HALLMARK INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2015

TABLE OF CONTENTS

Contents	Page No.
Company Information	1
Directors Review	2
Auditor's Report to Members On Review of Condensed Interim Financial Information	3
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Statement of Changes in Equity	8
Condensed Interim Statement of Cash Flows	9
Condensed Interim Statement of Premiums	10
Condensed Interim Statement of Claims	11
Condensed Interim Statement of Expenses	12
Condensed Interim Statement of Investment Income	13
Notes to the Condensed Interim Financial Statements	14

COMPANY INFORMATION

Chairman
Muhammad Farrukh Bashir

Chief Executive
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 Unaudited Financial Statements of the Company for the six months period ended June 30, 2015 duly completed the limited scope review and report thereon by the Statutory Auditors of the Company M/s. Munif Ziauddin & Co. Chartered Accountants.

The Company result shows net profit of Rs. 125,000 during the period under review, which has resulted in a decrease of accumulated losses to Rs. (4,628,529) carried forward to the Balance Sheet. The Company has not underwritten any insurance business during the period but earned a rental income of Rs. 150,000 form its Investment Property business during the period. The Insurance Ordinance, 2000 requires that paid-up capital of the Company should be Rs. 300.00 million 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.

Auditors Observations

Auditors of the Company could not form a favorable opinion due to the suspended operations of the Company mainly on going concern and certain other issues. Their basis of opinion in the fact of not so far having the minimum level of paid-up capital of Rs. 300.00 million and other issues as specified in the auditor's review report. We are however, making all our efforts to have the required paid-up capital and are striving our best to come up with the solutions for all other issues as specified by the Auditors.

Future Prospects

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 future outlet is also dependent on improved political situation in the region, besides the continuation of economical and fiscal policies by the government, all economic indicators are, however, reasonably not positive and shall lead to a nominal growth during the year 2015.

Muhammad Adil
Chief Executive

AUDITOR'S REPORT TO MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying:

i. condensed interim balance sheet;
ii. condensed interim profit and loss account;
iii. condensed interim statement of comprehensive income;
iv. condensed interim statement of changes in equity;
v. condensed interim statement of cash flows;
vi. condensed interim statement of premiums;
vii. condensed interim statement of claims;
viii. condensed interim statement of expenses; and
ix. condensed interim statement of investment income

of Hallmark Insurance Company Limited ("the Company") as at 30 June 2015 together with notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of this condensed 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 condensed 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.

Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to express a conclusion on this condensed interim financial information.

Basis for Adverse Conclusion

1. The Insurance Ordinance, 2000 requires the minimum capital of Rs. 300 million to be maintained by Insurance Company; the Company does not find itself in position to increase its paid-up capital, and does not comply with this solvency requirements.

2. The Company earned a net profit of Rs. 60,000 during the period of Six months ended June 30, 2015. However, the Company's accumulated loss is amounted to Rs. 4,628,529 and its total current liabilities exceeded its current assets by Rs.

1,365,373. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This condensed interim financial information does not include any adjustment that would result if the company was unable to continue as a going concern. Furthermore, no disclosure has been made in the condensed interim financial information regarding the financing plans for the revival of the Company.

3. Sundry receivables as disclosed in the balance sheet amount to Rs. 591,106. In our opinion the company is unlikely to receive any payment and full provision of 591,106 should have been made. Accordingly, sundry receivables should be reduced and net loss for the year should be increased by the same amount.

4. The Company could not reconcile its accounts with Pakistan Reinsurance Corporation Limited.

5. The commercial operations of the Company were suspended from January 01, 2003. Due to discontinued operations, depreciation for the period of six months amounting to Rs. 46,842 has not been charged in this condensed interim financial information. Had the depreciation been charged, the net accumulated loss after tax would have been increased by Rs. 46,842 and the written down value of fixed assets would have been reduced by Rs. 46,842.

6. As disclosed in the condensed interim financial information, has land acquired for a value of Rs. 800,000 which is classified as investment property, however no title documents of this land were provided to us for our verification.

7. Due to non availability of records and direct confirmation, we were unable to verify bank balances amounting to Rs. 26,445.

Disclaimer Conclusion

Because of the significance of matters described in the Basis for Disclaimer of Conclusion paragraphs, based on our review, we have not been able to draw a conclusion as to whether the annexed condensed interim information presents fairly, in all material respects, the financial position of the Company as at June 30, 2015 and of its financial performance and its cash flows for the then ended, in accordance with approved accounting standards as applicable in Pakistan.

Other matters

The figures for the three months period ended June 30, 2015 in the accompanying condensed interim financial information have not been reviewed and we do not express conclusion thereon.

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

Karachi
August 28, 2015

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015

EQUITY AND LIABILITIES	Note	(Un-audited) June 30, 2015 Rupees	(Audited) December 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	6	**5,000,000**	5,000,000
Accumulated loss		**(4,628,529)**	(4,753,529)
		371,471	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	7	**23,150**	23,150
		523,150	523,150
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		**3,115,323**	2,990,323
ASSETS			
Cash and Bank Deposits			
Cash and other equivalent		**760,928**	635,928
Current and other accounts	9	**26,445**	26,445
		787,373	662,373
Current Assets - Other			
Sundry receivables		**591,106**	591,106
		591,106	591,106
Fixed Assets	10		
Tangible and Intangible			
Furniture and fixtures and office equipment		**936,844**	936,844
Investment property		**800,000**	800,000
		1,736,844	1,736,844
TOTAL ASSETS		**3,115,323**	2,990,323

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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 (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

