.23	74.16	105.36
Paid-up Capital	**1,076.95**	**826.83**	**826.83**	620.13	620.13	121.00	121.00	121.00	121.00	121.00
Reserve & Retained Earnings	**49.86**	**112.43**	**37.16**	13.60	(68.08)	(55.89)	(54.83)	(36.66)	(38.09)	(41.84)
Discount on Issue of Right Shares	**(199.65)**	**(199.65)**	**(199.65)**	(199.65)	(199.65)	-	-	-	-	-
Investments	**165.58**	**241.15**	**188.47**	78.06	270.00	14.68	21.97	24.11	29.74	35.22
Underwriting Provisions	**109.01**	**123.76**	**143.20**	185.98	159.55	61.31	59.74	71.13	79.20	107.22
Total Assets	**1,179.59**	**1,243.01**	**1,009.12**	838.22	574.84	164.82	176.02	202.38	214.61	237.78
Profit Before Tax	**(49.24)**	**40.02**	**25.62**	89.86	(34.47)	2.07	(17.84)	2.22	4.61	(43.38)
Profit After Tax	**(63.10)**	**73.17**	**23.56**	81.68	(35.83)	1.47	(18.16)	1.43	3.74	(30.48)
Distribution as percentage of										
paid-up capital- cash dividend	-		-	-	-	-	-	-	-	-
paid-up capital- cash dividend Interim	-		-	-	-	-	-	-	-	-
- bonus shares	-		-	-	-	-	-	-	-	-
- right shares	-		**33.33**	-	412.50	-	-	-	-	-
Return on Total Assets-%	**(5.35)**	**5.89**	**2.33**	9.74	(6.23)	0.89	(10.32)	0.71	1.74	(12.82)
Return on Shareholders' Equity-%	**(6.81)**	**9.89**	**3.55**	18.82	(10.17)	1.65	(27.45)	1.69	4.52	(38.51)
Break-up Value per Share	**8.61**	**8.94**	**8.03**	**8.32**	5.68	7.33	5.47	6.97	6.85	6.54
Earnings per Share in Rupees	**(0.60)**	**0.88**	**0.30**	**1.33**	(0.70)	0.10	(1.50)	0.12	0.31	(2.52)
Market Value of Share	**1.71**	**4.09**	**10.52**	**12.99**	4.69	7.80	4.00	2.00	6.38	9.00
P/E Ratio	**(2.86)**	**4.65**	**35.07**	**9.77**	(6.70)	78.00	(2.66)	16.95	15.12	3.57

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Crescent Star Insurance Company Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 and Code of Corporate Governance for insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance Regulations, 2017 (the Regulations) prepared by the Board of Directors of Crescent Star Insurance Company Limited ("the Company") for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance(s) of non-compliance with the requirement(s) of the Regulations was /were observed which are not stated in the Statement of Compliance:

i. The Company's Chief Executive Officer and Chairman is the same person;

ii. The Company's HR committee does not have a majority of non-executive directors; and

iii. The members of Claim Settlement Committee are also the members of Underwriting and Reinsurance Committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the required contained in the Regulation as applicable to the Company for the year ended December 31, 2018.

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

Paragraph Reference	Description
18	The Audit Committee comprises of two independent and one executive directors, therefore composition of Audit committee do not meet the minimum number of non-executive directors as required under Code of Corporate Governance (for listed companies), 2012.
20	The Head of Internal Audit of the Company resigned during the year and vacancy was not filled by the end of year. Therefore the Company does not have any Internal Audit function at the end of the year under audit. However, the Statement of Compliance states that: states that: *"The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the internal audit function on full basis".* (During the year the internal auditor left the job and no one was appointed till year end)

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2018.

Date: April 9, 2019
Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

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

CRESCENT STAR INSURANCE LIMITED

YEAR ENDED DECEMBER 31, 2018

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

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

1. The Company encourages representation of Independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Independent Directors	Dr. Fahim Lashkarwala Ms. Shaiyanne Malik
Executive Directors	Mr. Naim Anwar, CEO/Chairman Mr. Tanveer Ahmed
Non-Executive Directors	Mr. Nadeem Ansar

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. Casual Vacancies occurred on the Board on May 4, 2018, August 25, 2018 and September 22, 2018. Three vacancies are in the process of being filled in.

5. The Company has prepared a “Statement of Ethics and Business Practices” which has been signed by all the Directors and employees of the Company.

6. The Company has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied all the necessary aspects of internal controls given in the code.

10. The Directors training program was arranged for Mr. Bilal Anwar held by Institute of Chartered Accountant of Pakistan. The Company will arrange training program for remaining directors with in prescribed period allowed.

11. The Board has approved appointment of head of internal audit, including his remuneration and terms and conditions of employment. The person appointed as Head of Internal Audit has qualified exams of Institute of Chartered Accountants of Pakistan (ICAP). There are no new appointments of CFO and Company Secretary during the year.

12. The Directors" Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance. The Company"s management has developed evaluation criteria for carrying out performance evaluation of its members & chairman.

16. The Board has formed the following Management Committees:

Underwriting, Claim and Re-insurance and Risk Management committee:

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

17. The Board has formed the following Board Committees:

Risk Management & Compliance Committee:

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

*Resigned on 27 September 2018.

Ethics, Human Resource and Remuneration Committee:

Names	Category
Mr. Bilal Anwar	Executive Director/Chairman*
Mr. Naim Anwar	Chief Executive Officer
Mr. Tanveer Ahmed	Executive Director/Chairman
Ms. Shaiyanne Malik	Independent Director

*Resigned on 22 September 2018.

Investment Committee:

Names	Category
Mr. Naim Anwar	Chief Executive Officer / Chairman
Dr. Fahim Lashkarwala	Independent Director
Mr. Tanveer Ahmed	Executive Director
Mr. Malik Mehdi Muhammad	Chief Financial Officer

18. The Board has formed an Audit Committee. It presently comprises of one member which is an independent director, and the chairman is an independent director. The Composition of the audit committee is as follow:

Audit Committee

Names	Category
Dr. Fahim Lashkarwala	Independent Director/Chairman
Mr. Bilal Anwar	Executive Director*
Mr. Tanveer Ahmed	Executive Director
Ms. Shaiyanne Malik	Independent Director

*Resigned on 22 September 2018.

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

19. The meetings of the committees except Ethics, Human Resource and Remuneration Committee and Risk Management Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of references of the Committees have been formed and advised to the Committees for compliance of this Code.

20. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the internal audit function on full basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under this Code. There is no actuary appointed. Moreover, the persons heading the underwriting, claim reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

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

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

*Resigned on 27 September 2018.
** Resigned on 16 November 2018.

22. The Statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with IFAC guidelines and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Company does not have any actuary.

25. All related party transactions entered during the year were at arm‟s length basis and these have been placed before the audit committee and Board of Directors. These transactions are duly reviewed and approved by the audit committee and Board of Directors along with pricing methods.

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code of Corporate Governance for Insurers, 2016.

27. The Board ensures that the Risk Management System of the Company is in the place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Company has set up a Risk Management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

29. The Board ensures that as part of the risk management system, the Company get itself rated from PACRA which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on January 18, 2019 is A- with Outlook Stable.

30. The Company has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.

31. The „closed period‟, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company‟s securities, was determined and intimated to directors, employees and stock exchanges.

32. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

33. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

34. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016.

35. We confirm that all other material principles enshrined in the CCG have been complied with except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

- Directors‟ Casual Vacancy (Para 4)

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

Naim Anwar
Managing Director & CEO

Karachi: April 9, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Star Insurance Limited

Report on the audit of the unconsolidated financial statements

Qualified Opinion

We have audited the annexed unconsolidated financial statements of Crescent Star Insurance Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2018, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the effects of the matters described in the *Basis for Qualified Opinion,* section of our audit report, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIV of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018 and of the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified opinion.

1) As stated in note 11 and 14.2 to the unconsolidated financial statements, the Company's carrying value of investments in subsidiaries and receivables on account of advance against issue of shares amounting to Rs. 150.019 million (2017: Rs. 205.019 million) and Rs. 277.303 million (2017: Rs. 205.718 million) respectively due from subsidiaries on account of advance against issue of shares. The management has not carried out impairment testing, of its investment in and receivables from subsidiaries as per the requirements of IAS – 36 "Impairment of Assets" therefore any adjustment in the carrying value of the investments in and receivables from subsidiaries cannot be determined at this stage.

2) As stated in note 14.1 to the unconsolidated financial statements, the Company has recorded accrued interest amounting to Rs. 106.348 million (2017: Rs. 66.582 million) at a rate of one year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Company's claim against accrued interest and under the circumstances the recoverability of the interest income accrued could not be ascertained. Accordingly, loss for the year and total assets/solvency of the Company is understated and overstated by Rs. 39.765 million (2017: Rs. 34.483 million) and Rs. 106.348 million (2017: Rs. 66.582 million) respectively. Further the statement of solvency states that there is an excess in net admissible assets over minimum requirements, however, due to inclusion of Rs. 106.348 million the total net admissible assets are currently over-stated.

3) As stated in note 15 to the unconsolidated financial statements, the Company has recorded premium receivable amounting to Rs. 229.133 million (2017: Rs. 227.780 million) out of which Rs. 75.613 million (2017: Rs. 62.427 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs. 139.084 million. Any adjustment to the amount of the above receivable found to be necessary would affect the Company's loss for the year then ended.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	**How the matter was addressed in our audit**
First time application Companies Act, 2017 (As referred in note 8.2 the unconsolidated financial statements). the Companies Act, 2017 (the Act) becomes applicable and the consequently fourth Schedule been applied to the Company for the preparation of unconsolidated financial statements. As part of transition to the requirements, management performed an analysis to identify differences between the repealed Companies Ordinance, 1984 and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the unconsolidated financial	Our audit procedures included the following: • considering the management's process to identify the additional disclosures required in the Company's unconsolidated financial statements; • obtaining relevant underlying supports for the additional disclosures and assessing their appropriateness for sufficient audit evidence; and • verifying on test basis supporting evidence for the additional disclosures and ensuring appropriateness of the disclosures made.

statements. In view of the various new disclosures prepared and presented in the unconsolidated financial statements, we considered this a key audit matter	
Change in accounting policy as a result of application of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (As referred in note 8.3 the unconsolidated financial statements). the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from 1 January 2018. These regulations introduced a new format of unconsolidated financial statements and changed the basis of presentation. Due to the above, the Company changed its accounting policy for valuation from lower of cost and market value to Available-For-Sale investments to comply with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement. We have considered the above as key audit matter due to change in policy of the Company.	Our audit procedures in respect of this matter included the following: • Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance in accordance with accounting and reporting standards as applicable in Pakistan; and • Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.
Valuation of claim liabilities The Company's claim liabilities represent 24.04% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimate. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves	• Evaluating the competence, capabilities and independence of the management's expert; • Obtaining a sufficient understanding of the field of expertise of the management's expert; • Obtaining understanding of the assumptions and method used by the expert for the valuation of the Insurance liability; • Testing the relevance and reasonableness of those assumptions and methods; • Testing the relevance, completeness and accuracy of source data used for the valuation of claim liabilities; • Testing the valuation for accuracy and determining whether the assumptions were

significant degree of judgment	consistently applied in the valuation; • Ensuring that appropriate disclosures have been provided in respect of the assumptions and methodology used.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) except for the effects of the matter described in the Basis for Qualified Opinion paragraph; proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017),;

b) except for the effects of the matter described in the Basis for Qualified Opinion paragraph; the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account.

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

Other Matter

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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: April 9, 2019

UNCONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2018

Crescent Star Insurance Limited
Unconsolidated Statement of Financial Position
As at December 31, 2018

	Note	**2018**	2017 (Restated)	2016 (Restated)
ASSETS		---------- (Rupees) ----------		
Property and equipment	9	**19,781,656**	21,738,159	17,736,996
Intangible assets	10	**1,571,970**	2,717,000	4,075,500
Investments in subsidiaries	11	**150,019,600**	205,019,570	88,677,960
Investments				
Equity securities	12	**15,558,992**	14,866,713	192,291,381
Debt securities	13	**-**	21,265,737	21,761,809
Loans and other receivables	14	**754,322,286**	649,498,385	457,066,386
Insurance / reinsurance receivable				
Premium due but unpaid	15	**153,519,309**	165,353,426	179,887,393
Amounts due from other insurers / reinsurers	16	**-**	70,452,999	66,527,481
Reinsurance recoveries against outstanding claims		**2,595,202**	2,595,202	8,552,929
Deferred commission expense		**6,293,238**	6,807,589	8,479,678
Deferred taxation	17	**-**	12,639,678	-
Prepayments	18	**2,792,024**	12,488,782	6,410,832
Cash and bank	19	**73,138,809**	57,570,630	58,368,472
Total assets		**1,179,593,086**	1,243,013,870	1,109,836,817
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	20	**1,076,950,410**	826,833,330	826,833,330
Discount on issue of right shares	21	**(199,650,000)**	(199,650,000)	(199,650,000)
Reserves	22	**49,856,855**	112,432,627	115,995,292
Total equity		**927,157,265**	739,615,957	743,178,622
Share deposit money		**-**	250,012,730	-
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR		**60,680,433**	66,422,035	71,011,170
Unearned premium reserves		**48,328,460**	55,822,934	71,592,272
Premium deficiency reserves		**-**	1,510,891	593,501
Deferred taxation		**-**	-	21,876,574
Borrowings	23	**6,427,350**	3,694,550	3,007,838
Premium received in advance		**1,793,455**	1,453,157	633,446
Insurance / reinsurance payables	24	**-**	43,135,172	24,489,759
Other creditors and accruals	25	**131,647,209**	78,740,259	170,677,617
Unclaimed dividend		**418,209**	418,209	418,209
Taxation - provision less payments	26	**3,140,705**	2,187,976	2,357,809
Total liabilities		**252,435,821**	253,385,183	366,658,195
Total equity and liabilities		**1,179,593,086**	1,243,013,870	1,109,836,817
Contingencies and commitments	27			

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Statement of Comprehensive Income
For the year ended December 31, 2018

	Note	2018	2017 (Restated)
		------------- (Rupees) -------------	
Net insurance premium	28	**111,270,066**	109,614,211
Net insurance claims	29	**(17,452,659)**	(37,283,550)
Premium deficiency		**1,510,891**	(917,392)
Net commission and other acquistion costs	30	**(18,380,049)**	(20,681,929)
Insurance claims and other acquistion expense		**(34,321,817)**	(58,882,871)
Management expenses	31	**(166,129,200)**	(145,777,913)
Underwriting results		**(89,180,951)**	(95,046,573)
Investment income	32	**307,261**	103,712,111
Other income	33	**45,051,296**	35,438,279
Other expenses	34	**(4,543,166)**	(3,722,998)
Results of operating activities		**(48,365,560)**	40,380,819
Finance costs		**(871,938)**	(360,210)
(Loss) / profit before tax		**(49,237,498)**	40,020,609
Taxation	35	**(13,859,910)**	33,146,074
(Loss) / profit after tax		**(63,097,408)**	73,166,683
Other Comprehensive Income / (Loss)			
Unrealized gain on available for sale investments during the year - net of tax		**521,636**	495,810
Reclassification adjustments relating to available for sale investments disposed off - net		**-**	(77,225,158)
Other comprehensive income/ (loss) for the year		**521,636**	(76,729,348)
Total comprehensive loss for the year		**(62,575,772)**	(3,562,665)
(Loss) / earning per share	36	**(0.60)**	0.88

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Cash Flow Statement
For the year ended December 31, 2018

	Note	2018	2017 (Restated)
Operating cash flows		------------- (Rupees)	-------------
(a) Underwriting activities			
Insurance Premium received		**126,792,640**	128,633,986
Reinsurance premium paid		**27,317,827**	(12,280,857)
Claims paid		**(23,194,261)**	(35,914,958)
Commission paid		**(17,865,698)**	(19,009,840)
Management expenses paid		**(57,445,268)**	(236,603,408)
Net cash flow from underwriting activities		**55,605,240**	(175,175,077)
(b) Other operating activities			
Income tax paid		**(438,147)**	(1,540,011)
Other operating payments		**(61,995,660)**	(153,858,214)
Net cash outflow from other operating activities		**(62,433,807)**	(155,398,225)
Total cash flow from all operating activities		**(6,828,567)**	(330,573,302)
Investment activities			
Profit / return received		**791,818**	1,654,986
Dividend received		**851**	29,060
Proceeds from investments		**21,265,738**	87,199,667
Fixed capital expenditure		**(6,804,873)**	(9,554,615)
Proceeds from sale of property and equipment		**5,178,000**	107,130
Total cash flow from investing activities		**20,431,534**	79,436,228
Financing activities			
Proceeds from issuance for shares		**104,350**	250,012,730
Finance costs paid		**(871,938)**	(360,210)
Borrowing under Musharaka arrangements obtained - net		**2,732,800**	686,712
Total cash from financing activities		**1,965,212**	250,339,232
Net cash flow from all activities		**15,568,179**	(797,842)
Cash and cash equivalents at beginning of year		**57,570,630**	58,368,472
Cash and cash equivalents at end of year		**73,138,809**	57,570,630
Reconciliation to unconsolidated profit and loss account			
Operating cash flows		**(6,828,567)**	(330,573,302)
Depreciation expense	31	**(3,876,235)**	(3,476,362)
Amortization expense	31	**(1,443,943)**	(1,358,500)
Gain/ (loss) on disposal of property and equipments	33	**591,772**	(1,969,960)
Profit on disposal of investments		**-**	136,866,141
Dividend income	32	**851**	29,060
Other investment and other income		**445,215**	1,646,723
Finance costs		**(871,938)**	(360,210)
Increase in assets other than cash		**(42,327,691)**	180,279,943
(Decrease) / increase in liabilities other than borrowings		**(7,834,143)**	91,913,317
Provision for taxation		**(952,729)**	169,833
(Loss) / profit after taxation for the period		**(63,097,408)**	73,166,683

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2018

	Attributable to equity holder to the Company						
	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	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 7.1) net of tax	-	-	-	78,837,514	-	-	78,837,514
Balance as at January 01, 2017 as restated (note 7.1)	826,833,330	(199,650,000)	1,767,568	78,837,514	24,497,265	10,892,945	743,178,622
Profit after tax	-	-	-	-	-	73,166,683	73,166,683
Reclassification of unrealized gain from other comprehensive income to profit and loss account	-	-	-	(77,225,158)	-	-	(77,225,158)
Other comprehensive income for the year as restated (note 7.1)	-	-	-	495,810	-	-	495,810
Balance as at December 31, 2017	826,833,330	(199,650,000)	1,767,568	2,108,166	24,497,265	84,059,628	739,615,957
Balance as at January 01, 2018	**826,833,330**	**(199,650,000)**	**1,767,568**	**-**	**24,497,265**	**84,059,628**	**737,507,791**
Effect of change in accounting policy (note 7.1) net of tax.	**-**	**-**	**-**	**2,108,166**	**-**	**-**	**2,108,166**
Balance as at January 01, 2018 as restated (note 7.1)	**826,833,330**	**(199,650,000)**	**1,767,568**	**2,108,166**	**24,497,265**	**84,059,628**	**739,615,957**
Issue of right shares at par	**250,117,080**	**-**	**-**	**-**	**-**	**-**	**250,117,080**
Loss after tax	**-**	**-**	**-**	**-**	**-**	**(63,097,408)**	**(63,097,408)**
Other comprehensive income for the year	**-**	**-**	**-**	**521,636**	**-**	**-**	**521,636**
Balance as at December 31, 2018	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**2,629,802**	**24,497,265**	**20,962,220**	**927,157,265**

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

1 LEGAL, 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 and suretyship, accident and health and miscellaneous insurance.

2 BASIS OF PREPARATION

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

These unconsolidated financial statements have been prepared on the format of financial statements issued by the the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 9, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies.

3 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017; and

Incase requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, shall prevail.

4 BASIS OF MEASUREMENT

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

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

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
- IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 01, 2018
- IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 01, 2018
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2018.

5.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 01, 2019
- Annual improvements to IFRSs 2015 - 2017 Cycle	January 01, 2019
- IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 01, 2019
- IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 01, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	July 01, 2019
- IAS 1 / IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 01, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
- IFRS 3 - IFRS Definition of a business (Amendments to IFRS 3)	January 01, 2020
- IFRS 11 - Joint Venture - (Amendments to IFRS 11)	January 01, 2019

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

5.4 Standards, amendments and interpretations to the published standards that are not yet notified by

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
- IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
- IFRS 17 - Insurance Contracts	January 01, 2021

6 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

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

	Note
- Provision for outstanding claims (including IBNR)	7.3.1
- Premium deficiency reserve	7.4
- Provision for doubtful receivables	7.6

	Note
- Useful lives and residual values of property and equipment	7.9
- Provision for unearned premium	7.11.2
- Premium due but unpaid	7.11.3
- Provision for taxation and deferred tax	7.14
- Segment reporting	7.15

7 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for changes in note 7.1.

