



58th Annual Report
2014



Crescent Star Insurance Limited
(Formerly: The Crescent Star Insurance Company Limited) ESDT 1967

Nationwide Branch Network

MOTOR	HEALTH	FIRE	MARINE	ENGG	TRAVEL	LIVESTOCK	CROP
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Company Vision

- To serve with excellence.
- Excellence achieved through our corporate mission.
- The brand name of CSI with a vision to expand with prudent approach and provide the Insurance Service to Pakistan Industry on sound footing.

Company Mission

- First and foremost to secure the interest of our policy holders by adopting proper risk management techniques, prudent financial planning and maintaining reinsurance arrangements with world-class reinsurers.
- To ensure profitability to our reinsurers who afford us underwriting capacity.
- To recognize human resources as the key element in progress and to provide our officers and field force due recompense for their efforts in building up the company.
- To generate operational profits and dividend return for our shareholders of the Company.

Values

- Integrity
- Transparency
- Passion
- Team Work
- Corporate Social Responsibility

Company Information

Board of Directors	Mr. Naim Anwar (Managing Director & CEO) Mr. Sakib Berjees Mr. Mudassar Zubair Mirza Syed Adnan Ali Zaidi Syed Abid Raza Mrs. Farzana Munaf– Designate * Mr. Jehangir Bashir Nawaz – Designate * Mr. Hanif Daud – Designate *
Managing Director & Chief Executive	Mr. Naim Anwar
Management	Mr. Naim Anwar (Managing Director & CEO) Mr. Akbar Naqi Zaidi (Deputy Managing Director) Mr. Kashif Naeem (Executive Director) Mr. Malik Mehdi Muhammad (CFO) Mr. Aamir Ahmed (Head of Sales) Syed Danish Hasan Rizvi (Head of Internal Audit) Engr. Ehtesham ul Haq Malik (General Manager)
Board Audit Committee	Mr. Mudassar Zubair Mirza (Chairman) Syed Adnan Ali Zaidi
Board H.R & Remuneration Committee	Mr. Mudassar Zubair Mirza (Chairman) Mr. Naim Anwar
Board Investment Committee	Syed Adnan Ali Zaidi (Chairman) Mr. Naim Anwar Mr. Mudassar Zubair Mirza
Company Secretary	Mr. Khuzaima Hakimi
C F O	Mr. Malik Mehdi Muhammad
Auditors	Rahman Sarfarz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	Jameel Khan
Bankers	United Bank Limited Faysal Bank Limited Habib Bank Limited
Share Registrar	MG Associates Private Limited 2, Mustafa Avenue, F/4, Block-9 Behind "The Forum", Clifton, Karachi Tel #: 35877806-09 Fax #: 35877810
Registered & Head Officer	2 nd Floor, Nadir House I.I. Chundrigar Road P.O.BOX No. 4616, Karachi

* Sound and Prudent approval for appointment of directors are pending with SECP.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of the shareholders of Crescent Star Insurance Limited (formerly The Crescent Star Insurance Company Limited) will be held on April 30, 2015 at 4.00p.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 Annual General Meeting held on April 30, 2014.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2014 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2015 and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Companies Ordinance, 1984 (the "Ordinance") to authorize investment in Share Capital of Crescent Star Foods (Private) Limited a subsidiary of the Company upto a value of approximately Rs. 70 million in aggregate.

"Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to invest in Share Capital of the subsidiary, Crescent Star Foods (Private) Limited up to a value of approximately Rs. 70 million in aggregate."

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

5. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Ordinance, to authorize investment in the form of loans / advances up to Rs.10 million to Crescent Star Foods (Private) Limited a subsidiary of the Company.

"Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to make investment in the form of loans / advances from time to time to the subsidiary Crescent Star Foods (Private) Limited, up to an aggregate sum of Rs.10 million."

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

6. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Ordinance, to authorize investment in the form of loans / advances up to Rs. 50 million to Dost Steels Limited.

“Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to make investment in the form of loans / advances from time to time to, Dost Steels Limited, up to an aggregate sum of Rs. 50 million.”

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

7. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Ordinance, to authorize underwriting of shares up to Rs. 450 million in Dost Steels Limited.

“Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to underwrite shares of, Dost Steels Limited, to a value of approximately up to Rs. 450 million in aggregate.”

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

8. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Ordinance to authorize investment in Share Capital of Crescent Star Tracker (Private) Limited a subsidiary of the Company to a value of approximately up to Rs. 25 million in aggregate.

“Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to invest in Share Capital of the subsidiary, Crescent Star Tracker (Private) Limited to a value of approximately up to Rs. 25 million in aggregate.”

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

9. To consider and, if thought fit, pass special resolution pursuant to Section 208 of the Ordinance, to authorize investment in the form of loans / advances up to Rs. 5 million to Crescent Star Tracker (Private) Limited a subsidiary of the Company.

“Resolved that pursuant to the requirements of Section 208 of the Ordinance, the Company be and is hereby authorized to make investment in the form of loans / advances

from time to time to the subsidiary Crescent Star Tracker (Private) Limited, up to an aggregate sum of Rs. 5 million.”

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

A statement under section 160(1)(b) of the Ordinance, relating to the aforesaid special businesses to be transacted at the said Annual General Meeting is attached.

ANY OTHER BUSINESS

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

Notes:

1. **CLOSURE OF SHARE TRANSFER BOOKS:**
The Share Transfer Books of the Company shall remain closed from April 24, 2015 to April 30, 2015 (both days inclusive). Transfers received at our registrar office M/s MG Associate Private Limited, 2, Mustafa Avenue, F/4, Block-9, Behind “The Forum” Clifton, Karachi by the close of business on April 23, 2015 will be treated in time.
2. **PROXY FORM:**
A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend, speak and vote instead of him/her behalf at the meeting. Proxies, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy.
3. **NOTICE FOR CDC SHAREHOLDERS:**
Central Depository Company (CDC) shareholders are requested to bring their Computerized National Identity Cards, Account/Sub-Account and Participant’s ID Number in the CDC for identification purpose when attending the meeting. In case of corporate entity, the Board’s Resolution/Power of Attorney with specimen signature shall be furnished (unless it has been provided earlier) at the time of meeting.
4. **NOTICE TO SHAREHOLDER’S WHO HAVE NOT PROVIDED THEIR CNIC’S:**
Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Registrar of the Company are requested to send the same at the earliest.
5. **NOTICE TO SHAREHOLDER FOR CHANGE IN THEIR ADDRESSES:**
Shareholders are requested to notify to the Company’s Share Registrar immediately of any change in their addresses.
6. **AUDITED FINANCIAL STATEMENT THROUGH E-MAIL:**
Securities & Exchange Commission of Pakistan (SECP) through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are

requested to send their email addresses. The consent form for electronic transmission can be downloaded for the Company's website: <http://www.cstarinsurance.com/>.

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

The Company shall place the financial statements and reports on the Company's website at least twenty one days (21) days prior to the date of the Annual General Meeting.

Karachi: April 8, 2015

By order of the Board
KHUZAIMA HAKIMI
Secretary

STATEMENT UNDER SECTION 160(1)(b) OF THE ORDINANCE:

Agenda Item 1: Investment in Share Capital of Crescent Star Foods (Private) Limited

The Board of Directors have decided to invest in Share Capital of the subsidiary, Crescent Star Foods (Private) Limited to a value of approximately up to Rs. 70 million in aggregate.

Agenda Item 2: Investment in the form of loans / advances to Crescent Star Foods (Private) Limited

The Board of Directors have decided to make investment in the form of loans / advances to the subsidiary Crescent Star Foods (Private) Limited, up to an aggregate sum of Rs.10 million".

S. No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS) REGULATIONS, 2012	RELEVANT INFORMATION
Agenda1	Investment in Share Capital	
1.	Name of the associated company or associated undertaking along with criteria based on which the relationship is established	Crescent Star Foods (Private) Limited (CFOODS) is a subsidiary of the Company. The relationship is established based on 100% holding of the Company.
2.	Purpose, benefits and period of investment	<p>Purpose & Benefit The objective of the Company is to enter the lucrative food business category through a maximum of 30% holding in a newly formed Company.</p> <p>Period of Investment Long Term</p>
3.	Maximum amount of investment	PKR 70 million
4.	Maximum price at which securities will be acquired	PKR 10/-
5.	Maximum number of securities to be acquired	7 million ordinary shares
6.	Number of securities/units and percentage thereof held before and after the proposed investment	Before Investment 100% After Investment 30%
7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8.	In case of investment in unlisted securities fair market value of such securities determined in terms of regulation 6(1)	Crescent Star Foods (Private) Limited is a newly set up company and the project is currently in formative phase. The current fair value of investment is assumed at PKR 10/- due to the above factor. The fair value of the investment will be applicable once the Company commences its operations.

9.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	N/A
10.	Earnings/(Loss) per share of the subsidiary company or associated undertaking for the last three years	N/A
11.	Sources of fund from which securities will be acquired	Through own resources
12.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Common Directorship. None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company and that certain directorship are the Nominee Directors on the Company's Board.
15.	Any other important details necessary for the members to understand the transaction	None
16.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, disclose further information as follows: 1. Description of the project and its history since conceptualization. 2. Starting and expected date of completion of work. 3. Time by which such project shall become commercially viable. 4. Expected time by which the project shall start paying return on investment.	30 food outlets to be rolled out in next 10 years across different cities of Pakistan. Starting date July 1, 2015 first outlet to be opened by December 31, 2015. The project shall be commercially viable from second year of operation. The project shall start paying return from 3 rd year of its operation.

Agenda 2	Loan / Advance	
1.	Purpose, benefits and period of investment;	<p>Purpose & Benefit To earn income on the loan and/or advances to be provided to CFOODS from time to time for working capital requirements. The Company will receive mark up at the rate of one and a half percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds.</p> <p>Period of Investment Long Term</p>
2.	Maximum amount of investment	PKR Rs. 10 million
3.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	N/A
4.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	N/A
5.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	18%
6.	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Average borrowing cost of investing company plus 1.5%. In case of No borrowing cost it will be KIBOR plus 3%.
7.	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of own funds of the Company.
8.	Where loans or advances are being granted using borrowed funds, justification for granting loan or advance out of borrowed funds; detail of guarantees / assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company;	N/A
9.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	A charge on current / fixed assets of the Company.
10.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A

11.	Repayment schedule and terms of loans or advances to be given to the investee company;	To be paid back within 3 years from the date of disbursement.
12.	Any other important details necessary for the members to understand regarding the said transaction.	N/A

Agenda Item 3: Investment in the form of loans / advances to Dost Steels Limited

The Board of Directors have decided to make investment in the form of loans / advances from time to time to the Dost Steels Limited, up to an aggregate sum of Rs. 50 million.

Agenda Item 4: Investment through underwriting of Share Capital of Dost Steels Limited

The Board of Directors has decided to make investment through authorizing underwriting of shares up to Rs. 450 million in Dost Steels Limited.

