
HALLMARK COMPANY LIMITED
(FORMERLY HALLMARK INSURANCE COMPANY LIMITED)

ANNUAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

TABLE OF CONTENTS

Contents	Page No.
Vision - Mission Statement	2
Company Information	3
Notice of Annual General Meeting	4
Directors Report to Members	6
Pattern of Shareholding	10
Key Financial Data for the Last Six Years	12
Statement of Compliance with Code of Corporate Governance	13
Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance	16
Auditors' Report to the Members	18
Balance Sheet	20
Profit and Loss Account	21
Statement of Comprehensive Income	22
Statement of Cash Flow	23
Statement of Changes in Equity	24
Notes to the Financial Statements	25
Form of proxy	34

VISION - MISSION STATEMENT

VISION

Our vision is to be the state of the art supplier of I.T. products and (I.T.) related services in the market and to be a quality service oriented Company for the customers, shareholders and employees. To achieve this we will be driven by an obsession even we are better than make ourselves be the best not focusing on destination but make a continuous onward journey.

Quality service means a sustained commitment to meet and exceed stakeholder expectations. A will to go the "Mile & Miles" to delight our customers with products and services that exceed their expectations.

MISSION

The company aims to become one of the leading supplier of I.T related products and services in the market through commitment to providing products and services that best suits needs of our customers. We will manage our affairs through modern technology, collective wisdom and institutionalized leadership and as result achieves zero defects in everything we do.

We will do good business, with good clients and of the highest integrity. We will not compromise our principles and we will like to be known as a responsible corporate citizen aware of our obligation to the Government, religion and the society we serve.

COMPANY INFORMATION

Chairman

S. Muhammad Imran

Chief Executive

Mr. Muhammad Farrukh Bashir

Directors

Muhammad Farrukh Bashir

Saad Aftab Shamsi

Haris A. Shamsi – Non executive

Ahtesham Ashraf - Non executive

Naveed Hamid – Non executive

S. Muhammad Imran – Non executive

Zubair Ahmed Khan – Independent director

Audit Committee

Zubair Ahmed Khan

Chairman and Member

Naveed Hamid

Member

Haris A. Shamsi

Member

HR Committee

Zubair Ahmed Khan

Chairman and Member

Naveed Hamid

Member

Ahtesham Ashraf

Member

External Auditors

M/s. Muneef Ziauddin & Co.

Chartered Accountants

Legal Advisor

Sayeed A. Sheikh & Co., Advocates

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of the Shareholders of Hallmark Company Limited (Formerly Hallmark Insurance Company Limited) will be held on, Saturday April 29, 2017 at 12:00 P.M. at the Registered Office of the Company at Office # 1001, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 35th Annual General Meeting held on April 30, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on December 31, 2016 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2017 and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

SECRETARY

Karachi: April 07, 2017

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
2. The Share Transfer Books of the Company will be closed from April 22, 2017 to April 29, 2017 (both days inclusive). Transfers received in order by our Shares Registrar, F. D. Registrar Services (SMC-Private) Limited, 11th Floor, Trade Centre, I.I. Chundrigar Road, Karachi at the close of business on April 22, 2017 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend (if any).
3. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company not later than 48 hours before the time of the meeting.
4. Members are requested to notify Share Registrar of the Company promptly of any change in their addresses.
5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar.
6. Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

"I/We, _____ of _____, being a member of Hallmark Company Limited, holder of _____ ordinary share(s) as per registered Folio No. _____ hereby opt for video conference facility at _____."

7. Pursuant to Notification vide SRO.43 (1)/2016 of January 22, 2016, the SECP has directed to facilitate the members of the company for e-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth of the voting power. In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

"I/We, _____ of _____, being a member of Hallmark Company Limited, holder of _____ ordinary share(s) as per registered Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer as proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions."

My secured email address is _____, please send login details, password and electronic signature through email."

8. Form of Proxy is enclosed with annual report.

DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 36th Annual Report of the Company for the year ended December 31, 2016.

Company's Performance

During the year the Company has recorded a profit of Rs. 637,833. The profit resulted from the rental income earned on investment property amounting to Rs. 450,000 during the year and writing off of liability which is not expected to be claimed.

