

## Auditor's Report to the Members on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying:

- (i) Interim condensed statement of financial position.
- (ii) Interim condensed statement of comprehensive income
- (iii) Interim condensed statement of changes in equity.
- (iv) Interim condensed statement of cash flows.
- (v) Interim condensed statement of premiums.
- (vi) Interim condensed statement of claims.
- (vii) Interim condensed statement of expenses, and
- (viii) Interim condensed statement of investment income.

of **THE CRESCENT STAR INSURANCE COMPANY LIMITED** (the Company) as at **30 JUNE 2011** together with the notes forming part thereof (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Adverse Conclusion

According to circular No. 3 of 2007 dated April 2007, issued by the Securities and Exchange Commission of Pakistan (SECP), all non-life insurance companies are required to have a minimum paid up capital of Rs. 250 million as at 31 December 2010. However, the paid up share capital of the company was Rs.121 million at the end of the current period.

*Mu*

Based on the above mentioned fact there exists a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The interim financial information and notes thereto do not disclose this fact.

### **Adverse Conclusion**

Because of the significance of the matters discussed in preceding paragraph, this interim financial information do not give a true and fair view the financial position of the entity as at June 30, 2011 and of its financial performance and its cash flows for the six months period then ended in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

 **Moochhala Gangat & Co.**  
Chartered Accountants

Name of the audit engagement partner:  
Mr. Hussaini Fakhruddin

**Karachi**  
**Date:**