S.No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS) REGULATIONS, 2012	RELEVANT INFORMATION
Agenda 3	Loan / Advance	
1.	Name of the associate company or associated undertaking along with criteria based on which the relationship is established	Dost Steels Limited (DSL) is not an associate of the Company.
2.	Purpose, benefits and period of investment	<p>Purpose & Benefit To earn income on the loan and/or advances to be provided to DSL from time to time for working capital requirements. The Company will receive mark up at the rate of one and a half percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds</p> <p>Period of Investment Long Term</p>
3.	Maximum amount of investment	PKR Rs. 50 million
4.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	N/A
5.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	N/A
6.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	18%

7.	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Average borrowing cost of investing company plus 1.5%. In case of No borrowing cost it will be KIBOR plus 3%.
8.	Sources of funds from where loans or advances will be given;	Through own resources
10.	Where loans or advances are being granted using borrowed funds, justification for granting loan or advance out of borrowed funds; detail of guarantees / assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company;	N/A
11.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Charge on the current assets of the Company
12.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
13.	Repayment schedule and terms of loans or advances to be given to the investee company;	To be settled in 3 years from the date of disbursement.
14.	Any other important details necessary for the members to understand regarding the said transaction.	N/A
Agenda 4	Underwriting Of Shares	
1.	Purpose, benefits and period of investment	<p>Purpose & Benefit The objective of the Company is to make equity investment in projects which are new and have a potential of generating profit and increase shareholders' value.</p> <p>Period of Investment Long Term</p>
2.	Maximum amount of investment	PKR Rs. 450 million
3.	Maximum price at which securities will be acquired	4.50 per share
4.	Maximum number of securities to be acquired	Underwriting of Shares up to 100 million
5.	Number of securities/units and percentage thereof held before and after the proposed investment	Before acquisition NIL After acquisition – maximum upto 37.39%

6.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 3.53 per share
7.	In case of investment in unlisted securities fair market value of such securities determined in terms of regulation 6(1)	N/A
8.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 8.48 per share
9.	Earning /(Loss) per share of the associated company or associated undertaking for the last three years	June 2012 Rs. (0.13) June 2013 Rs. (0.09) June 2013 Rs. (0.19)
10.	Sources of fund from which securities will be acquired	Through own fund/issue of further share capital
11.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A
12.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
13.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company or associated undertaking or the transaction under consideration.
14.	Any other important details necessary for the members to understand the transaction	None
15.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, disclose further information as follows: 1. Description of the project and its history since conceptualization.	Dost Steels Ltd. is the first state of the art steel re-rolling mill in Pakistan. The project is based at Bhai Pheru near Lahore and spread over 40 acres of land. It has a capacity to produce

		monthly 300,000 tons of high strength rebar, making it the biggest re-rolling mill of Pakistan.
	2. Starting and expected date of completion of work.	March 31, 2016
	3. Time by which such project shall become commercially viable.	June 30, 2016
	4. Expected time by which the project shall start paying return on investment.	The project shall start paying return from 3 rd year of its operation.

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

The Board of Directors to authorize investment in Share Capital of Crescent Star Tracker (Private) Limited a subsidiary of the Company to a value of approximately up to Rs. 25 million in aggregate".

Agenda Item 6: Investment in the form of loans / advances to Crescent Star Tracker (Private) Limited

The Board of Directors have decided to make to authorize investment in the form of loans / advances up to Rs. 5 million to Crescent Star Tracker (Private) Limited a subsidiary of the Company

S. No.	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS) REGULATIONS, 2012	RELEVANT INFORMATION
Agenda 5	Investment in Share Capital	
1.	Name of the associate company or associated undertaking along with criteria based on which the relationship is established	Crescent Star Tracker (Private) Limited (CSTL) will be a subsidiary of the Company. The relationship shall be established based on common directorship and 100% shareholding of the Company.
2.	Purpose, benefits and period of investment	<p>Purpose & Benefit The Company is being established to help support parent company in providing more security to its clients through state of the art vehicle tracking system</p> <p>Period of Investment Long Term</p>
3.	Maximum amount of investment	PKR up to 25 million
4.	Maximum price at which securities will be acquired	PKR Rs. 10 per share
5.	Maximum number of securities to be acquired	2.5 million ordinary shares
6.	Number of securities/units and percentage thereof held before and after the proposed investment	Before acquisition NIL After acquisition 100%

7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8.	In case of investment in unlisted securities fair market value of such securities determined in terms of regulation 6(1)	N/A
9.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	N/A
10.	Earning /(Loss) per share of the associated company or associated undertaking for the last three years	N/A
11.	Sources of fund from which securities will be acquired	Through own fund
12.	If the securities are intended to be acquired using borrowed funds: a. justification for investment through borrowings; and b. detail of the guarantees and assets pledged for obtaining such funds	N/A
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Common Directorship. None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the Company or associated undertaking or the transaction under consideration.
15.	Any other important details necessary for the members to understand the transaction	None
16.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, disclose further information as follows: 1. Description of the project and its history since conceptualization. 2. Starting and expected date of completion of work. 3. Time by which such project shall become commercially viable.	The CSTL shall establish a state of the art vehicle tracking network across the country. Starting date: October 1, 2015 Expected date of completion: September 30, 2016. From 1 st year of its commercial operations.

	4. Expected time by which the project shall start paying return on investment.	From 3 rd year of its commercial operations.
Agenda 6	Loan / Advance	
1.	Purpose, benefits and period of investment	<p>Purpose & Benefit To earn income on the loan and/or advances to be provided to CST from time to time for working capital requirements. The Company will receive mark up at the rate of one and a half percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds</p> <p>Period of Investment Long Term</p>
2.	Maximum amount of investment	PKR Rs. 5 million
3.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	N/A
4.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	N/A
5.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	18%
6.	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Average borrowing cost of investing company plus 1.5%. In case of No borrowing cost it will be KIBOR plus 3%.
7.	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of own funds of the Company.
8.	Where loans or advances are being granted using borrowed funds, justification for granting loan or advance out of borrowed funds; detail of guarantees / assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company;	N/A
9.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Charge on all current / fixed assets of the Company
10.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A

11.	Repayment schedule and terms of loans or advances to be given to the investee company;	Lump sum payment by the end of 36 month from the date of disbursement.
12.	Any other important details necessary for the members to understand regarding the said transaction.	N/A

Copies of duly audited latest published annual financial statements along with restructuring and rehabilitation plan of Dost Steels Limited may be inspected during business hours on any working day at the registered office of Crescent Star Insurance Limited from the date of publication of this notice till conclusion of the Annual General Meeting.

Directors' Report

The Directors of your Company are pleased to present the 58th Annual Report and the Audited Financial Statements for the year ended December 31, 2014.

Post compliance with minimum capital requirement during the year the Company has revitalized its operations and has started facing the challenges of day to day business these have proven to be the strength of the Company and the results of the efforts of the management and the team of professionals have shown very positive signs and the year has seen a growth in Gross Premium of 179%. This is in spite of the major hurdle of Bank Enlistments. The claims have been controlled with proper systems and process resulting in one of the best claim ratios in the industry. The matter of concern has been the business in Fire, Marine and Engineering classes of business, which once start flowing in will compensate for the Re Insurance cost being paid through treaty. The other improvement expected from here onwards will be the control of expenses which have been made in 2014 for team building. The expense ratio will start coming down through growth in premium and almost negligible growth in expenses. I am happy to report that the Company has achieved growth in premium in the Motor and Health classes of business through addition of very valuable names in its client list. An entry to such valuable names will lead to expansion of business in other classes of business as well in due course of time. I am also pleased to report that currently CSI is now a fully complaint Company and the management has met with all the conditions of the regulator.

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

Performance Highlights

	2014	2013	2012
Gross Premium	237,051,329	84,925,636	68,620,681
Net Premium	136,248,456	55,767,352	40,990,683
(Loss) / Profit Before Tax	(34,467,327)	2,068,250	(17,841,745)
(Loss)/ Profit After Tax	(35,830,168)	1,466,683	(18,162,152)
Paid-up Capital	620,125,000	121,000,000	121,000,000
Total Assets	574,842,556	164,822,712	176,024,246
(Loss) / Earnings Per Share (EPS)	(0.70)	0.10	(1.50)

The Company has its strengths of being incorporated in 1957 and having a valuable standing with reputation over years. It is respected in the Insurance Sector for its business dealing including claim settlement and underwriting qualities. Amongst the strengths the Company it now has the pride to be in the top companies having paid up capital of above PKR. 400 million.

I am also pleased to report that before the signing of this report PACRA has assigned rating by upgrading CSI to "A-". This was the second upgrading during last one year, and is an appreciation of the efforts of

the Company to rebrand itself through restructuring and enhancement in HR personal and achieving excellent Re Insurance arranged under lead of Trust Re an followed by Sava Re both being A rated by AM Best.

Future Outlook

Going forward the Company plans to open more branches and make its presence felt more. The Company is investing heavily in technology and designing products to be sold through technology. It is also introducing new personal lines such as Individual Health polices and other products to reach the masses through distribution channels such as Bancassurance and Telecom companies.

Earnings per Share

Your Company has incurred a loss after tax of Rs. (35.830) million which translates into loss per share of Rs. (0.70) as compared to earnings per share of Rs. 0.10 for the last year.

Dividend

The Board of Directors, does not recommend any Dividend for the year ended December 31, 2014.

Auditors' Report

The auditors Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants after verifying available records shared by the management have issued unqualified opinion on the Financial Statements for year ended December 31, 2014.

Human Resource Initiatives

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

Compliance with the Code of Corporate Governance

The requirements of the code set out by the stock exchanges in the listing regulations, relevant for the year ended December 31, 2014, have been duly complied with. A statement to this effect is annexed with the report.

Statement of Directors Responsibilities under the Code of Corporate Governance

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

- a) The financial statements, prepared by the Company, present fairly, its state of affair, the results of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984 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 Ordinance, 1984, Insurance Ordinance, 2000, and the Securities and Exchange Commission (Insurance) Rules, 2002.
- e) The system of internal control is sound, effectively implemented and monitored. The process of review will continue to strengthen the system for its effective implementation.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.

The Company has followed the best practices of corporate governance, as laid down in the listing regulations of the stock exchanges and there has been no material departure.

Board Meetings and Attendance

During the year five meetings of the Board of Directors were held and the number of meetings attended by each director is given here under:-

Name of Director	Number of Board Meetings Attended
Mr. Monavar Karamat Ahmad (Late)	5
Mr. Sakib Berjees	1
Mr. Mudassar Zubair Mirza	4
Mr. Syed Adnan Ali Zaidi	4
Mr. Naim Anwar	5
Mr. Syed Abid Raza	4

Leave of absence was granted to directors unable to attend a meeting.

Auditors

The present auditors, M/s Rahman Sarfraz Rahim Iqbal Rafiq, 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, 2015.

Audit Committee

The Company has an Audit Committee, and had four meetings during the year 2014. The attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Mudassar Zubair Mirza	Chairman	3
Mr. Monavar Karamat Ahmad (Late)	Member	4
Mr. Syed Adnan Ali Zaidi	Member	3

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 2014, the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Monavar Karamat Ahmad (Late)	Chairman	1
Mr. Mudassar Zubair Mirza	Member	-
Mr. Naim Anwar	Member	1

Investment Committee

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

Names of Members		Meetings Attended
Mr. Syed Adnan Ali Zaidi	Chairman	1
Mr. Monavar Karamat Ahmad (Late)	Member	1
Mr. Naim Anwar	Member	1

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 full year results, along with the director's reports on the operations and future outlook for the Company. All reports are sent to the Stock Exchanges and to the registered shareholders at the address registered with the Company.