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. 350 million which is now Rs. 500 million as at Dec 31, 2016. 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.

Subsequently in the Annual General Meeting held on April 30, 2016, in which the Members have resolved that they are not interested to inject the above mentioned huge amount of required minimum paid up capital. Therefore, the Members and Directors decided in the meeting to surrender the insurance license before the Insurance Division and remove the Company's name from the insurance ambit and in this respect, members of the Company have passed a resolution to diversify the nature of business instead of Insurance business. The nature of the new business will be trading subject to the approval of the Securities and Exchange Commission of Pakistan.

With our best efforts the company has now officially exit from the insurance ambit as the insurance license of the company has been revoked by the SECP Insurance Division through S.R.O.1079(I)/2016 dated 22 November, 2016 in pursuant to sub section (1) of Section 10 of the Insurance Ordinance, 2000 (XXXIX of 2000).

Subsequent to year end the proposed principal business activity together with change of name have been approved by SECP through issue of order to grant permission for alteration in Memorandum and issuing amended certificate of incorporation to the company. As the company is no more an insurance company therefore for change of year end from December to June has been applied to SECP and its approval is in process and shall be granted shortly. Therefore as special case our accounts of financial year 2017 shall be prepared for June 30, 2017 consisting of activities for six months period ended and financial position as at June 30, 2017.

From now our business activity is to engage in trading of computer and allied I.T. equipments, development and sale of software and provision of allied services. Based on the current growth rate and profit margin in I.T. sector we are in expectation that new business shall recover the Company from accumulated losses with average growth rate of 20%. Initially the finance shall be arranged by the directors to commence activities of new business and within tenure of 3 years total assets of the company shall exceeds Rs. 10.00 million and our current ratio shall be 2:1 also the accumulated losses would be completely aired.

Auditors Observations

In auditors' report to the members of the Company, auditors have changed their disclaimer and now auditors opinion of true and fair presentation is subject to only two observation which relate to valuation of property and dormant bank accounts. Point wise justifications are as follows;

- i- The property value has increasing trend in overall Sindh also the market value of the said property is approximate to Rs. 1,800,000 however as the company was dormant and revaluation cost would be an additional burden on the company therefore it was not carried and consequently no report was available. We intend to revalue the property in financial year 2017.
- ii- We have just received the approval of new business therefore now we shall manage to revive the bank accounts and shall provide required information in subsequent year to resolve this observation too.

Chief Executive

Subsequent to year end chief executive Mr. Muhammad Adil has resigned due to some other professional compulsions. He was holding the office since 2010 and successfully managed its affairs and has continued to improve performances at our company which are essential for our future growth. We wish him well in his future endeavor.

To fill the vacancy we have appointed Mr. Muhammad Farrukh Bashir as new Chief Executive. He is remained with us since 2010 and has all the skills and abilities to match with the office of the Chief Executive.

Appointment of Director

Subsequent to year end due to the resign of Mr. Muhammad Adil a casual vacancy has arisen which is filled by a new director Mr. Zubair Ahmed Khan for remaining tenure of the resigning director.

Auditors

The present Auditors M/s. Muniff Ziuddin & Co. Chartered Accountants shall retire, and eligible to continue as Auditors of the Company. The retiring auditors have completed the term of 5 years and as per Code of Corporate Governance, 2012 we need to change the engagement partner for next year. Instead of only changing the engagement partner, on the suggestion of Audit Committee we intend to change the audit firm and as suggested by the Audit Committee the Board has recommended M/s S. M. Suhail and Co. Chartered Accountants for appointment as Auditors of the Company for the ensuing year.

Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulation, relevant for the year ended December 31, 2016 have mostly been complied with. A statement to this effect is annexed with the report.

Statement of Ethics and Business Practices

The Board has adopted the statement of Ethics and Business Practices; wherever practicable and shall implement on revival of the Company.

Enlistment with CDC

The Company has complied with all the necessary requirements for induction of its Securities with the Central Depository Company Limited (CDC) however due to Non-issuance of Insurance license previously; the CDC has suspended the Company from CDS. The Directors of the Company have communicated to CDC of revocation of insurance license and now hopeful that the securities will be enlisted with the CDC amicably soon.