7.1 Change in accounting policies

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

- Changes in the sequence of assets / liabilities in the unconsolidated 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 unconsolidated financial statements (notes 28, 29, 30 and 32); and
- Underwriting results in relation to various classes of business which were previously on the face of the unconsolidated profit and loss account are now presented in a separate note (note 42).

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 unconsolidated 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 transferred to unconsolidated profit and loss for the year within unconsolidated 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 policies are summarized below:

	December 31, 2017 (Restated)		
	Balance previously reported	Adjustment	Balance Restated
	---Rupees---		
Investments			
Equity securities	11,855,047	3,011,666	14,866,713
Deferred taxation	13,543,178	(903,500)	12,639,678
Reserves	110,324,461	2,108,166	112,432,627

	December 31, 2016 (Restated)		
	Balance previously reported	Adjustment	Balance Restated
	---------------------------------Rupees--------------------------		
Investments			
Equity securities	78,034,115	114,257,266	192,291,381
Deferred taxation	13,543,178	(35,419,752)	(21,876,574)
Reserves	37,157,778	78,837,514	115,995,292

7.2 Insurance contracts

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

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous

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

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally, personal insurance contracts for example. vehicles are provided to individual customers, whereas, insurance contracts of fire and property, marine and transport, accident and other commercial line products are provided to commercial organization.

Fire and property insurance contracts mainly compensate the Company’s customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

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

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

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

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

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

7.3 Claims

Claims are charged to unconsolidated profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

7.3.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

i) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimated are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

ii) Claims incurred but not reported

The provision for claims incurred but not reported is made at the reporting date in accordance with SECP circular no. 9 dated March 09, 2016. The Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using 'Chain Ladder' (CL) methodology. The CL method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine cumulative development factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

7.4 Premium deficiency reserve / Liability adequacy test

The Company is required as per SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the unconsolidated profit and loss account.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose, average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss to be applied on unearned premium.

7.5 Reinsurance contracts held

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

7.6 Receivables and payables related to insurance contracts

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

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

7.7 Staff retirement benefits

7.7.1 Defined contribution plan

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

7.7.2 Employees' compensated absences

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

7.8 Investments

7.8.1 Recognition

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

- Held to Maturity investments;
- Available for sale investments; and
- Held for Trading investments.

7.8.2 Measurement

i) Held to Maturity investments

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

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

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

ii) Available For Sale investments

Investments which are not eligible to be classified as "Held for Trading" or "Held to maturity" are classified as 'Available-for-Sale' investments. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale investments.

iii) Held for Trading investments

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as fair value through profit or loss. Investments which are designated at held for trading upon initial recognition

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in unconsolidated profit and loss account.

7.8.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in unconsolidated statement of comprehensive income.

When an Available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to unconsolidated profit and loss account.

For financial assets measured at held to maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through unconsolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in unconsolidated profit and loss account are not reversed through unconsolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in unconsolidated other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through unconsolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in unconsolidated statement of comprehensive income.

b) Unquoted

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

c) Investment in equity instruments of subsidiaries companies

Investment in subsidiaries are accounted for at cost less accumulated impairement losses. Dividend income from these investments is recognized in unconsolidated profit or loss and included in other income when the Company's right to receive payments has been established.

7.8.4 Date of recognition

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

7.9 Property and equipment

7.9.1 Owned

These are stated at cost less accumulated depreciation and impairment loss, if any, . Depreciation is charged over the estimated useful life of the asset on a systematic basis to unconsolidated statement of comprehensive income applying the reducing balance method at the rates specified in note 9 to the unconsolidated financial statements.

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

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the unconsolidated statement of comprehensive income in the year the asset is derecognized.

7.9.2 Leased assets

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

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

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

7.9.2.1 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company’s unconsolidated statemement of financial position and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated May 22, 2007. Ujrah payments made under an Ijarah are charged to the unconsolidated profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user’s benefit even if the payment are not on that basis.

7.10 Intangibles - Computer Software

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

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

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

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

7.11 Revenue recognition

7.11.1 Premium income earned

Up to 31 December 2017, premium had been recognized as written at the time of insurance policy (policy written) in accordance with the SEC (Insurance) Rules, 2002. Accordingly to the Rules and Accounting Regulations 2017, the Company has changes its accounting policy for recognition of premium under an Regulations 2017, the Company has changes its accounting policy for recognition of premium under an policy / cover note.

7.11.2 Provision for unearned premium

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

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year; and
- Contracts having tenure of more than twelve months, the Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

7.11.3 Premium due but unpaid

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

7.11.4 Commission income unearned

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

7.11.5 Commission income

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

7.11.6 Investment income

- Income from Held to Maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of Held to Maturity investments is amortised and taken to the unconsolidated profit and loss account over the term of the investment.
- Dividend income is recognized when the Company's right to receive the payment is established.
- Gain / (loss) on sale of Available For Sale investments is charged in unconsolidated profit and loss account.
- Return on fixed income securities classified as Available For Sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

7.11.7 Dividend declaration

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

7.12 Deferred commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognized as an asset on attachment of the related risks. These costs are charged to statement of unconsolidated statement of comprehensive income based on the pattern of recognition of premium revenue.

7.13 Management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under other expenses.

7.14 Taxation

7.14.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001 for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed/ finalized during the year or required by any other reason.

7.14.2 Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

7.15 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company’s other components. All operating segments’ results are reviewed regularly by the Company’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous.

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

7.16 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange difference, if any, are taken to unconsolidated statement of comprehensive income.

7.17 Off setting of financial assets and liabilities

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

7.18 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in unconsolidated profit and loss account.

7.19 Amounts due to / from other insurers / reinsurers

Amount due to / from other insurers / reinsurers are carried at cost less provision for impairment. Cost represents the fair value of the consideration to be received / paid in the future for the services rendered / received.

7.20 Creditors, accruals and provisions

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

A provision is recognised in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

7.21 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of unconsolidated cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks .

7.22 Reinsurance recoveries against outstanding claims

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

7.23 Prepaid reinsurance expense

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

7.24 Financial instruments

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

7.25 Earnings per share

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

7.26 Share capital

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

7.27 Functional and presentation currency

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

8 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

8.1 The Board of Directors of the Company in their meeting held on May 2, 2017 announced to issue 121 right shares for every 400 shares held i.e. 30.25% at par of Rs. 10 per share amounting Rs. 250.117 million which were fully subscribed as a result paid up capital of the Company was increased from Rs. 826.83 million to Rs. 1076.95 million.

8.2 The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of unconsolidated financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company. The Act has also brought certain changes with regards to preparation and presentation of annual and interim financial statements of the Company.

8.3 The Securities and Exchange Commission of Pakistan (SECP) vide SRO 88(1)/2017 and SRO 89(1)/2017 dated February 09, 2017, has issued the Insurance Accounting Regulations, 2017 (the Regulations) and Insurance Rules, 2017 (the Rules). The application of the Regulations and Rules for the purpose of preparation and presentation of the published financial statements was effective from 1 April 2017. However, SECP vide letter ID/OSM/Crescentstar/2017/10791 dated August 22, 2017 and letter ID/OSM/Crescentstar/2017/12195 dated October 6, 2017 granted exemptions to the Company to prepare half yearly financial information for the period ended June 30, 2017, third quarter financial information for the period ended September 30, 2017 and annual audited unconsolidated financial statements for the year ended December 31, 2017 in accordance with the requirements of repealed rules [SEC(Insurance) Rules 2002] and allowed the application of the Rules and Regulations effective from the accounting year commencing from 1 January 2018. Accordingly, the Company has applied the Rules and Regulations for the preparation of the unconsolidated financial statements for the year ended December 31, 2018.

9 PROPERTY AND EQUIPMENT

2018

	Cost			Depreciation			Written down	Depreciation
	As at 1 January	Additions/ (Disposals)	As at 31 December	As at 1 January	For the year/ (disposals)	As at 31 December	value as at 31 December	rate %
	----------Rupees----------							
- Furniture and fixtures	**8,509,269**	**215,600**	**8,724,869**	**1,187,672**	**752,260**	**1,939,932**	**6,784,937**	**10**
- Office equipment	**3,056,737**	**155,000**	**3,211,737**	**613,282**	**251,947**	**865,229**	**2,346,508**	**10**
- Computers equipment	**2,808,061**	**139,150**	**2,947,211**	**1,764,617**	**339,523**	**2,104,140**	**843,071**	**30**
- Vehicles	**29,857,329**	**5,996,210**	**22,640,838**	**18,927,666**	**2,532,505**	**12,833,698**	**9,807,140**	**20**
	-	**(13,212,701)**	**-**	**-**	**(8,626,473)**	**-**	**-**	
	44,231,396	**6,505,960**	**37,524,655**	**22,493,237**	**3,876,235**	**17,742,999**	**19,781,656**	
		(13,212,701)			**(8,626,473)**			

2017

	Cost			Depreciation			Written down	Depreciation
	As at 1 January	Additions/ (Disposals)	As at 31 December	As at 1 January	For the year/ (disposals)	As at 31 December	value as at 31 December	rate %
	----------Rupees----------							
- Furniture and fixtures	7,146,898	5,304,029	8,509,269	3,068,365	618,790	1,187,672	7,321,597	10
		(3,941,658)			(2,499,483)			
- Office equipment	4,172,170	721,600	3,056,737	1,584,843	301,032	613,282	2,443,455	10
		(1,837,033)			(1,272,593)			
- Computers equipment	3,243,832	188,986	2,808,061	1,922,386	448,314	1,764,617	1,043,444	30
		(624,757)			(606,083)			
- Vehicles	27,236,554	3,340,000	29,857,329	17,486,864	2,108,226	18,927,666	10,929,663	20
		(719,225)			(667,424)			
	41,799,454	9,554,615	44,231,396	24,062,458	3,476,362	22,493,237	21,738,159	
		(7,122,673)			(5,045,583)			

9.1 Detail of property and equipments disposed off through negotiation during the year as follows:

Description of tangible asset sold	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Particulars of buyer
Vehicles	----------	----------	----Rupees----	----------	----------		
Suzuki Mehran (AAT-356)	372,590	353,054	19,536	30,000	10,464	Negotiation	Khuzaima Hakeemi
Suzuki Cultus (ADG-795)	588,550	574,027	14,523	125,000	110,477	Negotiation	Tariq mustafa
Suzuki Mehran (AC-4973)	27,500	26,002	1,498	30,000	28,502	Negotiation	Yasir Idress
Suzuki Mehran (AKS-578)	727,150	656,699	70,451	60,000	(10,451)	Negotiation	Nasir Khan
BMW (BW-740)	4,284,550	2,075,119	2,209,431	2,250,000	40,569	Negotiation	Weavers Pakistan (Private) Limited
Suzuki Mehran (ABH-203)	263,941	261,105	2,836	25,000	22,164	Negotiation	Ehtesham-ul-Haq
Suzuki Cultus (AFX-419)	744,930	682,855	62,075	300,000	237,925	Negotiation	M.Ashraf
Santro Plus (ADV-612)	502,540	488,101	14,439	100,000	85,561	Negotiation	Asgher Ali Shah
Honda City (AJE-195)	869,650	825,206	44,444	290,000	245,556	Negotiation	M.Ashraf
Toyota altis (BCG-619)	2,227,500	1,305,861	921,639	1,540,000	618,361	Negotiation	Adeel Khushal
Hero-RF70 (KBD-6973)	42,500	40,634	1,866	3,000	1,134	Negotiation	Tariq Mustafa
Hero-RF70 (QAM-7293)	43,000	40,073	2,927	4,000	1,073	Negotiation	Yasir Idress
Star-DS-70cc (KDT-3643)	38,500	33,802	4,698	4,000	(698)	Negotiation	Azam Khan
Unique 125CC (KEG-5514)	58,800	49,698	9,102	15,000	5,898	Negotiation	Khurram
Unique ud-70cc (KEU-0546)	41,000	32,766	8,234	6,000	(2,234)	Negotiation	Samina Bano
2018	**10,832,701**	**7,445,002**	**3,387,699**	**4,782,000**	**1,394,301**		
2017	7,122,673	5,045,583	2,077,090	107,130	(1,969,960)		

10 INTANGIBLE ASSETS

2018

	Cost			Amortisation			Written down	Amortisation
	As at 1 January	**Additions/ (Disposals)**	**As at 31 December**	**As at 1 January**	**For the year**	**As at 31 December**	**value as at 31 December**	**rate %**
				Rupees				
Computer software	**4,075,500**	**298,913**	**4,374,413**	**1,358,500**	**1,443,943**	**2,802,443**	**1,571,970**	**33**

2017

	Cost			Amortisation			Written down	Amortisation
	As at 1 January	Additions/ (Disposals)	As at 31 December	As at 1 January	For the year	As at 31 December	value as at 31 December	rate %
				Rupees				
Computer software	4,075,500	-	4,075,500	-	1,358,500	1,358,500	2,717,000	33

11 INVESTMENTS IN SUBSIDIARIES

	Holding	Equity held	Investment at cost	Holding	Equity held	Investment at cost
	2018			2017		
	%	No. of shares	Rupees	%	No. of shares	Rupees
Crescent Star Foods (Private) Limited	50%	14,999,966	149,999,660	68%	20,499,963	204,999,630
Crescent Star Technologies (Private) Limited	99%	997	9,970	99%	997	9,970
Crescent Star Luxury (Private) Limited	99%	997	9,970	99%	997	9,970
		15,001,960	150,019,600		20,501,957	205,019,570

12 INVESTMENTS IN EQUITY SECURITIES

	Note	2018			
		Cost	Revaluation Surplus / (Deficit)	Impairment	Fair Value
		(Rupees)			
AVAILABLE FOR SALE					
Related parties					
Listed Shares					
Dost Steels Limi	12.1	32,002	7,029	-	39,031
Others					
Listed Shares					
The Bank of Punjab		7,859	(4,866)	-	2,993
Innovative Investment Bank Limited		243,755	(243,755)	-	-
IGI Investment Bank Limited		19,002	(15,984)	-	3,018
NIB Bank Limited		993	(412)	-	581
Habib Insurance Company Limited		379	1,821	-	2,200
Premier Insurance Limited		631	176	-	807
Service Fabrics Limited		1,859	(1,236)	-	623
Southern Electric Power Company Limited		26,944	(22,524)	-	4,420
Pakistan Income	12.2	11,731,083	3,253,299	-	14,984,382
First Dawood Mutual Fund		-	417,531	-	417,531
PICIC Energy Fund		18,044	29,362	-	47,406
Modaraba Al-Mali		278,675	(222,675)	-	56,000
		12,361,226	3,197,766	-	15,558,992

	Note	2017			
		Cost	Revaluation Surplus / (Deficit)	Impairment	Fair Value
		------------------------------- (Rupees) -----------------------------			
AVAILABLE FOR SALE					
Related parties					
Listed Shares					
Dost Steels Limi	12.1	32,002	38,619	-	70,621
Others					
Listed Shares					
The Bank of Punjab		7,859	(5,799)	-	2,060
Innovative Investment Bank Limited		243,755	(243,755)	-	-
IGI Investment Bank Limited		19,002	(14,562)	-	4,440
NIB Bank Limited		993	(356)	-	637
Habib Insurance Company Limited		379	2,371	-	2,750
Premier Insurance Limited		631	376	-	1,007
Service Fabrics Limited		1,859	(1,148)	-	711
Southern Electric Power Company Limited		26,944	(22,524)	-	4,420
Pakistan Income	12.2	11,731,083	2,453,141	-	14,184,224
First Dawood Mutual Fund		-	474,121	-	474,121
PICIC Energy Fund		18,044	43,038	-	61,082
Modaraba Al-Mali		278,675	(218,035)	-	60,640
		12,361,226	2,505,487	-	14,866,713

12.1 Investment in Dost Steels Limited, an associated company represents 7,020 shares (2017: 7,020 shares) with 0.0041% (2017: 0.002%) of total equity of the associated company.

12.2 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

	Note	**2018**	2017
		-------------- (Rupees) --------------	
13 INVESTMENT IN DEBT SECURITIES			
Held-to-Maturity			
Government securities	13.1	**-**	21,265,737

13.1 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.

		Note	2018	2017
			------------- (Rupees)	-------------
14	**LOAN AND OTHER RECEIVABLES**			
	Accrued investment income		**-**	346,603
	Security deposits		**5,645,962**	7,239,962
	Advance to employees		**265,233**	215,244
	Advance against expenses		**260,000**	260,000
	Accrued interest on advance against issuance of share	14.1	**106,348,503**	66,582,917
	Advance against issuance of shares	14.2	**631,582,849**	559,997,552
	Others		**10,219,739**	14,856,107
			754,322,286	649,498,385

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

	2018	2017
	------------- (Rupees)	-------------
Balance as at beginning of the year	**66,582,917**	32,099,828
Income for the year	**39,765,586**	34,483,089
Balance at the end of the year	**106,348,503**	66,582,917

14.2 This represents advances against issue of shares given to the following related parties:

Name of the Company		2018	2017
		------------- (Rupees)	-------------
Dost Steels Limited	14.2.1	**354,279,066**	354,279,066
Crescent Star Foods (Private) Limited - Subsidiary		**200,839,163**	143,541,099
Crescent Star Luxury (Private) Limited - Subsidiary		**70,132,883**	55,950,860
Crescent Star Technology (Private) Limited - Subsidiary		**6,331,737**	6,226,527
		631,582,849	559,997,552

14.2.1 It carries markup @ 1 year KIBOR plus 3% per annum (2017: 1 year KIBOR plus 3%).

			2018	2017
15	**PREMIUMS DUE BUT UNPAID - unsecured**		------------- (Rupees)	-------------
	Considered good	15.1	**153,519,309**	165,353,426
	Considered doubtful	15.3	**75,613,988**	62,427,039
			229,133,297	227,780,465
	Less: provision for doubtful balances		**(75,613,988)**	(62,427,039)
			153,519,309	165,353,426

15.1 It includes amount of Rs. 11,410,788 (2017: Rs. 8,505,674) due from related parties.

		Note	2018	2017
			-------------- (Rupees) --------------	
15.2	**Aging analysis of premium due but unpaid**			
	Upto one year		**13,618,239**	20,111,421
	From one to two years		**13,249,346**	32,635,270
	From two to three years		**32,088,492**	110,590,273
	From three to four years		**110,585,922**	6,375,369
	More than four years		**59,591,298**	58,068,132
			229,133,297	227,780,465
15.3	**Movement in provision for doubtful balances**			
	Balance at the beginning of the year		**62,427,039**	54,663,496
	Add: charged during the year		**13,186,949**	7,763,543
	Balance at the end of the year		**75,613,988**	62,427,039
16	**AMOUNTS DUE FROM OTHER INSURERS / REINSURERS**			
	Due from reinsurers		**15,822,467**	16,258,572
	Due from other insurers		**55,128,010**	54,194,427
	Less: provision for doubtful balances	16.1	**(70,950,477)**	-
			-	70,452,999
16.1	**Movement in provision for doubtful balances**			
	Balance at the beginning of the year		**-**	-
	Add: charged during the year		**70,950,477**	-
	Balance at the end of the year		**70,950,477**	-
17	**DEFERRED TAXATION**			
	Deferred debits arising in respect of			
	Provisions		**-**	11,052,794
	Unused tax losses		**-**	2,412,665
	Accelerated tax depreciation		**-**	77,719
	Deferred credits arising due to			
	Surplus on remeasurement on available for sale investment		**-**	(903,500)
			-	12,639,678

17.1 Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in unconsolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 47,801,352 (2017: Rs. 36,752,752) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

		Note	2018	2017
			------------- (Rupees) -------------	
18	**PREPAYMENTS**			
	Prepaid reinsurance premium ceded		-	10,842,633
	Prepaid rent		-	76,000
	Others		2,792,024	1,570,149
			2,792,024	12,488,782
19	**CASH AND BANK**			
	Cash and cash equivalent			
	Cash with State Bank of Pakistan	19.1	72,238,047	51,238,047
	Cash in hand		89,637	89,857
	Policy and revenue stamps		728,028	688,134
			73,055,712	52,016,038
	Cash at bank			
	Current accounts		383,092	1,691,935
	Savings accounts	19.2	22,424	4,175,769
			405,516	5,867,704
	Less: provision against dormant accounts	19.1	(322,419)	(313,112)
			83,097	5,554,592
			73,138,809	57,570,630

19.1 Movement in provision against dormant acconts

	2018	2017
Balance at the beginning of the year	313,112	-
Add: charged during the year	9,307	313,112
Balance at the end of the year	322,419	313,112

19.1 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.