The value of investment in respect of provident fund maintained by the Company based on latest financial statements as at December 31, 2014 is Rs. 8,920,706.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2014 is annexed with the report.

Trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children were:

Purchase of shares	No. of shares
Mr. Naim Anwar – Chief Executive	387,000

Directors Training Program

Please refer note 9 of the Statement of Compliance with the Code of Corporate Governance.

Acknowledgment

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

The Directors would also like to express their gratitude and appreciation for the support provided by our valued Re Insurers. The Directors would like to thank the consultants who have worked hard and are continuously supporting the Company in getting required approvals and to meet all regulatory requirements and compliances. The Company strategy includes to meet all regulations and compliances and the Company to be a fully complaint Company in all respects.

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 CSI team for their devotion, dedication and hard work and their contribution to the growth of their Company.



Naim Anwar
Managing Director & CEO

Karachi: March 31, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE CRESENT STAR INSURANCE LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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	Mr. Syed Adnan Ali Zaidi Mr. Mudassar Zubair Mirza
Executive Directors	Mr. Naim Anwar
Non-Executive Directors	Mr. Syed Abid Raza Mr. Sakib Berjees Mr. Jehangir Bashir Nawaz (Designate) Mrs. Farzana Munaf (Designate)

The independent directors meet the criteria of independence under clause i (b) of CCG.

The chief executive and chairman of the Company are same person and management expects to comply with the said requirement from next election of directors.

Approval for appointment of directors Mr. Jehangir Bashir Nawaz and Mrs. Farzana Munaf is pending with SECP.

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 a

NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year casual vacancies occurred due to resignation of Mr. Tariq Hussain and death of Mr. Monavar Karamat Ahmad. Board has approved, subject to approval of SECP, appointment of Mr. Jehangir Bashir Nawaz to fill in one casual vacancy within 90 days and decision regarding other vacancy is pending with the board. Due to this casual vacancy Audit Committee and HR & Remuneration Committee are working with two members instead of three. (Refer para 15 & 18).
5. The Company has prepared a "Statement of Ethics and Business Practices" as "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the 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. Directors are well conversant with the listing regulations, corporate requirements and as such are fully aware of their duties and responsibilities. At present one director has acquired the formal directors' training certificate. Training program could not be arranged for directors during the year, however the Company intends to arrange training program for other directors as provided by the Code.
10. 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 exam of Association of Chartered Certified Accountants (ACCA) UK and has been working with Company for the past 2 Years and would apply for the membership of ACCA in due course. There are no new appointments CFO & Company Secretary during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It presently comprises of two members, of whom one is non-executive director and the chairman of the committee is an independent director. Casual vacancy of one member of the committee who died during the year has not yet been filled. (refer para 4 above).
16. The meetings of Underwriting Committee, Claims Settlement Committee, Re-insurance Committee and Co-insurance Committee were held at least once every quarter.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR & Remuneration Committee. It comprises of three members of whom two are non-executive directors and chairman of the committee is a non-executive director. Casual vacancy of one member of the committee who died during the year has not yet been filled. (refer para 4 above).
19. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
20. 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 already reviewed and approved by the Audit Committee and Board of Directors along with pricing method.
21. 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.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. 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.
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
25. We confirm that all other material principles enshrined in the CCG have been complied with except for the matter discussed in paragraph 1, 4, 9, and 10 towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

For and on behalf of the Board of Directors
Crescent Star Insurance Limited
(Formerly "The Crescent Star Insurance Company Limited")



Naim Anwar
Chief Executive
Karachi: March 31, 2015

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **CRESCENT STAR INSURANCE LIMITED** (Formerly "The Crescent Star Insurance Company Limited") for the year ended 31 December 2014 to comply with the requirements of Listing Regulation No. 35 of the Lahore and also of Karachi Stock Exchanges where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2014.

Further, we highlight instances of non-compliances with the requirements of the Code as reflected in the paragraph number 1 [Directors], 4 [Casual Vacancies], 9 [Training Program] and 10 [Qualification of Head of Internal Audit] of statement of compliance.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
Lahore: March 31, 2015

KEY FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross Premium	237.05	84.93	69.62	81.87	105.08	132.58	175.57	197.21	207.38	165.91
Net Premium	136.25	55.77	40.99	60.23	74.16	105.36	140.90	170.28	146.58	102.40
Paid-up Capital	620.13	121.00	121.00	121.00	121.00	121.00	121.00	96.80	88.00	80.00
Reserve & Retained Earnings	(68.08)	(55.89)	(54.83)	(36.66)	(38.09)	(41.84)	(11.35)	26.38	35.34	34.76
Discount on Issue of Right Shares	(199.65)	-	-	-	-	-	-	-	-	-
Investments	270.00	14.68	21.97	24.11	29.74	35.22	70.86	49.38	68.54	60.02
Underwriting Provisions	159.55	61.31	59.74	71.13	79.20	107.22	14.86	164.37	146.47	136.07
Total Assets	574.84	164.82	176.02	202.38	214.61	237.78	286.69	310.80	278.83	275.34
Profit Before Tax	(34.47)	2.07	(17.84)	2.22	4.61	(43.38)	(37.40)	26.09	9.84	28.76
Profit After Tax	(35.83)	1.47	(18.16)	1.43	3.74	(30.48)	(37.73)	24.04	8.58	21.58
Distribution as percentage of										
paid-up capital- cash dividend	-	-	-	-	-	-	-	-	-	-
paid-up capital- cash dividend Interim	-	-	-	-	-	-	-	25.00	-	10.00
- bonus shares	-	-	-	-	-	-	-	-	10.00	10.00
- right shares	412.50	-	-	-	-	-	-	25.00	-	-
Return on Total Assets-%	(6.23)	0.89	(10.32)	0.71	1.74	(12.82)	(13.16)	7.73	3.08	7.84
Return on Shareholders' Equity-%	(10.17)	1.65	(27.45)	1.69	4.52	(38.51)	(34.41)	18.06	6.96	18.80
Break-up Value per Share	5.68	7.33	5.47	6.97	6.85	6.54	9.06	13.75	14.02	14.34
Earnings per Share in Rupees	(0.70)	0.10	(1.50)	0.12	0.31	(2.52)	(3.14)	2.16	0.98	2.70
Market Value of Share	4.69	7.80	4.00	2.00	6.68	9.00	15.45	25.45	12.90	13.60
P/E Ratio	(6.70)	78.00	(2.66)	16.95	15.12	3.57	(4.95)	10.25	13.23	5.04

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:-

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

of Crescent Star Insurance Limited (Formerly "The Crescent Star Insurance Company Limited") as at December 31, 2014 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the Approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the Auditing Standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion -

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
Lahore: March 31, 2015

BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 ------(Rupees)-----	2013
Share Capital and Reserves			
Authorised Capital			
65,000,000 (2013: 65,000,000) ordinary shares of Rs. 10/- each			
		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid up share capital	4	620,125,000	121,000,000
Discount on Issue of right shares	5	(199,650,000)	-
Reserves	6	26,264,833	26,264,833
Accumulated loss		(94,346,615)	(58,516,447)
		352,393,218	88,748,386
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		43,638,093	32,371,431
Provision for unearned premium		115,877,861	27,978,971
Commission income unearned		33,983	955,317
Total underwriting provisions		<u>159,549,937</u>	<u>61,305,719</u>
Creditors and Accruals			
Premiums received in advance		34,015	625,354
Amounts due to others insurers /reinsurers	7	15,724,531	10,138,364
Accrued expenses		11,295,673	1,990,308
Other creditors and accruals	8	29,849,287	1,596,372
Borrowings			
Borrowing under musharaka arrangements	9	5,577,686	-
		62,481,192	14,350,398
Other Liabilities			
Unpresented dividend warrants		418,209	418,209
TOTAL LIABILITIES		<u>222,449,338</u>	<u>76,074,326</u>
TOTAL EQUITY AND LIABILITIES		<u>574,842,556</u>	<u>164,822,712</u>
Contingencies and Commitments	10		

The annexed notes from 1 to 35 form an integral part of these financial statements

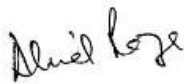


Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director

	Note	2014 ------(Rupees)-----	2013
Cash and Bank Deposits			
Cash and other equivalents	11	1,561,639	1,586,058
Current and other accounts	12	1,578,454	4,368,017
Deposits maturing within 12 months	13	1,000,000	1,000,000
		4,140,093	6,954,075
Investments	14	86,064,384	14,679,869
Investment Properties	15	183,932,750	-
Deferred Taxation	16	13,543,178	13,543,178
Current Assets - Others			
Premiums due but unpaid	17	175,172,599	45,023,277
Amounts due from other insurers / reinsurers		39,816,899	27,449,211
Accrued investment income		3,314,894	30,690
Reinsurance recoveries against outstanding claims		23,010,767	13,938,082
Taxation - payments less provision	18	2,201,814	2,752,626
Deferred commission expense		5,369,172	4,036,241
Prepaid reinsurance premium ceded		5,866,269	2,602,936
Advances for purchase of land	19	-	12,000,000
Sundry receivables	20	15,132,171	10,709,581
		269,884,585	118,542,644
Fixed Assets - Tangible Owned			
Furniture and fixtures & office equipments		6,302,429	4,680,606
Motor vehicles		10,975,137	6,422,340
		17,277,566	11,102,946
TOTAL ASSETS		<u>574,842,556</u>	<u>164,822,712</u>



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

	(Rupees)					
	Fire & Property Damage	Marine Aviation & Transport	Motor	Accident & Health	Others	2013 Aggregate
						2014 Aggregate
Revenue Account						
Net premium revenue	4,558,815	12,475,471	76,679,582	39,589,983	2,941,605	55,767,352
Net claims	(2,234,305)	2,174,024	(11,669,806)	(14,083,036)	641,040	(14,087,344)
Management expenses	(3,757,898)	(4,427,828)	(45,764,259)	(13,227,433)	(1,941,342)	(69,118,760)
Net commission	(1,915,721)	(3,089,340)	(14,718,368)	(1,139,213)	(2,025,479)	(4,388,107)
Underwriting result	(3,349,109)	7,132,327	4,527,149	11,401,301	(381,174)	19,069,492
Investment income						6,115,365
Other income						8,154,207
General and administrative expense						19,723,990
(Loss) / profit before tax						6,643,656
Provision for taxation						3,316,884
(Loss) / profit after tax						(3,497,459)
						(34,467,327)
						(1,362,841)
						(35,830,168)
Profit and loss appropriation account						
Balance at commencement of the year						(81,090,630)
Total comprehensive (loss)/ income for the year	(56,516,447)					1,466,683
Revaluation surplus realised on disposal of land	(35,830,168)					21,107,500
Balance of accumulated loss at end of the Year	(94,346,615)					(58,516,447)
(Loss)/Earnings per share - basic and diluted	(0.70)					0.10