Audit Committee

During the year under review, the Board is also governing an Audit Committee comprising of the following members:

Zubair Ahmed Khan	Chairman and Member
Naveed Hamid	Member
Haris A. Shamsi	Member

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company present fairly its financial position, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting and Financial Reporting Standards, as applicable to the Company in Pakistan have been followed in preparation of these financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no doubt upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for the last six years is annexed herewith.
- i) There is no trading of shares by Chief Executive, Directors their spouses and minor children during the year under report.
- j) During the year four meetings of the Board of directors were held and the number of meetings attended by each director is given hereunder:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr. Muhammad Adil	4
Mr. Muhammad Farrukh Bashir	4
Mr. Saad A. Shamsi	3
Mr. Haris A. Shamsi	3
Mr. Ahtesham Ashraf	2
Mr. Naveed Hamid	4
Mr. S Muhammad Imran	4

- k) The statement of pattern of shareholding in the Company as at December 31, 2016 is included with the report.
- l) Due to no substantial activities undertaken during the year, Company is not in position now to declare any dividend.

Acknowledgements

The Directors of the Company are grateful to all Government institutions, Auditors, SECP for their valuable support and cooperation throughout the year. The Directors thank the Company's management and supporting staff for their satisfactory performance and devotion to duty.

Mr. Muhammad Farrukh Bashir
Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
Pattern of Shareholding as at December 31, 2016

Number of Shareholders	Shareholding			Number of Shares Held
	From		To	
193	1	-	100	19,300
94	101	-	500	29,270
18	501	-	1000	14,600
30	1001	-	5000	79,110
5	5001	-	10000	33,320
1	15001	-	20000	16,500
3	20001	-	25000	66,000
1	25001	-	30000	26,000
1	30001	-	35000	35,000
1	35001	-	40000	39,400
1	40001	-	45000	43,000
2	45001	-	50000	98,500
350				500,000

Categories of Shareholders

S.No.	Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
1	Directors /Chief Executive Office	7	231,900	46.38
2	Individuals	341	267,800	53.56
3	NIT & ICP	1	200	0.04
4	Others	1	100	0.02
		350	500,000	100.00

HALLMARK COMPANY LIMITED**(Formerly Hallmark Insurance Company Limited)****Pattern of Shareholding under Code of Corporate Governance****As at December 31, 2016**

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Category Wise No. of Shares	Percentage %
1	Directors/Chief Executive Office	7		218,500	43.7
	Mr. Muhammad Adil		48,500		
	Mr. Muhammad Farrukh Bashir		43,000		
	Mr. Haris A. Shamsi		21,500		
	Mr. Saad A. Shamsi		24,000		
	Mr. Ahtesham Ashraf		20,500		
	Naveed Hamid		26,000		
	Mr. S. M. Imran		35,000		
2	Banks, DFIs, NBFIs, Insurance, Modarabas, Mutual Funds & Others.	2		300	0.06
	Investment Corporation of Pakistan		200		
	Karachi Investment Trust Limited		100		
Shareholders holding 5% or more voting rights					
	Total Paid up Capital	500,000	Shares		
	5% of the Paid Up Capital	25,000	Shares		
				Holding	%
	Mr. Muhammad Adil			48,500	9.7
	Mr. Muhammad Farrukh Bashir			43,000	8.6
	Mr. Humayun Sayeed			39,400	7.9
	Mr. S. M. Imran			35,000	7.0
	Naveed Hamid			26,000	5.2

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)

KEY FINANCIAL DATA FOR LAST SIX YEARS						
	December, 2011	December, 2012	December, 2013	December, 2014	December, 2015	December, 2016
Other income	-	-	353,639	300,000	300,000	1,898,238
General and administration expenses	(143,110)	(119,550)	(115,000)	(144,192)	(125,000)	(1,260,405)
Profit before taxation	(143,110)	(119,550)	238,639	155,808	175,000	637,833
Taxation - net	-	-	-	-	-	-
Profit after taxation	(143,110)	(119,550)	238,639	155,808	175,000	637,833
Earning per share	(0.29)	(0.24)	0.48	0.31	0.35	1.28
Shareholders equity	(28,425)	(147,976)	90,663	246,471	421,471	1,059,304
Property	-	-	800,000	800,000	800,000	800,000
Cash and bank balances	141,679	141,679	127,373	212,373	487,373	192,691
Total debt	227,379	2,677,379	500,000	500,000	500,000	750,000
Total Assets at book value	2,198,255	4,648,255	2,824,515	2,990,323	3,165,323	2,318,164