19.2 These carry mark-up at the rate of 5.5% (2017: 4%) per annum.

20 ORDINARY SHARE CAPITAL

20.1 Authorized Share Capital

2018	2017		2018	2017
---- (Number of shares) -----			------------- (Rupees) -------------	
150,000,000	150,000,000	Ordinary shares of Rs.10 each	1,500,000,000	1,500,000,000

20.2 Issued, Subscribed and paid-up share capital

2018	2017		2018	2017
---- (Number of shares) -----			(Rupees)	
104,728,494	79,716,786	Ordinary shares of Rs.10 each fully paid in cash	**1,047,284,940**	797,167,860
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**29,665,470**	29,665,470
107,695,041	82,683,333		**1,076,950,410**	826,833,330

	2018	2017
21 DISCOUNT ON ISSUE OF RIGHT SHARES	**199,650,000**	199,650,000

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

	Note	2018	2017
		(Rupees)	
22 RESERVES			
Capital reserves			
Reserve for exceptional losses		**1,767,568**	1,767,568
Surplus on remeasurement of available For sale investments		**2,629,802**	2,108,166
Revenue reserves			
General reserve		**24,497,265**	24,497,265
Unappropriated profit		**20,962,220**	84,059,628
		49,856,855	112,432,627
23 BORROWINGS			
Borrowings against diminishing musharaka	23.1	**6,427,350**	3,694,550

23.1 The Company has entered into diminishing musharka agreements with KASB Modarba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 15% to 18% (2017: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

	2018	2017
	(Rupees)	
The amount payable:		
Current Portion	**3,264,225**	1,433,100
Non current portion	**3,163,125**	2,261,450
	6,427,350	3,694,550

24	INSURANCE / REINSURANCE PAYABLES	Note	2018	2017
			(Rupees)	
	Foreign reinsurers		**19,302,035**	19,302,035
	Local reinsurers		**19,670,724**	19,670,724
	Co-insurers		**4,129,371**	4,162,413
	Less: liability written back		**(43,102,130)**	-
			-	43,135,172

25 OTHER CREDITORS AND ACCRUALS

		Note	2018	2017
	Federal insurance fees		**604,511**	268,114
	Federal excise duty		**22,716,366**	16,485,588
	Margin against performance bonds		**3,900,841**	3,268,504
	Payable to staff provident fund	25.1	**3,045,546**	433,596
	Withholding tax		**51,059,610**	43,045,889
	Accrued expenses		**25,187,989**	11,301,299
	Unpresented cheques		**1,140,419**	711,102
	Others		**23,991,927**	3,226,167
			131,647,209	78,740,259

25.1 The following information is based on the latest audited financial statements of the Provident Fund:

	Note	2018	2017
		(Rupees)	
Size of the Fund - total assets		**17,500,253**	18,088,704
Cost of investments made		**13,249,059**	13,899,059
Percentage of investments made		**75.71%**	76.84%
Fair value of investments	25.1.1	**16,647,065**	17,107,548

25.1.1 Fair value of investment is held by Provident Fund

	2018		2017	
	Rupees	**%**	Rupees	%
Mutual funds	**16,647,065**	**100%**	17,107,548	100%

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

26	TAXATION - PROVISION LESS PAYMENTS	2018	2017
		(Rupees)	
	Balance at beginning of the year	**2,187,976**	2,357,809
	Add: charge for the year	**1,390,876**	1,370,178
	Less: paid during the year	**(438,147)**	(1,540,011)
	Balance at end of the year	**3,140,705**	2,187,976

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

The Company is defendant in following:

1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2017: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2017: Rs. 27.5 million) against the Company.

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

Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 0.75 million has not been provided by the Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

27.2 Commitments

	2018	2017
	Rupees	
Post dated cheques	**6,427,350**	3,694,550
Commitments for Ijara rentals		
Within one year	**2,030,680**	-
Later than one year but not later than five years	**3,415,722**	-
	5,446,402	-
Commitments in respect of operating leases		
Within one year	**533,000**	2,714,400
Later than one year but not later than five years	**405,000**	335,500
	938,000	3,049,900

	2018	2017
28 NET INSURANCE PREMIUM	(Rupees)	
Written gross premium	**114,618,225**	113,280,308
Add : Unearned premium reserve opening	**55,822,934**	71,592,272
Less: Unearned premium reserve closing	**(48,328,460)**	(55,822,934)
Premium earned	**122,112,699**	129,049,646
Less: Reinsurance premium ceded	**-**	27,000,752
Add: prepaid reinsurance premium opening	**10,842,633**	3,277,316
Less: prepaid reinsurance premium closing	**-**	(10,842,633)
Reinsurance expense	**10,842,633**	19,435,435
	111,270,066	109,614,211

	2018	2017
29 NET INSURANCE CLAIMS EXPENSE		
Claim paid	**23,194,261**	35,914,958
Add : Outstanding claims including IBNR closing	**60,680,433**	66,422,035
Less: Outstanding claims including IBNR opening	**(66,422,035)**	(71,011,170)
Claims expense	**17,452,659**	31,325,823
Less: Reinsurance and others recoveries received	**-**	-
Add: Reinsurance and others recoveries in respect of outstanding claims opening	**2,595,202**	2,595,202
Less: Reinsurance and others recoveries in respect of outstanding claims closing	**(2,595,202)**	(8,552,929)
Reinsurance and recoveries revenue	**-**	(5,957,727)
	17,452,659	37,283,550

29.1 Claims development

The following table shows the development of claims of all classes over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2013 and prior	2014	2015	2016	2017	2018 Including IBNR
	(Rupees)					
Estimate of ultimate claims cost:						
At end of accident year	46,990,000	48,684,724	78,506,094	54,329,721	27,768,651	**28,819,834**
One year later	29,362,401	47,129,312	81,341,073	59,473,682	32,761,923	**-**
Two year later	32,494,023	43,124,628	84,317,292	55,481,601	-	**-**
Three year later	32,556,807	44,755,333	83,777,282	-	-	**-**
Four year later	28,101,127	34,419,900	-	-	-	**-**
Five year later	27,165,944	-	-	-	-	**-**
Current estimate of cumulative claims	27,165,944	34,419,900	83,777,282	55,481,601	32,761,923	**28,819,834**
Cumulative payments to date	(23,616,013)	(31,082,378)	(69,362,915)	(44,893,414)	(20,483,668)	**(12,307,663)**
Liability recognised in the Unconsolidated Statement of Financial Position	3,549,931	3,337,522	14,414,367	10,588,187	12,278,255	**16,512,171**

	Note	2018	2017
30 NET COMMISSION EXPENSE		(Rupees)	
Commission paid or payable		**17,865,698**	19,009,840
Add : Deferred commission expense opening		**6,807,589**	8,479,678
Less: Deferred commission expense closing		**(6,293,238)**	(6,807,589)
Net commission expense		**18,380,049**	20,681,929
31 MANAGEMENT EXPENSES			
Employee benefit cost	31.1	**73,494,292**	75,043,192
Travelling expense		**10,644,138**	9,517,821
Advertisement and sales promotion		**225,870**	375,850
Printing and stationery		**1,000,594**	1,247,734
Depreciation		**3,876,235**	3,476,362
Amortisation		**1,443,943**	1,358,500
Rent, rates and taxes		**16,600,949**	20,662,379
Legal and professional charges - business related		**3,202,423**	3,540,029
Electricity, gas and water		**2,410,438**	2,454,052
Entertainment		**1,081,304**	1,660,706
Vehicle running expenses		**926,553**	1,083,834
Repairs and maintenance		**1,834,092**	5,639,326
Bank charges		**107,911**	103,706
Postages, telegrams and telephone		**3,495,955**	3,374,126
Annual supervision fee of SECP		**226,560**	326,898
Bad and doubful debts		**41,044,603**	7,763,543
Insurance		**597,873**	748,121
Others		**3,915,467**	7,401,734
		166,129,200	145,777,913

31.1 This includes contribution to provident fund amounting to Rs. 2.462 million (2017: Rs. 2.562 million).

	Note	2018	2017
		(Rupees)	
32 INVESTMENT INCOME			
Income from equity securities			
Available for sale financial assets			
Dividend income		**851**	29,060
Gain on disposal of Available for sale investments		**-**	103,049,651
		851	103,078,711
Income from debt securities			
Held to maturity			
Return on debt securities		**306,410**	1,333,165
Total investment income		**307,261**	104,411,876
Less: investment related expenses		**-**	(699,765)
		307,261	103,712,111

	Note	2018	2017
33 OTHER INCOME			
Return on bank balances		**138,805**	313,558
Gain /(loss) on sale of property and equipments		**591,772**	(1,969,960)
Markup on other receivables		**39,765,586**	34,483,089
Gain on third party claim handling		**4,555,133**	2,611,592
		45,051,296	35,438,279

	Note	2018	2017
34 OTHER EXPENSES			
Auditors' remuneration	34.1	**1,058,960**	1,028,145
Subscription and fee		**327,411**	363,492
Registration fee		**3,156,795**	2,331,361
		4,543,166	3,722,998

	2018	2017
34.1 Auditors' remuneration		
Annual audit fee	**552,000**	552,000
Consolidation	**200,000**	200,000
Review of code of corporate governance	**105,000**	105,000
Half yearly review	**127,000**	-
Out of pocket expenses	**74,960**	80,000
Certification charges	**-**	91,145
	1,058,960	1,028,145

		2018	2017
35	**TAXATION**	---------------- (Rupees)	----------------
	For the year		
	Current	**1,390,876**	1,370,178
	Deferred	**12,469,034**	(34,516,252)
		13,859,910	(33,146,074)

35.1 The income tax returns of the Company have been filed up to Tax Year 2018 (corresponding year ended December 31, 2017) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

35.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2017	**2016**	**2015**
	----------------	(Rupees)	----------------
Tax provision as per unconsolidated financial statements	1,370,178	2,064,726	8,172,791
Tax payable/paid as per tax return	2,065,628	8,172,791	566,259

35.2 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2018 and 2017 has not been presented in these unconsolidated financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

		2018	2017
36	**(LOSS) / EARNINGS PER SHARE**	---------------- (Rupees)	----------------
	(Loss) / profit for the year	**(63,097,408)**	73,166,683
	Weighted average number of ordinary shares	**105,639,284**	82,683,333
	(Loss) / earnings per share	**(0.60)**	0.88

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

37 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017
	(Rupees)					
Managerial remuneration *	**5,760,000**	5,760,000	**2,271,480**	1,195,200	**4,762,800**	9,745,223
Retirement benefits	**576,000**	576,000	**155,196**	119,520	**454,680**	834,192
House rent	**2,592,000**	2,592,000	**1,315,120**	796,800	**2,815,200**	6,730,815
Utilities/Other	**3,048,000**	2,448,000	**600,000**	480,000	**600,000**	2,556,000
Total	**11,976,000**	11,376,000	**4,341,796**	2,591,520	**8,632,680**	19,866,230
Number of person(s)	**1**	1	**2**	1	**4**	11

* Basic salary for classification as executive in current year is Rs. 1.2 million per annum (2017: Rs. 0.5 million)

37.1 Non-Executive Directors were paid Rs. 0.07 million (2017: Rs. 0.059 million) for attending Board of Directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Company maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

38 RELATED PARTY RELATIONSHIPS

Name of related parties	**Relationship**
Crescent Star Foods (Private) Limited	Subsidiary
Crescent Star Luxury (Private) Limited	Subsidiary
Crescent Star Technology (Private) Limited	Subsidiary
Dost Steels Limited	Associated undertaking

39 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members its staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on its 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 subsidiaries, are disclosed in relevant notes to these unconsolidated financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2018	2017
	(Rupees)	
39.1 Subsidiary companies		
Crescent Star Foods (Private) Limited		
Advance against issuance of shares	**57,298,064**	94,046,307
Crescent Star Luxury (Private) Limited		
Advance against issuance of shares	**14,182,023**	54,418,814
Crescent Star Technology (Private) Limited		
Advance against issuance of shares	**105,210**	185,000
39.2 Associated undertakings having common directorship		
Dost Steels Limited		
Markup on advance given	**39,765,586**	34,483,089
Premium written	**-**	8,505,674
Remuneration to key management personnel (note 37)	**24,950,476**	33,833,750

	Note	2018	2017
		-------- (Rupees) ----------	
Staff retirement benefits			
Provident fund contribution	31.1	**2,462,722**	2,562,081
Markup on outstanding balance of provident fund		**115,526**	-

40 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Insurance Risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Company minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy and proactive claim handling

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2018	2017
	(Rupees in '000)	
Class		
Fire and property damage	**6,195,913**	5,945,554
Marine, aviation and transport	**8,608,554**	6,654,349
Motor	**2,030,099**	2,317,283
Accident and health	**1,795**	71,045
Credit and suretyship	**36,725,557**	15,458,099
Miscellaneous	**15,453,227**	14,966,330
	69,015,145	45,412,660

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors for example. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

At the year end, actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 . IBNR is determined by using Chain Ladder Method for all class of business The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency reserves by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follows:

Class	**Assumed net loss ratio 2018**	Assumed net loss ratio 2017
Fire and property	**10%**	69%
Marine, aviation and transport	**32%**	36%
Motor	**28%**	28%
Accident and health	**45%**	44%
Credit and suretyship	**2%**	1%
Miscellaneous	**10%**	8%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

	Change in assumption	**Impact on gross**	**Impact on net liabilities**	**Impact on profit**	**Impact on equity**
Average claim costs	(Rupees)				
2018	**+ 10%**	**1,745,266**	**1,745,266**	**1,745,266**	**1,239,139**
2017	+ 10%	3,132,582	3,728,355	3,728,355	2,609,849

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	**Age-wise Breakup**				
	1 to 6 months	**7 to 12 months**	**13 to 24 months**	**25 to 36 months**	**Beyond 36 months**
	(Rupees)				
Claims not encashed	**1,060,256**	**-**	**-**	**-**	**-**

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

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

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

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

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

41.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the unconsolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

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

	Category of financial assets	**2018**	2017
		---------- Rupees ----------	
Bank deposits	Loans and receivables	**83,097**	5,554,592
Government securities	Held to maturity	**-**	21,265,737
Equity & other securities	Available for sale	**15,558,992**	14,866,713
Premiums due but unpaid	Loans and receivables	**153,519,309**	165,353,426
Accrued investment income	Loans and receivables	**-**	346,603
Amount due from other insurers / reinsurers	Loans and receivables	**-**	70,452,999
Reinsurance recoveries against outstanding claims	Loans and receivables	**2,595,202**	2,595,202
Loans and other receivables	Loans and receivables	**754,322,286**	649,151,782
		926,078,886	929,587,054

Geographically there is no concentration of credit risk.

The Company does not held collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivables as disclosed in note 14 to these unconsolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2018	**Carrying Amount**	**Upto 1 year**	**From 1 to 2 years**	**More than 2 years**
	---------------------- Rupees ----------------------------			
Financial assets				
Premiums due but unpaid	**153,519,309**	**13,618,239**	**13,249,346**	**126,651,724**
Amounts due from other insurers / reinsurers	**-**	**-**	**69,961,189**	**(69,961,189)**
Accrued investment income	**-**			
Reinsurance recoveries against outstanding claims	**2,595,202**	**-**	**-**	**2,595,202**
Loans and other receivables	**753,797,053**	**748,594,135**	**5,771,280**	**(568,362)**
	909,911,564	**762,212,374**	**88,981,815**	**58,717,375**

2017	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------------------- Rupees ----------------------------			
Financial assets				
Premiums due but unpaid	165,353,426	20,111,421	32,635,270	112,606,736
Amounts due from other insurers / reinsurers	- 70,452,999	11,813,161	58,148,028	491,810
Accrued investment income	346,603	346,603	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-		2,595,202
Loans and other receivables	648,676,538	192,247,556	446,257,439	10,171,543
	887,424,768	224,518,741	537,040,737	125,865,291

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

	Rating	Agency	2018	2017
			---------- Rupees ----------	
Faysal Bank Limited	AA	PACRA/JCR-VIS	**81,551**	4,199,674
Habib Bank Limited	AAA	JCR-VIS	**79**	3,295,726
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
NIB Bank Limited	AA-	PACRA	**10,189**	60,197
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
The Bank of Punjab	AA	PACRA	**43,257**	43,257
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,482
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,127
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
MCB Bank Limited	AAA	PACRA	**265**	265
			405,515	7,869,293

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2018	2017
	---------- Rupees ----------				
A or above	**51,562,964**	**2,595,202**	**-**	**54,158,166**	78,613,514
BBB	**12,308,239**	**-**	**-**	**12,308,239**	5,277,320
Others	**7,075,080**	**-**	**-**	**7,075,080**	-
Total	**70,946,283**	**2,595,202**	**-**	**73,541,485**	83,890,834

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and musharaka to minimize risk.

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

	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
2018	---------- Rupees ----------			
Financial liabilities measured at Held to Maturity:				
Outstanding claims including IBNR	**60,680,433**	**60,680,433**	**60,680,433**	**-**
Other creditors and accruals	**27,892,768**	**27,892,768**	**27,892,768**	**-**
Borrowings	**6,427,350**	**6,427,350**	**3,264,225**	**3,163,125**
Unclaimed dividend	**418,209**	**418,209**	**-**	**418,209**
	95,418,760	**95,418,760**	**91,837,426**	**3,581,334**
2017				
Financial liabilities measured at Held to Maturity:				
Outstanding claims including IBNR	66,422,035	66,422,035	66,422,035	-
Insurance / reinsurance payables	43,135,172	43,135,172	43,135,172	-
Other creditors and accruals	6,494,671	6,494,671	6,494,671	-
Borrowings	3,694,550	-	1,433,100	2,261,450
Unclaimed dividend	418,209	418,209	-	418,209
	120,164,637	116,470,087	117,484,978	2,679,659

41.3 Market risk

Market risk means that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company

(a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	2018					
	Interest / mark-up bearing financial instruments					
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total	Non-interest / mark-up bearing financial instruments	Total
	Rupees					
Financial assets						
Investments	-	-	-	-	15,558,992	15,558,992
Equity securities	-	-	-	-	-	-
Loans and other receivables	8.22%	354,279,066	-	354,279,066	399,517,987	753,797,053
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	153,519,309	153,519,309
Amounts due from other insurers / reinsurers	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	73,138,809	73,138,809
		354,279,066	-	354,279,066	644,330,299	998,609,365
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	60,680,433	60,680,433
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	30,938,314	30,938,314
Borrowings	15% to 18%	3,264,225	3,163,125	6,427,350	-	6,427,350
Unclaimed dividend	-	-	-	-	418,209	418,209
		3,264,225	3,163,125	6,427,350	92,036,956	98,464,306
On balance sheet gap		351,014,841	(3,163,125)	347,851,716	552,293,343	900,145,059

	2017					
	Interest / mark-up bearing financial instruments					
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total	Non-interest / mark-up bearing financial instruments	Total
	Rupees					
Financial assets						
Investments	-	-	-	-	-	-
Equity securities	-	-	-	-	14,866,713	14,866,713
Debt securities	8.75%	21,265,737	-	21,265,737	-	21,265,737
Loans and other receivables	9.82%	354,279,066	-	354,279,066	294,744,075	649,023,141
Insurance / reinsurance receivables						
Premiums due but unpaid	-	-	-	-	165,353,426	165,353,426
Balance brought forward		375,544,803	-	375,544,803	474,964,214	850,509,017

Balance carried forward		375,544,803	-	375,544,803	474,964,214	850,509,017
Amounts due from other insurers / reinsurers	-	-	-	-	70,452,999	70,452,999
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	57,570,630	57,570,630
		375,544,803	-	375,544,803	605,583,045	981,127,848
		375,544,803	-	375,544,803	605,583,045	981,127,848
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	66,422,035	66,422,035
Insurance / reinsurance payables	-	-	-	-	43,135,172	43,135,172
Other creditors and accruals	-	-	-	-	6,928,267	6,928,267
Borrowings	15% to 18%	1,433,100	2,261,450	3,694,550	-	3,694,550
Unclaimed dividend	-	-	-	-	418,209	418,209
	-	1,433,100	2,261,450	3,694,550	116,903,683	120,598,233
On balance sheet gap	-	374,111,703	(2,261,450)	371,850,253	488,679,362	860,529,615