The annexed notes from 1 to 35 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director




Syed Adnan Ali Zaidi
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	-----(Rupees)-----	-----
(Loss)/ Profit after tax for the year	(35,830,168)	1,466,683
Other comprehensive income:		
Items that may not be subsequently reclassified to Profit and Loss Account	-	-
Items that may be subsequently reclassified to Profit and Loss Account	-	-
Other comprehensive income for the year	-	-
Total comprehensive (loss)/ income for the year	(35,830,168)	1,466,683

The annexed notes from 1 to 35 form an integral part of these financial statements


Naim Anwar
Chief Executive/Principal Officer


Mudassar Zubair Mirza
Director


Syed Abid Raza
Director


Syed Adnan Ali Zaidi
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Share Capital issued, subscribed and paid-up Capital	Discount on issue of right issue	Capital Reserve Reserve for exceptional losses	Revenue Reserve		Accumulated loss	Total
				General reserve			
Balance as at January 01, 2013	121,000,000	-	1,767,568	24,497,265	(81,090,630)	66,174,203	
Total comprehensive income for the year	-	-	-	-	1,466,683	1,466,683	
Revaluation surplus realised on disposal of land	-	-	-	-	21,107,500	21,107,500	
Balance as at December 31, 2013	121,000,000	-	1,767,568	24,497,265	(68,516,447)	88,748,386	
Balance as at January 01, 2014	121,000,000	-	1,767,568	24,497,265	(68,516,447)	88,748,386	
Issue of right shares	499,125,000	-	-	-	-	499,125,000	
Issue of right share at discount @ Rs. 4/- per Share	-	(199,650,000)	-	-	-	(199,650,000)	
Total comprehensive loss for the year	-	-	-	-	(35,830,168)	(35,830,168)	
Balance as at December 31, 2014	620,125,000	(199,650,000)	1,767,568	24,497,265	(94,346,615)	352,393,218	

The annexed notes from 1 to 35 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note	2014	2013
	(Rupees)	
Operating Cash Flows		
a) Underwriting activities		
Premium received	106,310,668	69,387,140
Reinsurance premium paid	(22,948,837)	(34,734,611)
Claims paid	(28,124,251)	(27,294,373)
Reinsurance and other recoveries received	5,146,145	17,673,935
Commission paid	(25,252,536)	(9,757,483)
Commission received	110,150	3,526,374
Other Underwriting payments	(4,422,590)	(20,284,578)
Net cash inflow from underwriting activities	30,818,749	(1,488,596)
b) Other operating activities		
Income tax paid	(812,029)	(247,498)
General management expenses paid	(92,740,514)	(59,038,185)
Other operating receipts/(payments)	-	(1,015,712)
Net cash flows from other operating activities	(93,552,543)	(60,301,395)
Total cash (outflow) from all operating activities	(62,733,794)	(61,789,991)
Investing activities		
Profit / return received	3,016,992	3,770,171
Dividend received	3,560	438,939
Payments for investments	(74,230,706)	(20,837,368)
Payments for investment property	(171,932,750)	-
Proceeds from disposal of investments	3,685,091	32,065,507
Fixed capital expenditure	(10,697,061)	(3,235,738)
Proceeds from disposal of fixed assets	5,022,000	42,877,000
Total cash (outflow) / inflow from investing activities	(245,132,874)	55,078,511
Financing activities		
Proceeds from Right Share	299,475,000	-
Borrowing under Musharka arrangements	5,577,686	-
Total cash inflow from financing activities	305,052,686	-
Total cash inflow / (outflow) from all activities	(2,813,982)	(6,711,480)
Add: Cash at beginning of the year	6,954,075	13,665,555
Cash at the end of the year	4,140,093	6,954,075
Reconciliation to the Profit and Loss Account		
Operating cash flows	(62,733,794)	(61,789,991)
Depreciation expense	(2,317,325)	(1,869,244)
Gain on disposal of fixed assets	2,816,884	13,535,715
Investment Income	-	-
Other Income	500,000	-
Increase in assets other than cash	160,608,549	26,440,875
(Increase)/ decrease in liabilities other than running finance	(140,797,326)	12,668,219
	(41,923,012)	(11,014,426)

Other Adjustments

Profit/ return received	6,301,196	310,114
Reversal/ (Provision) for impairment in the	-	-
Value of investment	2,340,220	3,733,373
Dividend income	3,560	438,939
Capital Gain/(loss)	(2,001,320)	3,671,781
Reversal of provision for doubtful balance	-	4,680,971
Income tax paid	812,029	247,498
Provision for taxation	(1,362,841)	(601,567)

(Loss)/ Profit after taxation

<u>(35,830,168)</u>	<u>1,466,683</u>
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Definition of cash

Cash for the purposes of the statement of cash flows consists of:

Cash and other equivalents	11	1,561,639	1,586,058
Current and other accounts	12	1,578,454	4,368,017
Deposits maturing within 12 months	13	1,000,000	1,000,000
		<u>4,140,093</u>	<u>6,954,075</u>


The annexed notes from 1 to 35 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2014

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2014		2013	
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue		
Direct and facultative												
Fire and property damage	12,906,541	3,213,772	4,911,585	11,208,727	6,324,483	1,516,619	1,221,590	6,649,912	4,558,415	3,288,129		
Marine aviation and transport	15,960,465	1,580,628	1,817,701	15,123,392	2,061,543	602,093	15,715	2,647,921	12,475,471	11,537,287		
Motor	185,755,835	15,084,749	92,395,039	78,447,546	5,061,225	50,512	3,343,773	1,767,964	76,679,382	29,015,285		
Accident and health	44,672,089	7,261,082	12,343,188	39,589,983	-	-	-	-	39,589,983	9,000,983		
Miscellaneous	8,356,198	838,740	4,412,347	4,793,791	2,719,665	403,712	1,285,191	1,838,186	2,944,605	2,925,169		
Total	237,051,329	27,978,971	115,877,861	149,152,439	16,167,316	2,605,936	5,865,269	12,903,983	136,248,056	55,767,352		

The annexed notes form 1 to 35 form an integral part of these financial statements



Naim Anwar
Chief Executive/Principal Officer



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Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2014

Class of Business	Claims paid	Outstanding claims		Claim expense/(income) rupees	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2014 Net Claims expense	2013 Net Claims expense
		Opening	Closing			Opening	Closing			
Direct and facultative										
Fire and property damage	4,869,654	5,566,742	12,340,943	11,643,855	3,257,662	3,703,110	9,860,998	9,409,550	2,234,305	537,097
Marine aviation and transport	1,755,938	8,844,996	3,471,611	(3,607,447)	1,066,150	3,955,905	1,460,332	(1,433,423)	(2,174,024)	1,161,125
Motor	7,955,532	4,890,182	18,280,992	21,386,342	803,500	654,600	9,567,636	9,716,556	11,669,806	10,915,039
Accident and health	8,317,511	132,134	5,887,659	14,083,016	-	-	-	-	14,083,036	375,212
Miscellaneous	5,175,616	12,937,377	3,646,088	(6,114,874)	18,833	3,614,467	2,121,801	(3,473,833)	(641,040)	1,096,871
Total	28,124,251	32,371,451	45,658,093	39,395,913	5,146,145	13,938,082	23,010,767	14,216,850	25,172,083	14,087,344

The annexed notes from 1 to 35 form an integral part of these financial statements



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Director



Syed Abid Raza
Director



Syed Achnan Ali Zaidi
Director

STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

Class of Business	Commission paid or payable	Deferred commission		Net commission expense (Rupees)	Management expenses	Underwriting expense	Commissions from re-insurers	2014		2013	
		Opening	Closing					Net Underwriting expense	Net Underwriting expense		
Direct and facultative											
Fire and property damage	2,781,891	642,755	982,317	2,442,329	3,757,898	6,200,227	526,698	5,673,619	1,823,787		
Marine aviation and transport	3,579,227	237,094	363,340	3,452,781	4,427,828	7,880,609	363,441	7,517,168	8,032,200		
Motor	15,430,983	2,262,712	2,964,921	14,728,774	45,764,259	60,493,033	10,406	60,482,627	18,988,782		
Accident and health	1,756,372	-	617,159	1,139,213	13,227,433	14,366,646	-	14,366,646	6,115,900		
Miscellaneous	1,704,063	893,680	441,235	2,156,508	1,941,342	4,097,850	131,029	3,966,821	543,974		
Total	25,222,536	4,036,241	5,369,177	23,919,605	69,118,760	93,038,365	1,031,484	92,006,881	35,504,643		

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

The annexed notes from 1 to 35 form an integral part of these financial statements.



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(Rupees)	
Income from Non-Trading Investments		
Held-to-maturity		
Return on government securities	5,235,081	-
Return on fixed income securities and deposits	1,066,115	310,114
	6,301,196	310,114
Available-for-sale		
Dividend income	3,560	438,939
Gain / (loss) on sale of available for sale investments	(1,920,310)	3,937,250
	(1,916,750)	4,376,189
Reversal / (provision) for impairment in Value of investments	2,340,220	3,733,373
Investment related expenses	(81,010)	(265,469)
Net investment income	6,643,656	8,154,207

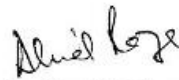
The annexed notes from 1 to 35 form an integral part of these financial statements




Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

Crescent Star Insurance Limited (the Company) formally known as "The Crescent Star Insurance Company Limited" was incorporated as a Public Limited Company in the year 1957 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on the Karachi and Lahore Stock Exchanges and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan ("SECP"), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as notified under the provisions of the Companies Ordinance. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance or the requirements of the said directives take precedence.

SECP has allowed insurance companies to defer the application of International Accounting Standard-39 (IAS 39) "Financial Instruments: Recognition and Measurement" in respect of investments available for sale until suitable amendments have been made in the laws. Accordingly, the requirements of IAS 39, to the extent allowed by the SECP, have not been considered in the preparation of these financial statements.

2.2 Standards and interpretations that became effective but are not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company:

IAS-32 Financial Instruments: Presentation (Amended)
IAS-36 Impairment of Assets (Amended)
IAS-39 Financial Instruments: Recognition and Measurement (Amended)
IFRIC 21 - Levies

2.3 Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases:

Standard

IAS-1	Presentation of Financial Statements - (Amended)-(effective for annual periods beginning on or after 1 January 2016).
IAS-16	Property, Plant and Equipment - (Amended)-(effective for annual periods beginning on or after 1 July 2014 & 1 January 2016).
IAS-19	Employee Benefits - (Amended)-(effective for annual periods beginning on or after 1 July 2014 & 1 January 2016).

