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HALLMARK INSURANCE COMPANY LIMITED QUARTERLY REPORT

For the Quarter Ended

March 31, 2016

Registered Office Toronto

Suite 8 1001, Bay Centre, 107 King

1 Church Street West

Toronto, Ontario

Phone: (416) 593-4444, (416) 593-4444

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COMPANY INFORMATION

Chairman

Muhammad Imran

Chief Executive

Mr. Muhammad Adil

Directors

Muhammad Adil
Muhammad Farrukh Bashir
Saad Aftab Shamsi
Haris A. Shamsi
Ahfesham 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, 2016.

The Company result shows net profit of Rs. 817,132 during the period under review, which has resulted in a decrease of accumulated losses to Rs. (3,761,397) carried forward to the Balance Sheet. The Company has not underwritten any insurance business during the period but earned rental revenue of Rs. 75,000 from its Investment Property business during the quarter. Also, during the period under review certain balances appearing in the balance sheet for very long time were written off after performing thorough verification and cross confirmations from the relevant parties.

Future Prospects

The Company's insurance business has continued to be dormant since many years mainly because of suspension of its Insurance license by the Securities and Exchange Commission of Pakistan (SECP) due to the provision of the Insurance Ordinance, 2000 wherein the minimum paid up capital requirement for the registered insurance companies providing Non-life Insurance business services in Pakistan are now required to enhance its Paid Up share Capital up to minimum of Rs. 400 million and Rs. 500 million as on December 31, 2016 and 2017 respectively. At present the paid up capital of the Company is Rs.5 million and not only the paid up capital but also the required level of the statutory deposits of the company is need to be enhanced.

The Securities and Exchange Commission of Pakistan (SECP) has been enforcing strict compliance towards the regulations on the insurance sector and issued more stringent solvency requirements on insurers. Keeping in view of the above requirements and the shareholders capability towards enhancement of Share Capital from Rs. 5 million to Rs. 400 million this year with subsequent increase of Rs. 100 million by next year; the Directors of the Company have proposed concluded that this capital intensive investment will not be possible for the members of the Company and thus we are suggesting to de-register the company from the SECP as an insurer and to register in some other business class with the approval of the members of the Company.

In this manner, the Board of Directors have recommended to the members to approve the appointment of a Consultant who shall assess the company's financial strength and study the market need and accordingly submit its report as Proposed Business Plan of the Company. The members have passed the resolution in the Annual General Meeting held earlier today.

Muhammad Adil
Chief Executive

HALLMARK INSURANCE COMPANY LIMITED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016 (Unaudited)

	(Unaudited) Mar 31, 2016	(Audited) Dec 31, 2015
	Rupees	Rupees
EQUITY AND LIABILITIES		
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)	(3,761,397)	(4,578,529)
	1,238,603	421,471
Creditors And Accruals		
Amount due to other insurers / reinsurers	-	1,448,238
Accrued expenses	800,216	700,216
Taxation - provision less payments	-	72,248
	800,216	2,220,702
Other Liabilities		
Sundry creditors	500,000	500,000
Unclaimed dividends	23,150	23,150
	523,150	523,150
Contingencies and commitments		
TOTAL EQUITY AND LIABILITIES	2,561,969	3,165,323
ASSETS		
Cash and Bank Deposits		
Cash and other equivalent	798,680	810,928
Current and other accounts	26,445	26,445
	825,125	837,373
Current Assets - Other		
Sundry receivables	-	591,106
	-	591,106
Fixed Assets		
Tangible		
Furniture & fixtures and office equipment	936,844	936,844
Investment Property	800,000	800,000
	1,736,844	1,736,844
TOTAL ASSETS	2,561,969	3,165,323

The annexed notes from 1 to 11 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

For the quarter ended March 31, 2016						
Note	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Quarter Ended March 31, 2016	Quarter Ended March 31, 2015
Revenue account						
					(Rupees)	
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
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The annexed notes from 1 to 11 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
	(Rupees)	(Rupees)
Profit after taxation	817,132	60,000
Other comprehensive income	-	-
Total comprehensive income for the Quarter	817,132	60,000

The annexed notes from 1 to 11 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