41.4 Sensitivity analysis

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

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 15,558,992

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2018 and 2017 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders ' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	-----------------------	-----------------------	---------- Rupees ----------	-----------------------	-----------------------
December 31, 2018	**10% increase**	**15,558,992**	**17,114,891**	**1,555,899**	**1,555,899**
	10% decrease		**14,003,093**	**(1,555,899)**	**(1,555,899)**
December 31, 2017	10% increase	14,866,713	16,353,384	1,486,671	1,486,671
	10% decrease		13,380,042	(1,486,671)	(1,486,671)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the unconsolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

	Impact on pre tax		**Shareholders' equity**	
	2018	2017	**2018**	2017
± 10% variation in profit /(loss)	**-------------------- Rupees in thousands----------------------**			
Fire and property damage	**(13,332)**	2,161	**(9,199)**	1,491
Marine, aviation and transport	**(1,090)**	47,186	**(752)**	32,558
Motor	**20,658**	258,144	**14,254**	178,119
Accident and health	**(361)**	65,373	**(249)**	45,107
Credit and suretyship	**934**	5,000	**644**	3,450
Miscellaneous	**2,118**	(5,028)	**1,461**	(3,469)
	8,927	372,836	**6,159**	257,256

42 SEGMENT INFORMATION

	For the year ended December 31, 2018						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	------ (Rupees) ------						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and and administrative surcharge)	9,080,138	11,516,262	64,066,237	1,239,047	33,042,697	13,060,908	132,005,289
Less: Federal excise duty	1,205,285	1,072,095	8,551,269	-	3,769,444	1,641,883	16,239,976
Federal insurance fee	77,964	103,451	549,319	13,425	289,842	113,087	1,147,088
Gross written premium (inclusive of administrative surcharges)	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225
Gross direct premium	7,589,678	10,004,679	54,449,554	1,221,602	27,624,191	10,789,752	111,679,456
Administrative surcharge	207,211	336,037	516,095	4,020	1,359,220	516,186	2,938,769
	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225
Insurance premium earned	11,061,631	7,745,803	62,419,988	1,427,245	23,605,599	15,852,433	122,112,699
Insurance premium ceded to reinsurers	(3,398,093)	(616,368)	(2,583,719)	-	(2,096,449)	(2,148,004)	(10,842,633)
Net insurance premium	7,663,538	7,129,435	59,836,269	1,427,245	21,509,151	13,704,429	111,270,066
Commission income	-	-	-	-	-	-	-
Net underwriting income	7,663,538	7,129,435	59,836,269	1,427,245	21,509,151	13,704,429	111,270,066
Insurance claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-
Net claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)
Commission expense	(3,224,046)	(2,202,039)	(5,482,131)	(37,673)	(2,973,929)	(4,460,231)	(18,380,049)
Management expense	(11,300,915)	(14,987,973)	(79,667,952)	(1,776,433)	(42,008,948)	(16,386,979)	(166,129,200)
Premium deficiency reversal / (expense)	1,615,964	(105,073)	-	-	-	-	1,510,891
Net insurance claims and expenses	(1,174,407)	(16,676,240)	(110,315,131)	(2,039,531)	(45,916,895)	(24,328,813)	(200,451,017)
Underwriting results	6,489,131	(9,546,805)	(50,478,862)	(612,286)	(24,407,744)	(10,624,384)	(89,180,951)
Net investment income							307,261
Other income							45,051,296
Other expenses							(4,543,166)
Result of operating activities							(48,365,560)
Finance costs							(871,938)
Profit before tax for the year							(49,237,498)
Segment assets	16,756,622	11,733,667	94,556,411	2,162,050	35,758,750	24,013,929	184,981,429
Unallocated corporate assets	-	-	-	-	-	-	994,611,657
Total assets	16,756,622	11,733,667	94,556,411	2,162,050	35,758,750	24,013,929	1,179,593,086
Segment liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611
Unallocated corporate liabilities	-	-	-	-	-	-	116,205,210
Total liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	252,435,821

	For the period ended December 31, 2017 (Restated)						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	(Rupees)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and and administrative surcharge)	10,487,301	9,671,653	66,846,197	3,053,999	23,181,284	16,584,381	129,824,815
Less: Federal excise duty	1,295,932	922,621	8,246,304	-	2,915,606	2,057,514	15,437,977
Federal insurance fee	92,904	86,564	550,550	30,364	200,712	145,436	1,106,530
Gross written premium (inclusive of administrative surcharges)	9,098,465	8,662,468	58,049,343	3,023,635	20,064,966	14,381,431	113,280,308
Gross direct premium	8,926,846	8,336,673	57,429,634	3,012,045	19,587,333	13,742,810	111,035,341
Administrative surcharge	171,619	325,795	619,709	11,590	477,633	638,621	2,244,967
	9,098,465	8,662,468	58,049,343	3,023,635	20,064,966	14,381,431	113,280,308
Insurance premium earned	9,635,397	9,284,162	75,125,183	2,363,543	18,990,699	13,650,662	129,049,646
Insurance premium ceded to reinsurers	(4,704,336)	(4,482,568)	(4,663,802)	-	(3,993,706)	(1,591,022)	(19,435,435)
Net insurance premium	4,931,061	4,801,594	70,461,381	2,363,543	14,996,993	12,059,640	109,614,211
Commission income	-	-	-	-	-	-	-
Net underwriting income	4,931,061	4,801,594	70,461,381	2,363,543	14,996,993	12,059,640	109,614,211
Insurance claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	(37,283,550)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-
Net claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	(37,283,550)
Commission expense	(1,647,130)	(2,279,316)	(9,572,577)	(36,916)	(1,919,985)	(5,226,005)	(20,681,929)
Management expense	(6,557,907)	(6,385,726)	(93,707,859)	(3,143,318)	(19,944,771)	(16,038,332)	(145,777,913)
Premium deficiency reversal / (expense)	(799,780)	(117,612)	-	-	-	-	(917,392)
Net insurance claims and expenses	(9,220,868)	(13,501,224)	(129,094,842)	(9,717,529)	(22,364,756)	(20,761,565)	(204,660,784)
Underwriting results	(4,289,807)	(8,699,630)	(58,633,461)	(7,353,986)	(7,367,763)	(8,701,925)	(95,046,573)
Net investment income							103,712,111
Other income							35,438,279
Other expenses							(3,722,998)
Result of operating activities							40,380,819
Finance costs							(360,210)
Profit before tax for the year							40,020,609
Segment assets	12,496,551	12,168,448	178,566,879	5,989,813	38,006,153	30,562,164	277,790,008
Unallocated corporate assets	-	-	-	-	-	-	965,223,862
Total assets	12,496,551	12,168,448	178,566,879	5,989,813	38,006,153	30,562,164	1,243,013,870
Segment liabilities	8,408,404	8,187,638	120,150,159	4,030,294	25,572,747	20,563,998	186,913,240
Unallocated corporate liabilities	-	-	-	-	-	-	66,471,943
Total liabilities	8,408,404	8,187,638	120,150,159	4,030,294	25,572,747	20,563,998	253,385,183

43 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at 31 December 2017 and subsequent year is Rs. 500 million. As at 31 December 2018 the Company's paid-up capital is in excess of the prescribed limit.

44 STATEMENT OF SOLVENCY

		2018	2017
		----------- Rupees -----------	
Assets			
Property and equipment		19,781,656	24,455,159
Intangible assets		1,571,970	-
Investment in subsidiary and associate(applicable where equity accounting is followed)		150,019,600	205,019,570
Investments			
Equity securities		15,558,992	14,866,713
Debt securities		-	21,265,737
Loans and other receivables		754,322,286	649,498,385
Insurance / reinsurance receivables		153,519,309	235,806,425
Reinsurance recoveries against outstanding claims		2,595,202	2,595,202
Defered commision expense		6,293,238	6,807,589
Deferred taxation		-	12,639,678
Prepayments		2,792,024	12,488,782
Cash and Bank		73,138,809	57,570,630
Total Assets (A)		1,179,593,086	1,243,013,870
In-admissable assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000			
(d) & (g)		277,569,016	205,933,730
(n) to (t)		141,740,670	193,112,552
(j)		-	13,543,178
(h)		138,899,503	148,682,213
(u)		19,781,656	21,738,159
(i)		1,571,970	2,717,000
Total of in-admissable assets (B)		579,562,815	585,726,832
Total admissable assets (C= A-B)		600,030,271	657,287,038
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		60,680,433	66,422,035
Unearned premium reserves		48,328,460	55,822,934
Premium deficiency reserves		-	1,510,891
Borrowings		6,427,350	3,694,550
Premium received in advance		1,793,455	1,453,157
Insurance/reinsurance payables		-	43,135,172
Other creditors and accruals		131,647,209	79,158,468
Unclaimed dividend		418,209	-
Income tax liabilities		3,140,705	2,187,976
Total liabilities (D)		252,435,821	253,385,183
Total Net Admissable Assets (E = C-D)		347,594,450	403,901,855
Minimum solvency requirments (higher of following)		150,000,000	150,000,000
Method A - U/s 36(3)(a)	150,000,000		
Method B - U/s 36(3)(b)	22,254,013		
Method C U/s 36(3)(c)	21,282,738		
Excess / Deficit in net admissable assets over minimum requirments		197,594,450	253,901,855

45 FAIR VALUE MEASUREMENT

	2018								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	73,138,809	-	73,138,809	-	-	-
Investments	-	-	15,558,992	-	-	15,558,992	3,197,766	-	-
Premiums due but unpaid	-	-	-	153,519,309	-	153,519,309	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	753,797,053	-	753,797,053	-	-	-
	-	-	15,558,992	983,050,373	-	998,609,365	3,197,766	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	60,680,433	60,680,433	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	30,938,314	30,938,314	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	6,427,350	6,427,350	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	98,464,306	98,464,306	-	-	-

	2017								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	---------- Rupees ----------								
Financial assets									
Cash and bank	-	-	-	57,570,630	-	57,570,630	-	-	-
Investments	21,265,737	-	14,866,713	-	-	36,132,450	2,505,487	-	-
Premiums due but unpaid	-	-	-	165,353,426	-	165,353,426	-	-	-
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	-	-	-
Loans and other receivables	-	-	-	648,676,538	-	648,676,538	-	-	-
	21,265,737	-	14,866,713	944,995,398	-	981,127,848	2,505,487	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	66,422,035	66,422,035	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	43,135,172	43,135,172	-	-	-
Other creditors and accruals	-	-	-	-	6,928,267	6,928,267	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	3,694,550	3,694,550	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209			
	-	-	-	-	120,598,233	120,598,233	-	-	-

45.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

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 Company 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.

46 NUMBER OF EMPLOYEES

	2018	2017
Number of employees at the end of the year	55	95
Average number of employees during the year	78	82

47 CORRESPONDING FIGURES

47.1 As a result of adoption of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 corresponding figures have been rearranged whereever necessary, for purposes of comparison with the unconsolidated financial statements for the year ended December 31, 2017 as follows:

Reclassified from	Reclassified to	Note	Rupees
Other receivable - Accrued interest on advance against issue of shares	Loans and other receivables - Accrued interest on advance against issuance of shares	14	66,582,917
Other receivable - Other receivables	Loans and other receivables - Others	14	14,856,107
Accrued investment income	Loans and other receivables - Accrued investment income	14	346,603
Advances, deposits and prepayments - Deposits	Loans and other receivables - Security deposits	14	7,239,962
Advances, deposits and prepayments - Advances others	Loans and other receivables - Advance against expenses	14	260,000
Advances, deposits and prepayments - Advances staff	Loans and other receivables - Advance to employees	14	215,244
Advances, deposits and prepayments - Advances against issue of shares	Loans and other receivables - Advance against issuance of shares	14	559,997,552
Advances, deposits and prepayments - Prepayments	Prepayments - Prepaid rent	18	76,000
Advances, deposits and prepayments - Prepayments	Prepayments - Others	18	1,570,149
Investment	Investment in subsidiaries	11	205,019,570
Prepaid reinsurance premium ceded	Prepayments - Prepaid reinsurance premium ceded	18	10,842,633
Accrued expenses	Other creditors and accruals - Accrued expenses	25	11,301,299
General and administrative expenses - Salaries, allowances and other benefits	Management expenses - Employee benefit cost	31	32,601,083
General and administrative expenses - Travelling and conveyance	Management expenses - Travelling expense	31	7,450,018
General and administrative expenses - Advertisement and promotion	Management expenses - Advertisement and sales promotion	31	375,850
General and administrative expenses - Depreciation	Management expenses - Depreciation	31	3,476,362
General and administrative expenses - Amortization	Management expenses - Amortization	31	1,358,500
General and administrative expenses - Legal and professional charges	Management expenses - Legal and professional charges - business related	31	3,540,029
General and administrative expenses - Entertainment	Management expenses - Entertainment	31	223,261
General and administrative expenses - Repairs and maintenance	Management expenses - Vehicle running expenses	31	1,083,834
General and administrative expenses - Telephone and postage	Management expenses - Postages, telegrams and telephone	31	1,273,625
General and administrative expenses - Provision against doubtful balances	Management expenses - Bad and doubful debts	31	7,763,543
General and administrative expenses - Others	Management expenses - Others	31	130,065
General and administrative expenses - Fees, subscription and periodicals	Management expenses - Printing and stationery	31	27,137
General and administrative expenses - Fees, subscription and periodicals	Management expenses - Annual supervision fee of SECP	31	326,898
General and administrative expenses - Fees, subscription and periodicals	Other expenses - Registration fee	34	2,331,361
General and administrative expenses - Fees, subscription and periodicals	Other expenses - Subscription and fee	34	363,492
General and administrative expenses - Auditors' remuneration	Other expenses - Auditors' remuneration	34	1,028,145
Investment income	Other income - Return on bank balances	33	313,558
Loss on sale of fixed assets	Other income - Gain /(loss) on sale of property and equipments	33	(1,969,960)

48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been approved by the Board of Directors of the Company and are authorised for issue on April 9, 2019.

49 GENERAL

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

Chief Executive/ Principal Officer	Director	Director	Director	Chief Financial Officer

CONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2018

Directors' Report to the Members on Consolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Luxury (Private) Limited, Crescent Star Foods (Private) Limited and Crescent Star Technologies (Private) Limited for year ended December 31, 2018.

The consolidated gross premium recorded this year was Rs. 114.618 million as compared to Rs. 109.640 million in the year 2017. The net premium was Rs. 111.270 million, sales recorded at Rs. 49.626 million and the loss after tax was Rs. 199.882 million. The consolidated total assets were Rs. 1,044.155 million.

Auditor's Report

- Due to non-availability of any written agreement between Dost Steels Limited (DSL) and CSIL for charging of mark-up of Rs. 106.348 million, the auditors have expressed their reservation in the auditors' report. The auditors have also expressed reservation on the excess in net admissible assets over minimum requirements provided in the solvency statement by Rs. 106.348 million, due to non-availability of agreement with DSL for any interest charging. However, the Company after meeting the required solvency is already in excess of Rs. 91.246 million, hence even if the amount of Rs. 106.348 million is not admissible, the Company meets the required solvency ratio.

- The auditors have expressed reservation on the receivable of Rs. 139.084 million however the management has made provision of 33% of the total receivables which is in line with the Board Policy.

- Keeping in view the projections of its subsidiary Crescent Star Foods (Private.) Limited impairment of goodwill was not provided.

- The auditors have expressed reservations on the verification of assets and liabilities, sales and expenses of the company's subsidiary Crescent Star Foods (Private) Limited (CSF). The financial statements of CSF were audited by another firm of auditors. Audited financial statements were provided to the auditors of the holding company.

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

	December 31, 2018	December 31, 2017
	-------------------- Rupees	--------------------
Profit / (loss) before tax	(188,755,718)	(98,545,131)
Provision for taxation	(11,126,515)	(9,472,871)
Profit / (loss) after tax	(199,882,233)	(108,018,002)
Profit / (loss) attributable to non-controlling interest	(59,454,132)	(42,611,224)
Profit / (loss) attributable to ordinary shareholders	(140,428,101)	(65,406,778)
Loss per share	(1.33)	(0.79)

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

Tanveer Ahmed
Director

Naim Anwar
Managing Director & CEO

Karachi: April 9, 2019

ممبران کے لئے مجموعی مالیاتی گوشواں پر ڈائریکٹران کی رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے میں کریسنٹ اسٹار انشورنس لمیٹڈ اور ذیلی کمپنیوں کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ، کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کے مختتمہ سال 31 دسمبر 2018 کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

اس سال مجموعی خام پریمیم 114.618 ملین روپے ریکارڈ ہوا جبکہ گزشتہ سال 109.640 ملین روپے تھا۔ خالص پریمیم 111.270 ملین روپے رہا جبکہ فروخت 49.626 ملین روپے رہی اور بعد از ٹیکس خسارہ 199.882 ملین روپے رہا۔ کل مجموعی اثاثے 1,044.155 ملین روپے رہے۔

آڈیٹرز کی رپورٹ

- ☆ دوست اسٹیل ملز لمیٹڈ (DSL) اور CSIL کے درمیان 106.348 ملین روپے کا مارک اپ چارج کرنے سے متعلق کوئی تحریری معاہدہ دستیاب نہ ہونے کی وجہ سے آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔ لہذا آڈیٹرز نے کم از کم روانی کی ضروریات پورا کرنے میں خالص اثاثوں میں 106.348 ملین روپے کمی بتائی ہے، جس کی وجہ DSL کے ساتھ کسی معاہدہ کی عدم دستیابی ہے۔ تاہم کمپنی کی درکار روانی کی ضروریات سے پہلے ہی 91.246 ملین روپے زیادہ ہے، لہذا اگر 106.348 ملین روپے نہیں بھی ملتے تب بھی کمپنی کی روانی کی شرح مکمل ہے۔
- ☆ آڈیٹرز نے قابل وصول رقم 139.084 ملین روپے پر تحفظات کا اظہار کیا ہے تاہم انتظامیہ نے کل قابل وصول رقومات کے 33 فیصد کے لئے اختصاص فراہم کیا ہے جو کہ بورڈ کی پالیسی کے عین مطابق ہے۔
- ☆ ذیلی کمپنی کریسنٹ اسٹار فوڈز (پرائیویٹ) کے مستقبل کے روشن امکانات کو مدنظر رکھتے ہوئے ساکھ کے نقصان سے متعلق کوئی اختصاص فراہم نہیں کیا گیا۔
- ☆ آڈیٹرز نے ذیلی کمپنی کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) کی فروخت اور اخراجات، اثاثوں اور واجبات کی تصدیق سے متعلق تحفظات کا اظہار کیا ہے۔ CSF کے مالیاتی گوشواروں کو کسی دوسری فرم نے آڈٹ کیا تھا۔ آڈٹ شدہ مالیاتی گوشوارے ہولڈنگ کمپنی کے آڈیٹرز کو فراہم کر دیئے گئے۔

بورڈ آف ڈائریکٹرز نے منافع کے مندرجہ ذیل مصارف کی سفارش کی ہے:

	31 دسمبر 2018	31 دسمبر 2017
	------- روپے	-------
منافع/ (خسارہ) قبل از ٹیکس	(188,755,718)	(98,545,131)
ٹیکس کے لئے اختصاص	(11,126,515)	(9,472,871)
منافع/ (خسارہ) بعد از ٹیکس	(199,882,233)	(108,018,002)
منافع/ (خسارہ) ناقابل گرفت سود سے متعلق	(59,454,132)	(42,611,224)
منافع/ (خسارہ) عمومی حصص یافتگان سے متعلق	(140,428,101)	(65,406,778)
خسارہ فی حصص	(1.33)	(0.79)

کمپنی کے ڈائریکٹران اس موقع پر تمام مستفیدان کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں۔

تنویر احمد	**نعیم انور**
ڈائریکٹر	مینیجنگ ڈائریکٹر اینڈ سی ای او

کراچی: 9 اپریل 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Star Insurance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Star Insurance Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matters stated in the basis for qualified opinion paragraph below, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1) As stated in note 13.1 to the unconsolidated financial statements, the Group has recorded accrued interest amounting to Rs. 106.348 million (2017: Rs. 66.582 million) at a rate of one year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Group's claim against accrued interest and under the circumstances the recoverability of the interest income accrued could not be ascertained. Accordingly, loss for the year and total assets/solvency of the Group is understated and overstated by Rs. 39.765 million (2017: Rs. 34.483 million) and Rs. 106.348 million (2017: Rs. 66.582 million) respectively. Further the statement of solvency states that there is an excess in net admissible assets over minimum requirements, however, due to inclusion of Rs. 106.348 million the total net admissible assets are currently over-stated.