IAS-24	Related Party Disclosure - (Amended)-(effective for annual periods beginning on or after 1 July 2014).
IAS-27	Separate financial statements-(Amended)- (effective for annual periods beginning on or after 1 January 2016).
IAS-28	Investments in Associates-(Amended)- (effective for annual periods beginning on or after 1 January 2016).
IAS-34	Interim Financial Reporting-(Amended)- (effective for annual periods beginning on or after 1 January 2016).
IAS-38	Intangible Assets - (Amended)-(applicable for annual periods beginning on or after 1 July 2014 & 1 January 2016).
IAS-40	Investment Property - (Amended)-(applicable for annual periods beginning on or after 1 July 2014).
IAS-41	Agriculture - (Amended) - (applicable for annual periods beginning on or after 1 January 2016).
IFRS-1	First-time Adoption of International Financial Reporting Standards - (Amended)-(effective for annual periods beginning on or after 1 January 2013) - Not notified by SECP.
IFRS-2	Share Based Payments - (Amended)-(applicable for annual periods beginning on or after 1 July 2014).
IFRS-3	Business Combinations - (Amended)-(applicable for annual periods beginning on or after 1 July 2014).
IFRS-5	Non Current Assets Held for Sale and Discontinued Operations - (Amended)-(applicable for annual periods beginning on or after 1 January 2016).
IFRS-7	Financial Instruments: Disclosures (Amended)- (applicable for annual periods beginning on or after 1 January 2015 & 1 January 2016).
IFRS-8	Operating Segments - (Amended)-(applicable for annual periods beginning on or after 1 July 2014).
IFRS-9	Financial Instruments: Classification and Measurements - (applicable for annual periods beginning on or after 1 January 2015 & 1 January 2018) - Not notified by SECP.
IFRS-10	Consolidated Financial Statements (Amended) - (applicable for annual periods beginning on or after 1 January 2015 & 1 January 2016).
IFRS-11	Joint Arrangements (Amended)- (applicable for annual periods beginning on or after 1 January 2015 & 1 January 2016).
IFRS-12	Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2015 & 1 January 2016).
IFRS-13	Fair Value Measurement- (applicable for annual periods beginning on or after 1 January 2015).
IFRS-14	Regulatory Deferral Accounts- (applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.
IFRS-15	Revenue from Contracts with Customers- (applicable for annual periods beginning on or after 1 January 2017) - Not notified by SECP.

2.4 Basis of measurement

These financial statements have been prepared under historical cost convention, except for valuation of certain financial instruments at fair value.

2.5 Use of judgments and estimates

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

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

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

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

	Note
- Provision for outstanding claims (including IBNR)	3.3
- Premium deficiency reserve	3.4
- Useful lives and residual values of fixed assets	3.9
- Provision for doubtful receivables	3.6
- Provision of unearned premiums	3.10.2
- Premium due but unpaid	3.10.3
- Provision for Taxation and deferred tax	3.15

2.6 Functional and presentation currency

These 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.

2.7 Figures

The comparative figures are reclassified/rearranged whenever necessary for better presentation and to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements/reclassifications. The figures are rounded off to the nearest rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Insurance contracts

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

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

- Fire and property
- Marine, Aviation & Transport
- Motor
- Accident & Health
- 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. In miscellaneous class, some engineering insurance contract are of more than one year period.

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

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

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

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

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

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL)

3.2 Claims

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

3.3 Provision for outstanding claims (including IBNR)

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

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

3.3.1 Claims reported but not settled

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

3.3.2 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) at balance sheet dated is based on an analysis of the past claims reporting pattern experienced by the company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year end were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional losses at current year end to arrive at liability for IBNR. The analysis is carried out separately for each class of business.

3.4 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

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

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at balance sheet date.

3.5 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 financial settlements. The Company recognizes the entitled benefits under the contract as various reinsurance assets.

3.6 Receivables and payables related to insurance contracts

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

3.7 Staff retirement benefits

3.7.1 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 employees to the fund at the rate of 10% of basic salary.

3.7.2 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.

3.8 Investments

3.8.1 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 profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available for sale

3.8.2 Measurement

a Held to maturity

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

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

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

b Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

i Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotation at the balance sheet date to determine the market value.

ii Unquoted

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

3.8.3 Date of recognition

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

3.9 Fixed assets

3.9.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any, except for the freehold land which is stated at cost. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the reducing balance method at the rates specified in note 21 to the financial statements.

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

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

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

3.9.2 Leased Asset

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

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

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

3.9.3 Intangibles

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

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

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

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

3.10 Premiums

3.10.1 Premium income earned

Premium income under a policy is recognized over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

- (a) for direct business, evenly over the period of the policy.
- (b) for retrocession business received from Pakistan Reinsurance Company Limited (PRCL), at the time when statement is received.

Where the pattern of incidence of risk carries over the period of the policies, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

Administrative surcharge is recognized as premium at the time policies are written.

3.10.2 Provision for unearned premium

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:

- for 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; and
- for other classes, by applying the twenty-fourths' method as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

3.10.3 Premiums due but unpaid

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

3.11 Commissions

3.11.1 Deferred commission expense

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

3.11.2 Commission income unearned

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

3.11.3 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 any, which the company may be entitled under the terms of reinsurance is recognized on accrual basis.

3.12 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 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 included in income currently.

Return on fixed income securities classified as available for sale is recognised on a time proportionate basis taking into account the effective yield on the investments.

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

3.13 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognized when approved.

3.14 Expenses of management

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written.

Expenses not allocable to the underwriting business are charged as administrative expenses.

3.15 Taxation

3.15.1 Current

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

3.15.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of the item credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

3.16 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine, aviation & transport, Motor, Accident & Health and Miscellaneous.

- The perils covered under fire segment include damages by fire, riot and strike, explosion, earthquake, atmospheric damages, floods, electrical fluctuation impact and other coverage.
- Marine insurance provides coverage against cargo risk, war risk and Strike Riot Civil Commotion (S.R.C.C.), for loss occurring whether cargo is transported by sea, air or by inland conveyance.
- Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.
- Accidents & Health provides cover against accident, basic hospitalization, maternity etc.
- Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit or on counter, fidelity guarantee, plate glass, householder's policy, engineering losses etc.

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

3.17 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 balance sheet date. Exchange difference, if any, are taken to profit and loss account.

3.18 Offsetting of financial assets and liabilities

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

3.19 Impairment

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

3.20 Provisions

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

3.21 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.

3.22 Creditors and accruals

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.

3.23 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand, deposits with banks and short term placements with a maturity of less than three months.

3.24 Claims recoveries

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.

3.25 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.

3.26 Financial instruments

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

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

3.27 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss. Land is stated at cost. Depreciation is charged from the date the assets are available for sale and till date of disposal of assets.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.28 Earning per share

The Company presents basic and diluted earnings per share 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 and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

Note	2014	2013
	(Rupees)	

9. BORROWING UNDER MUSHARAKA ARRANGEMENTS

<u>5,577,686</u>	<u>-</u>
-------------------------	-----------------

9.1 The Company has entered into a diminishing musharka agreement 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 18% per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

The amount payable:
 Within twelve months
 Later than one year

2,018,813	-
3,558,873	-
<u>5,577,686</u>	<u>-</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

The Company is defendant in following:

- Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million against the Company.
- Suit filed by Al-Rehman Traders through its proprietor Mohammad Waseem and Orix Leasing Pakistan Ltd for recovery of Rs. 4.8 million against the Company.
- Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of 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 financial statements.

10.2 COMMITMENTS

There were no commitments as at December 31, 2014 (2013: Rs. 230.820 million).

	Note	2014 (Rupees)	2013
11. CASH AND OTHER EQUIVALENTS			
Cash with State Bank of Pakistan	11.1	1,238,047	1,238,047
Cash in hand		155,968	137,933
Stamps in hand		167,624	210,078
		<u>1,561,639</u>	<u>1,586,058</u>
11.1 Cash with State Bank of Pakistan			
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.			
12. CURRENT AND OTHER ACCOUNTS			
Current accounts		1,522,328	4,250,047
PLS savings accounts	12.1	56,126	117,970
		<u>1,578,454</u>	<u>4,368,017</u>
12.1 These carry mark-up at the rate of 5% (2013: 5%) per annum.			
13. DEPOSITS MATURING WITHIN 12 MONTHS			
Term deposits	13.1	1,000,000	1,000,000
13.1 These represent term deposits placed with commercial banks carrying mark-up at the rate 8.25% (2013: 9% to 10%) per annum.			
14. INVESTMENTS			
Held to maturity			
Government Securities	14.1	74,230,706	-
Available for sale			
Ordinary equity securities & Mutual funds	14.2	12,363,210	17,549,625
Less: Provision for impairment		(529,532)	(2,869,756)
		<u>11,833,678</u>	<u>14,679,869</u>
		<u>86,064,384</u>	<u>14,679,869</u>
14.1 This represents amortised cost of three years Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 75 M issued by the State Bank of Pakistan through its authorized dealers MCB Arif Habib and Pak Oman Investment Company Ltd. PIBs carry mark up at the effective rate of 11.25% per annum with maturity date up till 17 July 2017.			
Government securities having amortised cost of Rs. 49.326 million (2013 : Nil) 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.			
14.2 Detail of available for sale investments is given in Annexure 14.2.1.			
Securities having book value of Rs. 11.731 million (2013 : Rs. 10.862 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.			
14.3 As per the Company's accounting policy and in accordance with the requirements of SEC (Insurance) Rules 2002 available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on December 31, 2014 would have been higher by Rs. 595,392/- (2013: higher by Rs. 33,896).			

14.2.1 Available for sale investment

No. of shares / units	Face value		Name of entity	Market value Per Share		Book Value	Book Value	Market value		Lower of Cost or Market value	Lower of Cost or Market value
	2014	2013		2014	2013			2014	2013		
Quoted											
250	750	10.95	11.02	7,859	2,737	2,755	2,755	2,737	2,755	2,737	2,755
67	10	-	-	243,755	-	-	-	-	-	-	-
1,500	1,500	2.37	1.67	19,002	3,554	3,505	3,505	3,554	3,505	3,554	2,505
-	2,653	-	1.92	5,774	-	5,094	5,094	-	5,094	-	5,094
15,500	924,500	2.32	2.24	32,878	35,960	2,163,330	2,163,330	35,960	32,878	32,878	2,163,330
200	160	22.00	15.15	379	4,400	2,424	2,424	4,400	2,424	379	379
73	146	22.86	7.45	631	1,669	1,088	1,088	1,669	1,088	631	631
158	158	0.77	0.77	1,859	122	122	122	122	122	122	122
-	21,000	-	5.65	-	-	118,650	118,650	-	-	-	118,650
-	5,000	-	24.06	123,520	-	120,300	120,300	-	-	-	120,300
2,000	2,000	2.37	2.67	26,944	4,740	5,319	5,319	4,740	4,740	4,740	5,319
-	5,579	-	52.72	-	-	294,125	294,125	-	-	-	189,202
-	33	-	2,792.46	-	-	1,540	1,540	-	-	-	1,540
-	6,000	-	21.18	193,339	-	127,080	127,080	-	-	-	127,080
222,061	212,926	55.36	51.90	11,731,083	12,293,303	11,052,423	11,052,423	11,731,083	11,052,423	11,731,083	10,861,953
3,820	2,978	11.28	13.08	18,044	49,075	38,268	38,268	18,044	18,044	18,044	18,044
-	3,515	-	15.78	484,159	-	55,471	55,471	-	-	-	484,159
500	500	3.50	5.60	2,101	1,750	2,800	2,800	1,750	1,750	1,750	2,101
-	20,000	-	8.38	166,720	-	167,500	167,500	-	-	-	166,700
-	19,786	-	6.54	77,165	-	129,400	129,400	-	-	-	77,165
16,000	16,000	2.36	1.56	276,675	37,760	24,960	24,960	37,760	24,960	37,760	24,960
-	65,500	-	4.70	561,350	-	307,850	307,850	-	-	-	307,850
262,129	1,310,231	-	-	17,519,625	12,429,070	14,713,765	14,713,765	12,429,070	11,833,678	11,833,678	14,679,869
Unquoted											
-	1,200	-	-	30,000	-	-	-	-	-	-	-
262,129	1,311,431	-	-	17,549,625	12,429,070	14,713,765	14,713,765	12,429,070	11,833,678	11,833,678	14,679,869
Agricultural Development Co-operative Society											