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors on its Board. At present the Board includes;

Independent director

Zubair Ahmed Khan

Executive directors

Muhammad Farrukh Bashir

Saad Aftab Shamsi

Non executive directors

Haris A. Shamsi

Ahtesham Ashraf

Naveed Hamid

S. Muhammad Imran

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy has occurred in the Board of Directors.
5. The 'Code of Conduct' has to be drawn up on revival of the Company's business as per requirements of current rules and regulations and has been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, but not yet develop overall corporate strategy and significant policies of the Company except risk management, write off of bad debts, acquisition and disposal of fixed assets, investment.
7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive and Non Executive Directors have been taken by the Shareholders.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has to start the process of orientation for its Directors to apprise them of their duties and responsibilities on revival of the Company.
10. There was no appointment of CFO or head of Internal Audit during the year, as the operations were remain suspended.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Accountant and CEO before approval of the Board.
13. The Director, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee it comprises of 3 members, of whom all are non executive and chairman of the committee is an independent director.
16. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non executive directors and the chairman of the committee is an independent director.
18. The Board has setup an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants of (IFAC) guidelines on code of ethics as adopted by institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results was determined and intimated to directors, employees and stock exchange. As the trading of the Company's securities is ceased therefore, no business decision is expected to materially affect the market price of company's securities.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. Subject to the above, we confirm that all other material principles contained in the Code have been complied with.

Muhammad Farrukh Bashir
Chief Executive

**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, 2016 prepared by the Board of Directors of Hallmark Company Limited ("the Company") formerly Hallmark Insurance Company Limited to comply with the Listing Regulations of the Pakistan Stock Exchange.

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.



Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

MZ

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the note reference where it is stated in the Statement of Compliance.

Note Reference	Discription
6	The board has not yet develop overall corporate strategy and significant policies of the Company.
9	The Board has not yet started the process of orientation for its Directors to apprise them of their duties and responsibilities.
10	There was no appointment of CFO or head of Internal Audit during the year.

KARACHI: 07 APR 2017


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(MUHAMMAD MOIN KHAN)


AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Hallmark Company Limited** (formerly "Hallmark Insurance Company Limited") as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (i) 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 valuation report of this land was provided to us for our verification.
- (ii) Due to non availability of records and direct confirmation, we were unable to verify bank balances amounting to Rs. 26,445.
- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - 1 the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - 2 the expenditure incurred during the year was for the purpose of the Company's business; and
 - 3 the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion except for the effect on the financial statements of the matters referred to in paragraphs i & ii above, and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of its profit, cash flows and changes in equity for the year then ended; and



- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention towards.

1. note 1 to the financial statements whereof the accumulated loss of the Company stood at Rs. 3.940 million (2015: 4.578 million) as at year end. Moreover, the commercial operations of the Company have been suspended from January 1st, 2003. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Hence, the underlying going concern assumption will depend upon the mitigating factors as mentioned in note 1 to the financial statements.
2. note 2.1 to the financial statements whereof the statements and disclosures required by Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 have not been presented as during the year no activity in respect of insurance business was carried on and the company's registration under Insurance Ordinance, 2000 has been revoked therefore the requirement of the Insurance Ordinance, 2002 were not complied with.

Our opinion is not qualified in respect of above mentioned matters.

KARACHI: 07 APR 2017


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(MUHAMMAD MOIN KHAN)


HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
BALANCE SHEET
AS AT DECEMBER 31, 2016

