CONTENTS

Company Vision

- To serve with excellence.

- Excellence achieved through our corporate mission.

- The brand name of CSI with a vision to expand with prudent approach and provide the Insurance Service to Pakistan Industry on sound footing.

Company Mission

- First and foremost to secure the interest of our policy holders by adopting proper risk management techniques, prudent financial planning and maintaining reinsurance arrangements with world-class reinsurers.

- To ensure profitability to our reinsurers who afford us underwriting capacity.

- To recognize human resources as the key element in progress and to provide our officers and field force due recompense for their efforts in building up the company.

- To generate operational profits and dividend return for our shareholders of the Company.

Values

- Integrity

- Transparency

- Passion

- Team Work

- Corporate Social Responsibility

Company Information

Board of Directors	Mr. Naim Anwar (Managing Director & CEO) Syed Adnan Ali Zaidi Syed Abid Raza Mr. Hanif Daud Dr. Fahim Lashkarwala Mr. Shahid Suleman Jan Mr. Bilal Anwar
Managing Director & Chief Executive	Mr. Naim Anwar
Management	Mr. Naim Anwar (Managing Director & CEO) Mr. Bilal Anwar (Executive Director) Mr. Tanveer Ahmed (Resident Director) Mr. Suhail Elahi (Resident Director) Mr. M. Omar Zubair (General Manager Operations) Mr. Malik Mehdi Muhammad (CFO & Company Secretary) Syed Danish Hasan Rizvi (Head of Internal Audit)
Board Audit Committee	Dr. Fahim Lashkarwala (Chairman) Mr. Shahid Suleman Jan Mr. Bilal Anwar
Board H.R & Remuneration Committee	Mr. Bilal Anwar (Chairman) Mr. Shahid Suleman Jan Mr. Naim Anwar
Board Investment Committee	Mr. Naim Anwar (Chairman) Mr. Shahid Suleman Jan Dr. Fahim Lashkarwala
C F O & Company Secretary	Mr. Malik Mehdi Muhammad
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	Jameel Khan
Bankers	United Bank Limited Faysal Bank Limited Habib Bank Limited
Share Registrar	F. D. Registrar (SMC-Pvt.) Limited Office No. 1705, 17th Floor, Saima Trade Tower – A I. I. Chundrighar, Road, Karachi Tel #: 35478192-93 / 32271906 Fax # : 32621233
Registered & Head Office	2nd Floor, Nadir House I. I. Chundrigar Road P.O. BOX No. 4616, Karachi

CRESCENT STAR INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of the shareholders of Crescent Star Insurance Limited will be held on April 29, 2017 at 9.00 a.m. at 2nd Floor, Nadir House I.I. Chundrigar Road, Karachi to transact the following business.

ORDINARY BUSINESS:

1. To confirm and approve the minutes of the Extra Ordinary General Meeting held on March 25, 2017.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2016 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2017 and fix their remuneration.

4. To elect eight (8) directors as fixed by the Board of Directors, in accordance with the provision of Section 178 of the Companies Ordinance, 1984 for a term of three years in place of the following retiring directors, who are eligible for re-election:

1. Mr. Naim Anwar	2. Mr. Shahid Suleman Jan
3. Syed Adnan Ali Zaidi	4. Mr. Bilal Anwar
5. Dr. Fahim Lashkarwala	6. Mr. Hanif Daud

SPECIAL BUSINESS:

5. To approve transmission of annual audited financial statements, auditor's report and directors report etc. (the "annual audited accounts") to the Company's shareholders through CD/DVD/USB at their registered address as allowed by the Securities and Exchange Commission of Pakistan via S.R.O No. 470(I)/2016 dated May 31, 2016:

   "RESOLVED THAT as notified by the Securities and Exchange Commission of Pakistan via S.R.O No. 470(I)/2016 dated May 31, 2016 transmission of annual audited financial statements, auditor's report and directors report etc. (the "annual audited accounts") to the Company's shareholders at their registered addresses in soft copies in the form of CD/DVD/USB instead of transmitting the annual audited accounts in hardcopy, be and is hereby approved."

ANY OTHER BUSINESS:

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

   A statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 relating to the aforesaid Special Business to be transacted at the AGM is annexed with this Notice of AGM.

By order of the Board
Malik Mehdi Muhammad
Secretary

Karachi: April 8, 2017

Notes:

1. **CLOSURE OF SHARE TRANSFER BOOKS:**
   The Share Transfer Books of the Company shall remain closed from April 23, 2017 to April 29, 2017 (both days inclusive). Transfers received at our registrar office M/s F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi by the close of business on April 22, 2017 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 from 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.

7. **ELECTION OF DIRECTORS:**

Any member of the Company who seeks to contest the election of directors, whether he/she is a retiring director or otherwise, shall file with the Company at its Registered Office not later than fourteen days before the date of the meeting his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:

a. Consent to act as a Director on Form 28 duly filled and signed by him. Along with a declaration required under Clause iv of the Code of Corporate Governance for Insurers, 2016 available on SECP website and can also be obtained from the Registered office of the Company.
b. Information on Annexure A and affidavits on Annexure B & C required under Insurance Companies (Sound and Prudent Management) Regulation, 2012 available on SECP website and can also be obtained from the registered office of the Company.
c. Detailed profile along with his/her office address as required under S.R.O 1222(1) 2015 dated December 10, 2015 of the Securities Exchange Commission of Pakistan.

Approval from SECP is required to become director of the Company.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS

The accompanying copy of the notice is for the purpose of convening the meeting of the members for passing of the Special Resolutions specified in the notice. The material facts relating to the Special Resolutions are as follows:

AGENDA ITEM 5

Transmission of Annual Audited financial statements through CD/DVD/USB

The Securities and Exchange Commission of Pakistan has allowed listed companies, through its S.R.O No. 470(I)/2016 dated May 31, 2016 to circulate the annual balance sheet and profit and loss account, auditor’s report and director’s report etc. (“annual audited accounts”) to their members through CD/DVD/USB at their registered address instead of transmitting the annual audited accounts in hard copies. The Company shall, however, upon demand, supply hard copies of the annual audited accounts to the shareholders free of cost upon receipt of a duly completed Request Form, which may be obtained from the Company’s website i.e. : http://www.cstarinsurance.com/.

Directors' Report to the Members on Unconsolidated Financial Statements

The Directors of your Company are pleased to present the 60th Annual Report and the Audited Financial Statements for the year ended December 31, 2016.

It is heartening for the Directors to confirm that the declared strategies of your Company have all materialized and moved to the closure structuring and planning, hence start of business and operations of most of the subsidiaries/associated companies. The Directors would like to share the progress of each of its subsidiaries/associated companies and would like to brief the members of the Company here under:

Crescent Star Foods Private Limited (CSF) is a subsidiary of your Company and owns Master Franchise Rights for Pakistan and Azad Kashmir for Golden Chick, an American Chicken Brand entering into their 50 years of operations and one of the best tasting Chicken with variety of product range. Under Golden Chick the Company has started its operations of two stores, one each at Karachi and Lahore. The Lahore store is the first stand alone and a flag ship store at DHA, Y Block, while the Karachi outlet is at Dolmen Mall, Clifton at the Food Court. Lahore operation has started in February 2017. The Company is currently under the phase of construction of a well located store situated at Rawalpindi spread over 1.5 Kanal land which will have a drive through and a courtyard. Another two stores one in Garden Town Lahore, and one at Sea View Karachi have been approved by the brand for opening during 2017. The Company already has the MOU / LOI for Heff's Burgers a co brand of Golden Chick, and is expected to sign off the agreement in April 2017 and accordingly the Rawalpindi Site will have Heff's Burgers side by side with Golden Chick triggering the co-branding concept. CSF under the agreement with Golden Chick will be opening 30 stores over agreed period while ten stores for Heff's Burgers. The Company also has planned to announce its strategy for sub franchising which is expected to give the Company a good return on investment and a regular income on sales in terms of royalty as per agreement. The combination of sub franchise and own operated stores will lead to ideal and expected returns. CSF also holds Master Franchise Rights for UAE based Bombay Chowpatty for Sindh & Baluchistan, for which currently three outlets are operating in Karachi, out of which the first standalone store has recently started operations in March 2017. The Company plans to award sub franchising of some of its additional stores in various areas of Sindh & Baluchistan in addition to own operated expansion shortly.

The initial pre operating expenses which includes the Franchise cost paid to the brand and the expenses of senior management have been charged which is normally amortized over 30 stores have been expensed out in line with the standards currently allowed. The Company expects positive results in the fourth or fifth year of operations once adequate number of stores start operation.

Crescent Star Luxury Private Limited (CSL) is a subsidiary of your Company and was recently incorporated. Under a talented and experienced young team from the industry has entered into the retail market for cosmetics and perfumes under the brand name of DEFINE (luxury, fashion and beauty). DEFINE will launch its first grand store at LUCKY ONE MALL in May 2017 and the outlet is under construction as designed by professional experts of the industry and CSL has signed with 45 International Brands already for the retail sales of these brands under the outlet of DEFINE. CSL will follow the strategy to open more stores across Pakistan in major cities and Malls other than some STAND ALONE stores. Your Company is expected to gain from the returns from this diversification from Investment portfolio into an expanding market for retail products.

Crescent Star Technologies Private Limited (CST) is a subsidiary of your Company and under its banner has been working on three lucrative areas of opportunities. A team of professionals have already successfully developed its first software for Insurance Industry, which will be run on trial by your Company which will help your Company to save unnecessary expenses paid out to the market vendors of software currently being used, in addition to group support on software by CSF and CSL to be provided to CST. CST will be working on software products for Foods and Retail and while group companies will support, CST will be open to opportunities in the open market to gain as an independent entity. CST has also started in house Call Centre which is being supported by CSF for food delivery orders, and will be supported by CSL for DEFINE online orders, in addition to CSI support on Health and Motor portfolios. Call Centre activities will be promoted by CST to the open market as an independent entity also. The third area of opportunity is Tracker services which CSI currently sources on rent from vendors. For this a license is being applied to PTA and open receipt of the license a professional team already in place will set up the tracking operations to support CSI in addition to large open market available as independent entity.

During the year the Company should have received 93.7 million shares of Dost Steels Limited (DSL) at 4.50/share against the amount advanced to DSL as ADVANCE AGAINST ISSUANCE OF RIGHT SHARES. This was secured through an agreement between DSL Sponsors and Summit Bank Ltd, according to which Summit Bank Ltd had to surrender the right allocation to CSIL. However, due to gross violation of the agreement by Summit Bank Ltd, your Company was allotted only 15 million shares of DSL on December 19, 2016. The sponsors of DSL have filed a suit against Summit Bank and your Company is protecting its interests in the said litigation. Due to the fact that the Company did not receive the total shares it was entitled to, your Company's Board of Director have decided to convert the amount of Rs. 354 million into loan at 3% plus KBOR instead of treating the amount as ADVANCE AGAINST RIGHT SHARES, and have resolved to charge markup accordingly till the shares are allocated. DSL management has confirmed to the Bank Syndicate and informed CSIL management that the shares for the balance amount will be issued upon approval from SECP which they have already taken up, and will be issued to CSIL within 2017. Your Company has already secured the Board representation on DSL Board of Directors to protect the Company's interest.

While updating the progress of your Company in various activities have been discussed above, it is heartening to see your Company results as reported, where the accumulated loss has turned into green with a profit of Rs. 23.557 million while the underwriting results show a profit of Rs. 52.364 million The overall asset base of your Company has crossed one billion. The asset to liability ratio of your Company speaks for the strength itself. The financial highlights are given below, which reflects the major structural process your Company has gone through to make a sound footage to enter into the developing Insurance market. Your Company has been active in the strategy to make the selling of Insurance through Technology and aim at the audience of Individual client with a large scope in health products and motor portfolio in addition to many other interesting insurance concepts available to be introduced in the Pakistan market. For implementation of this strategy a back end technology through IT is the basic requirement enabling effective sales and control, leading to service standard that this segment of the market demands. The core Insurance activities of CSI will reflect on the figures in the years starting from 2017 onwards and professional teams to cater the demand have already been hired and trained.

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

Performance Highlights

	2016	**2015**	**2014**
Gross Premium	190,288,096	265,768,354	237,051,329
Net Premium	206,345,732	236,906,786	136,248,456
Profit / (Loss) Before Tax	25,621,935	89,855,142	(34,467,327)
Profit / (Loss) After Tax	23,557,209	81,682,351	(35,830,168)
Paid-up Capital	826,833,330	620,125,000	620,125,000
Total Assets	1,009,122,729	838,220,966	574,842,556
(Loss) / Earnings Per Share (EPS)	0.30	1.33	(0.70)

Future Outlook

The Company intends to maintain its core business of Insurance and expand the same after the structure of the Company to cater such business is now in place. The core business of the Company will be maintained while the Company intends to continue its investment policy and diversification towards profitable avenues hence improve the Company's performance and return to share holder. The Company after completion of some of its investment projects will be looking for more opportunities where the Company expertise can make fruitful ventures. The Investment Committee of the Board will continue to work on proposals from time to time.

Earnings per Share

Your Company has incurred a profit after tax of Rs. 23.557 million which translates into earning per share of Rs. 0.30 as compared to earnings per share of Rs. 1.33 for the last year which was a result of the onetime profit from sale of property.

Dividend

The Board of Directors does not recommend any Dividend for the year ended December 31, 2016.

Auditors' Report

The auditors have expressed their reservations regarding charge of mark up of Rs. 32.1 million on amount receivable from an associated company due to non-availability of any written arrangements.

Attention is drawn to the 2nd para of page 2 of the directors' report, explaining fully the circumstances due to which the advance for issuance of shares was converted to loan and mark-up has been charged thereon.

Insurer Financial Strength Rating (IFSR)

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating at 'A-' with a 'Rating Watch - Developing' outlook.

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 Securities and Exchange Commission of Pakistan, relevant for the year ended December 31, 2016, 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 by the Securities and Exchange Commission of Pakistan and there has been no material departure.

Board Meetings and Attendance

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

Name of Director	Number of Board Meetings Attended
Mr. Naim Anwar	6
Syed Adnan Ali Zaidi	6
Mr. Jehangir Bashir Nawaz	2
Syed Abid Raza	4
Mr. Hanif Daud	5
Dr. Fahim Lashkarwala	2
Mr. Shahid Suleman Jan	2

Auditors

The present auditors, M/s Rahman Sarfaraz 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, 2017.

Audit Committee

The Company has an Audit Committee, and had four meetings during the year 2016. The attendance of the meeting is as follows:

Names of Members		Meetings Attended
Syed Adnan Ali Zaidi	Chairman	4
Syed Abid Raza	Member	3
Mr. Hanif Daud	Member	4

Human Resource and Remuneration Committee

The Company has a Human Resource and Remuneration Committee. The committee is responsible for recommending to the board human resource management policies of the Company. The committee had one meeting during the year 2016; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Hanif Daud	Chairman	1
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. Hanif Daud	Chairman	2
Syed Adnan Ali Zaidi	Member	2
Mr. Naim Anwar	Member	2

Statement of Ethics and Best Business Practices

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

Company Reporting

The Company reports to the shareholders 4 times a year with its 1st quarter, half-yearly, 3rd quarter and annual results, along with the director's reports on the operations and future outlook for the Company. All reports were sent to the relevant authorities 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, 2016 is Rs. 19,042,349.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2016 is annexed with the report.

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

Directors Training Program

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

Acknowledgment

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

We also thank the shareholders, and customers / policy holders and all stake holders for their support and confidence in the Company and its management. The Company and its Directors extend special thanks and

appreciation to officers and members of the staff and the entire CSI team for their devotion, dedication and hard work and their contribution to the growth of their Company.

Naim Anwar
Managing Director & CEO
Karachi: April 8, 2017

اقرارنامہ:

آپ کی کمپنی کے ڈائیرکٹران اس موقع پر سکیورٹیز وایکسچینج کمیشن آف پاکستان، پاکستان اسٹوک ایکسچینج، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان، بینک و فنانشل انسٹیٹیوشن کے مستقل سپورٹ اور تعاون پر بے حد شکرگزار ہیں۔

ہم تمام حاملان شیئرز، صارفین، پالیسی ہولڈرز اور تمام اسٹیک ہولڈرز کو ان کی سپورٹ اور کمپنی اور اس کی انتظامیہ پر اعتماد کرنے پر بے حد شکرگزار ہیں۔ کمپنی اور اس کے ڈائیرکٹران بہ خصوصی شکریہ اپنے افسران اور اسٹاف ممبرز اور تمام CSI کی ٹیم کو ان کے مخلصانہ اور کمپنی کی طوقی میں اپنا موئثر کردار ادا کرنے پر بے حد مشکور ہے۔

نعیم انور

مینیجنگ ڈائیرکٹر و چیف اکزیکیٹو آفیسر

کراچی: ۱۸اپریل ۲۰۱۷

ہیومن ریسورس اور اجراتی کمیٹی:

کمپنی کی ایک ہیومن ریسورس اور اجراتی کمیٹی بھی ہے اور یہ کمیٹی کمپنی کی انتظامی پالیسیوں اور ہیومن ریسورس کے بورڈ کو سفارش کرنے کی زمہ دار ہے۔ اس کمیٹی کے تحت سال 2016 میں ایک میٹینگ منعقد ہو چکی ہے جس کی حاضری کی تفصیل درج ذیل ہے۔

ممبران کے نام		میٹینگ میں حاضری کی تعدا
جناب حنیف داؤد	چیئرمین	1
جناب نعیم انور	ممبر	1

انویسٹمنٹ کمیٹی:

کمپنی کی انویسٹمنٹ کمیٹی ہے جو کہ درج ذیل بورڈ ممبوان پر مشتمل ہے۔

ممبران کے نام		میٹینگ میں حاضری کی تعدا
جناب حنیف داؤد	چیئرمین	2
جناب سید عدنان علی زیدی	ممبر	2
جناب نعیم انور	ممبر	2

اصول کی اور بہترین کاروباری:

بورڈ نے اصول کے حوالے سے بہترین کاروباری عمل کو اپنایا ہے اور تمام ڈائیرکٹران اور ملازمین کو ان کی معلومات اور منضوری کے لئے ارسال کیا ہے۔

کمپنی کی رپورٹنگ:

کمپنی نے اس سال کے دوران چار مرتبہ اپنے شئیر ہولڈرز کو رپورٹ پیش کی ہے جس میں پہلے سہ ماہی، ششماہی، تیسرے سہ ماہی اور پورے سال کے نتائج پیش کئے ہیں۔ جس کے ساتھ ساتھ آپریشن اور مستقبل کے جائزے پر ڈائیرکٹر کی رپورٹ برائے کمپنی بھی شامل ہے۔ تمام رپورٹس سٹوک ایکسچینج اور شئیر ہولڈرز کے رجسٹرڈ شدہ پتہ پر ارسال کر دی گئی ہے۔

کمپنی کی جانب سے مرتب کردہ پرووڈینٹ فنڈ سے متعلق انویسٹمنٹ کی ویلیو کا انحصار حالیہ مالیاتی سال 31 دسمبر 2016 مالبغ -/Rs. 19,042,349 ہے

شئیر ہولڈنگ کا نمونہ :

کمپنی کی شیئز ہولڈنگ کا نمونہ اور اضافی معلومات 31 دسمبر 2016 اس رپورٹ کے ساتھ منسلک ہے۔

چیف اکزیکیوٹو، ڈائیرکٹرز، چیف فائینینشل آفیسر، کمپنی سیکریٹری اور ان کی بیگمات اور چھوٹے بچوں میں سے کسی نے شیئرز کی ٹریڈنگ نہیں کی۔

ڈائیرکٹرز کا تربیاتی پروگرام:

برائے کرم عمل درامد کے اسٹیٹمنٹ اور منظم انتظام کے کوڈ کے حوالے سے نوٹ نمبر 10 ملاحضہ کریں۔

(ج) کمپنی نے مستقل طور پر مالیاتی سٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی پالیسیاں اختیار کی ہوئی ہیں جو کہ اکاؤنٹنگ کے عین تخمینے کے مطابق ہے۔

(د) مالیاتی سٹیٹمنٹ کمپنی نے انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ کے مطابق تیار کیا ہے جو کہ نافذ العمل ہے کمپنیز آرڈیننس 1984، انشورنس آرڈیننس 2000 اور سیکیوریٹیز اینڈ ایکسچینج کمیشن (انشورنس) رولز 2002 کے تحت مرتب کیا گیا ہے۔