	Quarter ended Mar 31, 2016	Quarter ended Mar 31, 2015
	(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	(72,248)	-
General management expenses paid	(15,000)	(15,000)
Other income - cash	75,000	75,000
Net cash inflow/(outflow) from other operating activities	(12,248)	60,000
Total cash (outflow) from all operating activities	(12,248)	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	(12,248)	60,000
Cash and cash equivalent at the beginning of the year	810,928	662,373
Cash and cash equivalent at the end of the year	798,680	722,373
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flow	(12,248)	-
Depreciation expenses	-	-
Increase / (decrease) in assets other than cash	(591,106)	60,000
(Increase) / decrease in liabilities	1,420,486	-
Profit/(Loss) after taxation as per profit and loss account	817,132	60,000

The annexed notes from 1 to 11 form an integral part of these financial statements.

Muhammad Adil Naveed Hamid Muhammad Imarn Muhammad Farrukh Bashir
Chief Executive Director Director Director
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HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

	Share Capital	Capital Reserves		Retained earnings	Total
	Issued, subscribed and paid-up	Reserve for issue of bonus shares	Reserve exceptional losses		
	(Rupees)				
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
Profit for the period	-	-	-	115,000	115,000
Balance as at Dec 31, 2015	5,000,000	-	-	(4,578,529)	421,471
Profit for the quarter	-	-	-	817,132	817,132
Balance as at Mar 31, 2016	5,000,000	-	-	(3,761,397)	1,238,603

The annexed notes from 1 to 11 form an integral part of these financial statements.

Muhammad Adil Naveed Hamid Muhammad Imarn Muhammad Farrukh Bashir
Chief Executive Director Director Director
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HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

Class	Claims paid	Outstanding claims including IBNR		Claims expenses	Reinsurance and other recoveries received	Reinsurance recoveries received in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense quarter ended quarter ends 31, 2016
		Opening	Closing			Opening	Closing		
(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 11 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director
Page 9

Muhammad Farrukh Bashir
Director

Page 8

Muhammad Farrukh Bashir
Director

Muhammad Imarn
Director

Naveed Hamid
Director

Muhammad Adil
Chief Executive

The annexed notes from 1 to 11 form an integral part of these financial statements.

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue quarter ended quarter ended Mar 31, 2016
		Opening	Closing			Opening	Closing		
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES
FOR THE QUARTER ENDED MARCH 31, 2016 (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, 2016	Quarter ended Mar 31, 2015
(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 11 form an integral part of these financial statements.

Muhammad Farrukh Bashir
Director

Muhammad Imarn
Director

Naveed Hamid
Director

Muhammad Adil
Chief Executive

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HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

Quarter ended Mar 31, 2016 Quarter ended 31-Mar-15
----- (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 11 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director

Muhammad Farrukh Bashir
Director

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HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

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 with 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 2015.

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 2015.

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 2015.

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

	Quarter ended Mar 31, 2016 Rupees	Quarter ended Dec 31, 2015 Rupees
5 AMOUNT DUE TO OTHER INSURERS / REINSURERS		
Opening value	1,448,238	1,448,238
Less: Amount written off	(1,448,238)	-
Closing value	-	1,448,238

- 5.1** The above amount was appearing since more than 10 years in the books of the Company. After detailed scrutiny and cross confirmations, no obligations has been found to this amount and therefore during the period the same has been written off.

6 CONTINGENCIES AND COMMITMENT

6.1 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.

7 FURNITURE & FIXTURES AND OFFICE EQUIPMENT

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

- 7.1** The Company is dormant. Therefore, the management has resolved not to charge depreciation for the period ended March 31, 2016.

8 OTHER INCOME

Income from investment property	75,000	75,000
Add: Reversal of Amount due to other insurers / reinsurers	1,448,238	-
	-	-
Closing book value	1,523,238	75,000

9 GENERAL AND ADMINISTRATION EXPENSES

Legal and professional charges	15,000	15,000
Reversal of sundry receivables	591,106	-
Listing fee of the exchange	100,000	-
	706,106	15,000

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2016 (UNAUDITED)

10 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, 2016.

11 GENERAL

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

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Muhammad Imarn
Director

Muhammad Farrukh Bashir
Director