

FINANCIAL STATEMENTS
OF
HALLMARK INSURANCE COMPANY LIMITED
FOR THE YEAR ENDED December 31, 2015

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended December 31, 2015 prepared by the Board of Directors of **Hallmark Insurance Company Limited** to comply with the Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our Responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of Pakistan Stock Exchange require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

We report that the documentation prepared by the company to comply with the code is not so maintained to provide us sufficient appropriate evidence to enable us to form an opinion thereon.

Based on our review, we report that we are unable to form an opinion, as to whether the Statement of Compliance appropriately reflect the Company's compliance with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2015.

Karachi: **06 APR 2016**


MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

AUDITORS' REPORT TO THE MEMBERS

We were engaged to audit the annexed financial statements comprising of:

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

of **Hallmark Insurance Company Limited** (the Company) as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). We report that:

1. The Insurance Ordinance, 2000 requires the minimum capital of Rs. 300 million to be maintained by an insurance company; the Company does not find itself in a position to increase its paid up capital, and does not comply with this solvency requirements.
2. The Company earned a net profit of RS. 175,000 during the year ended December 31, 2015. However, the Company's accumulated loss is amounted to Rs. 4,578,529 and its total current liabilities exceeded its current assets by Rs. 1,315,373. 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. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Furthermore, no disclosure has been made in these financial statements 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 Rs. 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 1, 2003. Due to discontinued operations, depreciation for the year amounting to Rs. 93,684 (2014: Rs.93,684) has not been charged in these financial statements. Had the depreciation been charged, the accumulated loss would have been increased by Rs. 93,684 and the written down value of fixed assets would have been reduced by Rs. 93,684.
6. As disclosed in the financial statements, the Company has a land acquired for a value of Rs. 800,000 which is classified as investment property, however no title documents or valuation report if any, 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.

Because of the significance of the matters as disclosed in the paragraph 1 to 7 above, we are unable to form an opinion as to whether:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied; and
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2015 and of its profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984.

Karachi:

06 APR 2016

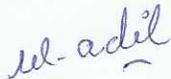

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)



HALLMARK INSURANCE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2015

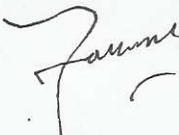
		December 31, 2015	December 31, 2014
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital 1,000,000 Ordinary Shares of Rs. 10/- each		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid-up capital	5	<u>5,000,000</u>	5,000,000
Accumulated loss		<u>(4,578,529)</u>	<u>(4,753,529)</u>
		421,471	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		<u>72,248</u>	<u>72,248</u>
		2,220,702	2,220,702
Other Liabilities			
Sundry creditors		500,000	500,000
Unclaimed dividends	6	<u>23,150</u>	<u>23,150</u>
		523,150	523,150
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>3,165,323</u></u>	<u><u>2,990,323</u></u>
ASSETS			
Cash and Bank Deposits			
Cash and other equivalent		810,928	635,928
Current and other accounts	8	<u>26,445</u>	<u>26,445</u>
		837,373	662,373
Current Assets - Other			
Sundry receivables		591,106	591,106
Fixed Assets			
Tangible			
Property, plant & equipment	9	936,844	936,844
Investment property		<u>800,000</u>	<u>800,000</u>
		1,736,844	1,736,844
TOTAL ASSETS		<u><u>3,165,323</u></u>	<u><u>2,990,323</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


Muhammad Adil
 Chief Executive


Naveed Hamid
 Director


Saad A. Shamsi
 Director

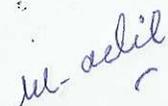

Muhammad Farrukh Bashir
 Director

**HALLMARK INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015**

For the year ended December 31, 2015

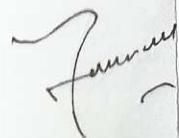
	Note	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	December 31, 2015 Aggregate	December 31, 2014 Aggregate
----- (Rupees) -----							
Revenue account							
Net premium revenue		-	-	-	-	-	-
Net claims		-	-	-	-	-	-
Management expenses		-	-	-	-	-	-
Net commission		-	-	-	-	-	-
Underwriting result							
Other income	10					300,000	300,000
General and administration expenses	11					(125,000)	(144,192)
Profit before taxation						175,000	155,808
Taxation - net						-	-
Profit after taxation						175,000	155,808
Earning per share (basic and diluted)	12					0.35	0.31