(ہ) کمپنی کے اندرونی کنٹرول بے حد مضبوط اور موثر ہیں اس کے جائزے کا عمل مستقل طور پر اس کے موثر طور پر عمل درامد کی نشاندہی کرتا ہے۔

(و) کمپنی کی مہارت میں کسی قسم کا کوئی شبہ نہیں جو کہ مسلسل رواں دواں ہے۔

کمپنی نے منظم انتظامیہ پر عمل کیا ہے جیسا کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن کے قوائد کی فہرست میں شامل ہے اور اس میں کوئی غلط بیانی نہیں ہے۔

بورڈ کی میٹنگ اور حاضری:

سال میں بورڈ آف ڈائیریکٹر کی چھ میٹنگز منعقد ہو چکی ہیں اور ان میٹنگز ہر ڈائیریکٹر نے شرکت کری ہے جس کی تفصیلات درج ذیل ہے

ڈائیریکٹر کا نام	بورڈ کی میٹنگ میں حاضری کی تعداد
جناب نعیم انور	6
جناب سید عدنان علی زیدی	6
جناب جہانگیر بشیر نواز	2
جناب سید عابد رضا	4
جناب حنیف داؤد	5
جناب ڈاکٹر فہیم لشکر والا	2
جناب شاہد سلیمان جان	2

آڈیٹرز:

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ جو کہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہونگے اور انہوں نے مالیاتی سال 2017 کے لئے خارجی آڈیٹر کے طور پر دوبارہ تقرری کیلئے پیشکش کی ہے۔

آڈیٹ کمیٹی:

کمپنی کی ایک آڈیٹ کمیٹی ہے جس کی چار میٹنگ سال 2016 کے دوران منعقد ہو چکی ہیں جن کی تفصیلات درج ذیل ہے۔

ممبران کے نام		میٹنگ میں حاضری کی تعدا
جناب سید عدنان علی زیدی	چیئرمین	4
جناب سید عابد رضا	ممبر	3
جناب حنیف داؤد	ممبر	4

مستقبل کا جائزہ:

کمپنی اپنے انشورنس کے کاروبار کو جاری اور اسکو بڑھانا چاہتی ہے۔ کمپنی کا اپنا کاروبار جاری رہے گا اور کمپنی مختلف منافع بخش کاروبار میں سرمایا کاری کرتی رہے گی جس سے کمپنی کی کارگردگی اور شیئر ہولڈرز کے معاوظے میں بہتری آئے گی۔ موجودا منصوبوں میں سرمایا کاری کے بعد کمپنی سرمایا کاری کے لئے اور مواقع کی تلاش کرے گی۔ کمپنی کی انویسٹمنٹ کمیٹی ان تجاویزات پر کام کرتی رہے گی۔

فی شیئر آمدنی:

آپ کی کمپنی نے ٹیکس ادا کرنے کے بعد مبلغ PKR 23.557 ملین کا منافع حاصل کیا ہے جس کا تخمینہ فی شیئر Rs. 0.30 ہے جب کہ پچھلے سال پراپرٹی کی فروخت کے بعد کمپنی کی فی شیئر آمدنی Rs. 1.33 تھی۔

ڈویڈنڈ:

بورڈ آف ڈائریکٹران نے مالی سال 31 دسمبر 2016 کے لئے کسی ڈویڈنڈ کی سفارش نہیں کی۔

آڈیٹرز کی رپورٹ:

ایک منسلک ادارے کے ساتھ کسی قسم کا معاہدہ نا ہونے کی وجہ سے آڈیٹر نے Rs. 32.1 ملین کی وصول ہونے والی رقم پر ریزرویشن کا اضہار کیا ہے۔
آڈیٹر کی رپورٹ کے صفہ نمبر ۲ کے جملہ نمبر ۲ پر توجہ دی گئی ہے جس میں اس بات کی پوری وضاحت کی ہے کہ کیوں رقم کو ADVANCE FOR ISSUANCE OF RIGHT SHARES سے LOAN میں تبدیل کیا اور اس پر سود آئید کیا۔

کمپنی کی مالی طاقت پر درجہ بندی:

پاکستان کریڈٹ ریٹنگ اجینسی (PACRA) نے کمپنی کی "A-" کی ریٹنگ جو کے ریٹینگ واچ ڈولپنگ آوٹ لک کو برقرار رکھا ہے۔

ہیومن ریسورس کا اقدام:

آپ کی کمپنی کی انتظامیہ مکمل طور پر ہیومن ریسورس کے مشن پر مکمل یقین رکھتی ہے جو کہ کسی بھی ادارے کی کامیابی کے لئے اہم ہے۔ آج کل مقابلے کی مارکیٹ میں یہ بے حد ضروری ہے کہ موجودہ اسٹاف کو ترقی کی راہیں فراہم کی جائیں اور موثر کارگردگی کا جائزہ لیا جائے۔ آپ کی کمپنی نے پیشورانہ اسٹاف کو مارکٹینگ، مالیاتی اور کاروباری ترقی کے کیلئے کامیابی حاصل کی ہے۔ ہماری جانب سے مستقل طور پر جائزہ لینے پر تمام آفراد کو مساوی موقع فراہم کئے گئے ہیں اور ملازمین کی مہارت کے حوالے سے کارگردگی مرتب کی گئی ہے جو کہ ہمارے لئے قیمتی اثاثہ ہے۔

منظم انتظامیہ کے کوڈ کے ساتھ عمل درآمد:

SECP نے قوائد کے حوالے سے مطلوبہ کوڈ سیٹ کئے گئے ہیں جن کا تعلق مالیاتی سال 31 دسمبر 2016 سے ہے اس سلسلے میں ایک اسٹیمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

منظم انتظامیہ کے کوڈ کے تحت ڈائریکٹران کی ذمہ داریاں۔

ڈائریکٹران SECP کے مالیاتی رپورٹنگ فریم ورک کی تصدیق کرتے ہیں اس سلسلے میں منظم انتظام درج ذیل ہے۔
(الف) جو مالیاتی سٹیٹمنٹ کمپنی نے تیار کی ہے وہ کمپنی کے تمام معملات کی صحیح عکاسی کرتی ہے جو کہ اس کے آپریشن کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلی سے متعلق ہے۔
(ب) کمپنی نے کمپنیز آرڈیننس 1984 اور انشورنس آرڈیننس 2000 کے تحت مناسب طریقے سے حساب کے کھاتے مرتب کئے ہیں۔

ہے وہ ٹریکر کی خدمات ہیں جو CSIL ابھی باہر سے کراتی ہے۔ جس کے لئے PTA کے پاس لائسنس کی درخواست دے دی گئی ہے اس ٹریکنگ سسٹم کو چلانے کے لئے ایک پیشہ ورانہ ٹیم تشکیل دے دی گئی ہے اور مارکیٹ سے بھی منافع کمایا جائیگا۔

گزشتہ سال کمپنی کو Dost Steels Limited (DSL) کے 93.7 ملین شیئرز Rs. 4.5 فی شیئر کے حساب سے ملنے تھے جس کا پیسہ ADVANCE AGAINST ISSUANCE OF RIGHT SHARES میں کمپنی دے چکی تھی۔ جو کہ DSL اسپنسرز اور Summit Bank کے ذریعے محفوظ تھا جس کے تحت Summit Bank نے CSIL کو شیئرز دینے تھے لیکن معاہدہ کی خلاف ورزی کی وجہ سے آپ کی کمپنی کو صرف 15 ملین شیئرز 19 دسمبر 2016 کو ملے۔ DSL اسپنسرز نے Summit Bank کے خلاف مقدمہ درج کیا ہے اور اس مقدمہ میں آپ کی کمپنی اپنا حصہ بچانے کی کوشش کررہی ہے۔ جیسا کہ کمپنی کو Rs. 354 ملین کی رقم نہیں ملی ہے تو بورڈ آف ڈائیرکٹران نے یہ فیصلہ کیا ہے کہ اس پیسے کو ADVANCE AGAINST ISSUANCE OF RIGHT SHARES کے بجائے قرضہ کے تور پر دکھایا جائے اور جب تک ہمیں یہ شیئرز حاصل نہیں ہوتے اس پر KIBOR + 3% کا سود عائد کیا جائے۔ DSL کی انتظامیہ نے بینک سینڈیکیٹ سے تصدیق کے بعد CSIL کی انتظامیہ کو بتایا کہ بقایا شیئرز SECP کی اجازت پر 2017 میں CSIL کو مل جائینگے۔ آپ کی کمپنی کے حصہ محفوظ کرنے کے لئے DSL کے بورڈ آف ڈائیرکٹرز میں آپ کی کمپنی کو نمائندگی مل چکی ہے۔

آپ کی کمپنی کی مختلف کاروبار میں پیش رفت بتانے کے ساتھ ساتھ یہ بات بہت خوش آئند ہے کہ آپ کی کمپنی کا جمع ہوا نقصان اب Rs. 23.557 ملین کے منافع میں تبدیل ہو چکا ہے اور انڈر رائیٹنگ ریزلٹ میں Rs. 52.364 ملین کا منافع دکھاتے ہیں۔ مجموئی طور پر آپ کی کمپنی کے کل اثاثے ایک ارب سے زیادہ ہیں۔ اثاثے اور ادھار کا تناصب خود آپ کی کمپنی کی طاقت بتاتا ہے۔ کارگردگی کی تفصیلات مندرجہ زیل ہیں جو کہ آپ کی کمپنی کی ساختی عمل کو بتاتی ہیں جس سے گزر کر اب ایک ترقی پزیر انشورنس مارکیٹ میں داخل ہوئی۔ آپ کی کمپنی انشورنس کو ٹیکنولوجی کے ذریعہ فروغ دینے کی حکمت عملی پر سنجیدہ ہے اور ہیلتھ اور موٹر کے شعبے میں انفرادی کلائنٹ کو زیادہ ترجیح دیتی ہے۔ اس کے علاوہ اور بھی بہت سے دلچسپ انشورنس تصور پاکستان کی مارکیٹ میں لانا باقی ہیں۔ اس حکمت عملی کو نافز کرنے کے لئے انفورمیشن ٹیکنولوجی ایک بنیادی ضرورت ہے۔ جس سے موثر سیلس اور کنٹرول حاصل ہوگا جس کے ذریعہ خدمات کا وہ معیار حاصل ہوگا جو اس مارکیٹ کی مانگ ہے۔ CSIL کی اپنی سرگرمیاں 2017 اور اس کے بعد آنے والے وقت کے اعداد و شمار اس کی عکاسی کرینگے اور ایک پیشہ ورانہ ٹیم کو اس چیز کو حاصل کرنے کے لئے مقرر کیا ہے۔

پچھلے تین سال کی کارگردگی کی تفصیلات مندرجہ ذیل ہیں اور دس سالہ تفصیلات بھی منسلک ہیں۔

کارگردگی کی تفصیلات:

	2016	2015	2014
کل پریمیئم	190,288,096	265,768,354	237,051,329
صافی پریمیئم	206,345,732	236,906,786	136,248,456
ٹیکس سے قبل منافع/ (نقصان)	25,621,935	89,855,142	(34,467,327)
ٹیکس سے بعد منافع/ (نقصان)	23,557,209	81,682,351	(35,830,168)
پیڈاپ کیپیٹل	826,833,330	620,125,000	620,125,000
کل اثاثہ جات	1,009,122,729	838,220,966	574,842,556
(خسارا)/ آمدنی فی شیئر (EPS)	0.30	1.33	(0.70)

ڈائریکٹرز رپورٹ

غیر مجتمع مالیتی گوشواروں پر ارکان کو ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران 60ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی سٹیٹمنٹ برائے سال 31 دسمبر 2016 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹران کے لئے یہ بہت خوش آئیند ہے کہ آپ کی کمپنی کے لئے جو حکمت عملی بنائیں تھیں وہ ساری پوری ہوگئی ہیں اس وجہ سے ماتحت/منسلک اداروں میں کاروبار کا آغاز ہو چکا ہے۔ ڈائریکٹران کمپنی کے ہر ایک ماتحت/منسلک اداروں کی پیش رفت مختصر طور پر بتانا چاہتے ہیں جو کہ مندرجہ ذیل ہے۔

Crescent Star Foods (Private) Limited (CSF) آپ کی کمپنی کا ماتحت ادارا ہے جو کہ پاکستان اور آزاد کشمیر میں Golden Chick کے ماسٹر فرنچائز کا مالک ہے۔ یہ ایک امریکی چکن برانڈ ہے جو اپنے کاروبار کے 50ویں سال میں داخل ہو چکا ہے جس کے پاس مختلف اقسام کی اشیاء کے ساتھ ساتھ بہترین ذائقہ بھی ہے۔ کمپنی نے Golden Chick کے ساتھ دو سٹورز کا آغاز کیا۔ ایک کراچی میں اور ایک لاہور میں۔ لاہور کا سٹور Golden Chick کا پہلا فلیگ شپ سٹور ہے جو کہ ڈی۔ایچ۔اے Y بلاک میں ہے۔ اور کراچی کا سٹور Dolmen Mall کلفٹن کے فوڈ کورٹ میں ہے۔ لاہور کا سٹور فروری 2017 میں شروع ہوا۔ کمپنی ابھی راولپنڈی میں 1.5 کنال کی زمین پر ایک اور سٹور کی تعمیر کر رہی ہے۔ جس میں ڈرائو تھرو اور کورٹ یارڈ کی سہولت بھی موجود ہوگی۔ 2017 میں کمپنی دو اور برانڈ سے منظور شدہ سٹور ایک لاہور گارڈن ٹاؤن میں اور ایک کراچی سی ویو پر کھولیگی۔ کمپنی Heff's Burger کے ساتھ بھی معاہدہ کر چکی ہے جو کہ Golden Chick کا ہی ایک اور برانڈ ہے یہ معاہدہ اپریل 2017 میں پورا ہوگا اور راولپنڈی والی جگہ پر Golden Chick اور Heff's Burger ساتھ ساتھ کھولے جائینگے۔ جس سے کو برانڈنگ کی شروعات ہوگی۔ کمپنی نے سب فرنچائزنگ کی حکمت عملی کے اعلان کرنے کا منصوبہ بنالیا ہے جس سے کمپنی کو معاہدے کے مطابق کمپنی کو رایلٹی ملے گی اور سرمایا کاری کا اچھا معاوضہ ملے گا اور باقاعدگی سے آمدنی ہوگی۔ سب فرنچائزنگ اور خود کے سٹورز سے مثالی اور متوقع معاوضہ ملے گا۔ CSF کے پاس United Arab Emirates سے تعلق رکھنے والی فرنچائز Bombay Chopati کے سندھ اور بلوچستان کے لئے بھی ماسٹر فرنچائزنگ رائیٹس ہیں اور اس وقت تین سٹورز کراچی میں کام کر رہے ہیں جس میں سے ایک سب سے پہلا فلیگ شپ سٹور مارچ 2017 میں شروع ہوا۔ کمپنی بلوچستان میں اپنے کچھ اضافی سٹورز کی سب فرنچائزنگ کرنے کی منصوبہ کر رہی ہے تاکہ کم وقت میں زیادہ پھیلاؤ ہو سکے۔

موجودہ اکاؤنٹنگ سٹینڈرڈ کی وجہ سے شرواتی خرچوں میں کاروبار شروع ہونے سے پہلے کے خرچے جس میں سینیر انتظامیہ کے خرچے اور فرنچائز فیس شامل کر دیے گئے ہیں جو کہ عام طور پر 30 سٹورز پر توڑ توڑ کے شامل کیئے جاتے تھے۔ کمپنی آنے والے چار سے پانچ سالوں میں جب کافی سٹورز کھل جائینگے اچھے نتائج کی توقع رکھتی ہے۔

Crescent Star Luxury (Private) Limited (CSL) جو کہ آپ کی کمپنی کا ماتحت ادارہ ہے اور حال ہی میں انکارپوریٹ ہوا ہے۔ ایک جوان باصلاحیت اور تجربہ کار ٹیم کے ساتھ کاسمیٹیکس اور پرفیوم کی مارکٹ میں DEFINE (Luxury, Fashion & Beauty) کے نام سے داخل ہو چکی ہے۔ DEFINE کا پہلا سٹال LUCKY ONE MAL میں مئی 2017 میں کھلے گا اور ابھی تعمیراتی حصے میں ہے جسے پیشہ ورانہ ماہرین نے ڈیزائن کیا ہے۔ CSL نے پینتالیس بین الاقوامی برانڈز کے ساتھ دستخط کیئے ہیں جن کی اشیاء DEFINE کے سٹور میں رکھی جائینگی۔ CSL کی حکمت عملی یہ ہے کہ وہ پاکستان کے بڑے شہروں اور مالز میں DEFINE کے سٹور کھولے گی۔ آپ کی کمپنی مختلف سرمایہ کاری سے جو کہ ایک بڑھتی ہوئی مارکیٹ میں کر رہی ہے اچھے منافع کی توقع کرتی ہے۔

Crescent Star Technologies (Private) Limited (CST) آپ کی کمپنی کا ماتحت ادارہ ہے جو کہ تین مختلف کاروبار پر کام کر رہی ہے۔ ایک پیشہ ورانہ ٹیم نے اپنا پہلا انشورنس سوفٹویئر تیار کر لیا ہے جو کہ ابھی آپ کی کمپنی میں آزمایہ جار ہا ہے۔ اس سے آپ کی کمپنی کے غیر ضروری آخراجات جو کہ باہر کے وینڈر کو دیئے جاتے ہیں اس سے بچا جائیگا اس کے علاوہ CSL اور CSF کے سوفٹویئر بھی CST سے بنوائے جائینگے۔ CST ابھی کھانے پینے اور ریٹیل کے لئے بھی سوفٹویئر تیار کر رہی ہے۔
CST اپنے پیروں پر کھڑی ہونے کے لئے مارکیٹ سے مواقع بھی ڈھونڈ رہی ہے۔ کمپنی نے اپنا ان ہاؤس کال سینٹر بھی شروع کیا ہے جس سے CSF اور CSL کی آرڈر کی بوکنگ ہوگی اور انشورنس میں ہیلتھ اور موٹر کے کاروبار کے لئے بھی کارآمد ہوگا۔ کال سینٹر کی خدمات کو مارکیٹ میں بھی فروغ کیا جائیگا۔ تیسرا کاروبار جس پر CST ابھی کام کر رہی

KEY FINANCIAL HIGHLIGHTS

(RUPEES IN MILLION)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gross Premium	**190.29**	265.77	237.05	84.93	68.62	81.87	105.08	132.58	175.57	197.21
Net Premium	**206.35**	236.91	136.25	55.77	40.99	60.23	74.16	105.36	140.80	170.28
Paid-up Capital	**826.83**	620.13	620.13	121.00	121.00	121.00	121.00	121.00	121.00	96.80
Reserve & Retained Earnings	**37.16**	13.60	(68.08)	(55.89)	(54.83)	(36.66)	(38.09)	(41.84)	(11.35)	26.38
Discount on Issue of Right Shares	**(199.65)**	(199.65)	(199.65)	-	-	-	-	-	-	-
Investments	**188.47**	78.06	270.00	14.68	21.97	24.11	29.74	35.22	70.86	49.38
Underwriting Provisions	**143.20**	185.98	159.55	61.31	59.74	71.13	79.20	107.22	14.66	164.37
Total Assets	**1009.12**	838.22	574.84	164.82	176.02	202.38	214.61	237.78	286.69	310.80
Profit Before Tax	**25.62**	89.86	(34.47)	2.07	(17.84)	2.22	4.61	(43.38)	(37.40)	26.09
Profit After Tax	**23.56**	81.68	(35.83)	1.47	(18.16)	1.43	3.74	(30.48)	(37.73)	24.04
Distribution as percentage of										
paid-up capital- cash dividend	**-**	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
paid-up capital- cash dividend Interim	**-**	-	-	-	-	-	-	-	-	25.00
- bonus shares	**-**	-	-	-	-	-	-	-	-	-
- right shares	**33.33**	-	412.50	-	-	-	-	-	-	25.00
Return on Total Assets-%	**2.33**	9.74	(6.23)	0.89	(10.32)	0.71	1.74	(12.82)	(13.16)	7.73
Return on Shareholders' Equity-%	**3.55**	18.82	(10.17)	1.65	(27.45)	1.69	4.52	(38.51)	(34.41)	18.06
Break-up Value per Share	**8.03**	8.32	5.68	7.33	5.47	6.97	6.85	6.54	9.06	13.75
Earnings per Share in Rupees	**0.30**	1.33	(0.70)	0.10	(1.50)	0.12	0.31	(2.52)	(3.14)	2.16
Market Value of Share	**10.52**	12.99	4.69	7.80	4.00	2.00	6.68	9.00	15.45	25.45
P/E Ratio	**34.96**	9.78	(6.70)	78.00	(2.66)	16.95	15.12	3.57	(4.95)	10.25

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 for insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5. 19.24 of the Rule Book of the Pakistan Stock Exchange (PSX) (‘the Code’) prepared by the Board of Directors (“the Board”) of **CRESCENT STAR INSURANCE LIMITED (‘the Company’)** for the year ended 31 December 2016 to comply with the requirements of Listing Regulation of Pakistan Stock Exchange Limited 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 alternative 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, 2016.