	Note	2014	2013
		(Rupees)	
15. INVESTMENT PROPERTIES- LAND (At Cost)			
Balance at the beginning of the year		-	-
Additions made during the year		233,932,750	-
Disposals made during the year		(50,000,000)	-
Balance at the end of the year		183,932,750	-
Fair value of land as determined by M/S NESPAK as at February 25, 2014 amounts to Rs. 418.5 million on the basis of market comparable approach. Transfer of title in favour of the company has been made through sale deed dated October 03, 2014 executed at DCR value. Other cost incurred for the acquisition of this property amounted to Rs. 3,112,750.			
16. DEFERRED TAXATION			
Deferred tax asset arising in respect of:			
Accelerated tax depreciation		77,719	77,719
Provisions		11,052,794	11,052,794
Unused tax losses		2,412,665	2,412,665
		13,543,178	13,543,178
Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in financial statements and their tax base. The company has recognised deferred tax asset to the extent of Rs. 13.5 (2013: 13.5) million i.e. the amount expected to be utilized in foreseeable future and as matter of prudence further deferred tax asset of Rs. 33.93 (2013: 21.290) million on account of unused tax losses and adjustable minimum tax has not been recognised.			
17. PREMIUMS DUE BUT UNPAID			
Considered good		175,172,599	45,023,277
Considered doubtful		34,749,823	29,449,028
		209,922,422	74,472,305
Less: Provision for doubtful balances	17.1.	(34,749,823)	(29,449,028)
		175,172,599	45,023,277
17.1. Provision for doubtful balances			
Balance at the beginning of the year		29,449,028	34,130,019
Add: Provision for doubtful receivable during the year		5,300,795	1,507,284
Less: Reversal of excess provision charged in previous year		-	(6,188,275)
Balance at the end of the year		34,749,823	29,449,028
18. TAXATION - PAYMENTS LESS PROVISION			
Balance at beginning of the year		2,752,626	3,106,695
Add: Paid during the year		812,029	247,498
		3,564,655	3,354,193
Provision for taxation		(1,362,841)	(601,567)
Balance at end of the year		2,201,814	2,752,626
19. ADVANCES FOR PURCHASE OF LAND			
Last year figures represent amount paid under following agreements:			
Agreement to sell dated May 02, 2013 for two plots of land situated at main rohi nala bypass/daras road, Raiwind Kasur and Mauza Bachuki, Tehsil Kot Radha Kishan, District Kasur measuring 139 Kanal 10 Marla.			
		-	10,000,000
Agreement to sell dated May 02, 2013 for a plot of land situated at 222 Naclass no. 24 measuring 01 Acre.			
		-	2,000,000
		-	12,000,000
(Refer Note 15 above also)			
20. Sundry Receivables- Unsecured Advances			
Considered good			
To employees		225,534	142,529
other advances		2,201,755	1,131,231
Considered doubtful			
other advances		-	330,000
		2,427,289	1,603,760
Less: Provision for doubtful balances		-	(330,000)
		2,427,289	1,273,760
Deposits		5,632,695	5,965,476
Others	20.1	7,072,187	3,470,345
		15,132,171	10,709,581
20.1.	This include balance due from associate- Car 4U (Private) Limited amounting to Nil (2013: Rs. 1,000,000/-).		

21. Fixed Assets - Tangible

Description	Owned					Total
	Freehold land	Furniture and fixtures	Office equipment	Computers and related equipment	Vehicles ★	
(Rupees)						
COST						
Balance as at January 01, 2013	27,500,000	5,317,272	3,071,983	2,334,651	29,784,219	68,008,125
Additions	-	532,143	337,100	457,872	1,908,623	3,235,738
Disposals	(27,500,000)	(906,757)	(710,450)	(1,369,009)	(6,558,690)	(37,044,906)
Balance as at December 31, 2013	-	4,942,658	2,698,633	1,423,514	25,134,152	34,198,957
Balance as at January 01, 2014	-	4,942,658	2,698,633	1,423,514	25,134,152	34,198,957
Additions	-	1,715,890	523,011	515,760	7,942,400	10,697,061
Disposals	-	(700,000)	-	-	(9,143,698)	(9,843,698)
Balance as at December 31, 2014	-	5,958,548	3,221,644	1,939,274	23,932,854	35,052,320
DEPRECIATION						
Balance as at January 01, 2013	-	2,440,404	1,610,869	2,043,854	22,835,261	28,930,388
Charge for the year	-	328,486	173,805	125,636	1,241,317	1,869,244
On disposals	-	(577,726)	(490,518)	(1,270,611)	(5,364,766)	(7,703,621)
Balance as at December 31, 2013	-	2,191,164	1,294,156	898,879	18,711,812	23,096,011
Balance as at January 01, 2014	-	2,191,164	1,294,156	898,879	18,711,812	23,096,011
Charge for the year	-	403,303	159,782	312,118	1,442,122	2,317,325
Disposals	-	(442,365)	-	-	(7,196,217)	(7,638,582)
Balance as at December 31, 2014	-	2,152,102	1,453,938	1,210,997	12,957,717	17,774,754
Carrying amount - 2014	-	3,806,446	1,767,706	728,277	10,975,137	17,277,566
Carrying amount - 2013	-	2,751,494	1,404,477	524,635	6,422,340	11,102,946
RATE OF DEPRECIATION (%)		10%	10%	30%	20%	

★ These include vehicles costing Rs. 7,642,400/- acquired under diminishing musharaka arrangement and are in the name of the Modarba.

21.1 Disposal of tangible fixed assets									
Item	Cost/ Revaluation	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Mode of Disposal	Particulars of the Purchaser	(Rupees)	
Freehold Land									
2014									
2013	27,500,000	-	27,500,000	39,500,000	12,000,000	Negotiation	Mahmood Ahmed Khan		
Furniture and Fixtures									
Various Items	100,000	63,195	36,805	-	(36,805)	Written Off			
Department Cabin Godown	600,000	379,170	220,830	27,000	(193,830)	Negotiation	Talat		
2014	700,000	442,365	257,635	27,000	(230,635)				
2013	906,757	577,726	329,031	10,000	(319,031)				
Office Equipment									
2014									
2013	710,450	490,518	219,932	-	(219,932)	Written Off			
Computer and Related Equipment									
2014									
2013	1,369,009	1,270,611	98,398	-	(98,398)	Written Off			
Vehicles									
Suzuki Mehran Registration # R-6577	134,033	129,973	4,060	38,000	33,940	Negotiation	Muhammad		
Suzuki Cultus VXR 1000cc Registration # ACX-162	599,800	519,203	80,597	300,000	219,403	Negotiation	Muhammad		
Suzuki Mehran Plus Registration # ACK-772	137,500	129,622	7,878	95,000	87,122	Negotiation	Jumaid Zaheer		
Suzuki Alto VXR Registration # AEX-237	559,745	484,349	75,396	310,000	234,604	Negotiation	Fakhruddin		
Suzuki Alto VXR Registration # ADP-994	387,000	352,072	34,928	200,000	165,072	Negotiation	Bashir Ahmed		
Suzuki Mehran Registration # AAW-818	220,000	200,636	19,364	85,000	65,636	Negotiation	Ashraf Ali		
Khyber Registration # Z-2264	329,555	247,322	82,233	110,000	27,767	Negotiation	Syed Faisal		
Suzuki Mehran Registration # AEQ-362	262,000	239,202	22,798	45,000	22,202	Negotiation	Ashraf		
Honda City Registration # AAT-552	627,355	526,477	100,878	220,000	119,122	Negotiation	Hasan Zeeshan		
Honda Civic EXI Registration # AKV-264	1,157,340	931,231	226,109	695,000	468,891	Negotiation	Fahad Zaheer		
Suzuki Liana RXI Registration # AKR-628	814,380	699,536	114,844	400,000	285,156	Negotiation	Farrukh Adnan		
Toyota Corolla Registration # LZQ-2111	800,000	690,419	109,581	500,000	390,419	Negotiation	Afzal Shahzad		
Suzuki Mehran Registration # LZK-1828	270,000	216,398	53,602	140,000	86,398	Negotiation	Muhammad		
Suzuki Alto VXR Registration # AGC-151	403,000	285,779	117,221	240,000	122,779	Negotiation	Khawaja Baligh		
Suzuki Cultus VXR Registration # LEB-08/473	650,000	507,803	142,197	380,000	237,803	Negotiation	Muhammad		
Honda City saloon Registration # AWB-153	1,367,000	710,700	656,300	1,100,000	443,100	Negotiation	Malik Mehdi		
Honda CD-70 Registration # LHW-3378	22,200	22,146	54	15,000	14,946	Negotiation	Malik Ashfaq		
Honda CD-125 Registration # KSV-9633	69,500	68,273	1,227	15,000	13,773	Negotiation	Hasan Amir		
Sohrab JS-70 CC Registration # KSE-9435	75,800	69,792	6,008	20,000	13,992	Negotiation	Hafeez		
Honda CD-70 Registration # STR-8551	47,500	41,743	5,757	12,000	6,243	Negotiation	Muhammad		
Honda CD-70 Registration # SLK-1155	50,490	39,973	10,517	20,000	9,483	Negotiation	Muzaffar Joya		
Yamaha YD-70 Registration # LEX-093302	46,000	30,776	15,224	15,000	(224)	Negotiation	Sheikh Zeeshan		
Unique UD-70 CC Registration # KPI-7179	44,500	21,928	22,572	-	(22,572)	Negotiation	Iakhruddin		
Honda CD-125 Registration # SLN-11-899	69,000	31,464	37,536	40,000	2,464	Negotiation	Muzaffar Joya		
2014	9,143,698	7,196,217	1,947,481	4,995,000	3,047,519				
2013	6,558,690	5,364,766	1,193,924	3,367,000	2,173,076				

