HALLMARK INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED
MARCH 31, 2015

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COMPANY INFORMATION

Chairman
Muhammad Farrukh Bashir

Chief Executive Error! Not a valid link.
Mr. Muhammad Adil

Directors
Muhammad Adil
Muhammad Farrukh Bashir
Saad Aftab Shamsi
Haris A. Shamsi
Ahtesham Ashraf
Naveed Hamid
S. Muhammad Imran

Audit Committee

Muhammad Farrukh Bashir	Chairman & Member
Naveed Hamid	Member
Haris A. Shamsi	Member

Legal Advisor
Sayeed A. Sheikh & Co., Advocates

External Auditors
M/s. Muniff Ziauddin & Co.
Chartered Accountants

Registrar
M/s. F. D. Registrar Services (SMC-Private) Limited

Bankers
Habib Bank Limited
National Bank of Pakistan
Muslim Commercial Bank Limited

OFFICE OF THE COMPANY

Registered Office Karachi
Suite # 1001, Uni Centre, 10th Floor,
I.I. Chundrigar Road,
Karachi. Pakistan.
Phone: 021-32414419, 37011105
Fax: 021-32416288
Email: hallmark@bizcorei.com

REPORT OF DIRECTORS TO THE MEMBERS

The Directors of the Company are pleased to present before you the Financial Statements of the Company for the quarter ended March 31, 2015.

During the Financial Period under review the Company earned a net profit of Rs. 60,000 which has resulted in a decrease of accumulated losses to Rs. (4,693,529) carried forward to the Balance Sheet. The Company has not underwritten any insurance business during the period but earned a rental income of Rs. 75,000 form its Investment Property business during the quarter. The Insurance Ordinance, 2000 requires that paid-up capital of the Company should be Rs. 300.00 million upto December 31, 2012 and due to this the Securities and Exchange Commission of Pakistan has issued a letter on 2nd April, 2013 for the winding up of the Company. However, the Company due to its non operational status and liquidity issues has been unable to fulfill this requirement but the management is making all out efforts to have the required share capital and run the business as a going concern and resolve the issues in the stipulated time.

We will be doing our best to resume in our business. We of course in this period have made strategic steps by negotiating with Central Depository Company of Pakistan to make a successful Rights offer but due to non availability of a congenial investment climate the Company finds it difficult under existing circumstances and thus the matter is still in process.

Future Prospects

The management is doing its best efforts to increase the Authorized and Paid up Capital up to Rs. 300.00 million to revive its insurance business activities at earliest possible time. The management also intends to operate Takaful business subject to completion of necessary requirements.

The Directors of the Company are willing to make the Company a reputable Insurance and Takaful business organization. We are also planning to run its activities as of an alternative business. We intend to develop an efficient system of internal control and comply with the code of corporate governance in all respects, as soon as the minimum paid-up capital and other requirements of the Insurance Ordinance 2000 are met. The Company is in the process to arrange funds to fulfill minimum capital requirement and trying to comply with the requirements of fit and proper criteria on revival of the Company, and to induct qualified, experience and service oriented staff trained locally and abroad, that shall strengthen the position of the Company to underwrite all classes of the general and Takaful business.

Muhammad Adil
Chief Executive

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015 (Unaudited)

EQUITY AND LIABILITIES	Note	(Unaudited) Mar 31, 2015 Rupees	(Audited) Dec 31, 2014 Rupees
Share Capital And Reserves			
Authorized Share Capital			
1,000,000 Ordinary Shares of Rs. 10/- each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**5,000,000**	5,000,000
Accumulated loss		**(4,693,529)**	(4,753,529)
		306,471	246,471
Creditors And Accruals			
Amount due to other insurers / reinsurers		**1,448,238**	1,448,238
Accrued expenses		**700,216**	700,216
Taxation - provision less payments		**72,248**	72,248
		2,220,702	2,220,702
Other Liabilities			
Sundry creditors		**500,000**	500,000
Unclaimed dividends		**23,150**	23,150
		523,150	523,150
Contingencies and commitments	5		
TOTAL EQUITY AND LIABILITIES		**3,050,323**	2,990,323
ASSETS			
Cash and Bank Deposits			
Cash and other equivalent		**695,928**	635,928
Current and other accounts		**26,445**	26,445
		722,373	662,373
Current Assets - Other			
Stock of stationery		**-**	-
Sundry receivables		**591,106**	591,106
		591,106	591,106
Fixed Assets			
Tangible			
Furniture & fixtures and office equipment	6	**936,844**	936,844
Computer software		**800,000**	800,000
		1,736,844	1,736,844
TOTAL ASSETS		**3,050,323**	2,990,323