Further, we highlight instances of non-compliances with the requirements of the Code as reflected in the paragraph number 35 of Statement of Compliance regarding Casual Vacancy, Directors’ Training Program and Qualification of Head of Internal Audit.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
Lahore: April 8, 2017

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

CRESCENT STAR INSURANCE LIMITED

YEAR ENDED DECEMBER 31, 2016

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

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

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

Category	Names
Independent Directors	Syed Adnan Ali Zaidi Dr. Fahim Lashkarwala
Executive Directors	Mr. Naim Anwar, CEO/Chairman Mr. Bilal Anwar
Non-Executive Directors	Syed Abid Raza Mr. Hanif Daud Mr. Shahid Suleman Jan

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

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

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

4. Casual Vacancies including brought forward from previous year were ‘filled in’ with approval of SECP. Some vacancies were ‘filled in’ after a period exceeding 90 days. One vacancy is still pending.

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

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

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

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

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

10. Directors training program was arranged during the year for one of the Director Syed Adnan Ali Zaidi held by Institute of Chartered Accountant of Pakistan and he is now a “Certified Director”. The company will arrange training program for remaining directors with in prescribed period allowed.

11. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year. The Board had however, approved the remuneration of CFO and Corporate directors on the recommendation of Audit Committee.

12. The Directors’ Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance, 2016 and fully describes the salient matters required to be disclosed.

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

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

15. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance, 2016. The company’s management has developed evaluation criteria for carrying out performance evaluation of its members & chairman.

16. The Board has formed the following Management Committees:

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

Names	Category
Mr. M Omar Zubair (GM Operations and Head of Risk Management Committee)	Chairman
Mr. Naim Anwar (CEO / Director) Mr. Tanveer Ahmed (Resident Director) Mr. Aamir Ahmed (Head of Sales) Mr. Muhammad Saleem (Head of Claim) Mr. Khuwaja Balighuddin (Head of Underwriting / Reinsurance)	Member Member Member Member Member

17. The Board has formed the following Board Committees:

Compliance Committee:

Names	Category
Mr. Naim Anwar	Chairman
Ms. Sonia Baloch	Member
Ms. Shafaq Abbassay	Member

Ethics, Human Resource and Remuneration Committee:

Names	Category
Mr. Hanif Daud	Chairman
Mr. Naim Anwar	Member
Mr. Jehangir Bashir Nawaz	Member*

*Resigned on 16 September 2016. Casual Vacancy would be filled in next meeting of Board of Directors.

Investment Committee:

Names	Category
Mr. Hanif Daud	Chairman
Mr. Naim Anwar	Member
Syed Adnan Ali Zaidi	Member

18. The Board has formed an Audit Committee. It presently comprises of three members out of which two are non-executive and the chairman is an independent director. The Composition of the audit committee is as follows:

Names	Category
Syed Adnan Ali Zaidi	Chairman
Syed Abid Raza	Member
Mr. Hanif Daud	Member

19. The meetings of the committees except Compliance Committee, Ethics, Human Resource and Remuneration Committee and Investment Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of references of the Committees have been formed and advised to the Committees for compliance this Code. No meeting of Risk Management & Compliance Committee was conducted as it was formed after the year end.

20. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the internal audit function on full basis. However, the person appointed as Head of Internal Audit has qualified exams of Association of Chartered Certified Accountants (ACCA) UK and has been working with the company for the past 4 years and is expected to apply for membership of ACCA in due course.

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

Names	**Designation**	**Qualification**	**Experience**
Mr. Naim Anwar	Chief Executive Officer	B.A-Commerce, ACCA Level-II	23 Years
Mr. Malik Mehdi Muhammad	Chief Financial Officer	FCA, B.COM	18 Years
Mr. Mehtab Alam	Company Secretary	MBA, M.COM	10 Years
Ms. Shafaq Abbassey	Compliance Officer	M. Phil, L.L.M, L.L.B	5 Years
Syed Danish Hasan Rizvi	Head of Internal Audit	ACCA Qualified, B.COM	4 Years
Mr. Khuwaja Balighuddin	Head of Underwriting/Reinsurer	MBA Finance, PGD Insurance	18 Years
Mr. Muhammad Saleem	Head of Claims	Graduate	27 Years
Mr. Tanveer Ahmed	Head of Grievance Department	B.COM	34 Years
Mr. M. Omar Zubair	Head of Risk Management	MBA Marketing	23 Years

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

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

24. The Company does not have any actuary.

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

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

27. The Board ensures that the risk Management system of the company is in the place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

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

29. The Board ensures that as part of the risk management system, the Company get itself rated from PACRA which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on December 29, 2016 is A- with Rating Watch-Developing Outlook.

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

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

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

33. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner

and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

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

Casual Vacancy (Para 4)

Directors’ Training Program (Para 10)

Qualification of Head of Internal Audit (Para 20)

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

Naim Anwar
Managing Director & CEO
Karachi: April 8, 2017

UNCONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2016

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) statement of cash flows;
(vi) statement of premiums;
(vii) statement of claims;
(viii) statement of expenses; and
(ix) statement of investment income

of Crescent Star Insurance Limited as at December 31, 2016 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 and after due verification we report that-

The company has recognized/accrued markup income of Rs. 32,099,828/- @ one year KIBOR + 3% p.a. on amount deposited earlier with an associated entity for issuance of shares. The Company has converted the amount for which it did not receive shares in loan and as such has charged markup on this amount. Agreement with the investee company to support the accrual of markup could not be made available to us and the transaction could not be substantiated otherwise. Under the circumstances authenticity/validity of markup income recognized/accrued could not be ascertained and consequently profit for the year could be overstated by Rs. 32,099,828/- with corresponding increase in sundry receivables where due from the associate has been recorded. [Refer note 17 and 20 to the Financial Statements also.]

Subject to the possible effects of the foregoing matter, 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 the 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 31,2016 and of the profit, its comprehensive income, 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; and
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: April 8, 2017

CRESCENT STAR INSURANCE LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016	2015
		-----------(Rupees)-----------	
Share Capital and Reserves			
Authorised Capital			
100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	4	826,833,330	620,125,000
Discount on Issue of right shares	5	(199,650,000)	(199,650,000)
Reserves	6	26,264,833	26,264,833
Accumulated profit / (loss)		10,892,945	(12,664,264)
		664,341,108	434,075,569
Shares Deposit Money		-	76,000,000
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		71,011,170	70,387,813
Provision for unearned premium		71,592,272	115,587,391
Premium deficiency reserve		593,501	-
Total underwriting provisions		143,196,943	185,975,204
Creditors and Accruals			
Premiums received in advance		633,446	6,152,744
Amounts due to others insurers / reinsurers	7	24,489,759	23,441,229
Accrued expenses		9,783,823	20,785,015
Other creditors and accruals	8	160,893,794	81,515,909
Taxation - Provisions less payments	9	2,357,809	4,502,325
Borrowings			
Borrowing under musharaka arrangements	10	3,007,838	5,354,762
		201,166,469	141,751,984
Other Liabilities			
Unpresented dividend warrants		418,209	418,209
TOTAL LIABILITIES		344,781,621	328,145,397
TOTAL EQUITY AND LIABILITIES		1,009,122,729	838,220,966
Contingencies and Commitments	11		

	Note	2016	2015
		-----------(Rupees)-----------	
Cash and Bank Deposits			
Cash and other equivalents	12	51,863,477	1,996,515
Current and other accounts	13	6,504,995	9,756,123
		58,368,472	11,752,638
Investments	14	188,473,884	78,060,666
Deferred Taxation	15	13,543,178	13,543,178
Current Assets - Others			
Premiums due but unpaid - net - unsecured	16	179,887,393	183,786,313
Amounts due from other insurers / reinsurers		66,527,481	55,530,575
Accrued investment income		354,866	2,558,219
Reinsurance recoveries against outstanding claims		8,552,929	8,552,929
Deferred commission expense		8,479,678	10,667,237
Prepaid reinsurance premium ceded		3,277,316	16,329,231
Sundry receivables - unsecured	17	463,920,536	436,392,157
		731,000,199	713,816,661
Fixed Assets -	18		
Tangible Owned			
Furniture and fixtures & office equipments		7,987,306	8,860,710
Motor vehicles		9,749,690	12,187,113
		17,736,996	21,047,823
TOTAL ASSETS		1,009,122,729	838,220,966

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Credit and suretyship	Miscellaneous	2016 Aggregate	2015 Aggregate
		-----(Rupees)-----							
Revenue Account									
Net premium revenue		8,835,815	14,093,069	102,926,454	35,839,748	32,308,989	12,341,657	**206,345,732**	236,906,786
Net claims		(5,094,763)	(9,525,059)	(35,580,683)	(3,617,113)	-	(1,600,107)	**(55,417,725)**	(92,332,664)
Premium deficiency expenses		(593,501)	-	-	-	-	-	**(593,501)**	-
Management expenses	19	(6,289,745)	(5,443,668)	(45,640,675)	(230,892)	(9,792,934)	(4,649,635)	**(72,047,549)**	(88,879,780)
Net commission		(3,197,862)	(4,855,213)	(6,037,029)	(1,895,259)	(5,911,436)	(4,025,770)	**(25,922,569)**	(25,401,987)
Underwriting result		**(6,340,056)**	**(5,730,871)**	**15,668,067**	**30,096,484**	**16,604,619**	**2,066,145**	**52,364,388**	30,292,355
Investment income								**6,905,617**	9,056,271
Gain on sale of investment properties								**-**	116,067,250
Other income	20							**33,115,455**	3,454,490
General and administrative expense	21							**(66,763,525)**	(69,015,224)
Profit / (loss) before tax								**25,621,935**	89,855,142
Provision for taxation	22							**(2,064,726)**	(8,172,791)
Profit / (loss) after tax								**23,557,209**	81,682,351
Profit and loss appropriation account									
Balance at commencement of the year								**(12,664,264)**	(94,346,615)
Profit / (loss) after tax for the year								**23,557,209**	81,682,351
Balance accumulated profit / (loss) at end of the Year								**10,892,945**	(12,664,264)
									(Restated)
Earnings/(Loss) per share - basic and diluted	23							**0.30**	1.33

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-------------(Rupees)-----------	
Profit / (loss) after tax for the period	**23,557,209**	81,682,351
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 income / (loss) for the Year	**23,557,209**	81,682,351

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	Dr. Fahim Lashkarwala	Bilal Anwar	Shahid Suleman Jan
Chief Executive /Principal Officer	Director	Director	Director

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Share Capital		Capital Reserve	Revenue Reserve		
	Issued, subscribed and paid-up Capital	Discount on issue of right issue	Reserve for exceptional losses	General reserve	Accumulated (loss) / profit	Total
	-----	-----	-----	*(Rupees)*	-----	-----
Balance as at January 01, 2015	**620,125,000**	**(199,650,000)**	**1,767,568**	**24,497,265**	**(94,346,615)**	**352,393,218**
Total comprehensive income for the year	-	-	-	-	81,682,351	**81,682,351**
Balance as at December 31, 2015	**620,125,000**	**(199,650,000)**	**1,767,568**	**24,497,265**	**(12,664,264)**	**434,075,569**
Issue of right share at par	206,708,330	-	-	-	-	**206,708,330**
Total comprehensive income for the year	-	-	-	-	23,557,209	**23,557,209**
Balance as at December 31, 2016	**826,833,330**	**(199,650,000)**	**1,767,568**	**24,497,265**	**10,892,945**	**664,341,108**

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar **Chief Executive/Principal Officer**	**Dr. Fahim Lashkarwala** **Director**	**Bilal Anwar** **Director**	**Shahid Suleman Jan** **Director**

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
Operating Cash Flows		-----------(Rupees)-----------	
a) Underwriting activities			
Premium received		**188,667,718**	263,273,369
Reinsurance premium paid		**(24,833,944)**	(47,611,978)
Claims paid		**(57,072,171)**	(73,938,561)
Reinsurance and other recoveries received		**2,277,803**	22,813,455
Commission paid		**(24,229,289)**	(30,734,035)
Commission received		**494,279**	-
Net cash inflow from underwriting activities		**85,304,396**	133,802,250
b) Other operating activities			
Income tax paid		**(4,209,242)**	(1,468,652)
General management expenses paid		**(66,749,369)**	(93,071,875)
Other operating payments		**5,605,261**	(417,955,739)
Net cash flows from other operating activities		**(65,353,350)**	(512,496,266)
Total cash inflow / (outflow) from all operating activities		**19,951,046**	(378,694,016)
Investing activities			
Profit / return received		**7,268,736**	9,786,693
Dividend received		**12,694**	3,604
Proceeds from / (Payments for) investments		**28,163,481**	24,305,416
Proceeds from / (Payments for) investments Property		**-**	300,000,000
Proceeds from / (Payments for) disposal of investments		**(136,749,159)**	(16,279,049)
Fixed capital expenditure		**(432,370)**	(10,905,179)
Proceeds from disposal of fixed assets		**40,000**	3,618,000
Total cash inflow / (outflow) from investing activities		**(101,696,618)**	310,529,485
Financing activities			
Borrowing under Musharaka arrangements		**(2,346,924)**	(222,924)
Share Deposit money		**-**	76,000,000
Proceeds from Right Share		**130,708,330**	-
Total cash inflow / (outflow) from financing activities		**128,361,406**	75,777,076
Total cash inflow / (outflow) from all activities		**46,615,834**	7,612,545
Add: Cash at beginning of the year		**11,752,638**	4,140,093
Cash at the end of the period		**58,368,472**	11,752,638
Reconciliation to the Profit and Loss Account			
Operating cash flows		**19,951,046**	(378,694,016)
Depreciation expense		**(3,685,012)**	(3,667,165)
Gain on disposal of fixed assets		**(18,185)**	150,243
Gain on sale investment properties		**-**	116,067,250
Other Income		**-**	-
(Decrease) / increase in assets other than cash		**19,386,891**	446,890,565
Decrease / (increase) in liabilities other than running finance		**(21,127,664)**	(101,416,658)
		14,507,076	79,330,219
Other Adjustments			
Profit/ return received		**5,065,383**	9,030,018
Reversal/ (Provision) for impairment in the value of investment		**34,037**	10,497
Dividend income		**12,694**	3,604
Capital Gain/(loss)		**1,793,503**	12,152
Income tax paid		**4,209,242**	1,468,652
Provision for taxation		**(2,064,726)**	(8,172,791)
(Loss)/ Profit after taxation		**23,557,209**	81,682,351
Definition of cash			
Cash for the purposes of the statement of cash flows consists of:			
Cash and other equivalents	12	**51,863,477**	1,996,515
Current and other accounts	13	**6,504,995**	9,756,123
		58,368,472	11,752,638

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2016 Net premium revenue	2015 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative	(Rupees)									
Fire and property damage	19,820,615	6,715,337	6,918,779	19,617,173	1,878,171	10,480,392	1,577,205	10,781,358	**8,835,815**	1,794,206
Marine, aviation and transport	17,696,337	2,282,151	1,301,636	18,676,852	2,096,890	1,060,605	(1,426,288)	4,583,783	**14,093,069**	7,885,657
Motor	105,215,905	48,304,620	44,524,636	108,995,889	5,606,108	2,460,848	1,997,521	6,069,435	**102,926,454**	139,047,170
Accident and health	781,884	35,825,017	767,153	35,839,748	-	-	-	-	**35,839,748**	75,203,089
Credit and suretyship	31,824,594	14,543,226	10,735,328	35,632,492	3,759,638	1,303,868	1,740,003	3,323,503	**32,308,989**	4,216,878
Miscellaneous	14,948,761	7,917,040	7,344,740	15,521,061	1,544,761	1,023,518	(611,125)	3,179,404	**12,341,657**	8,759,786
Total	190,288,096	115,587,391	71,592,272	234,283,215	14,885,568	16,329,231	3,277,316	27,937,483	**206,345,732**	236,906,786

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claim expense/ (income)	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims Opening	Re-insurance and other recoveries in respect of outstanding claims Closing	Re-insurance and other recoveries revenue	2016 Net Claims expense	2015 Net Claims expense
Direct and facultative	-----------------------	-----------------------	-----------------------	-----------------------	*Rupees*	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------
Fire and property damage	4,221,682	16,726,650	17,599,731	5,094,763	-	2,634,755	2,634,755	-	**5,094,763**	8,553,993
Marine, aviation and transport	7,343,819	5,171,557	7,352,797	9,525,059	-	1,430,360	1,430,360	-	**9,525,059**	3,835,315
Motor	34,325,073	22,011,834	25,545,247	37,858,486	2,277,803	2,300,000	2,300,000	2,277,803	**35,580,683**	31,614,567
Accident and health	10,948,299	21,129,164	13,797,978	3,617,113	-	-	-	-	**3,617,113**	45,755,765
Credit and suretyship	-	-	-	-	-	-	-	-	**-**	-
Miscellaneous	233,298	5,348,608	6,715,417	1,600,107	-	2,187,814	2,187,814	-	**1,600,107**	2,573,024
Total	57,072,171	70,387,813	71,011,170	57,695,528	2,277,803	8,552,929	8,552,929	2,277,803	**55,417,725**	92,332,664

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar
Chief Executive/Principal Officer

Dr. Fahim Lashkarwala
Director

Bilal Anwar
Director

Shahid Suleman Jan
Director

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Management expenses	Underwriting expense	Commissions from re-insurers	2016 Net Underwriting expense	2015 Net Underwriting expense
Direct and facultative	-----	-----	-----	-----	(Rupees)	-----	-----	-----	-----
Fire and property damage	3,410,458	1,343,067	1,383,756	3,369,769	6,289,745	9,659,514	171,907	**9,487,607**	6,835,980
Marine, aviation and transport	4,659,110	456,430	260,327	4,855,213	5,443,668	10,298,881	-	**10,298,881**	7,706,508
Motor	5,940,808	4,830,462	4,452,464	6,318,806	45,640,675	51,959,481	281,777	**51,677,704**	50,075,120
Accident and health	142,366	1,791,251	38,358	1,895,259	230,892	2,126,151	-	**2,126,151**	34,109,006
Credit and suretyship	5,380,846	2,181,484	1,610,299	5,952,031	9,792,934	15,744,965	40,595	**15,704,370**	7,334,162
Miscellaneous	4,695,701	64,543	734,474	4,025,770	4,649,635	8,675,405	-	**8,675,405**	8,220,991
Total	24,229,289	10,667,237	8,479,678	26,416,848	72,047,549	98,464,397	494,279	**97,970,118**	114,281,767

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

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----------(Rupees)-----------	
Income from Non-Trading Investments		
Held-to-maturity		
Return on government securities	**4,136,554**	6,738,309
Gain on disposal of Government Securities	**-**	2,109,790
Return on fixed income securities and deposits	**928,829**	181,919
	5,065,383	9,030,018
Available-for-sale		
Dividend income	**12,694**	3,604
Gain / (loss) on sale of available for sale investments	**1,817,831**	14,852
	1,830,525	18,456
Reversal / (provision) for impairment in Value of investments	**34,037**	10,497
Investment related expenses	**(24,328)**	(2,700)
Net investment income	**6,905,617**	9,056,271

The annexed notes from 1 to 33 form an integral part of these financial statements.

Naim Anwar	Dr. Fahim Lashkarwala	Bilal Anwar	Shahid Suleman Jan
Chief Executive /Principal Officer	**Director**	**Director**	**Director**

1. STATUS AND NATURE OF BUSINESS

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

The Company is engaged in providing 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.

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

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

Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Company's financial statements.

