
HALLMARK INSURANCE COMPANY LIMITED
FINANCIAL STATEMENTS

**FOR THE NINE MONTHS PERIOD
ENDED SEPTEMBER 30, 2014**

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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

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

DIRECTORS' REVIEW

The Directors of the Company are pleased to present before you the unaudited financial statements for the nine months period ended September 30, 2014.

The Company has continued to be dormant since many years but for the profit after tax for the nine months was Rs. 185,000 compared to profit of Rs. 248,639 in the corresponding period of last year. The increased profit of the last year was due to sale of fixed assets on profit whereas the current period's profit represents the return from investment property. However, the Company has not underwritten any business during the period under review.

The Insurance Ordinance, 2000 requires that paid-up capital of the Company should be Rs. 300.00 million up to the year 2012. Due to suspended operations, continued bad law and order condition in our city the management has been unable to fulfill this requirement. In this connection a winding up letter has been issued by the Securities Exchange Commission of Pakistan and the management has taken up necessary steps to resolve the issues. The management is doing its best efforts to increase the Authorized and Paid up Capital and to revive its business activities.

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.

The Company is on hold, and waiting for acceptance from SECP, CRO division of certain compliances made by the Company in relation to queries raised by them regarding election of Directors. On receipt of responses from the SECP, CRO and insurance division, the Company may resume its revival process.

The Directors of your Company are willing to make the Company a reputable business Organization. We are also planning to run its activities as of an alternative business in future.

Acknowledgements

Your Directors are grateful to all government institutions, our overseas re-insurers, and Company's valued clients for their valuable support (where ever applicable) and cooperation throughout the quarter.

On behalf of the Board of Directors.

Muhammad Adil
Chief Executive Officer

Karachi: October 31, 2014

HALLMARK INSURANCE COMPANY LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

	Share Capital	Capital Reserves		Retained earnings	Total
	Issued, subscribed and paid-up	Reserved for issue of bonus shares	Reserved exceptional losses		
			(Rupees)		
Balance as at Jan 01, 2013	5,000,000	-	-	(5,147,976)	(147,976)
Profit for the nine months ended on September 30, 2013	-	-	-	248,639	248,639
Balance as at Sep 30, 2013	5,000,000	-	-	(4,899,337)	100,663
Balance as at Jan 01, 2014	5,000,000	-	-	(4,909,337)	90,663
Profit for the nine months ended on September 30, 2014	-	-	-	185,000	185,000
Balance as at Sep 30, 2014	5,000,000	-	-	(4,724,337)	275,663

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

Business underwritten inside Pakistan

Three months period ended September 30, 2014

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

Nine months period ended September 30, 2014

Class	Nine months period ended September 30, 2014				Net premium revenue	
	Premium written	Unearned premium reserve	Premium earned	Reinsurance ceded	Prepaid reinsurance premium	Reinsurance expenses
		Opening	Closing		Opening	Closing
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

Director

Muhammad Farrukh Bashir

Director

Saad A. Shamsi

Director

Naveed Hamid

Chief Executive

Muhammad Adil

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

Class	Nine months period ended September 30, 2014									
	Claims paid		Outstanding claims including IBNR		Reinsurance and other recoveries received		Reinsurance and other recoveries received in respect of outstanding claims		Reinsurance and other recoveries revenue	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Sep 30, 2014	Sep 30, 2013
Direct and facultative										
1. Fire and property damage	-	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-	-

(Rupees)

Nine months period ended September 30, 2014

Class	(Rupees)							
	2014		2013		2012		2011	
Direct and facultative								
1. Fire and property damage	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-

(Rupees)

Three months period ended September 30, 2014

Business underwritten inside Pakistan

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CLAIMS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

Business underwritten inside Pakistan

Three months period ended September 30, 2014									
Class	Commission payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense Sep 30, 2014	Net underwriting expense Sep 30, 2013
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	-
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	-	-	-	-	-	-

Nine months period ended September 30, 2013									
Class	Commission payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense Sep 30, 2014	Net underwriting expense Sep 30, 2013
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
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

EQUITY AND LIABILITIES

Share Capital And Reserves

Authorized Share Capital

1,000,000 Ordinary Shares of Rs. 10/- each

Issued, subscribed and paid-up capital

Accumulated loss

Creditors And Accruals

Amount due to other insurers / reinsurers

Accrued expenses

Taxation - provision less payments

Other Liabilities

Sundry creditors

Unclaimed dividends

Contingencies and commitments

TOTAL EQUITY AND LIABILITIES

ASSETS

Cash and Bank Deposits

Cash and other equivalent

Current and other accounts

Current Assets - Other

Stock of stationery

Sundry receivables

Fixed Assets

Tangible and Intangible

Furniture and fixtures and office equipment

Computer software

TOTAL ASSETS

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

Note	(Un-audited) September 30, 2014 Rupees	(Audited) December 31, 2013 Rupees
	10,000,000	10,000,000
6	5,000,000	5,000,000
	(4,724,337)	(4,909,337)
	275,663	90,663
	1,448,238	1,448,238
	690,216	690,216
	72,248	72,248
	2,210,702	2,210,702
	500,000	500,000
7	23,150	23,150
	523,150	523,150
8	-	-
	3,009,515	2,824,515
	635,928	450,928
9	26,445	26,445
	662,373	477,373
	19,192	19,192
	591,106	591,106
	610,298	610,298
10	936,844	936,844
	800,000	800,000
	1,736,844	1,736,844
	3,009,515	2,824,515