ASSETS	<i>Note</i>	2016 Rupees	2015 Rupees
Non Current Assets			
Furniture, fixtures and office equipment	6	975,473	936,844
Investment Property		800,000	800,000
		1,775,473	1,736,844
Current Assets			
Sundry receivables		-	591,106
Deposit with State Bank of Pakistan		350,000	350,000
Cash and bank balance	7	192,691	487,373
		542,691	1,428,479
TOTAL ASSETS		2,318,164	3,165,323
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital			
1,000,000 (2015: 1,000,000) Ordinary Shares of Rs. 10/- each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	8	5,000,000	5,000,000
Accumulated loss		(3,940,696)	(4,578,529)
		1,059,304	421,471
Non Current Liabilities			
Payable to others		500,000	500,000
Due to Directors (for expenses)		250,000	-
		750,000	500,000
Current Liabilities			
Unclaimed dividends	9	23,150	23,150
Advance from customers		150,000	-
Amount due to reinsurer		-	1,448,238
Accrued expenses		335,710	700,216
Taxation - net		-	72,248
		508,860	2,243,852
Contingencies and commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		2,318,164	3,165,323

The annexed notes from 1 to 20 form an integral part of these financial

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 Rupees	2015 Rupees
Revenue			
Other income	11	1,898,238	300,000
Expenditures			
General and administration expenses	12	(1,260,405)	(125,000)
Profit before taxation		637,833	175,000
Taxation - net		-	-
Profit after taxation		637,833	175,000
Earning per share	13	1.28	0.35

The annexed notes from 1 to 20 form an integral part of these financial information.

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <i>Rupees</i>	2015 <i>Rupees</i>
Profit after taxation	637,833	175,000
Other comprehensive income	-	-
Total comprehensive income for the year	<u>637,833</u>	<u>175,000</u>

The annexed notes from 1 to 20 form an integral part of these financial information.

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <i>Rupees</i>	2015 <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	637,833	175,000
Adjustments for:		
Depreciation	116,261	-
Written off amount no more payable to reinsurer	(1,448,238)	-
Written off sundry receivable	591,106	-
Operating (Loss) / Profit Before Working Capital Changes	(103,038)	175,000
Changes in working capital		
Increase / (decrease) in current liabilities:		
Advance from customers	150,000	-
Accrued expenses	(364,506)	-
Total Changes In Working Capital	(317,544)	175,000
Taxes paid	(72,248)	-
Net Cash (Outflow) / Inflow From Operating Activities	(389,792)	175,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(154,890)	-
Net Cash (Outflow) From Investing Activities	(154,890)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from director	250,000	-
Net Cash Inflow From Financing Activities	250,000	-
Net (decrease) / increase in cash and cash equivalents	(294,682)	175,000
Cash and cash equivalents at the beginning of the year	487,373	312,373
Cash and cash equivalents at the end of the year	192,691	487,373

The annexed notes from 1 to 20 form an integral part of these financial information.

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----- (Rupees) -----		
Balance as at Dec 31, 2014	5,000,000	(4,753,529)	246,471
Total comprehensive income for the year	-	175,000	175,000
Balance as at Dec 31, 2015	5,000,000	(4,578,529)	421,471
Total comprehensive income for the year	-	637,833	637,833
Balance as at Dec 31, 2016	5,000,000	(3,940,696)	1,059,304

The annexed notes from 1 to 20 form an integral part of these financial information.

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

- 1.1 **Hallmark Company Limited** (formerly "Hallmark Insurance Company Limited") was incorporated as a Public Limited Company on 31 October 1981 under the repealed Companies Act, 1913 now the Companies Ordinance, 1984 and subsequently obtained registration under repealed Insurance Act, 1938 now the Insurance Ordinance, 2000 as insurer. The registered office of the Company is situated in Karachi.
- 1.2 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 was enhanced to Rs. 350 million. The Company did not find itself in a position to increase its paid up capital to the required minimum level and had ceased to underwrite insurance business w.e.f. January 01, 2003.
- 1.3 During the year, the members of the Company have resolved in the Annual General Meeting held on April 30, 2016, that they are not interested to inject the above huge amount of required minimum paid up capital. Therefore, the Members and Directors resolved to surrender the insurance license and remove the Company's name from the insurance ambit and to diversify the nature of business instead of insurance business. Thereafter the insurance license of the company was revoked by the SECP Insurance Division through S.R.O.1079(I)/2016 dated 22 November, 2016 in pursuant to sub section (1) of Section 10 of the Insurance Ordinance, 2000 (XXXIX of 2000).
- 1.4 The proposed activity of the company is to engage in trading of computer and allied IT equipment, development and sale of software and provision of allied services. Subsequent to the year end renewed Certificate of Incorporation has been issued by the SECP as to giving effect to the change of name. Moreover the change of principal activity, has also been approved by the SECP subsequent to the year end.
- 1.5 The accumulated losses of the company as at balance sheet date reduced during the year to Rs. 3.94 million (2015: 4.58 million) and its current ratio has improved as the current assets increased from current liabilities by Rs. 33,831 (2015: Rs. 1.32 million). These conditions are better in contrast with the last year, however these events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Meanwhile, the Company has also submitted a revival plan before the SECP Karachi and Islamabad. Therefore, the management is confident that the Company shall continue as a going concern, as the company is no more in the insurance ambit and management has reliable plan for revival. Furthermore, required financing shall be made available by the directors therefore these financials have been prepared on the basis going concern.
- 1.6 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 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under Companies Ordinance, 1984, provisions and directives issued under Companies Ordinance, 1984. In case requirements differ, the provisions and directives of Companies Ordinance, 1984 shall prevail.