IFRS 2	Shared Based Payments (Amendments)
IFRS 5	Non Current Assets Held for Sale and Discontinued Operations (Amendments)
IFRS 8	Operating Segments (Amendments)
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities (Amendments)
IAS 1	Presentation of financial statements (Amendments)
IAS 16	Property, Plant and Equipment (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 24	Related Party Disclosures (Amendments)
IAS 27	Separate financial statements (Amendments)
IAS 34	Interim financial reporting (Amendments)
IAS 38	Intangible Assets (Amendments)
IAS 41	Agriculture (Amendments)

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-7	Statement of Cash flows - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
IAS-12	Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
IAS-28	Investment in Associates & Joint Ventures - (Amended)-(effective for annual periods beginning on or after 1 January 2018).
IAS-40	Investment Property-(Amended)- (effective for annual periods beginning on or after 1 January 2018).
IFRS-7	Financial Instruments: Disclosures (Amended) - (applicable for annual periods beginning on or after 1 January 2018).
IFRS-9	Financial Instruments: Classification and Measurements - Not notified by SECP.
IFRS-12	Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
IFRS-14	Regulatory Deferral Accounts - Not notified by SECP.
IFRS-15	Revenue from Contracts with Customers - Not notified by SECP.
IFRS-16	Leases - 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 reminder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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

- Fire and property
- Marine, Aviation & Transport
- Motor
- Accident & Health
- Credit and Suretyship
- Miscellaneous

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

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts 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.

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

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

Other types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions and crop insurance 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 date 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. IBNR for Accident and health class of business is based on actuary report.

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

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.

iii Investment in associates/jointly controlled entities

The Company is preparing its separate financial statements for the year in accordance with IAS 27 – Separate Financial Statements. Accordingly, the Company has opted to account for investments in associates/jointly controlled entities at cost. Previously investments in associates/jointly controlled entities, where the Company had significant influence but not control, were accounted for by using the equity method of accounting. The change has no financial impect.

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 18 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.

Surplus on revaluation of tangible fixed assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of tangible fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

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 deductable 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.

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.
- Credit and Surityship insurance contracts provides protection to the insured against the risk of causing harm to third parties as a result of their legitimate activities.
- 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 losses 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 average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

4. **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2016	2015		Note	2016	2015
---- (Number of shares) -----				------------ *(Rupees)* ------------	
79,716,786	59,045,953	**Ordinary shares of Rs.10 each fully paid in cash**		**797,167,860**	590,459,530
2,966,547	2,966,547	**Ordinary shares of Rs.10 each issued as fully paid bonus shares**		**29,665,470**	29,665,470
82,683,333	62,012,500			**826,833,330**	620,125,000

Reconciliation of number of shares at beginning and at end of the year is as under:

2016	2015		2016	2015
---- (Number of shares) -----			------------ *(Rupees)* ------------	
62,012,500	62,012,500	**At beginning of the year**	**620,125,000**	**620,125,000**
20,670,833	-	**Right shares issued during the year**	**206,708,330**	**-**
82,683,333	62,012,500	**At end of the year**	**826,833,330**	**620,125,000**

4.1 The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Company.

4.2 The Company has no reserved shares for issue under option and sales contracts.

4.3 As at 31 December 2016, 37,668,466 shares are held by Associated companies, Underatakings & related parties.

5. DISCOUNT ON ISSUE OF RIGHT SHARES	**199,650,000**	199,650,000

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

6. **RESERVES**

Reserve for exceptional losses	*6.1*	**1,767,568**	1,767,568
General reserve	*6.2*	**24,497,265**	24,497,265
		26,264,833	26,264,833

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

6.2 These represent distributable profits transferred and utilizable at the discretion of the board of directors.

7. **AMOUNTS DUE TO OTHER INSURERS / REINSURERS**

Foreign reinsurers	**9,985,380**	20,024,555
Local reinsurers	**10,679,835**	1,822,321
Co-insurers	**3,824,544**	1,594,353
	24,489,759	23,441,229

8. **OTHER CREDITORS AND ACCRUALS**

Federal insurance fee		**1,561,056**	1,770,660
Federal excise duty		**29,422,428**	23,942,270
Withholding tax		**31,907,966**	19,723,904
Payable to staff provident fund		**431,860**	5,984,715
Unpresented cheques		**7,877,268**	19,017,995
Margin against performance bonds		**4,409,531**	697,901
Other	*8.1*	**85,283,685**	10,378,464
		160,893,794	81,515,909

8.1 This includes balance payable to Associated undertakings of Rs. 83,263,321/- (2015: Rs. 7,254,381/-).

	Note	2016	2015
		------------ (Rupees) ------------	

9 TAXATION - PROVISIONS LESS PAYMENTS

Balance at beginning of the year		**4,502,325**	(2,201,814)
Add: Charge for Current year		**2,064,726**	8,172,791
Less: Paid during the year		**(4,209,242)**	(1,468,652)
Balance at end of the year		**2,357,809**	4,502,325

10. BORROWING UNDER MUSHARAKA ARRANGEMENTS

		3,007,838	5,354,762

10.1 The Company has entered into diminishing musharka agreements with KASB Modarba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 17% to 18% (2015: 17% to 18%) p.a.and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

The amount payable:

Within twelve months		**2,179,838**	2,346,924
Later than twelve months		**828,000**	3,007,838
		3,007,838	5,354,762

11. CONTINGENCIES AND COMMITMENTS

11.1 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 (2015: Rs. 8.290 million) against the Company.

- Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2015: 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.

11.2 COMMITMENTS

There are no commitments as at December 31, 2016 (2015: Rs. Nil).

12. CASH AND OTHER EQUIVALENTS

Cash with State Bank of Pakistan	*12.1*	**51,238,047**	1,238,047
Cash in hand		**25,102**	35,056
Stamps in hand		**600,328**	723,412
		51,863,477	1,996,515

12.1 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.

13. CURRENT AND OTHER ACCOUNTS

Current accounts		**3,348,619**	7,282,990
PLS savings accounts	*13.1*	**3,156,376**	2,473,133
		6,504,995	9,756,123

13.1 These carry mark-up at the rate of 4% (2015: 5%) per annum.

		Note	2016	2015
			------------ (Rupees) ------------	
14.	**INVESTMENTS**			
	Held to maturity			
	Government Securities	*14.1*	**21,761,809**	49,925,290
	Available for sale			
	Ordinary equity securities & Mutual funds	*14.2*	**78,519,113**	12,344,441
	Less: Provision for impairment		**(484,998)**	(519,035)
			78,034,115	11,825,406
	In Related Parties- at cost			
	Subsidiary companies:	**Holdings**		
	Crescent Star Foods (Private) Limited	*50%*	**88,667,990**	16,309,970
	Crescent Star Technologies (Private) Limited	*99%*	**9,970**	-
			188,473,884	78,060,666

14.1 This represents amortised cost of three years Pakistan Investment Bond (PIB) having face value of Rs. 21 million (2015: Rs. 50 million) issued by the State Bank of Pakistan through its authorized dealer Pak Oman Investment Company Limited (2015 : MCB Arif Habib). PIB carry mark up at the effective rate of 6.20% per annum (2015 : 11.25% per annum) with maturity date up till 26 March 2018 (2015 : 18 July 2016)

Government securities having amortised cost of Rs. 21.762 million (2015 : Rs.49.925 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.

14.2 Detail of available for sale investments is given in Annexure 14.2.1.

Securities having book value of Rs. 11.731 million (2015 : Rs. 11.731 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.

It includes investment in Associated undertaking (Dost Steels Limited) of 14,707,020 shares (2015: 1,500 shares) having book value of Rs. 66.190 million (2015 : Rs. 0.015 million) & market value of Rs. 178.249 million (2015: 22,410) with 4.66% of total equity of the company.

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, 2016 would have been higher by Rs.113,890,367/- (2015: higher by Rs.1,365,908/-).

	Note	2016	2015
		------------ (Rupees) ------------	

15. DEFERRED TAXATION

		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 the amount expected to be utilized in forseable future in line with the accounting policy and as matter of prudence further deferred tax asset of **Rs. 22,649,559/-** (2015: 37,766,991/-) on account of unused tax losses, adjustable minimum tax and temporary differenes has not been recognised.

16. PREMIUMS DUE BUT UNPAID - NET - UNSECURED

	Note	2016	2015
Considered good	**16.1**	**179,887,393**	183,786,313
Considered doubtful		**54,663,496**	48,261,694
		234,550,889	232,048,007
Less: Provision for doubtful balances	**16.2**	**(54,663,496)**	(48,261,694)
		179,887,393	183,786,313

16.1 It includes an amount of Rs.4,252,837/- (2015: Rs. Nil) due from related parties.

16.2 Provision for doubtful balances

	2016	2015
Balance at the beginning of the year	**48,261,694**	34,749,823
Add: Provision for doubtful receivable during the year	**6,401,802**	13,511,871
Balance at the end of the year	**54,663,496**	48,261,694

17. Sundry Receivables- Unsecured

	Note	2016	2015
Advances			
Considered good			
To employees		**22,538**	175,988
Advance against issuance of shares	*17.1*	**49,494,792**	241,529,066
Deposits		**5,544,962**	5,666,299
Receivable against sale of property		**-**	133,495,834
Others	*17.2*	**408,858,244**	55,524,970
		463,920,536	436,392,157

17.1 This includes balance due from associated undertakings - Crescent Star Foods (Private) Limited amounting to **Rs. 49,494,792/-** (2015: Rs. 314,479/-)and Dost Steels Limited amounting to **Rs. Nil** (2015: Rs. 241,529,066/-).

17.2 (a) This includes balance due from associated companies :

Name	**Status**		
Crescent Star Technology (Private) Limited	Subsidary	6,041,527	5,598,831
Dost Steels Limited	Associate	386,378,894	-

It also includes Rs. 1,532,046/- (2015: Nil) on account of pre-incorporation, formation and other related expenses of proposed subsidiary, Crescent Star Luxury (Private) Limited.

17.2 (b) Includes an advance of Rs. 386.379 million which carries markup @ 1 year KIBOR plus 3% p.a.

14.2.1 Available for sale investment

No. of shares / units 2016	No. of shares / units 2015	Face value	Market value Per Share 2016	Market value Per Share 2015	Name of entity	Book Value 2016	Book Value 2015	Market value 2016	Market value 2015	Lower of Cost or Market value 2016	Lower of Cost or Market value 2015
						Rupees					
Quoted											
					INVESTMENT COMPANIES / BANKS						
250	250	**10**	**17.65**	9.21	The Bank of Punjab	**7,859**	7,859	**4,413**	2,303	**4,413**	2,303
67	67	**10**	**-**	-	Innovative Investment Bank Limited	**243,755**	243,755	**-**	-	**-**	-
1,500	1,500	**10**	**3.26**	1.57	IGI Investment Bank Limited	**19,002**	19,002	**4,890**	2,355	**4,890**	2,355
500	500	**10**	**1.81**	1.90	NIB Bank Limited	**990**	990	**905**	950	**905**	950
					INSURANCE						
200	200	**10**	**19.00**	20.05	Habib Insurance Company Limited	**379**	379	**3,800**	4,010	**379**	379
98	83	**10**	**21.19**	30.00	Premier Insurance Limited	**631**	631	**2,077**	2,490	**631**	631
					TEXTILE COMPOSITE						
158	158	**10**	**12.68**	0.77	Service Fabrics Limited	**1,859**	1,859	**2,003**	122	**1,859**	122
					FUEL AND ENERGY						
2,000	2,000	**10**	**2.21**	3.16	Southern Electric Power Company Limited	**26,944**	26,944	**4,420**	6,320	**4,420**	6,320
					MUTUAL FUND						
246,324	236,096	**50**	**54.87**	55.31	Pakistan Income Fund (PIF)	**11,731,083**	11,731,083	**13,515,776**	13,058,462	**11,731,083**	11,731,083
69,750	69,750	**10**	**-**	-	First Dawood Mutual Fund	**-**	-	**-**	-	**-**	-
3,820	3,820	**10**	**15.58**	11.49	PICIC Energy Fund	**18,044**	18,044	**59,516**	43,892	**18,044**	18,044
					INDUSTRIAL METAL AND MINING						
14,707,020	1,500	**10**	**12.12**	14.94	Dost Steels Limited	**66,189,892**	15,220	**178,249,082**	22,410	**66,189,892**	15,220
					MODARABA						
16,000	16,000	**10**	**4.85**	3.00	Modaraba Al-Mali	**278,675**	278,675	**77,600**	48,000	**77,600**	48,000
									-		
15,047,687	331,924					**78,519,113**	12,344,441	**191,924,482**	13,191,314	**78,034,115**	11,825,406

18. Fixed Assets - Tangible

Description	Owned				
	Furniture and fixtures	Office equipment	Computers and related equipment	☆ Vehicles	Total
	----------(Rupees)----------				
COST					
Balance as at January 01, 2015	5,958,548	3,221,644	1,939,274	23,932,854	35,052,320
Additions	1,188,350	1,500,126	1,507,653	6,709,050	10,905,179
Disposals	-	(736,000)	(340,885)	(3,405,350)	(4,482,235)
Balance as at December 31, 2015	7,146,898	3,985,770	3,106,042	27,236,554	41,475,264
Balance as at January 01, 2016	7,146,898	3,985,770	3,106,042	27,236,554	41,475,264
Additions	-	222,400	209,970	-	432,370
Disposals	-	(36,000)	(72,180)	-	(108,180)
Balance as at December 31, 2016	**7,146,898**	**4,172,170**	**3,243,832**	**27,236,554**	**41,799,454**
DEPRECIATION					
Balance as at January 01, 2015	2,152,102	1,453,938	1,210,997	12,957,717	17,774,754
Charge for the year	463,093	230,763	560,245	2,413,064	3,667,165
On disposals	-	(369,451)	(323,687)	(321,340)	(1,014,478)
Balance as at December 31, 2015	2,615,195	1,315,250	1,447,555	15,049,441	20,427,441
Balance as at January 01, 2016	2,615,195	1,315,250	1,447,555	15,049,441	20,427,441
Charge for the year	453,170	277,939	516,480	2,437,423	3,685,012
Disposals	-	(8,346)	(41,649)	-	(49,995)
Balance as at December 31, 2016	**3,068,365**	**1,584,843**	**1,922,386**	**17,486,864**	**24,062,458**
Carrying amount - 2016	**4,078,533**	**2,587,327**	**1,321,446**	**9,749,690**	**17,736,996**
Carrying amount - 2015	4,531,703	2,670,520	1,658,487	12,187,113	21,047,823
RATE OF DEPRECIATION (%)	10%	10%	30%	20%	

☆ These include vehicles costing Rs. 11,242,050/- (2015: Rs. 11,242,050/-) acquired under diminishing musharaka arrangement and are in the name of the Modarba.

18.1 Detail of tengible assets disposed off through negotiation during the year as follows:

Category of Assets	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Sold to
Office equipment :					
Mobile	36,000	8,346	27,654	5,000	Kashif Naeem
Computer and related equipment :					
Laptop	72,180	41,649	30,531	35,000	Kashif Naeem

	Note	2016	2015
		------------- *(Rupees)* -------------	
19. MANAGEMENT EXPENSES			
Salaries, allowances and other benefits	*19.1*	**40,298,621**	57,017,187
Travelling and conveyance expenses		**1,296,593**	1,148,361
Repairs and maintenance		**2,572,603**	7,479,945
Rent, rates and taxes		**17,743,194**	13,550,460
Printing and stationery		**1,426,461**	1,231,054
Telephone and postage		**1,783,031**	3,313,284
Utilities		**1,853,821**	2,264,272
Entertainment		**1,141,312**	1,077,346
Others		**3,931,913**	1,797,871
		72,047,549	88,879,780

19.1 This includes contribution to provident fund amounting to Rs. 2.715 million (2015: Rs. 3.284 million).

		2016	2015
20. OTHER INCOME			
Income from Financial Assets:			
Markup on Other receivables		**32,427,080**	2,687,815
Income from other Operating activities:			
(Loss)/Gain on disposal of fixed assets		**(18,185)**	150,243
Gain on Third Party claim handling		**706,560**	616,432
		33,115,455	3,454,490
21. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits		**36,082,546**	30,572,115
Travelling and conveyance expenses		**7,280,917**	8,786,387
Depreciation		**3,685,012**	3,667,165
Provision against doubtful balances		**6,401,802**	13,511,871
Repairs and maintenance		**734,300**	1,063,581
Fees, subscription and periodicals		**3,563,850**	2,975,299
Telephone and postage		**952,799**	370,399
Legal and professional charges		**4,900,635**	3,828,006
Advertisement and promotion expenses		**1,049,542**	1,827,805
Entertainment		**176,090**	308,123
Auditors' remuneration	*21.1*	**895,255**	710,000
Markup on Musharaka		**692,650**	869,475
Others		**348,127**	524,998
		66,763,525	69,015,224

21.1 Auditors' remuneration

	2016	2015
Annual audit fee	**460,000**	420,000
Review of code of corporate governance	**87,619**	80,000
Half yearly review	**95,286**	87,000
Certification charges	**252,350**	123,000
	895,255	710,000

		2016	2015
		------- (Rupees)--------	
22.	**PROVISION FOR TAXATION**		
	Current	**2,064,726**	8,172,791
	Deferred	**-**	-
		2,064,726	8,172,791

22.1 The income tax returns of the Company have been filed up to tax year 2016 (corresponding to the income year ended December 31, 2015) and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

22.2 Relationship between tax expense & accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2016 & 2015 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.

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

	2016	2015
(Loss) / profit for the year attributable to Ordinary shareholders	**23,557,209**	81,682,351
Number of shares (Weighted Average)	**78,288,013**	☆ 61,516,400
(Loss) / Earnings per share	**0.30**	☆ 1.33

☆ Restated due to Right Issue of shares during the year.

23.1 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.

24. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2016			
	Chief Executive	**Directors**	**Executives**	**Total**
	----------------------------	**(Rupees)**		----------------------------
Managerial remuneration	**5,760,000**	**-**	**11,831,752**	**17,591,752**
Retirement benefits	**576,000**	**-**	**1,052,592**	**1,628,592**
House rent	**2,592,000**	**-**	**7,887,835**	**10,479,835**
Utilities/Other	**2,448,000**	**-**	**3,760,000**	**6,208,000**
Total	**11,376,000**	**-**	**24,532,179**	**35,908,179**
Number of persons	**1**	**-**	**12**	**13**

	2015			
	Chief Executive	Directors	Executives	Total
	----------------------------	(Rupees)		----------------------------
Managerial remuneration	5,760,000	-	18,241,953	24,001,953
Retirement benefits	576,000	-	1,638,072	2,214,072
House rent	2,592,000	-	12,035,541	14,627,541
Utilities/Other	1,848,000	-	7,159,737	9,007,737
Total	10,776,000	-	39,075,303	49,851,303
Number of persons	1	-	18	19

24.1 Non-Executive Directors were paid Rs. 0.068 million (2015: Rs. 0.084 million) for attending board of directors meetings during the year.

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

	2016	2015
	-------- (Rupees) ----------	

25. 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. The company continues to have a policy whereby all transections with related parties and associated undertakings are priced at comparable uncontrolled market price.

	2016	2015
Subsidiary Companies		
Crescent Star Foods (Private) Limited		
Advance against issuance of shares	**49,494,792**	-
Subscription of shares	**72,358,020**	16,309,970
Crescent Star Technologies (Private) Limited		
Expenses paid on behalf of the subsidiary	**442,696**	-
Subscription of shares	**9,970**	-
Associated undertakings having common directorship		
Dost Steels Limited		
Subscription of shares	**67,500,000**	13,119
Advance given for issuance of shares	**-**	241,529,066
Other Advance	**354,369,066**	39,349,127
Markup on advance given	**32,427,080**	2,687,815
Premium written	**4,252,837**	-
Elahi Noor Enterprises (Private) Limited		
Advance received - net	**12,458,864**	-
Weavers Pakistan (Private) Limited		
Advance received - net	**63,550,076**	7,254,381
Share Deposit Money (Utilized)/Received	**(76,000,000)**	76,000,000
Key Management Personnel		
Remuneration paid to directors, chief executive and executives of the Company (note 24)	**35,908,179**	49,851,303
Staff retirement benefits		
Provident fund contribution	**2,714,574**	3,283,973
Markup on outstanding balance of provident fund	**350,286**	321,605

The outstanding balance payable to staff retirement fund and associates is disclosed in note 8, investment in subsidiaries is disclosed in note 14 and amount receivable from associated undertakings in note 16 & 17 to the financial statements.

Accrued Expenses Includes Rs. 684,895/- (2015: Rs. Nil) payable to CEO against salary.