2) As stated in note 14 to the unconsolidated financial statements, the Group has recorded premium receivable amounting to Rs. 229.133 million (2017: Rs. 227.780 million) out of

which Rs. 75.613 million (2017: Rs. 62.427 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs. 139.084 million. Any adjustment to the amount of the above receivable found to be necessary would affect the Group's loss for the year then ended.

3) As stated in note 10 to the consolidated financial statements, the Group has goodwill amounting to Rs. 28.743 million. Management has not carried out any impairment testing as per the requirement of IAS 36 "Impairment of Assets" due to which we are unable to determine the recoverable amount and impairment loss, if any.

4) No sufficient audit evidences have been received by us in respect of assets and liabilities amounting to Rs. 262.884 million and Rs. 120.986 million respectively of subsidiary companies reported in the consolidated financial statements as at December 31, 2018. There were no satisfactory audit procedures that we could perform to satisfy ourselves whether the aforementioned balances were fairly stated as at December 31, 2018.

5) No sufficient audit evidences have been received by us in respect of income and expenses amounting to Rs. 49.625 million and Rs. 189.143 million respectively of subsidiary companies reported in the consolidated financial statements as at December 31, 2018. There were no satisfactory audit procedures that we could perform to satisfy ourselves whether the aforementioned balances were fairly stated as at December 31, 2018.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Insurance Ordinance, 2000 and Companies Act, 2017 (and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: April 9, 2019

Crescent Star Insurance Limited
Consolidated Statement of Financial Position
As at December 31, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		(Rupees)		
ASSETS				
Property and equipment	9	**215,337,925**	207,845,727	77,439,075
Intangible assets	10	**50,172,961**	53,994,270	78,599,179
Investments				
Equity securities	11	**15,558,992**	14,866,713	192,291,381
Debt securities	12	**-**	21,265,737	21,761,809
Loans and other receivables	13	**509,973,661**	482,224,154	485,346,779
Insurance / reinsurance receivable				
Premium due but unpaid	14	**153,519,309**	165,353,426	179,887,393
Amounts due from other insurers / reinsurers	15	**-**	70,452,999	66,527,481
Reinsurance recoveries against outstanding claims		**2,595,202**	2,595,202	8,552,929
Deferred commission expense		**6,293,238**	6,807,589	8,479,678
Stock-in-trade		**14,515,761**	31,815,733	19,599,248
Deferred taxation	16	**-**	5,802,068	-
Prepayments	17	**2,792,024**	14,653,783	10,789,879
Cash and bank	18	**73,396,297**	69,291,048	61,981,887
Total assets		**1,044,155,370**	1,146,968,449	1,211,256,718
EQUITY AND LIABILITIES				
Capital and reserves attributable to Holding Company's equity holders				
Ordinary share capital	19	**1,076,950,410**	826,833,330	826,833,330
Discount on issue of right shares	20	**(199,650,000)**	(199,650,000)	(199,650,000)
Reserves	21	**(204,257,812)**	(64,351,347)	77,784,779
Attributable to the owners of the Holding Company		**673,042,598**	562,831,983	704,968,109
Non-controlling interest		**(11,396,563)**	(6,942,401)	80,668,773
Total shareholders' equity		**661,646,035**	555,889,582	785,636,882
Share deposit money		**-**	250,012,730	-
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR		**60,680,433**	66,422,035	71,011,170
Unearned premium reserve		**48,328,460**	55,822,934	71,592,272
Premium deficiency reserve		**-**	1,510,891	593,501
Deferred taxation	22	**4,420,388**	-	21,876,574
Borrowings	23	**6,427,350**	3,694,550	3,007,838
Premium received in advance		**1,793,455**	1,453,157	633,446
Insurance / reinsurance payables	24	**-**	43,135,172	24,489,759
Other creditors and accruals	25	**256,421,822**	166,019,927	230,084,254
Unclaimed dividend		**418,209**	418,209	418,209
Taxation - provision less payments	26	**4,019,218**	2,589,262	1,912,813
Total liabilities		**382,509,335**	341,066,137	425,619,836
Total equity and liabilities		**1,044,155,370**	1,146,968,449	1,211,256,718
Contingencies and commitments	27			

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2018

	Note	2018	2017 (Restated)
		------------- (Rupees) -------------	
Net insurance premium	28	**111,270,066**	105,974,126
Net insurance claims	29	**(17,452,659)**	(37,283,550)
Premium deficiency		**1,510,891**	(917,392)
Net commission and other acquistion costs	30	**(18,380,049)**	(20,681,929)
Insurance claims and other acquistion expense		**(34,321,817)**	(58,882,871)
Management expenses	31	**(166,129,200)**	(145,777,912)
Underwriting results		**(89,180,951)**	(98,686,657)
Sales	32	**49,625,766**	110,075,982
Cost of sales	33	**(136,160,496)**	(180,697,478)
Investment income	34	**307,261**	103,712,111
Other income	35	**45,051,296**	39,106,902
Other expenses	36	**(57,526,656)**	(106,212,033)
Results of operating activities		**(187,883,780)**	(132,701,173)
Finance costs		**(871,938)**	(360,210)
Loss before tax		**(188,755,718)**	(133,061,383)
Income tax expense	37	**(11,126,515)**	25,043,381
Loss after tax		**(199,882,233)**	(108,018,002)
Attributable to:			
Owners of the Holding Company		**(140,428,101)**	(65,406,778)
Non-controlling interest		**(59,454,132)**	(42,611,224)
		(199,882,233)	(108,018,002)
Other Comprehensive Income / (Loss)			
Unrealized gain on available for sale investments during the year - net of tax		**521,636**	495,810
Reclassification adjustments relating to available for sale investments disposed off - net		**-**	(77,225,158)
Other comprehensive income / (loss) for the year		**521,636**	(76,729,348)
Total comprehensive loss for the year		**(199,360,597)**	(184,747,350)
Loss per share - basic and diluted	38	**(1.33)**	(0.79)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer	**Director**	**Director**	**Director**	**Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Cash Flow Statement
For the year ended December 31, 2018

	Note	2018	2017 (Restated)
		------------ (Rupees) ------------	
Operating cash flows			
(a) Underwriting activities			
Insurance premium received		126,792,640	124,993,900
Reinsurance premium paid		27,317,827	(12,280,857)
Claims paid		(23,194,261)	(35,914,958)
Commission paid		(27,865,698)	(19,009,840)
Management expenses paid		(54,753,765)	(348,274,973)
Net cash flow from underwriting activities		48,296,743	(290,486,728)
(b) Other operating activities			
Proceeds from customers		49,625,766	110,075,981
Payments to suppliers		(118,860,524)	(192,920,487)
Income tax paid		355,253	(1,958,812)
Other operating receipts/ (payments)		17,243,735	(2,384,993)
Net cash outflow from other operating activities		(51,635,770)	(87,188,311)
Total cash from all operating activities		(3,339,027)	(377,675,039)
Investment activities			
Profit / return received		791,818	1,654,986
Dividend received		851	29,060
Proceeds from investments		21,265,738	254,872,938
Fixed capital expenditure		(33,680,983)	(99,018,380)
Proceeds from sale of property and equipment		7,101,640	377,130
Proceeds from sale of intangible		-	21,729,184
Total cash flow from investing activities		(4,520,936)	179,644,918
Financing activities			
Proceeds from issuance for shares		104,350	250,012,730
Finance costs paid		(871,938)	(360,210)
Borrowing under Musharaka arrangements obtained - net		2,732,800	686,712
Increase / decrease in non-controlling interest		10,000,000	(44,999,950)
Total cash flow from financing activities		11,965,212	205,339,282
Net cash flow from all activities		4,105,249	7,309,161
Cash and cash equivalents at beginning of year		69,291,048	61,981,887
Cash and cash equivalents at end of year		73,396,297	69,291,048
Reconciliation to profit and loss account			
Operating cash flows		(3,339,027)	(377,675,039)
Depreciation expense		(19,380,004)	(16,228,712)
Amortization expense		(4,120,222)	(2,875,725)
Profit/ (loss) on disposal of property and equipment	35	591,772	(1,969,960)
Profit on disposal of investments		-	136,866,137
Dividend income	34	851	29,060
Other investment and other income		445,215	1,646,723
Finance costs		(871,938)	(360,210)
Increase in assets other than cash		(83,867,088)	44,691,835
Increase in liabilities other than borrowings		(87,860,024)	160,371,898
Provision for taxation		(11,481,768)	(7,514,059)
Increase / decrease in non-controlling interest		10,000,000	(44,999,950)
Loss after taxation for the year		(199,882,233)	(108,018,002)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer **Director** **Director** **Director** **Chief Financial Officer**

Crescent Star Insurance Limited
Consolidated Statement of Changes in Equity
For the year ended December 31, 2018

	Attributable to equity holder to the Group								
	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	Attributable to the owners of the Holding Company	Non-controlling interest	Total shareholders' equity
	(Rupees)								
Balance as at January 01, 2017	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 7.1) net of tax	-	-	-	78,837,514	-	-	78,837,514	-	78,837,514
Balance as at January 01, 2017 as restated (note 7.1)	826,833,330	(199,650,000)	1,767,568	78,837,514	24,497,265	(27,317,568)	704,968,109	80,668,773	785,636,882
At acquisition	-	-	-	-	-	-	-	30	30
Transaction with owners									
Further issue of capital	-	-	-	-	-	-	-	6,331,680	6,331,680
Advance against issue of shares	-	-	-	-	-	-	-	(51,331,660)	(51,331,660)
Reclassification of unrealized gain from other comprehensive income ro profit and loss account	-	-	-	(77,225,158)	-	-	(77,225,158)	-	(77,225,158)
Total comprehensive loss for the year as restated (note 7.1)	-	-	-	495,810	-	(65,406,778)	(64,910,968)	(42,611,224)	(107,522,192)
Balance as at December 31, 2017 (Restated)	826,833,330	(199,650,000)	1,767,568	2,108,166	24,497,265	(92,724,346)	562,831,983	(6,942,401)	555,889,582
Balance as at January 01, 2018	**826,833,330**	**(199,650,000)**	**1,767,568**	**-**	**24,497,265**	**(92,724,346)**	**562,831,983**	**(6,942,401)**	**555,889,582**
Effect of change in accounting policy (note 7.1) net of tax.	**-**	**-**	**-**	**2,108,166**	**-**	**-**	**-**	**-**	**2,108,166**
Balance as at January 01, 2018 as restated (note 7.1)	**826,833,330**	**(199,650,000)**	**1,767,568**	**2,108,166**	**24,497,265**	**(92,724,346)**	**562,831,983**	**(6,942,401)**	**555,889,582**
Issue of right shares at par	**250,117,080**	**-**	**-**	**-**	**-**	**-**	**250,117,080**	**-**	**250,117,080**
Transaction with owners									
Further acquisition by holding company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,000,000)**	**(10,000,000)**
Further disposal by holding company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64,999,970**	**64,999,970**
Total comprehensive loss for the year as restated (note 7.1)	**-**	**-**	**-**	**521,636**	**-**	**(140,428,101)**	**(139,906,465)**	**(59,454,132)**	**(199,360,597)**
Balance as at December 31, 2018	**1,076,950,410**	**(199,650,000)**	**1,767,568**	**2,629,802**	**24,497,265**	**(233,152,447)**	**673,042,598**	**(11,396,563)**	**661,646,035**

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive/ Principal Officer	**Director**	**Director**	**Director**	**Chief Financial Officer**

1 LEGAL 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	50%	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. Chundrigar 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 objective 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 CONSOLIDATION

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

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

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

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

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

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

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

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

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

2.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in the consolidated profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in the consolidated other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to consolidated profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3 Non-controlling interests

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

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

2.4 Discontinued operation

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

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

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

2.5 Goodwill

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

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

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

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

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

2.6 Associates

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

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

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

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017.

4 BASIS OF MEASUREMENT

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

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
- IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 01, 2018
- IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 01, 2018
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2018.

Standards, amendments to published standards and interpretations that are effective but not

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date on or after)
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 01, 2019
- Annual improvements to IFRSs 2015 - 2017 Cycle	January 01, 2019

- IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 01, 2019
- IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 01, 2019
- IFRS 9 - Financial Instruments: Classification and Measurement	July 01, 2019
- IAS 1 / IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 01, 2020

Standard or Interpretation	**Effective Date (Annual periods beginning on or after)**
- Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
- IFRS 3 - IFRS Definition of a business (Amendments to IFRS 3)	January 01, 2020
- IFRS 11 - Joint Venture - (Amendments to IFRS 11)	January 01, 2019

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

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

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

Standard or Interpretation	**Effective Date (Annual periods beginning on or after)**
- IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
- IFRS 17 - Insurance Contracts	January 01, 2021

6 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

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

	Note
- Provision for outstanding claims (including IBNR)	7.3.1
- Premium deficiency reserve	7.4
- Provision for doubtful receivables	7.6
- Useful lives and residual values of property and equipment	7.10
- Provision for unearned premium	7.12.2
- Premium due but unpaid	7.12.3
- Provision for taxation and deferred tax and	7.15
- Segment reporting.	7.16

7 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

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

7.1 Changes in accounting policies

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

- Changes in the sequence of assets / liabilities in the consolidated 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 consolidated financial statements (notes 28, 29,30 and 34); 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 44).

The Holding 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 consolidated 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 consolidated profit and loss for the year within unconsolidated 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 policies are summarized below:

	December 31, 2017 (Restated)		
	Balance previously reported	**Adjustment**	**Balance Restated**
Investments	-----------------------Rupees-----------------------		
Equity securities	11,855,047	3,011,666	14,866,713
Deferred taxation	13,543,178	(903,500)	12,639,678
Reserves (Unappropriated profit)	110,324,461	2,108,166	112,432,627

	December 31, 2016 (Restated)		
	Balance previously reported	**Adjustment**	**Balance Restated**
Investments	----------Rupees----------		
Equity securities	78,034,115	114,257,266	192,291,381
Deferred taxation	13,543,178	(35,419,752)	(21,876,574)
Reserves (Unappropriated profit)	37,157,778	78,837,514	115,995,292

7.2 Insurance contracts

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

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property
- Marine, aviation and transport
- Motor
- Accident and health
- Credit and suretyship; and
- Miscellaneous.

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

These contracts are provided to all types of customers based on assessment of insurance risk by the Holding Company. Normally, personal insurance contracts for example: vehicles are provided to individual customers, whereas, insurance contracts of fire and property, marine and transport, accident and other commercial line products are provided to commercial organization.

Fire and property insurance contracts mainly compensate the Holding Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

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

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

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

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

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

7.3 Claims

Claims are charged to consolidated statement of comprehensive income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

7.3.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

i) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimated are reviewed periodically to ensure that the recognized outstanding claims amount are adequate to cover expected future payments including expected claims settlement cost and are updated as and when new information becomes available.

ii) Claims incurred but not reported

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

7.4 Premium deficiency reserve / Liability adequacy test

The Holding Company is required as per SEC (Insurance) rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the consolidated statement of comprehensive income.

The Holding Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss to be applied on unearned premium.

7.5 Reinsurance contracts held

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

7.6 Receivables and payables related to insurance contracts

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

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

7.7 Staff retirement benefits

7.7.1 Defined contribution plan

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

7.7.2 Employees' compensated absences

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

7.8 Investments

7.8.1 Recognition

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

- Investment at Held For Trading
- Held to Maturity investments; and
- Available for Sale investments

7.8.2 Measurement

i) Held to Maturity investments

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

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

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

ii) Available for Sale investments

Investments which are not eligible to be classified as "Held for Trading" or "held to Maturity" are classified as 'Available-for-Sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale investments.

iii) Held for Trading investments

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as fair value through profit or loss. Investments which are designated at held for trading upon initial recognition

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on

investments on remeasurement of these investments are recognised in consolidated profit and loss account.

7.9 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated profit and loss account.

When an Available for Sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to consolidated profit and loss account.

For financial assets measured at Held to Maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through consolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of Available for Sale equity securities, impairment losses previously recognized in consolidated profit and loss account are not reversed through consolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through consolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in consolidated statement of comprehensive income.

b) Unquoted

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

7.9.1 Date of recognition

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

7.10 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except for the freehold land which is stated at cost. Depreciation is charged over the estimated useful life of the asset on a systematic basis to consolidated profit and loss account applying the reducing balance method at the rates specified in note 9 to the consolidated financial statements.

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

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the consolidated profit and loss in the year the asset is derecognized.

7.10.1 Leased assets

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

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

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

7.10.1.1 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Group consolidated statement of financial position and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the consolidated profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

7.10.2 Capital work in progress

Capital wok in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible property and equipment.

7.11 Intangibles

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

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

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

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

7.12 Revenue recognition

7.12.1 Premium income earned

Up to 31 December 2017, premium had been recognized as written at the time of insurance policy (policy written) in accordance with the SEC (Insurance) Rules, 2002. Accordingly to the Rules and Accounting Regulations 2017, the Holding Company has changes its accounting policy for recognition of premium under an Regulations 2017, the Company has changes its accounting policy for recognition of premium under an policy / cover note.

7.12.2 Provision for unearned premium

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

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year; and
- Contracts having tenure of more than twelve months, the Holding Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

7.12.3 Premium due but unpaid

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

7.12.4 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the unconsolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

7.12.5 Commission income

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

7.12.6 Investment income

- Income from Held to Maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the Held to Maturity investments is amortised and taken to the consolidated profit and loss account over the term of the investment.
- Dividend income is recognized when the Group's right to receive the payment is established.
- Gain / (loss) on sale of Available for Sale investments is charged in consolidated profit and loss account.
- Return on fixed income securities classified as Available for Sale is recognised on a time proportion basis taking into account the effective yield on the investments.

- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

7.12.7 Dividend declaration

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

7.12.8 Revenue from sales

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

7.13 Deferred commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognized as an asset on attachment of the related risks. These costs are charged to consolidated statement of comprehensive income based on the pattern of recognition of premium revenue.

7.14 Management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocatable to the underwriting business are charged under other expenses.

7.15 Taxation

7.15.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed/ finalized during the year or required by any other reason.

7.15.2 Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.in equity.

7.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Holding Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous.

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

7.17 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to consolidated statement of comprehensive income.

7.18 Off setting of financial assets and liabilities

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

7.19 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in consolidated profit and loss account.

7.20 Amounts due to / from other insurers / reinsurers

Amount due to / from other insurers / reinsurers are carried at cost less provision for impairment. Cost represents the fair value of the consideration to be received / paid in the future for the services rendered / received.

7.21 Creditors, accruals and provisions

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

A provision is recognised in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

7.22 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

7.23 Reinsurance recoveries against outstanding claims

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

7.24 Prepaid reinsurance expense

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

7.25 Financial instruments

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

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

7.26 Stock in trade

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

7.27 Earnings per share

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

7.28 Classification as debt or equity

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

7.29 Functional and presentation currency

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

8 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTION

The Board of Directors of the Company in their meeting held on May 2, 2017 announced to issue 121 right shares for every 400 shares held i.e. 30.25% at par of Rs. 10 per share amounting Rs. 250.117 million which were fully subscribed as a result paid up capital of the Company was increased from Rs. 826.83 million to Rs. 1076.95 million.

The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the company for the first time for the preparation of financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company. The Act has also brought certain changes with regards to preparation and presentation of annual and interim financial statements of the Company.

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 88(1)/2017 and SRO 89(1)/2017 dated February 9, 2017, had issued the Insurance Accounting Regulations 2017 (the regulations) and Insurance Rules 2017 (the Rules). The application of the Regulations and Rules for the purpose of preparation and presentation of the published financial statements was effective from 1 April 2017. However, SECP vide letter ID/OSM/Crescentstar/2017/10791 dated August 22, 2017 and letter ID/OSM/Crescentstar/2017/12195, dated October 6, 2017 granted exemptions to the Company to prepare half yearly financial information for the period ended June 30, 2017, third quarter financial information for the period ended September 30, 2017 and annual audited financial statements for the year ended December 31, 2017 in accordance with the requirements of repealed rules [SEC(Insurance) Rules 2002] and allowed the application of the regulation and rules effective from the accounting year commencing from 1 January 2018. Accordingly, the Company has applied the regulations and rules for the preparation of the consolidated financial statements for the year ended December 31, 2018.