The annexed notes from 1 to 15 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
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015**

	December 31, 2015	December 31, 2014
	----- (Rupees) -----	
Profit after taxation	175,000	155,808
Other comprehensive income	-	-
Total comprehensive income for the year	<u>175,000</u>	<u>155,808</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Muhammad Adil
Chief Executive

Naveed Hamid
Director

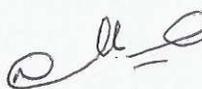
Saad A. Shamsi
Director

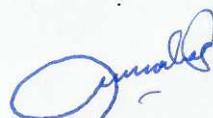
Muhammad Farrukh Bashir
Director

**HALLMARK INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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 December 31, 2013	5,000,000	-	-	(4,909,337)	90,663
Profit for the year - ended December 31, 2014	-	-	-	155,808	155,808
Balance as at December 31, 2014	5,000,000	-	-	(4,753,529)	246,471
Profit for the year - ended December 31, 2015	-	-	-	175,000	175,000
Balance as at December 31, 2015	5,000,000	-	-	(4,578,529)	421,471


Muhammad Adil
Chief Executive


Naveed Hamid
Director


Saad A. Shamsi
Director


Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

December 31, December 31,
2015 2014
 ----- (Rupees) -----

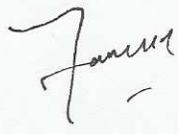
a) Underwriting activities		
Premiums received	-	-
Reinsurance premiums paid	-	-
Claims paid	-	-
Reinsurance and other recoveries received	-	-
Commission paid	-	-
Commission received	-	-
Other underwriting receipts	-	-
Net cash flow from underwriting activities	-	-
b) Other operating activities		
Income tax paid	-	-
General management expenses paid	(125,000)	(115,000)
Other operating payments	-	-
Net cash outflow from other operating activities	(125,000)	(115,000)
Total cash outflow from all operating activities	(125,000)	(115,000)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Profit / return received	300,000	300,000
Proceeds from disposal of fixed assets	-	-
Fixed capital expenditure	-	-
Total cash flow from investing activities	300,000	300,000
CASH FLOW FROM FINANCING ACTIVITIES		
Other creditors	-	-
	-	-
Net cash inflow / (outflow) from all activities	175,000	185,000
Cash and cash equivalent at the beginning of the year	662,373	477,373
Cash and cash equivalent at the end of the year	837,373	662,373
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flow	300,000	300,000
Depreciation expenses	-	-
Decrease in assets other than cash	-	(19,192)
(Increase) / decrease in liabilities	(125,000)	(125,000)
Profit after taxation as per profit and loss account	175,000	155,808

The annexed notes from 1 to 15 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
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2015

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		Dec 31, 2015	Dec 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 15 form an integral part of these financial statements.

M


Muhammad Adil
 Chief Executive


Naveed Hamid
 Director


Saad A. Shamsi
 Director


Muhammad Farrukh Bashir
 Director

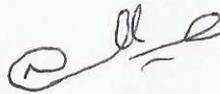
HALLMARK INSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2015

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		Dec 31, 2015	Dec 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 15 form an integral part of these financial statements.



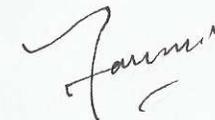

Muhammad Adil
Chief Executive



Naveed Hamid
Director



Saad A. Shamsi
Director



Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting	
		Opening	Closing					Dec 31, 2015	Dec 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 15 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
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015**

December 31, December 31,
2015 2014
----- (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

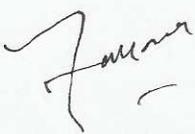
The annexed notes from 1 to 15 form an integral part of these financial statements.




Muhammad Adil
Chief Executive


Naveed Hamid
Director


Saad A. Shamsi
Director


Muhammad Farrukh Bashir
Director

HALLMARK INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 has been issued by the SECP and the management is taken up necessary steps to resolve the issues in the stipulated time, hence the management will do full efforts to revive the Company. 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

2.1 Statement of Compliance

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) - 39 'Financial Instruments: Recognition and Measurement' in respect of "available-for-sale investments" until suitable amendments have been made in the laws. Accordingly, the requirements of IAS-39, to the extent allowed by SECP, have not been considered in the preparation of these financial statements.