Other balances receivable from and payable to related parties are as disclosed in relevent notes.

26 SEGMENT REPORTING

The Company has six primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident & health, credit & suretyship 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		Credit and suretyship		Miscellaneous		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	Rupees													
Revenue from external customers	**19,617,173**	13,335,404	**18,676,852**	16,020,767	**108,995,889**	144,805,095	**35,839,748**	75,203,089	**35,632,492**	13,239,358	**15,521,061**	3,455,111	**234,283,215**	266,058,824
Depreciation	**308,556**	183,806	**293,766**	220,819	**1,714,383**	1,995,890	**563,719**	1,036,546	**560,459**	182,482	**244,129**	47,622	**3,685,012**	3,667,165
Segment profit/(Loss)	**(6,340,056)**	(13,595,767)	**(5,730,871)**	(3,656,166)	**15,668,067**	57,357,483	**30,096,484**	(4,661,682)	**16,604,619**	(456,224)	**2,066,145**	(4,695,289)	**52,364,388**	30,292,355
Capital expenditure	**36,204**	546,590	**34,468**	656,657	**201,152**	5,935,249	**66,142**	3,082,413	**65,760**	542,653	**28,644**	141,617	**432,370**	10,905,179
Segment assets	**23,818,762**	14,831,811	**22,677,044**	17,818,507	**132,340,536**	161,054,123	**43,515,875**	83,641,860	**43,264,229**	14,724,987	**18,845,347**	3,842,820	**284,461,793**	295,914,108
Segment liabilities	**17,004,419**	11,820,137	**16,189,336**	14,200,370	**94,479,045**	128,351,275	**31,066,357**	66,657,961	**30,886,704**	11,735,005	**13,453,856**	3,062,516	**203,079,717**	235,827,264

26.1 Reconciliations of reportable segments are as follows:

	2016	2015
	Rupees	
Revenue		
Total revenue for reportable segments	**52,364,388**	30,292,355
Other revenue / (loss)	**40,021,072**	128,578,011
Entity's revenue	**92,385,460**	158,870,366
Profit for the year		
Total profit for reportable segments	**92,385,460**	158,870,366
Unallocated corporate income / (expenses)		
General and administration expenses	**(66,763,525)**	(69,015,224)
(Loss)/profit before income tax expense	**25,621,935**	89,855,142
Assets		
Total assets for reportable segments	**284,461,793**	295,914,108
Other unallocated corporate assets	**724,660,936**	542,306,858
Entity's assets	**1,009,122,729**	838,220,966
Liabilities		
Total liabilities for reportable segments	**203,079,717**	235,827,264
Other unallocated corporate liabilities	**141,701,904**	92,318,133
Entity's liabilities	**344,781,621**	328,145,397

The Company has no reportable geographical segment.

27. Financial Instruements - fair values

		Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruements	*Note*	Rupess					
31 December 2016							
Financial assets measured at fair value							
Investments - Available for sale		78,034,115	-	78,034,115	78,034,115	-	-
		78,034,115	**-**	**78,034,115**	**78,034,115**	-	-
Financial assets not measured at fair value	*27.1*						
Cash and other equivalents		51,863,477	-	51,863,477	-	-	-
Current and other accounts		6,504,995	-	6,504,995	-	-	-
Investments - other than available for sale		110,439,769	-	110,439,769	-	-	-
Premiums due but unpaid		179,887,393	-	179,887,393	-	-	-
Amounts due from other insurers / reinsurers		66,527,481	-	66,527,481	-	-	-
Accrued investment income		354,866	-	354,866	-	-	-
Reinsurance recoveries against outstanding claims		8,552,929	-	8,552,929	-	-	-
Sundry receivables		463,920,536	-	463,920,536	-	-	-
		888,051,446	**-**	**888,051,446**	**-**	**-**	**-**
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value	*27.1*						
Provision for outstanding claims (including IBNR)		-	71,011,170	71,011,170	-	-	-
Amounts due to others insurers / reinsurers		-	24,489,759	24,489,759	-	-	-
Accrued expenses		-	9,783,823	9,783,823	-	-	-
Other creditors and accruals		-	97,570,484	97,570,484	-	-	-
Borrowing under musharaka arrangements		-	3,007,838	3,007,838	-	-	-
Unpresented dividend warrants		-	418,209	418,209	-	-	-
		-	**206,281,283**	**206,281,283**	**-**	**-**	**-**

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

28. 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.

28.1 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.

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

	Category of <u>financial assets</u>	**2016**	2015
		---------- **Rupees** ----------	
Bank deposits	Loans & Receivables	**6,504,995**	9,756,123
Investments:			
Government Securities	Held to maturity	**21,761,809**	49,925,290
Equity & other securities	Available for sale	**78,034,115**	11,825,406
Investment in related parties	Available for sale	**88,677,960**	16,309,970
Premiums due but unpaid	Loans & Receivables	**179,887,393**	183,786,313
Accrued investment income	Loans & Receivables	**354,866**	2,558,219
Amount due from other insurers / reinsurers	Loans & Receivables	**66,527,481**	55,530,575
Reinsurance recoveries against outstanding cla	Loans & Receivables	**8,552,929**	8,552,929
Sundry receivables	Loans & Receivables	**463,920,536**	436,392,157
		914,222,084	774,636,982

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 16 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
Financial Assets - 2016	------------------- Rupees ------------------			
Premiums due but unpaid -net- unsecured	**179,887,393**	**52,104,731**	**120,471,217**	**7,311,445**
Amounts due from other insurers / reinsurers - unsecured	**66,527,481**	**25,071,582**	**41,455,899**	**-**
Accrued investment income	**354,866**	**354,866**	**-**	**-**
Reinsurance recoveries against outstanding claims	**8,552,929**	**-**	**2,300,000**	**6,252,929**
Sundry receivables	**463,920,536**	**453,574,074**	**5,771,250**	**4,575,212**
	719,243,205	**531,105,253**	**169,998,366**	**18,139,586**

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
Financial Assets - 2015	------------------- Rupees ------------------			
Premiums due but unpaid -net- unsecured	183,786,313	149,794,665	30,167,236	3,824,412
Amounts due from other insurers / reinsurers - unsecured	55,530,575	38,471,277	17,055,103	
Accrued investment income	2,558,219	2,558,219	-	-
Reinsurance recoveries against outstanding claims	8,552,929	-	2,300,000	6,252,929
Sundry receivables	436,392,157	436,392,157	-	-
	686,820,193	627,216,318	49,522,339	10,077,341

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

	Rating	Agency	2016	2015
			---------- Rupees ----------	
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,126
Habib Bank Limited	AAA	JCR-VIS	**1,153,027**	222,469
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
The Bank of Punjab	AA	PACRA	**43,257**	43,257
United Bank Limited	AAA	JCR-VIS	**1,706,991**	2,247,437
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
NIB Bank Limited	AA-	PACRA	**166,348**	143,076
Faysal Bank Limited	AA	PACRA/JCR-VIS	**3,165,198**	6,829,709
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,484
			6,504,995	9,756,123

28.1.3 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	2016	2015
	------------------- Rupees -------------------				
A or above	60,535,402	8,552,929	3,277,316	**72,365,647**	76,502,543
BBB	5,992,079	-	-	**5,992,079**	3,910,192
Total	66,527,481	8,552,929	3,277,316	**78,357,726**	80,412,735

28.2 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, 2016				
At amortised cost:				
Provision for outstanding claims	**71,011,170**	**71,011,170**	**71,011,170**	**-**
Amounts due to other insurers	**24,489,759**	**24,489,759**	**24,489,759**	**-**
Accrued expenses	**9,783,823**	**9,783,823**	**9,783,823**	**-**
Other creditors	**97,570,484**	**97,570,484**	**97,570,484**	**-**
Obligation under musharaka	**3,007,838**	**3,615,440**	**2,588,941**	**1,026,499**
Unpresented dividend warrants	**418,209**	**418,209**	**-**	**418,209**
	206,281,283	**206,888,885**	**205,444,177**	**1,444,708**
As at December 31, 2015				
At amortised cost:				
Provision for outstanding claims	70,387,813	70,387,813	70,387,813	-
Amounts due to other insurers	23,441,229	23,441,229	23,441,229	-
Accrued expenses	20,785,015	20,785,015	20,785,015	-
Other creditors	30,094,360	81,515,909	81,515,909	-
Obligation under musharaka	5,354,762	7,045,208	3,429,768	3,615,440
Unpresented dividend warrants	418,209	418,209	418,209	-
	150,481,388	203,593,383	199,977,943	3,615,440

28.3 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:

	2016	2015	**2016**	2015
	Effective interest rate (%)		--------- **Rupees** ------	
Financial assets				
Bank deposits	**4.00%**	5.00%	**3,156,376**	2,473,133
Deposits maturing with in 12 months	**-**	-	**-**	-
Investment in Government Securities	**6.20%**	11.25%	**21,761,809**	49,925,290

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. 191,924,482/-** (2015: Rs. 13,191,314/-)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, 2016 and 2015 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	**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		----------------------	**Rupees**	----------------------
December 31, 2016	**191,924,482**	**10% increase**	**211,116,930**	**19,192,448**	**19,192,448**
		10% decrease	**172,732,034**	**(19,192,448)**	**(19,192,448)**
December 31, 2015	13,191,314	10% increase	14,510,445	1,319,131	1,319,131
		10% decrease	11,872,183	(1,319,131)	(1,319,131)

28.4 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, 2016				
Available for sale investments	**191,924,482**	**-**	**-**	**191,924,482**
December 31, 2015				
Available for sale investments	13,191,314	-	-	13,191,314

28.5 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 policy holder, 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.

Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe, any loss over and above the retention amount would be recovered from the 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	
	2016	2015	**2016**	2015	**2016**	2015
	---- Rupees in thousands ----					
Fire	**7,615,303**	8,271,370	**6,456,617**	6,046,922	**1,158,686**	2,224,448
Marine	**14,718,723**	11,096,013	**5,587,999**	4,709,197	**9,130,724**	6,386,816
Motor	**3,903,610**	5,822,432	**531,707**	1,433,028	**3,371,903**	4,389,404
Health	**20,556**	339,232	**-**	-	**20,556**	339,232
Credit and suretyship	**28,435,948**	10,654,675	**8,536,276**	644,318	**19,899,672**	10,010,357
Miscellaneous	**8,423,242**	5,309,298	**3,106,104**	1,858,695	**5,317,138**	3,450,603
	63,117,382	41,493,020	**24,218,703**	14,692,160	**38,898,679**	26,800,860

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	
	2016	2015	**2016**	2015
	---- Rupees in thousands ----			
± 10% variation in profit /(loss)				
Net				
Fire and property damage	**509,476**	855,399	**351,538**	581,671
Marine, aviation and transport	**952,506**	383,532	**657,229**	260,802
Motor	**3,558,068**	3,161,457	**2,455,067**	2,149,791
Accident and health	**361,711**	4,575,577	**249,581**	3,111,392
Miscellaneous	**160,011**	257,302	**110,408**	174,965
	5,541,772	9,233,267	**3,823,823**	6,278,621

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 2016.

Analysis on gross basis	**2014**	**2015**	**2016**
Accident year	---- Rupees ----		
Estimate of ultimate claims cost:			
At end of accident year	11,643,855	6,999,580	**5,094,763**
One year later	5,566,742	12,340,943	**16,726,650**
Cumulative payments to date	(4,869,654)	(2,613,873)	**(4,221,682)**
Liability recognised in the balance sheet	12,340,943	16,726,650	**17,599,731**

29. 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 Securities and Exchange Commission (Insurance) Rules 2002, minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2017	2016	2015
	--------------- Rupees ---------------		
Minimum paid up capital required	500,000,000	**400,000,000**	300,000,000
Company's paid up capital		**826,833,330**	620,125,000

30. PROVIDENT FUND DISCLOSURE

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

	2016	2015
	------ Rupees ------	
	Un-Audited	Audited
Size of the fund - total assets	**20,994,660**	17,215,182
Cost of Investments made	**15,848,790**	8,849,731
Percentage of investments made	**75.49%**	51.44%
Fair Value of investments	**19,042,349**	10,529,995

The break-up of cost of investments is:

	2016		2015	
	%	**Rupees**	%	Rupees
With PIBs	**-**	**-**	11.31	1,000,941
Mutual Funds	**100**	**15,848,790**	88.69	7,848,790
	100	**15,848,790**	100	8,849,731

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.

31. NUMBER OF EMPLOYEES

Number of employees and average employees as at December 31, 2016 were 69 (2015: 85) and 77 (2015: 113) respectively.

32. EVENTS AFTER BALANCE SHEET DATE

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

33. 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 April 8, 2017.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2016

Directors' Report to the Members on Consolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Foods (Private) Limited and Crescent Star Technologies (Private) Limited for year ended December 31, 2016.

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

	December 31, 2016	December 31, 2015
	-------------------- Rupees	--------------------
Profit / (loss) before tax	(44,352,032)	89,855,142
Provision for taxation	(2,557,750)	(8,172,791)
Profit / (loss) after tax	(46,909,782)	81,682,351
Profit attributable to non-controlling interest	(32,256,478)	-
Profit attributable to ordinary shareholders	(14,653,304)	81,682,351
Unappropriated profit brought forward	(12,664,264)	(94,346,615)
Profit available for appropriation	(27,317,568)	(12,664,264)
Earnings per share	(0.19)	1.33

I would like to mention here for better understanding of the members of the company that the accounts have been prepared according to updated standards and accordingly all pre operating expenses including franchise fee which are normally amortized over 30 stores, have been expensed out, and booked as expenses reflecting in the results, whereas currently only one store was operational within the accounting period of December 2016.

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

Naim Anwar
Managing Director& CEO
Karachi: April 8, 2017

31 دسمبر 2016 کو ختم ہونے والے سال کے لئے مجموئی مالیاتی گوشواروں پر شیئر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ:

بورڈ کی جانب سے 31 دسمبر 2016 کو ختم ہونے والے سال کے لئے کریسینٹ اسٹار انشورنس لیمیٹڈ اور کمپنی کے ماتحت ادارے کریسینٹ اسٹار فوڈز (پرائیوٹ) لیمیٹڈ اور کریسینٹ اسٹار ٹیکنولوجیز (پرائیوٹ) لیمیٹڈ کے مجموئی مالیاتی گوشواروں پر رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

بورڈ آف ڈائریکٹرز کی جانب سے منافع کے درج ذیل تصرف کی سفارش کی گئی ہے۔

	31 دسمبر 2016	31 دسمبر 2015
ٹیکس سے قبل منافع/(نقصان)	(44,352,032)	89,855,142
ٹیکسیشن	(2,557,750)	(8,172,791)
ٹیکس کے بعد منافع/(نقصان)	(46,909,782)	81,682,351
نان کنٹرولنگ انٹرسٹ کے لئے منسوب منافع جات	(32,256,478)	-
عمومی حصے داروں کے لئے منسوب منافع جات	(14,653,304)	81,682,351
آئیندہ کے لئے غیر مختص شدہ منافع جات	(12,664,264)	(94,346,615)
دستیاب منافع جات برائے تصرف	(27,317,568)	(12,664,264)
منافع/(نقصان) فی شیئر	(0.19)	1.33

ممبران کی بہتر سمجھ کے لئے یہ بتانا چاہتا ہوں کہ یہ گوشوارے نئی اکاؤنٹنگ سٹینڈرز کے تحت بنائے گئے ہیں جس میں آپریشنز سے پہلے کے اخراجات کو شامل کر دیا گیا ہے جس میں فرنچائز فیس بھی شامل ہے جو کہ عام طور پر 30 سٹورز میں توڑ توڑ کر شامل کئے جاتے تھے جبکہ 31 دسمبر 2016 کو صرف ایک سٹور آپریشنل تھا۔

آپ کی کمپنی کے ڈائریکٹرز اس موقع پر سارے سٹیک ہولڈرز کو ان کی مستقل سپورٹ اور تعاون پر ان کا شکریہ ادا کرنا چاہتے ہیں۔

نعیم انور

مینیجنگ ڈائیرکٹر و چیف ایکزیکیٹو آفیسر

کراچی: ۱۸ اپریل ۲۰۱۷

AUDITORS' REPORT TO THE MEMBERS
ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of CRESCENT STAR INSURANCE LIMITED (‘the Holding Company’) and its subsidiary companies as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, consolidated statement of premiums, consolidated statement of claims, consolidated statement of expenses and consolidated statement of investment income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. Whereas financial statements of subsidiary companies for the year/period ended 30 June 2016 were audited by other firm of auditors whose reports have been furnished to us and because year end of subsidiaries precedes by more than 3 months than that of the holding company’s financial statements, the interim financial statements of the subsidiaries have also been furnished to us and our opinion, in so far as it relates to the amounts included for such companies is based solely on these financial statements. These consolidated financial statements are the responsibility of the Holding Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly including such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The holding company has recognized/accrued markup income of Rs. 32,099,828/- @ one year KIBOR + 3% p.a. on amount deposited earlier with an associated entity for issuance of shares. The Company has converted the amount for which it did not receive shares in loan and as such has charged markup on this amount. Agreement with the investee company to support the accrual of markup could not be made available to us and the transaction could not be substantiated otherwise. Under the circumstances authenticity/validity of markup income recognized/accrued could not be ascertained and consequently profit for the year could be overstated by Rs. 32,099,828/- with corresponding increase in sundry receivables where due from the associate has been recorded.

The financial statements, of one of the subsidiary companies, for the period ended 31 December 2016 incorporated in the consolidated financial statements were not got reviewed from its auditors as required under section 237 of Companies Ordinance, 1984 and in absence of such review we were unable to substantiate the incorporated financials of the subsidiary and, consequently, could not determine as to whether any adjustments to these amounts were necessary.