	Note	2014	2013
		(Rupees)	
22. MANAGEMENT EXPENSES			
Salaries, allowances and other benefits	24.1	43,898,137	19,164,573
Travelling and conveyance expenses		2,908,824	2,121,979
Repairs and maintenance		4,876,150	1,783,862
Rent, rates and taxes		8,456,370	3,673,183
Printing and stationery		923,482	800,390
Telephone and postage		2,032,817	1,373,827
Utilities		2,115,768	1,229,679
Entertainment		1,042,495	519,063
Others		2,864,717	509,980
		<u>69,118,760</u>	<u>31,176,536</u>
23. OTHER INCOME			
Income from Financial Assets:			
Reversal of provision against doubtful balances	17.1	-	6,188,275
Income from other Operating activities:			
Gain on disposal of fixed assets		2,816,884	13,535,715
Forfeiture of token money on cancellation of land sale agreement		500,000	-
		<u>3,316,884</u>	<u>19,723,990</u>
24. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	24.1	34,704,873	14,479,384
Travelling and conveyance expenses		8,397,134	3,931,346
Depreciation		2,317,324	1,869,244
Provision against doubtful balances		5,328,675	1,507,284
Repairs and maintenance		1,673,307	992,367
Fees, subscription and periodicals		2,965,071	5,415,489
Telephone and postage		509,420	97,485
Legal and professional charges		4,105,487	1,272,114
Advertisement and promotion expenses		934,127	639,746
Donation	24.2	-	11,510
Entertainment		957,227	544,271
Auditors' remuneration	24.3	613,000	910,800
Markup on Musharaka		87,706	-
Penalty paid to SECP		500,000	-
Others		404,008	254,272
		<u>63,497,359</u>	<u>31,925,312</u>
24.1	This includes contribution to provident fund amounting to Rs. 2.264 million (2013: Rs. 0.583 million).		
24.2	Donations do not include amount paid to donee in which any director or their spouse have interest.		
24.3 Auditors' remuneration			
Annual audit fee		363,000	330,000
Review of code of corporate governance		70,000	70,000
Half yearly review		70,000	70,000
Certification charges		110,000	440,800
		<u>613,000</u>	<u>910,800</u>
25. PROVISION FOR TAXATION			
Current		1,362,841	601,567
Deferred		-	-
		<u>1,362,841</u>	<u>601,567</u>
25.1	The income tax returns of the Company have been filed up to tax year 2014 (corresponding to the income year ended December 31, 2013) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.		
25.2 Relationship between tax expense & accounting profit	The numerical reconciliation between the average tax rate and the applicable tax rate 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.		

26. (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED

	2014	Restated 2013
	----- (Rupees) -----	
(Loss) / profit for the year attributable to Ordinary shareholders	<u>(35,830,168)</u>	1,466,683
Number of shares (Weighted Average)	<u>51,031,501</u>	14,858,800
(Loss) / Earnings per share	<u>(0.70)</u>	0.10

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

27. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2014			
	Chief Executive	Directors	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	5,760,000	-	12,307,725	18,067,725
Retirement benefits	576,000	-	1,013,652	1,589,652
House rent	2,592,000	-	7,342,170	9,934,170
Utilities/Other	3,660,000	-	3,656,158	7,316,158
Total	<u>12,588,000</u>	<u>-</u>	<u>24,319,705</u>	<u>36,907,705</u>
Number of persons	<u>1</u>	<u>-</u>	<u>12</u>	<u>13</u>
	2013			
	Chief Executive	Directors	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	5,160,000	-	2,223,172	7,383,172
Retirement benefits	-	-	164,640	164,640
House rent	2,322,000	-	1,155,913	3,477,913
Utilities/Other	1,118,000	-	703,639	1,821,639
Total	<u>8,600,000</u>	<u>-</u>	<u>4,247,394</u>	<u>12,847,394</u>
Number of persons	<u>1</u>	<u>-</u>	<u>3</u>	<u>4</u>

27.1 Non-Executive Directors were paid Rs.0.060 (2013: Rs.0.065) million for attending board of directors meetings during the year.

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

28. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the Directors, major shareholders and the companies owned by such shareholders, entities owned by the Directors of the Company where they also hold directorships, staff retirement funds and key management personnel.

	2014	2013
	----- (Rupees) -----	
Associated undertakings		
Balance receivable at year end (note 20.1)	-	1,000,000
Key Management Personnel		
Remuneration paid to directors, chief executive and executives of the Company (note 27)	36,907,705	12,847,394
Payment made to chief executive for consultancy services obtained prior to appointment	-	300,000
Purchase of vehicle from chief executive	-	1,690,203
Advances to executives	2,754,500	-
Staff retirement benefits		
Provident fund contribution (note 8 for outstanding balance)	2,263,585	582,602
Markup on outstanding balance of provident fund	89,616	-

29 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage; marine, aviation and transport; motor; accident & health and miscellaneous. Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and property damage		Marine, aviation and transport		Motor		Accident & Health		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	11,208,727	13,601,795	15,123,392	25,756,352	78,447,546	29,699,316	39,589,983	9,000,983	4,782,791	4,205,640	148,152,439	82,464,086
Depreciation	174,031	312,850	234,977	583,629	1,218,912	673,205	615,018	204,029	74,386	95,331	2,317,324	1,869,244
Segment profit/(loss)	(3,349,109)	927,245	7,132,327	2,281,962	4,527,149	3,888,036	11,140,301	2,509,871	(81,176)	1,282,323	19,069,492	6,115,365
Capital expenditure	803,349	541,557	1,084,682	1,010,632	5,626,654	1,165,346	2,899,000	353,162	343,376	165,021	10,697,061	3,235,738
Segment assets	20,015,147	17,483,761	27,024,446	32,530,445	140,185,981	37,570,435	70,732,622	11,268,302	8,555,076	5,811,751	266,513,272	104,152,694
Segment liabilities	14,854,489	12,116,210	20,056,527	22,610,782	104,040,763	26,072,200	52,495,092	7,901,711	6,349,257	3,692,014	197,796,128	72,235,362

2014 2013
Rupees

29.1 Reconciliations of reportable segments are as follows:

	2014	2013
Revenue		
Total revenue for reportable segments	19,069,492	6,115,365
Other revenue / (loss)	9,960,540	27,878,197
Entity's revenue	29,030,032	33,993,562
Profit for the year		
Total profit for reportable segments	29,030,032	33,993,562
Unallocated corporate income / (expenses)	(63,497,359)	(31,925,312)
General and administration expenses		
(Loss)/profit before income tax expense	(34,467,327)	2,068,250

	2014	2013
Assets		
Total assets for reportable segments	266,513,272	104,152,694
Other unallocated corporate assets	308,329,284	60,879,078
Entity's assets	574,842,556	165,031,772

	2014	2013
Liabilities		
Total liabilities for reportable segments	197,796,128	72,235,362
Other unallocated corporate liabilities	24,653,210	3,638,984
Entity's liabilities	222,449,338	75,874,346

The Company has no reportable geographical segment.

30 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 financial statements.

The Board of Directors 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 of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee 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. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

30.1 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 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 and other financial assets.

30.1.1 The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Category of financial assets	2014	2013
		----- Rupees -----	
Bank deposits	Loans & Receivables	2,578,454	5,368,017
Investments:			
Government Securities	Held to maturity	74,230,706	-
Equity & other securities	Available for sale	11,833,678	14,679,869
Premiums due but unpaid	Loans & Receivables	175,172,599	45,023,277
Accrued investment income	Loans & Receivables	3,314,894	30,690
Amount due from other insurers / reinsurers	Loans & Receivables	39,816,899	27,449,211
Reinsurance recoveries against outstanding claims	Loans & Receivables	23,010,767	13,938,082
Sundry receivables	Loans & Receivables	12,930,416	9,578,350
		<u>342,888,413</u>	<u>116,067,496</u>

Geographically there is no concentration of credit risk.

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

General provision is made for premium due but unpaid against doubtful receivable as disclosed in note 17 to these 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:

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
Rupees				
Financial Assets - 2014				
Premiums due but unpaid -net- unsecured	175,172,599	149,539,788	17,006,774	8,626,037
Amounts due from other insurers / reinsurers - unsecured	39,816,899	21,584,109	18,232,790	-
Accrued investment income	3,314,894	3,314,894	-	-
Reinsurance recoveries against out standing claims	23,010,767	16,013,116	2,136,889	4,860,762
Sundry receivables	12,930,416	7,136,416	5,709,000	85,000
	254,245,575	197,588,323	43,085,453	13,571,799
Rupees				
Financial Assets - 2013				
Premiums due but unpaid -net- unsecured	45,023,277	27,051,588	16,906,957	1,064,732
Amounts due from other insurers / reinsurers - unsecured	27,449,211	27,449,211	-	-
Accrued investment income	30,690	30,690	-	-
Reinsurance recoveries against outstanding claims	13,938,082	11,158,797	375,000	2,404,285
Sundry receivables	10,709,581	8,731,542	-	1,978,039
	97,150,841	74,421,828	17,281,957	5,447,056

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

	Rating	Agency		
National Bank of Pakistan	AAA	JCR-VIS	4,126	545,505
Habib Bank Limited	AAA	JCR-VIS	200,822	14,026
Allied Bank Limited	AA+/AA	PACRA/JCR-VIS	182,676	494,124
MCB Bank Limited	AAA	PACRA	1	1,728
The Bank of Punjab	AA-	PACRA	43,257	43,257
United Bank Limited	AA+	JCR-VIS	525,126	2,203,039
Soneri Bank Limited	AA-	PACRA	53,743	53,743
NIB Bank Limited	AA-	PACRA	33,702	9,346
Faysal Bank Limited	AA	PACRA/JCR-VIS	475,430	488,316
SILK Bank Limited	A-	JCR-VIS	34,819	4,819
Bank Alfalah Limited	AA	PACRA	2,327	364,117
Summit Bank Limited	A	JCR-VIS	-	20,230
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	-	17,143
Oman International Bank	A+/A3	Fitch/Moody's	22,425	22,424
Habib Metropolitan Bank	AA+	PACRA	-	86,200
			1,578,454	4,368,017

30.1.3 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	2014	2013
				Rupees	
A or above	37,977,743	23,010,767	5,866,269	37,977,743	27,449,211
BBB	1,839,156	-	-	1,839,156	-
Others	-	-	-	-	-
Total	39,816,899	23,010,767	5,866,269	39,816,899	27,449,211

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

	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	Rupees			
As at December 31, 2014				
At amortised cost:				
Provision for outstanding claims	43,638,093	43,638,093	43,638,093	-
Amounts due to other insurers	15,724,531	15,724,531	15,724,531	-
Accrued expenses	11,295,673	11,295,673	11,295,673	-
Other creditors	29,849,287	29,849,287	29,849,287	-
Obligation under musharaka	5,577,686	7,084,145	2,902,216	4,181,929
Unpresented dividend warrants	418,209	418,209	418,209	-
	<u>106,503,479</u>	<u>108,009,938</u>	<u>103,828,009</u>	<u>4,181,929</u>
As at December 31, 2013				
At amortised cost:				
Provision for outstanding claims	32,371,431	32,371,431	32,371,431	-
Amounts due to other insurers	10,138,364	10,138,364	10,138,364	-
Accrued expenses	1,990,308	1,990,308	1,990,308	-
Other creditors	1,596,372	1,596,372	1,596,372	-
Unpresented dividend warrants	418,209	418,209	418,209	-
	<u>46,514,684</u>	<u>46,514,684</u>	<u>46,514,684</u>	<u>-</u>

30.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

a) Interest/mark up rate risk

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

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	Effective interest rate (%)		Rupees	
Financial assets				
Bank deposits	5.00%	5.00%	56,126	117,970
Deposits maturing within 12 months	8.25%	9% to 10%	1,000,000	1,000,000
Investment in Government Securities	11.25%	-	74,230,706	-

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant interest / mark-up rate risk as the Company has not entered into any significant variable rate instruments.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 12,429,070/- (2013: Rs. 14,713,765/-) at the balance sheet date.