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil	**Naveed Hamid**	**Saad A. Shamsi**	**Muhammad Farrukh Bashir**
Chief Executive	Director	Director	Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

	Note	For the quarter ended March 31, 2015					
		Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014
		(Rupees)					
Revenue account							
Net premium revenue		-	-	-	-	-	-
Net claims		-	-	-	-	-	-
Management expenses		-	-	-	-	-	-
Net commission		-	-	-	-	-	-
Underwriting result		-	-	-	-	-	-
Other income						75,000	75,000
General and administration expenses						**(15,000)**	(15,000)
Profit / (loss) before taxation						**60,000**	60,000
Taxation - net						-	-
Profit / (loss) after taxation						**60,000**	60,000
Profit / (loss) per share (basic and diluted)						**0.12**	0.12

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
	(Rupees)	
Profit after taxation	**60,000**	60,000
Other comprehensive income	**-**	-
Total comprehensive income for the Quarter	**60,000**	60,000

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
	(Rupees)	
OPERATING CASH FLOW		
a) Underwriting activities		
Premiums received	-	-
Reinsurance premiums paid	-	-
Claims paid	-	-
Reinsurance and other recoveries received	-	-
Commission paid	-	-
Commission received	-	-
Other underwriting receipts	-	-
Net cash flow from underwriting activities	-	-
b) Other operating activities		
Income tax paid	-	-
General management expenses paid	**(15,000)**	(15,000)
Other operating payments	**75,000**	75,000
Net cash (outflow) from other operating activities	**60,000**	60,000
Total cash (outflow) from all operating activities	**60,000**	**60,000**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Profit / return received	-	-
Proceeds from disposal of fixed assets	-	-
Fixed capital expenditure	-	-
Total cash flow from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net cash inflow from all activities	**60,000**	**60,000**
Cash and cash equivalent at the beginning of the year	**662,373**	477,373
Cash and cash equivalent at the end of the year	**722,373**	537,373
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flow	-	-
Depreciation expenses	-	-
Increase / (decrease) in assets other than cash	**60,000**	60,000
(Increase) / decrease in liabilities	-	-
Profit/(Loss) after taxation as per profit and loss account	**60,000**	60,000

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil	**Naveed Hamid**	**Saad A. Shamsi**	**Muhammad Farrukh Bashir**
Chief Executive	Director	Director	Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

	Share Capital	Capital Reserves			
	Issued, subscribed and paid-up	Reserve for issue of bonus shares	Reserve exceptional losses	Retained earnings	Total
	(Rupees)				
Balance as at Dec 31, 2013	**5,000,000**	-	-	**(4,909,337)**	**90,663**
Profit for the quarter	-	-	-	60,000	60,000
Balance as at Mar 31, 2014	**5,000,000**	-	-	**(4,849,337)**	**150,663**
Profit for the period	-	-	-	95,808	95,808
Balance as at Dec 31, 2014	**5,000,000**	-	-	**(4,753,529)**	**246,471**
Profit for the quarter	-	-	-	60,000	60,000
Balance as at Mar 31, 2015	**5,000,000**	-	-	**(4,693,529)**	**306,471**

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil	**Naveed Hamid**	**Saad A. Shamsi**	**Muhammad Farrukh Bashir**
Chief Executive	Director	Director	Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