In our opinion, except for the possible effects of the matters described above, the consolidated financial statements present fairly the financial position of CRESCENT STAR INSURANCE LIMITED and its subsidiary companies as at December 31, 2016 and the result of their operations for the year then ended.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
LAHORE: April 8, 2017

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016	2015
		-----------(Rupees)-----------	
Share Capital and Reserves			
Authorised Capital			
100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	4	826,833,330	620,125,000
Discount on Issue of right shares	5	(199,650,000)	(199,650,000)
Reserves	6	26,264,833	26,264,833
Accumulated profit / (loss)		(27,317,568)	(12,664,264)
Attributable to owners of the holding entity		626,130,595	434,075,569
Non-Controlling Interest		27,668,713	-
Total Equity		653,799,308	434,075,569
Shares Deposit Money		-	76,000,000
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		71,011,170	70,387,813
Provision for unearned premium		71,592,272	115,587,391
Premium deficiency reserve		593,501	-
Total underwriting provisions		143,196,943	185,975,204
Creditors and Accruals			
Premiums received in advance		633,446	6,152,744
Amounts due to others insurers / reinsurers	7	24,489,759	23,441,229
Accrued expenses		9,858,822	20,785,015
Other creditors and accruals	8	273,225,492	81,515,909
Taxation - Provisions less payments	9	1,912,813	4,502,325
Borrowings			
Borrowing under musharaka arrangements	10	3,007,838	5,354,762
		313,128,170	141,751,984
Other Liabilities			
Unpresented dividend warrants		418,209	418,209
TOTAL LIABILITIES		456,743,322	328,145,397
TOTAL EQUITY AND LIABILITIES		1,110,542,630	838,220,966
Contingencies and Commitments	11		

	Note	2016	2015
		-----------(Rupees)-----------	
Cash and Bank Deposits			
Cash and other equivalents	12	54,731,728	1,996,515
Current and other accounts	13	7,250,159	9,756,123
		61,981,887	11,752,638
Investments	14	99,795,924	78,060,666
Deferred Taxation	15	13,543,178	13,543,178
Current Assets - Others			
Premiums due but unpaid - net - unsecured	16	179,887,393	183,786,313
Amounts due from other insurers / reinsurers		66,527,481	55,530,575
Accrued investment income		354,866	2,558,219
Reinsurance recoveries against outstanding claims		8,552,929	8,552,929
Deferred commission expense		8,479,678	10,667,237
Prepaid reinsurance premium ceded		3,277,316	16,329,231
Stock in Trade - Raw Materials		19,599,248	-
Sundry receivables - unsecured	17	496,579,976	436,392,157
		783,258,887	713,816,661
Fixed Assets -	18		
Tangible Owned			
Furniture and fixtures & office equipments		56,423,554	8,860,710
Motor vehicles		12,594,078	12,187,113
Leasehold Improvements		8,421,443	-
		77,439,075	21,047,823
Intangible Owned	19	74,523,679	-
TOTAL ASSETS		1,110,542,630	838,220,966

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Credit and suretyship	Miscellaneous	2016 Aggregate	2015 Aggregate
		(Rupees)							
Revenue Account									
Net premium revenue		8,835,815	14,093,069	102,926,454	35,839,748	32,308,989	12,341,657	**206,345,732**	236,906,786
Net claims		(5,094,763)	(9,525,059)	(35,580,683)	(3,617,113)	-	(1,600,107)	**(55,417,725)**	(92,332,664)
Premium deficiency expenses		(593,501)	-	-	-	-	-	**(593,501)**	-
Management expenses	20	(6,289,745)	(5,443,668)	(45,640,675)	(230,892)	(9,792,934)	(4,649,635)	**(72,047,549)**	(88,879,780)
Net commission		(3,197,862)	(4,855,213)	(6,037,029)	(1,895,259)	(5,911,436)	(4,025,770)	**(25,922,569)**	(25,401,987)
Underwriting result		**(6,340,056)**	**(5,730,871)**	**15,668,067**	**30,096,484**	**16,604,619**	**2,066,145**	**52,364,388**	30,292,355
Sales	21							**49,302,370**	-
Cost of Sales	22							**(34,682,935)**	-
Investment income								**6,905,617**	9,056,271
Gain on sale of investment properties								**-**	116,067,250
Other income	23							**38,014,405**	3,454,490
General and administrative expense	24							**(156,255,877)**	(69,015,224)
Profit / (loss) before tax								**(44,352,032)**	89,855,142
Provision for taxation	25							**(2,557,750)**	(8,172,791)
Profit / (loss) after tax								**(46,909,782)**	81,682,351
Attributable to:									
Owners of the holding company								**(14,653,304)**	81,682,351
Non-controlling interest								**(32,256,478)**	-
								(46,909,782)	81,682,351
Profit and loss appropriation account									
Balance at commencement of the year								**(12,664,264)**	(94,346,615)
Profit / (loss) after tax for the year								**(14,653,304)**	81,682,351
Balance accumulated profit / (loss) at end of the Year								**(27,317,568)**	(12,664,264)
									(Restated)
Earnings/(Loss) per share - basic and diluted attributable to owners of the holding company	26							**(0.19)**	1.33

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-------------**(Rupees)**-----------	
Profit / (loss) after tax for the period	**(46,909,782)**	81,682,351
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 income / (loss) for the Year	**(46,909,782)**	81,682,351
Attributable to:		
Owners of the holding company	(14,653,304)	81,682,351
Non-controlling interest	(32,256,478)	0.00
	(46,909,782)	81,682,351

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive /Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Share Capital		Capital Reserve	Revenue Reserve				
	Issued, subscribed and paid-up Capital	Discount on issue of right issue	Reserve for exceptional losses	General reserve	Accumulated (loss) / profit	Attributable to owners of the holding company	Non-controlling Interest	Total
	(Rupees)							
Balance as at January 01, 2015	**620,125,000**	**(199,650,000)**	**1,767,568**	**24,497,265**	**(94,346,615)**	**352,393,218**	**-**	**352,393,218**
Total comprehensive income for the year	-	-	-	-	81,682,351	**81,682,351**	**-**	**81,682,351**
Balance as at December 31, 2015	**620,125,000**	**(199,650,000)**	**1,767,568**	**24,497,265**	**(12,664,264)**	**434,075,569**	**-**	**434,075,569**
On Acquisition	-	-	-	-	-	**-**	**(1,742,819)**	**(1,742,819)**
On Further issue of capital	-	-	-	-	-	**-**	**61,668,010**	**61,668,010**
Issue of right share at par	206,708,330	-	-	-	-	**206,708,330**	**-**	**206,708,330**
Total comprehensive income for the year	-	-	-	-	(14,653,304)	**(14,653,304)**	**(32,256,478)**	**(46,909,782)**
Balance as at December 31, 2016	**826,833,330**	**(199,650,000)**	**1,767,568**	**24,497,265**	**(27,317,568)**	**626,130,595**	**27,668,713**	**653,799,308**

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar **Chief Executive/Principal Officer**	**Dr. Fahim Lashkarwala** **Director**	**Bilal Anwar** **Director**	**Shahid Suleman Jan** **Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----------(Rupees)-----------	
Operating Cash Flows			
a) Underwriting activities			
Premium received		**188,667,718**	263,273,369
Reinsurance premium paid		**(24,833,944)**	(47,611,978)
Claims paid		**(57,072,171)**	(73,938,561)
Reinsurance and other recoveries received		**2,277,803**	22,813,455
Commission paid		**(24,229,289)**	(30,734,035)
Commission received		**494,279**	-
Net cash inflow from underwriting activities		**85,304,396**	133,802,250
b) Other operating activities			
Proceeds from customers		**49,302,370**	-
Payments to suppliers		**(43,196,276)**	-
Income tax paid		**(4,674,598)**	(1,468,652)
General management expenses paid		**(169,151,978)**	(93,071,875)
Other operating payments		**(2,049,491)**	(417,955,739)
Net cash flows from other operating activities		**(169,769,973)**	(512,496,266)
Total cash inflow / (outflow) from all operating activities		**(84,465,577)**	(378,694,016)
Investing activities			
Profit / return received		**7,268,736**	9,786,693
Dividend received		**12,694**	3,604
Payment on acquisiton of subsidiary		**(12,378,692)**	-
Proceeds from / (Payments for) investments		**89,831,511**	24,305,416
Proceeds from / (Payments for) investments Property		**-**	300,000,000
Proceeds from / (Payments for) disposal of investments		**(48,071,199)**	(16,279,049)
Fixed capital expenditure		**(30,369,630)**	(10,905,179)
Proceeds from disposal of fixed assets		**40,000**	3,618,000
Total cash inflow / (outflow) from investing activities		**6,333,420**	310,529,485
Financing activities			
Borrowing under Musharaka arrangements		**(2,346,924)**	(222,924)
Share Deposit money		**-**	76,000,000
Proceeds from Right Share		**130,708,330**	-
Total cash inflow / (outflow) from financing activities		**128,361,406**	75,777,076
Total cash inflow / (outflow) from all activities		**50,229,249**	7,612,545
Add: Cash at beginning of the year		**11,752,638**	4,140,093
Cash at the end of the period		**61,981,887**	11,752,638
Reconciliation to the Profit and Loss Account			
Operating cash flows		**(84,465,577)**	(378,694,016)
Depreciation expense		**(6,993,280)**	(3,667,165)
Amortization expense		**(2,424,508)**	-
Gain on disposal of fixed assets		**(18,185)**	150,243
Gain on sale investment properties		**-**	116,067,250
Other Income		**-**	-
(Decrease) / increase in assets other than cash		**40,453,935**	446,890,565
Decrease / (increase) in liabilities other than running finance		**(2,484,632)**	(101,416,658)
		(55,932,247)	79,330,219
Other Adjustments			
Profit/ return received		**5,065,383**	9,030,018
Reversal/ (Provision) for impairment in the value of investment		**34,037**	10,497
Dividend income		**12,694**	3,604
Capital Gain/(loss)		**1,793,503**	12,152
Income tax paid		**4,674,598**	1,468,652
Provision for taxation		**(2,557,750)**	(8,172,791)
(Loss)/ Profit after taxation		**(46,909,782)**	81,682,351
Definition of cash			
Cash for the purposes of the statement of cash flows consists of:			
Cash and other equivalents	12	**54,731,728**	1,996,515
Current and other accounts	13	**7,250,159**	9,756,123
		61,981,887	11,752,638

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	Dr. Fahim Lashkarwala	Bilal Anwar	Shahid Suleman Jan
Chief Executive/Principal Officer	Director	Director	Director

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2016 Net premium revenue	2015 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative	-------------	-------------	-------------	-------------	-------------	*(Rupees)*	-------------	-------------	-------------	-------------
Fire and property damage	19,820,615	6,715,337	6,918,779	19,617,173	1,878,171	10,480,392	1,577,205	10,781,358	**8,835,815**	1,794,206
Marine, aviation and transport	17,696,337	2,282,151	1,301,636	18,676,852	2,096,890	1,060,605	(1,426,288)	4,583,783	**14,093,069**	7,885,657
Motor	105,215,905	48,304,620	44,524,636	108,995,889	5,606,108	2,460,848	1,997,521	6,069,435	**102,926,454**	139,047,170
Accident and health	781,884	35,825,017	767,153	35,839,748	-	-	-	-	**35,839,748**	75,203,089
Credit and suretyship	31,824,594	14,543,226	10,735,328	35,632,492	3,759,638	1,303,868	1,740,003	3,323,503	**32,308,989**	4,216,878
Miscellaneous	14,948,761	7,917,040	7,344,740	15,521,061	1,544,761	1,023,518	(611,125)	3,179,404	**12,341,657**	8,759,786
Total	190,288,096	115,587,391	71,592,272	234,283,215	14,885,568	16,329,231	3,277,316	27,937,483	**206,345,732**	236,906,786

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Claims paid	Outstanding claims		Claim expense/ (income)	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2016 Net Claims expense	2015 Net Claims expense
		Opening	Closing			Opening	Closing			
Direct and facultative	--				*Rupees*					
Fire and property damage	4,221,682	16,726,650	17,599,731	5,094,763	-	2,634,755	2,634,755	-	**5,094,763**	8,553,993
Marine, aviation and transport	7,343,819	5,171,557	7,352,797	9,525,059	-	1,430,360	1,430,360	-	**9,525,059**	3,835,315
Motor	34,325,073	22,011,834	25,545,247	37,858,486	2,277,803	2,300,000	2,300,000	2,277,803	**35,580,683**	31,614,567
Accident and health	10,948,299	21,129,164	13,797,978	3,617,113	-	-	-	-	**3,617,113**	45,755,765
Credit and suretyship	-	-	-	-	-	-	-	-	**-**	-
Miscellaneous	233,298	5,348,608	6,715,417	1,600,107	-	2,187,814	2,187,814	-	**1,600,107**	2,573,024
Total	57,072,171	70,387,813	71,011,170	57,695,528	2,277,803	8,552,929	8,552,929	2,277,803	**55,417,725**	92,332,664

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar
Chief Executive/Principal Officer

Dr. Fahim Lashkarwala
Director

Bilal Anwar
Director

Shahid Suleman Jan
Director

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Class of Business	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Management expenses	Underwriting expense	Commissions from re-insurers	2016 Net Underwriting expense	2015 Net Underwriting expense
Direct and facultative	----------	----------	----------	----------	(Rupees)	----------	----------	----------	----------
Fire and property damage	3,410,458	1,343,067	1,383,756	3,369,769	6,289,745	9,659,514	171,907	**9,487,607**	6,835,980
Marine, aviation and transport	4,659,110	456,430	260,327	4,855,213	5,443,668	10,298,881	-	**10,298,881**	7,706,508
Motor	5,940,808	4,830,462	4,452,464	6,318,806	45,640,675	51,959,481	281,777	**51,677,704**	50,075,120
Accident and health	142,366	1,791,251	38,358	1,895,259	230,892	2,126,151	-	**2,126,151**	34,109,006
Credit and suretyship	5,380,846	2,181,484	1,610,299	5,952,031	9,792,934	15,744,965	40,595	**15,704,370**	7,334,162
Miscellaneous	4,695,701	64,543	734,474	4,025,770	4,649,635	8,675,405	-	**8,675,405**	8,220,991
Total	24,229,289	10,667,237	8,479,678	26,416,848	72,047,549	98,464,397	494,279	**97,970,118**	114,281,767

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

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar **Chief Executive/Principal Officer**	**Dr. Fahim Lashkarwala** **Director**	**Bilal Anwar** **Director**	**Shahid Suleman Jan** **Director**

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----------*(Rupees)*-----------	
Income from Non-Trading Investments		
Held-to-maturity		
Return on government securities	**4,136,554**	6,738,309
Gain on disposal of Government Securities	**-**	2,109,790
Return on fixed income securities and deposits	**928,829**	181,919
	5,065,383	9,030,018
Available-for-sale		
Dividend income	**12,694**	3,604
Gain / (loss) on sale of available for sale investments	**1,817,831**	14,852
	1,830,525	18,456
Reversal / (provision) for impairment in Value of investments	**34,037**	10,497
Investment related expenses	**(24,328)**	(2,700)
Net investment income	**6,905,617**	9,056,271

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive /Principal Officer	**Director**	**Director**	**Director**

1. STATUS AND NATURE OF BUSINESS

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

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

The Group Consists of:	Acquisition Date
- Crescent Star Insurance Limited - the holding company;	
- Crescent Star Foods (Private) Limited (Subsidiary Company) - holding of 50%;	30 June 2016
- Crescent Star Technologies (Private) Limited - (Subsidiary Company) - holding of 99%;	23 February 2016

Crescent Star Foods (Private) Limited

Crescent Star Foods (Private) Limited is a private limited company incorporated on February 20, 2015 in Pakistan under the Companies Ordinance,1984. The registered office of the company is located at 2nd floor, Nadir House, I.I. Chandigarh Road, Karachi, Pakistan. The company has the business objective of running the Fast Food Restaurants throughout Pakistan and other ancillary activities.

Crescent Star Technologies (Private) Limited

The 'Crescent Star Technologies (Private) Limited' was incorporated in Pakistan as a Private Limited Company on February 23, 2016 under the Companies Ordinance 1984. The object of the company is to carry on business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies such as GPS and GSM. Its registered office is located at 2nd Floor, Nadir House, I.I Chundrigar Road, Karachi.

1.1. Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
-decision making power allows the Group to affect its variable returns from the subsidiaries

All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiaries' share capital and pre-acquisition reserves in the consolidated financial statements. Material intragroup balances and transactions are eliminated.

A change in the ownership interest of the subsidiaries, without a change of control, is accounted for as an equity transaction.

The subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiaries are established and are excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Consolidated Financial Statements are prepared for the first time.

Associates

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 consolidated financial statements.

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

Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Group's consolidated financial statements.

IFRS 2	Shared Based Payments (Amendments)
IFRS 5	Non Current Assets Held for Sale and Discontinued Operations (Amendments)
IFRS 8	Operating Segments (Amendments)
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities (Amendments)
IAS 1	Presentation of financial statements (Amendments)
IAS 16	Property, Plant and Equipment (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 24	Related Party Disclosures (Amendments)
IAS 27	Separate financial statements (Amendments)
IAS 34	Interim financial reporting (Amendments)
IAS 38	Intangible Assets (Amendments)
IAS 41	Agriculture (Amendments)

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 Group's operations or are not expected to have significant impact on the Group's financial statements other than increased disclosures in certain cases:

Standard	
IAS-7	Statement of Cash flows - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
IAS-12	Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
IAS-28	Investment in Associates & Joint Ventures - (Amended)-(effective for annual periods beginning on or after 1 January 2018).
IAS-40	Investment Property-(Amended)- (effective for annual periods beginning on or after 1 January 2018).
IFRS-7	Financial Instruments: Disclosures (Amended) - (applicable for annual periods beginning on or after 1 January 2018).
IFRS-9	Financial Instruments: Classification and Measurements - Not notified by SECP.
IFRS-12	Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
IFRS-14	Regulatory Deferral Accounts - Not notified by SECP.
IFRS-15	Revenue from Contracts with Customers - Not notified by SECP.
IFRS-16	Leases - Not notified by SECP.

2.4 Basis of measurement

These consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are presented in Pak Rupees, which is the Group'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 consolidated 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 Holding company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affect the insured. Once the contract has been classified as an insurance contract, it remains an insurance contract for the 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
- Credit and Suretyship
- Miscellaneous

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

These contracts are provided to all types of customers based on assessment of insurance risk by the Holding Company. Normally personal insurance contracts 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 Holding Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

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

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

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

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

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

The Holding 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 holding 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 date is based on an analysis of the past claims reporting pattern experienced by the holding 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. IBNR for Accident and health class of business is based on actuary report.

3.4 Premium deficiency reserve

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

3.5 Reinsurance Contracts Held

These are contracts entered into by the Holding Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial settlements. The Holding 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 Holding 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 Holding 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 Holding 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 Group 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 Group 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 18 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 Group and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

Surplus on revaluation of tangible fixed assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of tangible fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

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 Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liabilities to the lessor are included in the 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 Group'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

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the holding compny's share of the net identifiable assets of the acquired subsidiaries at the date of the acquisition. Goodwill is tested for impairment annualy and whenever there is an indication that the value may be impaired, and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

Other Intangible Assets

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 Group.

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 Holding 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 Holding Company. This income is deferred and accounted for as revenue in accordance with the pattern of recognition of reinsurance/ co-insurance / other premium to which they relate. Profit Commission 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 Group'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 deductable 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.

3.16 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group 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 Group 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.
- Credit and Surityship insurance contracts provides protection to the insured against the risk of causing harm to third parties as a result of their legitimate activities.
- 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.

- Food - It pertains to running business of the Fast Food Restaurants throughout Pakistan and other ancillary activities.
- Technologies - It involves business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies such as GPS and GSM.

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 Group 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 Group 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 Group.

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 Group becomes a party to the contractual provisions of the instrument and derecognized when the Group losses 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 Stock in Trade

These are valued at the lower of cost, determined on First-In-First-Out Basis, and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.29 Earning per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		Note	2016	2015
---- (Number of shares) -----				------------ (Rupees) ------------	
79,716,786	59,045,953	**Ordinary shares of Rs.10 each fully paid in cash**		**797,167,860**	590,459,530
2,966,547	2,966,547	**Ordinary shares of Rs.10 each issued as fully paid bonus shares**		**29,665,470**	29,665,470
82,683,333	62,012,500			**826,833,330**	620,125,000

Reconciliation of number of shares at beginning and at end of the year is as under:

2016	2015		2016	2015
---- (Number of shares) -----			------------ (Rupees) ------------	
62,012,500	62,012,500	**At beginning of the year**	**620,125,000**	**620,125,000**
20,670,833	-	**Right shares issued during the year**	**206,708,330**	**-**
82,683,333	62,012,500	**At end of the year**	**826,833,330**	**620,125,000**

4.1 The Holding Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Holding Company.

4.2 The Holding Company has no reserved shares for issue under option and sales contracts.

4.3 As at 31 December 2016, 37,668,466 shares are held by Associated companies, Underatakings & related parties.

		2016	2015
5.	**DISCOUNT ON ISSUE OF RIGHT SHARES**	**199,650,000**	199,650,000

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

6. RESERVES

	Note	2016	2015
Reserve for exceptional losses	*6.1*	**1,767,568**	1,767,568
General reserve	*6.2*	**24,497,265**	24,497,265
		26,264,833	26,264,833

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

6.2 These represent distributable profits transferred and utilizable at the discretion of the board of directors.

7. AMOUNTS DUE TO OTHER INSURERS / REINSURERS

	2016	2015
Foreign reinsurers	**9,985,380**	20,024,555
Local reinsurers	**10,679,835**	1,822,321
Co-insurers	**3,824,544**	1,594,353
	24,489,759	23,441,229

8. OTHER CREDITORS AND ACCRUALS

	Note	2016	2015
Federal insurance fee		**1,561,056**	1,770,660
Federal excise duty		**29,422,428**	23,942,270
Withholding tax		**31,907,966**	19,723,904
Payable to staff provident fund		**431,860**	5,984,715
Advance against issue of Shares	8.1	**53,000,060**	-
Unpresented cheques		**7,877,268**	19,017,995
Margin against performance bonds		**4,409,531**	697,901
Trade & related payables		**59,331,638**	-
Other	*8.2*	**85,283,685**	10,378,464
		273,225,492	81,515,909

8.1 This represents amount advance from associated company - Din Corporation (Private) Limited - to facilitate payment of expenses and purchase of fixed assets with the understanding that these would be utilized/adjusted against future issue of shares at the covenience of subsidiary company - Crescent Star Foods (Private) Limited.

8.2 This includes balance payable to Associated undertakings of Rs. 83,263,321/- (2015: Rs. 7,254,381/-).

	Note	2016	2015
		------------ (Rupees) ------------	

9 TAXATION - PROVISIONS LESS PAYMENTS

Balance at beginning of the year		**4,502,325**	(2,201,814)
Add: Charge for Current year		**2,557,750**	8,172,791
Less: Paid during the year		**(5,147,262)**	(1,468,652)
Balance at end of the year		**1,912,813**	4,502,325

10. BORROWING UNDER MUSHARAKA ARRANGEMENTS

		3,007,838	5,354,762

10.1 The Holding Company has entered into diminishing musharka agreements with KASB Modarba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Holding Company. The effective mark up rate is 17% to 18% (2015: 17% to 18%) p.a.and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Holding Company.