		2018	2017
		------------Rupees------------	
9	**PROPERTY AND EQUIPMENT**		
	Operating fixed assets	**168,233,129**	157,881,652
	Capital work-in-progress	**47,104,796**	49,964,075
		215,337,925	207,845,727

2018	**Cost**			**Depreciation**			**Written down**	**Depreciation**
	As at 1 January	**Additions/ (Disposals)**	**As at 31 December**	**As at 1 January**	**For the year/ (disposals)**	**As at 31 December**	**value as at 31 December**	**rate %**
	Rupees							
- Furniture and fixtures	**97,042,078**	**17,616,691**	**112,254,219**	**11,563,641**	**10,355,579**	**21,438,310**	**90,815,909**	**10**
		(2,404,550)			**(480,910)**			
- Office equipment	**10,826,402**	**155,000**	**10,981,402**	**1,016,256**	**1,033,361**	**2,049,617**	**8,931,785**	**10**
- Computers equipment	**10,991,208**	**626,898**	**11,618,106**	**4,244,637**	**2,089,636**	**6,334,273**	**5,283,833**	**30**
- Leasehold improvements	**44,718,490**	**11,846,550**	**56,565,040**	**2,041,043**	**2,768,923**	**4,809,966**	**51,755,074**	
- Vehicles	**32,857,329**	**5,996,210**	**25,640,838**	**19,688,278**	**3,132,505**	**14,194,310**	**11,446,528**	**20**
	-	**(13,212,701)**	**-**	**-**	**(8,626,473)**	**-**	**-**	
	196,435,507	**36,241,349**	**217,059,605**	**38,553,855**	**19,380,004**	**48,826,476**	**168,233,129**	
		(15,617,251)			**(9,107,383)**			

2017	Cost			Depreciation			Written down	Depreciation
	As at 1 January	Additions/ (Disposals)	As at 31 December	As at 1 January	For the year/ (disposals)	As at 31 December	value as at 31 December	rate %
	Rupees							
- Furniture and fixtures	50,494,298	50,759,439	97,042,078	5,404,317	8,658,807	11,563,641	85,478,437	10
		(4,211,659)			(2,499,483)			
- Office equipment	8,421,320	4,242,115	10,826,402	1,800,790	488,059	1,016,256	9,810,146	10
		(1,837,033)			(1,272,593)			
- Computers equipment	7,019,054	4,596,911	10,991,208	2,306,011	2,544,709	4,244,637	6,746,571	30
		(624,757)			(606,083)			
- Leasehold improvements	8,638,575	36,079,915	44,718,490	217132	1,823,911	2,041,043	42,677,447	
		-						
- Vehicles	30,236,554	3,340,000	32,857,329	17,642,476	2,713,226	19,688,278	13,169,051	20
		(719,225)			(667,424)			
	104,809,801	62,938,465	196,435,507	27,370,726	14,404,801	38,553,855	157,881,652	
		(7,392,674)			(5,045,583)			

9.1 Detail of property and equipment disposed off through negotiation during the year as follows:

Description of property and equipment sold	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Particulars of buyer
	---Rupees---						
Vehicles							
Suzuki Mehran (AAT-356)	372,590	353,054	19,536	30,000	10,464	Negotiation	Khuzaima Hakeemi
Suzuki Cultus (ADG-795)	588,550	574,027	14,523	125,000	110,477	Negotiation	Tariq mustafa
Suzuki Mehran (AC-4973)	27,500	26,002	1,498	30,000	28,502	Negotiation	Yasir Idress
Suzuki Mehran (AKS-578)	727,150	656,699	70,451	60,000	(10,451)	Negotiation	Nasir Khan
BMW (BW-740)	4,284,550	2,075,119	2,209,431	2,250,000	40,569	Negotiation	Weavers Pakistan (Private) Limited
Suzuki Mehran (ABH-203)	263,941	261,105	2,836	25,000	22,164	Negotiation	Ehtesham-ul-Haq Malik
Suzuki Cultus (AFX-419)	744,930	682,855	62,075	300,000	237,925	Negotiation	M.Ashraf
Santro Plus (ADV-612)	502,540	488,101	14,439	100,000	85,561	Negotiation	Asgher Ali Shah
Honda City (AJE-195)	869,650	825,206	44,444	290,000	245,556	Negotiation	M.Ashraf
Toyota altis (BCG-619)	2,227,500	1,305,861	921,639	1,540,000	618,361	Negotiation	Adeel Khushal
Hero-RF70 (KBD-6973)	42,500	40,634	1,866	3,000	1,134	Negotiation	Tariq Mustafa
Hero-RF70 (QAM-7293)	43,000	40,073	2,927	4,000	1,073	Negotiation	Yasir Idress
Star-DS-70cc (KDT-3643)	38,500	33,802	4,698	4,000	(698)	Negotiation	Azam Khan
Unique 125CC (KEG-5514)	58,800	49,698	9,102	15,000	5,898	Negotiation	Khurram
Unique ud-70cc (KEU-0546)	41,000	32,766	8,234	6,000	(2,234)	Negotiation	Samina Bano
2018	**10,832,701**	**7,445,002**	**3,387,699**	**4,782,000**	**1,394,301**		
2017	7,122,673	5,045,583	2,077,090	107,130			

10 INTANGIBLE ASSETS

	2018	2017
	------------Rupees------------	
Goodwill at acquisition	**28,742,849**	28,742,849
Franchise	**17,424,573**	20,100,852
Computer software	**4,005,539**	5,150,569
	50,172,961	53,994,270

2018	**Cost**			**Amortisation**			**Written down value as at 31 December**	**Amortisation rate %**
	As at 1 January	**Additions/ (Disposals)**	**As at 31 December**	**As at 1 January**	**For the year**	**As at 31 December**		
	----------Rupees----------							
Franchise	**23,152,382**	**-**	**23,152,382**	**3,051,530**	**2,676,279**	**5,727,809**	**17,424,573**	**10**
Computer software	**6,509,069**	**298,913**	**6,807,982**	**1,358,500**	**1,443,943**	**2,802,443**	**4,005,539**	**33 & 10**
	29,661,451	**298,913**	**29,960,364**	**4,410,030**	**4,120,222**	**8,530,252**	**21,430,112**	

2017	Cost			Amortisation			Written down value as at 31 December	Amortisation rate %
	As at 1 January	Additions/ (Disposals)	As at 31 December	As at 1 January	For the year/ (Disposals)	As at 31 December		
	----------Rupees----------							
Franchise	46,058,400	-	23,152,382	2,711,139	1,517,225	3,051,530	20,100,852	10
		(22,906,018)			(1,176,834)			
Computer software	6,509,069	-	6,509,069	-	1,358,500	1,358,500	5,150,569	33 & 10
	52,567,469	-	29,661,451	2,711,139	2,875,725	4,410,030	25,251,421	
	-	(22,906,018)	-	-	(1,176,834)	-	-	

11 INVESTMENTS IN EQUITY SECURITIES

	2018			
	Cost	Revaluation Surplus / (Deficit)	Impairment	Fair Value
	----------Rupees----------			
AVAILABLE FOR SALE				
Related parties				
Listed Shares				
Dost Steels Limited	32,002	7,029	-	39,031
Others				
Listed Shares				
The Bank of Punjab	7,859	(4,866)	-	2,993
Innovative Investment Bank Limited	243,755	(243,755)	-	-
IGI Investment Bank Limited	19,002	(15,984)	-	3,018
NIB Bank Limited	993	(412)	-	581
Habib Insurance Company Limited	379	1,821	-	2,200
Premier Insurance Limited	631	176	-	807
Service Fabrics Limited	1,859	(1,236)	-	623
Southern Electric Power Company Limited	26,944	(22,524)	-	4,420
Pakistan Income Fund	11,731,083	3,253,299	-	14,984,382
First Dawood Mutual Fund	-	417,531	-	417,531
PICIC Energy Fund	18,044	29,362	-	47,406
Modaraba Al-Mali	278,675	(222,675)	-	56,000
	12,361,226	3,197,766	-	15,558,992

	2017			
	Cost	Revaluation Surplus / (Deficit)	Impairment	Fair Value
	---Rupees---			
AVAILABLE FOR SALE				
Related parties				
Listed Shares				
Dost Steels Limited	32,002	38,619	-	70,621
Others				
Listed Shares				
The Bank of Punjab	7,859	(5,799)	-	2,060
Innovative Investment Bank Limited	243,755	(243,755)	-	-
IGI Investment Bank Limited	19,002	(14,562)	-	4,440
NIB Bank Limited	993	(356)	-	637
Habib Insurance Company Limited	379	2,371	-	2,750
Premier Insurance Limited	631	376	-	1,007
Service Fabrics Limited	1,859	(1,148)	-	711
Southern Electric Power Company Limited	26,944	(22,524)	-	4,420
Pakistan Income Fund	11,731,083	2,453,141	-	14,184,224
First Dawood Mutual Fund	-	474,121	-	474,121
PICIC Energy Fund	18,044	43,038	-	61,082
Modaraba Al-Mali	278,675	(218,035)	-	60,640
	12,361,226	2,505,487	-	14,866,713

11.1 Investment in Dost Steels Limited, an associated company represents 7,020 shares (2017: 7,020 shares) with 0.0041% (2017: 0.002%) of total equity of the associated company.

11.2 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

	Note	2018	2017
		--- (Rupees) ---	
12 INVESTMENTS IN DEBT SECURITIES			
Held-to-Maturity			
Government securities	12.1	**-**	21,265,737

12.1 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.

		Note	2018	2017
			(Rupees)	
13	**LOAN AND OTHER RECEIVABLES**			
	Accrued investment income		**-**	346,603
	Deposits		**16,566,169**	23,232,780
	Advance to employees		**265,233**	215,244
	Advance against expenses		**260,000**	260,000
	Advance to supplier		**15,423,550**	15,214,248
	Accrued interest on advance against issuance of shares	13.1	**106,348,503**	66,582,917
	Advance against issuance of shares	13.2	**354,279,066**	354,279,066
	Others		**16,831,140**	22,093,296
			509,973,661	482,224,154

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

	2018	2017
	(Rupees)	
Balance as at beginning of the year	**66,582,917**	32,099,828
Income for the year	**39,765,586**	34,483,089
Balance at the end of the year	**106,348,503**	66,582,917

13.2 This represents advances against issue of shares given to the following related parties:

13.2.1 It carries markup @ 1 year KIBOR plus 3% per annum (2017: KIBOR plus 3%).

		Note	2018	2017
			(Rupees)	
14	**PREMIUM DUE BUT UNPAID - unsecured**			
	Considered good	14.1	**153,519,309**	165,353,426
	Considered doubtful	14.3	**75,613,988**	62,427,039
			229,133,297	227,780,465
	Less: provision for doubtful balances	14.3	**(75,613,988)**	(62,427,039)
			153,519,309	165,353,426

14.1 It includes amount of Rs. 11,410,788 (2017: Rs. 8,505,674) due from related parties.

		2018	2017
		(Rupees)	
14.2	**Aging analysis of premium due but unpaid**		
	Upto one year	**13,618,239**	20,111,421
	From one to two years	**13,249,346**	32,635,270
	From two to three years	**32,088,492**	110,590,273
	From three to four years	**110,585,922**	6,375,369
	More than four years	**59,591,298**	58,068,132
		229,133,297	227,780,465

14.3 Movement in provision for doubtful balances

	2018	2017
Balance at the beginning of the year	**62,427,039**	54,663,496
Add: charged during the year	**13,186,949**	7,763,543
Balance at the end of the year	**75,613,988**	62,427,039

		Note	2018	2017
15	**INSURANCE / REINSURANE RECEIVABLE**		------------ (Rupees)	------------
	Due from reinsurers		**15,822,467**	16,258,572
	Due from other insurers		**55,128,010**	54,194,427
	Less: provision for doubtful balances	15.1	**(70,950,477)**	-
			-	70,452,999
15.1	**Movement in provision for doubtful balances**			
	Balance at the beginning of the year		**-**	-
	Add: charged during the year		**70,950,477**	-
	Balance at the end of the year		**70,950,477**	-
16	**DEFERRED TAXATION**			
	Deferred debits arising in respect of			
	Provisions		**-**	11,052,794
	Unused tax losses		**-**	5,525,830
	Accelerated tax depreciation		**-**	(9,873,056)
	Deferred credits arising due to			
	Surplus on remeasurement on available for sale investment		**-**	(903,500)
			-	5,802,068

16.1 Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in consolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 35,332,318 (2017: Rs. 36,752,752) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

		Note	2018	2017
17	**PREPAYMENTS**		------------ (Rupees)	------------
	Prepaid reinsurance premium ceded		**-**	10,842,633
	Prepaid rent		**-**	76,000
	Others		**2,792,024**	3,735,150
			2,792,024	14,653,783
18	**CASH AND BANK**			
	Cash and cash equivalent			
	Cash with State Bank of Pakistan	18.1	**72,238,047**	51,238,047
	Cash in hand		**231,987**	9,808,686
	Policy and revenue stamps		**728,028**	688,134
			73,198,062	61,734,867
	Cash at bank			
	Current accounts		**498,230**	3,693,524
	Savings accounts		**22,424**	4,175,769
			520,654	7,869,293
	Less: provision against dormant accounts	18.3	**(322,419)**	(313,112)
			198,235	7,556,181
			73,396,297	69,291,048

18.1 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.

18.2 These carry mark-up at the rate of 5.5% (2017: 4%) per annum.

18.3 Movement in provision for doubtful balances	**2018**	2017
	(Rupees)	
Balance at the beginning of the year	**313,112**	-
Add: charged during the year	**9,307**	313,112
Balance at the end of the year	**322,419**	313,112

19 SHARE CAPITAL

19.1 Authorized share capital

2018	2017		**2018**	2017
(Number of shares)				
115,000,000	115,000,000	Ordinary shares of Rs.10 each	**1,150,000,000**	1,150,000,000

19.2 Issued, Subscribed and Paid-up Share Capital

2018	2017		**2018**	2017
(Number of shares)				
104,728,494	79,716,786	Ordinary shares of Rs.10 each fully paid in cash	**1,047,284,940**	797,167,860
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**29,665,470**	29,665,470
107,695,041	82,683,333		**1,076,950,410**	826,833,330

20 DISCOUNT ON ISSUE OF RIGHT SHARES	**199,650,000**	199,650,000

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

21 RESERVES	**2018**	2017
	(Rupees)	
Capital reserves		
Reserve for exceptional losses	**1,767,568**	1,767,568
Surplus on remeasurement of available for sale investments to fair value	**2,629,802**	2,108,166
Revenue reserves		
General reserve	**24,497,265**	24,497,265
Unappropriated profit	**(233,152,447)**	(92,724,346)
	(204,257,812)	(64,351,347)

22 DEFERRED TAXATION

Deferred debits arising in respect of		
Accelerated tax depreciation	**4,420,388**	-

			2018	2017
23	**BORROWING**	**Note**	**(Rupees)**	
	Borrowing against diminishing musharaka	23.1	**6,427,350**	3,694,550

23.1 The Company has entered into diminishing musharka agreements with KASB Modarba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 15% to 18% (2017: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

		2018	2017
	Note	**(Rupees)**	
The amount payable:			
Current Portion		**3,264,225**	1,433,100
Non current portion		**3,163,125**	2,261,450
		6,427,350	3,694,550

24	**AMOUNTS DUE FROM OTHER INSURERS / REINSURERS**			
	Foreign reinsurers		**-**	19,302,035
	Local reinsurers		**-**	19,670,724
	Co-insurers		**-**	4,162,413
			-	43,135,172
25	**OTHER CREDITORS AND ACCRUALS**			
	Trade and related payables		**49,784,744**	67,069,248
	Federal insurance fees		**604,511**	268,114
	Federal excise duty		**22,716,366**	16,485,588
	Margin against performance bonds		**3,900,841**	3,268,504
	Payable to staff provident fund	25.1	**3,045,546**	433,596
	Withholding tax		**68,544,628**	43,055,089
	Accrued expenses		**69,264,643**	31,502,519
	Unpresented cheques		**4,928,142**	711,102
	Others		**33,632,401**	3,226,167
			256,421,822	166,019,927

25.1 The following information is based on the latest audited financial statements of the Provident Fund:

		2018	2017
	Note	**(Rupees)**	
Size of the Fund - total assets		**17,500,253**	18,088,704
Cost of investments made		**13,249,059**	13,899,059
Percentage of investments made		**75.71%**	76.84%
Fair value of investments	25.1.1	**16,647,065**	17,107,548

25.1.1 Fair value of investment is held by Provident Fund

	2018		2017	
	Rupees	**%**	Rupees	%
Mutual funds	**16,647,065**	**100%**	17,107,548	100%

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

26 TAXATION - PROVISION LESS PAYMENTS

	2018	2017
	(Rupees)	
Balance at beginning of the year	**2,589,262**	1,912,813
Add: charge for the year	**2,011,198**	2,635,261
Less: paid during the year	**(581,242)**	(1,958,812)
Balance at end of the year	**4,019,218**	2,589,262

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

The Company is defendant in following:

1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2017: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2017: Rs. 27.5 million) against the Company.

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

Liquidated damages under section 118 of the Insurance Ordinance, 2000 on unsettled claims of Rs. 0.75 million has not been provided by the Company in line with the legal opinion confirming that such damages can only be paid if claimed / awarded by the court.

27.2 Commitments

	2018	2017
	Rupees	
Post dated cheques	**6,427,350**	3,694,550

Commitments for Ijara rentals

	2018	2017
Within one year	**2,030,680**	-
Later than one year but not later than five years	**3,415,722**	-
	5,446,402	-

Commitments in respect of operating leases

	2018	2017
Within one year	**533,000**	2,714,400
Later than one year but not later than five years	**405,000**	335,500
	938,000	3,049,900

		2018	2017
28	**NET INSURANCE PREMIUM**	(Rupees)	
	Written gross premium	**114,618,225**	109,640,223
	Add : Unearned premium reserve opening	**55,822,934**	71,592,272
	Less: Unearned premium reserve closing	**(48,328,460)**	(55,822,934)
	Premium earned	**122,112,699**	125,409,561
	Less: Reinsurance premium ceded	**-**	27,000,752
	Add: prepaid reinsurance premium opening	**10,842,633**	3,277,316
	Less: prepaid reinsurance premium closing	**-**	(10,842,633)
	Reinsurance expense	**10,842,633**	19,435,435
		111,270,066	105,974,126
29	**NET INSURANCE CLAIMS EXPENSE**		
	Claim paid	**23,194,261**	35,914,958
	Add : Outstanding claims including IBNR closing	**60,680,433**	66,422,035
	Less: Outstanding claims including IBNR opening	**(66,422,035)**	(71,011,170)
	Claims expense	**17,452,659**	31,325,823
	Less: Reinsurance and others recoveries received	**-**	-
	Add: Reinsurance and others recoveries in respect of outstanding claims opening	**2,595,202**	2,595,202
	Less: Reinsurance and others recoveries in respect of outstanding claims closing	**(2,595,202)**	(8,552,929)
	Reinsurance and recoveries revenue	**-**	(5,957,727)
		17,452,659	37,283,550

29.1 Claims development

The following table shows the development of claims of all classes over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2013 and prior	2014	2015	2016	2017	2018 Including IBNR
	Rupees					
Estimate of ultimate claims cost:						
At end of accident year	46,990,000	48,684,724	78,506,094	54,329,721	27,768,651	**28,819,834**
One year later	29,362,401	47,129,312	81,341,073	59,473,682	32,761,923	**-**
Two year later	32,494,023	43,124,628	84,317,292	55,481,601	-	**-**
Three year later	32,556,807	44,755,333	83,777,282	-	-	**-**
Four year later	28,101,127	34,419,900	-	-	-	**-**
Five year later	27,165,944	-	-	-	-	**-**
Current estimate of cumulative claims	27,165,944	34,419,900	83,777,282	55,481,601	32,761,923	**28,819,834**
Cumulative payments to date	(23,616,013)	(31,082,378)	(69,362,915)	(44,893,414)	(20,483,668)	**(12,307,663)**
Liability recognised in the balance sheet	3,549,931	3,337,522	14,414,367	10,588,187	12,278,255	**16,512,171**

		Note	2018	2017
30	**NET COMMISSION EXPENSE**		(Rupees)	
	Commission paid or payable		**17,865,698**	19,009,840
	Add : Deferred commission expense opening		**6,807,589**	8,479,678
	Less: Deferred commission expense closing		**(6,293,238)**	(6,807,589)
	Net commission expense		**18,380,049**	20,681,929
31	**MANAGEMENT EXPENSES**			
	Employee benefit cost	31.1	**73,494,292**	75,043,192
	Travelling expense		**10,644,138**	9,517,821
	Advertisement and sales promotion		**225,870**	375,850
	Printing and stationery		**1,000,594**	1,247,734
	Depreciation		**3,876,235**	3,476,362
	Amortisation		**1,443,943**	1,358,500
	Rent, rates and taxes		**16,600,949**	20,662,379
	Legal and professional charges - business related		**3,202,423**	3,540,029
	Electricity, gas and water		**2,410,438**	2,454,052
	Entertainment		**1,081,304**	1,660,706
	Vehicle running expenses		**926,553**	1,083,834
	Repairs and maintenance		**1,834,092**	5,639,326
	Bank charges		**107,911**	103,706
	Postages, telegrams and telephone		**3,495,955**	3,374,126
	Annual supervision fee of SECP		**226,560**	326,898
	Bad and doubtful debts		**41,044,603**	7,763,543
	Insurance		**597,873**	748,120
	Others		**3,915,467**	7,401,734
			166,129,200	145,777,912