2.2 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the insurance company:

	Effective date (annual reporting periods beginning on or after)
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 14 Revenue from contracts with customers	January 01, 2016
IFRS 15 Revenue from contracts with customers	January 01, 2017
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment) IAS 27-Separate Financial Statements-Equity Method in Separate Financial Statements (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements (Amendment)	January 01, 2016
Improvements to Accounting Standards Issued by the IASB	
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	January 01, 2016
IFRS 7 Financial Instruments: Disclosures - Servicing contracts	January 01, 2016
IFRS 7 Financial Instruments: Disclosures - Applicability of the off-setting disclosures to condensed interim financial statements	January 01, 2016
IAS 19 Employee Benefits - Discount rate: regional market issue	January 01, 2016
IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'	January 01, 2016

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

4 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Reserves For Unexpired Risk

The Company has a policy to maintain its reserves for un-expired risk at the end of any year at 40% of the premium income of the year net of re-insurances.

4.2 Estimated Liability In Respect Of Outstanding Claims

The liability in respect of outstanding claims is based on certified returns of branches and represents the estimate of claims intimated or assessed before the end of accounting year less anticipated recoveries.

4.3 Revenue recognition premium

Premium received/receivable under a policy are recognized at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the reinsurance is ceded.

4.4 Return on investments

Return on investment on bank deposits are recognized on time proportion basis. Dividend income is recognized when the right to receive such dividend is established

4.5 Claims

Claims are considered to be incurred at the time when the claims are lodged with the Company.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.



4.6 Acquisition Cost

Commission due to Direct, Facultative and treaty business and on reinsurance cessation is recognized in accordance with the policy of recognizing premium revenue.

4.7 Taxation

Current

Provision for current taxation is based on taxable income at current rate of taxation after taking into account tax credit and rebates if any.

Deferred tax

Deferred tax is provided, using liability method, liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when assets are realized or the liabilities are settled, based on the tax rate(and tax laws) that have been enacted or subsequently enacted at the balance sheet date. Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the amount can be utilized. However, due to un-operational status of the Company no deferred tax provision have been provided.

4.8 INVESTMENTS

Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are recognized and classified into following categories:

- i- Held to Maturity
- ii- Available for Sale
- iii- Held for Trading

A regular purchases and sales of financial assets are accounted for at settlement date.

I- Held to Maturity

These are financial assets with fixed or determinable payment and fixed maturity that the Company has positive intent and ability to hold to maturity.

Any premium paid and discount availed on the acquisition of held to maturity investments are deferred and included in the income for the period on straight-line basis over the term of investment.

Subsequent to initial recognition at cost, the investments that have a fixed maturity are measured at amortized cost.



II- Available for Sale

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SRO 938 issued by SECP in December 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed by the reference to net assets of the investee on the basis of latest available audited financial statements or latest unaudited management accounts.

III- Held for Trading

These financial assets are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of a portfolio for which there is a recent actual pattern of short term profit taking and are included in current assets.

subsequent to initial recognition , these are measured at fair value by reference to quoted market price with the resulting gain or loss being included in the net profit or loss for the period in which it arises.

4.9 FIXED ASSETS

Subsequent to initial recognition, carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount is the greater of net selling price and value in use.

Depreciation has been charged on reducing balance method; but the due to non operational status of the Company no depreciation has been charged.

Depreciation is charged from the month the assets is available for use, while in case of disposal it is charged up to the month of disposal.

Normal repair and maintenance are charged to income currently.

Gains or losses on disposal of fixed assets are included in income currently.



4.10 EXPENSES OF MANAGEMENT

Expenses of management have been allocated to various revenue accounts on equitable

4.11 AMOUNT DUE FROM OTHER INSURERS/ REINSURERS

Amount due from other insurers/reinsurers are recognized and carried at cost less an allowance for impairment, if any. Cost represents the fair value of consideration to be received in the future for services rendered.