The amount payable:			
Within twelve months		**2,179,838**	2,346,924
Later than twelve months		**828,000**	3,007,838
		3,007,838	5,354,762

11. CONTINGENCIES AND COMMITMENTS

11.1 CONTINGENCIES

The Holding 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 (2015: Rs. 8.290 million) against the Holding Company.
- Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2015: Rs. 27.5 million) against the Holding Company.
- The management believes that the outcome of above lawsuits will be in favour of the Holding Company and, accordingly, no provision for the same has been made in these financial statements.

11.2 COMMITMENTS

There are no commitments as at December 31, 2016 (2015: Rs. Nil).

12. CASH AND OTHER EQUIVALENTS

Cash with State Bank of Pakistan	*12.1*	**51,238,047**	1,238,047
Cash in hand		**2,893,353**	35,056
Stamps in hand		**600,328**	723,412
		54,731,728	1,996,515

12.1 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.

13. CURRENT AND OTHER ACCOUNTS

Current accounts		**4,093,783**	7,282,990
PLS savings accounts	*13.1*	**3,156,376**	2,473,133
		7,250,159	9,756,123

13.1 These carry mark-up at the rate of 4% (2015: 5%) per annum.

	Note	2016	2015
		------------ (Rupees) ------------	
14. INVESTMENTS			
Held to maturity			
Government Securities	14.1	**21,761,809**	49,925,290
Available for sale			
Ordinary equity securities & Mutual funds	14.2	**78,519,113**	12,344,441
Less: Provision for impairment		**(484,998)**	(519,035)
		78,034,115	11,825,406
In Related Parties			
Crescent Star Foods (Private) Limited		**-**	16,309,970
		99,795,924	78,060,666

14.1 This represents amortised cost of three years Pakistan Investment Bond (PIB) having face value of Rs. 21 million (2015: Rs. 50 million) issued by the State Bank of Pakistan through its authorized dealer Pak Oman Investment Holding Company Limited (2015 : MCB Arif Habib). PIB carry mark up at the effective rate of 6.20% per annum (2015 : 11.25% per annum) with maturity date up till 26 March 2018 (2015 : 18 July 2016)

Government securities having amortised cost of Rs. 21.762 million (2015 : Rs.49.925 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.

14.2 Detail of available for sale investments is given in Annexure 14.2.1.

Securities having book value of Rs. 11.731 million (2015 : Rs. 11.731 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.

These also include investment in Associated undertaking (Dost Steels Limited) of 14,707,020 shares (2015: 1,500 shares) having book value of Rs. 66.190 million (2015 : Rs. 0.015 million) & market value of Rs. 178.249 million (2015: Rs. 22,410) with 4.66% of total equity of Dost Steels Limited.

As per the Holding 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, 2016 would have been higher by Rs.113,890,367/- (2015: higher by Rs.1,365,908/-).

	Note	2016	2015
		------------ (Rupees) ------------	

15. DEFERRED TAXATION

		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 Group has recognised deferred tax asset to the extent of the amount expected to be utilized in forseable future in line with the accounting policy and as matter of prudence further deferred tax asset of **Rs. 22,649,559/-** (2015: 37,766,991/-) on account of unused tax losses, adjustable minimum tax and temporary differenes has not been recognised.

16. PREMIUMS DUE BUT UNPAID - NET - UNSECURED

	Note	2016	2015
Considered good	**16.1**	**179,887,393**	183,786,313
Considered doubtful		**54,663,496**	48,261,694
		234,550,889	232,048,007
Less: Provision for doubtful balances	**16.2**	**(54,663,496)**	(48,261,694)
		179,887,393	183,786,313

16.1 It includes an amount of Rs.4,252,837/- (2015: Rs. Nil) due from related parties.

16.2 Provision for doubtful balances

	2016	2015
Balance at the beginning of the year	**48,261,694**	34,749,823
Add: Provision for doubtful receivable during the year	**6,401,802**	13,511,871
Balance at the end of the year	**54,663,496**	48,261,694

17. Sundry Receivables- Unsecured

	Note	2016	2015
Advances			
Considered good			
To employees		**22,538**	175,988
To suppliers		**48,979,780**	
Advance against issuance of shares		**-**	241,529,066
Deposits		**32,388,254**	5,666,299
Receivable against sale of property		**-**	133,495,834
Others	*17.1*	**415,189,404**	55,524,970
		496,579,976	436,392,157

17.1 (a) This includes balance due from associated companies :

Name	**Status**		
Dost Steels Limited	Associate	386,378,894	-

It also includes Rs. 1,532,046/- (2015: Nil) on account of pre-incorporation, formation and other related expenses of proposed subsidiary, Crescent Star Luxury (Private) Limited.

17.1 (b) Includes an advance of Rs. 386.379 million which carries markup @ 1 year KIBOR plus 3% p.a.

14.2.1 **Available for sale investment**

No. of shares / units 2016	No. of shares / units 2015	Face value	Market value Per Share 2016	Market value Per Share 2015	Name of entity	Book Value 2016	Book Value 2015	Market value 2016	Market value 2015	Lower of Cost or Market value 2016	Lower of Cost or Market value 2015
						Rupees					
Quoted											
					INVESTMENT COMPANIES / BANKS						
250	250	**10**	**17.65**	9.21	The Bank of Punjab	**7,859**	7,859	**4,413**	2,303	**4,413**	2,303
67	67	**10**	**-**	-	Innovative Investment Bank Limited	**243,755**	243,755	**-**	-	**-**	-
1,500	1,500	**10**	**3.26**	1.57	IGI Investment Bank Limited	**19,002**	19,002	**4,890**	2,355	**4,890**	2,355
500	500	**10**	**1.81**	1.90	NIB Bank Limited	**990**	990	**905**	950	**905**	950
					INSURANCE						
200	200	**10**	**19.00**	20.05	Habib Insurance Company Limited	**379**	379	**3,800**	4,010	**379**	379
98	83	**10**	**21.19**	30.00	Premier Insurance Limited	**631**	631	**2,077**	2,490	**631**	631
					TEXTILE COMPOSITE						
158	158	**10**	**12.68**	0.77	Service Fabrics Limited	**1,859**	1,859	**2,003**	122	**1,859**	122
					FUEL AND ENERGY						
2,000	2,000	**10**	**2.21**	3.16	Southern Electric Power Company Limited	**26,944**	26,944	**4,420**	6,320	**4,420**	6,320
					MUTUAL FUND						
246,324	236,096	**50**	**54.87**	55.31	Pakistan Income Fund (PIF)	**11,731,083**	11,731,083	**13,515,776**	13,058,462	**11,731,083**	11,731,083
69,750	69,750	**10**	**-**	-	First Dawood Mutual Fund	**-**	-	**-**	-	**-**	-
3,820	3,820	**10**	**15.58**	11.49	PICIC Energy Fund	**18,044**	18,044	**59,516**	43,892	**18,044**	18,044
					INDUSTRIAL METAL AND MINING						
14,707,020	1,500	**10**	**12.12**	14.94	Dost Steels Limited	**66,189,892**	15,220	**178,249,082**	22,410	**66,189,892**	15,220
					MODARABA						
16,000	16,000	**10**	**4.85**	3.00	Modaraba Al-Mali	**278,675**	278,675	**77,600**	48,000	**77,600**	48,000
15,047,687	331,924					**78,519,113**	12,344,441	**191,924,482**	13,191,314	**78,034,115**	11,825,406

18. Fixed Assets - Tangible

Description	Furniture and fixtures	Office equipment	Computers and related equipment	Leasehold Improvements	☆ Vehicles	Total
	Owned					
	----------------------------(Rupees)------------------------------					
COST						
Balance as at January 01, 2015	5,958,548	3,221,644	1,939,274	-	23,932,854	35,052,320
Additions	1,188,350	1,500,126	1,507,653	-	6,709,050	10,905,179
Disposals	-	(736,000)	(340,885)	-	(3,405,350)	(4,482,235)
Balance as at December 31, 2015	7,146,898	3,985,770	3,106,042	-	27,236,554	41,475,264
Balance as at January 01, 2016	7,146,898	3,985,770	3,106,042	-	27,236,554	41,475,264
Additions	43,347,400	4,471,550	3,985,192	8,638,575	3,000,000	63,442,717
Disposals	-	(36,000)	(72,180)	-	-	(108,180)
Balance as at December 31, 2016	**50,494,298**	**8,421,320**	**7,019,054**	**8,638,575**	**30,236,554**	**104,809,801**
DEPRECIATION						
Balance as at January 01, 2015	2,152,102	1,453,938	1,210,997	-	12,957,717	17,774,754
Charge for the year	463,093	230,763	560,245	-	2,413,064	3,667,165
On disposals	-	(369,451)	(323,687)	-	(321,340)	(1,014,478)
Balance as at December 31, 2015	2,615,195	1,315,250	1,447,555	-	15,049,441	20,427,441
Balance as at January 01, 2016	2,615,195	1,315,250	1,447,555	-	15,049,441	20,427,441
Charge for the year	2,789,122	493,886	900,105	217,132	2,593,035	6,993,280
Disposals	-	(8,346)	(41,649)	-	-	(49,995)
Balance as at December 31, 2016	**5,404,317**	**1,800,790**	**2,306,011**	**217,132**	**17,642,476**	**27,370,726**
Carrying amount - 2016	**45,089,981**	**6,620,530**	**4,713,043**	**8,421,443**	**12,594,078**	**77,439,075**
Carrying amount - 2015	4,531,703	2,670,520	1,658,487	-	12,187,113	21,047,823
RATE OF DEPRECIATION (%)	10%	10%	30%	5%	20%	

☆ These include vehicles costing Rs. 11,242,050/- (2015: Rs. 11,242,050/-) acquired under diminishing musharaka arrangement and are in the name of the Modarba.

18.1 Detail of tengible assets disposed off through negotiation during the year as follows:

Category of Assets	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Sold to
Office equipment :					
Mobile	36,000	8,346	27,654	5,000	Kashif Naeem
Computer and related equipment :					
Laptop	72,180	41,649	30,531	35,000	Kashif Naeem

	Note	**2016**	2015
		------------- *(Rupees)* -------------	
19. INTANGIBLE OWNED			
Goodwill on acquisition		**28,742,849**	-
Franchise - Golden Chick		**43,347,261**	-
Software cost		**2,433,569**	-
	19.1.	**45,780,830**	-
		74,523,679	
19.1. Cost			
Balance as at Jan 01		-	-
Additions during the period		48,205,338	-
Balance as at Dec 31		48,205,338	-
Amortization			
Balance as at Jan 1		-	-
Charged during the period		2,424,508	-
Balance as at Dec 31		(2,424,508)	-
Net Book Value as at Dec 31		45,780,830	-
Amortization Rate		10%	-
20. MANAGEMENT EXPENSES			
Salaries, allowances and other benefits	*20.1*	**40,298,621**	57,017,187
Travelling and conveyance expenses		**1,296,593**	1,148,361
Repairs and maintenance		**2,572,603**	7,479,945
Rent, rates and taxes		**17,743,194**	13,550,460
Printing and stationery		**1,426,461**	1,231,054
Telephone and postage		**1,783,031**	3,313,284
Utilities		**1,853,821**	2,264,272
Entertainment		**1,141,312**	1,077,346
Others		**3,931,913**	1,797,871
		72,047,549	88,879,780

20.1 This includes contribution to provident fund amounting to Rs. 2.715 million (2015: Rs. 3.284 million).

		2016	2015
21. Sales			
Sales		**55,711,678**	-
Less : Sales tax		**(6,409,308)**	-
		49,302,370	-
22. Cost of Sales			
Opening stock		**-**	-
Add: Purchases		**54,282,183**	-
Less: Closing Stock		**(19,599,248)**	-
		34,682,935	-
23. OTHER INCOME			
Income from Financial Assets:			
Markup on Other receivables		**32,427,080**	2,687,815
Income from other Operating activities:			
(Loss)/Gain on disposal of fixed assets		**(18,185)**	150,243
Gain on Third Party claim handling		**706,560**	616,432
Others		**4,898,950**	-
		38,014,405	3,454,490

		2016	2015
		------- (Rupees)--------	

24. GENERAL AND ADMINISTRATIVE EXPENSES

		2016	2015
Salaries, allowances and other benefits		**61,762,331**	30,572,115
Rent, rates & taxes		**23,871,931**	-
Travelling and conveyance expenses		**21,339,271**	8,786,387
Depreciation		**6,993,280**	3,667,165
Amortization		**2,424,508**	-
Provision against doubtful balances		**6,401,802**	13,511,871
Repairs and maintenance		**995,776**	1,063,581
Fees, subscription and periodicals		**3,563,850**	2,975,299
Telephone and postage		**952,799**	370,399
Legal and professional charges		**12,184,355**	3,828,006
Advertisement and promotion expenses		**997,295**	1,827,805
Entertainment		**176,090**	308,123
Auditors' remuneration	*24.1*	**1,049,005**	710,000
Markup on Musharaka		**692,650**	869,475
Royalty		**3,630,671**	-
Utilities		**4,894,365**	-
Others		**4,325,898**	524,998
		156,255,877	69,015,224

24.1 Auditors' remuneration

	2016	2015
Annual audit fee	**535,000**	420,000
Review of code of corporate governance	**87,619**	80,000
Half yearly review	**95,286**	87,000
Certification charges	**331,100**	123,000
	1,049,005	710,000

25. PROVISION FOR TAXATION

	2016	2015
Current	**2,557,750**	8,172,791
Deferred	**-**	-
	2,557,750	8,172,791

25.1 The income tax returns of the Holding Company have been filed up to tax year 2016 (corresponding to the income year ended December 31, 2015) 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 for the year 2016 & 2015 has not been presented in these consolidated financial statements, as the total income of the Holding Company falls under section 113 of the Income Tax Ordinance, 2001.

26. EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED - ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

	2016	2015
(Loss) / profit for the year attributable to Ordinary shareholders	**(14,653,304)**	81,682,351
Number of shares (Weighted Average)	**78,288,013**	☆ 61,516,400
(Loss) / Earnings per share	**(0.19)**	☆ 1.33

☆ Restated due to Right Issue of shares during the year.

26.1 No figure for diluted earnings/(loss) per share has been presented as the Holding 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

	2016			
	Chief Executive	**Directors**	**Executives**	**Total**
	------- (Rupees) -------			
Managerial remuneration	**5,760,000**	**-**	**11,831,752**	**17,591,752**
Retirement benefits	**576,000**	**-**	**1,052,592**	**1,628,592**
House rent	**2,592,000**	**-**	**7,887,835**	**10,479,835**
Utilities/Other	**2,448,000**	**-**	**3,760,000**	**6,208,000**
Total	**11,376,000**	**-**	**24,532,179**	**35,908,179**
Number of persons	**1**	**-**	**12**	**13**

	2015			
	Chief Executive	Directors	Executives	Total
	---------------------------- (Rupees) -----------------------------------			
Managerial remuneration	5,760,000	-	18,241,953	24,001,953
Retirement benefits	576,000	-	1,638,072	2,214,072
House rent	2,592,000	-	12,035,541	14,627,541
Utilities/Other	1,848,000	-	7,159,737	9,007,737
Total	10,776,000	-	39,075,303	49,851,303
Number of persons	1	-	18	19

27.1 Non-Executive Directors were paid Rs. 0.068 million (2015: Rs. 0.084 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 Holding Company maintained cars in accordance with his entitlements.

28. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise the Directors, major shareholders and the companies owned by such shareholders, entities owned by the Directors of the Group where they also hold directorships, staff retirement funds and key management personnel. The Group continues to have a policy whereby all transections with related parties and associated undertakings are priced at comparable uncontrolled market price.

	2016	2015
	-------- ***(Rupees)*** ----------	
Associated undertakings having common directorship		
Dost Steels Limited		
Subscription of shares	**67,500,000**	13,119
Advance given for issuance of shares	**-**	241,529,066
Other Advance	**353,951,814**	39,349,127
Markup on advance given	**32,427,080**	2,687,815
Premium written	**4,252,837**	-
Din Corporation (Private) Limited		
Advance received - net	**53,000,060**	-
Elahi Noor Enterprises (Private) Limited		
Advance received - net	**12,458,864**	-
Weavers Pakistan (Private) Limited		
Advance received - net	**63,550,076**	7,254,381
Share Deposit Money (Utilized)/Received	**(76,000,000)**	76,000,000
Key Management Personnel		
Remuneration paid to directors, chief executive and executives of the Holding Company (note 27)	**35,908,179**	49,851,303
Staff retirement benefits		
Provident fund contribution	**2,714,574**	3,283,973
Markup on outstanding balance of provident fund	**350,286**	321,605

The outstanding balance payable to staff retirement fund and associates is disclosed in note 8, investment in associates is disclosed in note 14 and amount receivable from associated undertakings in note 16 & 17 to the consolidated financial statements.

Accrued Expenses Includes Rs. 684,895/- (2015: Rs. Nil) payable to CEO against salary.

Other balances receivable from and payable to related parties are as disclosed in relevent notes.

29 SEGMENT REPORTING

The Holding Company has six primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident & health, credit & suretyship 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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	Rupees							
Revenue from external customers	**19,617,173**	13,335,404	**18,676,852**	16,020,767	**108,995,889**	144,805,095	**35,839,748**	75,203,089
Depreciation	**308,556**	183,806	**293,766**	220,819	**1,714,383**	1,995,890	**563,719**	1,036,546
Segment profit/(Loss)	**(6,340,056)**	(13,595,767)	**(5,730,871)**	(3,656,166)	**15,668,067**	57,357,483	**30,096,484**	(4,661,682)
Capital expenditure	**36,204**	546,590	**34,468**	656,657	**201,152**	5,935,249	**66,142**	3,082,413
Segment assets	**23,818,762**	14,831,811	**22,677,044**	17,818,507	**132,340,536**	161,054,123	**43,515,875**	83,641,860
Segment liabilities	**17,004,419**	11,820,137	**16,189,336**	14,200,370	**94,479,045**	128,351,275	**31,066,357**	66,657,961

	Credit and suretyship		Miscellaneous		Total		Food		Technologies		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	Rupees											
Revenue from external customers	**35,632,492**	13,239,358	**15,521,061**	3,455,111	**234,283,215**	266,058,824	**49,302,370**	-	**-**	-	**283,585,584**	266,058,824
Depreciation	**560,459**	182,482	**244,129**	47,622	**3,685,012**	3,667,165	**3,274,721**	-	**33,547**	-	**6,993,280**	3,667,165
Segment profit/(Loss)	**16,604,619**	(456,224)	**2,066,145**	(4,695,289)	**52,364,388**	30,292,355	**(63,983,991)**	-	**(5,989,976)**	-	**(17,609,579)**	30,292,355
Capital expenditure	**65,760**	542,653	**28,644**	141,617	**432,370**	10,905,179	**62,851,249**	-	**159,098**	-	**63,442,717**	10,905,179
Segment assets	**43,264,229**	14,724,987	**18,845,347**	3,842,820	**284,461,793**	295,914,108	**216,754,779**	-	**136,550**	-	**501,353,123**	295,914,108
Segment liabilities	**30,886,704**	11,735,005	**13,453,856**	3,062,516	**203,079,717**	235,827,264	**111,886,703**	-	**75,000**	-	**315,041,420**	235,827,264

29.1 Reconciliations of reportable segments are as follows:

	2016	2015	**2016**	**2015**	**2016**	2015	**2016**	2015
	Rupees		Rupees		Rupees		Rupees	
Revenue								
Total revenue for reportable segments	**52,364,388**	30,292,355	**49,302,370**	**-**	**-**	-	**101,666,758**	30,292,355
Other revenue / (loss)	**40,021,072**	128,578,011	**-**	**-**	**-**	-	**40,021,072**	128,578,011
Entity's revenue	**92,385,460**	158,870,366	**49,302,370**	**-**	**-**	-	**141,687,830**	158,870,366
Profit for the year								
Total profit for reportable segments	**92,385,460**	158,870,366	**(63,983,991)**	**-**	**(5,989,976)**	-	**22,411,493**	158,870,366
Unallocated corporate income / (expenses)								
General and administration expenses	**(66,763,525)**	(69,015,224)	**-**	**-**	**-**	-	**(66,763,525)**	(69,015,224)
(Loss)/profit before income tax expense	**25,621,935**	89,855,142	**(63,983,991)**	**-**	**(5,989,976)**	-	**(44,352,032)**	89,855,142
Assets								
Total assets for reportable segments	**284,461,793**	295,914,108	**216,754,779**	**-**	**136,550**	-	**501,353,123**	295,914,108
Other unallocated corporate assets	**609,189,507**	542,306,858	**-**	**-**	**-**	-	**609,189,507**	542,306,858
Entity's assets	**893,651,300**	838,220,966	**216,754,779**	**-**	**136,550**	-	**1,110,542,630**	838,220,966
Liabilities								
Total liabilities for reportable segments	**203,079,717**	235,827,264	**111,886,703**	**-**	**75,000**	-	**315,041,420**	235,827,264
Other unallocated corporate liabilities	**141,701,904**	92,318,133	**-**	**-**	**-**	-	**141,701,904**	92,318,133
Entity's liabilities	**344,781,621**	328,145,397	**111,886,703**	**-**	**75,000**	-	**456,743,324**	328,145,397

The Company has no reportable geographical segment.