31.1 This includes contribution to provident fund amounting to Rs. 2.462 million (2017: Rs. 2.562 million).

		Note	2018	2017
			(Rupees)	
32	**SALES**			
	Gross sales		**58,412,457**	137,695,363
	Less: sales tax		**(6,213,564)**	(11,197,868)
	Less: sales discount		**(2,573,127)**	(16,421,513)
			49,625,766	110,075,982
33	**COST OF SALES**			
	Raw material consumed	33.1	**54,063,870**	81,921,153
	Salaries, wages and other benefits		**14,208,477**	43,023,213
	Rent, rates and taxes		**42,703,300**	32,194,922
	Utilities		**11,096,446**	11,735,597
	Repair and maintenance		**749,388**	9,789,290
	Depreciation		**13,339,015**	2,033,303
			136,160,496	180,697,478
33.1	**Raw material consumed**			
	Opening stock		**31,815,733**	19,599,248
	Purchases		**36,783,898**	94,137,638
	Closing stock		**(14,535,761)**	(31,815,733)
			54,063,870	81,921,153
34	**INVESTMENT INCOME**			
	Income from equity securities for Available for Sale			
	Dividend income		**851**	29,060
	Gain on sale of Available for Sale investments		**-**	103,049,651
			851	103,078,711
	Income from debt securities for Held for Maturity			
	Return on debt securities		**306,410**	1,333,165
	Total investment income		**307,261**	104,411,876
	Less: Investment related expenses		**-**	(699,765)
			307,261	103,712,111
35	**OTHER INCOME**			
	Return on bank balances		**138,805**	313,558
	Gain /(loss) on sale of property and equipments		**591,772**	(1,969,960)
	Markup on other receivables		**39,765,586**	34,483,089
	Gain on third Party claim handling		**4,555,133**	2,611,592
	Others		**-**	3,668,623
			45,051,296	39,106,902
36	**OTHER EXPENSES**			
	Employee benefit cost		**25,860,924**	39,177,750
	Travelling expense		**1,313,597**	1,502,790
	Advertisement and sales promotion		**-**	3,279,424
	Printing and stationery		**149,398**	-
	Brought forward		**27,323,919**	43,959,964

	Note	2018	2017
		(Rupees)	
Carried forward		**27,323,919**	43,959,964
Depreciation		**2,164,754**	2,963,060
Amortisation		**2,676,279**	1,517,225
Rent, rates and taxes		**2,487,230**	25,473,657
Legal and professional charges - business related		**190,000**	127,530
Electricity, gas and water		**926,685**	4,255,124
Entertainment		**293,568**	6,272,850
Vehicle running expenses		**1,118,473**	-
Repairs and maintenance		**2,536,297**	1,203,573
Bank charges		**338,912**	-
Postages, telegrams and telephone		**93,567**	157,304
Bad and doubful debts		**525,758**	-
Insurance		**38,661**	-
Auditors' remuneration	36.1	**1,352,160**	1,542,245
Subscription and fee		**327,411**	363,492
Registration fee		**3,156,795**	2,400,521
Royalty expense		**1,583,287**	3,501,613
Marketing and sales promotion		**1,829,572**	-
Impairement loss on Capital Work in Progress		**-**	4,937,635
Others		**8,563,328**	7,536,240
		57,526,656	106,212,033

36.1 Auditors' remuneration

	2018	2017
Annual audit fee of the Holding Company	**552,000**	552,000
Annual audit fee of the Subsidiary Companies	**75,000**	383,850
Consolidation	**200,000**	200,000
Review of code of corporate governance	**105,000**	105,000
Half yearly review of the Holding Company	**127,000**	91,145
Out of pocket expenses	**74,960**	80,000
Certification charges	**218,200**	130,250
	1,352,160	1,542,245

37 TAXATION

	2018	2017
For the year		
Current	**2,011,198**	2,635,261
Deferred	**10,051,812**	(27,678,642)
Current	**(936,495)**	-
	11,126,515	(25,043,381)

37.1 The income tax returns of the Company have been filed up to Tax Year 2018 (corresponding to the year ended December 31, 2017) and the same are deemed to be assessed under the provisions of the Income Tax

37.2 The Company computes tax base on the generally accepted interpretations of the Income Tax Ordinance, 2001 to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2017	2016	2015
	--------------- (Rupees) ---------------		
Tax provision of the Holding Company	1,370,178	2,064,726	8,172,791
Tax payable/paid as per tax return of Holding Company	2,065,628	8,172,791	566,259

37.3 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2018 & 2017 has not been presented in these financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

38 EARNING PER SHARE

	2018	2017
	--------------- (Rupees) ---------------	
Loss for the year	**(140,428,101)**	(65,406,778)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	**105,639,284**	82,683,333
Earning per share	**(1.33)**	(0.79)

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

39 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017
	---Rupees---					
Managerial remuneration *	**5,760,000**	5,760,000	**2,271,480**	1,195,200	**4,762,800**	9,745,223
Retirement benefits	**576,000**	576,000	**155,196**	119,520	**454,680**	834,192
House rent	**2,592,000**	2,592,000	**1,315,120**	796,800	**2,815,200**	6,730,815
Utilities/Other	**3,048,000**	2,448,000	**600,000**	480,000	**600,000**	2,556,000
Total	**11,976,000**	11,376,000	**4,341,796**	2,591,520	**8,632,680**	19,866,230
Number of persons	**1**	1	**2**	1	**4**	11

* Basic salary for classification as executive in current year is Rs. 1.2 million per annum (2017: Rs. 0.5 million)

39.1 Non-Executive Directors were paid Rs. 0.07 million (2017: Rs. 0.059 million) for attending board of directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Company maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

40 RELATED PARTY RELATIONSHIPS

Name of related parties	Relationship
Crescent Star Foods (Private) Limited	Subsidiary
Crescent Star Luxury (Private) Limited	Subsidiary
Crescent Star Technology (Private) Limited	Subsidiary
Dost Steels Limited	Associated undertaking

41 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members, its 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 year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2018	2017
	----------- (Rupees) -------------	
41.1 Associated undertakings having common directorship		
Dost Steels Limited		
Markup on advance given	**39,765,586**	34,483,089
Premium written	**-**	8,505,674
Remuneration to key management personnel (note 39)	**24,950,476**	33,833,750
Staff retirement benefits		
Provident fund contribution	**2,462,722**	2,562,081
Markup on outstanding balance of provident fund	**115,526**	-

42 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

42.1 Insurance Risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Company minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2018	2017
	--------(Rupees in '000)---------	
Class		
Fire and property damage	**6,195,913**	5,945,554
Marine, aviation and transport	**8,608,554**	6,654,349
Motor	**2,030,099**	2,317,283
Accident and health	**1,795**	71,045
Credit and suretyship	**36,725,557**	15,458,099
Miscellaneous	**15,453,227**	14,966,330
	69,015,145	45,412,660

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors for example. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

At the year end, actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 . IBNR is determined by using Chain Ladder Method for all class of business The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency reserves by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determines ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follows:

Class	**Assumed net loss ratio 2018**	Assumed net loss ratio 2017
Fire and property	**10%**	69%
Marine, aviation and transport	**32%**	36%
Motor	**28%**	28%
Accident and health	**45%**	44%
Credit and suretyship	**2%**	1%
Miscellaneous	**10%**	8%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

	Change in assumption	Impact on gross	Impact on net liabilities	Impact on profit	Impact on equity
Average claim costs	---------------------------------Rupees				
2018	**+ 10%**	**1,745,266**	**1,745,266**	**1,745,266**	**1,239,139**
2017	+ 10%	3,132,582	3,728,355	3,728,355	2,609,849

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Age-wise Breakup 1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	---------------------------------Rupees				
Claims not encashed	**1,060,256**	**-**	**-**	**-**	**-**

43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:
1) Credit risk
2) Liquidity risk
3) Market risk (including interest / mark up rate risk and price risk)

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

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

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

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

43.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the consolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

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

	Category of financial assets	2018	2017
		---------- Rupees ----------	
Bank deposits	Loans and receivables	**198,235**	7,556,181
Investments:			
Government securities	Held to maturity	**-**	21,265,737
Equity & other securities	Available for sale	**15,558,992**	14,866,713
Premiums due but unpaid	Loans and receivables	**153,519,309**	165,353,426
Accrued investment income	Loans and receivables	**-**	346,603
Amount due from other insurers / reinsurers	Loans and receivables	**-**	70,452,999
Reinsurance recoveries against outstanding claims	Loans and receivables	**2,595,202**	2,595,202
Loans and other receivables	Loans and receivables	**494,024,878**	466,188,059
		665,896,616	748,624,920

Geographically there is no concentration of credit risk.

The Company does not held collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivable as disclosed in note 12 to these consolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2018	**Carrying Amount**	**Upto 1 year**	**From 1 to 2 years**	**More than 2 years**
	---------------------- **Rupees** ----------------------			
Financial assets				
Premiums due but unpaid	**153,519,309**	**13,618,239**	**13,249,346**	**126,651,724**
Amounts due from other insurers / reinsurers	**-**	**-**	**11,813,161**	**(11,813,161)**
Accrued investment income	**-**			
Reinsurance recoveries against outstanding claims	**2,595,202**	**-**	**-**	**2,595,202**
Loans and other receivables	**494,024,878**	**509,448,428**	**5,771,280**	**(21,194,830)**
	650,139,389	**523,066,667**	**30,833,787**	**96,238,935**

2017	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------------------- Rupees ----------------------			
Financial assets				
Premiums due but unpaid	165,353,426	20,111,421	32,635,270	112,606,736
Amounts due from other insurers / reinsurers	- 70,452,999	11,813,161	58,148,028	491,810
Accrued investment income	346,603	346,603	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-		2,595,202
Loans and other receivables	414,819,390	192,247,556	446,257,439	10,171,543
	653,567,620	224,518,741	537,040,737	125,865,291

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

	Rating	Agency	2018	2017
			---------- Rupees ----------	
Faysal Bank Limited	AA	PACRA/JCR-VIS	**81,551**	4,199,674
Habib Bank Limited	AAA	JCR-VIS	**14,878**	3,295,726
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
NIB Bank Limited	AA-	PACRA	**10,189**	60,197
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
The Bank of Punjab	AA	PACRA	**43,257**	43,257
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,482
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,127
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
United Bank Limited	AAA	JCR-VIS	**100,125**	-
MCB Bank Limited	AAA	PACRA	**265**	265
Bank Islami Pakistan Limited	A+	PACRA	**215**	-
			520,654	7,869,293

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2018	2017
	Rupees				
A or above	**51,562,964**	**2,595,202**	**-**	**54,158,166**	78,613,514
BBB	**12,308,239**	**-**	**-**	**12,308,239**	5,277,320
Others	**7,075,080**	**-**	**-**	**7,075,080**	-
Total	**70,946,283**	**2,595,202**	**-**	**73,541,485**	83,890,834

43.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and musharaka to minimize risk.

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

	2018			
	Carrying amount	**Contractual cash flows**	**Up to 1 year**	**Greater than 1 year**
	Rupees			
Financial liabilities measured at held to maturity:				
Provision for outstanding claims	**60,680,433**	**60,680,433**	**60,680,433**	**-**
Amounts due to other insurers	**-**	**-**	**-**	**-**
Other creditors	**95,291,674**	**95,291,674**	**95,291,674**	**-**
Obligation under musharaka	**6,427,350**	**6,427,350**	**3,264,225**	**3,163,125**
Unpresented dividend warrants	**418,209**	**418,209**	**-**	**418,209**
	162,817,666	**162,817,666**	**159,236,332**	**3,581,334**

	2017			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	Rupees			
Financial liabilities measured at held to maturity:				
Provision for outstanding claims	66,422,035	66,422,035	66,422,035	-
Amounts due to other insurers	43,135,172	43,135,172	43,135,172	-
Other creditors	74,708,617	74,708,617	74,708,617	-
Obligation under musharaka	3,694,550	-	1,433,100	2,261,450
Unpresented dividend warrants	418,209	418,209	-	418,209
	188,378,583	184,684,033	185,698,924	2,679,659

43.3 Market risk

Market risk means that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material

a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

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

	2018					
	Interest / mark-up bearing financial instruments				**Non-interest / mark-up bearing financial instruments**	**Total**
	Effective rate % per annum	**Maturity upto one year**	**Maturity over one year**	**Sub total**		
	Rupees					
Financial assets						
Investments	**-**	**-**	**-**	**-**	**15,558,992**	**15,558,992**
Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
Loans and other receivables	**8.22%**	**354,279,066**	**-**	**354,279,066**	**155,169,362**	**509,448,428**
Insurance / reinsurance receivables						
Premium due but unpaid	**-**	**-**	**-**	**-**	**153,519,309**	**153,519,309**
Amounts due from other insurers / reinsurers	**-**	**-**	**-**	**-**	**-**	**-**
Reinsurance recoveries against outstanding claims	**-**	**-**	**-**	**-**	**2,595,202**	**2,595,202**
Cash and bank	**-**	**-**	**-**	**-**	**73,396,297**	**73,396,297**
		354,279,066	**-**	**354,279,066**	**400,239,162**	**754,518,228**
Financial liabilities						
Outstanding claims including IBNR	**-**	**-**	**-**	**-**	**60,680,433**	**60,680,433**
Insurance / reinsurance payables	**-**	**-**	**-**	**-**	**-**	**-**
Other creditors and accruals	**-**	**-**	**-**	**-**	**95,291,674**	**95,291,674**
Borrowings	**15% to 18%**	**3,264,225**	**3,163,125**	**6,427,350**	**-**	**6,427,350**
Unclaimed dividend	**-**	**-**	**-**	**-**	**418,209**	**418,209**
		3,264,225	**3,163,125**	**6,427,350**	**156,390,316**	**162,817,666**
On balance sheet gap		**351,014,841**	**(3,163,125)**	**347,851,716**	**243,848,846**	**591,700,562**

	2017					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per annum	Maturity upto one year	Maturity over one year	Sub total		
Financial assets	Rupees					
Investments	-	-	-	-	-	-
Equity securities	-	-	-	-	14,866,713	14,866,713
Debt securities	8.75%	21,265,737	-	21,265,737	-	21,265,737
Loans and other receivables	9.82%	354,279,066	-	354,279,066	127,469,844	481,748,910
Insurance / reinsurance receivables						
Premiums due but unpaid	-	-	-	-	165,353,426	165,353,426
Amounts due from other insurers / reinsurers	-	-	-	-	70,452,999	70,452,999
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	69,291,048	69,291,048
		375,544,803	-	375,544,803	450,029,232	825,574,035
Financial liabilities						
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
Borrowings	17% to 18%	1,433,100	2,261,450	3,694,550	-	3,694,550
Unclaimed dividend	-	-	-	-	418,209	418,209
		1,433,100	2,261,450	3,694,550	184,684,033	188,378,583
On balance sheet gap		374,111,703	(2,261,450)	(3,694,550)	265,345,199	637,195,452

43.4 Sensitivity analysis

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

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 15,558,992 (2017: Rs. 14,866,713) at the balance sheet

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as at the reporting date.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2018 and 2017 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
			Rupees		
December 31, 2018	**10% increase**	**15,558,992**	**17,114,891**	**1,555,899**	**1,555,899**
	10% decrease		**14,003,093**	**(1,555,899)**	**(1,555,899)**
December 31, 2017	10% increase	14,866,713	16,353,384	1,486,671	1,486,671
	10% decrease		13,380,042	(1,486,671)	(1,486,671)

b) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the consolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2018	2017	**2018**	2017
± 10% variation in profit /(loss)	Rupees in thousands			
Fire and property damage	**(13,332)**	2,161	**(9,199)**	1,491
Marine, aviation and transport	**(1,090)**	47,186	**(752)**	32,558
Motor	**20,658**	258,144	**14,254**	178,119
Accident and health	**(361)**	65,373	**(249)**	45,107
Credit and suretyship	**934**	5,000	**644**	3,450
Miscellaneous	**2,118**	(5,028)	**1,461**	(3,469)
	8,927	372,836	**6,159**	257,256

44 SEGMENT INFORMATION

	For the year ended December 31, 2018										
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total	Foods	Technologies	Luxury	Total
	(Rupees)										
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and and administrative surcharge)	9,080,138	11,516,262	64,066,237	1,239,047	33,042,697	13,060,908	132,005,289	-	-	-	132,005,289
Less: Federal excise duty	1,205,285	1,072,095	8,551,269	-	3,769,444	1,641,883	16,239,976	-	-	-	16,239,976
Federal insurance fee	77,964	103,451	549,319	13,425	289,842	113,087	1,147,088	-	-	-	1,147,088
Gross written premium (inclusive of administrative surcharges)	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225	-	-	-	114,618,225
Gross direct premium	7,589,678	10,004,679	54,449,554	1,221,602	27,624,191	10,789,752	111,679,456	-	-	-	111,679,456
Administrative surcharge	207,211	336,037	516,095	4,020	1,359,220	516,186	2,938,769	-	-	-	2,938,769
	7,796,889	10,340,716	54,965,649	1,225,622	28,983,411	11,305,938	114,618,225	-	-	-	114,618,225
Insurance premium earned	11,061,631	7,745,803	62,419,988	1,427,245	23,605,599	15,852,433	122,112,699	-	-	-	122,112,699
Insurance premium ceded to reinsurers	(3,398,093)	(616,368)	(2,583,719)	-	(2,096,449)	(2,148,004)	(10,842,633)	-	-	-	(10,842,633)
Net insurance premium	7,663,538	7,129,435	59,836,269	1,427,245	21,509,151	13,704,429	111,270,066	-	-	-	111,270,066
Commission income	-	-	-	-	-	-					-
Net underwriting income	7,663,538	7,129,435	59,836,269	1,427,245	21,509,151	13,704,429	111,270,066	-	-	-	111,270,066
Insurance claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)	-	-	-	(17,452,659)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-
Net claims	11,734,590	618,845	(25,165,048)	(225,425)	(934,018)	(3,481,603)	(17,452,659)	-	-	-	(17,452,659)
Commission expense	(3,224,046)	(2,202,039)	(5,482,131)	(37,673)	(2,973,929)	(4,460,231)	(18,380,049)	-	-	-	(18,380,049)
Management expense	(11,300,916)	(14,987,973)	(79,667,952)	(1,776,433)	(42,008,947)	(16,386,979)	(166,129,200)	-	-	-	(166,129,200)
Premium deficiency reversal / (expense)	1,615,964	(105,073)	-	-	-	-	1,510,891	-	-	-	1,510,891
Net insurance claims and expenses	(1,174,408)	(16,676,240)	(110,315,131)	(2,039,531)	(45,916,894)	(24,328,813)	(200,451,017)	-	-	-	(200,451,017)
Underwriting results	6,489,130	(9,546,805)	(50,478,862)	(612,286)	(24,407,743)	(10,624,384)	(89,180,951)	-	-	-	(89,180,951)
Sales	-	-	-	-	-	-	-	44,932,042	-	4,693,724	49,625,766
Cost of sales	-	-	-	-	-	-	-	(133,453,229)	-	(2,707,266)	(136,160,496)
Net investment income											307,261
Other income	-	-	-	-	-	-	-	-	-	-	45,051,296
Other expenses	-	-	-	-	-	-	(4,543,166)	(33,071,236)	(86,124)	(19,826,130)	(57,526,656)
Result of operating activities											(187,883,780)
Finance costs											(871,938)
Profit before tax for the year											(188,755,718)
Segment assets	34,471,170	24,138,112	194,518,332	4,447,699	73,561,721	49,400,664	380,537,698	-	-	-	380,537,698
Unallocated corporate assets	-	-	-	-	-	-					663,617,672
Total assets	34,471,170	24,138,112	194,518,332	4,447,699	73,561,721	49,400,664	380,537,698	-	-	-	1,044,155,370
Segment liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611	-	-	-	136,230,611
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	246,278,724
Total liabilities	12,340,508	8,641,325	69,636,599	1,592,254	26,334,732	17,685,193	136,230,611	-	-	-	382,509,335

Crescent Star Insurance Limited
Notes to the consolidated financial statements
For the year ended December 31, 2018