The statements and disclosures required by Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 have not been presented as during the year no activity in respect of insurance business is carried on. Furthermore, as mentioned above the company's registration under Insurance Ordinance, 2000 has been revoked therefore the compliance of Insurance Ordinance, 2002 is no longer required.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2.2 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

– Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on financial statements

– Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

– Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash settled to equity-settled.

– Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

– IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018) contains a new classification and measurement approach for financial assets and liabilities that reflects the business model in which these are managed and their cash flow characteristics

– Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on financial statements.

– Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on financial statements.

– IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Standards, interpretations, amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the accounting periods beginning on or after January 1, 2016. These amendments do not have any significant effect on these financial statements.

IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 20 Investment in Associates and Joint Ventures - Investments Entities: Applying the Consolidation Exception (Amendment)
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)
IFRS 11	Joint Arrangements-According for Acquisition of Interest in Joint Operation
IFRS 14	Revenue from contracts with customers
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
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)
IAS 27	Separate Financial Statements-Equity Method in Separate Financial Statements (Amendment)
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the off-setting disclosures to condensed interim financial statements
IAS 19	Employee Benefits - Discounts rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

3 BASIS OF MEASUREMENT

This financial statements has been prepared under historical cost convention and on an accrual basis of accounting.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 effect the reported amounts of assets and liabilities and income and expenses. It also requires managements 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 effects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. Areas where assumptions and estimates are significant to the financial statements are provision for doubtful debts, taxation and accruals.

5 SIGNIFICANT ACCOUNTING POLICIES

The principle 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.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5.1 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 at the rates mentioned in note 6 to these financial statements.

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.

5.2 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement , cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments.

5.3 TAXATION

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

5.4 INVESTMENT PROPERTY

Investment in property is recognized at cost being the fair value of the consideration given and includes transaction cost.

5.5 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables are written off when considered irrecoverable.

5.6 TRADE CREDITORS AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and includes advances received and expenses accrued.

5.7 REVENUE RECOGNITION

Revenue is recognized, in case of services, when these are rendered and in case of goods when these are dispatched to the customers.

5.8 EXPENSES

Expenses are charged when incurred even if not paid.

5.9 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

6. FIXED ASSETS

Description	Opening Balance as at 01-01-2016	Addition	Balance as at 31-12-2016	Opening Balance as at 01-01-2016	Depreciation for The Year	Balance as at 31-12-2016	W.D.V as at 31-12-2016	Rate
Furniture and fixture	2,716,043	45,500	2,761,543	2,056,870	70,467	2,127,337	634,206	10%
Office equipment	725,040	28,250	753,290	447,369	30,592	477,961	275,329	10%
Generator	-	45,700	45,700	-	4,570	4,570	41,130	10%
Computer	-	35,440	35,440	-	10,632	10,632	24,808	30%
Total	3,441,083	154,890	3,595,973	2,504,239	116,261	2,620,500	975,473	
	3,441,083	-	3,441,083	2,504,239	-	2,504,239	936,844	