4.12 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount is reported in the financial statements only when there is a legally setoff enforceable right to setoff the recognized amount and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.13 SEGMENT REPORTING

The Company's operating businesses are organized and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets. Due to dormancy of the business the management has not provided segment wise break-up of assets and liabilities for the year.

The Company has three major segments namely fire, marine and accident (motor and miscellaneous);

FIRE

The perils cover under fire insurance include damages caused by fire, riots, strike, explosion, earthquake, atmospheric damages, flood, electric fluctuation and impact.

MARINE

Marine insurance is provided coverage against cargo risk, war risk and damages occurring in inland transits.

ACCIDENTS - MOTOR

Motor insurance provide comprehensive car coverage and indemnity against third party loss.

ACCIDENT - MISCELLANEOUS

Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

4.14 REVENUE RECOGNITION

Premium Income

Premium income under a policy is recognized over the period of insurance from the date of the issuance of the policy to which it relates to its expiry as follows

- a) For direct business, evenly over the period of the policy.
- b) For proportional reinsurance business, evenly over the period of underlying insurance policies
- c) For non-proportional reinsurance businesses, since inception of the reinsurance contract.

Where the pattern of incidence of risk varies over the period of policy, premium is recognized as revenue in accordance with the pattern of incidence of risk.

Commission Income

In accordance with the requirement of the S.R.O 938 issued by SECP dated December 12, 2002, commission income is taken to profit and loss account on a time proportion basis in accordance with pattern of reinsurance premium to which they relate.

Interest Income

Interest income is recognized on the time proportion basis that takes into account effective yield on the assets.

Dividend Income

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares are established.

Profit / loss on sale of investments is taken to profit and loss account in the year of sale as per settlement date.

Income on Held to Maturity Investments

Income on held to maturity investments is recognized on a time proportion basis taking into account the relevant maturity dates and the applicable mark-up in respect thereof.



	December 31, 2015 <i>Rupees</i>	December 31, 2014 <i>Rupees</i>
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 Ordinary Shares of Rs. 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
6 UNCLAIMED DIVIDEND		
For the year ended 31-12-98	5,150	5,150
For the year ended 31-12-95	<u>18,000</u>	<u>18,000</u>
	<u>23,150</u>	<u>23,150</u>
7 CONTINGENCIES AND COMMITMENT		
7.1 Contingencies		
<p>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.</p>		
8 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>
9 FURNITURE & FIXTURES AND OFFICE EQUIPMENT		
Opening book value	936,844	1,096,278
Less: Disposal during the year - (Office equipment)	-	(159,434)
	<u>936,844</u>	<u>936,844</u>
Less: Depreciation for the year	-	-
Closing book value	<u>936,844</u>	<u>936,844</u>
9.1 The Company is dormant. Therefore, the management has resolved not to charge depreciation for the year ended December 31, 2015.		
10 OTHER INCOME		
Gain on sale of fixed assets	-	-
Income from agricultural land	300,000	300,000
Reversal of sundry creditors	-	-
	<u>300,000</u>	<u>300,000</u>

M/S

	December 31, 2015 <i>Rupees</i>	December 31, 2014 <i>Rupees</i>
11 GENERAL AND ADMINISTRATIVE EXPENSES		
Auditor remuneration	75,000	75,000
Depreciation (Note 9.1)	-	-
Reversal of stationery	-	19,192
Legal and professional	50,000	50,000
	<u>125,000</u>	<u>144,192</u>

12 BASIC AND DILUTED EARNINGS PER SHARE

Loss after taxation	175,000	155,808
Weighted average number of Ordinary Shares	500,000	500,000
Earning per share	<u>0.35</u>	<u>0.31</u>

13 NUMBER OF EMPLOYEES

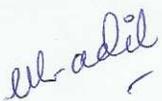
Number of employee as at December 31, 2015 was 1 (December 31, 2014: 1).

14 AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue by the Board of Directors of the Company in its meeting held on 06 APR 2016.

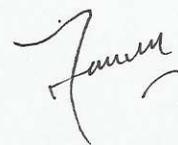
15 GENERAL

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


Muhammad Adil
Chief Executive


Naveed Hamid
Director


Saad A. Shamsi
Director


Muhammad Farrukh Bashir
Director