Class	Claims paid	Outstanding claims including IBNR		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries received in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
	(Rupees)									
Direct and facultative										
1. Fire and property damage	-	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-	-

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
	(Rupees)									
Direct and facultative										
1. Fire and property damage	-	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-	-

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2014
	(Rupees)								
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME
FOR THE QUARTER ENDED MARCH 31, 2015 (UNAUDITED)

	Quarter ended Mar 31, 2015	Quarter ended Mar 31, 2015
	(Rupees)	
Income from trading investments		
Gain on sale of trading investments - net	-	-
Dividend income	-	-
Unrealised (loss) / gain on re-measurement of securities to fair value	-	-
	-	-
Income from non-trading investments		
Held to maturity		
Return on Government Securities	-	-
Return on other fixed income securities and deposits - Term finance certificates	-	-
Available-for-sale		
Dividend income	-	-
Gain on sale of non-trading investments - net	-	-
Provision for impairment in value of available-for-sale securities - net	-	-
Investments related expenses	-	-
Net investments income	-	-

The annexed notes from 1 to 8 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

1 THE COMPANY AND ITS OPERATION

1.1 Hallmark Insurance Company Limited (the Company) was incorporated as a Public Limited Company on 31 October 1981 and the shares of the Company are quoted, currently at defaulter desk of the Karachi Stock Exchange. The registered office of the Company is situated at Office # 1001, Uni Centre, 10th Floor, I.I Chundrigar Road, Karachi.

1.2 The Company was engaged in non-life insurance business comprising of fire, marine, motor, engineering etc. With the promulgation of the Insurance Ordinance 2000, the requirement of minimum paid up capital for an insurer to operate as an insurance Company has been enhanced to Rs. 300 million. The Company does not find itself in a position to increase its paid up capital to the required minimum level and has ceased to underwrite insurance business w.e.f. January 01, 2003. Adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary, since the Company is no more a going concern, have not been made in these financial statements as the management is making all efforts to have the required capital and run the business as a going concern. A winding up letter Dated: 02/04/2013 has been issued by the Securities Exchange Commission of Pakistan and the management has taken up necessary steps to resolve the issues in the stipulated time, hence the management is confident that they will do full efforts to revive the Company.

1.3 Due to suspended operations, register of members and fixed assets could not be timely updated.

2 BASIS OF PREPARATION

These condensed interim financial statements are unaudited and are being circulated to the shareholders in accordance w.th the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984 and being prepared in condensed form in accordance with the requirements of approved accounting standards as applicable to insurance companies in Pakistan for interim financial reporting and in the format prescribed under SEC (Insurance) Rules, 2002. They do not include all of the information required for the full financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are same as those applied by the company in its financial statements for the year ended 31 December 2014.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2014.

5 CONTINGENCIES AND COMMITMENT

5.1 Contingencies

Due to suspended business operations, the Company could not maintain proper secretarial records as required by the Companies Ordinance 1984, and under the Insurance Ordinance, 2002 and listing regulations of Karachi Stock Exchange (KSE). In the absence of the same the Company might be liable to certain penalties which could not be quantified till the signing date.

6 FURNITURE & FIXTURES AND OFFICE EQUIPMENT

	Quarter ended Mar 31, 2015	Quarter ended Dec 31, 2014
	Rupees	*Rupees*
Opening book value	**936,844**	936,844
Additions during the period	-	-
Disposal during the period	-	-
	936,844	936,844
Less: Depreciation for the period	-	-
Closing book value	**936,844**	936,844

The Company is dormant. Therefore, the management has resolved not to charge depreciation for the period ended March 31, 2015.

7 AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue by the Board of Directors of the Company in its meeting held on April 30, 2014.

8 GENERAL

Figures in the financial statement has been rounded off to the nearest rupees.

Muhammad Adil	**Naveed Hamid**	**Saad A. Shamsi**	**Muhammad Farrukh Bashir**
Chief Executive	Director	Director	Director