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <i>Rupees</i>	2015 <i>Rupees</i>
7 CURRENT AND OTHER ACCOUNTS		
Cash in hand	166,246	460,928
Cash at bank - operative accounts	19,484	19,484
Cash at bank - inoperative accounts	6,961	6,961
	192,691	487,373
8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 (2015: 500,000) Ordinary Shares of Rs. 10/- each fully paid in cash	5,000,000	5,000,000
9 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
10 CONTINGENCIES AND COMMITMENT		
There were no contingency or commitment as at year end (2015: Nil)		
11 OTHER INCOME		
Rental income from investment property	450,000	300,000
Written off amount no more payable to reinsurer	1,448,238	-
	1,898,238	300,000
12 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries	172,000	-
Auditor remuneration	75,000	75,000
Listing fee Stock Exchange	200,000	-
Surcharge Stock Exchange	25,000	-
Entertainment	11,710	-
Stationery expenses	4,328	-
Legal and professional charges	65,000	50,000
Depreciation expense	116,261	-
Written off sundry receivable	591,106	-
	1,260,405	125,000
13 BASIC AND DILUTED EARNING PER SHARE		
Profit after taxation	637,833	175,000
Weighted average number of Ordinary shares	500,000	500,000
Earning per share	1.28	0.35
There is no dilutive impact on earning per share.		

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

14 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

As the commercial activity is not yet commenced Directors and Chief Executive have consented to act without any remuneration.

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms length. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note-14. No other significant transactions were made with related parties during the year.

16 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk measured and managed by the company are explained in notes 16.1 to 16.4

16.1 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure and the detail are as follows:

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
Receivables	-	591,106
Deposit with SBP	350,000	350,000
Cash at bank	26,445	26,445
	<u>376,445</u>	<u>967,551</u>

16.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

16.2.1 Currency risk

The Company is exposed to currency risk on long term loan that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's is not exposure to any foreign currency risk.

16.2.2 Interest rate risk

Interest rate risk represents the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument is NIL.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

16.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.

2016			
-----Rupees-----			
Non Interest Bearing	Carrying amount	Upto one year	After one year
Payable to others	500,000	-	500,000
Loan from directors	250,000	-	250,000
Unclaimed dividends	23,150	23,150	-
Accrued expenses	335,710	335,710	-
Total financial liabilities	1,108,860	358,860	750,000

2015			
-----Rupees-----			
Non Interest Bearing	Carrying amount	Upto one year	After one year
Payable to others	500,000	-	500,000
Unclaimed dividends	23,150	23,150	-
Amount due to reinsurer	1,448,238	1,448,238	-
Accrued expenses	700,216	700,216	-
Total financial liabilities	2,671,604	2,171,604	500,000

16.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

17 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

During 2016, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at December 31, 2016 was as follows:

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

17 CAPITAL RISK MANAGEMENT

	2016 <i>Rupees</i>	2015 <i>Rupees</i>
Total borrowing	750,000	500,000
Cash at bank	192,691	487,373
Net borrowing	557,309	12,627
Total shareholders' equity	1,059,304	421,471
Total capital	1,616,613	434,098
Gearing ratio	34%	3%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

18 NUMBER OF EMPLOYEES

Number of employee as at December 31, 2016 was 3 (2015: 1).
Average number of employees during the year was 2 (2015: 1)

19 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on _____.

20 GENERAL

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

Director

Chief Executive

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)

Regd. Office: Office # 1001, 10th Floor, Uni Centre, I.I Chundrigar Road, Karachi, Pakistan.
Tel: 021-32414419, 021-37011105 Fax: 021-32416288

PROXY FORM

I/We _____

of _____

being a member of HALLMARK COMPANY LIMITED (Formerly Hallmark Insurance Company Limited) and
a holder of _____

(Number of Shares)

Ordinary Shares, as per Share Register Folio No. _____

hereby appoint _____ of _____

(Name)

Who is also member of HALLMARK COMPANY LIMITED, as my proxy to vote for me and on
my behalf at the Annual General Meeting of the Company to be held on the 29th day of
April, 2016 and at any adjournment thereof.
thereof.

signed this _____ day of _____ 2016.



(Signature should agree with the specimen signature registered with the Company)

Note 1: The PROXY MUST BE SIGNED ACROSS revenue stamp and it should be deposited in the
Head Office of the Company not later than 48 hours before the time of holding the
meeting.

Note 2: No person shall act as proxy unless he is a member of the Company.