HALLMARK INSURANCE COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

Three months period ended September 30, 2014					
Fire and property	Marine, aviation and transport	Motor	Miscellaneous	September 30, 2014 Aggregate	September 30, 2013 Aggregate
(Rupees)					
Revenue account					
Net premium revenue	-	-	-	-	-
Net claims	-	-	-	-	-
Management expenses	-	-	-	-	-
Net commission	-	-	-	-	-
Underwriting result	-	-	-	-	-
				75,000	-
Other income				(15,000)	(10,000)
General and administration expenses				60,000	(10,000)
Loss before taxation				-	-
Taxation - net				60,000	(10,000)
Profit / (Loss) after taxation					
				0.12	(0.02)
Profit/(Loss) per share					

Nine months period ended September 30, 2014					
Fire and property	Marine, aviation and transport	Motor	Miscellaneous	September 30, 2014 Aggregate	September 30, 2013 Aggregate
(Rupees)					
Revenue account					
Net premium revenue	-	-	-	-	-
Net claims	-	-	-	-	-
Management expenses	-	-	-	-	-
Net commission	-	-	-	-	-
Underwriting result	-	-	-	-	-
				225,000	278,639
Other Income (Note-11)				(40,000)	(30,000)
General and administration expenses				185,000	248,639
(Loss) before taxation				-	-
Taxation - net				185,000	248,639
Profit after taxation					
Profit and loss appropriation account					
Balance at the commencement of the period				(4,909,337)	(5,147,976)
Profit after taxation for the period				185,000	248,639
Accumulated loss at the end of the period				(4,724,337)	(4,899,337)
				0.37	0.50
Profit per share					

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

	Three months period ended September 30, 2014	September 30, 2013	Nine months period ended September 30, 2014	September 30, 2013
(Rupees)				
(Loss)/Profit after taxation	60,000	(10,000)	185,000	248,639
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	60,000	(10,000)	185,000	248,639

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 CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

	September 30, 2014	September 30, 2013
	(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	(40,000)	-
Other operating receipts	-	-
Other operating payments	-	-
Net cash (outflow) from other operating activities	(40,000)	-
Total cash (outflow) from all operating activities	(40,000)	-
CASH FLOW FROM INVESTMENT ACTIVITIES		
Profit / return received	225,000	-
Proceeds from disposal of fixed assets	-	210,694
Fixed capital expenditure	-	-
Total cash flow from investing activities	225,000	210,694
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash inflow / (outflow) from all activities	185,000	210,694
Cash and cash equivalent at the beginning of the period	477,373	491,679
Cash and cash equivalent at the end of the period	662,373	702,373
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flow	185,000	-
Depreciation expenses	-	-
Profit / (Loss) on disposal of fixed assets	-	51,260
Increase / (decrease) in assets other than cash	-	-
(Increase) / decrease in liabilities	-	(20,000)
Finance investment income	-	-
Loss after taxation as per profit and loss account	185,000	31,260

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 INVESTMENT INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

	Three months period ended Sep 30, 2014		Nine months period ended Sep 30, 2014	
	(Rupees)		(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 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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

Hallmark Insurance Company Limited 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 Company was engaged in general 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 this condensed interim financial information 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.

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

2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended September 30, 2014 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this condensed interim financial information has, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under historical cost convention.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial information, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2013.

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under historical cost convention.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial information, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2013.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2013. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended December 31, 2013.

	(Un-audited) September 30, 2014 <i>Rupees</i>	(Audited) December 31, 2013 <i>Rupees</i>
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 Ordinary Shares of Rs. 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
7 UNCLAIMED DIVIDEND		
For the year ended 31-12-98	<u>5,150</u>	5,150
For the year ended 31-12-95	<u>18,000</u>	18,000
	<u>23,150</u>	<u>23,150</u>

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 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.

9 CURRENT AND OTHER ACCOUNTS

Cash at bank - operative accounts	19,484	19,484
Cash at bank - inoperative accounts	<u>6,961</u>	<u>6,961</u>
	<u>26,445</u>	<u>26,445</u>

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

10 FIXED ASSETS

Tangible and Intangible		
Opening book value	3,546,278	1,096,278
Additions during the period / year		
- Software	-	2,450,000
Disposal during the period / year		
- Software	(2,450,000)	-
- Office equipment	(159,434)	-
	936,844	3,546,278
Less: Depreciation for the period / year	-	-
Closing book value	936,844	3,546,278

The Company is dormant. Therefore, the management has resolved not to charge depreciation for the period ended September 30, 2013.

11 OTHER INCOME

Gain on sale of fixed assets	51,260	-
Reversal of sundry creditors	227,379	-
	278,639	-

12 AUTHORIZATION FOR ISSUE

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

13 GENERAL

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

Muhammad Adil
Chief Executive

Naveed Hamid
Director

Saad A. Shamsi
Director

Muhammad Farrukh Bashir
Director