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

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

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

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2014 and 2013 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:

	Fair value Rupees	Hypothetical price change	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, 2014	12,429,070	10% increase	13,671,977	1,242,907	1,242,907
		10% decrease	11,186,163	(1,242,907)	(1,242,907)
December 31, 2013	14,713,765	10% increase	16,185,142	1,471,377	1,471,377
		10% decrease	13,242,389	(1,471,377)	(1,471,377)

30.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
	Rupees			
December 31, 2014				
Available for sale investments	12,429,070	-	-	12,429,070
December 31, 2013				
Available for sale investments	14,713,765	-	-	14,713,765

30.5 Insurance risk

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

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

Geographical concentration of insurance risk

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial, industrial/residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation.

Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

Claims development tables

The following table shows the development of fire claims 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. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2013.

Analysis on gross basis	2012	2013	2014
Accident year	----- Rupees -----		
Estimate of ultimate claims cost			
At end of accident year	2,442,862	2,242,559	11,643,855
One year later	20,191,019	11,837,993	5,566,742
Cumulative payments to date	(10,795,888)	(8,513,810)	(4,869,654)
Liability recognised in the balance sheet	<u>11,837,993</u>	<u>5,566,742</u>	<u>12,340,943</u>

31 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2012. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2014	2013
	----- Rupees in Thousands -----	
Minimum paid up capital required	300,000	300,000
Company's paid up capital	620,125	121,000

32 PROVIDENT FUND DISCLOSURE

The following information is based on the last unaudited financial statements of the fund:

	2014	2013
	----- Rupees -----	
Size of the fund - total assets	Un-Audited 12,201,386	Audited 12,024,697
Cost of Investments made	7,391,942	11,047,163
Percentage of investments made	60.58%	91.87%
Fair Value of investments	8,920,706	11,658,466

The break-up of cost of investments is:

	2014		2013	
	%	Rupees	%	Rupees
With PIBs	13.54	1,000,941	8.59	1,000,941
Fixed Deposit Receipts	-	-	28.31	3,300,000
Mutual Funds	86.46	6,391,001	63.11	6,746,222
	100	7,391,942	100	11,047,163

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the Rules formulated for this purpose.

Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

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

	Gross sum insured		Reinsurance		Net	
	2014	2013	2014	2013	2014	2013
	Rupees in thousands					
Fire	5,601,000	4,464,744	3,932,148	1,930,612	1,668,852	2,534,132
Marine	7,438,000	14,190,398	2,842,053	4,551,936	4,595,947	9,638,462
Motor	8,748,000	4,681,289	4,928,498	-	3,819,502	4,681,289
Health	251,000	145,680	-	-	251,000	-
Others	1,127,000	79,100	469,527	52,900	657,473	26,200
	23,165,000	23,561,211	12,172,226	6,535,448	10,992,774	17,025,763

Sensitivity analysis

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

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

	Impact on pre tax profit/(loss)		Shareholders' equity	
	2014	2013	2014	2013
	Rupees in thousands			
± 10% variation in profit/(loss)				
Net				
Fire and property damage	223,431	53,710	145,230	34,912
Marine, aviation and transport	(217,402)	116,113	(141,311)	75,473
Motor	1,166,981	1,091,504	758,538	709,478
Accident and health	1,408,304	37,521	915,398	24,389
Miscellaneous	(64,104)	109,887	(41,668)	71,427
	2,517,210	1,408,735	1,636,187	915,679

33 NUMBER OF EMPLOYEES

Number of employees and average employees as at December 31, 2014 were 89 (2013: 66) and 82 (2013: 51) respectively.

34 EVENTS AFTER BALANCE SHEET DATE

There are no events after the balance sheet date requiring disclosure in financial statements.

35 DATE OF AUTHORIZATION FOR ISSUE

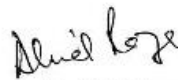
These financial statements have been approved by the Board of Directors of the Company and are authorised for issue on March 31, 2015.



Naim Anwar
Chief Executive/Principal Officer



Mudassar Zubair Mirza
Director



Syed Abid Raza
Director



Syed Adnan Ali Zaidi
Director

PATTERN OF SHAREHOLDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

Number of shareholders	Shareholdings		Shares Held
	From	To	
212	1	100	3,412
95	101	500	27,497
63	501	1000	54,033
111	1001	5000	305,729
43	5001	10000	334,104
19	10001	15000	240,034
15	15001	20000	278,246
13	20001	25000	298,613
2	25001	30000	54,500
7	30001	35000	223,976
1	35001	40000	36,000
3	40001	45000	128,750
1	45001	50000	50,000
1	50001	55000	55,000
2	55001	60000	115,289
1	65001	70000	65,391
3	70001	75000	219,935
2	75001	80000	157,066
1	80001	85000	82,500
1	85001	90000	88,500
2	95001	100000	200,000
1	100001	105000	101,100
1	120001	125000	120,770
1	130001	135000	133,785
2	135001	140000	279,970
2	160001	165000	322,592
1	165001	170000	168,495
1	170001	175000	173,937
1	180001	185000	181,564
1	200001	205000	201,833
1	230001	235000	235,000
1	245001	250000	245,780
1	330001	335000	333,396
2	360001	365000	720,879
1	390001	395000	390,000
1	435001	440000	437,500
1	515001	520000	515,456
1	545001	550000	549,863
1	600001	605000	604,491
1	695001	700000	696,500
1	775001	780000	778,333
1	835001	840000	837,406
1	845001	850000	848,439
1	995001	1000000	1,000,000
1	1055001	1060000	1,059,724
1	1845001	1850000	1,850,000
1	1970001	1975000	1,973,920
1	1990001	1995000	1,991,000
1	3655001	3660000	3,658,726
1	11705001	11710001	11,707,770
1	26875001	26880000	26,875,696
631			62,012,500

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Shareholders	No. of Shares	Percentage
1. Individual	614	22,089,205	35.62
2. Charitable Trusts	4	376,229	0.61
3. Insurance Companies	2	611,409	0.98
4. Joint Stock Companies	11	38,935,657	62.79
	631	62,012,500	100

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors & Spouses & Executives			
Sakib Berjees	1	3,658,726	5.89998
Syed Adnan Ali Zaidi	1	15,375	0.02479
Mudassar Zubair Mirza	1	3,000	0.00484
Syed Abid Raza	1	3,000	0.00484
Farzana Munaf - Designate (Nominee PRCL) (Subject to SECP Approval)	1	-	0.00000
Jehangir Bashir Nawaz - Designate (Subject to SECP Approval)	1	3,000	0.00484
Chief Executive Officer			
Naim Anwar	1	390,000	0.62891
Associate Companies, Undertakings & Related Parties			
	2	38,583,466	62.21885
NIT and ICP			
		-	0.00000
Banks, DFIs and NBFIs			
		-	0.00000
Public Sector Companies and Corporations			
		-	0.00000
Insurance Companies			
Pakistan Reinsurance Company Limited (PRCL)	1	604,491	0.97479
Excel Insurance Company Limited	1	6,918	0.01116
Modaraba			
		-	0.00000
Mutual Funds			
		-	0.00000
General Public			
Local (Individuals)	607	18,016,104	29.05237
Foreign Companies / Organizations / Individuals		-	0.00000
Others			
Joint Stock Companies	9	352,191	0.56794
Pension Fund, Provident Fund, Trusts	4	376,229	0.60670
	631	62,012,500	100.00000
Shareholders Holding 5% or More Voting Interest			
Sakib Berjees		3,658,726	5.89998%
Elahi Noor Enterprise (Pvt) Limited		11,707,770	18.87969%
Weavers Pakistan (Pvt) Limited		26,875,696	43.33916%

BRANCH NETWORK

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	ROOM # 805, 8TH FLOOR, BUSINESS PLAZA, MUMTAZ HASSAN ROAD, OFF: I.I. CHUNDRIGAR ROAD, KARACHI.	(021) 32401912-3
NEW UNIT	ROOM # 805, 8TH FLOOR, BUSINESS PLAZA, MUMTAZ HASSAN ROAD, OFF: I.I. CHUNDRIGAR ROAD, KARACHI.	(021) 32401912-3
KARACHI CENTRAL	ROOM # 805, 8TH FLOOR, BUSINESS PLAZA, MUMTAZ HASSAN ROAD, OFF: I.I. CHUNDRIGAR ROAD, KARACHI.	(021) 32401912-3
KARACHI CITY	ROOM # 805, 8TH FLOOR, BUSINESS PLAZA, MUMTAZ HASSAN ROAD, OFF: I.I. CHUNDRIGAR ROAD, KARACHI.	(021) 32401912-3
KARACHI EAST	ROOM # 805, 8TH FLOOR, BUSINESS PLAZA, MUMTAZ HASSAN ROAD, OFF: I.I. CHUNDRIGAR ROAD, KARACHI.	(021) 32401912-3
CENTRAL CORPORATE	2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
KARACHI SOUTH BRANCH	3RD FLOOR, BUILDING NO. 22-C, BUKHARI COMMERCIAL LANE 3, PHASE VI, DHA, KARACHI.	0333-2181566
HYDERABAD	OFFICE NO. F-5, MEZZANINE FLOOR, SHELTER SHOPPING MALL, HYDERABAD CANTT., HYDERABAD.	(022) 2787688-9
QUETTA	1ST FLOOR, ROOM NO. 2, GUL COMPLEX, M.A. JINNAH ROAD, QUETTA.	(081) 2828097
LAHORE CITY TOWER	66H GULBERG III, LAHORE.	(042) 35442310-4
LAHORE SOUTH	66H GULBERG III, LAHORE.	(042) 35442310-3
LAHORE CORPORATE	66H GULBERG III, LAHORE.	(042) 35442310-3
ISLAMABAD	BABAR CENTRE, OFFICE #19, FIRST FLOOR, F-8 MARKAZ, ISLAMABAD.	(051) 2818073-5
FAISALABAD	OFFICE NO.145, 1ST FLOOR CENTRE POINT, JARANWALLA ROAD, FAISALABAD.	(041) 8659696-7
MULTAN	OPP: HAJVERI ARCADE, KUTCHERY ROAD, MULTAN.	(061) 4571338
SIALKOT	ROOM NOS. 11 & 12, AL-REHMAN CENTRE, SAGA CHOWK, DEFENCE ROAD, SIALKOT.	(052) 3240271-3

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 58th Annual General Meeting of the Company to be held on 30th April, 2015 and at any adjournment thereof.

Signed this _____ of _____ 2015.
(day) (date, month)

Signature of Member: _____

Folio Number: _____

Number of share held: _____

Witnesses:

1. _____

2. _____

Please affix
Revenue Stamp
of Rs.5/-

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, failing 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.



Crescent Star Insurance Limited

(Formerly: The Crescent Star Insurance Company Limited)

ESTD 1967

Head Office:

2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi, Pakistan.

Tel : +92 21 111 274 000
Fax : +92 21 3241 5474
E-mail : info@cstarinsurance.com
URL : www.cstarinsurance.com