	For the year ended December 31, 2017 (Restated)										
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total	Foods	Technologies	Luxury	Total
	(Rupees)										
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and and administrative surcharge)	10,487,301	9,671,653	66,846,197	3,053,999	23,181,284	16,584,381	129,824,815	-	-	-	129,824,815
Less: Federal excise duty	1,295,932	922,621	8,246,304	-	2,915,606	2,057,514	15,437,977	-	-	-	15,437,977
Federal insurance fee	92,904	86,564	550,550	30,364	200,712	145,436	1,106,530	-	-	-	1,106,530
Gross written premium (inclusive of administrative surcharges)	9,098,465	8,662,468	58,049,343	3,023,635	20,064,966	14,381,431	113,280,308	-	-	-	113,280,308
Gross direct premium	8,926,846	8,336,673	57,429,634	3,012,045	19,587,333	13,742,810	111,035,341	-	-	-	111,035,341
Administrative surcharge	171,619	325,795	619,709	11,590	477,633	638,621	2,244,967	-	-	-	2,244,967
	9,098,465	8,662,468	58,049,343	3,023,635	20,064,966	14,381,431	113,280,308	-	-	-	113,280,308
Insurance premium earned	9,635,397	9,284,162	71,485,098	2,363,543	18,990,699	13,650,662	125,409,561	-	-	-	125,409,561
Insurance premium ceded to reinsurers	(4,704,336)	(4,482,568)	(4,663,802)	-	(3,993,706)	(1,591,022)	(19,435,434)	-	-	-	(19,435,435)
Net insurance premium	4,931,061	4,801,594	66,821,296	2,363,543	14,996,993	12,059,640	105,974,127	-	-	-	105,974,126
Commission income	-	-	-	-	-	-	-				-
Net underwriting income	4,931,061	4,801,594	66,821,296	2,363,543	14,996,993	12,059,640	105,974,127	-	-	-	105,974,126
Insurance claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	(37,283,550)	-	-	-	(37,283,550)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-
Net claims	(216,051)	(4,718,570)	(25,814,406)	(6,537,295)	(500,000)	502,772	(37,283,550)	-	-	-	(37,283,550)
Commission expense	(1,647,130)	(2,279,316)	(9,572,577)	(36,916)	(1,919,985)	(5,226,005)	(20,681,929)	-	-	-	(20,681,929)
Management expense	(6,783,162)	(6,605,068)	(91,919,314)	(3,251,288)	(20,629,850)	(16,589,230)	(145,777,912)	-	-	-	(145,777,912)
Premium deficiency reversal / (expense)	(799,780)	(117,612)	-	-	-	-	(917,392)	-	-	-	(917,392)
Net insurance claims and expenses	(9,446,123)	(13,720,566)	(127,306,297)	(9,825,499)	(23,049,835)	(21,312,463)	(204,660,783)	-	-	-	(204,660,783)
Underwriting results	(4,515,062)	(8,918,972)	(60,485,001)	(7,461,956)	(8,052,842)	(9,252,823)	(98,686,656)	-	-	-	(98,686,657)
Sales	-	-	-	-	-	-	-	81,792,981	-	28,283,001	110,075,982
Cost of sales	-	-	-	-	-	-	-	(148,432,980)	-	(32,264,498)	(180,697,478)
Net investment income	-	-	-	-	-	-	-	-	-	-	103,712,111
Other income	-	-	-	-	-	-	-	-	-	-	39,106,902
Other expenses	-	-	-	-	-	-	(3,722,998)	(61,985,052)	(290,149)	(40,213,834)	(106,212,033)
Result of operating activities											(132,701,173)
Finance costs											(360,210)
Profit before tax for the year											(133,061,383)
Segment assets	21,585,526	21,018,789	292,507,600	10,346,317	65,648,743	52,790,601	463,897,580	-	-	-	463,897,576
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	683,070,873
Total assets	21,585,526	21,018,789	292,507,600	10,346,317	65,648,743	52,790,601	463,897,580	-	-	-	1,146,968,449
Segment liabilities	8,697,223	8,468,874	117,856,927	4,168,730	26,451,141	21,270,346	186,913,240	-	-	-	186,913,241
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	154,152,897
Total liabilities	8,697,223	8,468,874	117,856,927	4,168,730	26,451,141	21,270,345	186,913,240	-	-	-	341,066,138

45 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at 31 December 2017 and subsequent year is Rs. 500 million. As at 31 December 2018 the Company's paid-up capital is in excess of the prescribed limit.

46 STATEMENT OF SOLVENCY

		2018	2017
		----------- Rupees -----------	
Assets			
Property and equipment		**19,781,656**	24,455,159
Intangible assets		**1,571,970**	-
Investment in subsidiary and associate(applicable where equity accounting is followed)		**150,019,600**	205,019,570
Investments			
Equity securities		**15,558,992**	14,866,713
Debt securities		**-**	21,265,737
Loans and other receivables		**754,322,286**	649,498,385
Insurance / reinsurance receivables		**153,519,309**	235,806,425
Reinsurance recoveries against outstanding claims		**2,595,202**	2,595,202
Deffered commision expense		**6,293,238**	6,807,589
Deferred taxation		**-**	12,639,678
Prepayments		**2,792,024**	12,488,782
Cash and Bank		**73,138,809**	57,570,630
Total Assets (A)		**1,179,593,086**	1,243,013,870
In-admissable assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000			
(d) & (g)		**277,569,016**	205,933,730
(n) to (t)		**141,740,670**	193,112,552
(j)		**-**	13,543,178
(h)		**138,899,503**	148,682,213
(u)		**19,781,656**	21,738,159
(i)		**1,571,970**	2,717,000
Total of in-admissable assets (B)		**579,562,815**	585,726,832
Total admissable assets (C= A-B)		**600,030,271**	657,287,038
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		**60,680,433**	66,422,035
Unearned premium reserves		**48,328,460**	55,822,934
Premium deficiency reserves		**-**	1,510,891
Borrowings		**6,427,350**	3,694,550
Premium received in advance		**1,793,455**	1,453,157
Insurance/reinsurance payables		**-**	43,135,172
Other creditors and accruals		**131,647,209**	79,158,468
Unclaimed dividend		**418,209**	-
Income tax liabilities		**3,140,705**	2,187,976
Total liabilities (D)		**252,435,821**	253,385,183
Total net admissable assets (E = C-D)		**347,594,450**	403,901,855
Minimum solvency requirments (higher of following)		**150,000,000**	150,000,000
Method A - U/s 36(3)(a)	**150,000,000**		
Method B - U/s 36(3)(b)	**22,254,013**		
Method C U/s 36(3)(c)	**21,282,738**		
Excess / Deficit in net admissable assets over minimum requirments		**197,594,450**	253,901,855

47 FAIR VALUE MEASUREMENT

	2018								
	Carrying Amount						Fair Value		
	Held to maturity	Held for Trading	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	73,396,297	-	73,396,297	-	-	-
Investments	-	-	15,558,992	-	-	15,558,992	3,197,766	-	-
Premiums due but unpaid	-	-	-	153,519,309	-	153,519,309	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	509,448,428	-	509,448,428	-	-	-
	-	-	15,558,992	738,959,236	-	754,518,228	3,197,766	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	60,680,433	60,680,433	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	95,291,674	95,291,674	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	6,427,350	6,427,350	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	162,817,666	162,817,666	-	-	-

	2017								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	Rupees								
Financial assets									
Cash and bank	-	-	-	69,291,048	-	69,291,048	-	-	-
Investments	21,265,737	-	14,866,713	-	-	36,132,450	2,505,487	-	-
Premiums due but unpaid	-	-	-	165,353,426	-	165,353,426	-	-	-
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	-	-	-
Loans and other receivables	-	-	-	466,188,059	-	466,188,059	-	-	-
	21,265,737	-	14,866,713	774,227,337	-	810,359,787	2,505,487	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	66,422,035	66,422,035	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	43,135,172	43,135,172	-	-	-
Other creditors and accruals	-	-	-	-	74,708,617	74,708,617	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	3,694,550	3,694,550	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209			
	-	-	-	-	188,378,583	188,378,583	-	-	-

47.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

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.

48 NUMBER OF EMPLOYEES

	2018	2017
Number of employees at the end of the year	64	245
Average number of employees during the year	51	218

49 CORRESPONDING FIGURES

49.1 As a result of adoption of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (note 7.1), corresponding figures have been rearranged whereever necessary, for purposes of comparison with consolidated financial statements for the year ended December 31, 2017 as follows:

Reclassified from	Reclassified to	Note	Rupees
Other receivable - Accrued interest on advance against issue of shares	Loans and other receivables - Accrued interest on advance against issuance of shares	13	66,582,917
Other receivable - Other receivables	Loans and other receivables - Others	13	14,856,107
Accrued investment income	Loans and other receivables - Accrued investment income	13	346,603
Advances, deposits and prepayments - Deposits	Loans and other receivables - Deposits	13	7,239,962
Advances, deposits and prepayments - Advances others	Loans and other receivables - Advance against expenses	13	260,000
Advances, deposits and prepayments - Advances staff	Loans and other receivables - Advance to employees	13	215,244
Advances, deposits and prepayments - Advances against issue of shares	Loans and other receivables - Advance against issuance of shares	13	354,279,066
Advances, deposits and prepayments - Prepayments	Prepayments - Prepaid rent	17	76,000
Advances, deposits and prepayments - Prepayments	Prepayments - Others	17	1,570,149
Prepaid reinsurance premium ceded	Prepayments - Prepaid reinsurance premium ceded	17	10,842,633
Accrued expenses	Other creditors and accruals - Accrued expenses	25	11,301,299
General and administrative expenses - Salaries, allowances and other benefits	Management expenses - Employee benefit cost	31	32,601,083
General and administrative expenses - Travelling and conveyance	Management expenses - Travelling expense	31	7,450,018
General and administrative expenses - Advertisement and promotion	Management expenses - Advertisement and sales promotion	31	375,850
General and administrative expenses - Depreciation	Management expenses - Depreciation	31	3,476,362
General and administrative expenses - Amortization	Management expenses - Amortization	31	1,358,500
General and administrative expenses - Legal and professional charges	Management expenses - Legal and professional charges - business related	31	3,540,029
General and administrative expenses - Entertainment	Management expenses - Entertainment	31	223,261
General and administrative expenses - Repairs and maintenance	Management expenses - Vehicle running expenses	31	1,083,834
General and administrative expenses - Telephone and postage	Management expenses - Postages, telegrams and telephone	31	1,273,625
General and administrative expenses - Provision against doubtful balances	Management expenses - Bad and doubful debts	31	7,763,543
General and administrative expenses - Others	Management expenses - Others	31	130,065
General and administrative expenses - Fees, subscription and periodicals	Management expenses - Printing and stationery	31	27,137
General and administrative expenses - Fees, subscription and periodicals	Management expenses - Annual supervision fee of SECP	31	326,898
General and administrative expenses - Fees, subscription and periodicals	Other expenses - Registration fee	36	2,331,361
General and administrative expenses - Fees, subscription and periodicals	Other expenses - Subscription and fee	36	363,492
General and administrative expenses - Auditors' remuneration	Other expenses - Auditors' remuneration	36	1,028,145
Investment income	Other income - Return on bank balances	35	313,558
Loss on sale of fixed assets	Other income - Gain /(loss) on sale of property and equipment	35	(1,969,960)

50 DATE OF AUTHORISATION FOR ISSUE

These Consolidated financial statements have been approved by the Board of Directors of the Company and are authorised for issue on April 9, 2019.

51 GENERAL

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

Chief Executive/ Principal Officer	Director	Director	Director	Chief Financial Officer

PATTERN OF SHAREHOLDINGS AS AT DECEMBER 31, 2018

Number of shareholders	Shareholdings From	Shareholdings To	Shares Held
187	1	100	3,210
199	101	500	79,464
246	501	1000	233,962
607	1001	5000	1,887,019
290	5001	10000	2,393,873
153	10001	15000	2,023,376
118	15001	20000	2,214,783
75	20001	25000	1,760,980
40	25001	30000	1,156,666
42	30001	35000	1,394,532
20	35001	40000	773,485
35	40001	45000	1,503,538
49	45001	50000	2,415,128
11	50001	55000	575,000
14	55001	60000	815,615
12	60001	65000	760,166
18	65001	70000	1,243,000
14	70001	75000	1,032,166
4	75001	80000	314,500
13	80001	85000	1,076,950
11	85001	90000	966,482
4	90001	95000	372,000
30	95001	100000	2,984,000
9	100001	105000	922,000
10	105001	110000	1,087,000
5	110001	115000	570,500
4	115001	120000	477,500
8	120001	125000	989,780
3	125001	130000	389,500
3	130001	135000	399,285
5	135001	140000	693,000
5	140001	145000	715,500
12	145001	150000	1,797,030
2	150001	155000	305,500
1	155001	160000	160,000
1	160001	165000	161,000
3	165001	170000	505,000
2	170001	175000	344,937
1	175001	180000	176,001
2	180001	185000	369,000
2	190001	195000	381,500
12	195001	200000	2,391,500
2	200001	205000	407,000
1	210001	215000	211,500
1	215001	220000	220,000
2	220001	225000	450,000
2	225001	230000	455,000
1	230001	235000	232,500
2	235001	240000	477,000
3	245001	250000	749,500
1	255001	260000	257,000
1	260001	265000	261,500
1	270001	275000	270,500
1	275001	280000	276,000
1	280001	285000	285,000
3	295001	300000	900,000
3	305001	310000	926,500
1	325001	330000	330,000
1	335001	340000	338,500
2	340001	345000	688,500
4	345001	350000	1,396,500
1	355001	360000	357,500
1	360001	365000	363,500
2	365001	370000	734,000
1	370001	375000	375,000
1	380001	385000	382,042
1	385001	390000	390,000
1	395001	400000	400,000
1	400001	405000	405,000
2	435001	440000	877,703
1	440001	445000	441,000
1	465001	470000	466,500
3	495001	500000	1,500,000
1	505001	510000	505,500
1	510001	515000	513,000
1	525001	530000	525,500
1	550001	555000	554,000
2	595001	600000	1,200,000
1	600001	605000	604,491
1	620001	625000	625,000
1	735001	740000	738,500
2	745001	750000	1,493,332
1	755001	760000	760,000
1	805001	810000	806,500
1	870001	875000	872,500
1	990001	995000	991,500
3	995001	1000000	3,000,000
1	1045001	1050000	1,050,000
1	1110001	1115000	1,112,000
1	1195001	1200000	1,200,000
1	1210001	1215000	1,215,000
2	1295001	1300000	2,600,000
1	1310001	1315000	1,311,500
1	1370001	1375000	1,372,500
1	1425001	1430000	1,425,500
1	1705001	1710000	1,705,500
1	2005001	2010000	2,009,000
1	2295001	2300000	2,300,000
1	2365001	2370000	2,367,879
1	2420001	2425000	2,423,000
1	2500001	2505000	2,505,000
1	2595001	2600000	2,600,000
1	3885001	3890000	3,890,000
1	6775001	6780000	6,778,166
2367			**107,695,041**

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Shareholders	No. of Shares	Percentage
1. Individual	2,324	89,955,712	83.53
2. Joint Stock Companies	35	16,920,756	15.71
3. Insurance Companies	2	613,715	0.57
4. Others	6	204,858	0.19
	2,367	**107,695,041**	**100**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors & Spouses & Executives			
Mr. Nadeem Ansar	1	2,000	0.00%
Ms. Shaiyanne Malik	1	2,000	0.00%
Dr. Fahim Lashkarwala	1	2,000	0.00%
Chief Executive Officer			
Mr. Naim Anwar	1	390,000	0.36%
Associate Companies, Undertakings & Related Parties	-	-	0.00%
NIT and ICP	-	-	0.00%
Banks, DFIs and NBFIs	-	-	0.00%
Public Sector Companies and Corporations	-	-	0.00%
Insurance Companies			
Pakistan Reinsurance Company Limited (PRCL)	1	604,491	0.56%
Excel Insurance Company Limited	1	9,224	0.01%
Modaraba	-	-	0.00%
Mutual Funds	-	-	0.00%
General Public			
Local (Individuals)	2,320	89,559,712	83.16%
Foreign Companies / Organizations / Individuals	-	-	0.00%
Others			
Joint Stock Companies	35	16,920,756	15.71%
Pension Fund, Provident Fund, Trusts	6	204,858	0.19%
	2,367	**107,695,041**	**100.00%**

Shareholders Holding 5% or More Voting Interest		Shares Held	Percentage
Roomi Enterprises (Pvt) Limited		6,778,166	6.29%

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	FLAT # 01, 4TH FLOOR, ARIES TOWER / MARRIYAM HALL, SHAMSABAD, MUREE ROAD, RAWALPINDI.	0312-5595674
CAPITAL BRANCH ISLAMABAD	FLAT # 01, 4TH FLOOR, ARIES TOWER / MARRIYAM HALL, SHAMSABAD, MUREE ROAD, RAWALPINDI.	0312-5595674
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

Proxy Form

I/We ____

of ____ (full address) _____

being a member of Crescent Star Insurance hereby appoint _____________________________________

of ____

____ (full address) ____

or failing him/her ____

of ____ (full address) ___

as my / our Proxy to attend and voice for me / us and on my / our behalf at the 62nd Annual General Meeting of the Company to be held on 30th April, 2019 and at any adjournment thereof.

Signed this _________________________ of __________________________ 2019.
(day) (date, month)

Signature of Member: ________________________

Revenue Stamp

Folio Number: ______________________________

Number of share held: ________________________

Witnesses:

1. ___________________________________

2. ___________________________________

Signature and Company Seal

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A Proxy need not be a Member of the Company.
3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Main Office of the Company at 2nd Floor, Nadir House, I.I. Chundrigar Road Karachi not later than 48 hours before the time of holding meeting, falling which, Proxy form will not be treated valid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her as proof of his / her identity, and in case of Proxy, must enclose an attested copy of his / her National Identity Card. Representative of corporate entity, shall submit Board of Directors resolutions / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form of the Company.

پراکسی فارم

سالانہ اجلاس عام

میں/ ہم .... پبلک انشورنس لمیٹڈ کے ممبر........................ اور آرڈینری شیئرز (عام حصص) کے رجسٹریشن فولیونمبر.. اور/یا سی ڈی سی کا آئی ڈی نمبر .... سب اکاؤنٹ نمبر.......................... شناختی کارڈ نمبر.............................. یا پاسپورٹ نمبر.............................. کا حامل ہوتے ہوئے j جناب .... کو .... جو کہ کمپنی کے فولیونمبر........................... کے تحت ممبر ہے، ان کو اپنی/ اپنے غیر حاضری کی صورت میں پراکسی (نمائندہ) مقرر کرتا ہوں/ کرتے ہیں۔ اب وہ کمپنی کے سالانہ عام منعقد کردہ اجلاس منگل 30، اپریل 2019 کو بوقت 9:00 بجے صبح، سیکنڈ فلور، آئی آئی چندریگر روڈ، کراچی میں ہم/ہماری طرف سے حاضر، بحث ومباحثہ اور ووٹ دے سکتا ہے۔

بتاریخ................ 2019 کو دستخط کئے۔

-1 گواہ:

دستخط.................................

نام.................................

پتہ ....

شناختی کارڈ نمبر........................

-2 گواہ:

دستخط.................................

نام.................................

پتہ ....

شناختی کارڈ نمبر........................

نوٹ:

-1 پراکسیز (نمائندگان) کو موثر ہونے کے لئے کمپنی کے رجسٹرڈ آفس تھرڈ فلور، نادر ہاؤس، آئی آئی چندریگر روڈ سے اجلاس سے 48 گھنٹے پہلے حاصل کرنا لازمی ہے۔

-2 سی ڈی سی شیئر ہولڈرز (حصص یافتگان) اور ان کے پراکسیز ہر ایک سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ نیشنل شناختی کارڈ یا پاسپورٹ کی فوٹو کاپی اپنے پراکسی فارم (Proxy Form) کو کمپنی میں جمع کروانے سے قبل منسلک کریں۔

-3 حامل شیئر ہولڈرز نے شیرز کو سینٹرل ڈپازٹری کمپنی (CDC) کے ساتھ ڈپازٹ کئے ہیں ان سے درخواست کی جاتی ہے کہ تصدیق کروانے کے لئے اپنے کمپیوٹرائزڈ نیشنل شناختی کارڈ اور سی ڈی سی اکاؤنٹ نمبر اپنے ہمراہ ساتھ لائیں۔

Crescent Star Insurance Limited

ESTD 1957

Head Office:

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

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E-mail	: info@cstarinsurance.com
URL	: www.cstarinsurance.com