30. Financial Instruements - fair values

		Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruements	*Note*	Rupess					
31 December 2016							
Financial assets measured at fair value							
Investments - Available for sale		78,034,115	-	78,034,115	78,034,115	-	-
		78,034,115	**-**	**78,034,115**	**78,034,115**	-	-
Financial assets not measured at fair value	*30.1.*						
Cash and other equivalents		54,731,728	-	54,731,728	-	-	-
Current and other accounts		7,250,159	-	7,250,159	-	-	-
Investments - other than available for sale		21,761,809	-	21,761,809	-	-	-
Premiums due but unpaid		179,887,393	-	179,887,393	-	-	-
Amounts due from other insurers / reinsurers		66,527,481	-	66,527,481	-	-	-
Accrued investment income		354,866	-	354,866	-	-	-
Reinsurance recoveries against outstanding claims		8,552,929	-	8,552,929	-	-	-
Sundry receivables		496,579,976	-	496,579,976	-	-	-
		835,646,341	**-**	**835,646,341**	**-**	**-**	**-**
Financial liabilities measured at fair value		**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value	*30.1.*						
Provision for outstanding claims (including IBNR)		**-**	71,011,170	71,011,170	**-**	**-**	**-**
Amounts due to others insurers / reinsurers		**-**	24,489,759	24,489,759	-	-	-
Accrued expenses		**-**	9,858,822	9,858,822	-	-	-
Other creditors and accruals		**-**	150,570,544	150,570,544	-	-	-
Borrowing under musharaka arrangements		**-**	3,007,838	3,007,838	-	-	-
Unpresented dividend warrants		**-**	418,209	418,209	-	-	-
		-	**259,356,342**	**259,356,342**	**-**	**-**	**-**

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

31. 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.

31.1 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.

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

	Category of financial assets	**2016**	2015
		---------- **Rupees**	----------
Bank deposits	Loans & Receivables	**7,250,159**	9,756,123
Investments:			
Government Securities	Held to maturity	**21,761,809**	49,925,290
Equity & other securities	Available for sale	**78,034,115**	11,825,406
Investment in related parties	Available for sale	**-**	16,309,970
Premiums due but unpaid	Loans & Receivables	**179,887,393**	183,786,313
Accrued investment income	Loans & Receivables	**354,866**	2,558,219
Amount due from other insurers / reinsurers	Loans & Receivables	**66,527,481**	55,530,575
Reinsurance recoveries against outstanding claims	Loans & Receivables	**8,552,929**	8,552,929
Sundry receivables	Loans & Receivables	**447,600,195**	436,392,157
		809,968,947	774,636,982

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 16 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
Financial Assets - 2016	-------------------	Rupees	-------------------	
Premiums due but unpaid -net- unsecured	**179,887,393**	**52,104,731**	**120,471,217**	**7,311,445**
Amounts due from other insurers / reinsurers - unsecured	**66,527,481**	**25,071,582**	**41,455,899**	**-**
Accrued investment income	**354,866**	**354,866**	**-**	**-**
Reinsurance recoveries against outstanding claims	**8,552,929**	**-**	**2,300,000**	**6,252,929**
Sundry receivables	**447,600,195**	**437,253,733**	**5,771,250**	**4,575,212**
	702,922,864	**514,784,912**	**169,998,366**	**18,139,586**

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
Financial Assets - 2015	-------------------	Rupees	-------------------	
Premiums due but unpaid -net- unsecured	183,786,313	149,794,665	30,167,236	3,824,412
Amounts due from other insurers / reinsurers - unsecured	55,530,575	38,471,277	17,055,103	
Accrued investment income	2,558,219	2,558,219	-	-
Reinsurance recoveries against outstanding claims	8,552,929	-	2,300,000	6,252,929
Sundry receivables	436,392,157	436,392,157	-	-
	686,820,193	627,216,318	49,522,339	10,077,341

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

	Rating	Agency	**2016**	2015
			---------- **Rupees**	----------
National Bank of Pakistan	AAA	PACRA/JCR-VIS	**4,127**	4,126
Habib Bank Limited	AAA	JCR-VIS	**1,153,027**	222,469
Allied Bank Limited	AA+	PACRA	**182,676**	182,676
The Bank of Punjab	AA	PACRA	**43,257**	43,257
United Bank Limited	AAA	JCR-VIS	**1,706,991**	2,247,437
Soneri Bank Limited	AA-	PACRA	**53,743**	53,743
NIB Bank Limited	AA-	PACRA	**166,348**	143,076
Faysal Bank Limited	AA	PACRA/JCR-VIS	**3,165,198**	6,829,709
SILK Bank Limited	A-	JCR-VIS	**4,819**	4,819
Bank Alfalah Limited	AA	PACRA	**2,327**	2,327
Meezan Bank Limited	AA	JCR-VIS	**22,482**	22,484
			6,504,995	9,756,123

31.1.3 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	**2016**	2015
	-------------------	-------------------	Rupees	-------------------	-------------------
A or above	60,535,402	8,552,929	3,277,316	**72,365,647**	76,502,543
BBB	5,992,079	-	-	**5,992,079**	3,910,192
Total	66,527,481	8,552,929	3,277,316	**78,357,726**	80,412,735

31.2 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, 2016				
At amortised cost:				
Provision for outstanding claims	**71,011,170**	**71,011,170**	**71,011,170**	**-**
Amounts due to other insurers	**24,489,759**	**24,489,759**	**24,489,759**	**-**
Accrued expenses	**9,858,822**	**9,858,822**	**9,858,822**	**-**
Other creditors	**150,570,544**	**150,570,544**	**150,570,544**	**-**
Obligation under musharaka	**3,007,838**	**3,615,440**	**2,588,941**	**1,026,499**
Unpresented dividend warrants	**418,209**	**418,209**	**-**	**418,209**
	259,356,342	**259,963,944**	**258,519,236**	**1,444,708**
As at December 31, 2015				
At amortised cost:				
Provision for outstanding claims	70,387,813	70,387,813	70,387,813	-
Amounts due to other insurers	23,441,229	23,441,229	23,441,229	-
Accrued expenses	20,785,015	20,785,015	20,785,015	-
Other creditors	30,094,360	81,515,909	81,515,909	-
Obligation under musharaka	5,354,762	7,045,208	3,429,768	3,615,440
Unpresented dividend warrants	418,209	418,209	418,209	-
	150,481,388	203,593,383	199,977,943	3,615,440

31.3 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 Group's business activities are interest / mark up rate risk and price risk. The Group 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 Group's significant interest bearing financial instruments was as follows:

	2016	2015	**2016**	2015
	Effective interest rate (%)		**--------- Rupees ------**	
Financial assets				
Bank deposits	**4.00%**	5.00%	**3,156,376**	2,473,133
Deposits maturing with in 12 months	**-**	-	**-**	-
Investment in Government Securities	**6.20%**	11.25%	**21,761,809**	49,925,290

Sensitivity analysis

The Group 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 Group is not exposed to significant interest/mark-up rate risk as the Group 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. Group is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 191,924,482/- (2015: Rs. 13,191,314/-)at the balance sheet date.

The Group's strategy is to hold its strategic equity investments for long period of time. Thus, Group'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 Group 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 Group has no significant concentration of price risk.

Sensitivity analysis
The table below summarizes Group's equity price risk as on December 31, 2016 and 2015 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 Group's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Fair value	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		----------------------	Rupees	----------------------
December 31, 2016	**191,924,482**	**10% increase**	**211,116,930**	**19,192,448**	**19,192,448**
		10% decrease	**172,732,034**	**(19,192,448)**	**(19,192,448)**
December 31, 2015	13,191,314	10% increase	14,510,445	1,319,131	1,319,131
		10% decrease	11,872,183	(1,319,131)	(1,319,131)

31.4 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 Group 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, 2016				
Available for sale investments	**191,924,482**	**-**	**-**	**191,924,482**
December 31, 2015				
Available for sale investments	13,191,314	-	-	13,191,314

31.5 Insurance risk

The Holding 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 Holding 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 Holding 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 policy holder, within a geographical location or to types of commercial business. The Holding 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 Holding Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe, any loss over and above the retention amount would be recovered from the treaty which is very much in line with the risk management philosophy of the Holding 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, Accident & Health, credit & suretyship and Miscellaneous) is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees in thousands					
Fire	**7,615,303**	8,271,370	**6,456,617**	6,046,922	**1,158,686**	2,224,448
Marine	**14,718,723**	11,096,013	**5,587,999**	4,709,197	**9,130,724**	6,386,816
Motor	**3,903,610**	5,822,432	**531,707**	1,433,028	**3,371,903**	4,389,404
Accident & Health	**20,556**	339,232	**-**	-	**20,556**	339,232
Credit and suretyship	**28,435,948**	10,654,675	**8,536,276**	644,318	**19,899,672**	10,010,357
Miscellaneous	**8,423,242**	5,309,298	**3,106,104**	1,858,695	**5,317,138**	3,450,603
	63,117,382	41,493,020	**24,218,703**	14,692,160	**38,898,679**	26,800,860

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Holding 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 Holding 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 Holding 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	
	2016	2015	**2016**	2015
	Rupees in thousands			
± 10% variation in profit /(loss)				
Net				
Fire and property damage	**509,476**	855,399	**351,538**	581,671
Marine, aviation and transport	**952,506**	383,532	**657,229**	260,802
Motor	**3,558,068**	3,161,457	**2,455,067**	2,149,791
Accident and health	**361,711**	4,575,577	**249,581**	3,111,392
Miscellaneous	**160,011**	257,302	**110,408**	174,965
	5,541,772	9,233,267	**3,823,823**	6,278,621

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 2016.

Analysis on gross basis	**2014**	**2015**	**2016**
Accident year		Rupees	
Estimate of ultimate claims cost:			
At end of accident year	11,643,855	6,999,580	**5,094,763**
One year later	5,566,742	12,340,943	**16,726,650**
Cumulative payments to date	(4,869,654)	(2,613,873)	**(4,221,682)**
Liability recognised in the balance sheet	12,340,943	16,726,650	**17,599,731**

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group's overall strategy remains unchanged from 2012. The Group has not obtained long term finance and short term borrowings, therefore gearing ratio of the Group is not applicable. In accordance with Securities and Exchange Commission (Insurance) Rules 2002, minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2017	**2016**	2015
		Rupees	
Minimum paid up capital required	500,000,000	**400,000,000**	300,000,000
Group's paid up capital		**826,833,330**	620,125,000

33. PROVIDENT FUND DISCLOSURE

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

	2016	2015
	Rupees	
	Un-Audited	Audited
Size of the fund - total assets	**20,994,660**	17,215,182
Cost of Investments made	**15,848,790**	8,849,731
Percentage of investments made	**75.49%**	51.44%
Fair Value of investments	**19,042,349**	10,529,995

The break-up of cost of investments is:

	2016		2015	
	%	**Rupees**	%	Rupees
With PIBs	**-**	**-**	11.31	1,000,941
Mutual Funds	**100**	**15,848,790**	88.69	7,848,790
	100	**15,848,790**	100	8,849,731

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.

34. NUMBER OF EMPLOYEES

Number of employees and average employees as at December 31, 2016 were 191 (2015: 85) and 204 (2015: 113) respectively.

35. EVENTS AFTER BALANCE SHEET DATE

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

36. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been approved by the Board of Directors of the Company and are authorised for issue on April 8, 2107.

Naim Anwar	**Dr. Fahim Lashkarwala**	**Bilal Anwar**	**Shahid Suleman Jan**
Chief Executive/Principal Officer	**Director**	**Director**	**Director**

PATTERN OF SHAREHOLDINGS AS AT DECEMBER 31, 2016

Number of shareholders	Shareholdings		Shares Held
	From	To	
197	1	100	3,046
184	101	500	70,555
205	501	1000	195,016
504	1001	5000	1,550,265
209	5001	10000	1,766,362
91	10001	15000	1,203,200
57	15001	20000	1,084,703
43	20001	25000	1,014,303
35	25001	30000	996,499
18	30001	35000	602,083
18	35001	40000	703,151
9	40001	45000	384,666
23	45001	50000	1,135,121
8	50001	55000	430,000
7	55001	60000	411,115
4	60001	65000	255,336
4	65001	70000	272,000
2	70001	75000	149,900
3	75001	80000	232,557
2	80001	85000	164,500
3	85001	90000	268,000
1	90001	95000	95,000
12	95001	100000	1,196,500
4	100001	105000	416,000
2	105001	110000	217,500
2	110001	115000	228,000
2	115001	120000	236,500
4	120001	125000	499,000
2	130001	135000	267,285
3	145001	150000	445,780
1	150001	155000	151,000
2	155001	160000	317,833
1	160001	165000	161,500
3	165001	170000	501,500
2	170001	175000	348,937
2	175001	180000	357,000
1	180001	185000	184,500
4	195001	200000	800,000
1	245001	250000	250,000
1	250001	255000	252,000
1	255001	260000	260,000
1	295001	300000	300,000
1	325001	330000	328,000
1	345001	350000	350,000
1	385001	390000	390,000
1	395001	400000	400,000
1	495001	500000	500,000
2	500001	505000	1,005,166
1	540001	545000	542,000
1	590001	595000	590,833
2	600001	605000	1,205,491
1	660001	665000	665,000
2	745001	750000	1,493,332
1	795001	800000	799,500
1	945001	950000	949,500
1	995001	1000000	1,000,000
1	1000001	1005000	1,004,666
1	1470001	1475000	1,472,500
1	3760001	3765000	3,761,000
1	8175001	8180000	8,179,666
1	10705001	10710000	10,707,770
1	26960001	26965000	26,960,696
1701			**82,683,333**

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Shareholders	No. of Shares	Percentage
1. Individual	1,674	31,602,298	38.22
2. Charitable Trusts	3	70,250	0.08
3. Banks, DFIs and NBFIs	1	949,500	1.15
4. Insurance Companies	2	613,715	0.74
5. Mutual Fund	2	165,000	0.20
6. Joint Stock Companies	19	49,282,570	59.60
	1,701	**82,683,333**	**100**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors & Spouses & Executives			
Syed Abid Raza	1	3,000	0.00%
Hanif Daud	1	4,000	0.00%
Syed Adnan Ali Zaidi	1	2,000	0.00%
Dr. Fahim Lashkarwala	1	2,000	0.00%
Chief Executive Officer			
Naim Anwar	1	390,000	0.47%
Associate Companies, Undertakings & Related Parties	2	37,668,466	45.56%
NIT and ICP	-	-	0.00%
Banks, DFIs and NBFIs	1	949,500	1.15%
Public Sector Companies and Corporations	-	-	0.00%
Insurance Companies			
Pakistan Reinsurance Company Limited (PRCL)	1	604,491	0.73%
Excel Insurance Company Limited	1	9,224	0.01%
Modaraba			
Mutual Funds	2	165,000	0.20%
General Public			
Local (Individuals)	1,669	31,201,298	37.74%
Foreign Companies / Organizations / Individuals	-	-	
Others			
Joint Stock Companies	17	11,614,104	14.05%
Pension Fund, Provident Fund, Trusts	3	70,250	0.08%
	1,701	**82,683,333**	**100.00%**

Shareholders Holding 5% or More Voting Interest	Shares Held	Percentage
Weavers Pakistan (Pvt) Limited	26,960,696	32.61%
Elahi Noor Enterprises (Pvt) Limited	10,707,770	12.95%
Roomi Enterprises (Pvt) Limited	8,179,666	9.89%


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HEAD OFFICE

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U.A.N.: 111-274-000 PHONES: 32415471-3 FAX (92-21) 32415474

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CENTRAL CORPORATE	2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
KARACHI CENTRAL	3RD FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
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FAISALABAD	P-14, 1ST FLOOR, CHENAB MARKET, MADINA TOWN, FAISALABAD.	(041) 8559696-7
MULTAN	OPP: HAJVERI ARCADE, KUTCHERY ROAD, MULTAN.	(061) 4571338
SIALKOT	FIRST FLOOR, AL-REHMAN CENTRE, 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 60th Annual General Meeting of the Company to be held on _29th April_, 2017 and at any adjournment thereof.

Signed this _________________________ of __________________________ 2017.
(day) (date, month)

Signature of Member: ________________________

Revenue Stamp

Folio Number: ______________________________

Number of share held: ________________________

Witnesses:

1. ___________________________________

2. ___________________________________

Signature and Company Seal

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A Proxy need not be a Member of the Company.
3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Main Office of the Company at 2nd Floor, Nadir House, I.I. Chundrigar Road Karachi not later than 48 hours before the time of holding meeting, falling which, Proxy form will not be treated valid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her as proof of his / her identity, and in case of Proxy, must enclose an attested copy of his / her National Identity Card. Representative of corporate entity, shall submit Board of Directors resolutions / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form of the Company.

اختیاراتی فارم

میں/ہم ____________________

واقع (مکمل پتہ) ____________________

کریسینٹ اسٹارانشورنس کے ممبر کی حیثیت سے جناب ____________________

واقع (مکمل پتہ) ____________________

ہمارے نائب کی حیثیت سے اختیار دیتے ہیں کہ وہ میرے/ہماری جانب سے کمپنی کی 29 اپریل 2017ء کو منعقد ہونے والی 60ویں سالانہ جنرل میٹنگ میں شرکت کریں۔

دستخط کردہ: بروز ____________ مورخہ ____________ 2017ء

ممبر کے دستخط: ____________

فولیو نمبر: ____________

شیئرز کی تعداد: ____________

ریوینو اسٹیمپ

(دستخط اور کمپنی کی مہر)

گواہان:

ا۔ ____________

۲۔ ____________

ا۔ممبر کو اختیار ہے کہ وہ جنرل میٹنگ میں شرکت کر کے ووٹ دے اس کے علاوہ اپنے کسی اور کو نائب کے طور پر میٹنگ میں شرکت کیلئے تقرر کرے۔

۲۔تقرر کرنے کے دستاویز کو تحریر میں لایا جائے گا جس پر تعین کرنے والا اور نائب اپنے دستخط کریں گے۔اگر تقرر کرنے والا کارپوریشن ہے تو وہ اپنی مہر ثابت کرے گا اور آفیسر یا آٹارنی دستخط کرے گا۔نائب کیلئے یہ ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔

۳۔نائب کی تقرری کے دستاویز، پاور آف آٹارنی اگر کوئی ہو تو اس پر دستخط کر کے یا اس کی مصدقہ کاپی کو نوٹری سے تصدیق کروا کر کمپنی کے مین مرکزی آفس واقع دوسری منزل، نادر ہاؤس، آئی آئی چندریگر روڈ کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل جمع کروانا ہوگا۔

۴۔کوئی بھی انفرادی مالک برائے سینٹرل ڈیپازٹری کمیٹی کو یہ حق حاصل ہے کہ وہ اس میٹنگ میں ووٹ دے لیکن اپنی شناخت کیلئے اپنے ساتھ شناختی کارڈ لائے اور نائب کی صورت میں اس کی شناختی کارڈ کی کاپی منسلک کرے۔کسی ادارے کے نمائندے کی صورت میں قرارداد/پاور آف اٹارنی، دستخط کے نمونے کے ساتھ بورڈ آف ڈائرکٹران کے پاس جمع کرائے جس کے ساتھ کمپنی کا اختیاراتی فارم بھی منسلک کیا جائے گا۔