Three months period ended June 30, 2015

	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	June 30, 2015 Aggregate	June 30, 2014 Aggregate
Revenue account			(Rupees)			
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 before taxation					**60,000**	60,000
Taxation - net					-	-
Profit after taxation					**60,000**	60,000
Profit per share					**0.12**	0.12

Six months period ended June 30, 2015

	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	June 30, 2015 Aggregate	June 30, 2014 Aggregate
Revenue account			(Rupees)			
Net premium revenue	-	-	-	-	-	-
Net claims	-	-	-	-	-	-
Management expenses	-	-	-	-	-	-
Net commission	-	-	-	-	-	-
Underwriting result	-	-	-	-	-	-
Other income **(Note - 11)**					**150,000**	150,000
General and administration expenses					**(25,000)**	(25,000)
Profit/(Loss) before taxation					**125,000**	125,000
Taxation - net					-	-
Profit after taxation					**125,000**	125,000
Profit and loss appropriation account						
Balance at the commencement of the period					**(4,753,529)**	(4,909,337)
Profit after taxation for the period					**125,000**	125,000
Accumulated loss at the end of the period					**(4,628,529)**	(4,784,337)
Profit per share					**0.25**	0.25

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

	Three months period ended		Six months period ended	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
	(Rupees)			
Profit/(Loss) after taxation	**60,000**	60,000	**125,000**	258,639
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**60,000**	60,000	**125,000**	258,639

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 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	**(25,000)**	(25,000)
Other operating payments	-	-
Net cash (outflow) from other operating activities	**(25,000)**	(25,000)
Total cash (outflow) from all operating activities	**(25,000)**	(25,000)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Profit / return received	**150,000**	150,000
Proceeds from disposal of fixed assets	-	-
Fixed capital expenditure	-	-
Total cash flow from investing activities	**150,000**	150,000
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net cash inflow / (outflow) from all activities	**125,000**	125,000
Cash and cash equivalent at the beginning of the period	**662,373**	477,373
Cash and cash equivalent at the end of the period	**787,373**	602,373
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flow	-	-
Depreciation expenses	-	-
Profit / (Loss) on disposal of fixed assets	-	-
Increase / (decrease) in assets other than cash	-	-
(Increase) / decrease in liabilities	-	-
Finance investment income	-	-
Loss after taxation as per profit and loss account	-	-

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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 (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

	Share Capital	Capital Reserves			
	Issued, subscribed and paid-up	Reserved for issue of bonus shares	Reserved exceptional losses	Retained earnings	Total
	(Rupees)				
Balance as at Jan 01, 2014	5,000,000	-	-	(4,909,337)	90,663
Loss for the half year - 2014	-	-	-	125,000	125,000
Balance as at Jun 30, 2014	5,000,000	-	-	(4,784,337)	215,663
Balance as at Jan 01, 2015	5,000,000	-	-	(4,753,529)	246,471
Profit for the half year - 2015	-	-	-	125,000	125,000
Balance as at Jun 30, 2015	5,000,000	-	-	(4,628,529)	371,471

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

	Three months period ended June 30, 2015								Net premium revenue	
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	June 30, 2015	June 30, 2014
		Opening	Closing			Opening	Closing			
	(Rupees)									
Class										
Direct and facultative										
1. Fire and property damage	-	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-	-

	Six months period ended June 30, 2015								Net premium revenue	
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	June 30, 2015	June 30, 2014
		Opening	Closing			Opening	Closing			
	(Rupees)									
Class										
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 13 form an integral part of this condensed interim financial information.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

Three months period ended June 30, 2015

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					June 30, 2015	June 30, 2014
	(Rupees)								
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-

Six months period ended June 30, 2015

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					June 30, 2015	June 30, 2014
	(Rupees)								
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-

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

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

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

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

Business underwritten inside Pakistan

Three months period ended June 30, 2015

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		June 30, 2015	June 30, 2014
	(Rupees)									
Direct and facultative										
1. Fire and property damage	-	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-	-

Six months period ended June 30, 2015

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		June 30, 2015	June 30, 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 13 form an integral part of this condensed interim financial information.

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

	(Un-audited) June 30, 2015 Rupees	(Audited) December 31, 2014 Rupees
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 Ordinary Shares of Rs. 10/- each	**5,000,000**	5,000,000
7 UNCLAIMED DIVIDEND		
For the year ended 31-12-98	**5,150**	5,150
For the year ended 31-12-95	**18,000**	18,000
	23,150	23,150

8 CONTINGENCIES AND COMMITMENT

8.1 Contingencies

Due to suspended business operations, the Company could not maintain proper secretarial records as required by the Companies Ordi ance 1984, and under the Insurance Ordinance, 200 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.

9 CURRENT AND OTHER ACCOUNTS		
Cash at bank - operative accounts	**19,484**	19,484
Cash at bank - inoperative accounts	**6,961**	6,961
	26,445	26,445
10 FIXED ASSETS		
Tangible and Intangible		
Opening book value	**936,844**	936,844
Disposal during the period / year	**-**	-
	936,844	936,844
Less: Depreciation for the period / year	**-**	-
Closing book value	**936,844**	936,844

The Company is dormant. Therefore, the management has resolved not to charge depreciation for the period ended June 30, 2015.

11 OTHER INCOME		
Income from agricultrual land	**150,000**	150,000
	150,000	150,000

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

12 NUMBER OF EMPLOYEES

Number of employee as at June 30, 2015 was 1 (June 30, 2014: 1).

13 AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in accordance with a resolution of the Board of Directors on _____.

14 GENERAL

Figures in the condensed interim financial information has been rounded off to the nearest rupees.

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